



AMENDED IN COMMITTEE

5/25/17

FILE NO. 170559

RESOLUTION NO.

1 [Grant Agreement - 650 Eddy, L.P. - Local Operating Subsidy Program Contract - Arnett  
2 Watson Apartments, 650 Eddy Street - Not to Exceed \$19,018,559]

3 **Resolution authorizing the Director of the Mayor's Office of Housing and Community**  
4 **Development to execute a Local Operating Subsidy Program Grant Agreement with 650**  
5 **Eddy, L.P., a California limited partnership, to provide operating subsidies for formerly**  
6 **homeless individuals and families at Arnett Watson Apartments, 650 Eddy Street, for a**  
7 **total term of 15 years, starting July 1, 2017, and ending June 30, 2032, in an amount not**  
8 **to exceed \$19,018,559.**

9  
10 WHEREAS, The Mayor's Office of Housing and Community Development (MOHCD)  
11 administers a variety of housing programs that provide financing for the development of new  
12 housing and the rehabilitation of single- and multi-family housing for low- and moderate-  
13 income households in San Francisco; and

14 WHEREAS, In 2016, the City and County of San Francisco ("City") founded the  
15 Department of Homelessness and Supportive Housing ("HSH"), with one of its goals to reduce  
16 the number of chronically homeless households that numbered 1,700 per the 2015 Point in  
17 Time Homeless Count; and

18 WHEREAS, MOHCD developed the Local Operating Subsidy Program ("LOSP") in  
19 order to establish long-term financial support to operate and maintain permanent affordable  
20 housing for homeless households; and

21 WHEREAS, Through the LOSP, the City subsidizes the difference between the cost of  
22 operating housing for homeless persons and all other sources of operating revenue for a  
23 given project, such as tenant rental payments, commercial space lease payments, Continuum  
24 of Care ("CoC") Shelter Plus Care Program subsidies, project-based Section 8 rent subsidies  
25 and California Mental Health Services Act operating subsidies; and

1           WHEREAS, All supportive housing projects selected for capital funding by the  
2 Citywide Affordable Housing Loan Committee (“Loan Committee”) are eligible to receive  
3 LOSP funds; and

4           WHEREAS, The Board of Supervisors authorizes City funding for LOSP projects as  
5 part of the Annual Appropriation Ordinance; and

6           WHEREAS, MOHCD enters into grant agreements with supportive housing owners and  
7 operators for LOSP projects in consultation with the Department of Homelessness and  
8 Supportive Housing (“HSH”), administers LOSP contracts, reviews annual audits and  
9 prepares recommendations for annual adjustments to project funding, monitors compliance  
10 with LOSP requirements in accordance with capital funding regulatory agreements, and if  
11 necessary, takes appropriate action to enforce compliance; and

12           WHEREAS, 650 Eddy L.P., a California limited partnership (the “Owner”), is the owner  
13 of Arnett Watson Apartments, located at 650 Eddy Street, which provides 83 units (36 studios,  
14 33 1-bedroom units and 14 2-bedroom units) of permanent supportive housing for extremely  
15 low-income, chronically homeless individuals and families (“Project”); and

16           WHEREAS, On April 7, 2017, the Loan Committee recommended approval to the  
17 Mayor of a LOSP grant award for the Project in an amount not to exceed \$19,018,559; and

18           WHEREAS, MOHCD proposes to provide a LOSP grant in the amount not to exceed  
19 \$19,018,559 to the Owner pursuant to a LOSP Grant Agreement (the “Agreement”) in  
20 substantially the form on file with the Clerk of the Board of Supervisors in File No. 170559 and  
21 in such final form as approved by the Director of MOHCD and the City Attorney; and

22           WHEREAS, After the existing LOSP contract expires on June 30, 2017, the Agreement  
23 is for a 15 year term, starting July 1, 2017, and ending June 30, 2032, and therefore requires  
24 Board of Supervisors authorization; now, therefore, be it  
25

1 RESOLVED, That the Board of Supervisors hereby authorizes the Director of MOHCD  
2 or his designee to execute the Agreement for an amount not to exceed \$19,018,559; and, be  
3 it

4 FURTHER RESOLVED, That this Board of Supervisors authorizes MOHCD to proceed  
5 with actions necessary to implement the Agreement following execution, and ratifies,  
6 approves and authorizes all actions heretofore taken by any City official in connection with  
7 such Agreement; and, be it

8 FURTHER RESOLVED, That this Board of Supervisors hereby authorizes the Director  
9 of MOHCD or his designee to enter into any amendments or modifications to the Agreement,  
10 including without limitation, the exhibits that the Director determines, in consultation with the  
11 City Attorney, are in the best interest of the City, do not materially increase the obligations or  
12 liabilities for the City or materially diminish the benefits of the City, are necessary or advisable  
13 to effectuate the purposes and intent of this Resolution and are in compliance with all  
14 applicable laws, including the City Charter; and be it

15 FURTHER RESOLVED, That within thirty (30) days of the contract being fully executed  
16 by all parties, the MOHCD shall provide the final contract to the Clerk of the Board for  
17 inclusion into the official file.

18  
19 RECOMMENDED:

20 

21 Olson Lee, Director  
22 Mayor's Office of Housing and Community Development

Items 12, 13, 14, 15, 16, 17 and 18  
Files 17-0557, 17-0558, 170559, 17-0560, 17-0561, 17-0562 and 17-0563

Department:  
Mayor's Office of Housing and Community Development

## EXECUTIVE SUMMARY

### Legislative Objectives

- The seven proposed resolutions approve approximately 15-year Local Operating Subsidy Program (LOSP) agreements with seven nonprofit affordable housing providers: (i) Alabama Street Housing Associates, LP for Mosaica Senior Apartments at 655 Alabama Street for a not to exceed \$1,258,693; (ii) Alabama Street Housing Associates, LP for Mosaica Family Apartments at 680 Florida Street for a not to exceed \$3,616,321; (iii) 650 Eddy, LP for Arnett Watson Apartments at 650 Eddy Street for a not to exceed \$19,018,559; (iv) Armstrong Place Associates, LP for Armstrong Place at 5600 Third Street for a not to exceed \$4,237,156; (v) Hotel Essex, LP at 684 Ellis Street for a not to exceed \$18,623,354; (vi) BTW Housing Partners, LP for John Burton Advocates for Youth Housing Complex at 800 Presidio Avenue for a not to exceed \$7,780,147; and (vii) Polk Senior Housing Associates, LP for 990 Polk Senior Apartments at 990 Polk Street for a not to exceed \$13,131,321.

### Key Points

- MOHCD provides operating subsidies to owners and operators of 26 supportive housing facilities through its Local Operating Subsidy Program (LOSP). LOSP was created to bridge the gap between the cost of providing housing and the amount that very low income, formerly homeless tenants can afford to pay. In FY 2016-17, MOHCD is anticipated to pay \$12,117,510 in operating subsidies to 26 supportive housing nonprofit providers for 1,464 units throughout the City, for an average subsidy of \$690 per unit of housing per month.

### Fiscal Impact

- Under the proposed agreements, the amount of the subsidy to be paid to each nonprofit provider will be adjusted annually based on MOHCD's review of the occupancy rate and actual operating expenditures. Funding for the proposed agreements are General Fund monies appropriated annually in the DSH budget, which are subject to Board of Supervisors annual appropriation approval. The annual General Fund subsidies for these seven proposed LOSP agreements are anticipated to increase from \$4,291,721 in FY 2017-18 to \$5,762,986 in FY 2031-32. The total costs over the approximately 15-year term for the seven proposed LOSP agreements are estimated to be \$67,665,552.

### Recommendations

- Amend the proposed resolutions to clarify the term of each agreement.
- Amend (i) File 17-0559 to state that the current agreement between MOHCD and 650 Eddy, LP for Arnett Watson Apartments will terminate on June 30, 2017; and (ii) File 17-0561 to state that the current agreement between MOHCD and Hotel Essex, LP will terminate on June 30, 2017.
- Approve the proposed resolutions as amended.
- Request that MOHCD continue to include an update on the Local Operating Subsidy Program (LOSP) in the MOHCD Annual Progress Report submitted to the Board of Supervisors on supportive housing.

## MANDATE STATEMENT

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

## BACKGROUND

The Mayor's Office of Housing and Community Development (MOHCD), in collaboration with the Department of Homelessness and Supportive Housing (DHS)<sup>1</sup>, currently provides operating subsidies to non-profit owners and operators of 26 supportive housing facilities, through its Local Operating Subsidy Program (LOSP). The program was started in 2004 as a part of the Mayor's ten year "San Francisco Plan to Abolish Chronic Homelessness," which had a goal of providing 3,000 new supportive housing units within 10 years to low income persons who were formerly homeless. Supportive housing provides social and other related services as well as housing to formerly homeless persons in order to improve their social outcomes and in an attempt to reduce the City's associated health, mental health, social services, criminal justice, and other related costs.

According to Ms. Anne Romero, MOHCD Senior Project Manager, tenants in supportive housing have very low incomes (below 20 percent of area median income)<sup>2</sup>. Under the agreements between the City and housing operators, rent in supportive housing units is capped to a fixed percentage of a tenant's income (50 percent in Direct Access to Housing (DAH)<sup>3</sup> subsidized units, 30 percent in all other subsidized units). The LOSP was created to bridge the gap between the cost of operating the housing and the amount the tenants can afford to pay, thereby providing long-term financial incentives to owners and operators to create and maintain permanent supportive housing units.

As shown in Table 1 below, between FY 2012-13 and FY 2016-17, the number of LOSP agreements has grown from 17 to 26, the number of subsidized units increased from 984 to 1,464 and the overall annual General Fund costs have grown from \$6,594,816 to \$12,117,510. In FY 2016-17, MOHCD is anticipated to pay \$12,117,510 in operating subsidies to 26 supportive housing nonprofit providers for 1,464 units throughout the City, for an average subsidy of \$690 per unit of housing per month.

<sup>1</sup> MOHCD previously collaborated with the Department of Public Health (DPH) and the Human Services Agency (HSA) prior to the creation of the Department of Homelessness and Supportive Housing (DHS), which combines key homeless serving programs and contracts from the two agencies.

<sup>2</sup> 20 percent of area median income (AMI) for one person in 2017 is \$16,150 annually.

<sup>3</sup> Established by the San Francisco Department of Public Health – Housing and Urban Health Section (SFDPH-HUH) in 1998, the Direct Access to Housing (DAH) is a permanent supportive housing program targeting low-income San Francisco residents who are homeless and have special needs.

**Table 1: Actual Local Operating Subsidy Program Agreements, Subsidized Units, Budget, and Subsidy per Unit – FY 2012-13 through FY 2016-17**

Fiscal Year	Number of Local Operating Subsidy Program Agreements	Number of Subsidized Units of Housing	Total Annual Budgeted Amount	Average Subsidy per Unit per Year	Average Subsidy per Unit per Month
FY 2012-13	17	984	\$6,594,816	\$6,702	\$559
FY 2013-14	21	1,218	9,377,788	7,699	642
FY 2014-15	26	1,454	12,231,928	8,413	701
FY 2015-16	26	1,459	12,359,887	8,471	706
FY 2016-17	26	1,464	12,117,510	8,277	690

As shown in Table 2 below, MOHCD estimates that over the next five years, or by FY 2021-22, the LOSP will provide subsidies to 56 housing projects covering 2,564 units of supportive housing at an overall General Fund cost of \$28,804,991 in FY 2021-22, or an average cost of \$936 per unit per month.

**Table 2: Estimated Local Operating Subsidy Program Agreements, Subsidized Units, Budget, and Subsidy per Unit – FY 2017-18 through FY 2021-22**

Fiscal Year	Number of Local Operating Subsidy Program Agreements	Number of Subsidized Units	Total Annual Budgeted amount	Average Subsidy per Unit per Year	Average Subsidy per Unit per Month
FY 2017-18	27	1,494	\$14,660,916	\$9,813	\$818
FY 2018-19	32	1,639	15,965,857	10,351	812
FY 2019-20	42	2,008	18,946,526	9,436	786
FY 2020-21	43	2,116	22,956,054	10,849	904
FY 2021-22	56	2,564	28,804,991	11,234	936

**DETAILS OF PROPOSED LEGISLATION**

The seven proposed resolutions authorize MOHCD to execute seven new approximately 15-year Local Operating Subsidy Program (LOSP) agreements with nonprofits providing housing to low income persons who were formerly homeless, replacing six existing 9-year agreements with six current nonprofit providers and adding one new agreement with a new provider as follows:

- File 17-0557: Alabama Street Housing Associates, LP for Mosaica Senior Apartments at 655 Alabama Street for a not to exceed \$1,258,693 and a term of 15 years from January 1, 2018 through December 31, 2032. The proposed new agreement replaces the current 9-year LOSP agreement with Mosaica Senior Apartments from approximately April 2009 and through April 2018. According to Ms. Romero, the current agreement will now terminate on December 31, 2017.

- File 17-0558: Alabama Street Housing Associates, LP for Mosaica Family Apartments at 680 Florida Street for a not to exceed \$3,616,321 and a term of 15 years from January 1, 2018 through December 31, 2032. The proposed new agreement replaces the current 9-year LOSP agreement with Mosaica Family Apartments from approximately April 2009 and through April 2018. According to Ms. Romero, the current agreement will now terminate on December 31, 2017.
- File 17-0559: 650 Eddy, LP for Arnett Watson Apartments at 650 Eddy Street for a not to exceed \$19,018,559 and a term of 15 years from July 1, 2017 through June 30, 2032. The proposed new agreement replaces the current 9-year LOSP agreement with Arnett Watson Apartments from 2009 through December 2017. According to Ms. Romero, the existing agreement will now terminate in October 2017, resulting in a three-month overlap between the two agreements. The proposed legislation should be amended to terminate the existing agreement with 650 Eddy, LP on June 30, 2017 prior to the start of the new agreement on July 1, 2017.
- File 17-0560: Armstrong Place Associates, LP for Armstrong Place at 5600 Third Street for a not to exceed \$4,237,156 and a term of 15 years and two months from November 1, 2017 through December 31, 2032. The current LOSP agreement with Armstrong Place covers a 9-year term, beginning in 2011 to 2020. Due to two requests for supplemental disbursements to cover operating shortfalls<sup>4</sup>, the current LOSP agreement authority will not be sufficient to cover the Armstrong Place operating costs subsidized by LOSP through the end of the agreement period. Based on disbursements made to date and projected operating costs, the project is estimated to exhaust the full contract amount by November 2017.
- File 17-0561: Hotel Essex, LP at 684 Ellis Street for a not to exceed \$18,623,354 and a term of 15 years and six months from July 1, 2017 through December 31, 2032. The proposed new agreement replaces the current 9-year LOSP agreement with Hotel Essex from 2008 to 2017. According to Ms. Romero, the existing agreement will now terminate in October 2017, resulting in a three-month overlap between the two agreements. The proposed legislation should be amended to terminate the existing agreement with Hotel Essex, LP on June 30, 2017 prior to the start of the new agreement on July 1, 2017.
- File 17-0562: BTW Housing Partners, LP for John Burton Advocates for Youth Housing Complex at 800 Presidio Avenue for a not to exceed \$7,780,147 and a term of 15 years

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<sup>4</sup> During the first several years of operations of the Armstrong Place agreement, several significant operational changes were made. BRIDGE Housing, the project sponsor, assumed property management responsibilities from Eskaton, and also entered into contracts for security/front desk staffing. These two changes resulted in LOSP budget shortfalls during 2012 and 2013, for which BRIDGE Housing requested and was approved for a supplemental disbursement of LOSP funding in February 2015. More recently, BRIDGE Housing submitted another request for a supplemental disbursement of LOSP funding for shortfalls experienced in 2015 and 2016, due to lower than projected rental income and escalating operating costs. The request for a supplemental disbursement to cover shortfalls from the 2015 and 2016 operating years was approved by MOHCD in January 2017.



and six months. The proposed agreement is a new agreement with the funding period beginning on July 1, 2017 through December 31, 2032.

- File 17-0563: Polk Senior Housing Associates, LP for 990 Polk Senior Apartments at 990 Polk Street for a not to exceed \$13,131,321 and a term of 15 years and six months. The proposed new agreement replaces the current 9-year LOSP agreement with 990 Polk Senior Apartments, beginning in July 2008 and expiring in June 2017. The proposed agreement would renew the agreement with the funding period beginning on July 1, 2017 through December 31, 2032.

Table 3 below shows the target population, total number of units, and the number of units to be subsidized under the proposed LOSP agreements.

**Table 3: Summary of Proposed LOSP Agreements**

Project: Address	Target Population	Total Number of Units	LOSP Funded Units
Mosaica Senior: 655 Alabama	Seniors	24	11
Mosaica Family: 680 Florida	Families	93	20
Arnett Watson: 650 Eddy	Families and Adults	83	79
Armstrong Place: 5600 3 <sup>rd</sup> Street	Seniors	116	23
Hotel Essex: 684 Ellis Street	Adults	84	84
John Burton: 800 Presidio	Transition Age Youth (TAY) <sup>5</sup>	50	25
990 Polk Senior: 990 Polk Street	Seniors	110	50
<b>Total</b>		<b>560</b>	<b>292</b>

Each of the projects and project sponsors are summarized below:

***Mosaica Senior Housing (File 17-0557)***

Mosaica Senior Housing at 655 Alabama Street is a 24 unit affordable senior development with 11 units targeted to homeless seniors under the proposed LOSP agreement. The site was developed adjacent to Mosaica Family Housing by Citizens Housing Corporation (CHC) and then transferred to the Tenderloin Neighborhood Development Corporation (TNDC) when CHC ended operations. Supportive services are provided by Lutheran Social Services. The project sponsor is the TNDC.

***Mosaica Family Housing (File 17-0558)***

Mosaica Family Housing at 680 Florida Street is a 93 unit affordable family housing development with 20 units targeted to homeless families under the proposed LOSP agreement. The project was completed in 2010 and developed by CHC and subsequently transferred to the TNDC when CHC ended operations. The site is developed adjacent to Mosaica Senior Housing. Supportive services are provided by Lutheran Social Services. The project sponsor is the TNDC.

<sup>5</sup> Transition Age Youth are disconnected homeless youth between the ages of 18-24 years old.

***Arnett Watson Apartments (File 17-0559)***

Arnett Watson Apartments at 650 Eddy Street in the Tenderloin provides 83 units of supportive housing for homeless families and adults. The site was developed by Community Housing Partnership (CHP) and the TNDC and is owned and operated by CHP. 47 one and two bedroom units are for homeless families, and 32 studios are for homeless adults, for a total of 79 units under the proposed LOSP agreement. Services are provided by CHP. The project sponsor is CHP.

***Armstrong Place (File 17-0560)***

Armstrong Place at 5600 Third Street is a 116 unit senior housing development with 23 units targeted to homeless seniors under the proposed LOSP agreement. The development completed construction in 2011 and is financed with Department of Housing and Urban Development (HUD) 202<sup>6</sup> capital dollars and a Project Rental Assistance Contract (PRAC) on 72 units. The project sponsor is BRIDGE Housing.

***Hotel Essex (File 17-0561)***

Hotel Essex at 864 Ellis Street is a building that was rehabilitated by CHP to create 84 efficiency studio units for single homeless adults and is located in the Tenderloin. All 84 units are to be funded under the proposed LOSP agreement. Support services are provided by CHP. The project sponsor is CHP.

***John Burton Advocates for Youth Housing Complex at Booker T. Washington (File 17-0562)***

John Burton Advocates for Youth Housing Complex at 800 Presidio is a 50 unit affordable housing development with 25 of the units under the proposed LOSP new agreement targeted to homeless or at-risk Transition Age Youth (TAY) ages 18-24, including former foster youth. The building will complete construction in June 2017 and is located adjacent to the newly constructed Booker T. Washington Community Service Center, which provides programs for families and youth. The housing development is a partnership between the Booker T. Washington Community Service Center and the John Stewart Company with services provided by First Place for Youth. The project sponsors are Booker T. Washington Community Service Center and the John Stewart Company.

***990 Polk Street (File 17-0563)***

990 Polk Street Senior Housing at 990 Polk Street is a 110 unit affordable senior housing development with 50 units targeted to homeless seniors under the proposed LOSP agreement. 10 of the 50 LOSP units are for clients referred by the Mental Health Services Act (MHSA) and serve homeless seniors with serious mental illness. This development was developed by CHC and subsequently transferred to TNDC when CHC ended operations. Support services are provided by Lutheran Social Services. The project sponsor is TNDC.

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<sup>6</sup> The Section 202 program provides capital advances and operating subsidies to facilitate the creation of multifamily housing for very low-income elderly persons.

***Approval of Local Operating Subsidy Program Providers***

According to Ms. Romero, the seven nonprofit providers were approved for LOSP subsidies as part of the evaluation by the Citywide Affordable Housing Loan Committee<sup>7</sup> of applications responding to various Notice of Funding Availability (NOFA) for capital funding for acquisition and predevelopment financing for supportive housing for homeless persons, or Request for Proposals (RFP) for specific development sites.

Ms. Romero advises that the operating subsidies to be paid to the seven nonprofit affordable housing owners and operators are necessary because revenue generated by the affordable housing developments, including outside grants, tax credits and tenant rents, are not sufficient to fund permanent supportive housing to low income persons who were formerly homeless.

Funding for the proposed agreements are General Fund monies allocated annually in the DSHS budget, which is subject to Board of Supervisors annual appropriation approval. The proposed agreements are administered by MOHCD, under work order agreements with DSHS. Ms. Romero notes that, if any of the seven proposed LOSP agreements are not approved, or if any of the General Fund appropriations are not approved in the current or future 14 fiscal years, then the individual nonprofit housing providers would not be able to provide such specified housing units for very low income formerly homeless target populations.

**FISCAL IMPACT**

Under the proposed LOSP agreements, the rent charged to tenants living in these subsidized units would be capped at a fixed percentage of a tenant's income (50 percent in Direct Access to Housing (DAH) subsidized units, 30 percent in all other subsidized units). According to Ms. Romero, in 2015, the average tenant's rent was \$326 per unit per month. The projected City LOSP subsidy amount for the units covered under the proposed agreements is the difference between the rent paid by individual tenants and the actual cost to operate the unit per month. The actual operating cost is the amount necessary to cover each facility's operating expenses, which includes property management and office staff, utilities, taxes, licenses, insurance, maintenance, security and required reserves. The amount of the projected subsidy is specified in each agreement, and (i) is subject to revision annually by MOHCD based on the prior years' occupancy, and (ii) is contingent on the annual General Fund appropriation, to DSHS, under work orders with MOHCD, by the Board of Supervisors.

The Attachment provided by MOHCD summarizes the projected LOSP expenditures for each of the seven projects, over the approximately 15-year term of each agreement. As shown in the Attachment, the City's FY 2017-18 subsidy provided per housing unit ranges from \$324 per month at the Mosaica Senior Housing project to \$1,277 per month at the John Burton Advocates for Youth project. According to Ms. Romero, the significant variation in the subsidy per unit is primarily due to the number of the LOSP units per project because economies of scale allow property management and other housing staff requirements to be spread over a

<sup>7</sup> The Citywide Affordable Housing Loan Committee is composed of the Directors and/or senior staff of the Mayor's Office of Housing and Community Development, the Office of Community Investment and Infrastructure, and the Department of Homelessness and Supportive Housing.

greater number of units. Over the approximately 15-year term, the subsidies per unit are projected to increase.

As summarized in Table 4 below, the total costs over the approximately 15-year term for the seven projects is estimated to be \$67,665,552. The annual General Fund subsidies for these seven projects are anticipated to increase from \$4,291,721 in FY 2017-18 to \$5,762,986 in FY 2031-32. The average cost of each unit's subsidy that would be provided over the approximately 15-year term of each of these agreements is shown in Table 4, ranging from \$114,427 for each of the 11 units in the Mosaica Senior Housing project to \$311,206 for each of the 25 units at the John Burton Advocates for Youth Housing project.

**Table 4: Projected Subsidy Expenditures under the Proposed Seven Agreements**

Project	Number of LOSP Units	Total LOSP Cost	Average Cost Per Unit for Agreement Term
Mosaica Senior (File 17-0557)	11	\$1,258,693	\$114,427
Mosaica Family (File 17-0558)	20	3,616,321	180,816
Arnett Watson (File 17-0559)	79	19,018,558	240,741
Armstrong Place (File 17-0560)	23	4,237,157	184,224
Hotel Essex (File 17-0561)	84	18,623,354	221,707
John Burton (File 17-0562)	25	7,780,148	311,206
990 Polk Senior (File 17-0563)	50	13,131,321	262,626
<b>TOTAL:</b>	<b>292</b>	<b>\$67,665,552</b>	

As noted above, funding for the proposed agreements are General Fund monies appropriated annually in the Department of Homelessness and Supportive Housing (DHS) budget, which are subject to Board of Supervisors annual appropriation approval. The proposed agreements are administered by MOHCD, under work order agreements with DHS, such that MOHCD would be party to each of the proposed LOSP agreements on behalf of the City.

## **POLICY CONSIDERATION**

The Budget and Legislative Analyst's January 2012 Performance Audit of San Francisco's Affordable Housing Policies recommended that MOHCD report annually to the Board of Supervisors on (i) completed and planned supportive housing units for chronically homeless individuals and families, and (ii) funding strategies for planned but not constructed units. According to Ms. Romero, MOHCD reports on the LOSP contracts in the MOHCD Annual Progress Report, which contains all of MOHCD's required reports for the Board of Supervisors. The Budget and Legislative Analyst continues to recommend that MOHCD include an annual report on the LOSP in its Annual Progress Report to the Board of Supervisors.

**RECOMMENDATIONS**

1. Amend the proposed resolutions to clarify the term of each agreement as follows:

File	Provider	Agreement Start Date	Agreement End Date	Term
17-0557	Alabama Street Housing Associates	January 1, 2018	December 31, 2032	15 yrs
17-0558	Alabama Street Housing Associates	January 1, 2018	December 31, 2032	15 yrs
17-0559	650 Eddy, LP	July 1, 2017	June 30, 2032	15 yrs
17-0560	Armstrong Place Associates, LP	November 1, 2017	December 31, 2032	15 yrs, 2 mo
17-0561	Hotel Essex, LP	July 1, 2017	December 31, 2032	15 yrs, 6 mo
17-0562	BTW Housing Partners, LP	July 1, 2017	December 31, 2032	15 yrs, 6 mo
17-0563	Polk Senior Housing Associates, LP	July 1, 2017	December 31, 2032	15 yrs, 6 mo

2. Amend (i) File 17-0559 to state that the current agreement between MOHCD and 650 Eddy, LP for Arnett Watson Apartments will terminate on June 30, 2017 prior to the start of the new LOSP agreement on July 1, 2017; and (ii) File 17-0561 to state that the current agreement between MOHCD and Hotel Essex, LP will terminate on June 30, 2017 prior to the start of the new LOSP agreement on July 1, 2017.
3. Approve the proposed resolutions as amended.
4. Request that MOHCD continue to include an update on the Local Operating Subsidy Program (LOSP) in the MOHCD Annual Progress Report submitted to the Board of Supervisors on supportive housing.

Combined Exhibit A

Fiscal Year	John Burton Advocates for Youth, 800 Piedmont			Armstrong Place, 5600 3rd Street			Mosaica Family, 600 Florida Street			Mosaica Senior, 655 Alabama Street			Hotel Essex, 854 Ellis Street			Arnett Watson Apts, 650 Eddy Street			Polk and Geary Senior, 930 Polk Street		
	Months of Contract	Projected Local Operating Subsidy Program Expenditure	Average Local Operating Subsidy Program Subsidy Per Unit Per Month	Months of Contract	Projected Local Operating Subsidy Program Expenditure	Average Local Operating Subsidy Program Subsidy Per Unit Per Month	Months of Contract	Projected Local Operating Subsidy Program Expenditure	Average Local Operating Subsidy Program Subsidy Per Unit Per Month	Months of Contract	Projected Local Operating Subsidy Program Expenditure	Average Local Operating Subsidy Program Subsidy Per Unit Per Month	Months of Contract	Projected Local Operating Subsidy Program Expenditure	Average Local Operating Subsidy Program Subsidy Per Unit Per Month	Months of Contract	Projected Local Operating Subsidy Program Expenditure	Average Local Operating Subsidy Program Subsidy Per Unit Per Month	Months of Contract	Projected Local Operating Subsidy Program Expenditure	Average Local Operating Subsidy Program Subsidy Per Unit Per Month
FY 2017-18*	18	\$ 574,617	\$ 1,277	18	\$ 210,573	\$ 500	18	\$ 168,585	\$ 469	18	\$ 64,203	\$ 324	18	\$ 1,422,414	\$ 941	12	\$ 973,477	\$ 1,027	18	\$ 877,752	\$ 517
FY 2018-19	12	\$ 401,833	\$ 1,339	12	\$ 204,466	\$ 741	12	\$ 177,565	\$ 740	12	\$ 67,071	\$ 508	12	\$ 989,015	\$ 981	12	\$ 1,013,167	\$ 1,069	12	\$ 627,859	\$ 662
FY 2019-20	12	\$ 416,866	\$ 1,390	12	\$ 215,210	\$ 780	12	\$ 186,835	\$ 778	12	\$ 70,070	\$ 531	12	\$ 1,021,107	\$ 1,013	12	\$ 1,045,992	\$ 1,103	12	\$ 660,178	\$ 696
FY 2020-21	12	\$ 432,444	\$ 1,441	12	\$ 226,410	\$ 820	12	\$ 196,482	\$ 819	12	\$ 73,204	\$ 555	12	\$ 1,065,227	\$ 1,057	12	\$ 1,086,096	\$ 1,146	12	\$ 693,839	\$ 732
FY 2021-22	12	\$ 448,587	\$ 1,495	12	\$ 238,083	\$ 863	12	\$ 203,220	\$ 847	12	\$ 69,810	\$ 523	12	\$ 1,086,932	\$ 1,080	12	\$ 1,127,706	\$ 1,190	12	\$ 728,903	\$ 769
FY 2022-23	12	\$ 465,316	\$ 1,551	12	\$ 250,250	\$ 907	12	\$ 213,666	\$ 890	12	\$ 73,234	\$ 555	12	\$ 1,119,012	\$ 1,110	12	\$ 1,170,876	\$ 1,235	12	\$ 761,605	\$ 803
FY 2023-24	12	\$ 482,650	\$ 1,609	12	\$ 262,931	\$ 953	12	\$ 224,538	\$ 936	12	\$ 76,812	\$ 582	12	\$ 1,156,118	\$ 1,147	12	\$ 1,215,662	\$ 1,282	12	\$ 799,800	\$ 844
FY 2024-25	12	\$ 500,611	\$ 1,669	12	\$ 276,148	\$ 1,001	12	\$ 235,855	\$ 983	12	\$ 80,552	\$ 610	12	\$ 1,194,605	\$ 1,185	12	\$ 1,252,246	\$ 1,321	12	\$ 839,592	\$ 886
FY 2025-26	12	\$ 519,221	\$ 1,731	12	\$ 289,923	\$ 1,050	12	\$ 247,635	\$ 1,032	12	\$ 84,460	\$ 640	12	\$ 1,234,524	\$ 1,225	12	\$ 1,290,220	\$ 1,361	12	\$ 881,054	\$ 929
FY 2026-27	12	\$ 537,254	\$ 1,791	12	\$ 304,280	\$ 1,102	12	\$ 259,899	\$ 1,083	12	\$ 88,545	\$ 671	12	\$ 1,275,926	\$ 1,266	12	\$ 1,339,510	\$ 1,413	12	\$ 924,263	\$ 975
FY 2027-28	12	\$ 557,233	\$ 1,857	12	\$ 319,243	\$ 1,157	12	\$ 272,668	\$ 1,136	12	\$ 92,813	\$ 703	12	\$ 1,318,866	\$ 1,308	12	\$ 1,390,638	\$ 1,467	12	\$ 969,299	\$ 1,022
FY 2028-29	12	\$ 577,932	\$ 1,925	12	\$ 334,837	\$ 1,213	12	\$ 285,965	\$ 1,192	12	\$ 97,274	\$ 737	12	\$ 1,363,398	\$ 1,353	12	\$ 1,443,671	\$ 1,523	12	\$ 1,016,247	\$ 1,072
FY 2029-30	12	\$ 599,377	\$ 1,998	12	\$ 351,090	\$ 1,272	12	\$ 299,813	\$ 1,249	12	\$ 101,936	\$ 772	12	\$ 1,409,583	\$ 1,398	12	\$ 1,498,677	\$ 1,581	12	\$ 1,065,198	\$ 1,124
FY 2030-31	12	\$ 621,595	\$ 2,072	12	\$ 368,029	\$ 1,333	12	\$ 314,236	\$ 1,309	12	\$ 106,808	\$ 809	12	\$ 1,457,478	\$ 1,446	12	\$ 1,555,726	\$ 1,641	12	\$ 1,116,244	\$ 1,177
FY 2031-32	12	\$ 644,612	\$ 2,149	12	\$ 385,684	\$ 1,397	12	\$ 329,259	\$ 1,372	12	\$ 111,901	\$ 848	12	\$ 1,507,148	\$ 1,495	12	\$ 1,614,894	\$ 1,703	12	\$ 1,169,488	\$ 1,234
<b>TOTAL:</b>	<b>186</b>	<b>\$ 7,780,148</b>		<b>186</b>	<b>\$ 4,237,157</b>		<b>186</b>	<b>\$ 3,616,321</b>		<b>186</b>	<b>\$ 1,258,693</b>		<b>186</b>	<b>\$ 18,623,354</b>		<b>180</b>	<b>\$ 19,018,558</b>		<b>186</b>	<b>\$ 13,131,321</b>	
# of LOSP Units	25			23			20			11			84			79			50		

\*Some contracts in FY 2017-18 received LOSP surplus funds from FY 2016-17. MOHCD requested to use these funds to transition new or renewal contracts to a calendar year to simplify the accounting. Therefore, some contracts reflect a total of 18 months, which includes a one-time six month additional subsidy.

