File No. 240443 **Committee Item No.** 3
Board Item No. 6

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee **Date** May 15, 2024
Board of Supervisors Meeting **Date** May 21, 2024

Cmte Board

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- **Draft Loan Agreement**
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Completed by: Brent Jalipa **Date** May 9, 2024
Completed by: Brent Jalipa **Date** May 16, 2024

[Loan Agreement - 1005 Powell Street - Chinatown SROS, LLC - Small Sites Program - Not to Exceed $20,900,000]

Resolution approving and authorizing the Director of the Mayor's Office of Housing and Community Development ("MOHCD") to execute loan documents for the permanent financing of 1005 Powell Street pursuant to the Small Sites Program, for a total loan amount not to exceed $20,900,000; confirming the Planning Department's determination under the California Environmental Quality Act; finding that the loan is consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and authorizing the Director of MOHCD or their designee to make certain modifications to the loan documents and take certain actions in furtherance of this Resolution, as defined herein.

WHEREAS, The City and County of San Francisco, through the Mayor's Office of Housing and Community Development ("MOHCD"), is a leader in the creation and preservation of affordable housing, offering a variety of loan and grant programs to community-based organizations and housing developers to create and maintain affordable housing and provide essential community and supportive services; and

WHEREAS, The funding for these loans and grants comes from a variety of sources, all of which are restricted to affordable housing and are subject to various housing program restrictions; and

WHEREAS, Among its programs, MOHCD administers the Small Sites Program (or "SSP") for the purpose of preserving and stabilizing San Francisco's existing rental housing stock of buildings, and converting those properties to permanently affordable housing. The Small Sites Program provides low-cost and long-term financing for the acquisition,

rehabilitation, and preservation of multi-family housing, and plays a critical role in advancing the City's anti-eviction and preservation strategies; and

WHEREAS, Chinatown SROs, LLC, a California limited liability company ("Borrower") owns property with a 64 unit single room occupancy ("SRO") building with two commercial units, at 1005 Powell Street in San Francisco's Chinatown neighborhood (the "Project").

WHEREAS, The Borrower has requested, and MOHCD desires to loan, up to $20,900,000 in SSP funds to the Project through the Housing Stability Fund, Academy of Art University Settlement funds, and the general fund, which will provide 64 SRO units of permanently affordable housing and two commercial units; and

WHEREAS, On March 15, 2024, the Citywide Affordable Housing Loan Committee, consisting of representatives of MOHCD, the Department of Homelessness and Supportive Housing, the Office of Community Investment and Infrastructure, and the Controller's Office of Public Finance recommended approval to the Mayor of a permanent loan for the Project in an amount not to exceed $20,900,000; and

WHEREAS, The form of loan documents (the "Loan Documents") evidencing and securing the SSP Program loan for the Project are on file with the Clerk of the Board in File No. 240443, and include: a Declaration of Restrictions restricting the Project to affordable housing; a Loan Agreement; a City Option to Purchase; a Promissory Note; and a Deed of Trust; and

WHEREAS, A Declaration of Restrictions will restrict the Project as affordable housing to low- and moderate-income households with annual maximum rent and income established by MOHCD as long as all or any portion of the building remains on the property, but in no event less than 99 years; and

WHEREAS, The Declaration of Restrictions for the Project will not be subordinated to any third party financing instrument; and

WHEREAS, The Planning Department, by a letter dated April 1, 2024, determined that the proposed Project loan is not defined as a project under the California Environmental Quality Act ("CEQA") [Pub. Resources Code, Section 21000 et seq.] pursuant to CEQA Guidelines Sections 15378 and 15060(c)(2), and Chapter 31 of the City's Administrative Code, because it would not result in a direct or indirect physical change in the environment, and is consistent, on balance, with the General Plan, and the eight priority policies of Planning Code, Section 101.1, which letter is on file with the Clerk of the Board of Supervisors in File No. 240443, and incorporated herein by this reference; now, therefore, be it

RESOLVED, This Board affirms the Planning Department's determination under CEQA and finds that the proposed Project loan is consistent, on balance, with the General Plan, and the eight priority policies of Planning Code, Section 101.1 for the reasons set forth in the Director of Planning's letter; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby approves the Loan Documents, and authorizes the Mayor and the Director of MOHCD or the Director's designee to negotiate and enter into agreements based upon and substantially in the form of the Loan Documents for the Project (including, without limitation, modifications of the Loan Documents, and preparation and attachment of, or changes to, any of all of the exhibits and ancillary agreements) and any other documents or instruments necessary in connection therewith, that the Director determines, in consultation with the City Attorney, are in the best interest of the City, do not materially increase the obligations or liabilities for the City or materially diminish the benefits of the City, are necessary or advisable to effectuate the purposes and intent of this Resolution and are in compliance with all applicable laws, including the City Charter; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and delegates to the Director of MOHCD and/or the Director of Property, and their designees, the

authority to undertake any actions necessary to protect the City's financial security in the Project and enforce the affordable housing restrictions, which may include, without limitation, acquisition of a Project site upon foreclosure and sale at a trustee sale, acceptance of a deed in lieu of foreclosure, or curing the default under a senior loan; and, be it

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

FURTHER RESOLVED, That within thirty (30) days of the Loan Documents being fully executed by all parties, MOHCD shall provide the Loan Agreement to the Clerk of the Board for inclusion into the official file.

RECOMMENDED:

/s/ Daniel Adams

Daniel Adams

Director, Mayor's Office of Housing and Community Development

Item 3 File 24-0443	Department: Mayor's Office of Housing and Community Development

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a $20.9 million Loan Agreement between MOCHD and Chinatown SROs LLC (Chinatown Community Development Cener), for permanent financing for 1005 Powell Street, a Small Sites Project. It also approves a City Option to Purchase, a Promissory Note, and a Deed of Trust to secure the loan.

Key Points

- 1005 Powell is a five-story building with 64 single room occupancy units and two commercial spaces in Chinatown. As of February 2024, all of the residential units were occupied but both commercial spaces were vacant. The building includes communal bathrooms and kitchens.
- Chinatown SROs LLC, the Project Sponsor and an affiliate of Chinatown Community Development Center (CCDC), acquired and rehabilitated the property in 2021 with financing from the San Francisco Housing Accelerator Fund. The proposed loan would pay down acquisition and rehabilitation costs, including accrued interest on funding provided by the Housing Accelerator Fund and Chinatown Community Development Center. The proposed loan also includes a sinking fund to offset operating deficits projected following the expiration of a Senior Operating Subsidy in Year 15 of the project.

Fiscal Impact

- Funding for the proposed loan is sourced from Academy of Art settlement monies ($17.9 million), the Housing Stability Fund ($2.1 million), and the General Fund ($1 million).
- The loan amount is consistent with Small Site Program Guidelines.

Recommendation

- Approve the proposed resolution.

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

Small Sites Program

The Small Sites Program (SSP), administered by the Mayor's Office of Housing and Community Development (MOHCD), was created in 2014 to provide loans for acquiring and rehabilitating multi-family rental buildings of five to 25 units. The Program has issued two Notices of Funding Availability (NOFA), one in 2014 and an updated one in 2019. MOHCD issued updated SSP guidelines in September 2022. The new guidelines prioritize sites that have between five and 40 units, though larger buildings are also considered.

1005 Powell Street

1005 Powell is a five-story building with 64 single room occupancy units and two commercial spaces in Chinatown. As of February 2024, all of the residential units were occupied but both commercial spaces were vacant. The building includes communal bathrooms and kitchens.

Chinatown SROs LLC, the Project Sponsor and an affiliate of Chinatown Community Development Center (CCDC), acquired and rehabilitated the property with financing from the San Francisco Housing Accelerator Fund (SFHAF)[1] and is now requesting permanent financing from the City. The Project Sponsor purchased the property in December 2021 for $3.75 million which was below the $4.3 million as-is value, as appraised by R. Blum & Associates in November 2021, according to the MOHCD loan evaluation. Construction hard costs totaled $9.2 million and was completed in January 2024. Rehabilitation work was extensive and included asbestos and lead abatement, seismic retrofit, replacing wood structures, upgrading windows, replacing doors and fixtures, painting, as well as accessibility and building system upgrades. The Project Sponsor also funded $348,000 of tenant improvements to three commercial spaces, including upgrading an unused laundromat space and converting one space into a property management office. The Project Sponsor is also temporarily leasing a commercial space previously used as a hair salon but plans to market the space to a long-term commercial tenant to improve project income.

Selection

The Project Sponsor applied to the 2014 Small Sites Program NOFA, which awards funding on a rolling basis, and MOHCD determined that the Project was eligible for funding. According to the

[1] The HAF is a non-profit organization that provides bridge financing for preservation projects after MOHCD provides a soft commitment letter indicating that the City intends to repay the bridge loan.

2022 Small Sites Program Scoring Rubric, the Project would receive a score of 84 points out of 100 points possible, which exceeds the minimum score of 70 points to receive funding. However, the project was underwritten in 2022 before the scoring rubric was implemented.

In December 2021, MOHCD provided a soft commitment letter to the Project Sponsor that the City would provide up to $20.9 million in permanent financing to repay the HAF loan.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a $20.9 million Loan Agreement between MOCHD and Chinatown SROs LLC (Chinatown Community Development Cener), for permanent financing for 1005 Powell Street, a 64-unit Small Sites Project. It also approves a City Option to Purchase, a Promissory Note, and a Deed of Trust to secure the loan.

The resolution would also (a) affirm the Planning Department's determination under the California Environmental Quality Act; (b) adopt findings that the proposed transaction is consistent with the General Plan and the eight priority policies of the Planning Code; and (c) authorize the Director of MOCHD to execute loan documents and amend loan documents as needed.

Loan Agreement and Repayment

The proposed loan agreement provides for a loan amount not to exceed $20.9 million. The loan has a 40-year term, accrues three percent simple interest, and annual loan payments are only due if the project generates residual income (see discussion below). The principal and accrued interest are due to the City when the loan matures.

Required Rents

A Declaration of Restrictions that accompanies the loan agreement outlines the rents for all units for existing tenants. Rents for units that become vacant will be set so that the combined average rents for all units are equal to 30 percent of 60 percent of Area Median Income. The document notes that 35 of the 64 units are subsidized by a Senior Operating Subsidy grant, approved by the Board of Supervisors in April 2024 (File 24-0233). The affordability restrictions have been in place for 99 years.

The proposed loan requires approximately one-third of the 64 units to increase rents by five percent annually until the households pay 20 percent of their income on rent, consistent with MOHCD's Small Site Program Guidelines.

Option to Purchase

The Purchase Option Agreement grants the City the option to purchase the property if the owner fails to comply with the affordability restrictions, if the Declaration of Restrictions is terminated, or if the owner receives another offer to purchase the properties after the City's loan is repaid.

FISCAL IMPACT

The City will provide up to $20.9 million to Chinatown SROs LLC for the acquisition and rehabilitation of 1005 Powell Street. Exhibit 1 summarizes the uses of the proposed loan.

Exhibit 1: Uses of Proposed Loan

Uses	Amount
Acquisition & Rehabilitation	$18,108,688
Soft Costs	360,325
Reserves	1,690,687
Developer Fees	740,000
Total Uses	**$20,899,700**

Source: MOHCD

Acquisition costs totaling $18.1 million include $3.75 million in purchase costs (which was less than the appraised value at the time of purchase), $12.98 million in rehabilitation costs, and $1.4 million in accrued interest from the HAF loan. Reserves total $1.69 million and include Operating Reserves of $175,687, Replacement Reserves of $350,000, and a Sinking Fund of $1,165,000, discussed below.[2] Total costs also include $740,000 in developer fees and $360,325 in soft costs, including $320,625 accrued interest on CCDC's $2.5 million loan to originally acquire the site.[3]

Funding Sources

The proposed loan is funded by:

- $17,879,640 from Academy of Art settlement monies (File 19-1125)
- $2,050,460 from the Housing Stability Fund
- $1,000,000 from the General Fund

City Subsidy

SSP program guidelines establish the maximum City subsidy per unit for acquisition, rehabilitation, and permanent financing based on the unit type, ranging from $275,000 for each single room occupancy unit up to $550,000 per ADU studio unit, plus commercial units and multiplier, depending on how the project scores against Small Site Program Criteria. The MOHCD

[2] Operating Reserves support unanticipated operating costs for at least 20 years, such as vacancy rates above 10 percent, and Replacement Reserves support the project's capital needs over time. SSP Guidelines require an operating reserve equal to 25 percent of the first-year operating budget and a replacement reserve equal to the greater of $2,000 per unit or the amount needed to fund replacement costs for the next 10 years (based on an approved Capital Needs Assessment).