TOTAL: \$ 67,665,552

Total LOSP by Fiscal Year for 7 projects	
Total LOSP 2017-18	\$ 4,291,721
Total LOSP 2018-19	\$ 3,480,976
Total LOSP 2019-20	\$ 3,616,258
Total LOSP 2020-21	\$ 3,773,702
Total LOSP 2021-22	\$ 3,905,241
Total LOSP 2022-23	\$ 4,053,959
Total LOSP 2023-24	\$ 4,218,511
Total LOSP 2024-25	\$ 4,379,609
Total LOSP 2025-26	\$ 4,547,037
Total LOSP 2026-27	\$ 4,728,677
Total LOSP 2027-28	\$ 4,920,760
Total LOSP 2028-29	\$ 5,119,325
Total LOSP 2029-30	\$ 5,325,674
Total LOSP 2030-31	\$ 5,540,116
Total LOSP 2031-32	\$ 5,762,986
<b>Total 7 projects over contract</b>	<b>\$ 67,665,552</b>

LOSP New or Renewal Projects coming on line in 2017-18										UNIT MIX: HOMELESS UNITS				
Project	Target Population	Service Agency	T1 Units	T1 Homeless Units	T1 LOSP units	15 Year LOSP Contract	Other Operating Subsidies	Studios	1-BR	2-BR	3-BR	4-BR	TOTAL	
John Burton	YAY	First Place for Youth	50	25	25	\$ 7,780,148	None	24					25	
Armstrong	Seniors	Providencia Foundation	116	23	23	\$ 4,237,157	HUD PRAC	12	11				23	
Mosaica Family	Families	Lutheran Social Services	93	24	20	\$ 3,616,321	Shelter Plus Care	0	3	13		2	20	
Mosaica Senior	Seniors	Lutheran Social Services	24	11	11	\$ 1,258,693	None	9	2				11	
Hotel Essex	Adults	Community Housing Partnership	84	84	84	\$ 18,623,354	Shelter Plus Care	84					84	
Arnett Watson	Families and Single Adults	Community Housing Partnership	83	83	79	\$ 19,018,558	Shelter Plus Care	32	33	14			79	
990 Polk	Seniors, 10 units targeted to MHSA	Lutheran Social Services	110	50	50	\$ 13,131,321	None (project has MHSA capital dollars that restricts 10 units to MHSA clients)	45	5	0	0		50	
<b>TOTAL</b>			<b>569</b>	<b>300</b>	<b>292</b>	<b>\$ 67,665,552</b>		<b>206</b>	<b>54</b>	<b>28</b>	<b>2</b>		<b>292</b>	

**CITY AND COUNTY OF SAN FRANCISCO  
MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT**

GRANT AGREEMENT

between

CITY AND COUNTY OF SAN FRANCISCO

and

650 EDDY, L.P.

For

ARNETT WATSON APARTMENTS, 650 EDDY STREET

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THIS GRANT AGREEMENT (this "**Agreement**") is made this \_\_\_\_\_, by and between 650 EDDY, L.P., a California limited partnership ("**Grantee**"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**") acting by and through the Mayor's Office of Housing and Community Development ("**MOHCD**").

**WITNESSETH:**

**WHEREAS**, the City previously provided Grantee funding through MOHCD's Local Operating Subsidy Program ("**Program**") under a nine-year agreement dated February 5, 2009; and

**WHEREAS**, Grantee submitted the Application Documents (as hereinafter defined) to MOHCD for a new grant through the Program; and

**WHEREAS**, City desires to provide such a grant on the terms and conditions set forth herein; and

**WHEREAS**, the City's Board of Supervisors authorized execution of this Agreement on \_\_\_\_\_, pursuant to Resolution No. \_\_\_\_\_.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

**ARTICLE 1  
DEFINITIONS**

**1.1 Specific Terms.** Unless the context otherwise requires, the following capitalized terms (whether singular or plural) shall have the meanings set forth below:

"**ADA**" shall mean the Americans with Disabilities Act (including all rules and regulations thereunder) and all other applicable federal, state and local disability rights legislation, as the same may be amended, modified or supplemented from time to time.

"**Additional Leasing Date**" shall have the meaning given to it in Section 4.1.

**“Agreement Date”** means the date this Agreement is duly executed and delivered by Grantee and MOHCD.

**“Annual Monitoring Report”** shall have the meaning given to it in Section 6.1.

**“Annual Operating Budget”** means the operating budget for the Project approved by City attached hereto as **Exhibit B**, as amended by Grantee and City from time-to-time.

**“Applicable Laws”** means all applicable present or future federal, state, local and administrative laws, rules, regulations, codes, orders and requirements.

**“Application Documents”** shall mean collectively: (i) the grant application submitted by Grantee for a Program grant, including all exhibits, schedules, appendices and attachments thereto; (ii) all documents, correspondence and other written materials submitted in respect of such grant application; and (iii) all amendments, modifications or supplements to any of the foregoing approved in writing by City.

**“Approved Shortfall”** means the amount that is approved by MOHCD, if any, by which the Operating Costs for any Business Year during the Term exceed the Project Income attributable to the Assisted Units for such Business Year.

**“Assisted Units”** means 83 residential units at the Project, including four (4) units that receive Continuum Of Care Shelter Plus Care Program subsidies.

**“Business Year”** means each period of twelve (12) months used by the Project to define the beginning and end of the year for purposes of accounting and other reporting.

**“CFR”** means the Code of Federal Regulations.

**“Certificate of Preference”** means the form establishing a priority right for tenant selection, as further described in the Operational Rules.

**“Certificate of Preference Holder”** means a person or household that has been issued a Certificate of Preference.

**“Charter”** shall mean the Charter of City.

**“Charter Documents”** shall have the meaning given in Section 6.2.

**“City”** means the City and County of San Francisco.

**“City Loan Documents”** means the MOHCD Loan Agreement and the documents executed in connection therewith.

**“Controller”** shall mean the Controller of City.

**“Director”** means MOHCD’s Director or an authorized representative of the Director.

**“Effective Date”** means the Agreement Date.

**“Event of Default”** shall have the meaning set forth in Section 11.1.

**“First Subsidy Payment”** shall mean the Subsidy Payment for the initial period starting from the Effective Date.

**“Grant Amount”** shall have the meaning set forth in Section 5.1.



“**Grant Funds**” shall mean any and all funds allocated or disbursed to Grantee under this Agreement.

“**Gross Rent**” means the aggregate annual sum charged to Tenants for rent and utilities, with utility charges limited to an allowance determined by the San Francisco Housing Authority and published by MOHCD.

“**HSH**” means the San Francisco Department of Homelessness and Supportive Housing.

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

“**Indemnified Parties**” shall mean City, including MOHCD and all of City’s commissions, departments, agencies and other subdivisions, and City’s elected officials, directors, officers, employees, agents, and representatives, and their respective successors and assigns.

“**Initial Leasing Date**” shall be the date when the first Assisted Unit is leased and occupied by a Tenant.

“**Loan Committee**” means the City review committee that selects Program grantees.

“**LOSP Clients**” means the formerly homeless individuals or households that HSH deems eligible for Program assistance pursuant to the Program criteria set forth on the attached **Exhibit D** (as such criteria may be amended from time to time by MOHCD) as administered by Grantee pursuant to this Agreement, the LOSP Policies and Procedures Manual and the Services Agreement.

“**LOSP Policies and Procedures Manual**” means the document published jointly by MOHCD and HSH describing the program’s operational policies and procedures, as may be amended from time to time.

“**Maintenance Duties**” shall have the meaning given to it in Section 4.8(a).

“**Median Income**” means median income as published annually by MOHCD, derived from the Income Limits determined by HUD for the for the San Francisco area, adjusted solely for household size, but not high housing cost area.

“**MOHCD**” shall mean the Mayor’s Office of Housing and Community Development of the City and County of San Francisco.

“**MOHCD Loan Agreement**” means collectively, those certain loan agreements, between MOH and Grantee with respect to a HOME program loan made in the amount of \$855,463.00 under a loan agreement dated as of July 20, 2005 (as amended by the First Amendment to HOME loan on September 27, 2006, and as further amended on March 7), as well as an Affordable Housing Fund Program loan in the amount of \$7,177,673.00 dated as of March 7, 2007.

“**Operating Costs**” means the following costs: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement, the City Loan Documents or the Senior Loan Documents; (b) salaries, wages and any other compensation due and payable to the employees or agents of Grantee employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) Qualified Minimal Debt Service Payments, if any; (d) the asset management fees, partnership management fees, investor services fee and deferred developer fees described in the Annual Operating Budget or otherwise approved by MOHCD in writing; (e) all other expenses actually incurred to cover the operation of the Project to the standards required under this Agreement, including maintenance and repairs, and property management fees (to the extent such fees

are permitted to be made under the MOHCD Loan Agreement); (f) required deposits to the Replacement Reserve Account (as defined in the MOHCD Loan Agreement), Operating Reserve Account, and any other reserve account required under this Agreement (excluding the Subsidy Reserve Account), the City Loan Documents or the Senior Loan Documents; and (g) any extraordinary expenses arising from the ownership or operation of the Project approved in advance and in writing by MOHCD. "Operating Costs" shall not include any loan payments to be made under the City Loan Documents, the Senior Loan Documents or any other loan payments other than Qualified Minimal Debt Service Payments, nor any costs Grantee incurs in providing services to a Project tenant other than the services to be provided under such Project tenant's lease or otherwise approved hereunder.

**"Operating Reserve Account"** means the interest-bearing operating reserve depository account Grantee is required to maintain pursuant to the MOHCD Loan Agreement.

**"Operational Rules"** means MOHCD's Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities dated August 1, 2015, as amended from time to time.

**"Operating Statement"** shall have the meaning set forth in Section 6.1.

**"Opinion"** means an opinion of Grantee's California legal counsel, satisfactory to MOHCD, that Grantee is a duly formed, validly existing limited partnership in good standing under the laws of the State of California, has the power and authority to enter into this Agreement and will be bound by its terms when executed and delivered, that each of Grantee's general partners is a duly formed, validly existing nonprofit corporation in good standing under the laws of the State of California, which has established and maintains valid nonprofit status under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended, and all rules and regulations promulgated thereunder, or is a duly formed, validly existing limited liability company whose sole member is nonprofit corporation in good standing under the laws of the State of California, which has established and maintains valid nonprofit status under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended, and all rules and regulations promulgated thereunder, and each has the power and authority to act as Grantee's general partner, and that addresses any other matters MOHCD reasonably requests.

**"Program"** means the Local Operating Subsidy Program, through which MOHCD provides operating subsidies to housing projects that provide permanent supportive housing for formerly homeless individuals and households.

**"Program Transition Reserve Account"** shall have meaning given to it in Section 2.5.

**"Project"** means the eighty-three (83) unit housing project commonly known as Arnett Watson Apartments, which is located on the Real Property.

**"Project Income"** means all income and receipts in any form received by Grantee from the operation, use or ownership of the Project, calculated on an accrual basis, including rents, fees, deposits (other than tenant security deposits), reimbursements and other charges paid to Grantee by MOHCD in connection with the Project (other than Grant Funds), and any funds held in the Subsidy Reserve Account.

**"Project Operating Account"** means a checking account maintained by Grantee, which shall be held in a bank or savings and loan institution acceptable to MOHCD as a segregated account insured by the Federal Deposit Insurance Corporation or other comparable federal insurance program.

**"Projected Shortfall"** means the amount, if any, by which the Operating Costs for any Business Year during the Term are projected to exceed the Project Income obtained from the Assisted Units for such Business Year.

**"Qualified Minimal Debt Service Payment"** means a minimal debt service payment that Grantee must make under the MOHCD Loan Agreement, the Senior Loan Documents or any additional affordable

housing loan for the Project, provided that Grantee first obtains MOHCD's written consent to such additional loan, including any proposed repayments to be made to such additional loan.

**"Real Property"** shall mean the real property described on the attached **Exhibit C**.

**"Referral"** means HSH documentation of eligibility of LOSP client being referred for permanent supportive housing at the Project.

**"Senior Loan Documents"** means the following documents: the loan documents executed by Grantee in connection with the MHP loan from the California Department of Housing and Community Development in the amount of \$7,000,000.

**"Services Agreement"** means the Contract for Services dated (to be provided by HSH), and between Tenant Services Contractor and HSH for the provision of services to LOSP Clients at the Project.

**"Subsidy Payment"** means a payment made by MOHCD to Grantee pursuant to the terms of this Agreement, which shall be made in the manner and in the amount specified in Article 5 below.

**"Subsidy Reserve Account"** means a checking account maintained by Grantee, which shall be held in a bank or savings and loan institution acceptable to MOHCD as a segregated account insured by the Federal Deposit Insurance Corporation or other comparable federal insurance program, and used only for the purposes specified in Section 4.3.

**"Tenant"** shall mean a LOSP Client who leases an Assisted Unit.

**"Tenant-Paid Rent"** means the annual amount charged to Tenants for rent, not including any applicable utility allowance, which must be included when calculating Gross Tenant Rent.

**"Tenant Services Contractor"** shall mean Community Housing Partnership, a California non-profit public benefit corporation.

**"Term"** shall have the meaning given to in Section 3.

**"Termination Notice Date"** shall have the meaning given to in Section 4.1.

**"Transition Plan"** shall have the meaning given to in Section 2.5.

**"Underlying Restricted Rent"** is the maximum Gross Rent allowed under the MOHCD Loan Agreement or any other more-restrictive covenants under City-approved funding agreements.

**"Vacancy Period"** shall have the meaning given to in Section 4.1.

**"15-Year Cash Flow"** means the cash flow projection described in the attached **Exhibit B**.

**1.2 Additional Terms.** The terms "as directed," "as required" or "as permitted" and similar terms shall refer to the direction, requirement, or permission of MOHCD. The terms "sufficient," "necessary" or "proper" and similar terms shall mean sufficient, necessary or proper in the sole judgment of MOHCD. The terms "approval," "acceptable" or "satisfactory" or similar terms shall mean approved by, or acceptable to, or satisfactory to MOHCD. The terms "include," "included" or "including" and similar terms shall be deemed to be followed by the words "without limitation". The use of the term "subcontractor," "successor" or "assign" herein refers only to a subcontractor ("subgrantee"), successor or assign expressly permitted under Article 13.

**1.3 References to this Agreement.** References to this Agreement include: (a) any and all appendices, exhibits, schedules, attachments hereto; (b) any and all statutes, ordinances, regulations or other documents expressly incorporated by reference herein; and (c) any and all amendments, modifications or

supplements hereto made in accordance with Section 17.2. References to articles, sections, subsections or appendices refer to articles, sections or subsections of or appendices to this Agreement, unless otherwise expressly stated. Terms such as “hereunder,” herein or “hereto” refer to this Agreement as a whole.

**ARTICLE 2**  
**APPROPRIATION AND CERTIFICATION OF GRANT FUNDS;**  
**LIMITATIONS ON CITY’S OBLIGATIONS**

**2.1 Risk of Non-Appropriation of Grant Funds.** This Agreement is subject to the budget and fiscal provisions of the Charter. City shall have no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements or for other MOHCD expenditures. Grantee acknowledges that MOHCD’s obligation to make Subsidy Payments under this Agreement is expressly conditioned on the (a) appropriation of sufficient funds to HSH for Subsidy Payments and transfer of such funds from HSH to MOHCD (or as MOHCD may direct such funds to be transferred directly by HSH to Grantee), which appropriation and transfer is subject to HSH’s annual operating budget, or (b) appropriation of sufficient funds for Subsidy Payments to MOHCD’s annual operating budget. If the funds appropriated for Program subsidy payments in a given year will be insufficient to fund the total Program subsidy payments MOHCD intended to make in such year, MOHCD shall have the right to reduce the amount of Program subsidy payments and to select the qualifying projects subject to such reduced payments.

Notwithstanding the foregoing, however, qualifying projects that are not financed with State Department of Housing and Community Development Multifamily Housing Program Supportive Housing Component funds (“**HCD Funds**”) will be subject to such Program subsidy payment reductions before any such reductions are made to qualifying projects financed with HCD Funds.

If MOHCD determines that Subsidy Payments for any given period must be reduced due to a shortfall in appropriated Program funds (a “**Non-Appropriation Event**”), MOHCD shall notify Grantee that a Non-Appropriation Event has occurred. City’s obligation to make any Subsidy Payments in excess of those for which sufficient funds have been appropriated shall automatically terminate as of such Non-Appropriation Event, except as may be required pursuant to Section 2.5 below. Grantee acknowledges that HSH’s and MOHCD’s annual operating budgets are each subject to the discretion of City’s Mayor and Board of Supervisors and a Non-Appropriation Event may occur during the Term and, accordingly, that Subsidy Payments may subsequently not be made in the amounts projected pursuant to this Agreement. Grantee’s assumption of such risks is part of the consideration for this Agreement.

**2.2 Certification of Controller; Guaranteed Maximum Costs.** No funds shall be available under this Agreement until prior written authorization certified by the Controller. In addition, as set forth in Section 21.10-1 of the San Francisco Administrative Code:

(a) City’s obligations hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification, the current Controller certification for Grant Funds is only for the First Subsidy Payment, and Controller certification will be a condition precedent for all other Subsidy Payments to the extent that Project Transition Reserve Account funds are not available to fund such Subsidy Payments.

(b) Except as may be provided by City ordinances governing emergency conditions, City and its employees and officers are not authorized to request Grantee to perform services or to provide materials, equipment and supplies that would result in Grantee performing services or providing materials, equipment and supplies that are beyond the scope of the services, materials, equipment and supplies specified in this Agreement unless this Agreement is amended in writing and approved as required by law to authorize the additional services, materials, equipment or supplies. City is not required to pay Grantee for services, materials, equipment or supplies provided by Grantee if they are beyond the scope of the services, materials, equipment and supplies agreed upon herein and were not approved by a written amendment to this Agreement lawfully executed by City.

(c) City and its employees and officers are not authorized to offer or promise to Grantee additional funding for this Agreement that would exceed the maximum amount of funding provided for herein. Additional funding for this Agreement in excess of the maximum provided herein shall require lawful approval and certification by the Controller. City is not required to honor any offered or promised additional funding that exceeds the maximum provided in this Agreement, which requires lawful approval and certification of the Controller when the lawful approval and certification by the Controller has not been obtained.

(d) The Controller is not authorized to make payments on any agreement for which funds have not been certified as available for such purposes in the budget of HSH or MOHCD or by supplemental appropriation.

**2.3 Automatic Termination for Nonappropriation or Nontransfer of Funds.** This Agreement shall automatically terminate, without penalty, liability or expense of any kind to City, at the end of the period of the City's Business Year that a Non-Appropriation Event occurs, except as otherwise set forth in Section 2.5.

**2.4 SUPERSEDURE OF CONFLICTING PROVISIONS.** IN THE EVENT OF ANY CONFLICT BETWEEN ANY OF THE PROVISIONS OF THIS ARTICLE 2 AND ANY OTHER PROVISION OF THIS AGREEMENT, THE APPLICATION DOCUMENTS OR ANY OTHER DOCUMENT OR COMMUNICATION RELATING TO THIS AGREEMENT, THE TERMS OF THIS ARTICLE 2 SHALL GOVERN.

**2.5 Program Transition Reserve Account.** All LOSP subsidy payments, including the Subsidy Payments, are conditioned on the appropriation of sufficient funds therefor and the transfer of such funds to MOHCD's annual budget. MOHCD intends to establish a reserve account, as MOHCD deems appropriate and in its sole discretion, to fund all or a portion of selected LOSP subsidy payments in the event sufficient funds are not so appropriated or transferred (the "**Program Transition Reserve Account**"). If there is a Non-Appropriation Event, City shall use Program Transition Reserve Account funds to disburse such Subsidy Payments to the extent there are sufficient Program Transition Reserve Account funds for such disbursements.

If there is a Non-Appropriation Event, and City fully funds the following year's Subsidy Payment in the amount shown on Exhibit A (whether with Program Transition Reserve Account funds or otherwise), this Agreement shall remain in effect through the last day of the period for which such Subsidy Payment is made. In the event City continues to fully fund subsequent Subsidy Payments, this Agreement shall remain in effect through the last day of the period for which each such subsequent Subsidy Payment is made.

City shall have no obligation to replenish or supplement the Program Transition Reserve Account. City shall have the right to, at MOHCD's discretion, use Program Transition Reserve Account funds to make subsidy payments to LOSP grantees other than Grantee. The Program Transition Reserve Account shall remain the City's property at all times and any interest that accrues thereon shall remain the sole property of City and will be deemed part of the Program Transition Reserve Account. If any funds remain in the Program Transition Reserve Account at the expiration of the Term or earlier termination of this Agreement, such funds shall remain with City and Grantee shall have no rights thereto.

Grantee agrees that it shall not make any distributions or payments of Residual Receipts, as defined in the MOHCD Loan Agreement, until City has approved the distribution or payment of such Residual Receipts.

### ARTICLE 3 TERM

The term of this Agreement (the “**Term**”) shall commence on the Effective Date and shall terminate on the thirty first (31<sup>st</sup>) day of December 2032, unless earlier terminated in accordance with the terms herein.

#### **ARTICLE 4 PERFORMANCE OF GRANT OBLIGATIONS**

##### **4.1 Lease of Assisted Units.**

(a) Commencing on the Initial Leasing Date, Grantee shall lease all of the Assisted Units to the LOSP Clients it selects from Referrals supplied by the City.

If an Assisted Unit lease terminates at any time, Grantee shall deliver written notice of such termination to City within five (5) business days of such termination (the “**Termination Notice Date**”). City shall accordingly deliver one (1) Referral to Grantee within fifteen (15) business days of receiving such Assisted Unit lease termination notice and Grantee shall lease such vacated Assisted Unit to the LOSP Client within the sixty (60) day period immediately following its receipt of such Referral (each such additional lease up date shall be referred to as an “**Additional Leasing Date**”). The period of time between a Termination Notice Date and the corresponding Additional Leasing Date shall be referred to as a “**Vacancy Period**”. After the Initial Leasing Date, an Assisted Unit may remain vacant during any Vacancy Period applicable to such Assisted Unit. If City fails to timely deliver the required Referral at any time, until City delivers such Referral, Grantee can submit a request to City to use a qualified candidate identified by Grantee that satisfies the requirements of **Exhibit D**, and such request shall not be unreasonably denied.

(b) Grantee shall give preference in occupying all Project residential units first to Certificate of Preference Holders in accordance with the Operational Rules and the Preferences Ordinance; provided that such applicants satisfy all other applicable eligibility requirements under the City Loan Documents and the Senior Loan Documents.

(c) Grantee shall have sole discretion in selecting the LOSP Clients that will be Tenants, provided that Grantee’s decision not to rent an Assisted Unit to an LOSP Client referred to Grantee by City shall not be unreasonably withheld or conditioned, and provided further that Grantee shall not discriminate against or permit discrimination against any person or group of persons because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, disability, gender identity, height, weight, source of income or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC) in the leasing of the Assisted Units.

(d) Grantee shall comply with the Tenant Selection Plan Policy set forth in the attached **Exhibit H** when selecting tenants for the Assisted Units.

(e) Grantee shall comply with the Tenant Screening Criteria Policy set forth in the attached **Exhibit I** when screening tenants for the Assisted Units.

(f) Grantee shall rent each Assisted Unit to a Tenant pursuant to a separate lease agreement that complies with this Agreement. Each Tenant lease shall provide for termination of such lease and such Tenant’s consent to immediate eviction if the Tenant has made any material misrepresentation in the initial income certification made by Tenant to City or in any later income certification made by Tenant to Grantee. The lease agreement for each Assisted Unit must also contain the applicable Lease Addendum, which can be found in the **LOSP Policies and Procedures Manual**.

(g) Grantee shall obtain each Tenant’s recertification of his/her household income on an annual basis. Such income certifications shall be prepared pursuant to low income housing tax credit guidelines for household income and shall be maintained on file at Grantee’s principal office for no less than five (5) years following the date of such certification, and Grantee must file or cause to be filed copies thereof with MOHCD promptly upon MOHCD’s request therefor.

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

#### **4.2 Rent Restrictions.**

(a) Gross Rent charged for any Tenant shall be the lower of thirty percent (30%) of a Tenant's gross monthly income, or the maximum rent allowed under the MOHCD Loan Agreement.

(b) With the written approval of HSH, the Gross Rent charged to a Tenant may be increased as a result of a determination by HSH that such Tenant is no longer eligible under the Program, so long as the Gross Rent charged does not exceed the Underlying Restricted Rent. Notwithstanding the forgoing, Tenants deemed no longer eligible by HSH who remain occupants of the Project shall still be considered a LOSP Client and the Tenant's Unit shall still constitute an Assisted Unit for purposes of compliance with the requirements of this Agreement.

(c) Grantee must provide MOHCD at least annually a report showing actual household income level and Gross Rent for each Tenant.

**4.3 Operating Reserve Account; Subsidy Reserve Account.** Grantee shall comply with all of its requirements for the Operating Reserve Account under the MOHCD Loan Agreement. In addition, if the Subsidy Payment made to Grantee for a Business Year exceeds the Approved Shortfall for such Business Year, as determined pursuant to the reports delivered under Section 6.1, Grantee shall deposit such excess amount in the Subsidy Reserve Account. Grantee shall not use Subsidy Reserve Account funds, or any interest earned thereon, for any purpose other than as provided in this Agreement. The only funds that shall be held in the Subsidy Reserve Account shall be the moneys deposited therein pursuant to this Section and the interest earned thereon.

If the Approved Shortfall for a Business Year exceeds the Subsidy Payment made to Grantee for such Business Year, Grantee shall first use Subsidy Reserve Account funds, to the extent available, to pay the Operating Costs that comprise such excess shortfall. If the Subsidy Reserve Account plus Subsidy Payment funds are insufficient to pay all of the Operating Costs in any given Business Year, Grantee shall use Operating Reserve Account funds, if any, to pay the remaining Operating Costs, subject to any approval Grantee must obtain from any lender under the Senior Loan Documents or Grantee's tax credit limited partner to so use the Operating Reserve Account funds.

#### **4.4 [Intentionally Omitted]**

**4.5 Annual Operating Budget.** The Annual Operating Budget attached hereto as **Exhibit B** sets forth Grantee's anticipated Operating Costs, Project Income and Projected Shortfall for the Term of the Agreement. Grantee shall pay Operating Costs in conformity with the approved Annual Operating Budget. MOHCD's prior written consent shall not be required before Grantee can spend funds on Operating Costs that differ in amount from the amounts in the Annual Operating Budget.

Grantee can submit requests to change the amount of the Annual Operating Budget and corresponding Subsidy Payment for any year during the term by supplying a written proposal to MOHCD. MOHCD will provide project-specific guidance about other materials required to analyze the requested change including but not limited to a variance analysis that includes a quantitative assessment of the difference between projected annual income and expenses and actual annual income and expenses, and explanations for the cause of any significant variances.

Any travel expenses incurred by Grantee must be reasonable and must comply with the following:

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

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

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

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

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

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

**4.6 Grantee's Board of Directors.** Grantee's manager, if Grantee is a limited liability company, or Grantee's general partner or the sole member of the limited liability company general partner, if Grantee is a limited partnership, shall at all times be governed by a legally constituted and fiscally responsible board of directors. Such board of directors shall meet regularly and maintain appropriate membership, as established in such entity's bylaws and other governing documents and shall adhere to applicable provisions of federal, state and local laws governing nonprofit corporations. Such entity's board of directors shall exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by Grantee of its obligations under this Agreement.

#### **4.7 [Intentionally Omitted]**

#### **4.8 Maintenance and Management of Project.**

(a) Grantee shall be responsible for ensuring all Project maintenance, repair and management functions, including the collection of rents, routine and extraordinary repairs and replacement of capital items, and for keeping the Project in a safe and sanitary manner and in good operating condition in accordance with all Applicable Laws, the City Loan Documents and the Senior Loan Documents (collectively, the "Maintenance Duties").

(b) Grantee may contract with a management agent for the performance of the Maintenance Duties subject to MOHCD's prior written approval of both the management agent and the management contract, provided, however, that the arrangement will not relieve Grantee of responsibility for performance of those duties. A management contract must contain a provision allowing Grantee to terminate the contract without penalty upon no more than thirty (30) days' notice.



(c) MOHCD will provide written notice to Grantee if MOHCD determines that the Maintenance Duties are not being performed in accordance with this Agreement. If Grantee is then in contract with a management agent pursuant to subsection (b) above, and such management agent fails to fully cure such failure within thirty (30) days of the date that MOHCD delivers such written notice, Grantee shall exercise such thirty (30) day termination right, terminate the management contract and make immediate arrangements for cure of such failure and for the continuous and continuing performance of the Maintenance Duties. If, at the time of such notice, Grantee is not in contract with a management agent pursuant to subsection (b) above, in addition to MOHCD's rights hereunder, MOHCD shall have the right to require that Grantee, at Grantee's sole cost, contract with a management agent to perform the Maintenance Duties, or to make other arrangements the City deems necessary to ensure full and timely performance of the Maintenance Duties.

(d) Grantee shall operate the Project in compliance with all Applicable Laws.

#### **4.9 Services Agreement; Provision of Services.**

(a) Grantee hereby agrees to allow the Tenant Services Contractor (and any subsequent service provider) access to the Project at all reasonable times for the provision of services to the Project's LOSP Clients.

(b) Grantee shall promptly provide written notice to MOHCD if Grantee obtains knowledge of any default, or event that with notice or the passage of time or both could constitute a default, under the Services Agreement.

(c) In the event that the Services Agreement is terminated for any reason, or that MOHCD and/or HSH determines that the Tenant Services Contractor needs to be replaced, Grantee shall cooperate in good faith with MOHCD and HSH in obtaining a new service provider for the LOSP Clients in the Project. In such an event, the selection of a new service provider for the Project shall not require Grantee's prior consent. Grantee hereby agrees and acknowledges that nothing in this Agreement gives Grantee any right to consent to the MOHCD and/or HSH determination to terminate the Services Agreement or to replace the Tenant Services Contractor.

### **ARTICLE 5 USE AND DISBURSEMENT OF GRANT FUNDS**

**5.1 Maximum Amount of Grant Funds; Disbursement of Subsidy Payments.** In no event shall the total amount of Grant Funds disbursed hereunder exceed Nineteen Million Eighteen Thousand Five Hundred Fifty-Nine Dollars (\$19,018,559) (the "**Grant Amount**"). Subject to Grantee's performance of its obligations under this Agreement and MOHCD's receipt of sufficient funds, as further set forth in Article 2, the Grant Funds shall be disbursed through Subsidy Payments.

Provided that Grantee is in compliance with all of the conditions for receipt of the First Subsidy Payment, City shall deliver the First Subsidy Payment to Grantee within sixty (60) business days immediately following the "Agreement Date". For every subsequent year during the Term, provided that Grantee is in compliance with all of the conditions for receipt of a Subsidy Payment, City shall deliver the Subsidy Payment for such year to Grantee within sixty (60) business days immediately following the date when the funds have been made available for MOHCD for disbursement.

#### **5.2 Subsidy Payment Amounts and Adjustments.**

(a) The 15-Year Cash Flow is the Parties' current expectations of Operating Costs and Projected Shortfalls during the Term. The Parties anticipate that the amount of the First Subsidy Payment and each subsequent Subsidy Payment shall be as shown on **Exhibit A**. The First Subsidy Payment amount reflects the Projected Shortfall for the period starting on the Effective Date. Notwithstanding the foregoing initial calculations of the 15-Year Cash Flow and the Subsidy Payment amounts, however, each

Subsidy Payment (including the First Subsidy Payment) is subject to further adjustment pursuant to this Section and City's annual review and approval of the applicable Annual Operating Budget. The City shall reduce the subsequent Subsidy Payments by the amount of any funds held in the Subsidy Reserve Account.

(b) The total amount of all Subsidy Payments made hereunder shall not exceed the Grant Amount. If the total amount of all Subsidy Payments made hereunder equals the Grant Amount at any time prior to the expiration of the Term, no further Subsidy Payments shall be made hereunder. If any Subsidy Payment would, if made, cause the total amount of all Subsidy Payments made hereunder to exceed the Grant Amount, such Subsidy Payment shall be accordingly reduced so the total amount of Subsidy Payments made hereunder equals the Grant Amount.

**5.3 Use of Grant Funds.** Grantee shall use the Grant Funds only for Operating Costs and for no other purpose. Grantee shall expend the Grant Funds in accordance with the Annual Operating Budget.

**5.4 Conditions Precedent to Payment of First Subsidy Payment.** Grantee shall fully satisfy each of the following conditions prior to delivery of the First Subsidy Payment..

(a) Grantee must have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (i) this Agreement (in triplicate); (ii) the Opinion; and (iii) the Authorizing Resolutions.

(b) Grantee must have delivered its Charter Documents to the City.

(c) Grantee shall be in compliance with all of its obligations under City Loan Documents and the Senior Loan Documents.

(d) Tenant Services Contractor shall be in compliance with all of its obligations under the Services Agreement.

(e) No Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default, shall exist and remain uncured as of the date of the Initial Subsidy Payment is to be disbursed hereunder.

**5.5 Conditions Precedent to Payment of Subsequent Subsidy Payments.** Grantee shall fully satisfy each of the following conditions prior to delivery of any Subsequent Subsidy Payment:

(a) Grantee shall be in compliance with all of its obligations under the City Loan Documents and the Senior Loan Documents.

(b) Tenant Services Contractor shall be in compliance with all of its obligations under the Services Agreement.

(c) No Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default, shall exist and remain uncured as of the date of such Subsidy Payment is to be disbursed hereunder.

## **ARTICLE 6 REPORTING REQUIREMENTS; AUDITS; PENALTIES FOR FALSE CLAIMS**

**6.1 Regular Reports; Operating Statements.** Grantee must file electronically with the City no later than one hundred fifty (150) days after the end of Grantee's calendar year annual report forms (the "Annual Monitoring Report") that include audited financial statements including any management letters; an income and expense statement for the Project covering the applicable reporting period

“Operating Statement”; a statement of balances, deposits and withdrawals from all Accounts; and evidence of required insurance. The Annual Monitoring Report must be in substantially the form attached as **Exhibit G** or as later modified by MOHCD during the Term.

Such Annual Monitoring Report shall include a list of the Operating Costs paid by Grantee during such applicable prior Business Year and Grantee’s certifications that (a) the total Grant Funds received by Grantee as of the end date of the applicable Business Year have been used only to pay Operating Costs, (b) all of Grantee’s representations and warranties in this Agreement remain true and correct in all material respects as if made on the end date of such the applicable Business Year, (c) there is no Event of Default by Grantee as of the end date of the applicable Business Year, and (d) the party signing the Annual Monitoring Report is an officer of Grantee authorized to do so on Grantee’s behalf.

**6.2 Organizational Documents.** Prior to the Effective Date, Grantee shall provide to City the following documents (collectively, the “**Charter Documents**”): a certified certificate of status and (a) if Grantee is a corporation, its bylaws, and a certified copy of its articles of incorporation; (b) if Grantee is limited partnership, its partnership agreement, a certified copy of its certificate of partnership, and the organizational documents of its general partner; and (c) if Grantee is a limited liability company, its operating agreement, a certified copy of its certificate of limited liability company, and the organizational documents of its manager. All certified documents to be provided pursuant to this Section shall be certified by the California Secretary of State or, if the entity for which a certified document is to be provided was not organized in the State of California, certified by the Secretary of State of such entity’s state of organization, no earlier than two (2) months prior to the Effective Date. The Charter Documents must be delivered to the City in their original form, as amended if applicable.

**6.3 Notification of Defaults or Changes in Circumstances.** Grantee shall notify City immediately of (a) any Event of Default or event that, with the passage of time, would constitute an Event of Default; and (b) any change of circumstances that would cause any of the representations and warranties contained in Article 8 to be false or misleading at any time during the term of this Agreement.

**6.4 Financial Statements.** As noted in Section 6.1, Grantee shall also deliver to City, no later than one hundred fifty (150) days following the end of any Business Year, an audited balance sheet and the related statement of income and cash flows for such Business Year, certified by a reputable accounting firm as accurately presenting the financial position of Grantee, including any management letters supplied by the auditors.

**6.5 Books and Records.** Grantee shall establish and maintain accurate files and records of all aspects of Operating Expenses and Project Income and the matters funded in whole or in part with Grant Funds during the term of this Agreement. Without limiting the scope of the foregoing, Grantee shall establish and maintain accurate financial books and accounting records relating to Operating Costs incurred and paid and Grant Funds received and expended under this Agreement, together with all invoices, documents, payrolls, time records and other data related to the matters covered by this Agreement, whether funded in whole or in part with Grant Funds. Grantee shall maintain all of the files, records, books, invoices, documents, payrolls and other data required to be maintained under this Section in a readily accessible location and condition for a period of not less than five (5) years after final payment under this Agreement or until any final audit has been fully completed, whichever is later. Grantee agrees to maintain and make available to MOHCD, during regular business hours, accurate books and accounting records relating to the Project and the Tenants. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon MOHCD by this Section. All financial reports must be prepared and maintained in accordance with GAAP as in effect at the time of performance.

**6.6 Inspection and Audit.** Grantee shall make available to MOHCD, its employees and authorized representatives, during regular business hours all of the files, records, books, invoices, documents, payrolls and other data required to be established and maintained by Grantee under Section 6.5. Grantee shall permit MOHCD, its employees and authorized representatives to inspect, audit, examine and make excerpts and transcripts from any of the foregoing. The rights of MOHCD pursuant to this Section shall

remain in effect so long as Grantee has the obligation to maintain such files, records, books, invoices, documents, payrolls and other data under this Article 6.

**6.7 Submitting False Claims; Monetary Penalties.** Grantee acknowledges and agrees that it is a "contractor" under and is subject to San Francisco Administrative Code Section 21.35. Under such Section 21.35, any contractor, subgrantee or consultant who submits a false claim shall be liable to City for three times the amount of damages which City sustains because of the false claim. A contractor, subgrantee or consultant who submits a false claim shall also be liable to City for the costs, including attorney's fees, of a civil action brought to recover any of those penalties or damages, and may be liable to City for a civil penalty of up to Ten Thousand Dollars (\$10,000) for each false claim. A contractor, subgrantee or consultant will be deemed to have submitted a false claim to City if the contractor, subgrantee or consultant: (a) knowingly presents or causes to be presented to an officer or employee of City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by City; (c) conspires to defraud City by getting a false claim allowed or paid by City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to City; or (e) is a beneficiary of an inadvertent submission of a false claim to City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to City within a reasonable time after discovery of the false claim.

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

**6.9 Notice Requirement for Changes in Director Positions.** Grantee must provide written notice of the replacement of its executive director, director of housing development, director of property management and/or any equivalent position within thirty (30) days after the effective date of such replacement.

## **ARTICLE 7 TAXES**

**7.1 Grantee to Pay All Taxes.** Grantee shall pay to the appropriate governmental authority, as and when due, any and all taxes, fees, assessments or other governmental charges, including possessory interest taxes and California sales and use taxes, levied upon or in connection with this Agreement, the Grant Funds or any of the activities contemplated by this Agreement.

**7.2 Use of City Real Property.** If at any time this Agreement entitles Grantee to the possession, occupancy or use of City real property for private gain, the following provisions shall apply:

(a) Grantee, on behalf of itself and any subgrantees, successors and assigns, recognizes and understands that this Agreement may create a possessory interest subject to property taxation and Grantee, and any subgrantee, successor or assign, may be subject to the payment of such taxes.

(b) Grantee, on behalf of itself and any subgrantees, successors and assigns, further recognizes and understands that any assignment permitted hereunder and any exercise of any option to renew or other extension of this Agreement may constitute a change in ownership for purposes of property taxation and therefore may result in a revaluation of any possessory interest created hereunder. Grantee shall report any assignment or other transfer of any interest in this Agreement or any renewal or extension thereof to the County Assessor within sixty (60) days after such assignment, transfer, renewal or extension.

(c) Grantee shall provide such other information as may be requested by City to enable City to comply with any reporting requirements under applicable law with respect to possessory interests.

**7.3 Earned Income Credit (EIC) Forms.** Administrative Code Section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

(a) Grantee shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty (30) days following the date on which this Agreement becomes effective (unless Grantee has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by Grantee; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement.

(b) Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by Grantee of the terms of this Agreement. If, within thirty (30) days after Grantee receives written notice of such a breach, Grantee fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Grantee fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Agreement or under applicable law.

(c) Any Subcontract entered into by Grantee shall require the subgrantee to comply, as to the subgrantee's Eligible Employees, with each of the terms of this Section.

(d) Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

## **ARTICLE 8 REPRESENTATIONS AND WARRANTIES**

Grantee represents and warrants each of the following as of the date of this Agreement and at all times throughout the term of this Agreement:

**8.1 Organization; Authorization.** Grantee shall be a limited partnership, and Grantee's general partner, or the general partner's sole member of the general partner (if general partner is a limited liability company), is a nonprofit corporation, duly organized and validly existing and in good standing under the laws of the jurisdiction in which it was formed, and which has established and maintains valid nonprofit status under Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended, and all rules and regulations promulgated thereunder. Grantee has duly authorized by all necessary action the execution, delivery and performance of this Agreement. Grantee has duly executed and delivered this Agreement and this Agreement constitutes a legal, valid and binding obligation of Grantee, enforceable against Grantee in accordance with the terms hereof.

**8.2 Location.** Grantee's operations, offices and headquarters are located at the address for notices set forth in Section 15.

**8.3 No Misstatements.** No document furnished or to be furnished by Grantee to MOHCD in connection with the Application Documents, this Agreement, or any other document relating to any of the foregoing, contains or will contain any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained therein not misleading, under the circumstances under which any such statement shall have been made.

**8.4 Conflict of Interest.** Through its execution of this Agreement, Grantee acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Section 87100 *et seq.* and Section 1090 *et seq.* of the Government Code of the State of California, and certifies that it does not know of any facts which

constitutes a violation of said provisions and agrees that it will immediately notify MOHCD if it becomes aware of any such fact during the term of this Agreement.

## **ARTICLE 9 INDEMNIFICATION AND GENERAL LIABILITY**

**9.1 Indemnification.** Grantee shall indemnify, protect, defend and hold harmless each of the Indemnified Parties from and against any and all Losses arising from, in connection with or caused by: (a) a material breach of this Agreement by Grantee; (b) a material breach of any representation or warranty of Grantee contained in this Agreement; (c) any personal injury caused, directly or indirectly, by any act or omission of Grantee or its employees, subgrantees or agents; (d) any property damage caused, directly or indirectly by any act or omission of Grantee or its employees, subgrantees or agents; (e) the use, misuse or failure of any equipment or facility used by Grantee, or by any of its employees, subgrantees or agents, regardless of whether such equipment or facility is furnished, rented or loaned to Grantee by an Indemnified Party; (f) any tax, fee, assessment or other charge for which Grantee is responsible under Article 7; or (g) any infringement of patent rights, copyright, trade secret or any other proprietary right or trademark of any person or entity in consequence of the use by any Indemnified Party of any goods or services furnished to such Indemnified Party in connection with this Agreement. Grantee's obligations under the immediately preceding sentence shall apply to any Loss that is caused in whole or in part by the active or passive negligence of any Indemnified Party, but shall exclude any Loss caused solely by the willful misconduct or gross negligence of the Indemnified Party. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any claims against the City.

**9.2 Duty to Defend; Notice of Loss.** Grantee acknowledges and agrees that its obligation to defend the Indemnified Parties under Section 9.1: (a) is an immediate obligation, independent of its other obligations hereunder; (b) applies to any Loss which actually or potentially falls within the scope of Section 9.1, regardless of whether the allegations asserted in connection with such Loss are or may be groundless, false or fraudulent; and (c) arises at the time the Loss is tendered to Grantee by the Indemnified Party and continues at all times thereafter. The Indemnified Party shall give Grantee prompt notice of any Loss under Section 9.1 and Grantee shall have the right to defend, settle and compromise any such Loss; provided, however, that the Indemnified Party shall have the right to retain its own counsel at the expense of Grantee if representation of such Indemnified Party by the counsel retained by Grantee would be inappropriate due to conflicts of interest between such Indemnified Party and Grantee. An Indemnified Party's failure to notify Grantee promptly of any Loss shall not relieve Grantee of any liability to such Indemnified Party pursuant to Section 9.1, unless such failure materially impairs Grantee's ability to defend such Loss. Grantee shall seek the Indemnified Party's prior written consent to settle or compromise any Loss if Grantee contends that such Indemnified Party shares in liability with respect thereto.

**9.3 Incidental and Consequential Damages.** Losses covered under this Article 9 shall include any and all incidental and consequential damages resulting in whole or in part from Grantee's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights that any Indemnified Party may have under applicable law with respect to such damages.

**9.4 LIMITATION ON LIABILITY OF CITY.** CITY'S OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE AGGREGATE AMOUNT OF GRANT FUNDS ACTUALLY DISBURSED HEREUNDER. NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THIS AGREEMENT, THE APPLICATION DOCUMENTS OR ANY OTHER DOCUMENT OR COMMUNICATION RELATING TO THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE GRANT FUNDS OR ANY ACTIVITIES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

## **ARTICLE 10 INSURANCE**

**10.1 Types and Amounts of Coverage.** Without limiting Grantee's liability pursuant to Article 9, Grantee shall maintain in force, during the full term of this Agreement, insurance in the following amounts and coverages:

(a) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than One Million Dollars (\$1,000,000) each accident, injury, or illness.

(b) Commercial General Liability Insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations.

(c) Commercial Automobile Liability Insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

(d) Professional liability insurance for negligent acts, errors or omission with respect to professional or technical services, if any, required in the performance of this Agreement with limits not less than One Million Dollars (\$1,000,000) each claim.

**10.2 Additional Requirements for General and Automobile Coverage.** Commercial General Liability and Commercial Automobile Liability insurance policies shall:

(a) Name as additional insured City and its officers, agents and employees. With respect to the Commercial Automobile Insurance the City and its officers, agents and employees shall only be additional insured as to liability arising out of the use, by Grantee's employees, of automobiles, whether owned, leased, hired or borrowed, in connection with the Project.

(b) Provide that such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought, except with respect to limits of liability.

**10.3 Additional Requirements for All Policies.** Contractor shall provide thirty (30) days' advance written notice to City of cancellation of policy for any reason, nonrenewal or reduction in coverage and specific notice mailed to City's address for notices pursuant to Article 15.

**10.4 Required Post-Expiration Coverage.** Should any of the insurance required hereunder be provided under a claims-made form, Grantee shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three (3) years beyond the expiration or termination of this Agreement, to the effect that, should occurrences during the term hereof give rise to claims made after expiration or termination of the Agreement, such claims shall be covered by such claims-made policies.

**10.5 General Annual Aggregate Limit/Inclusion of Claims Investigation or Legal Defense Costs.** Should any of the insurance required hereunder be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

**10.6 Evidence of Insurance.** Before commencing any operations under this Agreement, Grantee shall furnish to City certificates of insurance, and additional insured policy endorsements, in form and with insurers satisfactory to City, evidencing all coverages set forth above, and shall furnish complete copies of policies promptly upon City's request. Before commencing any operations under this Agreement,

Grantee shall furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Failure to maintain insurance shall constitute a material breach of this Agreement.

**10.7 Effect of Approval.** Approval of any insurance by City shall not relieve or decrease the liability of Grantee hereunder.

## **ARTICLE 11 EVENTS OF DEFAULT AND REMEDIES**

**11.1 Events of Default.** The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Agreement:

(a) **False Statement.** Any statement, representation or warranty contained in this Agreement, in the Application Documents, or in any other document submitted to City under this Agreement is found by City to be false or misleading when made.

(b) **Improper Use of Grant Funds; Failure to Perform Other Covenants and Obligations.** Grantee uses Grant Funds for any purpose other than for the payment of Operating Costs (or reimbursement for its advance payment thereof), fails to use the Subsidy Payments it receives to pay Operating Costs (or reimbursement for its advance payment thereof), or otherwise fails to perform or breaches any other agreement or covenant of this Agreement to be performed or observed by Grantee as and when performance or observance is due and such failure or breach continues for a period of ten (10) days after the date on which such performance or observance is due, or if such breach can not be cured in ten (10) days, then City shall not exercise its remedies hereunder as long as Grantee continues to diligently pursue a cure of the breach; provided, however, that: (i) in the case of an improper use of Grant Funds, in no event shall such cure period extend beyond thirty (30) days after the date on which such performance or observance is due, and (ii) in the case of other defaults under this Section 11.1(b), in no event shall such cure period extend beyond ninety (90) days after the date on which such performance or observance is due.

(c) **Default under City Loan Documents, Senior Loan Documents or Services Agreement.** Grantee defaults under any City Loan Document or any of the Senior Loan Documents (after expiration of any grace period expressly stated in any such agreement), or Tenant Services Contractor defaults under the Services Agreement (after expiration of any grace period expressly stated therein); provided however that a default by Tenant Services Contractor under the Services Agreement shall only be a default under this Agreement so long as \_\_\_\_\_ (or an affiliate thereof) is the Tenant Services Contractor.

(d) **Voluntary Insolvency.** Grantee (i) is generally not paying its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Grantee or of any substantial part of Grantee's property or (v) takes action for the purpose of any of the foregoing.

(e) **Involuntary Insolvency.** Without consent by Grantee, a court or government authority enters an order, and such order is not vacated within 60 days, (i) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Grantee or with respect to any substantial part of Grantee's property, (ii) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (iii) ordering the dissolution, winding-up or liquidation of Grantee.



(f) **New Encumbrances.** Any lien is recorded against all or any part of the Real Property or the Project without MOHCD's prior written consent, and the lien is not removed from title or otherwise remedied to MOHCD's satisfaction within thirty (30) days after Grantee's receipt of written notice from MOHCD to cure the default, or, if the default cannot be cured within a thirty (30) day period, Grantee will have sixty (60) days to cure the default, or any longer period of time deemed necessary by MOHCD, provided that Grantee commences to cure the default within the thirty (30) day period and diligently pursues the cure to completion.

(g) **Damage or Destruction.** All or a substantial or material portion of the Project is damaged or destroyed by fire or other casualty or is condemned, seized or appropriated by any non-City governmental agency or subject to any action or other proceeding instituted by any non-City governmental agency for any purpose with the result that the Project cannot be operated for its intended purpose.

(h) **Dissolution.** Grantee or Grantee's general partners are dissolved or liquidated or merged with or into any other entity or ceases to exist in its present form and (where applicable) in good standing and duly qualified under the laws of the jurisdiction of formation and California for any period of more than ten (10) days, or all or substantially all of Grantee's assets are sold or otherwise transferred except as permitted.

(i) **Assignment.** Without MOHCD's prior written consent, Grantee assigns or attempts to assign any rights or interest under this Agreement or encumber its interests hereunder, whether voluntarily or involuntarily, or voluntarily or involuntarily assigns or attempts to sell, lease, assign, encumber or otherwise transfer all or any portion of the ownership interests in Grantee or of its right, title or interest in the Project or the Real Property, other than: (a) leases, subleases or occupancy agreements to occupants of Units and/or Commercial Space in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion (c) transfers from Borrower to a limited partnership or limited liability company formed for the tax credit syndication of the Project, where Borrower or an affiliated nonprofit public benefit corporation is the sole general partner or manager of that entity; (d) transfers of the general partner's or manager's interest in Borrower to a nonprofit public benefit corporation approved in advance by the City; (e) transfers of any limited partnership or membership interest in Borrower to an investor pursuant to the tax credit syndication of the Project or any subsequent transfer of a limited partnership interest in Borrower by an investor limited partner in Borrower, or any direct or indirect transfer of a limited partnership interest or membership interest in any investor limited partner in Borrower; (f) any transfer permitted under the City Documents; or (g) the grant or exercise of an option agreement between Borrower and Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

(j) **Account Transfers.** Without MOHCD's prior written consent, to the extent such consent is required pursuant to this Agreement, Grantee transfers, or authorizes the transfer of, funds in any account required or authorized under this Agreement.

(k) **Changed Financing Condition.** Any material adverse change occurs in the financial condition or operations of Grantee, such as a loss of services funding or rental subsidies (excluding the reduction of any Subsidy Payment hereunder) that has a material adverse impact on the Project.

An Event of Default under this Agreement that remains uncured shall be a default under the City Loan Documents.

**11.2 Remedies Upon Event of Default.** Upon and during the continuance of an Event of Default, City may do any of the following, individually or in combination with any other remedy:

(a) **Termination.** City may terminate this Agreement by giving a written termination notice to Grantee and, on the date specified in such notice, this Agreement shall terminate and all rights and obligations of Grantee hereunder shall be extinguished. In the event of such termination, the City will allow Grantee to use previously disbursed Subsidy Payment funds to pay for only Operating Costs incurred prior to the termination date. The remaining balance of any Subsidy Payment not used to pay for previously incurred Operating Costs must be returned to the City..

(b) **Withholding of Grant Funds.** City may withhold all or any portion of Grant Funds not yet disbursed hereunder. Any Grant Funds withheld pursuant to this Section and subsequently disbursed to Grantee after cure of applicable Events of Default shall be disbursed without interest.

(c) **Offset.** City may offset against all or any portion of undisbursed Grant Funds hereunder or against any payments due to Grantee under the MOHCD Loan Agreement or any other agreement between Grantee and City the amount of any outstanding Loss incurred by any Indemnified Party, including any Loss incurred as a result of the Event of Default.

(d) **Return of Grant Funds.** City may demand the immediate return of any previously disbursed Grant Funds that have been claimed or expended by Grantee in breach of the terms of this Agreement, together with interest thereon from the date of disbursement at the maximum rate permitted under applicable law.

**11.3 Remedies Nonexclusive.** Each of the remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available under this Agreement, any other City Document and/or Applicable Laws. The remedies contained herein are in addition to all other remedies available to City at law or in equity by statute or otherwise and the exercise of any such remedy shall not preclude or in any way be deemed to waive any other remedy.

## ARTICLE 12 DISCLOSURE OF INFORMATION AND DOCUMENTS

**12.1 Proprietary or Confidential Information of City.** Grantee understands and acknowledges that, in the performance of this Agreement or in contemplation thereof, Grantee may have access to private or confidential information that may be owned or controlled by City and that such information may contain proprietary or confidential information, the disclosure of which to third parties may be damaging to City. Grantee agrees that all information disclosed by City to Grantee shall be held in confidence and used only in the performance of this Agreement. Grantee shall exercise the same standard of care to protect such information as a reasonably prudent nonprofit entity would use to protect its own proprietary or confidential data.

**12.2 Sunshine Ordinance.** Grantee acknowledges and agrees that this Agreement and the Application Documents are subject to Section 67.24(e) of the San Francisco Administrative Code, which provides that contracts, including this Agreement, grantee's bids, responses to Requests for Proposals (RFPs) and all other records of communications between City and persons or entities seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in such Section 67.24(e) (as it exists on the date hereof) requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. All information provided by Grantee that is covered by such Section 67.24(e) (as it may be amended from time to time) will be made available to the public upon request.

**12.3 Financial Projections.** Pursuant to San Francisco Administrative Code Section 67.32, Grantee has on or before the date hereof provided to City financial projections, including profit and loss figures, for

the Project. The Grantee acknowledges and agrees that the financial projections and audited financial statements required under this Agreement shall be public records subject to disclosure upon request.

### **ARTICLE 13 ASSIGNMENTS AND SUBCONTRACTING**

**13.1 No Assignment by Grantee.** Grantee shall not, either directly or indirectly, assign, transfer, hypothecate, subcontract or delegate all or any portion of this Agreement or any rights, duties or obligations of Grantee hereunder without the prior written consent of City. This Agreement shall not, nor shall any interest herein, be assignable as to the interest of Grantee involuntarily or by operation of law without the prior written consent of City. A change of ownership or control of Grantee or a sale or transfer of substantially all of the assets of Grantee shall be deemed an assignment for purposes of this Agreement. Notwithstanding any provision of this Agreement to the contrary, this Section 13.1 shall not prevent transfers that are expressly permitted under the City Loan Documents.

**13.2 Agreement Made in Violation of this Article.** Any agreement made in violation of Section 13.1 shall confer no rights on any person or entity and shall automatically be null and void.

**13.3 Subcontracting.** Grantee shall not subcontract or assign any portion of this Agreement to any other party without the prior written consent of City; notwithstanding the foregoing, Grantee may subcontract for property management and maintenance without the consent of the City.

**13.4 Grantee Retains Responsibility.** Grantee shall in all events remain liable for the performance by any assignee or subgrantee of all of the covenants terms and conditions contained in this Agreement.

### **ARTICLE 14 INDEPENDENT CONTRACTOR STATUS**

**14.1 Nature of Agreement.** Grantee shall be deemed at all times to be an independent contractor and is solely responsible for the manner in which Grantee uses the Grant Funds. Grantee shall at all times remain solely liable for the acts and omissions of Grantee, its officers and directors, employees and agents. Nothing in this Agreement shall be construed as creating a partnership, joint venture, employment or agency relationship between City and Grantee.

**14.2 Direction.** Any terms in this Agreement referring to direction or instruction from MOHCD or City shall be construed as providing for direction as to policy and the result of Grantee's work only, and not as to the means by which such a result is obtained.

**14.3 Consequences of Recharacterization.**

(a) Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Grantee is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Grantee which can be applied against this liability). City shall subsequently forward such amounts to the relevant taxing authority.

(b) Should a relevant taxing authority determine a liability for past services performed by Grantee for City, upon notification of such fact by City, Grantee shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Grantee under this Agreement (again, offsetting any amounts already paid by Grantee which can be applied as a credit against such liability).

(c) A determination of employment status pursuant to either subsection (a) or (b) of this Section 14.3 shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Grantee shall not be considered an employee of City. Notwithstanding the foregoing, if any

court, arbitrator, or administrative authority determine that Grantee is an employee for any other purpose, Grantee agrees to a reduction in City's financial liability hereunder such that the aggregate amount of Grant Funds under this Agreement does not exceed what would have been the amount of such Grant Funds had the court, arbitrator, or administrative authority had not determined that Grantee was an employee.

**ARTICLE 15  
NOTICES AND OTHER COMMUNICATIONS**

**15.1 Requirements.** Unless otherwise specifically provided herein, all notices, consents, directions, approvals, instructions, requests and other communications hereunder shall be in writing, shall be addressed to the person and address set forth below and shall be (a) deposited in the U.S. mail, first class, certified with return receipt requested and with appropriate postage, (b) hand delivered, (c) sent by facsimile (if a facsimile number is provided below), provided that a copy of such notice shall be deposited in the U.S. mail, first class, or (d) deposited with a nationally-recognized overnight delivery service, provided that next business-day delivery is requested:

If to MOHCD or City: Mayor's Office of Housing and Community Development  
One South Van Ness, 5<sup>th</sup> Floor  
San Francisco, CA 94103  
Attn: Asset Manager  
Telephone No.: 415-701-5500  
Facsimile No.: 415-701-5501

If to Grantee: 650 Eddy, L.P.  
c/o Community Housing Partnership  
20 Jones Street, Suite 200 \_\_\_\_\_  
San Francisco, CA 94102  
Attention: Chief Executive Officer

With a copy to: \_\_\_\_\_  
\_\_\_\_\_

Attention: General Counsel

**15.2 Effective Date.** All communications sent in accordance with Section 15.1 shall become effective on the date of receipt. Such date of receipt shall be determined by: (a) if mailed, the return receipt, completed by the U.S. postal service; (b) if sent by hand delivery, a receipt executed by a duly authorized agent of the party to whom the notice was sent; (c) if sent by facsimile, the date of telephonic confirmation of receipt by a duly authorized agent of the party to whom the notice was sent or, if such confirmation is not reasonably practicable, the date indicated in the facsimile machine transmission report of the party giving such notice; or (d) if sent by nationally-recognized overnight delivery service, the next business day following deposit therewith, provided that next business-day delivery is requested.

**15.3 Change of Address.** From time to time any party hereto may designate a new address for purposes of this Article 15 by notice to the other party.

**ARTICLE 16  
COMPLIANCE**

**16.1 Reserved.**

**16.2 Nondiscrimination; Penalties.**

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

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

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

(d) **Condition to Contract.** As a condition to this Agreement, Grantee shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

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

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

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

**16.5 Drug-Free Workplace Policy.** Grantee acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Grantee and its employees, agents or assigns shall comply with all terms and provisions of such Act and the rules and regulations promulgated thereunder.

**16.6 Resource Conservation; Liquidated Damages.** Chapter 5 of the San Francisco Environment Code (Resource Conservation) is incorporated herein by reference. Failure by Grantee to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract. If Grantee fails to comply in good faith with any of the provisions of Chapter 5, Grantee shall be liable for liquidated damages in an amount equal to Grantee's net profit under this Agreement, or five percent (5%) of the total contract amount, whichever is greater. Grantee acknowledges and agrees that the liquidated damages assessed shall be payable to City upon demand and may be offset against any monies due to Grantee from any contract with City.

**16.7 Compliance with ADA.** Grantee acknowledges that, pursuant to the ADA, programs, services and other activities provided by a public entity to the public, whether directly or through a grantee or contractor, must be accessible to the disabled public. Grantee shall not discriminate against any person protected under the ADA in connection with its activities hereunder and shall comply at all times with the provisions of the ADA.

**16.8 Requiring Minimum Compensation for Employees.**

a. Grantee agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at [www.sfgov.org/olse/mco](http://www.sfgov.org/olse/mco). A partial listing of some of Grantee's obligations under the MCO is set forth in this Section. Grantee is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

b. The MCO requires Grantee to pay Grantee's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Grantee is obligated to keep informed of the then-current requirements. Any subcontract entered into by Grantee shall require the subgrantee to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Grantee's obligation to ensure that any subgrantees of any tier under this Agreement comply with the requirements of the MCO. If any subgrantee under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Grantee.

c. Grantee shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

d. Grantee shall maintain employee and payroll records as required by the MCO. If Grantee fails to do so, it shall be presumed that the Grantee paid no more than the minimum wage required under State law.

e. The City is authorized to inspect Grantee's job sites and conduct interviews with employees and conduct audits of Grantee

f. Grantee's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Grantee fails to comply with these requirements. Grantee agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Grantee's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

g. Grantee understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Grantee fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Grantee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

h. Grantee represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

i. If Grantee is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Grantee later enters into an agreement or agreements that cause Grantee to exceed that amount in a fiscal year, Grantee shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Grantee and this department to exceed \$25,000 in the fiscal year.

**16.9 Limitations on Contributions.** Through execution of this Agreement, Grantee acknowledges that it is familiar with Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Grantee acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Grantee further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Grantee's board of directors; Grantee's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Grantee; any subgrantee listed in the bid or contract; and any committee that is sponsored or controlled by Grantee. Additionally, Grantee acknowledges that Grantee must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

#### **16.10 First Source Hiring Program.**

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

b. **First Source Hiring Agreement.** As an essential term of, and consideration for, any contract or property contract with the City, not exempted by the First Source Hiring Administrator ("FSHA"), the Contractor shall enter into a first source hiring agreement ("agreement") with the City, on or before the effective date of the contract or property contract. Contractors shall also enter into an agreement with the City for any other work that it performs in the City. Such agreement shall:

(1) Set appropriate hiring and retention goals for entry level positions. The employer shall agree to achieve these hiring and retention goals, or, if unable to achieve these goals, to establish good faith efforts as to its attempts to do so, as set forth in the agreement. The agreement shall take into consideration the employer's participation in existing job training, referral and/or brokerage programs. Within the discretion of the FSHA, subject to appropriate modifications, participation in such programs maybe certified as meeting the requirements of this Chapter. Failure either to achieve the specified goal, or to establish good faith efforts will constitute noncompliance and will subject the employer to the provisions of Section 83.10 of this Chapter.