[3] CCDC's loan repayment is reduced by $348,000 in the proposed permanent loan, which is the amount of funding the organization paid for commercial space tenant improvements and which are not eligible for Small Site Program funding.

Director can approve funding above the maximum guidelines if the project meets minimum scoring requirements.

The proposed Small Site Loan is $20.9 million or $316,667 per unit (assuming 64 residential units and two commercial units), which is consistent with the Department's Small Sites Program Guidelines (effective September 2022).

Operating Revenues and Expenses

According to the 20-year cash flow analysis for the project, the project's revenues, together with commercial revenues, are not sufficient to cover operating expenses starting in Year 13 of the project. For this reason, the proposed loan includes a $1.16 million Sinking Fund, which will be used to offset operating losses projected starting in Year 13 of the project. The proposed loan requires CCDC to also fund a Sinking Fund at $185,500 per year for the first ten years of the project, which will cover operating deficits starting in Year 16. Operating deficits are less than $10,000 per year in project Years 13 – 15, however they increase to approximately $600,000 per year following the expiration of the Senior Operating Subsidy.

RECOMMENDATION

Approve the proposed resolution.

LOAN AGREEMENT
(CITY AND COUNTY OF SAN FRANCISCO
PASS AND SMALL SITES PROGRAM)

By and Between

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

and

CHINATOWN SROS LLC,
a California limited liability company,

for

1005 Powell Street

SSP Loan: $20,900,000
Academy of Art University Settlement: $17,879,540
Housing Stability Fund: $2,020,460
General Fund: $1,000,000

Dated as of June ___, 2024

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EXHIBITS

A	Schedules of Income and Rent Restrictions
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B-2	Annual Operating Budget
B-3	20-Year Cash Flow Proforma
C	Form of Tenant Income Certification
D	First Source Hiring and Numerical Goals
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F	Lobbying/Debarment Certification Form

G Form of Annual Monitoring Report
H Tenant Selection Plan Policy
I MOHCD Tenant Screening Criteria Policy
J Reserved
K Reserved
L Insurance Requirements
M MOHCD Residual Receipts Policy

LOAN AGREEMENT
(City and County of San Francisco
SSP Program)
1005 Powell Street
1005 Powell Street, San Francisco, CA 94018

THIS LOAN AGREEMENT ("Agreement") is entered into as of June ___, 2024, by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"), and **CHINATOWN SROS, LLC**, a California limited liability company ("Borrower").

RECITALS

A. On July 18, 2014, the Citywide Affordable Housing Loan Committee authorized the Small Sites Acquisition and Rehabilitation Loan Program ("Small Sites Program" or "SSP") for the purpose of preserving and stabilizing San Francisco's existing rental housing stock of buildings that are occupied by low- to moderate-income tenants who are vulnerable to displacement due to market-driven increases in evictions. Through this approval, MOHCD is authorized to provide loans to individual entities for acquisition and rehabilitation of specific existing residential buildings.

B. Under San Francisco Administrative Code Section 10.100-78, the San Francisco Board of Supervisors established the Housing Stability Fund to receive appropriated funds by the City for the purpose of providing funds for the acquisition, creation, operation, development, construction, or rehabilitation of "Social Housing Developments" as defined in Section 10.100-78(e) ("Housing Stability Fund"). MOHCD is authorized to provide funds from the Housing Stability Fund under this Agreement to Borrower for the acquisition, rehabilitation, and/or construction of affordable housing. The funds provided from the Housing Stability Fund under this Agreement will be referred to herein as the "Stability Funds."

C. On January 14, 2020, the Board of Supervisors approved Ordinance No. 5-20 approving a Development Agreement between the City and County of San Francisco and the Stephens Institute, dba Academy of Art University, and its affiliate entities, which provides for various public benefits, including an "affordable housing payment" of $37,600,000 and a payment of approximately $8,200,000 to the City (collectively, the "AAU Housing Funds"). AAU Funds are to be used by MOHCD for the creation or preservation of permanent affordable housing, with priority for the creation or preservation of single room occupancy ("SRO") units in supervisorial districts 2, 3, and 6. The AAU Housing Funds provided under this Agreement will be referred to herein as the "AAU Funds," and together with the Stability Funds, collectively, the "Funds."

D. Borrower owns a fee interest in certain real property located at 1005 Powell Street, San Francisco, California (the "Site"), which is currently developed as a 66-unit mixed-use property, including 64 units of residential rental housing, and 2-units of commercial space consisting of 1,837 square feet (collectively, the "Commercial Space"). Borrower desires to use the Funds to repay its acquisition loan and in order to continue to preserve the Site as residential housing affordable to low- to moderate-income households (the "Project").

F. The Citywide Affordable Housing Loan Committee has reviewed Borrower's application for Funds and, in reliance on the accuracy of the statements in that application, has recommended to the Mayor that the City make a loan of Funds to Borrower (the "SSP Loan") in the amount of Twenty Million Nine Hundred Thousand and No/100 Dollars ($20,900,000.00) (the "Funding Amount"), under this Agreement to fund certain costs related to the Project.

AGREEMENT

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

ARTICLE 1 DEFINITIONS.

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

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

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

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

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

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

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

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

“Bonds” has the meaning set forth in **Recital B**.

"Borrower" means Chinatown SROS, LLC, a California limited liability company whose sole member and manager is Chinatown Community Development Center Inc., a California nonprofit public benefit corporation ("Manager"), and its authorized successors and assigns.

“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.

"CFR" means the Code of Federal Regulations.

"Charter Documents" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement. The Charter Documents must be delivered to the City in their original form and as amended from time to time and be accompanied by a certificate of good standing for Borrower issued by the California Secretary of State and, if Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than ninety (90) days before the Agreement Date.

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

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

"CNA" means a 20-year capital needs assessment or analysis of replacement reserve requirements.

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

"Commercial Space" has the meaning set forth in **Recital C** As used in this Agreement, the term excludes common area space in the Project to be used primarily for the benefit of the Qualified Tenants.

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

"Compliance Term" means the period commencing on the date the SSP Deed of Trust is recorded in the Recorder's Office of San Francisco County and remaining for the time during which the Project, or any modification of the Project, remains in existence, but in any event no less than ninety nine (99) years, even if the Loan is repaid or otherwise satisfied or the SSP Deed of Trust is reconveyed before that date.

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

"Contracting Manual" means the Contracting Implementation Manual (CIM) issued by MOHCD and dated July 2013, as the same may be amended from time to time.

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

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

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

"Direct Referral Tenant" means a household that has entered into a lease with Borrower in a form approved by City and that holds a certificate, voucher or similar rental subsidy benefit through the federally funded Housing Opportunities for Persons with AIDS or substantially similar program approved by MOHCD, the amount of which is sufficient to pay Rent for the occupied Unit in the amount specified in **Exhibit A**.

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

"Displaced Tenant Preference Certificate Holder" means a person or household that has been issued a certificate under the Displaced Tenant Preference Program, as further described in the Operational Rules.

"Distributions" has the meaning set forth in **Section 13.1**.

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

"Environmental Laws" means all present and future federal, state, local and administrative laws, ordinances, statutes, rules and regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements relating to health and safety, industrial hygiene or the environment or to any Hazardous Substance or Environmental Activity, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (commonly known as the "Superfund" law) (42 U.S.C. §§ 9601 *et seq*.), the Resource Conservation and Recovery Act of 1976, as amended

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

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

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

"Excess Proceeds" has the meaning set forth in **Section 5.9**.

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

"Funding Amount" has the meaning set forth in **Recital J**.

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

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

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

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

"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.

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

"Income Restrictions" means the maximum household income limits for Qualified Tenants, as described in **Section 7**.

"Indemnify" means, whenever any provision of this Agreement requires a person or entity (the "Indemnitor") to Indemnify any other entity or person (the "Indemnitee"), that the Indemnitor will be obligated to defend, indemnify and protect and hold harmless the Indemnitee, its officers, employees, agents, constituent partners, and members of its boards and commissions from and against any and all Losses arising directly or indirectly, in whole or in part, out of the act, omission, event, occurrence or condition with respect to which the Indemnitor is required to Indemnify an Indemnitee, whether the act, omission, event, occurrence or condition is caused by the Indemnitor or its agents, employees or contractors, or by any third party or any natural cause, foreseen or unforeseen; *provided that* no Indemnitor will be obligated to Indemnify any Indemnitee against any Loss arising or resulting from the gross negligence or intentional wrongful acts or omissions of the Indemnitee or its agents, employees or contractors. If a Loss is attributable partially to the grossly negligent or intentionally wrongful acts or omissions of the Indemnitee (or its agents, employees or contractors), the Indemnitor must Indemnify the Indemnitee for that part of the Loss not attributable to its own grossly negligent or intentionally wrongful acts or omissions or those of its agents, employees or contractors.

"Indemnitee" has the specific meaning set forth in **Section 23.1** and the general meaning set forth in the definition of "Indemnify."

"Indemnitor" has the meaning set forth in the definition of "Indemnify."

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

"Loan" means the SSP Loan.

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

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

"Maturity Date" has the meaning set forth in Section 3.1.

“Maximum Rent” means the total amount for rent and utilities (with the maximum allowance for utilities determined by the SFHA) charged to a Qualified Tenant. Maximum Rent must be approved by MOHCD and may not exceed: (i) the amount identified in the “100% of

Median – Max Gross Rent" row and the applicable Unit type column in the Maximum Rent Table; or (ii) the tenant paid portion of the contract rent as determined by either (A) the SFHA for Qualified Tenants holding Section 8 vouchers or certificates, or (B) MOHCD for any other rent subsidy program.

"Maximum Rent Table" means the "Maximum Monthly Rent by Unit Type derived from the Unadjusted Area Median Income for HUD Metro Fair Market Rent Area that Contains San Francisco," as published annually by MOHCD, or a successor metric approved by MOHCD.

"Median Income" means 100% median income as published annually by MOHCD, or a successor metric approved by MOHCD, derived in part from income limits determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as "Unadjusted Median Income." MOHCD's current publication for determination of Median Income is the "Maximum Income by Household Size derived from the Unadjusted Area Median Income for HUD Metro Fair Market Rent Area that Contains San Francisco."

"MOHCD" means the Mayor's Office of Housing and Community Development or its successor.

"MOHCD Monthly Project Update" has the meaning set forth in Section 10.2.

"Note" means the SSP Note.

"Official Records" means the Official Records of the City and County of San Francisco.

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

"Operational Rules" means MOHCD's Marketing, Housing Preferences and Lottery Procedures Manual dated January 22, 2024, as amended from time to time.

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

"Payment Date" or "First Payment Date" means the first day of the month that is one full calendar month after the date that the SSP Deed of Trust is recorded in the Recorder's Office of San Francisco County. Furthermore, "Payment Date" shall also refer to each succeeding 1st day of the month until the Maturity Date.

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

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

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

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages and any other compensation due and payable to the employees or agents of Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City; (d) all other expenses actually incurred to cover operating costs of the Project, including maintenance and repairs and the fee of any managing agent as indicated in the Annual Operating Budget; (e) required deposits to the Replacement Reserve Account, Operating Reserve Account and any other reserve account required under this Agreement; (f) the approved annual asset management fees in the amount of $25,130 (plus a 3.5% annual increase as indicated in the Annual Operating Budget and approved by the City); and (g) any extraordinary expenses approved in advance by the City (other than expenses paid from any reserve account).