(2) Set first source interviewing, recruitment and hiring requirements, which will provide the San Francisco Workforce Development System with the first opportunity to provide qualified economically disadvantaged individuals for consideration for employment for entry level positions. Employers shall consider all applications of qualified economically disadvantaged individuals referred by the System for employment; provided however, if the employer utilizes nondiscriminatory screening criteria, the employer shall have the sole discretion to interview and/or hire individuals referred or certified by the San Francisco Workforce Development System as being qualified economically disadvantaged individuals. The duration of the first source interviewing requirement shall be determined by the FSHA and shall be set forth in each agreement, but shall not exceed 10 days. During that period, the employer may publicize the entry level positions in accordance with the agreement. A need for urgent or temporary hires must be evaluated, and appropriate provisions for such a situation must be made in the agreement.

(3) Set appropriate requirements for providing notification of available entry level positions to the San Francisco Workforce Development System so that the System may train and refer an adequate pool of qualified economically disadvantaged individuals to participating employers. Notification should include such information as employment needs by occupational title, skills, and/or experience required, the hours required, wage scale and duration of employment, identification of entry level and training positions, identification of English language proficiency requirements, or absence thereof, and the projected schedule and procedures for hiring for each occupation. Employers should provide both long-term job need projections and notice before initiating the interviewing and hiring process. These notification requirements will take into consideration any need to protect the employer's proprietary information.

(4) Set appropriate record keeping and monitoring requirements. The First Source Hiring Administration shall develop easy-to-use forms and record keeping requirements for documenting compliance with the agreement. To the greatest extent possible, these requirements shall utilize the employer's existing record keeping systems, be nonduplicative, and facilitate a coordinated flow of information and referrals.

(5) Establish guidelines for employer good faith efforts to comply with the first source hiring requirements of this Chapter. The FSHA will work with City departments to develop employer good faith effort requirements appropriate to the types of contracts and property contracts handled by each department. Employers shall appoint a liaison for dealing with the development and implementation of the employer's agreement. In the event that the FSHA finds that the employer under a City contract or property contract has taken actions primarily for the purpose of circumventing the requirements of this Chapter, that employer shall be subject to the sanctions set forth in Section 83.10 of this Chapter.

(6) Set the term of the requirements.

(7) Set appropriate enforcement and sanctioning standards consistent with this Chapter.



(8) Set forth the City's obligations to develop training programs, job applicant referrals, technical assistance, and information systems that assist the employer in complying with this Chapter.

(9) Require the developer to include notice of the requirements of this Chapter in leases, subleases, and other occupancy contracts.

**c. Hiring Decisions.** Contractor shall make the final determination of whether an Economically Disadvantaged Individual referred by the System is "qualified" for the position.

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

**e. Liquidated Damages.** Contractor agrees:

(1) To be liable to the City for liquidated damages as provided in this section;

(2) To be subject to the procedures governing enforcement of breaches of contracts based on violations of contract provisions required by this Chapter as set forth in this section;

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

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

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

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

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

reasonable, and conservative attempt to quantify the harm caused to the City by the failure of a contractor to comply with its first source referral contractual obligations.

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

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

f. **Subcontracts.** Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of Chapter 83 and shall contain contractual obligations substantially the same as those set forth in this Section.

**16.11 Prohibition on Political Activity with City Funds.** In accordance with S. F. Administrative Code Chapter 12.G, no funds appropriated by the City and County of San Francisco for this Agreement may be expended for organizing, creating, funding, participating in, supporting, or attempting to influence any political campaign for a candidate or for a ballot measure (collectively, “**Political Activity**”). The terms of San Francisco Administrative Code Chapter 12.G are incorporated herein by this reference. Accordingly, an employee working in any position funded under this Agreement shall not engage in any Political Activity during the work hours funded hereunder, nor shall any equipment or resource funded by this Agreement be used for any Political Activity. In the event Grantee, or any staff member in association with Grantee, engages in any Political Activity, then (i) Grantee shall keep and maintain appropriate records to evidence compliance with this Section, and (ii) Grantee shall have the burden to prove that no funding from this Agreement has been used for such Political Activity. Grantee agrees to cooperate with any audit by the City or its designee in order to ensure compliance with this Section. In the event Grantee violates the provisions of this Section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement and any other agreements between Grantee and City, (ii) prohibit Grantee from bidding on or receiving any new City contract for a period of two (2) years, and (iii) obtain reimbursement of all funds previously disbursed to Grantee under this Agreement.

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

**16.13 Supervision of Minors.** Grantee, and any subgrantees, shall comply with California Penal Code section 11105.3 and request from the Department of Justice records of all convictions or any arrest pending adjudication involving the offenses specified in Welfare and Institution Code section 15660(a) of any person who applies for employment or volunteer position with Grantee, or any subgrantee, in which he or she would have supervisory or disciplinary power over a minor under his or her care.

If Grantee, or any subgrantee, is providing services at a City park, playground, recreational center or beach (separately and collectively, “Recreational Site”), Grantee shall not hire, and shall prevent its subgrantees from hiring, any person for employment or volunteer position to provide those services if that

person has been convicted of any offense that was listed in former Penal Code section 11105.3 (h)(1) or 11105.3(h)(3).

If Grantee, or any of its subgrantees, hires an employee or volunteer to provide services to minors at any location other than a Recreational Site, and that employee or volunteer has been convicted of an offense specified in Penal Code section 11105.3(c), then Grantee shall comply, and cause its subgrantees to comply with that section and provide written notice to the parents or guardians of any minor who will be supervised or disciplined by the employee or volunteer not less than ten (10) days prior to the day the employee or volunteer begins his or her duties or tasks. Grantee shall provide, or cause its subgrantees to provide City with a copy of any such notice at the same time that it provides notice to any parent or guardian.

Grantee shall expressly require any of its subgrantees with supervisory or disciplinary power over a minor to comply with this section of the Agreement as a condition of its contract with the subgrantee.

Grantee acknowledges and agrees that failure by Grantee or any of its subgrantees to comply with any provision of this section of the Agreement shall constitute an Event of Default.

**16.14 Protection of Private Information.** Grantee agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (“Protection of Private Information”), including the remedies provided. The provisions of Chapter 12M are incorporated herein by reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12M. Consistent with the requirements of Chapter 12M, Grantee agrees to all of the following:

(a) Neither Grantee nor any of its subgrantees shall disclose Private Information obtained from the City in the performance of this Agreement to any other subgrantee, person, or other entity, unless one of the following is true:

(1) The disclosure is authorized by this Agreement;

(2) The Grantee received advance written approval from the Contracting Department to disclose the information; or

(3) The disclosure is expressly required by a judicial order.

(b) Any disclosure or use of Private Information authorized by this Agreement shall be in accordance with any conditions or restrictions stated in this Agreement. Any disclosure or use of Private Information authorized by a Contracting Department shall be in accordance with any conditions or restrictions stated in the approval.

(c) “**Private Information**” shall mean any information that: (1) could be used to identify an individual, including without limitation, name, address, social security number, medical information, financial information, date and location of birth, and names of relatives; or (2) the law forbids any person from disclosing.

(d) Any failure of Grantee to comply with Chapter 12M shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Agreement, debar Grantee, or bring a false claim action against Grantee.

**16.15 Public Access to Meetings and Records.** If the Grantee receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, the Grantee shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Grantee agrees to open its meetings and records to the public in the manner set forth in Sections 12L.4 and 12L.5 of the

Administrative Code. The Grantee further agrees to make good-faith efforts to promote community membership on its Board of Directors in the manner set forth in Section 12L.6 of the Administrative Code. The Grantee acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Grantee further acknowledges that such material breach of the Agreement shall be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

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

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

Any failure of Grantee to comply with this Section shall constitute an Event of Default of this Agreement.

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

**16.18 Slavery Era Disclosure.**

(a) Grantee acknowledges that this Agreement shall not be binding upon the City until the Director receives the affidavit required by the San Francisco Administrative Code's Chapter 12Y, "San Francisco Slavery Era Disclosure Ordinance."

(b) In the event the Director finds that Grantee has failed to file an affidavit as required by Section 12Y.4(a) and this Agreement, or has willfully filed a false affidavit, the Grantee shall be liable for liquidated damages in an amount equal to the Grantee's net profit on the Agreement, 10 percent of the total amount of the Agreement, or \$1,000, whichever is greatest as determined by the Director. Grantee acknowledges and agrees that the liquidated damages assessed shall be payable to the City upon demand and may be set off against any monies due to the Grantee from any Agreement with the City.

(c) Grantee shall maintain records necessary for monitoring their compliance with this provision.

**16.19 Compliance with Other Laws.** Without limiting the scope of any of the preceding sections of this Article 16, Grantee shall keep itself fully informed of City's Charter, codes, ordinances and regulations and all state, and federal laws, rules and regulations affecting the performance of this Agreement and shall at all times comply with such Charter codes, ordinances, and regulations rules and laws.

## ARTICLE 17 MISCELLANEOUS

**17.1 No Waiver.** No waiver by MOHCD or City of any default or breach of this Agreement shall be implied from any failure by MOHCD or City to take action on account of such default if such default persists or is repeated. No express waiver by MOHCD or City shall affect any default other than the default specified in the waiver and shall be operative only for the time and to the extent therein stated. Waivers by City or MOHCD of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by MOHCD or City of any action requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act.

**17.2 Modification.** This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement.

**17.3 Administrative Remedy for Agreement Interpretation.** Should any question arise as to the meaning or intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to the director or president, as the case may be, of MOHCD who shall decide the true meaning and intent of the Agreement. Such decision shall be final and conclusive.

**17.4 Governing Law; Venue.** The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California, without regard to its conflict of laws principles. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

**17.5 Headings.** All article and section headings and captions contained in this Agreement are for reference only and shall not be considered in construing this Agreement.

**17.6 Entire Agreement.** This Agreement and the Application Documents set forth the entire Agreement between the parties, and supersede all other oral or written provisions. If there is any conflict between the terms of this Agreement and the Application Documents, the terms of this Agreement shall govern. The following appendices are attached to and a part of this Agreement:

- Exhibit A, Projected Project Subsidy Payments
- Exhibit B, Annual Operating Budget for Initial Operating Period and 15-Year Cash Flow
- Exhibit C, Real Property Legal Description
- Exhibit D, LOSP Client Selection Criteria
- Exhibit E, Form of Referral Report
- Exhibit F, Lobbying/Debarment Certification Form
- Exhibit G, Annual Monitoring Report

**17.7 Certified Resolution of Signatory Authority.** Upon request of City, Grantee shall deliver to City a copy of the corporate resolution(s) authorizing the execution, delivery and performance of this Agreement, certified as true, accurate and complete by the secretary or assistant secretary of Grantee.

**17.8 Severability.** Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

**17.9 Successors; No Third-Party Beneficiaries.** Subject to the terms of Article 13, the terms of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors and assigns. Nothing in this Agreement, whether express or implied, shall be construed to give any person or entity (other than the parties hereto and their respective successors and assigns and, in the case of Article 9, the Indemnified Parties) any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

**17.10 Survival of Terms.** The obligations of Grantee and the terms of the following provisions of this Agreement shall survive and continue following expiration or termination of this Agreement:

Section 6.4	Financial Statements.
Section 6.5	Books and Records.
Section 6.6	Inspection and Audit.
Section 6.7	Submitting False Claims; Monetary Penalties
Section 6.8	Ownership of Results.
Article 7	Taxes
Article 9	Indemnification and General Liability
Section 10.4	Required Post-Expiration Coverage.
Article 12	Disclosure of Information and Documents
Section 13.4	Grantee Retains Responsibility.
Section 14.3	Consequences of Recharacterization.
This Article 17	Miscellaneous

**17.11 Further Assurances.** From and after the date of this Agreement, Grantee agrees to do such things, perform such acts, and make, execute, acknowledge and deliver such documents as may be reasonably necessary or proper and usual to complete the transactions contemplated by this Agreement and to carry out the purpose of this Agreement in accordance with this Agreement.

**17.12 Cooperative Drafting.** This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first specified herein.

**CITY:**

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By: \_\_\_\_\_  
Edwin M. Lee  
Mayor

By: \_\_\_\_\_  
Olson Lee  
Director, Mayor's Office of Housing and  
Community Development

APPROVED AS TO FORM:

DENNIS J. HERRERA  
City Attorney

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

**GRANTEE:**

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood Section 16.2, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

650 EDDY, L.P.,  
a California limited partnership

By: CHP Eddy LLC,,  
a California limited liability company, its  
General Partner

By: Community Housing Partnership ,  
a California nonprofit public  
benefit corporation, its Sole  
Member/Manager

Name: \_\_\_\_\_  
Gail Gilman  
Chief Executive Officer

Federal Tax ID #: \_\_\_\_\_

City Vendor Number: \_\_\_\_\_

**Exhibit A – Projected Project Subsidy Payments**



MOHCD Proforma - Exhibit A1 A2

Arnett Watson Apartments
7/1/2017

**Exhibit A-2: LOSP Funding By Calendar Year**

	n/a	7/1-12/31	TOT	Total Months
2017	\$0.00	\$473,465.00	\$473,465.00	6
	1/1-6/30	7/1-12/31	TOT	Total Months
2018	\$500,012.40	\$500,012.40	\$1,000,024.81	12
2019	\$513,154.39	\$513,154.39	\$1,026,308.77	12
2020	\$532,837.17	\$532,837.17	\$1,065,674.35	12
2021	\$553,258.87	\$553,258.87	\$1,106,517.74	12
2022	\$574,447.00	\$574,447.00	\$1,148,894.00	12
2023	\$596,429.03	\$596,429.03	\$1,192,858.05	12
2024	\$619,232.89	\$619,232.89	\$1,238,465.79	12
2025	\$633,013.49	\$633,013.49	\$1,266,026.98	12
2026	\$657,206.80	\$657,206.80	\$1,314,413.60	12
2027	\$682,303.40	\$682,303.40	\$1,364,606.80	12
2028	\$708,335.10	\$708,335.10	\$1,416,670.19	12
2029	\$735,335.82	\$735,335.82	\$1,470,671.64	12
2030	\$763,340.71	\$763,340.71	\$1,526,681.43	12
2031	\$792,385.63	\$792,385.63	\$1,584,771.27	12
	1/1-6/30	n/a		
2031	\$822,508.23	n/a	\$822,508.23	6
			\$19,018,558.65	180

**Exhibit A-1: LOSP Disbursement Schedule By Fiscal Year**

		n/a	TOT	Total Months
n/a		\$0.00	\$0.00	0
	7/1-12/31	1/1-6/30	TOT	Total Months
2017-18	\$473,465.00	\$500,012.40	\$973,477.40	12
	7/1-12/31	1/1-6/30		
2018-19	\$500,012.40	\$513,154.39	\$1,013,166.79	12
2019-20	\$513,154.39	\$532,837.17	\$1,045,991.56	12
2020-21	\$532,837.17	\$553,258.87	\$1,086,096.04	12
2021-22	\$553,258.87	\$574,447.00	\$1,127,705.87	12
2022-23	\$574,447.00	\$596,429.03	\$1,170,876.03	12
2023-24	\$596,429.03	\$619,232.89	\$1,215,661.92	12
2024-25	\$619,232.89	\$633,013.49	\$1,252,246.39	12
2025-26	\$633,013.49	\$657,206.80	\$1,290,220.29	12
2026-27	\$657,206.80	\$682,303.40	\$1,339,510.20	12
2027-28	\$682,303.40	\$708,335.10	\$1,390,638.50	12
2028-29	\$708,335.10	\$735,335.82	\$1,443,670.92	12
2029-30	\$735,335.82	\$763,340.71	\$1,498,676.54	12
2030-31	\$763,340.71	\$792,385.63	\$1,555,726.35	12
	7/1-12/31	1/1-6/30		
2031-32	\$792,385.63	\$822,508.23	\$1,614,893.86	12
	n/a			
n/a	n/a		n/a	0
			\$19,018,558.65	180

**Exhibit B – Annual Operating Budget for Initial Operating Period and 15-Year Cash Flow**

MOHCO Programs - Year 1 Operating Budget

Application Date:	12/12/2016	LOSP and HCD Units	Non-LOSP Units	Project Name:	Arnett Watson Apartments
Total # Units:	83	83	0	Project Address:	650 Eddy Street
First Year of Operations (provide date assuming that Year 1 is a full year, i.e. 12 months of operation):	2017	LOSP/Non-LOSP Allocation		Project Sponsor:	Community Housing Partnership
		(100%)	(0%)		
		LOSP	Non-LOSP	Total	Comments
INCOME					
Residential - Tenant Rents	207,624	0	207,624	Units from Yearling Prod. Rent Inc'd Worksheet	
Residential - Tenant Assistance Payments (NAN) LOSP	112,236	0	112,236	For 4 Shelter Plus Care subunits from Dept. of HSH - two 1BRs and two 2BRs	
Residential - LOSP Tenant Assistance Payments	946,930	0	946,930		
Commercial Space	0	0	18,000	755 s.f. ground-floor retail space leased to CHP as office space; \$1,914/s.f.	
Residential Parking	0	0	0		
Miscellaneous Rent Income	0	0	0		
Supportive Services Income	0	0	0		
Interest Income - Project Operations	0	0	0		
Laundry and Washing	0	0	0		
Fees/Charges	0	0	0		
Miscellaneous Residential Income	0	0	0		
Other Commercial Income	0	0	0		
Withdrawal from Capitalized Reserve (Deposit to operating account)	0	0	0		
Gross Potential Income	1,264,250	0	1,264,250		
Vacancy Loss - Residential - Tenant Rents	(9,096)	0	(9,096)	Vacancy loss is 3.6% of Tenant Rents	
Vacancy Loss - Residential - Tenant Assistance Payments	(3,000)	0	(3,000)	Vacancy loss is 2.7% of Tenant Assistance Payments	
Vacancy Loss - Commercial	0	0	0	Links from Commercial Op. Budget Worksheet	
EFFECTIVE GROSS INCOME	1,252,154	0	1,252,154	PUPA: 15,689	

OPERATING EXPENSES					
Management					
Management Fee	77,688	0	77,688	1st Year to be set according to HUD schedule. We are at 78.00 per unit maximum due to	
Asset Management Fee	15,000	0	15,000		
Sub-total Management Expenses	92,688	0	92,688	PUPA: 1,117	
Salaries/Benefits					
Office Salaries	0	0	0		
Manager's Salary	96,715	0	96,715	One Full Time Manager and One Full Time Assistant manager	
Health Insurance and Other Benefits	81,730	0	81,730	Based off Current Healthcare costs per FTE	
Other Salaries/Benefits	0	0	0		
Administrative Rate-Free Unit	0	0	0		
Sub-total Salaries/Benefits	178,445	0	178,445	PUPA: 2,150	
Administration					
Advertising and Marketing	841	0	841	Overall our Administrative Expenses have decreased from 2015 from \$174,525 to \$170,700	
Office Expenses	55,584	0	55,584	Office Expenses are higher as we moved them out of miscellaneous. This includes the	
Office Rent	0	0	0		
Legal Expense - Property	12,106	0	12,106	We have reduced this expense from 2015's AME which was \$33,747 in 2015. This is due	
Audit Expense	12,790	0	12,790	Slightly reduce audit expenses from 2015.	
Bookkeeping/Accounting Services	9,422	0	9,422	HUD Standard of \$4.50 per unit PUPA	
Bad Debts	16,343	0	16,343	This is consistent with our budgeting from 2015.	
Miscellaneous	45,198	0	45,198	This includes Professional Services \$4,472, Other Contracted Services \$1,296, Bank	
Sub-total Administration Expenses	162,324	0	162,324	PUPA: 1,835	
Utilities					
Electricity	64,401	0	64,401	Electricity Expenses have trended higher in 2015 this expense was \$53,881, CHP has	
Water	34,679	0	34,679	Water bill based off current trending. We are also getting an audit on further water	
Gas	22,631	0	22,631		
Sewer	59,449	0	59,449	Sewer is aligned with current expenses escalated.	
Sub-total Utilities	177,160	0	177,160	PUPA: 2,074	
Taxes and Licenses					
Real Estate Taxes	4,165	0	4,165	This tax covers fees and personal property. We have rented the commercial space to add	
Payroll Taxes	30,494	0	30,494	office space for CHP and now get a welfare exemption for the entire building's secured	
Miscellaneous Taxes, Licenses and Permits	3,765	0	3,765	These are generally SF city and county fees such as the Health Hotel Vector Fees and	
Sub-total Taxes and Licenses	38,424	0	38,424	PUPA: 463	
Insurance					
Property and Liability Insurance	72,038	0	72,038	We have greatly reduced our Property Insurance by aligning this out from our portfolio as	
Fidelity Bond Insurance	0	0	0		
Workers Compensation	23,522	0	23,522	Workers Compensation was higher in 2015 but we expect to see cost savings due to 3	
Directors & Officers' Liability Insurance	0	0	0		
Sub-total Insurance	95,560	0	95,560	PUPA: 1,151	
Maintenance & Repair					
Payroll	122,745	0	122,745	This is 1.60 Jantrol to cover 7 days a week and 1.60 Maintenance Employees	
Supplies	51,308	0	51,308	This is Repair Materials \$26,167, Furnishings and Appliances \$13,673, Repair Equipment	
Contracts	117,360	0	117,360	Jantrol Supplies \$31,633, Exterminating Contract \$11,189, Grounds Contract \$7,480	
Garbage and Trash Removal	33,422	0	33,422	Based off current Garbage and Debris fee schedule.	
Security Payroll/Contract	141,735	0	141,735	This current desk clerk salaries including the raise in the minimum wage. CHP provides	
HVAC Repairs and Maintenance	0	0	0		
Vehicle and Maintenance Equipment Operation and Repairs	928	0	928	AMW's share of the leased maintenance truck.	
Miscellaneous Operating and Maintenance Expenses	0	0	0		
Sub-total Maintenance & Repair Expenses	468,617	0	468,617	PUPA: 5,646	
Supportive Services					
Commercial Expenses	0	0	0		

TOTAL OPERATING EXPENSES w/o RESERVES/CL BASE	1,184,218	0	1,184,218	PUPA: 14,438	
Reserves/Ground Lease Base Rent/Bond Fees					
Ground Lease Base Rent	1	0	1	Ground lease with MOHCO	
Bond Monthly Fee	2,900	0	2,900	COVAC	
Replacement Reserve Deposit	49,800	0	49,800	Required Replacement Reserve Deposit	
Operating Reserve Deposit	11,050	0	11,050	To increase to 25% of expenses at 3% of previous year's project expenses.	
Other Required Reserve 1 Deposit	0	0	0		
Other Required Reserve 2 Deposit	0	0	0		
Required Reserve Deposits, Commercial	0	0	0		
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	63,351	0	63,351	PUPA: 763	

TOTAL OPERATING EXPENSES w/ RESERVES/CL BASE	1,247,569	0	1,247,569	PUPA: 15,200	
NET OPERATING INCOME (INCOME minus OP EXPENSES)	22,585	0	22,585	PUPA: 469	
DEBT SERVICE (hard debt/amortized loans)					
Hard Debt - First Lender	25,585	0	25,585	HCD MHP	
Hard Debt - Second Lender (HCD Program 0.2% pymt. at other 2nd Le	0	0	0		
Hard Debt - Third Lender (Other HCD Program, at other 3rd Lender)	0	0	0		
Hard Debt - Fourth Lender	0	0	0		
Commercial Hard Debt Service	0	0	0		
TOTAL HARD DEBT SERVICE	25,585	0	25,585	PUPA: 308	

CASH FLOW (Net Income minus DEBT SERVICE)	(3,000)	0	(3,000)		
Commercial Only Cash Flow	0	0	0		
Allocation of Commercial Surplus to LOSP/Non-LOSP (net annual income)	18,000	0	18,000		
AVAILABLE CASH FLOW	15,000	0	15,000		
USES OF CASH FLOW BELOW (This row also shows DSCR)					
USES THAT PRECEDE MOHCO DEBT SERVICE IN WATERFALL					
"Below-the-line" Asset Mgt Fee (uncommon in new projects, see policy)	0	0	0		
Partnership Management Fee (see policy for limits)	15,000	0	15,000	1st	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	0	0	0		
Other Payments	0	0	0		
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)	0	0	0	HCD MHP	
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)	0	0	0	CCSF AWP	
Delayed Developer Fee (Batter rent or Jantrol Fee from cell 1130)	0	0	0	#DIV/0!	
TOTAL PAYMENTS PRECEDING MOHCO	15,000	0	15,000	PUPA: 181	

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCO)	0	0	0		
Residual Receipts Calculation					
Does Project have a MOHCO Residual Receipt Obligation?	Yes	Project has MOHCO ground lease?	Yes		
Will Project Defeat Developer Fee?	No				
Max Deferred Developer Fee/Drawdown: % of Residual Receipts in Yr 1:	33%				
% of Residual Receipts available for distribution to soft debt lenders in:	67%				

Soft Debt Lenders with Residual Receipts Obligations		(Select MOHCO Mortgage program lending down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCO/CCSF - Soft Debt Loans		All MOHCO/CCSF Loans payable from res. recs.	\$14,458,418	41.30%
MOHCO/CCSF - Ground Lease Value			\$10	0.00%
HCD (soft debt loan) - Lender 3		HCD MHP	\$6,091,709	17.40%
Other Soft Debt Lender - Lender 4		CCSF AWP	\$7,177,073	20.55%
Other Soft Debt Lender - Lender 5		CCSF MOH HOME	\$7,280,745	20.80%

MOHCO RESIDUAL RECEIPTS DEBT SERVICE					
MOHCO Residual Receipts Amount Due	0	0	0	67% of residual receipts, multiplied by 41.3% - MOHCO's pro rata share of all soft debt	
Proposed MOHCO Residual Receipts Amount to Loan Repayment	0	0	0	Entire/overdue amount of residual receipts proposed for loan repayment.	
Proposed MOHCO Residual Receipts Amount to Ground Lease	0	0	0	If applicable, MOHCO residual receipts amt due LESS amt proposed for loan repaym.	
REMAINING BALANCE AFTER MOHCO RESIDUAL RECEIPTS DEBT SERVICE	0	0	0		

NON-MOHCO RESIDUAL RECEIPTS DEBT SERVICE					
HCD Residual Receipts Amount Due	0	0	0	67% of residual receipts, multiplied by 17.4% - HCD MHP's pro rata share of all soft debt	
Lender 4 Residual Receipts Due	0	0	0	67% of residual receipts, multiplied by 20.5%, CCSF AWP's pro rata share of all soft debt	
Lender 5 Residual Receipts Due	0	0	0	67% of residual receipts, multiplied by 20.8%, CCSF MOH HOME's pro rata share of all soft debt	
Total Non-MOHCO Residual Receipts Debt Service	0	0	0		
REMAINDER (Should be zero unless there are distributions below)					
Owner Distribution/Incentive Management Fee	0	0	0		
Other Distributions/Incentives	0	0	0		
Final Balance (should be zero)	0	0	0		

Date	Description	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 7		Year 8		Year 9		Year 10	
		LOSP	Total	LOSP	Total	LOSP	Total	LOSP	Total	LOSP	Total	LOSP	Total	LOSP	Total	LOSP	Total	LOSP	Total	LOSP	Total
10/1/2010	Initial Investment																				
10/1/2010	Depreciation Expense	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000
10/1/2010	Accumulated Depreciation		10000		20000		30000		40000		50000		60000		70000		80000		90000		100000
10/1/2010	Net Book Value	100000	90000	80000	70000	60000	50000	40000	30000	20000	10000	0	0	0	0	0	0	0	0	0	0
10/1/2010	Interest Expense	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
10/1/2010	Principal Payment	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000
10/1/2010	Interest Income																				
10/1/2010	Net Cash Flow	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
10/1/2010	Present Value of Cash Flows	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
10/1/2010	Net Present Value	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000





Year 18  
Year 19  
Year 20  
Year 21  
Year 22  
Year 23  
Year 24  
Year 25

ACCOUNT	Year 18		Year 19		Year 20		Year 21		Year 22		Year 23		Year 24		Year 25	
	LSB	Non-LSB	LSB	Non-LSB	LSB	Non-LSB	LSB	Non-LSB	LSB	Non-LSB	LSB	Non-LSB	LSB	Non-LSB	LSB	Non-LSB
REVENUE																
Municipal Income Tax																
State Income Tax																
Local Income Tax																
Sales Tax																
Property Tax																
Other Revenue																
Total Revenue																
EXPENSES																
Personnel																
Contract Services																
Travel																
Printing																
Telephone																
Utilities																
Supplies																
Repairs																
Insurance																
Interest																
Debt Service																
Capital Expenditures																
Other Expenses																
Total Expenses																
NET REVENUE																
Total Net Revenue																

**Exhibit C – Legal Description of Real Property**



**LEGAL DESCRIPTION**

**EXHIBIT "A"**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Beginning at a point on the northerly line of Eddy Street, distant thereon 206.25 feet westerly from the westerly line of Larkin Street; thence westerly along said line of Eddy Street, 93.75 feet to a point distant thereon 112.50 feet easterly from the easterly line of Polk Street; thence at a right angle northerly 120 feet to the southerly line of Willow Street; thence at a right angle easterly, along said line of Willow Street, 93.75 feet; thence at a right angle southerly 120 feet to the point of beginning.

Being a portion of Western Addition Block No. 8.

APN: Lot 45, Block 740 (formerly , Lots 11 & 12)

**Exhibit D - LOSP Client Selection Criteria**



## Arnett Watson Apartments

### **Marketing Procedures, Resident Selection Criteria, Application Policies & Move-in Process**

#### **Overview**

Community Housing Partnership (CHP) will coordinate with the San Francisco Human Services Agency (HSA) on the applicant referral and qualification process for 83 units at Arnett Watson Apartments. CHP is the property manager and service provider at Arnett Watson Apartments. HSA is funding the tenant services as well as subsidizing building operations through the local operating subsidy (LOSP). HSA will refer applicants to CHP. CHP will be responsible for approving (or denying) applications for housing. As part of the application process, CHP will make determination regarding the eligibility of an applicant based on information in the application, an interview, eviction history, income verification, a criminal background check and other information as needed.

#### **Project Description**

Arnett Watson Apartments (the project) is located at 650 Eddy Street in San Francisco, California. Arnett Watson Apartments is a new nine-story, concrete-frame building (completion date of January 2009) on an 11,250 square foot site.

This supportive housing site has 83 total units – 36 studio units each with a bathroom and kitchenette (sink, two burner stove, microwave and refrigerator); 33 one-bedroom units and 14 2-bedroom units. Each unit also has a house phone. Tenants are provided beds and bedding (based on unit size and occupancy); other furniture may be provided to tenants on a limited basis (depending on availability), but only the bed is considered an amenity provided with the unit. There are a total of 9 units designed for persons with mobility impairments. There are four units for persons with either a hearing and/or visual impairment. The front entrance, elevator and all common areas are wheelchair accessible. CHP can make other reasonable accommodations as needed.

The first floor of Arnett Watson Apartments includes the front desk, manager's office, community room (with kitchen), garden courtyard, parking garage and mail room. The second floor includes tenant services offices, tenant lounge loft, children's activity room, courtyard with children's activity area, and laundry facilities. Safety and security systems are an important part of the building systems, including a secured secondary entrance door, camera system, security alarm system, fire alarm and sprinkler system. In addition there will be a desk clerk staffing the building at all times.

## **Policy of Non-Discrimination and Fair Housing**

- The project will comply with all Federal, State, and/or local fair housing and civil rights laws and with all equal opportunity requirements set forth in HUD's administrative procedures. The project will not discriminate against any individual or family household because of race, color, creed, national or ethnic origin or ancestry, religion, sex, sexual orientation, gender identity, age, disability, handicap, military status, source of income, marital status or presence of children in a household, HIV status and/or acquired immune deficiency syndrome (AIDS), or any other arbitrary basis. No criteria will be applied or information considered pertaining to attributes or behavior that may be imputed by some to a particular group or category protected by fair housing law. All criteria shall be applied equitably and all information considered on an applicant shall be related solely to the attributes and behavior of individuals as they may affect residency.
- The project will comply with affirmative fair housing requirements as outlined in any applicable administrative guideline or law.
- The project will guard the privacy of individuals conferred by the Federal Privacy Act of 1974, and to ensure the protection of such individuals' records maintained by the project.
- The project will seek to identify and eliminate all situations or procedures which create a barrier to equal housing opportunity for all. In accordance with Section 504, the project will make reasonable accommodations for individuals with handicaps or disabilities (applicants or tenants). Such accommodations may include changes in the method of administering policies, procedures and/or services.
- HSA will be responsible for marketing the units and referring tenants to CHP and is responsible for ensuring compliance with all related rules and regulations.

## **Occupancy Standards**

The following is a list of the minimum and maximum household sizes allowed by the project.

<u>Unit Size</u>	<u>Minimum Household Size</u>	<u>Maximum Household Size</u>
Studio	1 person	1 person
One Bedroom	2 persons	3 persons
Two Bedroom	3 persons	5 persons

## Unit Eligibility Restrictions – (Income, Disability, Special Needs, Homelessness)

Area Median Income %	15			20			30			35			50 SFMI	50 AMI	60 AMI	TOTALS
	Studio	1 BR	2 BR	Studio	1 BR	2 BR	Studio	1 BR	2 BR	Studio	1 BR	2 BR				
MHP SH	3	2	1	4	4	2	10	3	1	0	0	0				30
MHP SNP	1	1		4	3	1	11	5	4	0	0	0				30
MHP							0	0	0	2	15	6				23
Total MHP	8			18			34			23						83

MOH													83			83
-----	--	--	--	--	--	--	--	--	--	--	--	--	----	--	--	----

CDLAC														25	58	83
-------	--	--	--	--	--	--	--	--	--	--	--	--	--	----	----	----

TCAC														83		83
------	--	--	--	--	--	--	--	--	--	--	--	--	--	----	--	----

AHP														83		83
-----	--	--	--	--	--	--	--	--	--	--	--	--	--	----	--	----

Disabled/Special Needs	15			20			30			35			50 SFMI	50 AMI	60 AMI	TOTALS
	Studio	1 BR	2 BR	Studio	1 BR	2 BR	Studio	1 BR	2 BR	Studio	1 BR	2 BR				
MHP Disabled	3	2	1	4	4	2	10	3	1							30
Disabled and/or Other Special Needs - AHP														73		73
Not Disabled													10			10

Homeless Requirement	15			20			30			35			50 SFMI	50 AMI	60 AMI	TOTALS
	Studio	1 BR	2 BR	Studio	1 BR	2 BR	Studio	1 BR	2 BR	Studio	1 BR	2 BR				
MHP	4	3	1	8	7	3	21	8	5							60
MOH													83			83

## Income Limits

The following is the 2008 income limits table, based on number of household occupants, for the project. These income limits are reviewed and reissued annually by the California Department of Housing and Community Development. These are the most restrictive from the table above.

MHP AMI*	1 Person	2 Person	3 Person	4 Person	5 Person
35%	\$27,720	\$31,675	\$35,630	\$39,585	\$42,735
30%	\$23,760	\$27,150	\$30,540	\$28,275	\$30,525
20%	\$15,840	\$18,100	\$20,360	\$22,620	\$24,420
15%	\$11,880	\$13,575	\$15,270	\$16,965	\$18,315

\*MHP AMI – Multifamily Housing Program definition of Area Median Income for San Francisco County

## Eligibility Guidelines – General (All Units)

All applicants must meet the following requirements.

- All Studio households must consist of only one adult.
- All One and Two Bedroom households must consist of at least one adult Head of Household (“HOH”) and one minor child at the time of move-in. Other occupants must have familial relationship with the HOH.
- Tenants must provide certification of homelessness (single adults are required to meet the HUD McKinney definition of homelessness; families must meet the San Francisco definition of homelessness).
- Thirty households (17 studio units, 9 one bedrooms, 4 two bedrooms) must certify an ADULT household member with a disability defined by the MHP program that includes substance abuse, mental health, developmental disability, or HIV/AIDS.
- Notwithstanding the income and disability requirements listed above, 43 additional households must have one or more of the following documented disabilities or special

circumstances: senior citizen (aged 55 and above), recovery from substance abuse, recovery from physical abuse, or be physically disabled (hearing impairment, sight impairment or mobility impairment).

- Tenants must meet any additional eligibility requirements set by HSA through the LOSP.
- A household will be fully screened by CHP before being selected for residency. Reasons for denial are described later in this document.

### **Eligibility Guidelines – Shelter Plus Care (S+C)**

Four of the units are funded through the U.S. Department of Housing and Urban Development's S+C program administered by the City & County of San Francisco's Human Services Agency. In addition to the general guidelines listed above, units will be leased and occupied only by households with head of household who:

- Without S+C assistance would spend the night in a shelter or place not meant for habitation;
- Is diagnosed with one or more of the following: chronic alcohol and/or substance abuse, severe mental illness, AIDS and related disease;
- Is referred by the City & County of San Francisco Human Services Agency;
- Successfully completes the S+C screening process administered by the San Francisco Housing Authority (SFHA) which may include verification of legal residency status, income, unlawful detainers and criminal background.

### **Eligibility Guidelines – Local Operating Subsidy Program (LOSP)**

Seventy-nine of the units are funded through and administered by the City & County of San Francisco's Human Services Agency. In addition to the general guidelines listed above, units will be leased and occupied by households with the head of household who:

- Without LOSP assistance would qualify as homeless as defined by the City & County of San Francisco AND must be referred by the City & County of San Francisco's Human Services Agency:

### **Procedures for Processing Applicant Households**

1. CHP requests applicants from HSA based on the number and type of units available (see eligibility guidelines). CHP may request multiple names for each vacant unit to expedite the occupancy process during initial rent-up of the building. Ongoing referrals from HSA will be provided on a one-for-one basis.
2. If HSA is unable to refer a household for occupancy within fourteen days of a request from CHP, CHP can submit a request to HSA to use a qualified candidate identified by CHP. Such request shall not be unreasonably denied.
3. HSA will provide the following information on each applicant on the forms provided by CHP.
  - Applicant referral form
  - Application to rent (provided by CHP)

- Preliminary calculation of rent payment (provided by CHP)
- Homelessness verification
- Disability certification (if appropriate)
- Universal consent release from the appropriate case manager(s)
- Copy of some form of identification

#### INITIAL RENT-UP

During the initial rent-up, HSA will also provide the following information on the forms provided by CHP. A CHP representative will be available to answer questions and/or explain the process to potential applicants and the referral agencies.

- Consent for CHP to conduct criminal background, eviction history and general background check including previous residences (if applicable)
4. CHP will review the information and complete a LOSP referral checklist for each LOSP applicant. Incomplete files will be returned to HSA.
  5. In the event that applicants come from other sources (described above), CHP will be responsible for collecting this information and providing it to HSA with the request. Additionally, during on-going occupancy CHP will be responsible for collecting consent for CHP to conduct criminal background, eviction history and general background check including previous residences (if applicable)
  6. Once an applicant's initial file is complete, CHP will attempt to contact the applicant by mail and phone to set an initial appointment for an applicant orientation.
  7. CHP will conduct a credit, eviction, landlord and criminal history check on all household members 18 years of age and above. CHP may also speak the applicant's case manager(s) identified in the universal consent release. Reasons for denial based on these various checks are described below.
  8. After the screening and background checks, the Property Manager will forward the applicant's file to the Property Supervisor for review.
  9. The Property Supervisor will either move the application forward for screening or deny the application for housing. CHP shall state the grounds for any rejection to the applicant in written form. The letter will clearly identify the appeal process.
  10. If denied, the applicant will receive a letter that clearly identifies the grounds for rejection and explains the grievance procedure (outlined in another document). The applicant can appeal the denial by making a formal grievance.
  11. After the grievance period is over, a denied applicant's file will be placed in the "Rejected Applicant" files for the building.
  12. Orientations will be at set times and attended by up to twenty applicants. During the orientation, CHP will describe the housing and explain the application process.

13. After the orientation, CHP will set an appointment to interview and screen the applicant household. CHP reserves the right to conduct the orientation and screening during the same meeting.
14. CHP staff will conduct a screening interview and place the screening form into the applicants file.
15. Case manager(s) and/or other third parties may escort clients to meetings and appointments; however, parts of the orientation and screening process will be conducted solely between CHP and the applicant, unless the presence of case manager(s) and/or other third parties is required for translation or other reasons that would constitute a reasonable accommodation.
16. After the screening and background checks, the Property Manager will forward the applicant's file to the Property Supervisor for review.
17. The Property Supervisor will either accept or deny the application for housing. CHP shall state the grounds for any rejection to the applicant in written form. The letter will clearly identify the appeal process.
18. If denied, the applicant will receive a letter that clearly identifies the grounds for rejection and explains the grievance procedure (outlined in another document). The applicant can appeal the denial by making a formal grievance.
19. After the grievance period is over, a denied applicant's file will be placed in the "Rejected Applicant" files for the building.
20. If the application is approved, CHP will send an approval letter to the applicant. The approval will be contingent upon verification of income as described below. The approval letter will also state that CHP will contact the applicant when a unit is ready for occupancy and move-in.
21. CHP will then verify all information provided in the Tenant Income Certification Questionnaire according to the guidelines established by the California Tax Credit Allocation Committee (CTAC).
22. CHP will compile all income verifications and complete the Tenant Income Certification form as required by CTAC. Tenants will not receive approval to move-in until this process has been completed. The income certification process MUST be complete prior to a tenant's occupancy of a unit.
23. If the approved applicant is a participant in the S+C Program, CHP will prepare a SFHA Request for Lease Approval and Unit Inspection. The original document will be sent to the Property Manager for submission to SFHA. The Property Manager will insert the



appropriate move-in date information and coordinate the SFHA approvals. SFHA may deny an applicant based on their criteria as described above.

24. CHP will use this information to complete the LOSP Tenant Income and Rent Certification form (for LOSP units) which will determine the tenants initial rent (30% of the household income).
25. CHP will determine the unit assignment for the applicant based on unit availability, eligibility requirements and selection criteria. Efforts will be made to place individuals with disabilities into the appropriate accessible units.
26. When a unit is ready, the Property Manager will send a letter informing the approved applicant of:
  - o Approved unit number
  - o Move-in date and time
  - o Rent (both prorated due on move-in day and regular monthly amount)
  - o Security Deposit
  - o Contact information for move-in assistance
  - o Information regarding move-in procedures
27. If needed, the Tenant Services Supervisor can provide the applicant with referrals for assistance with finances, furniture and other services they might require.
28. The Intake Coordinator (Initial Rent-Up) or Property Manager (On-Going Occupancy) will coordinate the move-in and lease signing and will serve as the applicant's main contact person at CHP during this process.
29. The Property Manager will conduct lease signing for the assigned unit at the scheduled move-in appointment time. Tenants will also be required to sign the Tenant Income Certification form and possibly other documents at this time. At the lease signing, the Property Manager will provide the new tenant with an orientation using an "Orientation Check List Form."
30. The first month of the tenant rent is required at the lease signing (prorated according to the number of days the household occupies the unit in the month they move in). A security deposit (equal to one month of the tenant rent) is also required. The amount of the prorated rent and security deposit are included in the approval letter listed in item 26.
31. The Tenant Services Supervisor will be notified of the new tenant's move-in date and time. The Tenant Services Supervisor will schedule a time to do the Tenant Services Intake and Assessment prior to or immediately following the tenant's move in to the building.
32. CHP staff (property management and tenant services) will follow the CHP Operations Manual policies and procedures for moving in new tenants and maintaining files.

33. If a tenant does not show up on the confirmed move-in date, they will be sent a letter stating they have 72 hours to contact CHP and reschedule; both HSA and the case manager from the referral agency will be copied on this letter. If they do not contact CHP within 72 hours they will be sent a denial letter. Regardless of circumstance the applicant must complete the move-in process within 14 days of the scheduled move-in date. If the applicant is not able to complete the process within 14 days of the scheduled move-in date then the applicant will be sent a denial letter.

### **Reasons for Denial**

It is CHP's intention to screen people into housing rather than screen them out of housing. The screening team will consider numerous factors when reviewing applications and there are circumstances in which CHP will deny an application for housing. The following is a list of the reasons an applicant can be denied housing.

- Failure to provide required documentation (e.g., documentation of homelessness).
- Failure to meet program eligibility requirements (described above).
- Denial by the S+C subsidy provider (i.e., SF Housing Authority).
- Applicants who miss more than one scheduled appointment during the screening process will be denied (appointments can be re-scheduled due to documented good cause).
- We do not conduct meetings or screenings with individuals whose behavior is disruptive to the process. This includes threatening, abusive or violent behavior toward a CHP employee. Serious or repeated behavior of this type by the applicant may result in denial of the application.
- Falsification of information by the applicant in the screening process.
- The following history of criminal activity:
  - Arson and/or destruction of property
  - Manufacture and/or distribution of illegal drugs
  - Violence towards landlords, tenants, or staff
  - Crimes against an at-risk person, including minors
  - Being required to register and/or subject to restrictions imposed by California Penal Code 290
  - Other violent criminal activity
- History of behaviors which have impacted the applicant's ability to retain housing or would affect the applicant's ability to live in the community. Examples include: history of failure to pay rent and/or abide by lease terms or house rules.
- An unusually high number of evictions (more than two). In such cases, the screening team will attempt to determine if the applicant should still be considered.

- Referrals for S+C units must meet the specific S+C program eligibility requirements (see above).

### **Additional Requirements of Occupancy**

The following are requirements of occupancy and must be met prior to execution of the lease and move-in and are on-going requirements of occupancy after move-in.

- Residents must provide a security deposit and the first months rent.
- Residents must maintain premises in safe, sanitary condition.
- Residents must not interfere with CHP or the quiet enjoyment of the property.
- Residents must abide by the terms of the lease and the house rules.
- Residents will be required to participate in an annual unit inspection and income certification conducted by CHP.
- Residents of the S+C units will be required to participate in an annual unit inspection and income certification conducted by SFHA.
- Rent will be based on 30% of a household's income (\$25 minimum) and will be adjusted upon annual certification; interim adjustments can be made as appropriate.
- Residents of LOSP and S+C units will be required to immediately report any changes in their household income and composition to CHP (LOSP units) or SFHA (S+C units).
- Residents of S+C units must follow SFHA guidelines or risk loss of the S+C subsidy. If this occurs, residents will be responsible for paying the full fair market rent for the unit.
- Residents will be required to immediately report any changes in their household income to CHP.
- Falsifying income information is grounds for the collection of back-rent and/or eviction.
- Should a household's income exceed 100% of the AMI, the household will be given 6 months to move to other housing.
- If household is in a unit modified for the physically disabled (features specifically designed for persons with hearing, visual or mobility impairment) and resident is not in need of the modifications, CHP has the right to move the household to a comparable unit within the development should the modified unit be required by a household with one or more physically disabled individuals.

### **Occupancy Procedures**

The following is a description of procedures that will be followed when a unit becomes vacant.

- The target period for an approved housing applicant to complete the screening process is between 10 and 15 business days. The income verification may take an additional 30-45 days.
- The vacancy preparation time will not exceed 7 (seven) business days.
- Unit vacancy should be less than 60 days.

### **Marketing and Applicant Referrals**

The following is a description of procedures that will be used to market units.

- HSA will maintain and manage the process for new applicants according to their internal policies and procedures.
- HSA will forward applicants from its LOSP referral access points upon request.

- HSA will provide CHP with the required information on each applicant as described previously in this document.
- Should HSA fail to provide CHP names of applicants for the LOSP units within fourteen days of a request, CHP can request the right to market and fill vacant units with eligible applicants as described above. This request will be sent to HSA with the applicant referral packet.
- During the application process, CHP will provide copies of all correspondence to HSA and/or the applicant's case manager as requested.
- HSA will advise CHP when approved applicants find housing elsewhere.
- CHP will advise HSA when applicants are housed or denied housing via a regular report.
- CHP will maintain a list of applicants who have been screened, status of applicants, and will provide information to HSA on a regular basis.

Signed and Agreed To:

**Community Housing Partnership**

Elizabeth Hewson  
Name

Deputy Director  
Title

[Signature]  
Signature

9/30/08  
Date

**City & County of San Francisco: Human Services Agency**

SCOTT W. WALTON  
Name

MANAGER - ADULT PROGRAMS  
Title HOUSING & HOMELESS PROGRAMS

[Signature]  
Signature

9/26/2008  
Date

**City & County of San Francisco: Mayors Office of Housing**

ANNE ROMERO  
Name

Project Manager  
Title

[Signature]  
Signature

10/3/08  
Date

**Exhibit E – Form of Referral Report**

**Exhibit F -- Lobbying/Debarment Certification Form**

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

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.

2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

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

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

650 EDDY, L.P., a California limited partnership

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

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

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

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

**EXHIBIT G – ANNUAL MONITORING REPORT**

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



Edwin M. Lee  
Mayor

Olson Lee  
Director

March 16, 2017

**Notice of Availability of 2016 Annual Monitoring Report Form**  
(including new audit requirements and wait list submittal)

**Announcement of Serious Incident Protocol**

MOHCD is pleased to announce the availability of the Annual Monitoring Report (AMR) forms for Reporting Year 2016 (RY2016). The forms can be downloaded from the [Asset Management page](#) of the MOHCD web site. A training on how to complete the AMR will be held at MOHCD on April 13th from 9 a.m. to 12 noon. See below for more information.

**New Audit Requirement and Deadline:** To provide sufficient time for project sponsors to complete AMRs in accordance with the City's "New Audit Requirements for MOHCD-Funded Projects," the report is now due 5 months after the end of a project's business year. (Previously, it was due 4 months after.) For projects whose business year ended December 31, 2016, the report will be due on May 31, 2017 for the period January 1, 2016, through December 31, 2016. For projects not owned by a single-asset entity and whose financial activity is accounted for and audited with the parent corporation's finances, sponsors may request up to a one-month extension of the deadline to allow for additional time to complete consolidated audited financial statements in accordance with the new audit requirements.

**New Waiting List Submittal Requirement:** To aid the City in its efforts to ensure that the allocation of MOHCD-financed affordable housing resources is conducted in a consistent, fair, appropriate and inclusive manner, MOHCD is now requiring all sponsors to submit the current version of a project's waiting list with the Annual Monitoring Report.

Submissions for RY2016 and any outstanding reports from prior reporting years will be accepted only in the RY2016 format.

**Completion and Submission Instructions**

The Annual Monitoring Report consists of the following 3 parts:

I. [AMR RY2016 – project name.xlsx](#) – This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

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

Provide all applicable information that is requested in worksheets 1-7. Use the Instructions to



help you complete each form and the Completeness Tracker to help you to determine when each worksheet is complete.

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

Submit this report as an Excel file only; do not convert it to pdf or another file type. Changing the format of AMR\_RY2016.xlsx without MOHCD's prior approval is not allowed. Do not overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to [moh.amr@sfgov.org](mailto:moh.amr@sfgov.org).

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

**III. Audited Financial Statements** – Provide financial statements for the project for Reporting Year 2016. They must be prepared by a certified public accountant in accordance with generally accepted accounting principles, applicable regulations and laws and with the City's "New Audit Requirements for MOHCD-Funded Projects" a copy of which is attached and posted on [MOHCD's Asset Management web page](#). If the project is owned by a single asset entity, provide separate financial statements just for the project, otherwise provide audited statements for the parent corporation. Also include copies of any Management Letters and special notes from the auditor that pertain to the property and the financial statements.

**IV. Waiting List** – Submit a copy of the project's waiting list that is current as of the date of submittal. The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit: name of head-of-household, contact information, date of application, number of people in the household, stated household income and desired unit size. This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

Completed AMRs must be submitted electronically, via one email message per project to [moh.amr@sfgov.org](mailto:moh.amr@sfgov.org), or if desired, for multiple projects, via flash drive or compact disc sent to Mike McLoone at MOHCD. If the documents that comprise the report are too large to attach to a single email, compress the files into a zip file and attach it to the email.

#### **Updates to the Reporting Form**

The RY2016 AMR form has been revised from the form for RY2015, as follows:

- Data for Race/Ethnicity – Must now be provided for each tenant household rather than in summary form for the project. Also, race and ethnicity have been split into two, separate demographic categories. For additional information on these changes, see the email notice from MOHCD dated 9/29/16 regarding new requirements for collection of ethnicity and race data.
- Worksheet 1A – Most of the demographic questions have been moved to the new worksheet, "3B. Demographic Information," and the order of the remaining items has been changed to improve the flow of information.
- Worksheet 2 – A new line item titled "Capital Maintenance Repairs/Improvements" has been

added to the expense section to account for capital costs that were paid out of the operating account and may be reimbursed by the Replacement Reserve. The "Reserve Account Details" section has been revised to improve functionality. The section for cash flow "waterfall" (distribution of Surplus Cash) has been simplified and now requires the user to enter the distribution priority as well as the amount of any Residual Receipts loan payment that is due to MOHCD, which previously was auto-calculated.

- Worksheet 3A – Has been shortened by moving the data related to female-headed households, elderly households, number of children and disability to worksheet 3B.
- Worksheet 3B – New worksheet where ethnicity, race and other demographic information must be entered for each tenant household.
- Worksheet 3C – New worksheet where summaries of demographic information for a project are auto-generated, based on data entered on worksheet 3A and 3B.
- Worksheet 6 – Has been enhanced so that supportive services that are selected on Worksheet 1A are auto-filled into Worksheet 6
- Worksheet 4 – New section added where reporters must provide the details of miscellaneous administrative and maintenance expenditures that exceed \$10,000
- Worksheet 7 – This new worksheet has been added in connection with the City's "New Audit Requirements for MOHCD-Funded Projects." Most fields on this sheet are auto-filled with data that is entered on Worksheet 2. Printouts of this sheet may be used to produce the "Supplementary Information Required by MOHCD" that must now be included in the project's audited financial statements. If the auditor elects to use this sheet for this purpose, some data entry on the sheet is required in the yellow-highlighted cells.

#### **AMR Training – April 13, 9am-12noon**

To facilitate completion of the AMR by project sponsors, MOHCD will conduct a training on April 13 from 9 a.m. to 12 noon in our office at 1 South Van Ness Avenue, 5<sup>th</sup> Floor, Room 5080. We strongly encourage the primary staff person responsible for completion of the report to attend. Space is limited. Please RSVP to Ricky Lam at [ricky.lam@sfgov.org](mailto:ricky.lam@sfgov.org) or 415-701-5542.

#### **Serious Incident Protocol**

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

The Mayor's Office of Housing and Community Development requests that owners of projects financed by this office notify us immediately if a serious incident occurs at their properties and meets one or more of the following parameters:

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

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

- The date of the incident
- A description of the incident

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

#### **Available Units and Waiting List Openings**

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

**Owner Compliance Certification and Insurance & Tax Certification Form  
2016 Annual Monitoring Report  
San Francisco Mayor's Office of Housing and Community Development**

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

Complete this form, sign and date it, scan it along with current liability and property insurance certificates into a single PDF file, then email the file along with AMR\_RY2016 – project name.xlsx, audited financial statements, and current waiting list to [moh.amr@sfgov.org](mailto:moh.amr@sfgov.org).

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

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

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

**Owner Compliance Certification**

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

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

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

**Owner Compliance Certification and Insurance & Tax Certification Form  
2016 Annual Monitoring Report  
San Francisco Mayor's Office of Housing and Community Development**

	True	False	
8			The project has met affordability and other leasing provisions set forth in the funding agreement/s entered into with CCSF during the entire reporting period. As of the end date of the reporting period, _____ units ( <i>supply exact number</i> ) were occupied or held vacant and available for rental by low-income tenants meeting the income qualifications pursuant to the funding agreement/s entered into with CCSF.
9			The undersigned has obtained a tenant income certification and/or third party documentation to support that certification from each tenant household occupying a unit restricted to occupancy by income-qualified tenants. All income certifications are maintained onsite with respect to each qualified tenant who resides in a unit or resided therein during the immediately preceding business year.
10			The total charges for rent and a utility allowance to each income-qualified tenant in a restricted unit do not exceed the maximum rent specified in the funding agreement/s entered into with CCSF as adjusted by the most recent HUD income and rent figures, which have been taken from the figures that are supplied by MOHCD on its website.
11			All withdrawals from the replacement and operating reserve accounts have been made in accordance with the MOHCD funding agreement/s, unless approved in writing by MOHCD.
12			Security deposits required of tenants of the project are in accordance with applicable laws and the funding agreement/s entered into with CCSF.
13			The undersigned has obtained and will maintain insurance policies in accordance with requirements of the funding agreement/s entered into with CCSF as may be reasonably updated from time to time, and has supplied with this AMR certificates of insurance that are current through the end of the reporting period.
14			The undersigned has maintained the units and common areas in a decent, safe and sanitary manner in accordance with all local health, building, and housing codes and in accordance with the HUD Housing Quality Standards.
15			The data submitted in Section 1A – Property & Residents of the Annual Monitoring Report regarding any violation/s of any health, building, or housing codes is complete and accurate; all required copies of violations/citations that were not resolved by the end of the reporting periods are also included with this AMR submission.
16			The undersigned has made best efforts to: (a) keep the units in good repair and available for occupancy; and (b) keep the Project fully rented and occupied.
17			All questions in the Annual Monitoring Report submitted for this reporting period have been answered fully and truthfully; answers have been supplied for all of questions requiring detailed responses on the Annual Monitoring Narrative Worksheet and any related documents have been submitted as attachments.
18			The project has received additional equity proceeds in the amount of \$ _____ ( <i>supply amount</i> ) from low-income housing tax credit investors during the reporting period.
19			Accurate information has been provided in Worksheet 2 - Fiscal Activity about any Federal Program Income earned by this project during the reporting period.
20			Any amounts charged as Asset Management Fees are reflected accurately under Income & Expenses in Worksheet 2 - Fiscal Activity of the Annual Monitoring Report, and all such amounts have been used exclusively toward asset management of this project. Asset Management Fees taken beyond pre-approved levels have been documented as required in response to question 7 in Section 4 - Narrative.

**Owner Compliance Certification and Insurance & Tax Certification Form  
2016 Annual Monitoring Report  
San Francisco Mayor's Office of Housing and Community Development**

	True	False	
21			The calculation of cash flow in Worksheet 2 - Fiscal Activity accurately reflects all expenses incurred and income earned, and the proposed distribution of any Residual Receipts would be in accordance with all relevant agreements and policies.
22			The Waiting List that has been submitted with the 2016 Annual Monitoring Report is an accurate and correct record as of the last day of the reporting period of the households who have applied to live at the Project, including the name of the head-of-household (or a suitable alternative), date of application, number of people in the household, stated household income and desired unit size.

**Property and Liability Insurance**

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

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

**Tax Certification**

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

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

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

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

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

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

**Annual Monitoring Report - Instructions - Reporting Year 2016 - Mayor's Office of Housing & Community Development**

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

Updated 02/16/2017

**1A. Property & Residents**

Please follow the instructions provided on the worksheet.

**1B. Transitional Programs Only**

Please follow the instructions provided on the worksheet.

**1C. Eviction Data**

Please follow the instructions provided on the worksheet.

**2. Fiscal Activity**

**Income and Expenses**

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

**INSTRUCTIONS:**

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

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

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

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

**Income**

**Rental Income**

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

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

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

**Vacancy Loss**

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

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

**Other Income**

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

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

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

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

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

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

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

**Expenses**  
**Management**

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

**Salaries/Benefits**

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

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

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

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

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

**Administration**

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

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

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

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

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

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

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

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

**Utilities**

6450 Electricity

6451 Water

6452 Gas

6453 Sewer

**Taxes and Licenses**



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

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

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

#### **Insurance**

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

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

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

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

#### **Maintenance and Repairs**

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

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

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

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

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

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

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

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

#### **Supportive Services**

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

#### **Reserve Account Activity**

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

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

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

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

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

### 3A. Occupancy & Rent Info

Accurate and complete household and tenancy data must be submitted on the Occupancy & Rent Info worksheet as evidence that the project complies with the income eligibility and rent affordability restrictions of MOHCD's funding agreements. Enter the data described below into the chart in Section 3a - Occupancy & Rent Info for the tenant population that occupied the project as of the end of the reporting period. For vacant units and manager's units, you must supply data in columns D, E, P, R and T. All other columns should be left blank.

**COLUMN DESCRIPTION**

C. **Row Number.** Do not enter data in this column.

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

E. **Unit Type.** Use the drop down menu to select the unit type (also shown below):

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

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

**"Studio"** = Studio unit

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

**"2BR"** = 2 Bedroom unit

**"3BR"** = 3 Bedroom unit

**"4BR"** = 4 Bedroom unit

**"5+BR"** = 5 or more Bedroom unit

F. **Date of Initial Occupancy.** Enter the date when the tenant occupied their *first unit in the project*. For tenants who have transferred to another unit in the project, this date will be different than the date when they moved into their current unit.

G. **Household Annual Income at Initial Occupancy.** Enter the tenant's annual household income from the initial income certification that was done before they moved into their *first unit in the project*. For tenants who have transferred to another unit in the project, this amount will be different than the amount from the certification that was done when they moved into their current unit.

H. **Household Size at Initial Occupancy.** Enter the number of people that was in the tenant's household when they occupied their first unit in the project. For tenants who have transferred to another unit in the project, this number may be different than it was when they moved into their current unit.

I. **Date of Most Recent Income Recertification.** Enter date of most recent income recertification. Leave blank for vacant units.

J. **Household Annual Income as of Most Recent Recertification within reporting period.** Enter annual income of the household from the most recent recertification. OK to leave blank ONLY if ALL funders do not require annual income recertifications.

K. **Household Size as of Most Recent Recertification within reporting period.** Enter the number of occupants in the unit from the most recent recertification within the reporting period.

L. **Minimum Occupancy for Unit Type.** The data here is automatically entered from items 25-31 on Worksheet #1A.

M. **Maximum Occupancy for Unit Type.** The data here is automatically entered from items 25-31 on Worksheet #1A.

N. **Overhoused or Overcrowded?** The data here is automatically generated based on entries in column K and on items 26-32 on Worksheet #1A.

O. **Overhoused or Overcrowded - Narrative** A household is "Overhoused" if there are fewer people residing in the unit than the minimum occupancy. "Overcrowded" means that there are more people residing in the unit than the maximum occupancy. If the data in column N indicates that the household is overhoused or overcrowded, please describe any extenuating circumstances that justify the overhoused/overcrowded status and summarize efforts that you have made to transfer the tenant to a unit that is appropriate for the size of the household, if applicable.

P. **Rental Assistance.** From the drop-down menu, select one code only to indicate the type of assistance, if any, being provided to the tenant (low-income units only). Select "None" if no rental assistance comes with the unit or none is provided to the tenant.

**"Section 8 - Project Based"** = The unit comes with Section 8 subsidy that will remain with the unit after the tenant moves out.

**"Section 8 - Tenant Voucher"** = Tenant is receiving assistance through the Section 8 Certificate or Voucher programs.

"PRAC - 202" = The unit receives a subsidy through a Project Rental Assistance Contract from HUD's 202 program.

"PRAC - 811" = The unit receives a subsidy through a Project Rental Assistance Contract from HUD's 811 program.

"S+C" = Tenant is receiving tenant-based assistance, or the unit has project-based assistance, from the Shelter Plus Care program.

"HOPWA" = Tenant is receiving tenant-based assistance, or the unit comes with project-based rental assistance, from the Housing Opportunities for People With AIDS program.

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

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

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

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

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

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

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

- Q. **Amount of Rental Assistance.** Enter the dollar amount of rental assistance that is paid on behalf of the household/tenant.
- R. **Amount of Maximum Gross Rent Allowed for Unit.** Enter the maximum rent for the unit that is allowed by the most restrictive funder of the project.
- S. **Amount of Tenant Paid Rent for Unit.** Enter only the amount of rent that the tenant pays. Do not include any rental assistance paid on behalf of the tenant by another party.
- T. **Utility Allowance.** If the tenant pays for utilities, enter the Utility Allowance allowed for the unit. Enter zero (0) if the Utilities are paid by the project.
- U. **Date of Most Recent Rent Increase within the Reporting Period. ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY.** Enter date of most recent rent increase for unit.
- V. **Amount of Most Recent Rent Increase within the Reporting Period. ONLY FOR UNITS THAT DO NOT HAVE RENTAL ASSISTANCE OR SUBSIDY.** Enter amount of most recent rent increase for unit.
- W. **Percentage of Most Recent Rent Increase. THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE.**

### 3B. Demographic

The two ethnic categories are defined below:

- **Hispanic or Latino.** A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. The term "Spanish origin" can be used in addition to "Hispanic" or "Latino."
- **Not Hispanic or Latino.** A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

The 10 racial categories are defined below:

- **American Indian or Alaska Native.** A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.
- **Asian.** A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
- **Black or African American.** A person having origins in any of the black racial groups of Africa.
- **Native Hawaiian or Other Pacific Islander.** A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
- **White.** A person having origins in any of the original peoples of Europe, the Middle East or North Africa.
- **American Indian or Alaska Native and Black or African American.** A person having these multiple race heritages as defined above.
- **American Indian or Alaska Native and White.** A person having these multiple race heritages as defined above.
- **Asian and White.** A person having these multiple race heritages as defined above.
- **Black or African American and White.** A person having these multiple race heritages as defined above.
- **Other/Multi-Racial.** For reporting individual responses for a person that is not included in any of the categories listed above.