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

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

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

“Purchase Option” means the Purchase Option Agreement executed by Borrower granting the City an option to purchase the Site to ensure the continued enforceability of City’s regulatory program pursuant to the Declaration of Restrictions, in form and substance acceptable to the City.

"Qualified Tenant" means a senior household (aged 62 or older) occupying the Project that has been certified and approved as earning no more than the maximum permissible annual income level allowed by this Agreement and that has entered into a lease with Borrower in a form approved by City. As the context requires, “Qualified Tenant” also means households

occupying the Project that have entered into a lease with Borrower in a form approved by City regardless of whether they have been income certified, in accordance with **Section 7.2(a),** as of the effective date of this agreement. Qualified Tenant includes Direct Referral Tenants. In the event that the Senior Operating Subsidy is no longer provided to the project, there shall be no age requirement for any "Qualified Tenant" or the Project.

"Rent" means the monthly sum charged to Qualified Tenants for rent in compliance with this Agreement.

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

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

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

"Senior Lien" has the meaning set forth in **Section 24.1**.

"Senior Operating Subsidy" means an operating subsidy provided to Borrower by the City, the amount of which is sufficient to permit Borrower to operate the Project in accordance with the terms of this Agreement with Qualified Tenants at 15% of Median Income or 25% of Median Income. The operating subsidy raises the total income with Rent from Qualified Tenants to 60% of Median Income.

"SOS Unit" means a Unit occupied by a Qualified Tenant at 15% of Median Income or 25% of Median Income with rent subsidized by a Senior Operating Subsidy.

"SOS Waiting List" means the wait list the Borrower opened between February 1, 2023 and February 11, 2023 for households interested in occupying SOS units in the event of vacancy.

"Severely Rent Burdened" means a Qualified Tenant household paying monthly Rent that is fifty percent (50%) or more of its gross monthly income (as shown on the Qualified Tenant's income certification required under **Section 7.4** below) on Rent.

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

"Sinking Funds" has the meaning set forth in Section 11.2.

"Site" means the real property described in **Recital E** of this Agreement.

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

"SSP Loan" has the meaning set forth in **Recital J**.

"SSP Loan Amount" has the meaning set forth in **Recital J**.

"SSP Note" means the promissory note executed by Borrower in favor of the City in the original principal amount of the SSP Loan Amount.

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

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

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

"Tenant Screening Criteria Policy" means the policy attached hereto as **Exhibit I**.

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

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

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

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

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

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

and years unless otherwise specified. References to a party mean the named party and its successors and assigns.

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

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

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

ARTICLE 2 FUNDING.

2.1 Funding Amount. The City agrees to lend to Borrower a maximum principal amount equal to the Funding Amount in order to provide permanent financing for the Project to preserve affordability that might otherwise be lost to the market-rate real estate market. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

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

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

2.4 Records. Borrower must maintain and provide to the City upon request records that accurately and fully show the date, amount, purpose and payee of all expenditures from each Account authorized under this Agreement or by the City in writing and keep all estimates, invoices, receipts and other documents related to expenditures from each Account. In addition

Borrower must provide to the City promptly following Borrower's receipt, complete copies of all monthly bank statements, together with a reconciliation, for each Account until all funds (including accrued interest) in each Account have been disbursed for eligible uses.

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

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

3.1 Maturity Date. Borrower must repay all amounts owing under the City Documents on the date that is the fortieth (40^{th}) anniversary of the date that is the first day of the first full month following the date the SSP Deed of Trust is recorded in the Recorder's Office of San Francisco County (the "Maturity Date").

3.2 Compliance Term; Declaration of Restrictions. Borrower must comply with all provisions of the City Documents relating to the use of the Site and the Project, as set forth in the Declaration of Restrictions to be recorded in the Official Records, for the Compliance Term. #

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

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

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

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

3.7 Additional Borrower Covenants. Borrower hereby covenants and agrees to perform the following additional obligations during the Compliance Term:

(a) Borrower shall accept rental assistance (such as Section 8 , or any successor or similar rent subsidy programs) to the extent that Rent charged for the Unit complies with such program regulations and a Qualified Tenant who submits a voucher or other form of rental assistance has been selected through the marketing process described in **Article 6** and is otherwise qualified for the Unit.

(b) To the extent possible, as allowable by applicable law, and in compliance with MOHCD's marketing procedures outlined in Article 6 of this Agreement, Borrower will maximize the occupancy of the Units.

(c) Borrower shall comply with a Senior Operating Subsidy Grant Agreement between City and Borrower dated April __, 2024 in accordance with the parameters, process, and timeframe set forth in the SOS Policies and Procedures Manual as published by MOHCD and amended from time to time.

(d) Borrower shall provide MOHCD with written monthly updates on progress made to lease the Commercial Space.

(e) Borrower shall limit the lease of the retail portion of the Commercial Space to Developer to a maximum one year, ensuring it is a temporary use, unless the City has provided written approval otherwise.

(f) Borrower shall provide the initial commercial tenant leases for the Commercial Space (following the one-year temporary lease described in (e) to MOHCD to review and approval prior to execution.

(g) Borrower shall seek additional subsidy sources for the Project, such as Project Based Vouchers through SFHA, on an ongoing basis in order to reduce the need for the Sinking Fund. If Borrower obtains project based vouchers or additional subsidy sources, the City and Borrower will renegotiate the amounts and terms of the Sinking Funds with the overarching aim of sharing operating deficits of the Project.

(h) Borrower shall submit an Operations and Maintenance (O&M) Program to MOHCD for review and approval within sixty (60) days of the date the Deed of Trust is recorded in the Official Records.

3.8 Additional City Approvals. Borrower understands and agrees that City is entering into this Agreement in its proprietary capacity and not as a regulatory agency with certain police powers. Borrower understands and agrees that neither entry by City into this Agreement nor any approvals given by City under this Agreement shall be deemed to imply that Borrower will obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Property. By entering into this Agreement, City is in no way modifying or limiting the obligations of Borrower to develop the Property in accordance with all local laws. Borrower understands that any development of the Property shall require approvals, authorizations and permits from governmental agencies with jurisdiction over the Property, which may include, without limitation, the San Francisco City Planning Commission and the San

Francisco Board of Supervisors. Notwithstanding anything to the contrary in this Agreement, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the Project, including but not limited to a party hereto, from exercising any discretion available to such department, board or commission with respect thereto, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the "No Project" alternative; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

(a) City Attorney Expenses – On or before the Agreement Date, the Borrower shall pay MOHCD a fee equal to $15,000. The Borrower shall pay the City Attorney Expenses fee to MOHCD by certified or official bank check or other means of payment acceptable to MOHCD.

ARTICLE 4 CLOSING; DISBURSEMENTS.

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

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

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

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

(b) Borrower must have delivered to the City: (i) Borrower's Charter Documents; (ii) a comprehensive maintenance and operating plan for the Project duly approved by Borrower's governing body that includes, but is not limited to, plans for emergencies and emergency maintenance, vacant unit turnover, preventive maintenance and inspection schedule, and marketing and resident selection or the equivalent achieved through a contract with a 3rd party property manager; and (iii) a CNA that has been duly approved by the City.

(c) Any lender with a security interest or other party with an interest in the Property must have agreed to subordinate its interest in the Site to the Declaration of Restrictions by instrument satisfactory in form and substance to the City.

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

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

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

(g) The Declaration of Restrictions, SSP Deed of Trust, and Purchase Option must have been recorded as valid liens in the Official Records , subject only to the Permitted Exceptions.

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

(i) Borrower must have delivered to the City satisfactory evidence that current tenants in Project are aware of the transfer of property, the change in regulation to rents, and any rent increases that will be implemented as a result of the Project.

(j) For all households occupying the Project, Borrower must have entered into new leases or provided binding written 30-day notice of change of terms to existing month-to-month leases that are approved by MOHCD. The new leases or changes to existing leases must clearly describe the Rent adjustments and restrictions in this Agreement and clarify that the tenancy is no longer subject to the San Francisco Residential Rent Stabilization and Arbitration Ordinance. The new leases or changes to existing leases of SOS Units must also use the SOS Lease Addendum provided in the SOS Policies and Procedures Manual as published by MOHCD and amended from time to time.

(k) Borrower must have income certified at least 80% of the existing tenants residing on the Site and delivered sufficient evidence to the City that the Project is occupied by households with a combined average income at or below 60% Median Income. For the purposes of this Agreement, Borrower may include any Units that are vacant as of the Agreement Date in such calculation, using the maximum household income allowable pursuant to Exhibit A for each such vacant Unit.

(l) Borrower must establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account").

(m) Borrower must establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account").

(n) Borrower must establish or cause to be established a segregated interest-bearing account for tenant improvements in the Commercial Space (the "Tenant Improvement Reserve Account").

(o) Borrower must establish or cause to be established a segregated interest-bearing for the sinking fund reserve account to be funded by the City (the "City Sinking Fund Reserve Account").

(p) Borrower must establish or cause to be established a segregated interest-bearing for the sinking fund reserve account to be funded by the Borrower (the "Borrower Sinking Fund Reserve Account"). Borrower must have deposited no less than One Hundred Eighty Five Thousand and No/100 Dollars ($185,000.00) into the Borrower Sinking Fund Reserve Account.

(q) Borrower must submit and receive approval from MOHCD for a commercial marketing plan that addresses the strategies to secure long-term market rate tenants for the Commercial Space.

(r) Borrower must submit and receive approval from MOHCD for a Marketing and Tenant Selection Plan.

(q) Borrower must submit to MOHCD evidence that 60-day notices for rent increases were issued to all Qualified Tenants on or before May 1, 2024 with the exception of any households who were determined to be rent burdened above 50% as a result of income certification. For those tenants who were determined, Borrower must submit to MOHCD evidence that their Rent has been reduced.

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

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

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

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

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

(d) The Loan must be in balance.

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

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

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

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

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

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

For the purpose of this Section, the terms "lodging," "meals" and "incidental expenses" will have the same meanings defined in 41 CFR

Part 300-3; the term "coach-class" will have the same meaning defined in 41 CFR Part 301-10.121(a); and the term "miscellaneous" means copying services, printing services, communication services, or other services reasonably related to travel for the Project and approved by the City.

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

4.7 [Reserved]

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

ARTICLE 5 RESERVED

ARTICLE 6 MARKETING.

6.1 Marketing and Tenant Selection Plan. This **Article 6** shall not apply to Units that will be occupied by Direct Referral Tenants if MOHCD approves occupancy of a Unit by a Direct Referral Tenant in its sole discretion or to SOS Units that become vacant while the SOS Waiting List is active. For Units that will not be occupied by Direct Referral Tenants or for SOS Units while the SOS waitlist is active, Borrower must deliver to the City for the City's review and approval prior to closing an affirmative plan for initial and ongoing marketing of the Units and a written tenant selection procedure for initial and ongoing renting of the Units based on MOHCD's then-current form of marketing and tenant selection plan (the "Marketing and Tenant Selection Plan"), all in compliance with the restrictions set forth in **Exhibit A** and in form and substance acceptable to the City.

Borrower must obtain the City's approval of any reasonable alterations to the Marketing and Tenant Selection Plan, including approval of the rent amount for vacant units, for the duration of the Declaration of Restrictions. Borrower must market and rent the Units in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City. Before marketing any Units, Borrower must provide the City with updated implementation and contact information. After the exhaustion or expiration of the SOS Waiting List, SOS Units will be subject to all requirements of Sections 6.1 and 6.2.

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

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

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

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

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

(e) Notices to SFHA.

(f) Notices to MOHCD.

(g) To the extent practicable, Borrower must give preference to potential tenants who have been displaced from other units in the City by rehabilitation or construction work financed in whole or part by the City. To implement this requirement, Borrower agrees to give preferential consideration to applications of displaced persons provided to Borrower by the City.