**Female-headed Household.** For each residential unit, enter "Yes" if the head of household is a woman that is either alone or with one or more children. Enter "No" if the head of the household is not a woman.

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

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

**Disability (Physical/Visual/Hearing/None).** If the unit is occupied by a tenant with any of the listed disabilities, select the disability from the drop-down menu. Select "None" if the unit is not occupied by a physically, visually, or hearing disabled tenant.

### **3C. Summary of Reported Household Demographics**

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

### **4. Narrative**

Please follow the instructions provided on the worksheet.

### **5. Project Financing**

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

### **6. Services Funding**

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

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

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

### **Completeness Tracker**

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

### **Links to Relevant Policies**

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

#### MOHCD Forms Page at SFMOHCD.ORG

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

#### Program Income Overview

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

#### MOHCD Residual Receipt Policy

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

#### MOHCD Insurance Requirements Policy

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

#### MOHCD Operating Fees Policy

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

**Annual Monitoring Report - Property & Residents - Reporting Year 2016 -  
Mayor's Office of Housing & Community Development**

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

PROPERTY/MARKETING INFO				
25		Is the project any of the following: Transitional Housing, Residential Treatment Program, Shelter or Transitional Group Home? (select "yes" or "no" from the drop-down menu to the left.) <i>If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."</i>		
What is the Unit Mix for the Property? Please include any manager's units in this tally.				
	Unit Types	Number Of Units	Occupancy Standard: Minimum HH Size for this Unit Type*	Occupancy Standard: Maximum HH Size for this Unit Type*
26	Single Room Occupancy (SRO) Units		1	
27	Studio Units		1	
28	One-Bedroom (1BR) Units		1	
29	Two-Bedroom (2BR) Units			
30	Three-Bedroom (3BR) Units			
31	Four-Bedroom (4BR) Units			
32	Five- or More (5+BR) Bedroom Units			
33	<b>TOTAL # Units----&gt;</b>	<b>0</b>		
34		<b>Vacancies</b> - How many vacancies occurred at the project during the reporting period? (Be sure that the number you report here is not less than the number of vacant units that are included on worksheet 3.)		
35	0	<b>Evictions</b> - How many evictions occurred during the reporting year? (This data in this field is automatically calculated from the data that is entered on worksheet 1C. You must complete worksheet 1C, unless the project is transitional housing, a residential treatment program, a shelter or a transitional group home.)		
36		<b>Vacant Unit Rent-Up Time - (in DAYS)</b> State the average vacant unit rent-up time. This is the period from the time a household moves out to when the unit is rented again. If this period exceeds 30 days, you must answer Question # 4 on the Narrative worksheet. (Click on # 4 at left to jump to Narrative worksheet.)		
37		<b>Waiting List</b> - How many applicants are currently on the waiting list?		
38		When was the waiting list last updated? (m/yyyy)		
39		<b>Affirmative Marketing</b> - Did you conduct any marketing of the project during the reporting period? If you conducted marketing during the reporting period, you must answer Question #5 on the Narrative worksheet. (Click on #5 at left to jump to Narrative worksheet.)		

40		What is the date of the last Capital Needs Assessment? (m/d/yyyy)
41		What is the projected date of the next Capital Needs Assessment? (m/d/yyyy)
42	# 2	How many <b>Health, Building or Housing Code Violations</b> were issued against the property in the reporting year? (If there were no violations enter "0"). If the property was cited for code violations in the reporting year or has open, unresolved violations from prior years as indicated below, you must answer Question #2 on the Narrative worksheet. (Click on #2 at left to jump to Narrative worksheet.)
43		How many <b>Health, Building or Housing Code Violations</b> were open from <i>prior</i> years?
44		How many <b>Health, Building or Housing Code Violations</b> were cleared in the reporting year?
45	# 3	Are there urgent <b>Major Property Repairs</b> needed on the property in the next two years? ( <b>Yes/No</b> ) If there are needed major repairs you must answer Question #3 on the Narrative worksheet. (Click on #3 at left to jump to Narrative worksheet.)
46	# 3	If the property has <b>Immediate Capital Needs</b> and lacks adequate funds in the Replacement Reserve (or elsewhere) to cover the costs, please supply the amount of funds needed to make up the difference, and supply additional explanation in question #3 of the Narrative report. (Click on # 3 at left to jump to Narrative worksheet.)
47		As of the last day of the reporting period, how many units were fully <b>Accessible to Physically Impaired Tenants?</b>
48		As of the last day of the reporting period, how many units were <b>Adaptable for Physically Impaired Tenants?</b>
49		As of the last day of the reporting period, how many units were fully <b>Accessible to Visually Impaired Tenants?</b>
50		As of the last day of the reporting period, how many units were fully <b>Accessible to Hearing Impaired Tenants?</b>

<b>Resident Services: AN ANSWER IS REQUIRED FOR questions 51-61. Indicate below any services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project. You must also provide additional information about each of the marked services below on Worksheet "6.Services"</b>		
51	no	Go To WS6 After School Program/s (y/n)
52	no	Go To WS6 Licensed Day Care Service ( <i>participant fees are allowable for day care ONLY</i> ) (y/n)
53	no	Go To WS6 Youth Program/s (y/n)
54	no	Go To WS6 Educational Classes (e.g. basic skills, computer training, ESL) (y/n)
55	no	Go To WS6 Health and Wellness Services/Programs (y/n)
56	no	Go To WS6 Employment Services (y/n)
57	no	Go To WS6 Case Management, Information and Referrals (y/n)
58	no	Go To WS6 Benefits Assistance and Advocacy; Money Management; Financial Literacy and Counseling (y/n)
59		Go To WS6 Support Groups, Social Events, Organized Tenant Activities (y/n)
60		Go To WS6 Other Service #1 - Please specify in column G.
61		Go To WS6 Other Service #2 - Please specify in column G.



**POPULATION SERVED**

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

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

		<b>Target Population</b>		<b>Actual Population</b>	
62		0	Families	0	Families
63		0	Persons with HIV/AIDS	0	Persons with HIV/AIDS
64		0	Housing for Homeless	0	Housing for Homeless
65		0	Mentally or Physically Disabled	0	Mentally or Physically Disabled
66		0	Senior Housing	0	Senior Housing
67		0	Substance Abuse	0	Substance Abuse
68		0	Domestic Violence Survivor	0	Domestic Violence Survivor
69		0	Veterans	0	Veterans
70		0	Formerly Incarcerated	0	Formerly Incarcerated
71		0	Transition-Aged Youth ("TAY")	0	Transition-Aged Youth ("TAY")

**Remember, SAVE YOUR WORK!**

**Annual Monitoring Report - Eviction Data - Reporting Year 2016 - Mayor's Office of Housing & Community Development**

**Project Address:**

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

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

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

**Number of households in the project who received Notices of Eviction during the reporting period for each of the following reasons:**

*(If more than one reason applies to a household, report only the primary reason.) You MUST answer every question (i.e., enter zero if applicable).*

2	Breach of Lease Agreement
3	Capital Improvement
4	Condo Conversion
5	Demolition
6	Denial of Access to Unit
7	Development Agreement
8	Ellis Act Withdrawal
9	Failure to Sign Lease Renewal
10	Good Samaritan Tenancy Ends
11	Habitual Late Payment of Rent
12	Illegal Use of Unit
13	Lead Remediation
14	Non-payment of Rent
15	Nuisance
16	Other
17	Owner Move In
18	Roommate Living in Same Unit
19	Substantial Rehabilitation
20	Unapproved Subtenant
21	<b>0</b> <b>Total number of households who received Notices of Eviction</b>

**Number of unlawful detainer actions filed in court by the owner against tenants in the project during the reporting period for each of the following reasons:**

*(If more than one reason applies to a household, report only the primary reason.) You MUST answer every question (i.e., enter zero if applicable).*

22	Breach of Lease Agreement
23	Capital Improvement
24	Condo Conversion
25	Demolition
26	Denial of Access to Unit
27	Development Agreement
28	Ellis Act Withdrawal
29	Failure to Sign Lease Renewal
30	Good Samaritan Tenancy Ends
31	Habitual Late Payment of Rent
32	Illegal Use of Unit
33	Lead Remediation
34	Non-payment of Rent
35	Nuisance
36	Other
37	Owner Move In
38	Roommate Living in Same Unit
39	Substantial Rehabilitation
40	Unapproved Subtenant
41	<b>0</b> <b>Total number of unlawful detainer actions filed</b>

**Number of households evicted from the project during the reporting period for each of the following reasons:**

*(If more than one reason applies to a household, report only the primary reason.) You MUST answer every question (i.e., enter zero if applicable).*

42	Breach of Lease Agreement
43	Capital Improvement
44	Condo Conversion
45	Demolition
46	Denial of Access to Unit
47	Development Agreement
48	Ellis Act Withdrawal
49	Failure to Sign Lease Renewal
50	Good Samaritan Tenancy Ends
51	Habitual Late Payment of Rent
52	Illegal Use of Unit
53	Lead Remediation
54	Non-payment of Rent
55	Nuisance
56	Other
57	Owner Move In
58	Roommate Living in Same Unit
59	Substantial Rehabilitation
60	Unapproved Subtenant
61	<b>0</b> <b>Total number of households evicted (total also used to answer question #35 on Worksheet 1A)</b>

	B	D	F	H	J	L	N	P	R
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2016 - Mayor's Office of Housing & Community Development								
16	<b>INCOME &amp; EXPENSES</b>						<b>LOSP REPORTING</b>		24. If the project receives other amounts of Rental Assistance Payments, enter the total amount in cell J16, and the amount in cell J18.
17	12 Month Report Period	Start Date: 10/1/10	End Date: 10/1/10	# LOSP Units	# non-LOSP Units			25. If the project receives other amounts of Rental Assistance Payments, enter the total amount in cell J16, and the amount in cell J18.	
18	Number of Units	0		0	0			26. If the project has been pre-authorized to use an "alternative LOSP split" to allocate the Rental Assistance Payments, enter the LOSP percentage in cell M18.	
19	Account							27. Pre-authorized alternative LOSP split by OTHER amounts of Rental Assistance Payments.	
20	Description of Income Accounts	Residential	Non-Residential	Total	LOSP	non-LOSP	Rental Assistance Pmts - OTHER - Amount		
21					#VALUE!	0%	Rental Assistance Pmts - OTHER - Source(s)		
22	Rental Income								
23	Housing Units - Gross Potential Tenant Rents	\$120					\$0.00		
24	Rental Assistance Payments (Identify ALL sources in row below if applicable, including LOSP funding)	\$121			#VALUE!	#VALUE!			
25	Source(s) ->						LOSP	non-LOSP	
26	Commercial Unit Rents	\$140						0.00%	
27	sub-total Gross Rental Income:	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!	\$0.00		
28	Vacancy Loss - enter amounts as negative numbers								
29	Housing Units	\$220					\$0.00		
30	Commercial	\$740				0.00%	\$0.00	\$0.00	
31	sub-total Vacancies:	\$0.00	\$0.00	\$0.00			\$0.00	\$0.00	
32									
33	<b>NET RENTAL INCOME:</b>	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!			
34									
35	<b>Other Income</b>								
36	Garage and Parking Spaces	\$170			#VALUE!	#VALUE!			
37	Miscellaneous Rent Income	\$190			#VALUE!	#VALUE!			
38	Supportive Services Income - Do not enter supportive services income if it is tracked in a separate budget and not applicable per MCHCD loan terms to be included in Resident Receipts calculation.	\$300			#VALUE!	#VALUE!			
39	Supportive Services Income Source(s) - Identify program source(s) if applicable ->								
40	Interest Income - Project Operations (From Operating Account Only)	\$400			#VALUE!	#VALUE!		LOSP split calculation	
41	Laundry and Vending	\$910			#VALUE!	#VALUE!	LOSP	non-LOSP	
42	Tenant Charges	\$920			#VALUE!	#VALUE!			
43	Other Revenue	\$980			#VALUE!	#VALUE!			
44	sub-total Other Income Received:	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!			
45									
46	<b>TOTAL INCOME RECEIVED:</b>	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!			
47									
48	<b>INCOME &amp; EXPENSES</b>								
49	Description of Expense Accounts	Account Number	Residential	Non-Residential	Total	LOSP	non-LOSP	Pre-authorized alternative LOSP split	
50									
51	Management Fee	6300				#VALUE!	#VALUE!	0.00%	
52	"Above the Line" Asset Management Fee (Amount allowable may be limited, see Asset Mgt. Fee Policy)					#VALUE!	#VALUE!	0.00%	
53	sub-total Management Expenses:	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!			
54									
55	Salaries/Benefits								
56	Office Salaries	6310				#VALUE!	#VALUE!	0.00%	
57	Manager's Salary	6320				#VALUE!	#VALUE!	0.00%	
58	Employee Benefits: Health Insurance & Disability Insurance	6723				#VALUE!	#VALUE!	0.00%	
59	Employee Benefits: Retirement & Other Salary/Benefit Expenses					#VALUE!	#VALUE!	0.00%	
60	Administrative Rent Fee List	6331				#VALUE!	#VALUE!	0.00%	
61	sub-total Salary/Benefit Expenses:	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!			
62									
63	Advertising and Marketing	6210				#VALUE!	0		
64	Office Expenses	6311				#VALUE!	\$0.00	LOSP split calculation	
65	Office Rent	6312				#VALUE!	\$0.00	LOSP	
66	Legal Expense - Property	6340				#VALUE!	#VALUE!		
67	Audit Expense	6350				#VALUE!	\$0.00		
68	Bookkeeping/Accounting Services	6351				#VALUE!	\$0.00		
69	Bad Debt	6370				#VALUE!	#VALUE!		
70	Miscellaneous Administrative Expenses (must click & explain if >\$100)	6380				#VALUE!	\$0.00		
71	sub-total Administrative Expenses:	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!			
72	<b>UTILITIES</b>								
73	Electricity	6450				#VALUE!	#VALUE!		
74	Water	6451				#VALUE!	\$0.00		
75	Gas	6452				#VALUE!	\$0.00		
76	Sewer	6453				#VALUE!	\$0.00		
77	sub-total Utilities Expenses:	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!			
78	<b>Taxes and Licenses</b>								
79	Real Estate Taxes	6710				#VALUE!	\$0.00	LOSP	
80	Payroll taxes	6711				#VALUE!	#VALUE!	0.00%	
81	Miscellaneous Taxes, Licenses, and Permits	6719				#VALUE!	\$0.00		
82	sub-total Taxes and License Expenses:	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!			
83	<b>Insurance</b>								
84	Property and Liability Insurance	6720				#VALUE!	\$0.00	Pre-authorized alternative LOSP split	
85	Fidelity Bond Insurance	6721				#VALUE!	\$0.00	LOSP	
86	Workers' Compensation	6722				#VALUE!	#VALUE!	0.00%	
87	Directors & Officers/Liabilities Insurance	6724				#VALUE!	\$0.00		
88	sub-total Insurance Expenses:	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!			
89	<b>Maintenance and Repairs</b>								
90	IMPORTANT NOTE: REPAIRS/TREATMENT OF CAPITAL AND NON-CAPITAL MAINTENANCE REPAIR EXPENSES ELIGIBLE FOR PAYMENT BY REPLACEMENT RESERVE (if applicable, exclude those from this section. If you do include a line expense here, be sure to record the amounts in rows 100 (non-capital) and 101 (capital) below.)							LOSP split calculation	
91	Payroll	6510				#VALUE!	\$0.00	LOSP	
92	Supplies	6515				#VALUE!	#VALUE!		
93	Contracts	6520				#VALUE!	#VALUE!	0.00%	
94	Garbage and Trash Removal	6525				#VALUE!	\$0.00	Pre-authorized alternative LOSP split for contracts	
95	Security Payroll/Contract	6530				#VALUE!	#VALUE!	0.00%	
96	MVAC Repairs and Maintenance	6546				#VALUE!	\$0.00		
97	Vehicle and Maintenance Equipment Operation and Repairs	6570				#VALUE!	\$0.00		
98	Miscellaneous Operations and Maintenance Expenses (must click & explain if >\$100)	6590				#VALUE!	\$0.00		
99	sub-total Maintenance Repair Expenses:	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!		Pre-authorized alternative LOSP split	
100	Supportive Services: do not enter supportive services expenses if tracked in separate budget and not eligible to be counted against project income for residual receipts calculation.	6900				#VALUE!	#VALUE!	0.00%	
101	<b>SUB-TOTAL OPERATING EXPENSES:</b>	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!	LOSP	non-LOSP	
102	Capital Maintenance Repairs/Improvements eligible for payment by Replacement Reserve. If capital costs were entered in amounts for Maintenance & Repairs section above and are eligible for payment by the Replacement Reserve, please enter details in Replacement Reserve-Eligible Expenditures below, beginning from row 207. Amounts provided in F210/215 will be linked to cell F102 and netted out from operating expenses.	\$0.00				#VALUE!	\$0.00		
103	Non-Capital Maintenance Repair Expenses eligible for payment by Replacement Reserve. Only enter amounts here if they were included in amounts entered for Maintenance & Repairs section above and will be reimbursed by Replacement Reserve. Amount will be netted out from operating expenses. Enter as positive number.					#VALUE!	\$0.00		
104	<b>TOTAL OPERATING EXPENSES:</b>	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!			
105									
106	<b>TOTAL INCOME RECEIVED:</b>	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!			
107	<b>TOTAL OPERATING EXPENSES:</b>	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!			
108	<b>NET OPERATING INCOME:</b>	\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!			

	B	D	F	H	J	L	N	P	R
Annual Monitoring Report - Fiscal Activity - Reporting Year 2016 - Mayor's Office of Housing & Community Development									
110						Residential Breakdown	Pre-authorized alternative LOSP split		
111	4. Ground Lease Base Rent & Debt Service (Principal and Interest)	Name of Lessor or Lender / Debtor(s) / Other Debt Paid	Residential	Non-Residential	Total	LOSP	non-LOSP	LOSP	non-LOSP
112	Ground Lease - Base Rent (provide Lessor name to the right)					#VALUE!	#VALUE!		0.00%
113	Bond Monitoring Fee					#VALUE!	#VALUE!		0.00%
114	Lender1 - Principal Paid (provide lender name to the right)					#VALUE!	#VALUE!		0.00%
115	Interest Paid					#VALUE!	#VALUE!		0.00%
116	Other Amount (describe to the right)					#VALUE!	#VALUE!		0.00%
117	Lender2 - Principal Paid (provide lender name to the right)					#VALUE!	#VALUE!		0.00%
118	Interest Paid					#VALUE!	#VALUE!		0.00%
119	Other Amount (describe to the right)					#VALUE!	#VALUE!		0.00%
120	Lender3 - Principal Paid (provide lender name to the right)					#VALUE!	#VALUE!		0.00%
121	Interest Paid					#VALUE!	#VALUE!		0.00%
122	Other Amount (describe to the right)					#VALUE!	#VALUE!		0.00%
123	Lender4 - Principal Paid (provide lender name to the right)					#VALUE!	#VALUE!		0.00%
124	Interest Paid					#VALUE!	#VALUE!		0.00%
125	Other Amount (describe to the right)					#VALUE!	#VALUE!		0.00%
126	Total Ground Lease Base Rent + Debt Service Payments		\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!		0.00%
127	5. Reserve Account Activity Impacting Operating Account								
128	Reserve Account Required Annual Deposit (Source is Operating Account.) Enter as positive number.	1320			\$0.00	#VALUE!	#VALUE!		0.00%
129	Operating Reserve Deposits (Source is Operating Account.) Enter as positive number.	1365			\$0.00	#VALUE!	#VALUE!		0.00%
130	Operating Reserve Account Withdrawals (For deposits to Operating Account.) Enter as positive number.				\$0.00	#VALUE!	#VALUE!		0.00%
131	Other Required Reserve Account Deposits (Source is Operating Account. Enter as positive number; identify reserve account in next cell (132))				\$0.00	#VALUE!	#VALUE!		LOSP split calculation
132	Other Required Reserve Account Withdrawals (For deposit to Operating account. Enter as positive number; identify account in next cell)				\$0.00	#VALUE!	#VALUE!		
133	Net Reserve Activity		\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!		non-LOSP
134	Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)		\$0.00	\$0.00	\$0.00	#VALUE!	#VALUE!		Pre-authorized alternative LOSP split
135	135. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
136	136. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
137	137. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
138	138. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
139	139. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
140	140. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
141	141. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
142	142. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
143	143. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
144	144. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
145	145. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
146	146. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
147	147. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
148	148. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
149	149. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
150	150. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
151	151. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
152	152. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
153	153. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
154	154. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
155	155. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
156	156. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
157	157. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
158	158. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
159	159. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
160	160. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
161	161. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
162	162. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
163	163. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
164	164. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
165	165. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
166	166. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
167	167. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
168	168. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
169	169. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
170	170. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
171	171. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
172	172. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								
173	173. Surplus Cash, Detail (Net Reserve Debt Service and Reserve Activity)								

	B	D	F	H	J	L	N	P	R
16	Annual Monitoring Report - Fiscal Activity - Reporting Year 2016 - Mayor's Office of Housing & Community Development								
17	<b>RESERVE ACCOUNT DETAILS:</b>								
172	<b>OPERATING RESERVE (Do not leave blank for any operating account number unless zero balance)</b>								
173	Minimum Required Balance:								
174	Beginning Balance:								
180	Actual Annual Deposit (do not edit - taken from page 1 account number 1365):				\$0.00				
181	Interest Earned:								
182	Annual Withdrawal Amount (enter as negative number):								
183	Ending Balance (do not edit cell - calculated):				\$0.00				
184	Required Annual Deposit:								
185	Total Operating Expenses plus debt service (do not edit cell - calculated):				\$0.00				
186	If the calculated percentage shown to the right (Op Reserve Account Ending Balance divided by Total Op Expenses) is less than 25.5%, you must describe how the project will remedy the shortfall in the adjacent cell.								
187	If the calculated percentage shown to the right is greater than 26.5%, you must explain why the Op Reserve balance exceeds MCHCD's requirement in the adjacent cell.								
188					0.00%				
189	<b>REPLACEMENT RESERVE (Do not leave blank for any operation account for a number, enter zero instead)</b>								
190	Minimum Required Balance:								
191	Beginning Balance:								
192	Actual Annual Deposit:								
193	Interest Earned:								
194	Annual Withdrawal Amount (enter as negative number):								
195	Ending Balance (do not edit cell - calculated):				\$0.00				
196	Required Annual Deposit (do not edit - taken from page 1 account number 1320):				\$0.00				
197	Describe how the amount of annual deposit and the minimum required balance is determined.								
198									
199									
200	<b>CHANGES TO REAL ESTATE ASSETS</b>								
201	Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto calculate.								
202	Building & Improvements		Balance 10/1/1900	Changes	Balance 10/1/1900				
203	Office Improvements			\$0.00					
204	Site Improvements			\$0.00					
205	Land Improvements			\$0.00					
206	Furniture, Fixtures & Equipment			\$0.00					
207	Other			\$0.00					
208	Replacement Reserve-Eligible Expenditures: Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.								
209	Capital Repairs and Improvements: Enter capital repairs and improvement costs associated with the reporting year. For each category in rows 210-216 show that shows a positive change, an entry is required in each corresponding category in row 217-218. If the operating account is used initially to fund the repair, and is later reimbursed by the replacement reserve during the reporting year, show the repair cost under "Replacement Reserve". If the operating account is used to fund the repair and was not reimbursed by the replacement reserve during the reporting year, show the repair cost under "Operating Account". Use the section below to supply a description of the capital repairs and improvements made.								
210	Capital Repairs and Improvements Funded By:								
211	Capital Repairs and Improvements - Categories	Replacement Reserve	Operating Account	Other Source	Total Available				
212	Building & Improvements				\$0.00				
213	Office Improvements				\$0.00				
214	Site Improvements				\$0.00				
215	Land Improvements				\$0.00				
216	Furniture, Fixtures & Equipment				\$0.00				
217	Other				\$0.00				
218	Total	\$0.00	\$0.00	\$0.00	\$0.00				
219	Description of Capital Repairs and Improvements:								
220									
221	Non-Capital Replacement Reserve Eligible Expenditures (i.e., labor costs): Enter the amounts used to fund non-capital replacement reserve eligible expenditures. Use section below to supply explanations.								
222	Source								Amount
223	Paid out of Operating Budget, to be reimbursed by RR (shows the amount entered in row 101 above)								\$0.00
224	Paid Directly from Replacement Reserve								
225	Other Source								
226	Total of Non-Capital Replacement Reserve Eligible Expenditures								\$0.00
227	<b>TOTAL REPLACEMENT RESERVE ELIGIBLE EXPENDITURES:</b> The Replacement Reserve authorized for the reporting period should not exceed the Total RR-eligible Expenditures. You must provide more details above of an explanation below if the RR withdrawal amount exceeds the Total RR-Eligible Expenditures.								
228	RR Withdrawal Amount-->		\$0.00	Total RR-Eligible Expenditures-->	\$0.00				
229	Notes About RR Withdrawal Amount in excess of Total RR-eligible Expenditures:								
230									
231									

	B	D	F	H	J	L	N	P	R
15	Annual Monitoring Report - Fiscal Activity - Reporting Year 2016 - Mayor's Office of Housing & Community Development								
230	<b>FEDERAL PROGRAM INCOME REPORT</b>								
231	This section must be completed if the project received any CDBG funding, even if the amount of CDBG program income during the reporting period was zero. For more information, use the following link or copy the web address for manual navigation:								
232	<a href="http://www.fmvh.org/5050506/ShowDocument.aspx?docname=5141">http://www.fmvh.org/5050506/ShowDocument.aspx?docname=5141</a>								
233	Overview of Federal HUD and CDBG Program Income								
234	Overview of Federal HUD and CDBG Program Income								
235	<b>CDBG PROGRAM INCOME</b>								
236	Proposed amounts to be used to fund eligible CDBG activities as described in the Federal CDBG Program Regulations at 24 CFR 570.201-206 and consistent with the City's 2015-2018 Consolidated Plan, 2016-17 Action Plan as follows:								
237	AMOUNT	DESCRIPTION							
238		Amount to be used for CDBG eligible activity#1 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right);							
239		Amount to be used for CDBG eligible activity#2 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right);							
240		Amount to be used for CDBG eligible activity#3 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right);							
241		Amount to be deposited for use on future eligible CDBG activities that will be undertaken by June 30, 2015 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right);							
242		Other (provide amount in cell to the right, plus activity description and regulation citation in column furthest to the right);							
243		Total CDBG Program Income Calculation (see instructions for guidance on how to calculate)							
244	To ensure the eligible use of CDBG Program Income, the recipient of federal CDBG funding hereby requests approval by the Mayor's Office of Housing and Community Development for the use of CDBG program income received during the 2016 reporting period as depicted above.								

**Annual Monitoring Report - Occupancy & Rent Info - Reporting Year 2016 - Mayor's Office of Housing & Community Development**

Project Address: \_\_\_\_\_ Data supplied on this worksheet must be from the rent roll of the last month of the reporting period that was entered on worksheet 1A.1 1/0/1900 # Units: 0

- Provide the data requested for the tenant population that was residing in the project at the end of the Reporting Period.
- Identify manager's unit with the unit number, follow by "- Mgr.". For example, if the manager occupies Unit 501, in column D, enter "501 - Mgr." For vacant units and manager's units, provide data in columns D, E, P, R and T only.
- For tenants who moved in during the reporting period, the data entered in columns F, G & H (at initial occupancy) should be the same as the data entered in columns I, J & K (within reporting period), respectively.
- For tenants who have transferred units within the project, report the initial occupancy data (occupancy date, income, household size) for the first unit that the tenant occupied in the project, i.e. when they first moved in to the building.
- Before using the "paste" function to enter data in columns E and P (Orange Highlighting in Column Header), please check the drop-down-menus to ensure that the data you are pasting conforms with the choices of the drop-down menu. This will help prevent you from submitting forms with invalid data. Any forms with invalid data will be returned with instructions to fix and resubmit.

C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Row Num	Unit No.	Unit Type (Bed / BRD / Studio / TBV / 2BR / 3BR / 4BR / 4BR+)	Date of INITIAL OCCUPANCY (m/d/yyyy)	Household Annual Income AT INITIAL OCCUPANCY	Household Size AT INITIAL OCCUPANCY (number)	Date of Most Recent Income Receipt/Move IN WITHIN REPORTING PERIOD (m/d/yyyy)	Household Annual Income as of Most Recent Date/Move IN WITHIN REPORTING PERIOD	Household Size (number) as of Most Recent Receipt/Move IN WITHIN REPORTING PERIOD	Max Occupancy for Unit Type (per data entered on worksheet 1A)	Max Occupancy for Unit Type (per data entered on worksheet 1A)	Is the Household Overcrowded or Overoccupied?	Overcrowded / Overoccupied - Narrative. (Explanation required for each row where indicator is displayed in Column N and CHG cell. Please use highlighting. Describe any extenuating circumstances that justify this Overcrowded/Overoccupied status; manager's efforts must be transfer PHI to unit of appropriate size.)	Rent Assistance Type (select "none" if none)	Amount of Rental Assistance	Amount of Maximum Gross Rent Allowed for Unit (enter \$0 if n/a)	Amount Tenant Paid Rent for Unit	Utility Allowance (Enter \$0 if n/a; utilities are included.)	Date of Most Recent Rent Increase WITHIN THE REPORTING PERIOD (m/d/yyyy)	Amount of Most Recent Rent Increase WITHIN THE REPORTING PERIOD	%age of Rent Increase (calculated, do not enter)
1																				
2																				
3																				
4																				
5																				
6																				
7																				
8																				
9																				
10																				
11																				
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41																				
42																				

**Annual Monitoring Report - Demographic Information - Reporting Year 2016**

**Mayor's Office of Housing & Community Development**

**Project Address:** \_\_\_\_\_ **Data supplied on this worksheet must be from the rent roll of the last month of the reporting period that was entered on worksheet 1A.** **0** **# Units:** **0**

- Provide the data requested for the tenant population that was residing in the project at the end of the Reporting Period.
- Select one Ethnicity category for the head of household. If unknown, manager's or vacant unit, select "Not Reported".
- Select one Race category for the head of household. If unknown, manager's or vacant unit, select "Not Reported".
- For legacy race and ethnicity data that reports race and ethnicity as a single field, an additional category of "Not Reported" should be used to categorize a head of household's race if it is listed as Latino/Hispanic. In these cases, the person's ethnicity would be listed as Latino/Hispanic and his/her race would be listed as "Not Reported".

C	D	E	F	G	H	I	J	K	L
Row Num	Unit No.	Unit Type (Bed / SRO / Studio / 1BR / 2BR / 3BR / 4BR / 5+BR)	Household Size (number) as of Most Recent Recertification WITHIN REPORTING PERIOD	Ethnicity (select from drop down menu)	Race (select from drop down menu)	Female Headed House- hold (yes/no)	Elderly House- hold (yes/no)	Number of Children under Age 18 in HH	Disability (select one)
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									



**Annual Monitoring Report - Summary of Reported Household Demographics - Reporting Year 2016 -  
Mayor's Office of Housing & Community Development**

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

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

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

**Other Household Demographics**

	# Reported
Female Headed Households	0
Elderly Households	0
Households with Children Under 18	0
Number of Children Under 18	0
Households with Tenant with Physical Disability	0
Households with Tenant with Visual Disability	0
Households with Tenant with Hearing Disability	0
Households with Tenant with No Disability	0

**Head of Household Race/Ethnicity**

	# Reported Head of HH	% of Total
Hispanic/Latino	0	
Not Hispanic/Latino		
American Indian/Alaskan Native	0	
Asian	0	
Black/African American	0	
Native Hawaiian/Other Pacific Islander	0	
White	0	
American Indian/Alaskan Native and Black/African American	0	
American Indian/Alaskan Native and White	0	
Asian and White	0	
Black/African American and White	0	
Other/Multiracial	0	
Not Reported	0	
<b>Total Head of Households</b>	<b>0</b>	

**Target and Actual Population Served**

<i>Target Population</i>		<i>Actual Population</i>	
0	<i>Families</i>	0	<i>Families</i>
0	<i>Persons with HIV/AIDS</i>	0	<i>Persons with HIV/AIDS</i>
0	<i>Housing for Homeless</i>	0	<i>Housing for Homeless</i>
0	<i>Mentally or Physically Disabled</i>	0	<i>Mentally or Physically Disabled</i>
0	<i>Senior Housing</i>	0	<i>Senior Housing</i>
0	<i>Substance Abuse</i>	0	<i>Substance Abuse</i>
0	<i>Domestic Violence Survivor</i>	0	<i>Domestic Violence Survivor</i>
0	<i>Veterans</i>	0	<i>Veterans</i>
0	<i>Formerly Incarcerated</i>	0	<i>Formerly Incarcerated</i>
0	<i>Transition-Aged Youth ("TAY")</i>	0	<i>Transition-Aged Youth ("TAY")</i>

**Annual Monitoring Report - Narrative - Reporting Year 2016 -  
Mayor's Office of Housing & Community Development**

Project Street Address:

Reporting Period - Start Date: 1/0/1900

Reporting Period - End Date: 1/0/1900

*MOHCD created the questions below to allow project owners to supply additional information about a small number of measurements that may indicate that a project is having difficulties. By providing this information, project owners will help provide context for the conclusions that can be made about the measurements. MOHCD will use the measurements and the information below to prioritize the projects that need closer scrutiny and support. Please supply as much information as is readily available.*

**1. Explanations & Comments**

Use this space to record notes about any peculiarities in the data entry process. For example, if you entered a formula instead of a single number for a field, make a note here re: for which question on which worksheet that was done, and describe the formula & underlying numbers. Also use this field to describe in detail any amounts entered for "Other payments" on the worksheet "2.Fiscal," item 11.

**2. Code Violations**

Provide the following for any violations or citations of Health or Building or Housing Codes that were issued during the reporting period, or were issued in a prior reporting period but remained open during any time of the current reporting period:

Violation or Citation #	Date Issued	Issued By	Description	Cleared? (y/n)

*(add additional rows as needed)*

**\*\* ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. \*\***

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

*(add additional rows as needed)*

**\*\* ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. \*\***

### 3. Major Repairs

Describe any major repair or replacement needs that have been identified as being required within the next 2 years, and any related plans to pay for whatever is needed.

### 4. Vacant Unit Rent-Up Time

0

If the project had an average VACANT UNIT RENT-UP TIME greater than 30 days for question 36 on the worksheet "1A.Prop&Residents," you must supply the following:

- a. A description of the work done to analyze the cause/s of the high turnaround time, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the turnaround time, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

**5. Affirmative Marketing**

0

Did you conduct any marketing of the project during the reporting period? If yes, please describe the marketing that was conducted, including

- a. when the marketing was conducted and how it was intended to reach populations least likely to apply for the project;
- b. any advertising, direct mailings, emailings and web postings that were done; and
- c. how many households were on the waiting list prior to the marketing and how many were on it after the marketing was completed.

**6. Vacancy Rate**

----->

If the project had a VACANCY RATE greater than 15%, as may be shown above from the Income Expense section of the worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the vacancy rate, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the vacancy rate, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

**7. Miscellaneous Expenses: Administrative/Operating & Maintenance**

If the project had miscellaneous administrative or miscellaneous operating & maintenance expenses greater than \$10,000 respectively, you must provide a detailed itemization of these individual expenses below. Total expenses must equal the total amount reported on the worksheet "2.Fiscal."

**Misc. Admin Expenses**

Expense Description	Amount	HUD Acct #	Notes
<b>Total:</b>	0.00		
<b>Diff. from Fiscal Activity WS:</b>	<input type="text"/>		

**Misc. Operating & Maintenance Expenses**

Expense Description	Amount	HUD Acct #	Notes
<b>Total:</b>	0.00		
<b>Diff. from Fiscal Activity WS:</b>	<input type="text"/>		

**8. Negative Cash Flow**

If the project had NEGATIVE CASH FLOW, as may be shown above from the Income Expense section of worksheet "2.Fiscal," you must supply the following:

- a. A description of the work done to analyze the cause/s of the shortfall, and what the identified causes are; and
- b. A description of the work done to identify remedies for the shortfall, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.
- d. If the project has a Project-Based Section 8 Housing Assistance Payments (HAP) contract, please also supply the date of the last increase to the HAP contract, the date when the project will submit the next HAP contract rent increase, and any related comments about whether the project has been diligent in seeking annual increases to the HAP contract.

**Annual Monitoring Report - Project Financing - Reporting Year 2016 - Mayor's Office of Housing & Community Development**

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

Project Address:

**Current Project Financing**

Lien Order	Lender (and Loan Program if applicable)	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Monthly Debt Service Payment	Outstanding Principal Balance As Of End of Prior Reporting Period	Accrued Interest As Of End of Prior Reporting Period
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								





Project Street Address:

**Schedule of Operating Revenues  
For the Year Ended December 31, 1900**

	<u>Total</u>
<b>Rental Income</b>	
5120 Gross Potential Tenant Rents	\$0
5121 Rental Assistance Payments (inc. LOSP)	0
5140 Commercial Unit Rents	0
<b>Total Rent Revenue:</b>	<u>\$0</u>
<b>Vacancies</b>	
5220 Apartments	\$0
5240 Stores & Commercial	0
<b>Total Vacancies:</b>	<u>\$0</u>
<b>Net Rental Income: (Rent Revenue Less Vacancies)</b>	<u>\$0</u>
<b>Other Revenue</b>	
5170 Rent Revenue - Garage & Parking	\$0
5190 Misc. Rent Revenue	0
5300 Supportive Services Income	0
5400 Interest Revenue - Project Operations (From Operating Acct Only)	0
5400 Interest Revenue - Project Operations (From All Other Accts)	0
5910 Laundry & Vending Revenue	0
5920 Tenant Charges	0
5990 Misc. Revenue	0
<b>Total Other Revenue:</b>	<u>\$0</u>
<b>Total Operating Revenue:</b>	<u>\$0</u>

Project Street Address:

**Schedule of Operating Expenses  
For the Year Ended December 31, 1900**

	<u>Total</u>
<b>Management</b>	
6320 Management Fee	\$0
"Above the Line" Asset Management Fee	0
Total Management Expenses:	<u>\$0</u>
<b>Salaries/Benefits</b>	
6310 Office Salaries	\$0
6330 Manager's Salary	0
6723 Employee Benefits: Health Insurance & Disability Insurance	0
Employee Benefits: Retirement & Other Salary/Benefit Expenses	0
6331 Administrative Rent Free Unit	0
Total Salary/Benefit Expenses:	<u>\$0</u>
<b>Administration</b>	
6210 Advertising and Marketing	\$0
6311 Office Expenses	0
6312 Office Rent	0
6340 Legal Expense - Property	0
6350 Audit Expense	0
6351 Bookkeeping/Accounting Services	0
6370 Bad Debts	0
6390 Miscellaneous Administrative Expenses	0
Total Administrative Expenses:	<u>\$0</u>
<b>Utilities</b>	
6450 Electricity	\$0
6451 Water	0
6452 Gas	0
6453 Sewer	0
Total Utilities Expenses:	<u>\$0</u>
<b>Taxes and Licenses</b>	
6710 Real Estate Taxes	\$0
6711 Payroll taxes	0
6790 Miscellaneous Taxes, Licenses, and Permits	0
Total Taxes and Licenses Expenses:	<u>\$0</u>
<b>Insurance</b>	
6720 Property and Liability Insurance	\$0
6721 Fidelity Bond Insurance	0
6722 Workers' Compensation	0
6724 Directors & Officers Liabilities Insurance	0
Total Insurance Expenses:	<u>\$0</u>

Project Street Address:

**Schedule of Operating Expenses  
For the Year Ended December 31, 1900**

<b>Maintenance and Repairs</b>	<u>Total</u>
6510 Payroll	\$0
6515 Supplies	0
6520 Contracts	0
6525 Garbage and Trash Removal	0
6530 Security Payroll/Contract	0
6546 HVAC Repairs and Maintenance	0
6570 Vehicle and Maintenance Equipment Operation and Repairs	0
6590 Miscellaneous Operating and Maintenance Expenses	0
Total Maintenance and Repairs Expenses:	<u>\$0</u>
6900 Supportive Services	\$0
Capital and Non-Capital Expenditures to be Reimbursed from Replacement Reserve	\$0
<b>Total Operating Expenses:</b>	<u><u>\$0</u></u>

**Financial Expenses**

*Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.*

6820 Interest on Mortgage (or Bonds) Payable	
6825 Interest on Other Mortgages	
6830 Interest on Notes Payable (Long Term)	
6840 Interest on Notes Payable (Short Term)	
6850 Mortgage Insurance Premium/Service Charge	
6890 Miscellaneous Financial Expenses	
Total Financial Expenses:	<u>\$0</u>
6000 Total Cost of Operations before Depreciation:	<u>\$0</u>
5060 Operating Profit (Loss):	<u>\$0</u>

**Depreciation & Amortization Expenses**

*Enter amounts in yellow highlighted cells. Leave no cells blank. Enter "0" if applicable.*

6600 Depreciation Expense	
6610 Amortization Expense	
Operating Profit (Loss) after Depreciation & Amortization:	<u>\$0</u>

**Net Entity Expenses**

*the right.*

7190	
7190	
7190	
7190	
7190	
7190	
7190	
7190	
7190	
7190	
Total Net Entity Expenses:	<u>\$0</u>

3250 Change in Total Net Assets from Operations (Net Loss) \$0

*Amount computed in cell E139 should match audited financial statement.*

Project Street Address:

**Computation of Operating Cash Flow/Surplus Cash  
For the Year Ended December 31, 1900**

	Total
<b>Operating Revenue</b>	\$0
Interest earned on restricted accounts	0
Adjusted Operating Revenue	<u>\$0</u>
<b>Operating Expenses</b>	\$0
<b>Net Operating Income</b>	\$0
<b>Other Activity</b>	
Ground Lease Base Rent	\$0
Bond Monitoring Fee	0
Mandatory Debt Service - Principal	0
Mandatory Debt Service - Interest	0
Mandatory Debt Service - Other Amount	0
Deposits to Replacement Reserve Account	0
Deposits to Operating Reserve Account	0
Deposits to Other Restricted Accounts per Regulatory Agreement	0
Withdrawals from Operating Reserve Account	0
Withdrawals from Other Required Reserve Account	0
Total Other Activity:	<u>\$0</u>
Allocation of Non-Residential Surplus (LOSP only)	<u>                    </u>
Operating Cash Flow/Surplus Cash:	<u>\$0</u>

**Distribution of Surplus Cash Ahead of Residual Receipts Payments**

Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid **ahead** of residual receipts payments.

	Total										
<table border="1" style="width: 100%; height: 100%;"><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr></table>											
<b>Total Cash Available for Residual Receipts Distribution:</b>	<u>\$0</u>										

**Distribution of Residual Receipts**

Select the Distribution Priority number from Worksheet 2. Fiscal Activity for payments to be paid with remaining residual receipts.

	Total					
<table border="1" style="width: 100%; height: 100%;"><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr></table>						
Total Residual Receipts Distributions to Lenders:	<u>\$0</u>					
Proposed Owner Distribution	\$0					
Proposed Other Distribution/Uses	0					
<b>Total Residual Receipts Distributions to Lenders and Owners:</b>	<u>\$0</u>					

Project Street Address:

**Summary of Replacement Reserve and Operating Reserve Activity  
For the Year Ended December 31, 1900**

	<b>Replacement Reserve</b>	<b>Operating Reserve</b>
Balance, December 31, 1899	\$0	\$0
Actual Annual Deposit	0	0
Interest Earned	0	0
Withdrawals	0	0
Balance, December 31, 1900	<u>\$0</u>	<u>\$0</u>

**Annual Monitoring Report - Completeness Tracker - Reporting Year 2016**  
**Mayor's Office of Housing & Community Development**

This checklist is a tool to help you track progress toward completion. NOTE: Do not submit the AMR until all items are "COMPLETED."

Reporting Start Date: 1/0/00 Project Address: \_\_\_\_\_  
 Reporting End Date: 1/0/00

**Submission Instructions:**  
 Once all worksheets below are "COMPLETED", email the AMR, completed Owner Compliance Certification, along with the attachments required under the Insurance and Tax Certification per page 3 of the Owner Certification, waitlist, and audited financial statements to: [moh.amr@sfgov.org](mailto:moh.amr@sfgov.org).

<b>Worksheet 1A: Property &amp; Residents</b>	<b>INCOMPLETE</b>
Questions 1 thru 4	incomplete
Questions 5 thru 24	incomplete
Questions 25 thru 39	incomplete
Questions 40 thru 50	incomplete
Questions 51 thru 61	incomplete

<b>Worksheet 1B: Transitional Programs</b>	<b>To Be Determined</b>
Questions 1 thru 11	To Be Determined
Questions 12 thru 18	To Be Determined
Questions 19 thru 39	To Be Determined

<b>Worksheet 1C: Eviction Data</b>	<b>To Be Determined</b>
Question 1	To Be Determined
Questions 2 thru 21	To Be Determined
Questions 22 thru 41	To Be Determined
Questions 42 thru 61	To Be Determined

<b>Worksheet 2: Fiscal Activity</b>	<b>INCOMPLETE</b>
Rental Income - Housing Unit GPTR	incomplete
Vacancy Loss - Housing Units	incomplete
Operating Expenses	incomplete
Surplus Cash/Residual Receipts (Rows 140 - 171)	incomplete
Operating Reserve (Rows 177 - 186)	incomplete
Replacement Reserve (Rows 188 - 198)	incomplete
Changes to Real Estate Assets (Rows 198 - 209)	incomplete
Replacement Reserve Eligible Expenditures (Rows 209 - 228)	incomplete
Program Income (Rows 230 - 243)	OK

<b>Worksheet 3A: Occupancy &amp; Rent Info</b>	<b>INCOMPLETE</b>
Does number of units entered on Worksheet 3 match total units entered on Worksheet 1A or the total households that can be served in Worksheet 1B?	To Be Determined
For each row with a Unit Number, was data entered in cells for Subsidy Type and Utility Allowance?	To Be Determined
Narrative Provided for All rows indicating Overhoused or Overcrowded?	To Be Determined

<b>Worksheet 3B: Demographic Information</b>	<b>To Be Determined</b>
Is Ethnicity and Race selected for each household?	To Be Determined

<b>Worksheet 4: Narrative</b>	<b>To Be Determined</b>
2	To Be Determined
3	To Be Determined
4	To Be Determined
5	To Be Determined
6	To Be Determined
7	To Be Determined
8	To Be Determined

<b>Worksheet 5: Project Financing</b>	<b>INCOMPLETE</b>
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<b>Worksheet 6: Services Funding</b>	<b>To Be Determined</b>
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<b>Worksheet 7: Supplementary Information Required by MOHCD</b>	Worksheet incomplete. If using AMR to generate Schedules required for Audited Financial Statement, please complete the required data entry.
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## EXHIBIT H

### Tenant Selection Plan Policy - LOSP

This policy is in addition to the obligations to comply with applicable federal, state and local civil rights laws, including laws pertaining to reasonable accommodation and limited English proficiency (LEP),<sup>1</sup> and the applicable provision of the Violence Against Women Act, Pub. Law 109-62 (January 5, 2006), as amended.

#### Application Process

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

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

- **Limited English Proficiency Policy.** Throughout the application process, the housing provider must comply with City policy for language access requirements for applicants with limited English proficiency.

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

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

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

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

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

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

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

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

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

- The housing provider shall:
  - Hold a comparable unit for the household during the entire appeal process.



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

**EXHIBIT I**  
**Tenant Screening Criteria Policy - LOSP**

The City expects that housing providers will use maximum feasible efforts to ensure that those individuals and families who are referred are accepted for occupancy in a timely fashion. To that end, the City has adopted the following screening criteria for applicants with a criminal record. If a problem arises in the application and screening process that may cause unreasonable delay in screening outcome, the housing provider should immediately notify the referring agency and HSH to assist with an expeditious resolution.

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

**Screening Criteria**

- Housing providers shall not automatically bar applicants who have a criminal record<sup>2</sup> in recognition of the fact that past offenses do not necessarily predict future behavior, and many applicants with a criminal record are unlikely to re-offend.
- Housing providers shall not consider:
  - arrests that did not result in convictions, except for an open arrest warrant;
  - convictions that have been expunged or dismissed under Cal. Penal Code § 1203.4 or 1203.4a;<sup>3</sup>
  - juvenile adjudications.
- Housing providers shall consider:
  - the individual circumstances of each applicant; and
  - the relationship between the offense, and
    - (1) the safety and security of other tenants, staff and/or the property; and
    - (2) mitigating circumstances such as those listed below.
  - only those offenses that occurred in the prior 3 years, except in exceptional situations, which must be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity. As necessary, HSH will assess the justification for a longer look-back period and determine whether an exception is warranted. In these exceptional situations, the housing provider may consider offenses that occurred in the prior 5 years.
  - mitigating factors, including, but not limited to:

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

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

- (1) the seriousness of the offense;
- (2) the age and/or circumstances of the applicant at the time of the offense;
- (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;
- (4) if the offense is related to acts of domestic violence committed against the applicant;
- (5) if the offense was related to a person's disability.



## Citywide Affordable Housing Loan Committee

San Francisco Mayor's Office of Housing and Community Development  
Department of Homelessness and Supportive Housing  
Office of Community Investment and Infrastructure

Evaluation of Request for Funding: Local Operating Subsidy Program (LOSP) Contract  
Renewal

*Prepared By:* Scott Madden

*Loan Committee Date:* April 7, 2017

*Sponsor Name:* Community Housing Partnership  
*Project Name:* Arnett Watson Apartments  
*Project Address:* 650 Eddy Street (Polk & Larkin)  
*Number of Units/Beds :* 83 units  
*Amount of Funds Requested:* Up to \$946,930 Year One budget  
Up to \$19,018,559 for 15½ years

*Amount of Funds Recommended:* \$19,018,559

### 1. SUMMARY AND BACKGROUND

650 Eddy, L.P., a California limited partnership, an affiliate of Community Housing Partnership ("CHP"), is requesting \$19,018,559 in General Funds from the Local Operating Subsidy Program ("LOSP") to subsidize the continuing operations of 79 out of a total of 83 units of permanent supportive housing for formerly homeless individuals and families at Arnett Watson Apartments ("AWA") for a period of 15 years, six months.

CHP, along with Tenderloin Neighborhood Development Corporation as development partner, developed AWA beginning in 2004. The project was a newly constructed, 9-story building and consists of a mixture of studios, 1BRs and 2BRs (see below for unit mix). It also includes front desk, manager's office, a community room (with kitchen), garden courtyard, tenant services offices, tenant lounge, children's activity room and outdoor play area and a roof-deck garden. The project began operations in February 2009, and TNDC exited the partnership in 2010 per the development plan. It was the first project that serves formerly homeless families to be funded under LOSP. CHP provides both property management and supportive services to the project.

Unit Type	# of Units	% of Total Units
Studio	36	43%
1BR	33	40%
2BR	14	17%

The project serves extremely low-income, formerly homeless households—36 individuals and 47 families—with high social, behavioral health or physical needs. Through HCD’s MHP Supportive program, all households must have at least one adult who is physically, mentally or developmentally disabled, or who is elderly or in recovery from physical abuse or substance abuse. HSA funds supportive services under Tier V (the highest HSA services funding tier) as a LOSP Project. In 2015, the average household income was \$11,000, or 13% AMI. The property housed around 140 people, including over 50 children under 18 years of age.

The requested funds would renew an existing, 9-year contract for \$9,979,865, which started in January 2009 and will expire at the end of this year. Funds under the existing contract are expected to be fully expended by October 2017. If the requested funds are approved, a new contract for a period of 15 years and 6 months will start on 7/1/17 in order to overlap with the current contract and avoid any disruptions in operations at the project. This new term will cover the remaining 7 years of the 15-year tax credit compliance period and continue for another 8 years through calendar year 2032.

The amount of funds requested was determined by using the current calendar year’s operating budget and then applying MOHCD’s standard underwriting assumptions over a 15½-year projection period. If approved, funds would be disbursed under the contract on a fiscal-year basis in accordance with the attached schedule (see Exhibit A-1), while also taking into account any surplus reported from the previous years. A total of \$973,477 in assistance is budgeted for the first fiscal year (FY17/18). This equates to a monthly per unit subsidy of \$969 for studios, \$983 for 1BRs and \$985 for 2BRs. This amount will increase from 3.1%-4.2% each year during the contract. Though all requested funds would be provided under a single, long-term contract, disbursements thereunder would be subject to annual appropriations by the Board of Supervisors, as is standard for LOSP contracts.

## **2. PROJECT PERFORMANCE COMPARED WITH MOHCD SUPPORTIVE HOUSING PORTFOLIO AND LOSP PROJECTS**

### **2.1. 2015 Operating Expenses**

To evaluate AWA’s financial performance, operating expenses from 2015, the most recent year for which actual operating expenses have been reported, were compared with the operating expenses of projects in MOHCD’s supportive housing portfolio and of LOSP projects as a subset of supportive housing.

***Compared to All Supportive Housing***

During 2015, MOHCD's portfolio had 91 supportive housing projects in operations. Average total operating expenses (before replacement reserve deposits and hard debt service), averaged about \$9,700 per unit per year. PUPY operating expenses varied by project size, with PUPY operating expenses higher for smaller buildings and lower for larger buildings. With 83 units, PUPY operating expenses for AWA were \$12,567, which was 22% above the average for supportive housing projects with 50-99 units.

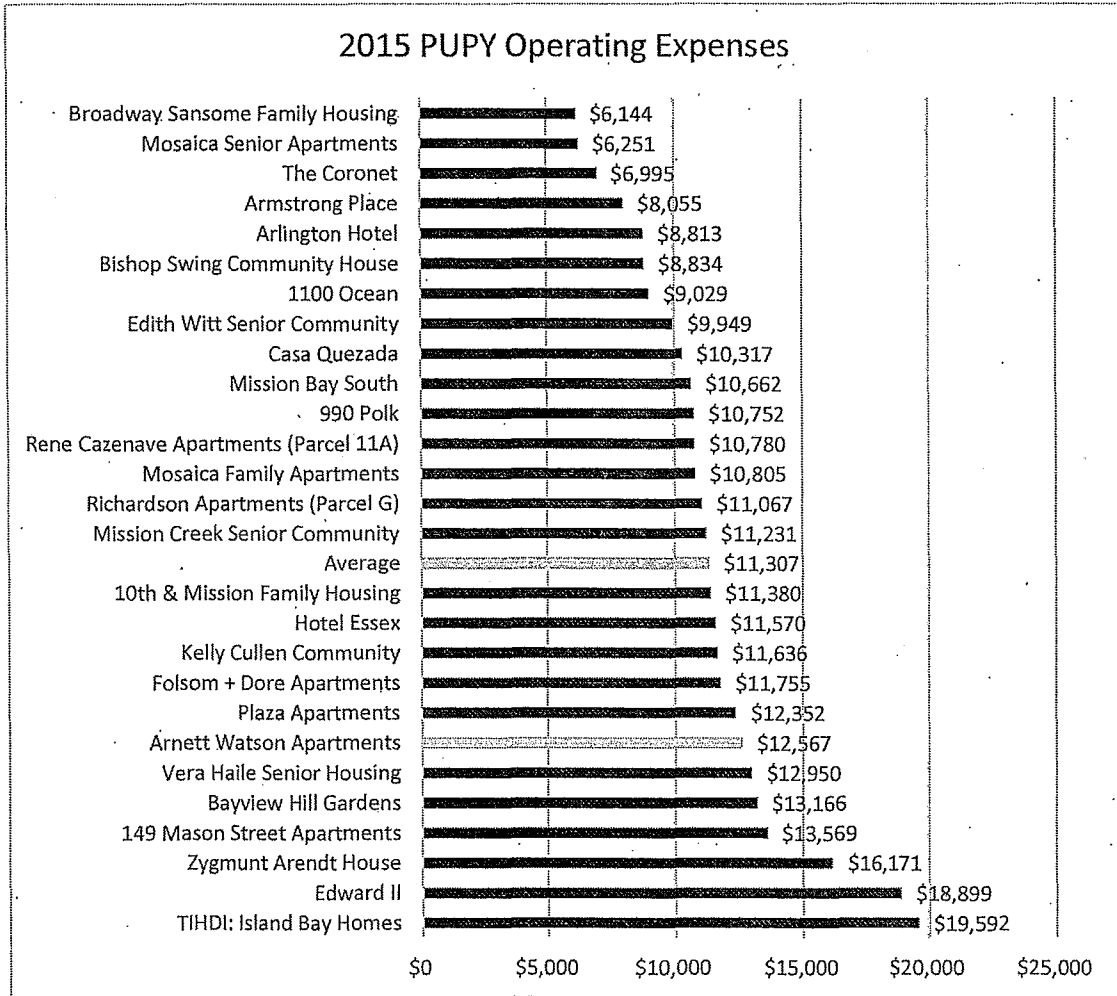
**Average Operating Expenses Per Unit Per Annum,  
Supportive Housing Projects, 2015**

# Units	# Projects	Average PUPY Operating Expenses
100+	33	\$9,212
50-99	41	\$10,285
1-49	17	\$11,672
<i>All</i>	<i>91</i>	<i>\$9,741</i>
83	AWA	\$12,567

***Compared to LOSP Projects Only***

Within MOHCD's LOSP portfolio of 27 projects, operating expenses PUPY ranged from a low of \$6,100 to a high of \$19,600 and an average of \$11,300. AWA's 2015 operating expenses of \$12,567 were 11% above the average.

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***Compared to Projects with Similar Percentages of LOSP Units***

Within the LOSP portfolio, some projects have just 20% LOSP units, while others are 100% LOSP. Average PUPY operating expenses vary by the percentage of LOSP units within the building. Buildings with a higher percentage of LOSP units were found to cost more to operate.

Ninety-five percent (95%) of the units at AWA are LOSP units. (The remaining 5% are supported by Shelter Plus Care rental subsidies and serve the same target population, making AWA a 100% formerly homeless project.) The per unit per year operating cost of \$12,567 at this project is 2.6% above the average for projects with 66% or more LOSP units.

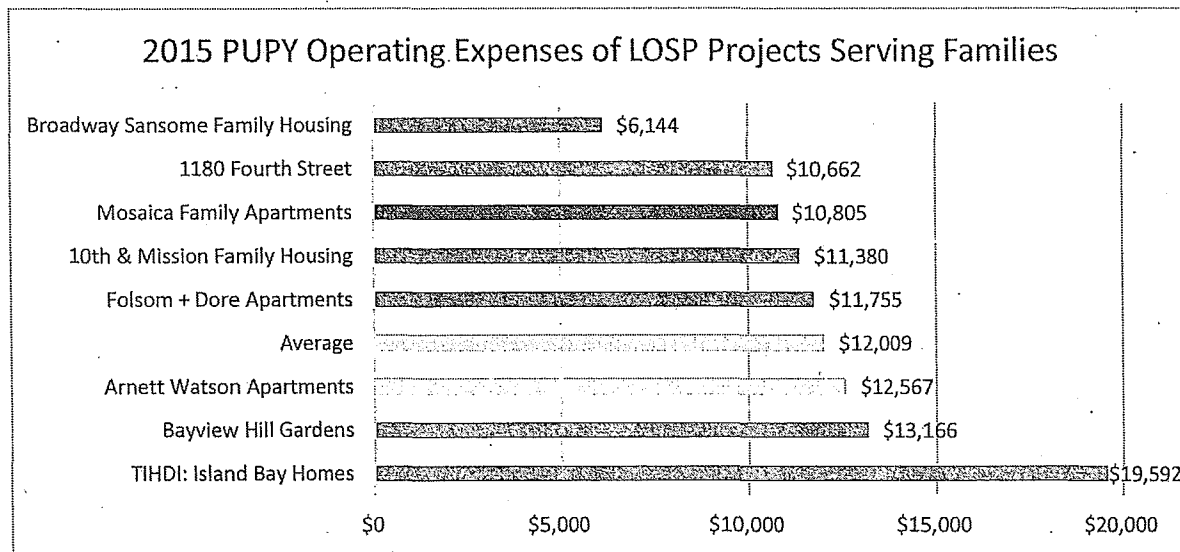


**Average Operating Expenses Per Unit Per Annum  
 by % of LOSP Units, 2015**

% of LOSP Units	# Projects	Average PUPY Operating Expenses
66% or more LOSP Units	11	\$12,251
20% - 66% LOSP Units	12	\$11,049
20% or less LOSP Units	4	\$9,487
<i>All</i>	27	<i>\$11,307</i>
83	AWA	\$12,567

**Compared to LOSP Projects that Serve Families**

When its per unit per year operating costs are compared only with projects that serve families, AWA ranks 6<sup>th</sup> out of 8 projects and 4.6% above the average of these projects.



Overall, AWA's per unit per year operating costs in 2015 compare favorably to

- projects with a similar percentage of LOSP units and
- LOSP projects that serve families.

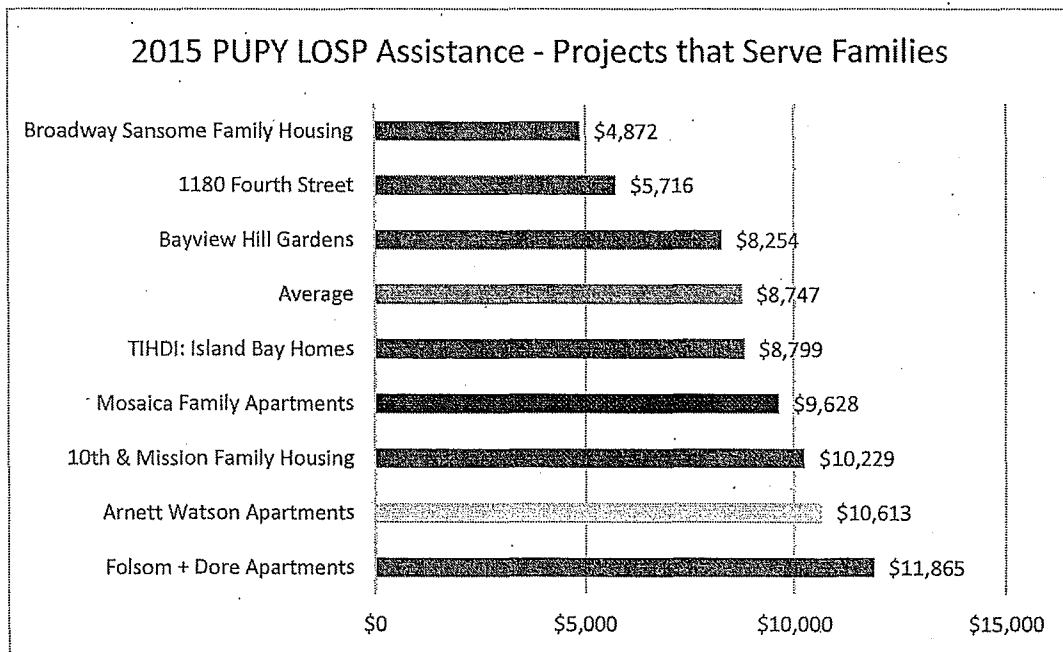
**2.2. 2015 LOSP Subsidy**

In 2015, the LOSP assistance for AWA on a per unit basis was \$10,613, which was 20% above the average per unit amount of assistance (\$8,858) across all 27 LOSP projects.

	2015 PUPY LOSP Assistance
AWA	\$10,613
<i>Average – All LOSP Projects</i>	<i>\$8,858</i>

When compared just to other LOSP projects that serve families, the per unit LOSP subsidy at AWA was second highest among 8 projects and was 21% above the average. The incongruity between this high PUPY LOSP subsidy and the close-to-average PUPY operating costs of AWA relative to the other projects that serve families and projects with similar percentages of LOSP units can be attributed to the following:

- LOSP household incomes in some of the comparison projects were higher than AWA, thus revenue from tenant rents was higher,
- several of the comparison projects have higher numbers of Shelter Plus Care units relative to the number of LOSP units and thus a higher offset of the LOSP deficit,
- greater economy of scale in some of the comparison projects, which have 65%-80% more units than AWA.