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

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

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

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

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

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

6.5 Waiting List. Borrower's Marketing and Tenant Selection Plan must contain, at a minimum, policies and criteria that provide for the selection of tenants from a written waiting list that complies with the Marketing and Tenant Selection Plan (the "Waiting List"). Each Waiting List shall be valid for a period of two (2) years following the lottery date, at which time such Waiting List shall expire. The Marketing and Tenant Selection Plan may allow an applicant to refuse an available Unit for good cause without losing standing on the Waiting List but shall limit the number of refusals without cause as approved by the City. The Waiting List and the previous expired Waiting Lists must be kept on file at the Project for three (3) years after the expiration of such lists. Starting July 1, 2024, Borrower shall update the SOS Waiting List every six months by removing the names of individuals who are no longer interested in or no longer qualify for low-income housing. When utilizing the Waiting List or SOS Waiting List to fill vacancies, Borrower must comply with the Tenant Selection Plan Policy in **Exhibit H** as amended from time to time.

ARTICLE 7 AFFORDABILITY AND OTHER LEASING RESTRICTIONS.

7.1 Term of Leasing Restrictions. Borrower acknowledges and agrees that the covenants and other leasing restrictions set forth in this Article will remain in full force and effect for the Compliance Term and survive the prior repayment or other satisfaction of the Loan, termination of this Agreement or reconveyance of the SSP Deed of Trust; and (b) following the expiration of the Compliance Term with respect to any Unit then occupied by a Qualified Tenant, until the Qualified Tenant voluntarily vacates his/her Unit or is evicted lawfully for just cause.

7.2 Borrower's Covenant; Rent Restrictions.

(a) Borrower covenants to rent all Units (except one unit reserved for the manager of the Project) at all times to households certified as Qualified Tenants at initial occupancy and at the Rent described in this Agreement. Notwithstanding the foregoing, not less than 80% of the households occupying Units by the Agreement Date must be income certified as Qualified Tenants by the Agreement Date, provided that all such households enter into a lease with Borrower in a form approved by City by the Agreement Date. Borrower may include any Units that are vacant as of the Agreement Date in its calculation of the percentage of Qualified Tenants, using the maximum household income allowable set forth in **Exhibit A** for each such Unit, so long as Borrower rents the Units to Qualified Tenants at such rates. Borrower will rent all Units that are occupied as of the Agreement Date at the initial Rent set forth in **Exhibit A**, as adjusted thereafter in accordance with this **Section 7**. In addition, thirty-five (35) Units must be rented to extremely low income senior households (15% of Median Income or 25% of Median

Income) during the period in which the City's Senior Operating Subsidy is in operation and the City provides the Senior Operating Subsidy to the Project.

(b) Following initial certification, a Qualified Tenant shall not be required to vacate the Unit due to subsequent rises in household income. Qualified Tenants at initial occupancy must pay at least 20% of their gross household income towards Rent unless otherwise approved by MOHCD, provided that in no event shall any Qualified Tenant be required to pay Rent in excess of the lesser of (i) Maximum Rent, or (ii) 20% below the market rents of comparable units as approved by MOHCD, except as provided in **Section 7.3(d)**.

(c) Required Rents for the Units as of the Agreement Date will be as set forth in **Exhibit A**. Rents for SOS Units include the SOS Tenant's portion of Rent paid, but does not include the amount of SOS Subsidy received for such Unit.

(d) After the Agreement Date, the Rent for each Unit that becomes vacant shall be set at the amount necessary to bring the Project's combined average Rents for all Units as close as is possible to but no higher than the amount calculated as 30% of 60% Median Income. In addition, no vacant Unit may be filled with a household earning more than 120% Median Income upon initial occupancy.

7.3 Rent Adjustments and Restrictions. Rent for all Units, including SOS Units, shall be increased only once annually. Rent for all Units shall be increased annually by the greater of: (x) the percentage change in annual operating expenses, up to a maximum of 3.5%, or (y) 2%, except as follows:

(a) Phased Increases. Increases in Rent for certain existing Qualified Tenants shall be increased on the specified dates according to the table set forth in **Exhibit A**. After such phased increases, Rent shall be adjusted as otherwise described in this **Section 7**, except any Qualified Tenants not paying at least 20% of their gross household income towards Rent shall continue to receive Rent increases of 5% annually until they reach the maximum rent as described in Section 7.2 (b).

(b) Severely Rent Burdened Qualified Tenants. If the Rent increase described in this **Section 7** results in any Qualified Tenant household becoming Severely Rent Burdened, Borrower is not required to increase the Rent of the Severely Rent Burdened Qualified Tenant until such time as the Qualified Tenant is no longer Severely Rent Burdened, provided that: (i) Borrower first demonstrates to the satisfaction of MOHCD, in MOHCD's sole discretion, that the Project maintains short- and long-term financial sustainability in the form of positive cash flow, adequately funded reserves, and other indicators as MOHCD may reasonably request; (ii) at each annual income recertification, the ability of all households to pay required rent increases will be reassessed, as will the Borrower cash flow, to ensure short- and long-term financial sustainability if Borrower elects not to impose the required annual Rent increase for any Severely Rent Burdened Qualified Tenant; and (iii) all Regulatory Obligations continue to be met. Similarly, if the circumstances described in this subsection are met, a Unit becomes vacant and a Qualified Tenant demonstrates to Borrower that it is Severely Rent Burdened, Borrower may reduce such Qualified Tenant's Rent to a level no lower than 40% of that Qualified Tenant's

gross monthly income, thus resulting in a higher Rent that will be required for the vacant Unit. If more than one Qualified Tenant is eligible for such a Rent reduction, the reduction shall be equally distributed among such eligible Qualified Tenants.

(c) Recovery of Project Expenses. With the City's prior written approval, Rent increases for Units exceeding the amounts permitted by this **Section 7.3** may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) except as otherwise approved by MOHCD in its sole discretion, in no event may any Rent increase exceed the current rate of increase in Median Income in any year unless such an increase is contemplated in a City-approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies; and (ii) Rents for each Unit may in no event exceed the lesser of *(y)* Maximum Rent, or *(z)* 20% below the market rents of comparable units as approved by MOHCD. The City's approval for such Rent increases under this subsection shall not be unreasonably withheld.

(d) Rent Subsidy Programs. For those households that hold rent subsidy vouchers, such as Section 8 and Direct Referral Tenants, on an annual basis Borrower shall request and use best efforts to receive an increase in contract rent equivalent to the percentage change in Fair Market Rent or equivalent payment standard, whichever is greater. For any Qualified Tenant participating in a rent or operating subsidy program where the rent charged is calculated as a percentage of household income, adjustments to Rent charged may be made according to the rules of the relevant subsidy program, and provided the Qualified Tenant paid portion of Rent does not exceed the lesser of (i) Maximum Rent or (ii) 20% below the market rents of comparable units as approved by MOHCD. For any Qualified Tenant that becomes ineligible to continue participating in a rent or operating subsidy program, rental increases shall not exceed Maximum Rent as approved my MOHCD or 50% of household income, whichever is less.

(e) Recovery of Property Tax Increases. In addition to the Rent increases contemplated in this **Section 7** and with the City's prior written approval, if a Qualified Tenant's household income exceeds eighty percent (80%) of California Median Income (as published by the California Department of Housing and Community Development) during occupancy of a Unit or if a Qualified Tenant fails to certify or recertify his/her/their household income to Borrower on an annual basis, Borrower may adjust the charges for Rent for such Qualified Tenant by no more than seven percent (7%) per year to absorb the amount of property taxes attributable to the Qualified Tenant's Unit as a result of the loss of the State of California's welfare exemption for low-income housing properties. The City may, in its sole discretion, require that Rent increases allowed under this subsection be implemented over a period of time in order to reduce the burden on an existing Qualified Tenant. Rents charged under this subsection may not exceed the limits set forth in the SSP Guidelines as amended from time to time, or if not otherwise specified, the lesser of: (i) Maximum Rent; or (ii) 20% of a household's gross income. MOHCD must approve such Rent increases, which approval shall not be unreasonably withheld. If such Qualified Tenant's household income subsequently decreases and the Unit becomes eligible for the California welfare property tax exemption, Borrower may reduce such Qualified Tenant's Rent by the amount of property tax savings attributable to the Qualified Tenant's Unit.

(f) Excess Rent. If Borrower increases Rents or offers a vacant Unit for rent at a rate that exceeds the rules described in this Agreement, the resulting excess cash flow will be paid by Borrower to the Qualified Tenants who were overcharged, and Borrower's actions will constitute an Event of Default pursuant to **Section 19**.

7.4 Certification.

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

(b) Each Qualified Tenant in the Project must recertify its household income to Borrower as established by the SSP Guidelines and Small Sites Marketing and Leasing Manual, as amended from time to time.

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

7.5 Form of Lease. The form of lease for Qualified Tenants must provide for termination of the lease and consent to immediate eviction for failure to qualify as a Qualified Tenant if the Qualified Tenant has made any material misrepresentation in the initial income certification.

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

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

7.8 Commercial Space. All leases of Commercial Space must be to a bona fide third party tenant capable of performing its financial obligations under its lease, which must reflect arms'-length transactions at the then-current market rental rates for comparable space, *provided that*, leases for Public Benefit Purposes may be at below-market rates so long as the sum of Project Income and Commercial Income meets approved cash flow requirements for the Project. Allowed uses of Commercial Space must be consistent with all applicable development plans and local planning and building codes and be reasonably compatible with the design and purpose of the Project. If a lease of Commercial Space does not restrict its use to Public Benefit Purposes, all Surplus Cash generated from the lease shall be included in the definition of Project Income. All Surplus Cash shall be subject to the MOHCD Policy on the Use of Residual Receipts.

ARTICLE 8 MAINTENANCE AND MANAGEMENT OF THE PROJECT.

8.1 Borrower's Responsibilities.

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

8.2 Contracting With Management Agent.

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

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

8.3 Borrower Management. Borrower may manage the Project itself only with the City's prior written approval. The City will provide written notice to Borrower of any

determination that Borrower has failed to operate and manage the Project in accordance with this Agreement, in which case, the City may require Borrower to contract or cause contracting with a management agent to operate the Project, or to make other arrangements the City deems necessary to ensure performance of the functions required in **Section 8.1(a**).

ARTICLE 9 GOVERNMENTAL REQUIREMENTS.

9.1 Borrower Compliance. Borrower must comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of Funds for the construction, rehabilitation and/or operation of the Project, including those set forth in **Exhibit E**. Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Subject to **Section 23.1**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 10 PROJECT MONITORING, REPORTS, BOOKS AND RECORDS.

10.1 Generally.

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

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

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

10.2 Reserved.

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

10.4 Capital Needs Assessment. Borrower must deliver to MOHCD an updated CNA every seven (7) years after the Agreement Date for approval. The updated CNA must include an analysis of Borrower's actual expenditures for capital needs compared to the most recently approved CNA, Borrower's 20-Year Proforma and initial Annual Operating Budget and its then-current Annual Operating Budget.

10.5 Reserved

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

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

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

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

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

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

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

ARTICLE 11 USE OF INCOME FROM OPERATIONS.

11.1 Project Operating Account.

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

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

ARTICLE 12 REQUIRED RESERVES.

12.1 Replacement Reserve Account.

(a) Prior to closing of the Loan, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before the 15th day of each third month following establishment of the Replacement Reserve Account, Borrower must make quarterly deposits from Project Income into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary.

(b) Borrower must make an initial deposit into the Replacement Reserve Account in an amount equal to Three Hundred and Fifty Thousand and No/100 Dollars ($350,000.00). Thereafter, quarterly deposits must equal Seventy Five and No/100 Dollars ($75.00) per Unit. Borrower may request adjustments every seven (7) years based on its most recently approved CNA.

(c) Borrower must deposit into the Replacement Reserve Account any refund from the City's Treasurer's Office or Assessor-Recorder's Office of property taxes paid by Borrower related to the Site.

(d) In addition, if at any time the balance of the Replacement Reserve Account is below one and a half (1.5) times the original capitalized replacement reserve balance set forth in **Section 12.1(b)** above, Borrower shall deposit into the Replacement Reserve Account the funds that would otherwise be allocated to the City's share of Residual Receipts until it reaches that amount. Any Residual Receipts remaining above that amount shall be paid to the City in accordance with the Note.

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

12.2 Operating Reserve Account.

(a) Prior to closing of the Loan, or any other date the City designates in writing, Borrower must establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account") by depositing funds in an amount equal to One Hundred Seventy Five Thousand Six Hundred Eighty Seven and No/100 Dollars ($175,687.00). The City may review the adequacy of deposits to the Operating Reserve Account periodically and require adjustments as it deems necessary.

(b) Once the City and Borrower have agreed that the Sinking Funds are no longer necessary for operation of the Project, then no less than annually after such date and continuing until the Compliance Term has expired, Borrower must make additional deposits, if necessary, to bring the balance in the Operating Reserve Account to an amount equal to twenty-five percent (25%) of the prior year's actual Project Expenses.

(c) As long as there are balances in the Sinking Funds, Borrower may not withdraw funds (including any accrued interest) from the Operating Reserve Account for any purpose without the City's prior written approval. Once the Sinking Funds are depleted, Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancies and other expenses that vary seasonally or from month to month in the Project. Borrower may not withdraw funds (including any accrued interest) from the Operating Reserve Account for any other purpose without the City's prior written approval.

12.3 Other Reserve Account(s). In addition to the reserve requirements set forth above, Borrower must establish prior to closing of the Loan and deposit with funds from the Developer at the time of closing a tenant improvements reserve in the amount of One Hundred Thousand and No/100 Dollars ($100,000).

12.4 Sinking Funds and Their Eligible Uses.

(a) The City and Borrower have agreed that it is necessary to address the possibility that Project Income may not be sufficient to support the long-term Project Expenses. Therefore, the City and Borrower have each agreed to establish separate sinking funds (collectively, the “Sinking Funds”) to enable twenty years of stabilized operations for the Project. The sole purpose of Sinking Funds withdrawals is to fund any operating deficits reported through Annual Monitoring Reports required by Section 10.3; provided, however, Borrower shall not use Sinking Funds for vacancy losses for the Commercial Spaces that are in excess of

assumptions made in Exhibit B-3, unless otherwise agreed to in writing by MOHCD. In addition, Borrower shall not request withdrawals from the Sinking Funds unless Borrower has carried out rent increases in accordance with Section 7.3 of this Agreement.

(b) The City shall disburse One Million One Hundred Sixty Five Thousand and No/100 Dollars ($1,165,000.00) of the Loan to the City Sinking Fund Reserve Account described in Section 4.3(p). With the prior written approval of MOHCD, Borrower may withdraw funds from the City Sinking Fund Reserve Accountfor the purpose of covering operating deficits of the Project. City agrees that Borrower may make withdrawals from the City Sinking Fund Reserve Account prior to making withdrawals from the Borrower Sinking Fund Reserve Account. Borrower may request approval from MOHCD to make a withdrawal from the City Sinking Fund Reserve Account no more than once annually and only up to the amount of operating deficit identified in the previous year's Annual Monitoring Report. MOHCD shall not unreasonably withhold or delay its consent or approval of Borrower request for a withdrawal from the City Sinking Fund Reserve Account.

If there are any funds remaining in the City Sinking Fund Reserve Account on the twentieth (20th) anniversary of the date the Deed of Trust is recorded in the Official Records, Borrower shall use the remaining balance of the City Sinking Fund Reserve Account to repay the Loan by no later than December 31, 2044.

(c) Commencing on the date the Deed of Trust is recorded in the Official Records and continuing on each anniversary up to and until the tenth (10th) anniversary of the date the Deed of Trust is recorded in the Official Records, Borrower shall make a deposit of One Hundred Eighty Five Thousand and No/100 Dollars ($185,000.00) to the Borrower Sinking Fund Reserve Account for a total of amount of One Million Eight Hundred Fifty Five Thousand and No/100 Dollars ($1,855,000.00) by such tenth anniversary. City agrees that Borrower intends to withdraw funds from Borrower Sinking Fund Reserve Account only after the City Sinking Fund Reserve Account has been fully withdrawn by Borrower. Borrower may request approval from MOHCD to make a withdrawal from the Borrower Sinking Fund Reserve Account no more than once annually and only up to the amount of operating deficit identified in the previous year's Annual Monitoring Report. MOHCD shall not unreasonably withhold or delay its consent or approval of Borrower's request for a withdrawal from the Borrower Sinking Fund Reserve Account.

After the eighth (8th) anniversary of the date the Deed of Trust is recorded in the Official Records, Borrower may request MOHCD approval to reallocate the remaining balance of the Borrower Sinking Fund Reserve Account for another purpose, provided that Borrower demonstrates that Project's operations no longer need support from the Sinking Funds. Borrower must obtain MOHCD's prior written approval of any future reallocation of funds from the Borrower Sinking Fund Reserve Account or changes to the required deposits to the Borrower Sinking Fund Reserve Account. Any request for reallocation of the Borrower Sinking Fund Reserve Account must include a deposit to the Replacement Reserve of no less than $300,000, which is equivalent to the amount of funding that is projected to be needed but is not provided under the Loan to cover Years 17-20 of the Project, plus any additional funds required based on an updated CNA, to be completed no longer than two years before the request.

ARTICLE 13 DISTRIBUTIONS.

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

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

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

(a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default is not cured within the applicable cure periods; or

(b) when the City determines that Borrower or Borrower's management agent has failed to comply with this Agreement; or

(c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or

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

(j) If there have been any draws from the Sinking Funds in the prior year; or

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

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

13.4 Borrower's Use of Residual Receipts for Development. To the extent that making a Distribution is not inconsistent with any other financing agreement for the Project, and subject to the limitations in this Article, with the City's prior written approval, Borrower may retain a portion of Residual Receipts in lieu of using them to repay the Loan in an amount consistent with the Residual Receipts Policy attached hereto as Exhibit K. Borrower acknowledges that the City may withhold its consent to a Distribution in any year in which Residual Receipts are insufficient to meet Borrower's payment obligations under the Note.

ARTICLE 14 SYNDICATION PROCEEDS.

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

ARTICLE 15 DEVELOPER FEES.

15.1 Amount. Borrower is entitled to receive fees from the Loan in a total amount not to exceed Seven Hundred Forty Thousand and No/100 Dollars ($740,000.00) for developing the Project ("Developer Fees"), payable through the close of escrow.

ARTICLE 16 TRANSFERS.

16.1 Permitted Transfers/Consent. Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of all or any portion of its interest in the Site or Project or of any ownership interests in Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units; and (b) leases, subleases, or occupancy agreements for the Commercial Space with City's prior approval; (c) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by City in its reasonable discretion. Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

ARTICLE 17 INSURANCE AND BONDS.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, Borrower must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as set forth in **Exhibit L** throughout the Compliance Term of this Agreement at no expense to the City.

ARTICLE 18 GOVERNMENTAL APPROVALS.

18.1 Compliance. Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state and local governmental approvals required by Law to be obtained for the Project. Subject to **Section 23.1**, this Section does not prohibit Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 19 DEFAULT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(n) Borrower ceases rehabilitation or construction of the Project for a period of fifteen (15) consecutive working days, and the cessation is not excused under **Section 19.3**; or

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 20 REPRESENTATIONS AND WARRANTIES.

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

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

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

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

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

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

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

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

ARTICLE 21 NOTICES.

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

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

To Borrower: Chinatown SROs LLC
615 Grant Avenue
San Francisco, California 94108
Attn: Executive Director

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

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

ARTICLE 22 HAZARDOUS SUBSTANCES.

22.1 Borrower's Representations. Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including

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

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

ARTICLE 23 INDEMNITY.

23.1 Borrower's Obligations. Borrower must Indemnify the City and its respective officers, agents and employees (individually or collectively, an "Indemnitee") against any and all Losses arising out of: (a) any default by Borrower in the observance or performance of any of Borrower's obligations under the City Documents (including those covenants set forth in **Article 22** above); (b) any failure of any representation by Borrower to be correct in all respects when made; (c) injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, rehabilitation or maintenance or any other condition or otherwise; (d) any claim of any surety in connection with any bond relating to the construction or rehabilitation of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site or the Project or any transaction contemplated by, or the relationship between Borrower and the City or any action or inaction by the City under, the City Documents; (f) the occurrence, before the expiration of the Compliance Term, of any Environmental Activity or any failure of Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring before the Compliance Term; (h) any liability of any nature arising from Borrower's contest of or relating to the application of any Law, including any contest permitted under **Sections 9.1, 18.1** and **22.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Section for matters caused solely by its own gross negligence or willful misconduct. In the event any action or proceeding is brought against an Indemnitee by

reason of a claim arising out of any Loss for which Borrower has indemnified the Indemnitees, upon written notice, Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The provisions of this Section will survive the repayment of the Loan and/or termination of this Agreement.

23.2 No Limitation. Borrower's obligations under **Section 23.1** are not limited by the insurance requirements under this Agreement.

ARTICLE 24 GENERAL PROVISIONS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24.19 Borrower's Board of Directors. Borrower 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 Borrower's bylaws and other governing documents, and shall adhere to applicable provisions of federal, state and local laws governing nonprofit corporations. Borrower's board of directors shall exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by Borrower of its obligations under this Agreement.

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

EXHIBITS

A	Schedules of Income and Rent Restrictions
B-1	Table of Sources and Uses of Funds
B-2	Annual Operating Budget
B-3	20-Year Cash Flow Proforma
C	Form of Tenant Income Certification
D	Reserved
E	Governmental Requirements
F	Lobbying/Debarment Certification Form
G	Form of Annual Monitoring Report
H	Tenant Selection Plan Policy
I	MOHCD Tenant Screening Criteria Policy

J Reserved
K Reserved
L Insurance Requirements
M MOHCD Residual Receipts Policy

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

THE CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____
London N. Breed
Mayor

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

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Elizabeth A. Dietrich
Deputy City Attorney

BORROWER:

CHINATOWN SROS LLC,
a California limited liability company

By: Chinatown Community Development Center, Inc.,
a California nonprofit public benefit corporation
Its Sole Member and Manager

By: _____
Malcolm Yeung
Executive Director

EXHIBIT A

Schedules of Income and Rent Restrictions

1. Income and Rent Restrictions

Required Rents for the Units as of the Agreement Date are as follows:

[The rent amounts in the table below may be updated before loan close.]

Unit No.	Unit Type	Rent (monthly payments) as of the Date of Close of the Loan
100	SRO	$781
101	SRO	$622
102^	SRO	$332
103	SRO	$900
104^	SRO	$455
106	SRO	vacant
107	SRO	$265
108^	SRO	$388
109^	SRO	$455
110^	SRO	$455
111^	SRO	$622
112	SRO	$572
114^	SRO	$455
200^	SRO	$294
201^	SRO	$458
202	SRO	$244
203^	SRO	$244
204^	SRO	$455
205^	SRO	$252
206^	SRO	$455
207^	SRO	$391
208	SRO	$375
210^	SRO	$455
211	SRO	$375
212	SRO	$674
214	SRO	$280
215	SRO	$622
216^	SRO	$356
217^	SRO	$207
218^	SRO	$455
300	SRO	$818
301^	SRO	$403
302	SRO	$543
303	SRO	$679
304^	SRO	$818

305	SRO	$818
306^	SRO	$455
307	SRO	vacant
308^	SRO	$455
310	SRO	$622
311	SRO	vacant
312^	SRO	$254
314	SRO	$818
315^	SRO	$610
316	SRO	$391
317^	SRO	$679
318^	SRO	$442
400^	SRO	$497
401	SRO	$818
402^	SRO	$421
403	SRO	$622
404^	SRO	$436
405	SRO	$679
406^	SRO	$418
407^	SRO	$679
408	SRO	$1000
410	SRO	$250
411	SRO	vacant
412^	SRO	$666
414^	SRO	$455
415	SRO	$421
416	SRO	$765
417^	SRO	$391
418^	SRO	$721

^Indicates SOS Units. Rents for SOS Units shown above include the SOS Tenant's portion of Rent paid and do not as the amount of SOS Subsidy received for such Unit.

[The specified SOS Units may change prior to close loan.]

In addition, thirty-five (35) Units must be rented to extremely low income senior households (15% of Median Income or 25% of Median Income) during the period in which the City's Senior Operating Subsidy is in operation and the City provides the Senior Operating Subsidy to the Project.

2. Phased Increases. Increases in Rent for existing Qualified Tenants occupying the Units listed in the table below shall be increased on the specified dates according to the table set forth below. After such phased increases, Rent shall be adjusted as otherwise described in **Section 7** of the Agreement.

[The rent amounts in the table below may be updated before loan close.]

Unit No.	Rent* as of the Agreement Date	Rent* on July 1, 2024	Rent* on July 1, 2025	Rent* on July 1, 2026	Rent* on July 1, 2027	Rent* on July 1, 2028
100	$781	$820	$861	$904	$949	$997

101	$622	$653	$686	$720	$756	$794
201	$458	$481	$505	$530	$557	$585
202	$244	$256	$269	$282	$297	$311
208	$375	$394	$413	$434	$456	$479
211	$375	$394	$413	$434	$456	$479
212	$674	$708	$743	$780	$819	$860
214	$280	$294	$309	$324	$340	$357
215	$622	$653	$686	$720	$756	$794
217	$207	$217	$228	$240	$252	$264
303	$679	$713	$749	$786	$825	$867
305	$818	$859	$902	$947	$994	$1,044
310	$622	$653	$686	$720	$756	$794
317	$679	$497	$521	$548	$575	$604
401	$818	$859	$902	$947	$994	$1,044
403	$622	$653	$686	$720	$756	$794
405	$679	$713	$749	$786	$825	$867
406	$418	$439	$461	$484	$508	$533
408	$1,000	$1,050	$1,103	$1,158	$1,216	$1,276
415	$421	$442	$464	$487	$512	$537
416	$765	$803	$843	$886	$930	$976

*Rent means monthly payments of Rent.

4. Rents for Units at Turn Over. After the Agreement Date, the Rent for each Unit that becomes vacant and is not leased to a Direct Referral Tenant shall be set at the amount necessary to bring the Project's combined average Rents for all Units as close as is possible but no higher than the amount calculated as 30% of 60% Median Income.

EXHIBIT B-1

Table of Sources and Uses of Funds

Application Date: 1/19/24 **# Units:** 66 **Small Sites Project**
Project Name: 1005 Powell Street **# *Bedrooms:***
Project Address: 1005 Powell St. **# Beds:**
Project Sponsor: Chinatown SROs LLC

								Total Sources	Comments
SOURCES		**20,900,000**	-	-	-	-	-	**20,900,000**	
	Name of Sources:	MOHCD/OCII							
USES	Perm loans total:	20,900,000							

Perm loan amount is more than bridge loan(s) by: 20900000.45

ACQUISITION									
	Acquisition cost or value	18,108,688						18,108,688	
	Legal / Closing costs / Broker's Fee							0	
	Holding Costs							0	
	Transfer Tax							0	
	TOTAL ACQUISITION	**18,108,688**	**0**	**0**	**0**	**0**	**0**	**18,108,688**	
CONSTRUCTION (HARD COSTS)									
*	Unit Construction/Rehab							0	Include FF&E
*	Commercial Shell Construction			0				0	
*	Demolition							0	
	Environmental Remediation							0	
*	Onsight Improvements/Landscaping							0	
*	Offsite Improvements							0	
*	Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.
	Parking							0	
	GC Bond Premium/GC Insurance/GC Taxes							0	
	GC Overhead & Profit							0	
	CG General Conditions							0	
	Sub-total Construction Costs	*0*	*0*	*0*	*0*	*0*	*0*	*0*	
	Design Contingency (remove at DD)							0	$45MM+
	Bid Contingency (remove at bid)							0	$45MM+
	Plan Check Contingency (remove/reduce during Plan Review)							0	$45MM+
	Hard Cost Construction Contingency							0	5% new construction / 15% rehab
	Sub-total Construction Contingencies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	
	TOTAL CONSTRUCTION COSTS	**0**	**0**	**0**	**0**	**0**	**0**	**0**	

Construction line item costs as a % of hard costs

SOFT COSTS									
Architecture & Design									
	Architect design fees							0	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
	Design Subconsultants to the Architect (incl. Fees)							0	
	Architect Construction Admin							0	
	Reimbursables							0	
	Additional Services							0	
	Sub-total Architect Contract	*0*	*0*	*0*	*0*	*0*	*0*	*0*	
	Other Third Party design consultants (not included under Architect contract)							0	Consultants not covered under architect contract; name consultant type and contract amount
	Total Architecture & Design	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Engineering & Environmental Studies									
	Survey							0	
	Geotechnical studies							0	
	Phase I & II Reports							0	
	CEQA / Environmental Review consultants							0	
	NEPA / 106 Review							0	
	CNA/PNA (rehab only)							0	
	Other environmental consultants							0	Name consultants & contract amounts
	Total Engineering & Environmental Studies	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Financing Costs									
Construction Financing Costs									
	Construction Loan Origination Fee							0	
	Construction Loan Interest	0						0	
	Title & Recording							0	
	CDLAC & CDIAC fees							0	
	Bond Issuer Fees							0	
	Other Bond Cost of Issuance							0	
	Other Lender Costs (specify)	0						0	
	Sub-total Const. Financing Costs	*0*	*0*	*0*	*0*	*0*	*0*	*0*	
Permanent Financing Costs									
	Permanent Loan Origination Fee							0	
	Credit Enhance. & Appl. Fee							0	
	Title & Recording							0	
	Sub-total Perm. Financing Costs	*0*	*0*	*0*	*0*	*0*	*0*	*0*	
	Total Financing Costs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Legal Costs									
	Borrower Legal fees	20,000						20,000	
	Land Use / CEQA Attorney fees							0	
	Tax Credit Counsel							0	
	Bond Counsel							0	
	Construction Lender Counsel							0	
	Permanent Lender Counsel							0	
*	CCDC Interest accrued	320,625						320,625	CCDC Interest accrue based on a blended interest rate calculated as follows: (a) 3.50% accruing on ($1,250,000.00) and (b) 2.0% accruing on ($250,000.00), and 3.25% on ($1,000,000) or 3.25% overall, compounded annually; 500basis point in excess of the AFR after maturity date
	Total Legal Costs	**340,625**	**0**	**0**	**0**	**0**	**0**	**340,625**	
Other Development Costs									
	Appraisal							0	
	Market Study							0	
*	Insurance							0	
*	Property Taxes							0	
	Accounting / Audit	20,000						20,000	
*	Organizational Costs							0	
	Entitlement / Permit Fees							0	
*	Marketing / Rent-up							0	
*	Furnishings							0	$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
	PGE / Utility Fees							0	
	TCAC App / Alloc / Monitor Fees							0	
*	Financial Consultant fees							0	
	Construction Management fees / Owner's Rep							0	
	Security during Construction							0	
*	Relocation							0	
	Other (specify)							0	
	Other (specify)							0	
	Other (specify)							0	
	Total Other Development Costs	**20,000**	**0**	**0**	**0**	**0**	**0**	**20,000**	
Soft Cost Contingency									
	Contingency (Arch, Eng, Fin, Legal & Other Dev)		0	0	0	0	0	0	Should be either 10% or 5% of total soft costs.
	TOTAL SOFT COSTS	**360,625**	**0**	**0**	**0**	**0**	**0**	**360,625**	

Total Soft Cost Contingency as % of Total Soft Costs **0.0%**

RESERVES									
*	Operating Reserves	175,687						175,687	

	Replacement Reserves	350,000						350,000	
*	Tenant Improvements Reserves	0		0				0	For future laundromat operator
*	MOHCD sinking fund	1,165,000						1,165,000	for operating deficit from yr1-20
*	Other (specify)							0	
*	CCDC Sinking Fund							0	
	TOTAL RESERVES	**1,690,687**	**0**	**0**	**0**	**0**	**0**	**1,690,687**	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	80,000						80,000	
Developer Fee - Cash-out At Risk	660,000						660,000	
Commercial Developer Fee							0	
Developer Fee - GP Equity (also show as source)							0	
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)							0	
TOTAL DEVELOPER COSTS	**740,000**	**0**	**0**	**0**	**0**	**0**	**740,000**	

TOTAL DEVELOPMENT COST	**20,900,000**	**0**	**0**	**0**	**0**	**0**	**20,900,000**	
Development Cost/Unit by Source	316,667	0	0	0	0	0	316,667	
Development Cost/Unit as % of TDC by Source	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
Acquisition Cost/Unit by Source	274,374	0	0	0	0	0	274,374	
Construction Cost (inc Const Contingency)/Unit By Source	0	0	0	0	0	0	0	
Construction Cost (inc Const Contingency)/SF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

**Possible non-eligible GO Bond/COP Amount:*	*1,661,312*
City Subsidy/Unit	316,667
Tax Credit Equity Pricing:	N/A
Construction Bond Amount:	N/A
Construction Loan Term (in months):	30 months
Construction Loan Interest Rate (as %):	4.75%

Small Sites

Combined Loan to Value Ratio:							**115%**
% of Acquisition Cost by Source	100%	0%	0%	0%	0%	0%	100%

Small Sites Maximum Developer Fee 740,000

EXHIBIT B-2

Annual Operating Budget

Application Date:	**1/19/2024**	**Project Name:**	**1005 Powell Street**
Total # Units:	**66**	**Project Address:**	**1005 Powell St.**
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	**2024**	**Project Sponsor:**	**Chinatown SROs LLC**

Small Sites Project

INCOME	**Total**	**Comments**
Residential - Tenant Rents	396,704	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (SOS Payments)	326,979	Comments
Residential - Tenant Assistance Payments (Other Non-LOSP)	7,287	Links from 'Existing Proj - Rent Info' Worksheet
Commercial Space	30,000	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	6,656	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	3,900	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)		Year1 withdrawl from MOHCD sinking fund reserve
Gross Potential Income	**771,526**	
Vacancy Loss - Residential - Tenant Rents	(19,835)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(16,713)	Vacancy loss is 229.4% of Tenant Assistance Payments.
Vacancy Loss - Commercial	(6,600)	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
EFFECTIVE GROSS INCOME	**728,378**	***PUPA: 11,036***

OPERATING EXPENSES

Management

Management Fee	62,085	HUD fee of $80.84/unit
Asset Management Fee	25,130	2023 MOHCD fee of $24,280 escalated by 3.5%
Sub-total Management Expenses	**87,215**	***PUPA: 1,321***

Salaries/Benefits

Office Salaries	4,159	Links from 'Staffing' Worksheet
Manager's Salary	86,794	Links from 'Staffing' Worksheet
Health Insurance and Other Benefits	27,184	1.0 FTE Property Manager; .10 Resident Manager (for after-hour on-site Resident Manager
Other Salaries/Benefits	4,531	3% of salary
Administrative Rent-Free Unit	15,000	this is equal to the rent charge for the exempt unit in tab 3b.
Sub-total Salaries/Benefits	**137,667**	***PUPA: 2,086***

Administration

Advertising and Marketing	1,211	
Office Expenses	1,470	
Office Rent		
Legal Expense - Property	3,244	
Audit Expense	10,839	
Bookkeeping/Accounting Services	8,664	
Bad Debts	4,590	
Miscellaneous	17,644	Payroll processing, Uniforms, Employee Training, Meeting Expense EarthQuake kit, Temp
Sub-total Administration Expenses	**47,661**	***PUPA: 722***

Utilities

Electricity	27,187	
Water	29,532	
Gas	15,179	
Sewer	34,372	
Sub-total Utilities	**106,271**	***PUPA: 1,610***

Taxes and Licenses

Real Estate Taxes	13,750	
Payroll Taxes	11,553	7.65% of salary
Miscellaneous Taxes, Licenses and Permits	2,560	
Sub-total Taxes and Licenses	**27,863**	***PUPA: 422***

Insurance

Property and Liability Insurance	49,090	
Fidelity Bond Insurance		
Worker's Compensation	4,893	WC rate 3.36 exp mod 1.0
Director's & Officers' Liability Insurance		
Sub-total Insurance	**53,983**	***PUPA: 818***

Maintenance & Repair

Payroll	64,226	Links from 'Staffing' Worksheet
Supplies	5,627	
Contracts	102,050	janitor contract $72,072, exterminating contract $6,084, fire alarm and notification, boiler
Garbage and Trash Removal	29,976	
Security Payroll/Contract	0	Links from 'Staffing' Worksheet
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs	8,280	Elevator
Miscellaneous Operating and Maintenance Expenses		
Sub-total Maintenance & Repair Expenses	**210,159**	***PUPA: 3,184***

Supportive Services	31,111	Links from 'Staffing' Worksheet
Commercial Expenses	819	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%

TOTAL OPERATING EXPENSES	***702,749***	***PUPA: 10,648***

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent	0		Provide additional comments here, if needed.
Bond Monitoring Fee			

Replacement Reserve Deposit	19,200	$300/unit			
Operating Reserve Deposit					
Other Required Reserve 1 Deposit					
Other Required Reserve 2 Deposit		CCDC is contributing to sinking fund, but not as an operating expense			
Required Reserve Deposit/s, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%			
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	**19,200**	***PUPA: 291***		Min DSCR:	1.09
				Mortgage Rate:	5.00%
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond	**721,949**	***PUPA: 10,939***		Term (Years):	30
				Supportable 1st Mortgage Pmt:	5,898
NET OPERATING INCOME (INCOME minus OP EXPENSES)	**6,429**	***PUPA: 97***		Supportable 1st Mortgage Amt:	$91,558
				Proposed 1st Mortgage Amt:	$20,900,000

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)

Hard Debt - First Lender	0		Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Le	0		Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0		Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0		Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	
TOTAL HARD DEBT SERVICE	**0**	***PUPA: 0***	

CASH FLOW (NOI minus DEBT SERVICE)	**6,429**
Commercial Only Cash Flow	22,581
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)	
AVAILABLE CASH FLOW	**6,429**

USES OF CASH FLOW BELOW (This row also shows DSCR.)
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			
Other Payments			
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)			Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)			Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)		Def. Develop. Fee split: 0%	Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	**0**	***PUPA: 0***	

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING **6,429**

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?	**Yes**	Project has MOHCD ground lease?	**No**
Will Project Defer Developer Fee?	**No**		
Max **Deferred Developer Fee/Borrower** % of Residual Receipts in Yr 1:	33%		
% of Residual Receipts available for distribution to **soft debt lenders** in `	67%		

Soft Debt Lenders with Residual Receipts Obligations	*(Select lender name/program from drop down)*	**Total Principal Amt**	**Distrib. of Soft Debt Loans**
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	$20,900,000	100.00%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value		0.00%
HCD (soft debt loan) - Lender 3			0.00%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due	4,286	67% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	0	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.
Proposed MOHCD Residual Receipts Amount to Replacement Reserve	4,286	MOHCD res rects to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS	**2,143**	***Total Resid Receipts due not allocated, please revise F142***

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due	0	
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	**0**	

REMAINDER (Should be zero unless there are distributions below)	**2,143**	
Owner Distributions/Incentive Management Fee	2,143	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	
Final Balance (should be zero)	**0**	

EXHIBIT B-3

20-Year Cash Flow Proforma

1005 Powell Street **Small Sites Project**

Total # Units: ***66***

	% annual increase	Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028	Year 6 2029	Year 7 2030	Year 8 2031	Year 9 2032	Year 10 2033	Year 11 2034	Year 12 2035	Year 13 2036	Year 14 2037	Year 15 2038	Year 16 2039	Year 17 2040	Year 18 2041	Year 19 2042	Year 20 2043
INCOME		**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**
Residential - Tenant Rents	2.5%	396,704	410,171	424,192	438,793	453,998	465,348	476,982	488,906	501,129	513,657	526,499	539,661	553,153	566,981	581,156	595,685	610,577	625,841	641,488	657,525
Residential - SOS Payments	4.0%	160,284	166,695	173,363	180,298	187,510	195,010	202,810	210,923	219,360	228,134	237,259	246,750	256,620	266,885	277,560	288,662	300,209	312,217	324,706	337,694
Residential - Tenant Assistance Payments (Other Non-LOSF	2.5%	7,287	7,469	7,656	7,847	8,044	8,245	8,451	8,662	8,879	9,101	9,328	9,561	9,800	10,045	10,297	10,554	10,818	11,250	11,701	12,169
Commercial Space	2.5%	30,000	30,750	31,519	32,307	33,114	33,942	34,791	35,661	36,552	37,466	38,403	39,363	40,347	41,355	42,389	43,449	44,535	45,649	46,790	47,960
Other Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income		**765,097**	**799,268**	**828,118**	**858,122**	**889,328**	**917,299**	**946,198**	**976,059**	**1,006,915**	**1,038,800**	**1,071,751**	**1,105,805**	**1,143,513**	**1,182,633**	**1,223,118**	**1,250,006**	**1,277,756**	**1,321,414**	**1,366,590**	**1,413,337**
Vacancy Loss - Residential - Tenant Rents	n/a	(19,835)	(20,509)	(21,210)	(21,940)	(22,700)	(23,267)	(23,849)	(24,445)	(25,056)	(25,683)	(26,325)	(26,983)	(27,658)	(28,349)	(29,058)	(29,784)	(30,529)	(31,292)	(32,074)	(32,876)
Vacancy Loss - Residential - Tenant Assistance Payment	n/a	(16,713)	(17,376)	(18,066)	(18,783)	(19,528)	(20,303)	(21,109)	(21,947)	(22,819)	(23,725)	(24,667)	(25,647)	(26,665)	(27,725)	(28,826)	(14,961)	(541)	(563)	(585)	(608)
Vacancy Loss - Commercia	n/a	(6,600)	(6,150)	(6,304)	(6,461)	(6,623)	(6,788)	(6,958)	(7,132)	(7,310)	(7,493)	(7,681)	(7,873)	(8,069)	(8,271)	(8,478)	(8,690)	(8,907)	(9,130)	(9,358)	(9,592)
EFFECTIVE GROSS INCOME		**728,378**	**755,233**	**782,539**	**810,938**	**840,477**	**866,939**	**894,282**	**922,535**	**951,730**	**981,900**	**1,013,079**	**1,045,303**	**1,081,121**	**1,118,289**	**1,156,757**	**1,196,571**	**1,237,779**	**1,280,429**	**1,324,572**	**1,370,260**
OPERATING EXPENSES																					
Management	3.5%	87,215	90,267	93,427	96,697	100,081	103,584	107,209	110,962	114,845	118,865	123,025	127,331	131,788	136,400	141,174	146,115	151,229	156,522	162,001	167,671
Salaries/Benefits	3.5%	137,667	142,486	147,473	152,634	157,977	163,506	169,228	175,151	181,282	187,627	194,194	200,990	208,025	215,306	222,842	230,641	238,713	247,068	255,716	264,666
Administration	3.5%	47,661	49,330	51,056	52,843	54,693	56,607	58,588	60,639	62,761	64,958	67,231	69,584	72,020	74,540	77,149	79,849	82,644	85,537	88,531	91,629
Utilities	3.5%	106,271	109,990	113,840	117,824	121,948	126,216	130,634	135,206	139,938	144,836	149,905	155,152	160,582	166,203	172,020	178,040	184,272	190,721	197,397	204,306
Taxes and Licenses	3.5%	27,863	28,838	29,847	30,892	31,973	33,092	34,250	35,449	36,690	37,974	39,303	40,679	42,102	43,576	45,101	46,680	48,313	50,004	51,754	53,566
Insurance	3.5%	53,983	55,872	57,828	59,852	61,947	64,115	66,359	68,682	71,085	73,573	76,148	78,814	81,572	84,427	87,382	90,440	93,606	96,882	100,273	103,782
Maintenance & Repai	3.5%	210,159	217,514	225,127	233,007	241,162	249,603	258,339	267,381	276,739	286,425	296,450	306,825	317,564	328,679	340,183	352,089	364,412	377,167	390,367	404,030
Supportive Services	3.5%	31,111	32,200	33,327	34,493	35,701	36,950	38,243	39,582	40,967	42,401	43,885	45,421	47,011	48,656	50,359	52,122	53,946	55,834	57,789	59,811
Commercial Expenses		-	861	891	922	955	988	1,023	1,058	1,095	1,134	1,173	1,215	1,257	1,301	1,347	1,394	1,442	1,493	1,545	1,599
TOTAL OPERATING EXPENSES		**702,749**	**727,358**	**752,816**	**779,165**	**806,435**	**834,661**	**863,874**	**894,109**	**925,403**	**957,792**	**991,315**	**1,026,011**	**1,061,921**	**1,099,089**	**1,137,557**	**1,177,371**	**1,218,579**	**1,261,229**	**1,305,372**	**1,351,060**
PUPA (w/o Reserves/GL Base Rent/Bond Fees		***10,648***																			
Reserves/Ground Lease Base Rent/Bond Fees																					
Ground Lease Base Rent		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bond Monitoring Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Depos		19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200
Operating Reserve Deposi		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 1 Deposi		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 2 Deposi		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Required Reserve Deposit/s, Commercia		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total Reserves/Ground Lease Base Rent/Bond Fees		**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees		**721,949**	**746,558**	**772,016**	**798,365**	**825,635**	**853,861**	**883,074**	**913,309**	**944,603**	**976,992**	**1,010,515**	**1,045,211**	**1,081,121**	**1,118,289**	**1,156,757**	**1,196,571**	**1,237,779**	**1,280,429**	**1,324,572**	**1,370,260**
PUPA (w/ Reserves/GL Base Rent/Bond Fees		***10,939***																			
NET OPERATING INCOME (INCOME minus OP EXPENSES)		**6,429**	**8,675**	**10,523**	**12,574**	**14,841**	**13,079**	**11,208**	**9,225**	**7,127**	**4,907**	**2,564**	**92**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																					
Hard Debt - First Lender		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lende		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lende		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)		**6,429**	**8,675**	**10,523**	**12,574**	**14,841**	**13,079**	**11,208**	**9,225**	**7,127**	**4,907**	**2,564**	**92**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
USES OF CASH FLOW BELOW (This row also shows DSCR.)	**DSCR:**																				
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																					
Deferred Developer Fee (Enter amt <= Max Fee from row 13		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
"Below-the-line" Asset Mgt fee (uncommon in new projects, see polic	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD		**6,429**	**8,675**	**10,523**	**12,574**	**14,841**	**13,079**	**11,208**	**9,225**	**7,127**	**4,907**	**2,564**	**92**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Does Project have a MOHCD Residual Receipt Obligation	**Yes**																				
Will Project Defer Developer Fee?	**No**																				
Residual Receipts split for all years. - Lender/Owne	**67% / 33%**																				
	Dist. Soft																				
MOHCD RESIDUAL RECEIPTS DEBT SERVICE	Debt Loans																				
MOHCD Residual Receipts Amount Due	100.00%	4,286	5,783	7,015	8,382	9,894	8,719	7,472	6,150	4,751	3,272	1,709	61	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Leas		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Replacement Reserv		4,286	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE		**2,143**	**2,892**	**3,508**	**4,191**	**4,947**	**4,360**	**3,736**	**3,075**	**2,376**	**1,636**	**855**	**31**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE																					
HCD Residual Receipts Amount Due	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lender 4 Residual Receipts Due	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lender 5 Residual Receipts Due	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REMAINDER (Should be zero unless there are distributions below		**2,143**	**2,892**	**3,508**	**4,191**	**4,947**	**4,360**	**3,736**	**3,075**	**2,376**	**1,636**	**855**	**31**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Owner Distributions/Incentive Management Fe		2,143	2,892	3,508	4,191	4,947	4,360	3,736	3,075	2,376	1,636	855	31	-	-	-	-	-	-	-	-
Other Distributions/Uses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Final Balance (should be zero)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RR Running Balance		**372,892**	**577,513**	**602,680**	**628,099**	**653,772**	**679,702**	**705,891**	**732,341**	**759,057**	**786,039**	**799,070**	**746,010**	**757,920**	**769,576**	**208,840**	**95,306**	**(22,514)**	**(46,680)**	**(211,978)**	**(294,293)**
OR Running Balance		**177,444**	**179,219**	**181,011**	**182,821**	**184,649**	**186,496**	**188,360**	**190,244**	**192,147**	**194,068**	**196,009**	**197,969**	**199,948**	**201,948**	**203,967**	**206,007**	**208,067**	**210,148**	**212,249**	**214,372**
Other Required Reserve 1 Running Balance		**1,176,650**	**1,188,417**	**1,200,301**	**1,212,304**	**1,224,427**	**1,236,671**	**1,249,038**	**1,261,528**	**1,274,143**	**1,286,885**	**1,299,754**	**1,312,751**	**1,323,366**	**1,331,345**	**1,336,520**	**1,053,517**	**467,897**	**4,679**	**47**	**0**
Other Required Reserve 2 Running Balance		**187,355**	**374,710**	**562,065**	**749,420**	**936,775**	**1,124,130**	**1,311,485**	**1,498,840**	**1,686,195**	**1,873,550**	**1,892,286**	**1,911,208**	**1,930,320**	**1,949,624**	**1,969,120**	**1,988,811**	**2,008,699**	**1,874,072**	**1,247,344**	**581,055**
DEFERRED DEVELOPER FEE - RUNNING BALANCE																					
Developer Fee Starting Balanc		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee Earned in Yea		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer Fee Remaining Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

EXHIBIT C

Tenant Income Certification Form

Attached.

TENANT INCOME CERTIFICATION

☐ Initial Certification ☐ Recertification ☐ Other _____

Effective Date: _____
Move-In Date: _____
(MM-DD-YYYY)

PART I - DEVELOPMENT DATA

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

PART II. HOUSEHOLD COMPOSITION

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

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

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

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

Add totals from (A) through (D), above — TOTAL INCOME (E): $

PART IV. INCOME FROM ASSETS

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

Enter Column (H) Total If over $5000 $_____ X Passbook Rate 0.06% = (J) Imputed Income $

Enter the greater of the total of column I, or J: imputed income **TOTAL INCOME FROM ASSETS (K)** $

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

HOUSEHOLD CERTIFICATION & SIGNATURES

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

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

_____ _____ _____ _____
Signature *(Date)* Signature *(Date)*

_____ _____ _____ _____
Signature *(Date)* Signature *(Date)*

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

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

Unit Meets Federal Income Restriction at: ☐ 60% ☐ 50%

Current Federal LIHTC Income Limit x 140%: $

Current Federal LIHTC Income Limit per Family Size: $

Unit Meets Deeper Targeting Income Restriction at: ☐ Other _____%

Household Income exceeds 140% at recertification: ☐ Yes ☐ No

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

Household Income as of Move-in: $

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Monthly Rent: $

Monthly Utility Allowance: $

Other Monthly Non-optional charges: $

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

Maximum Federal LIHTC Rent Limit for this unit: $

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

Unit Meets Federal Rent Restriction at: ☐ 60% ☐ 50%

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

Unit Meets Deeper Targeting Rent Restriction at: ☐ Other: _____%

Federal Rent Assistance: $_____ *Source: _____

Non-Federal Rent Assistance: $_____ (*0-8)

Total Monthly Rent Assistance: $_____

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

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

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

☐ yes ☐ no

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

Enter 1-5

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

PART VIII. PROGRAM TYPE

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

a. Tax Credit ☐	b. HOME ☐	c. Tax Exempt Bond ☐	d. AHDP ☐	e. _____ ☐ (Name of Program)
See Part V above.	*Income Status* ☐ ≤ 50% AMGI ☐ ≤ 60% AMGI ☐ ≤ 80% AMGI ☐ OI**	*Income Status* ☐ 50% AMGI ☐ 60% AMGI ☐ 80% AMGI ☐ OI**	*Income Status* ☐ 50% AMGI ☐ 80% AMGI ☐ OI**	*Income Status* ☐ _____ ☐ OI**

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

SIGNATURE OF OWNER/REPRESENTATIVE

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

SIGNATURE OF OWNER/REPRESENTATIVE DATE

PART IX. SUPPLEMENTAL INFORMATION FORM

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

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

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

The Following Race Codes should be used:

1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.

2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as "Haitian" or "Negro" apply to this category.

3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.

4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent:

4a – Asian India
4b – Chinese
4c – Filipino
4d – Japanese
4e – Korean
4f – Vietnamese
4g – Other Asian

5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands:

5a – Native Hawaiian
5b – Guamanian or Chamorro
5c – Samoan
5d – Other Pacific Islander

6 – Other

7 – Did not respond. **(Please initial below)**

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

The Following Ethnicity Codes should be used:

1 – Hispanic – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. Terms such as "Latino" or "Spanish Origin" apply to this category.

2 – Not Hispanic – A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

3 – Did not respond. **(Please initial below)**

Disability Status:

1 – Yes

If any member of the household is disabled according to Fair Housing Act definition for handicap (disability):

- A physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment or being regarded as having such an impairment. For a definition of "physical or mental impairment" and other terms used, please see 24 CFR 100.201, available at http://fairhousing.com/legal-research/hud-regulations/24-cfr-100201-definitions.
- "Handicap" does not include current, illegal use of or addiction to a controlled substance.
- An individual shall not be considered to have a handicap solely because that individual is a transvestite.

2 – No

3 – Did not respond **(Please initial below)**

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

(Initials) _____ _____ _____ _____ _____ _____ _____ _____

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

INSTRUCTIONS FOR COMPLETING
TENANT INCOME CERTIFICATION

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

Part I - Development Data

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

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

Part II - Household Composition

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

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

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

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

Part III - Annual Income

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

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

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

Part IV - Income from Assets

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

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

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

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

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

HOUSEHOLD CERTIFICATION AND SIGNATURES

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

Part V – Determination of Income Eligibility

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

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

Part VI - Rent

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

Part VII - Student Status

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

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

Part VIII – Program Type

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

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

SIGNATURE OF OWNER/REPRESENTATIVE

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

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

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

PART IX. SUPPLEMENTAL INFORMATION

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

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

EXHIBIT D

First Source Hiring Requirements and Numerical Goals

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

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

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

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

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

E. Liquidated Damages. Borrower agrees:

1. To be liable to the City for liquidated damages as provided in this Section;

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

3. That the Borrower's commitment to comply with this Chapter is a material element of the City's consideration for this contract; that the failure of the contractor to comply with the contract provisions required by this Chapter will cause harm to the City and the public which is significant and substantial but extremely difficult to quantity; that the harm to the City includes not only the financial cost of funding public assistance programs but also the insidious but impossible to quantify harm that this community and

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

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

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

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

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

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

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

Violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of $5,000 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated

damages and the evaluation of any defenses or mitigating factors will be made by the FSHA.

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

EXHIBIT E
Governmental Requirements

1. Prevailing Wages and Working Conditions.

Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 23.61. Borrower agrees to require its Contractors and Subcontractors performing (i) labor in the construction of a "public work" as defined in California Labor Code Section 1720 et seq. (which includes certain construction, alteration, maintenance, demolition, installation, repair, carpet laying, or refuse hauling if paid for in whole or part out of public funds), or (ii) Covered Construction at the Project or Site to (1) pay workers performing such work not less than the Prevailing Rate of Wages, (2) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with San Francisco Administrative Code Section 23.61 (collectively, "Prevailing Wage Requirements"). Borrower agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

If applicable, Borrower shall include, and require its Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Section 23.61. Each such Construction Contract shall name the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third party beneficiaries for the limited purpose of enforcing the Prevailing Wage Requirements, including the right to file charges and seek penalties against any Contractor or Subcontractor in accordance with San Francisco Administrative Code Section 23.61. Borrower's failure to comply with its obligations under this Section shall constitute a material breach of the Agreement. A Contractor's or Subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.61 against the breaching party.

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

3. Conflict of Interest.

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

be responsible for obtaining compliance with conflict of interest provisions by the parties with whom it contracts and, in the event of a breach, Borrower must take prompt and diligent action to cause the breach to be remedied and compliance to be restored.

(b) Borrower represents that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2, and Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, and Sections 1090 through 1097 and 87100 *et seq*. of the California Government Code, all of which relate to prohibited conflicts of interest and prohibited contributions in connection with government contracts. Borrower certifies that it knows of no facts that constitute a violation of any of these provisions and agrees to notify the City immediately if Borrower at any time obtains knowledge of facts constituting a violation. The City will notify its Ethics Commission of the parties to this Agreement in accordance with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code.

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

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

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

6. Relocation. Borrower must meet any applicable requirements of the California Relocation Assistance Act (Cal. Gov. Code §§ 7260 *et seq*.) and implementing regulations in Title 25, Chapter 6 of the California Administrative Code and similar Laws. Borrower may use vacant Units in the Project to accommodate the temporary relocation of Qualified Tenants in other Small Sites Program Projects to complete rehabilitation for a period of up to 30 days, during which time, relocated Qualified Tenants must sign a relocation lease, approved as to form by the City, giving the relocated Qualified Tenant temporary right to the Unit for no more than a 30 day period. The use of Small Sites Program Units for temporary relocation applies only to other Small Sites Program Qualified Tenants and not to tenants residing in properties subject to other funding sources and/or program regulations.

7. First Source Hiring. Borrower agrees to comply with San Francisco Administrative Code, Chapter 83, as applicable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13. Sunshine Ordinance.

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

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

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

Borrower must notify the City so that the City may determine the applicability of Chapter 79, and, if necessary, post the requisite sign.

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

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

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

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

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

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

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

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

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

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

(d) Borrower or Subcontractor shall not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant's or potential applicant for employment, or employee's: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

(e) Borrower or Subcontractor shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection 16.16(d), above. Borrower or Subcontractor shall not require such disclosure or make such

inquiry until either after the first live interview with the person, or after a conditional offer of employment.

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

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

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

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

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

21. Local Business Enterprise and Non-Discrimination in Contracting Ordinance. Borrower will comply with the applicable requirements of the Local Business Enterprise Utilization and Non-Discrimination in Contracting Ordinance under Administrative Code

Chapter 14B (“LBE Ordinance”) and will incorporate such requirements, if any, in contracts with any Contractors and Subcontractors.

EXHIBIT F

Lobbying/Debarment Certification Form

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

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

2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned 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.

CHINATOWN SROS, LLC,
a California limited liability company

By: Chinatown Community Development Center, Inc.,
a California nonprofit public benefit corporation
Its Sole Member & Manager

By: _____
Malcolm Yeung
Executive Director

DATE: _____

EXHIBIT G

Form of Annual Monitoring Report

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

Mark Farrell
Mayor

Kate Hartley
Director

March 19, 2018

Notice of Availability of 2017 Annual Monitoring Report Form
(plus reminders of Serious Incident Protocol and marketing procedure)

MOHCD is pleased to announce the availability of the Annual Monitoring Report (AMR) forms for Reporting Year 2017 (RY2017). The forms are now available to 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 12, 2018 from 9:30 a.m.-12:15 p.m. See below for more information.

Deadline: For projects whose business year ended December 31, 2017, the report will be due on May 31, 2018 for the period 1/1/17-12/31/17. For any projects whose 2017 business year ended or will end on different dates than those above, the report will be due 5 months from the last date of that business year.)

Submissions for RY2017 and any outstanding reports from prior reporting years will be accepted only in the RY2017 format.

Completion and Submission Instructions

The Annual Monitoring Report consists of the following four parts:

I. AMR_RY2017 – project name.xlsx – This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

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

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

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

Submit this report as an Excel file only; do not convert it to pdf or another file type. Changing the format of AMR_RY2017.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.

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 2017. They must be prepared by a certified public accountant in accordance with generally accepted accounting principles, applicable regulations and laws and with the City's "Audit Requirements for MOHCD-Funded Projects" a copy of which is 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.

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

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

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

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, 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.

AMR Training – April 12, 9:30 a.m.-12:15 p.m.

To facilitate completion of