### 3. PROJECT OPERATIONS

The following is an evaluation of the 1<sup>st</sup> Year Operating Budget (Attachment B) and 20-Year Operating Pro Forma (Attachment C) that are the basis for the overall request for LOSP funds.

#### 3.1. Annual Operating Income Evaluation

Tenant Rent: Under the current LOSP contract, all 83 units are restricted at 50% AMI. Tenants that are qualified under these restrictions pay the lesser of 30% of household income or 30% of 50% AMI as rent. As of 12/31/15, the most recent year for which MOHCD has data, the average income of the tenants was 13% AMI, significantly below the 50% AMI income restriction.

The Year 1 (2017) operating budget shows tenant rental income of \$237,084, which is an average of \$236-\$240 per unit per month, depending on unit size, and reflects an average

rent of 15% AMI. This number reflects the rent roll of the tenants currently in place at the project and is consistent with the target population of extremely low-income people on fixed incomes such as TANF, Social Security, SSI or General Assistance. The proforma assumes that tenant rent payments will escalate by 1.4%, which is equal to the historic average increase from 2010-2015. The projected vacancy rate is 5% and more conservative than the historic average of 1.9%, but it conforms with MOHCD's underwriting guidelines and will provide the project with a modest cushion in the event that actual vacancy is higher.

LOSP Subsidy: The LOSP subsidy in the Year 1 Operating Budget is \$946,930 (\$11,409/PUPY and \$951/PUPM). This is a 13% increase above the LOSP subsidy from 2015 and is sized to fund a break-even budget, including operating expenses, debt service, replacement and operating reserve deposits and a partnership management fee. (See Section 3.2 below for analysis.)

Shelter Plus Care Rental Assistance: 4 SPC subsidies, 2 1BRs and 2 2BRs. The proforma shows contract rents that are equal to 2017 FMRs, though current contract rents are significantly below these levels. On the lease anniversaries of the current tenants, CHP must request increases in the contract rents to at least the current FMRs or up to the SFHA payment standard if market rents in the vicinity of AWA support this.

Total Residential Revenue Stream: Between tenant rents, the LOSP subsidy and Shelter Plus Care rental assistance, total residential rental revenue for Year 1 is \$1.3 million. This represents monthly revenue per unit as follows:

Unit Type	Per Unit Monthly Revenue	AMI % Equivalent
Studio	\$1,290	68%
1BR	\$1,309	61%
2BR	\$1,312	54%
	Weighted Average	63%

It should be noted that MOHCD's underlying capital financing agreements restrict all units in the project at 50% AMI, which means that if the LOSP contract were terminated, CHP would be able to serve none-homeless, higher income people and charge rents only up to 50% AMI. However, for the project to be feasible in that event, CHP would have to lower operating expenses to within a 50% AMI revenue stream and/or seek project-based based Section 8 subsidies or applicants with Section 8 vouchers.

Commercial Income: \$18,000 is budgeted in Year 1 for one small, ground-floor commercial space, which the Partnership rents to CHP for use as office space. This amount is the same as was charged in 2015. It represents a monthly rent of \$1.91 for 785 square feet. By comparison, CHP is charging an average of \$2.23 per square foot for the 4 commercial spaces at the Hotel Essex, which have an average size of 575 square feet. The

20-year proforma assumes annual escalation of 2.5%. It also assumes a vacancy rate of 0% in light of the fact that CHP is the tenant and has made a long-term commitment to the space.

### 3.2. Annual Operating Expenses Evaluation

The annual operating expenses in Year One, before debt service and reserves, are projected at \$1,198,218 or \$14,436 PUPY. This is a 14.9% increase above 2015 operating expenses. MOHCD would not expect to see these costs budgeted much more than 7% above 2015 actuals (3.5% escalation over 2 years). CHP attributes this budget increase to increased minimum wage requirements that will take effect on 7/1/17 and 7/1/18. These will benefit the front desk and janitorial staff at the project, a total of 6.4 FTE, who will see a 15.3% increase in their wages this year and another 8.4% increase next year. CHP also attributes the increase to employee benefits that are now available to part-time janitors, which they hope will reduce turnover in these positions and ultimately reduce costs.

Staffing: Staffing is anticipated to remain the same as current staffing levels. The staffing plan covers 10 FTE, including a full range of property management services from custodial, maintenance, reception, on-site management, compliance and various levels of supervision. This represents a staff to unit/household ratio of 1 to 8.3.

Title	FTE	Salary	Total
<b>Property Manager Salaries</b>			
Property Manager	1	\$52,522	\$52,522
Assistant Property Manager	1	\$44,193	\$44,193
	2		<b>\$96,715</b>
<b>Payroll Janitorial</b>			
Janitor PT	0.8	\$29,120	\$23,296
Janitor FT	1	\$29,120	\$29,120
	1.8		<b>\$48,672</b>
<b>Payroll Maintenance</b>			
Operations Manager	0.1	\$58,292	\$11,658
Maintenance Supervisor	0.5	\$53,310	\$26,655
Maintenance Technician	1	\$31,775	\$31,775
	1.6		<b>\$74,073</b>
<b>Security salaries</b>			
Desk Clerk-LPT	0.2	\$30,420	\$6,084
Desk Clerk-FT	0.4	\$30,420	\$12,168
Desk Clerk-FT	1	\$30,420	\$30,420
Desk Clerk-FT	1	\$30,876	\$30,876
Desk Clerk-FT	1	\$30,876	\$30,876
Lead Desk Clerk	1	\$31,310	\$31,310
	4.6		<b>\$141,735</b>
<b>Total Expense and FTE's</b>	10		<b>\$361,195</b>

Management Fees: Management fee is budgeted in Year 1 at \$78 per unit per month, which is the current maximum allowed by HUD for Northern California for multifamily rental properties. In accordance with MOHCD's underwriting guidelines the fee is escalated at 3.5% annually.

Asset Management Fee: \$15,000 is budgeted in Year 1, which is within MOHCD's maximum fee of \$19,750. A 3.5% annual escalation is budgeted.

Salaries and Benefits: Salaries and benefits are budgeted at \$178,445 or \$2,150 per unit per year, and covers the salaries and benefits of the Property Manager and Assistant Manager.

Administration: Administration line items are budgeted at \$152,324, or \$1,835 per unit per year, and cover typical functions such as legal, office supplies and equipment, bookkeeping and accounting, audit, computers and telephones. There is no resident manager or administrative rent-free unit because the front desk is staffed 24/7.

Utilities: Utilities (gas, water/sewer, common electric) in Year 1 are budgeted at \$172,160, or \$2,074 per unit per year and are based on 2015 actuals with increases based on recent trending, including electricity, which has seen higher than expected increases. These numbers include all utility expenses in the residential units, as all utilities are included in the rent, as well as common areas. CHP reports they will be performing energy/gas/water audits of this property to seek to identify savings.

Taxes: Taxes are budgeted at \$38,424, or \$463 per unit per year. Costs assume 100% of units receive welfare tax exemption. Payroll taxes are 8% of salaries, and various miscellaneous fees.

Insurance: Insurance is budgeted at \$95,560, or \$1,151 per unit per year, for property and liability and worker's compensation insurance. CHP has been able to reduce their property insurance cost by singling out AWA from its overall portfolio. Although worker's compensation insurance was higher in 2015, they expect to see savings going forward due to 3 successive years of lower claims.

Maintenance and Repair: Maintenance and repair costs in Year One are budgeted at \$468,617, or \$5,646 per unit per year. This line item includes payroll for 1.80 FTE janitor, a full-time maintenance technician, 0.50 FTE maintenance supervisor and a small portion of the operations manager's salary; contracts for some maintenance, supplies, exterminating, grounds, flooring and elevator; garbage and trash removal. This also includes 24/7 front desk staff under the Security Payroll/Contract line item. Overall, projected expenses in this category are reasonable.

Replacement Reserve Deposits: \$49,800 (\$600/unit) for Year 1, in accordance with HCD's requirement. This complies with the City's requirement of \$32,004 per year. The 20-year proforma shows withdrawals that are consistent with a recently completed CNA, approved by MOHCD. With 0% escalation on annual deposits, ending balances each year are projected to range from \$2,800 to \$5,400 per unit during the term of the LOSP agreement. Current industry standard is to maintain a minimum balance equal to \$1,000 per unit.

Operating Reserve Deposits: Annual deposits are sized to maintain MOHCD's required balance of 25% of the prior year's operating expenses.

Debt Service: Mandatory debt service to HCD in the amount of \$25,585 for the MHP loan, which is \$308 PUPY

Partnership Management: The project pays \$15,000 for an annual partnership management. This is within the current maximum fee of \$19,750 allowed by MOHCD policy. This fee will terminate in Year 8, when the 15-year tax credit compliance period will end. MOHCD policy does not allow it to be paid beyond this point.

### **3.3. 20-Year Cash Flow**

- The LOSP subsidy funds a break-even budget, thus no cash flow would be generated and available for soft loan repayments or distributions.
- Tenant rental income is escalated at 1.4%.
- Commercial income is trended at 2.5%.
- Resident vacancy rate is 5%. Commercial vacancy rate is assumed at 0%.
- All operating expenses are escalated at 3.5%.
- Partnership management fee is escalated 3.5% and will end in Year 8 when tax credit compliance period ends.

## **4. SUPPORT SERVICES EVALUATION**

Through a direct contract with HSH, CHP Arnett Watson Apartments provides supportive services to 83 formerly homeless adults (36 units) and families (47 units). The current contract term is 7/1/14-6/30/18 in the amount of \$414,730. The goals of services is to empower tenants to become more self-sufficient, retain their housing or move to other appropriate housing, promote community building and tenant participation, and maintain a safe, supportive and stable environment that fosters independence. Support services include but are not limited to tenant outreach, intake and assessment, case management, benefits advocacy and assistance, offsite service referrals, mediation with property management, conflict resolution, support groups, social events and organized tenant activities, monthly community meetings, and clinical consultation.

HSH is pleased with the quality of services provided at AWA as well as coordination between services and property management and the quality of services, which has improved significantly with the addition of a new onsite Support Services manager last year. The program is meeting service and outcome objectives.

## **5. CONCLUSION**

I recommend approval of the request in full. Arnett Watson Apartments is a well-staffed, well-run, highly supportive, permanent housing project for 83 disable, extremely low-income, formerly homeless individuals and families. It is an important resource in the City's array of homeless services and programs, and under CHP's ownership and management, it merits renewed LOSP funding so that it may continue to serve homeless people well into the future.

## **6. RECOMMENDED CONDITIONS**

none

## **7. LOAN COMMITTEE MODIFICATIONS**

LOAN COMMITTEE RECOMMENDATION

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.



Olson Lee, Director  
Mayor's Office of Housing

Date: 4/7/17

APPROVE.       DISAPPROVE.       TAKE NO ACTION.



Kerry Abbott, Deputy Director for Programs  
Department of Homelessness and Supportive Housing

Date: 4-7-17

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

*for* 

Nadia Sesay, Interim Director  
Office of Community Investment and Infrastructure

Date: 4-7-17

- Attachments:
- A. LOSP Program Description
  - B. 1<sup>st</sup> Year Operating Budget
  - C. 20-Year Operating Pro Forma
  - D. LOSP Funding and Disbursement Schedules A-1 and A-2



### **Attachment A: LOSP Program Description**

As part of the City and County of San Francisco's effort to address the needs of the growing homeless population, the City has prioritized the development of non-profit owned and operated permanent supportive housing for formerly homeless individuals and families. While capital financing can be leveraged for this population, stakeholders realized these units cannot be feasibly operated at the scale needed if they rely solely on scarce federal or state operating subsidies.

In June 2004, the City launched its *Ten Year Plan to Abolish Chronic Homelessness* (the 2004 10-Year Plan), a multifaceted approach that included a locally funded operating subsidy as a key element and established the Local Operating Subsidy Program (LOSP) in 2006 to support the creation of permanent supportive housing at a large scale. The operating subsidy leverages capital financing by integrating homeless units into Low Income Housing Tax Credit projects without burdening them with operating deficits. LOSP was created by the Mayor's Office of Housing and Community Development (MOHCD) in partnership with the Department of Public Health (DPH) and the Human Services Agency (HSA).

On July 1, 2016, the City's diverse programs addressing homelessness were brought under the new Department of Homelessness and Supportive Housing (HSH), which combines key homeless-serving programs and contracts previously located across several City departments. The new department consolidates the functions of DPH Direct Access to Housing (DAH) and HSA Housing & Homeless programs. San Francisco is developing a Coordinated Entry System (CES) for all homeless populations to best match households to the appropriate intervention and ensure those with the highest needs are prioritized.

Through grant agreements with MOHCD, which are subject to annual appropriations by the Board of Supervisors, LOSP pays the difference between the cost of operating housing for homeless persons and all other sources of operating revenue for a given project, such as tenant rental payments, commercial space lease payments, or other operating subsidies. HSH refers homeless applicants to the housing units as well as provides services funding to the projects under a separate contract.

This request is a contract renewal of the initial 9-year LOSP grant agreement for Arnett Watson Apartments. As discussed in the Loan Evaluation, MOHCD and HSH have evaluated the Project's performance during the initial contract period and have determined that the property has been well run, and that services provided address the needs of the tenants. Accordingly, MOHCD staff is recommending a renewal of the LOSP grant agreement for a 15-year, six-month period, beginning in July 2017, through the end of 2032.

**Attachment B: 1<sup>st</sup> Year Operating Budget**

MOHCD Proforma - Year 1 Operating Budget

Application Date:	12/12/2016	LOSP and S-C Units	Non-LOSP Units	Project Name:	Arnett Watson Apartments
Total # Units:	83	83	0	Project Address:	690 Eddy Street
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operation):	2017	LOSP	Non-LOSP	Project Sponsor:	Community Housing Partnership
		100%	0%		
<b>INCOME</b>					
Residential - Tenant Rents	237,084	0	237,084	Links from 'Existing Proj - Rent In' Worksheet	
Residential - Tenant Assistance Payments (Non-LOSP)	112,236	0	112,236	For 4 Shelter Plus Care sublets from Dept. of HSH: two 1BRs and two 2BRs	
Residential - LOSP Tenant Assistance Payments	846,930	0	846,930		
Commercial Space	0	0	18,000	785 sq. ft. ground-floor retail space, leased to CHP as office space; 51 914 sq. ft.	
Residential Parking	0	0	0		
Miscellaneous Rent Income	0	0	0		
Supportive Services Income	0	0	0		
Interest Income - Project Operations	0	0	0		
Luxury and Vendor	0	0	0		
Friest Charges	0	0	0		
Miscellaneous Residential Income	0	0	0		
Other Commercial Income	0	0	0		
Waiver/Donation Capitalized Reserve (deposits to operating account)	0	0	0		
Group Potential Income	1,290,250	0	1,314,250		
Vacancy Loss - Residential - Tenant Rents	(9,096)	0	(9,096)	Vacancy loss is 3.6% of Tenant Rents.	
Vacancy Loss - Residential - Tenant Assistance Payments	(3,030)	0	(3,030)	Vacancy loss is 2.7% of Tenant Assistance Payments.	
Vacancy Loss - Commercial	0	0	0	Links from Commercial Op. Budget Worksheet	
<b>EFFECTIVE GROSS INCOME</b>	<b>1,284,164</b>	<b>0</b>	<b>1,282,154</b>	<b>PUPA: 16,689</b>	
<b>OPERATING EXPENSES</b>					
<b>Management</b>					
Management Fee	77,688	0	77,688	1st Year to be set according to HUD schedule. We are at 78.00 per unit maximum due to	
Asset Management Fee	15,000	0	15,000		
<b>Sub-total Management Expenses</b>	<b>92,688</b>	<b>0</b>	<b>92,688</b>	<b>PUPA: 1,177</b>	
<b>Salaries/Benefits</b>					
Office Salaries	0	0	0		
Manager's Salary	86,715	0	86,715	One Full Time Manager and One Full Time Assistant manager	
Health Insurance and Other Benefits	61,733	0	61,733	Period off Current Healthcare costs per FTE	
Other Salaries/Benefits	0	0	0		
Administrative Rate Fee Unit	0	0	0		
<b>Sub-total Salaries/Benefits</b>	<b>148,448</b>	<b>0</b>	<b>148,448</b>	<b>PUPA: 2,150</b>	
<b>Administration</b>					
Advertising and Marketing	841	0	841	Overall our Administrative Expenses has decreased from 2015 from \$174,825 to \$170,700.	
Office Expense	55,964	0	55,964	Office Expenses are higher as we moved them out of miscellaneous, this includes the	
Office Rent	0	0	0		
LOSP Expense - Property	12,106	0	12,106	We have reduced this expense from 2015's AMR which was \$33,747 in 2015. This is due	
Audit Expense	12,790	0	12,790	Slightly reduce audit expenses from 2015.	
Bookkeeping/Accounting Services	9,462	0	9,462	HUD Standard of \$9.50 per unit PUPA	
Ball Office	163,243	0	163,243	This is consistent with our budget from 2016.	
Miscellaneous	45,198	0	45,198	This includes Professional Services \$4,472, Other Contracted Services \$1,298, Bank	
<b>Sub-total Administration Expenses</b>	<b>162,324</b>	<b>0</b>	<b>162,324</b>	<b>PUPA: 1,835</b>	
<b>Utilities</b>					
Electricity	64,401	0	64,401	Electricity Expenses have increased higher in 2015 this expense was \$53,881, CHP has	
Water	34,679	0	34,679	Water bill based off current trending. We are also getting an audit on further water	
Gas	22,631	0	22,631		
Sewer	50,449	0	50,449	Sewer is aligned with current expenses escalated.	
<b>Sub-total Utilities</b>	<b>172,160</b>	<b>0</b>	<b>172,160</b>	<b>PUPA: 2,074</b>	
<b>Taxes and Licenses</b>					
Real Estate Taxes	4,185	0	4,185	This tax covers fees and personal property. We have rented the commercial space to add	
Payroll Taxes	30,494	0	30,494	office space for CHP and now get a welfare exemption for the entire building's secured	
Miscellaneous Taxes, Licenses and Permits	3,765	0	3,765	These are generally SF city and county fees such as the Health Hotel Vector Fees and	
<b>Sub-total Taxes and Licenses</b>	<b>38,424</b>	<b>0</b>	<b>38,424</b>	<b>PUPA: 463</b>	
<b>Insurance</b>					
Property and Liability Insurance	72,038	0	72,038	We have greatly reduced our Property Insurance by shifting this out from our portfolio as	
Fidelity Bond Insurance	0	0	0		
Workers Compensation	23,522	0	23,522	Workers Compensation was higher in 2015 but we expect to see cost savings due to 3	
Director's & Officers' Liability Insurance	0	0	0		
<b>Sub-total Insurance</b>	<b>95,560</b>	<b>0</b>	<b>95,560</b>	<b>PUPA: 1,151</b>	
<b>Maintenance &amp; Repair</b>					
Paint	122,745	0	122,745	This is 1.60x landlord to cover 7 days a week and 1.00x Maintenance Employees	
Supplies	51,308	0	51,308	This is 1.60x Materials-S28, 167, Furnishings and Appliances - \$13,673, Repair Equipment	
Garbage	117,950	0	117,950	Janitorial Supplies-\$33,533, Examining Contract-\$11,169, Grounds Contract-\$7,050.	
Carpets and Trash Removal	33,953	0	33,953	Based off current Garbage and Debris fees expense	
CHHP Property/Office	141,735	0	141,735	This current checkbook includes the raise in the minimum wage. CHP provides	
HVAC Repairs and Maintenance	0	0	0		
Vehicle and Maintenance Equipment Operation and Repairs	926	0	926	AWA's share of the leased maintenance truck.	
Miscellaneous Operating and Maintenance Expenses	0	0	0		
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>468,617</b>	<b>0</b>	<b>468,617</b>	<b>PUPA: 6,446</b>	
Supportive Services	0	0	0		
Commercial Expenses	0	0	0		
<b>TOTAL OPERATING EXPENSES w/o RESERVES/OL BASE</b>	<b>1,198,218</b>	<b>0</b>	<b>1,198,218</b>	<b>PUPA: 14,436</b>	
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>					
Ground Lease Base Rent	1	0	1	1 Ground lease with MOHCD	
Bond Monthly Fee	2,500	0	2,500	CDLAC	
Replacement Reserve Deposit	49,800	0	49,800	Required Replacement Reserve Deposit	
Operating Reserve Deposit	11,050	0	11,050	To increase to 25% of expenses at 3% of previous year's project expense.	
Other Required Reserve 1 Deposit	0	0	0		
Other Required Reserve 2 Deposit	0	0	0		
Required Reserve Deposits, Commercial	0	0	0		
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>63,351</b>	<b>0</b>	<b>63,351</b>	<b>PUPA: 789</b>	
<b>TOTAL OPERATING EXPENSES w/ RESERVES/OL BASE</b>	<b>1,261,569</b>	<b>0</b>	<b>1,261,569</b>	<b>PUPA: 15,200</b>	
<b>NET OPERATING INCOME (NOHIE minus OP EXPENSES)</b>	<b>22,685</b>	<b>0</b>	<b>40,585</b>	<b>PUPA: 489</b>	
<b>DEBT SERVICE (Hard debt/ amortized loans)</b>					
Hard Debt - First Lender	25,585	0	25,585	MOHCD MHP	
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Ldr)	0	0	0		
Hard Debt - Third Lender (Other HCD Program or other 3rd Lender)	0	0	0		
Hard Debt - Fourth Lender	0	0	0		
Commercial Hard Debt Service	0	0	0		
<b>TOTAL HARD DEBT SERVICE</b>	<b>25,585</b>	<b>0</b>	<b>25,585</b>	<b>PUPA: 308</b>	
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>	<b>(3,000)</b>	<b>0</b>	<b>16,000</b>		
Commercial Only Cash Flow	0	0	18,000		
Allocation of Commercial Surplus to LOSP/CHHP/CHP (Annual Reserve)	18,000	0	0		
<b>AVAILABLE CASH FLOW</b>	<b>15,000</b>	<b>0</b>	<b>15,000</b>		
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>			<b>1.69</b>		
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>					
Below the line Add Up (see comments in new projects, see policy)	0	0	0		
Partnership Management Fee (see policy for limits)	15,000	0	15,000	1st	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	0	0	0		
Other Payments	0	0	0		
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)	0	0	0	HCD MHP	
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)	0	0	0	CCSF AHF	
Deferred Developer Fee (either sunk or Max Fee from debt [130])	0	0	0	NOVVA	
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>	<b>15,000</b>	<b>0</b>	<b>15,000</b>	<b>PUPA: 181</b>	
<b>RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Residual Receipts Calculation</b>					
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?	Yes		
Will Project Developer Fee?	No				
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	33%				
% of Residual Receipts available for distribution to soft debt lenders in:	67%				
<b>Soft Debt Lenders with Residual Receipt Obligations</b>					
MOHCD/CCCL - Soft Debt Loans				Total Principal Amt	
MOHCD/CCCL - Ground Lease Value				\$14,455,416	41.30%
HCD (soft debt loan) - Lender 3				\$6,091,709	17.40%
Other Soft Debt Lender - Lender 4				\$7,177,673	20.50%
Other Soft Debt Lender - Lender 5				\$7,200,745	20.80%
<b>MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>					
MOHCD Residual Receipts Amount Due	0	0	0	67% of residual receipts, multiplied by 41.3% - MOHCD's pro rata share of all soft debt	
Proposed MOHCD Residual Receipts Amount to Loan Repayment	0	0	0	Get/verify amount of residual receipts processed for loan repayment.	
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	0	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.	
<b>REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>					
<b>NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>					
HCD Residual Receipts Amount Due	0	0	0	67% of residual receipts, multiplied by 17.4% - HCD MHP's pro rata share of all soft debt	
Lender 4 Residual Receipts Due	0	0	0	67% of residual receipts, multiplied by 20.5%, CCSF AHF's pro rata share of all soft debt	
Lender 5 Residual Receipts Due	0	0	0	67% of residual receipts, multiplied by 20.8%, CCSF MOHCD/CHP's pro rata share of all soft debt	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>REMAINDER (Should be zero unless there are distributions below)</b>					
Owner Distributions/Incentive Management Fee	0	0	0		
Other Distributions/Fees	0	0	0		
<b>Final Balance (should be zero)</b>	<b>0</b>	<b>0</b>	<b>0</b>		

**Attachment C: 20-year Operating Proforma**





Asset Values Apartments

Field of Values: \$ in Units: Cost

Account	Account Description	Rate	Rate	Year 11		Year 12		Year 13		Year 14		Year 15		Year 16		Year 17		Year 18		Year 19		Year 20	
				Total	EQP	Total	EQP	Total	EQP	Total	EQP	Total	EQP	Total	EQP	Total	EQP	Total	EQP	Total	EQP	Total	EQP
1000	Construction	100%	100%	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000
2000	Equipment	100%	100%	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000
3000	Land	100%	100%	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000
4000	Other Assets	100%	100%	400000	400000	400000	400000	400000	400000	400000	400000	400000	400000	400000	400000	400000	400000	400000	400000	400000	400000	400000	400000
5000	Liabilities	100%	100%	500000	500000	500000	500000	500000	500000	500000	500000	500000	500000	500000	500000	500000	500000	500000	500000	500000	500000	500000	500000
6000	Equity	100%	100%	600000	600000	600000	600000	600000	600000	600000	600000	600000	600000	600000	600000	600000	600000	600000	600000	600000	600000	600000	600000

Account	Account Description	Rate	Rate	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
7000	Construction	100%	100%	700000	700000	700000	700000	700000	700000	700000	700000	700000	700000
8000	Equipment	100%	100%	800000	800000	800000	800000	800000	800000	800000	800000	800000	800000
9000	Land	100%	100%	900000	900000	900000	900000	900000	900000	900000	900000	900000	900000
10000	Other Assets	100%	100%	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000
11000	Liabilities	100%	100%	1100000	1100000	1100000	1100000	1100000	1100000	1100000	1100000	1100000	1100000
12000	Equity	100%	100%	1200000	1200000	1200000	1200000	1200000	1200000	1200000	1200000	1200000	1200000

WFOCD Policies - 2017 Year Cost Plan

Account	LSDP or MSPDP	Total of Exhibit B - Capital Expenditures	Total of Exhibit C - Operating Expenditures	Year 15 2015			Year 16 2016			Year 17 2017			Year 18 2018			Year 19 2019			Year 20 2020		
				Total	LSDP	MSPDP	Total	LSDP	MSPDP	Total	LSDP	MSPDP	Total	LSDP	MSPDP	Total	LSDP	MSPDP	Total	LSDP	MSPDP
<b>MANAGEMENT INFORMATION SYSTEMS</b>																					
MANAGEMENT INFORMATION SYSTEMS - REVENUE BALANCE																					
MANAGEMENT INFORMATION SYSTEMS - CAPITAL EXPENDITURES																					
MANAGEMENT INFORMATION SYSTEMS - OPERATING EXPENDITURES																					
<b>OPERATING RESERVE - REVENUE BALANCE</b>																					
OPERATING RESERVE - CAPITAL EXPENDITURES																					
OPERATING RESERVE - OPERATING EXPENDITURES																					
<b>OTHER REVENUE - REVENUE BALANCE</b>																					
OTHER REVENUE - CAPITAL EXPENDITURES																					
OTHER REVENUE - OPERATING EXPENDITURES																					



**Attachment D: LOSP Funding Schedule A**

MOHCD Proforma - Exhibit A1 A2

Arnett Watson Apartments
7/1/2017

Exhibit A-2: LOSP Funding By Calendar Year

	n/a	7/1-12/31	TOT	Total Months
2017	\$0.00	\$473,465.00	\$473,465.00	6
	1/1-6/30	7/1-12/31	TOT	Total Months
2018	\$500,012.40	\$500,012.40	\$1,000,024.81	12
2019	\$513,154.39	\$513,154.39	\$1,026,308.77	12
2020	\$532,837.17	\$532,837.17	\$1,065,674.35	12
2021	\$553,258.87	\$553,258.87	\$1,106,517.74	12
2022	\$574,447.00	\$574,447.00	\$1,148,894.00	12
2023	\$596,429.03	\$596,429.03	\$1,192,858.05	12
2024	\$619,232.89	\$619,232.89	\$1,238,465.79	12
2025	\$633,013.49	\$633,013.49	\$1,266,026.98	12
2026	\$657,206.80	\$657,206.80	\$1,314,413.60	12
2027	\$682,303.40	\$682,303.40	\$1,364,606.80	12
2028	\$708,335.10	\$708,335.10	\$1,416,670.19	12
2029	\$735,335.82	\$735,335.82	\$1,470,671.64	12
2030	\$763,340.71	\$763,340.71	\$1,526,681.43	12
2031	\$792,385.63	\$792,385.63	\$1,584,771.27	12
	1/1-6/30	n/a		
2031	\$822,508.23	n/a	\$822,508.23	6
			\$19,018,558.65	180

Exhibit A-1: LOSP Disbursement Schedule By Fiscal Year

		n/a	TOT	Total Months
n/a		\$0.00	\$0.00	0
	7/1-12/31	1/1-6/30	TOT	Total Months
2017-18	\$473,465.00	\$500,012.40	\$973,477.40	12
	7/1-12/31	1/1-6/30		
2018-19	\$500,012.40	\$513,154.39	\$1,013,166.79	12
2019-20	\$513,154.39	\$532,837.17	\$1,045,991.56	12
2020-21	\$532,837.17	\$553,258.87	\$1,086,096.04	12
2021-22	\$553,258.87	\$574,447.00	\$1,127,705.87	12
2022-23	\$574,447.00	\$596,429.03	\$1,170,876.03	12
2023-24	\$596,429.03	\$619,232.89	\$1,215,661.92	12
2024-25	\$619,232.89	\$633,013.49	\$1,252,246.39	12
2025-26	\$633,013.49	\$657,206.80	\$1,290,220.29	12
2026-27	\$657,206.80	\$682,303.40	\$1,339,510.20	12
2027-28	\$682,303.40	\$708,335.10	\$1,390,638.50	12
2028-29	\$708,335.10	\$735,335.82	\$1,443,670.92	12
2029-30	\$735,335.82	\$763,340.71	\$1,498,676.54	12
2030-31	\$763,340.71	\$792,385.63	\$1,555,726.35	12
	7/1-12/31	1/1-6/30		
2031-32	\$792,385.63	\$822,508.23	\$1,614,893.86	12
	n/a			
n/a	n/a		n/a	0
			\$19,018,558.65	180

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: *for* Mayor Edwin M. Lee *[Signature]*  
RE: Local Operating Subsidy Program Contract – Arnett Watson Apartments,  
650 Eddy Street – Not to Exceed \$19,018,559  
DATE: May 9, 2017

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Attached for introduction to the Board of Supervisors is a resolution authorizing the Director of the Mayor's Office of Housing and Community Development to execute a Local Operating Subsidy Program ("LOSP") Grant Agreement with 650 Eddy, L.P., a California limited partnership, to provide operating subsidies for formerly homeless individuals and families at Arnett Watson Apartments, 650 Eddy Street, for a fifteen and a half year period, in an amount not to exceed \$19,018,559.

I respectfully request this item be heard in Budget & Finance Committee on May 25, 2017.

Should you have any questions, please contact Mawuli Tugbenyoh (415) 554-5168.

RECEIVED  
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**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors
<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>650 Eddy, L.P.</b>	
The Board of Directors membership of the general partner (Community Housing Partnership, Inc.) which owns <b>650 Eddy, L.P.</b> is as follows: <ul style="list-style-type: none"> <li>• Patrick Valentino, Jonathan Wyler, Gregg Miller, Sheila Aharoni, Beth Stokes, John Fisher, David Elliot Lewis, Karoleen Feng, Malcolm Yeung, Steve Bowdry, Devra Edelman, Jay Wallace</li> </ul> <p>The executive staff of the general partner which owns <b>650 Eddy, L.P.</b> is as follows: <ul style="list-style-type: none"> <li>• <i>Chief Executive Officer:</i> Gail Gilman</li> <li>• <i>Chief Financial Officer:</i> Eric Fischer</li> <li>• <i>Chief Operating Officer:</i> Christy Saxton</li> </ul> </p>	
Contractor address: 650 Eddy, L.P. c/o Community Housing Partnership, 20 Jones Street, San Francisco, CA 94102	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contract: \$19,018,559
Describe the nature of the contract that was approved: Local Operating Subsidy Program (LOSP) Grant Agreement for 15.5 years in a total amount of up to \$19,018,559 to subsidize the cost of operations of 83 units of permanent supportive housing at Arnett Watson Apartments for chronically homeless individuals and families.	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors  
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: ( 415 ) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed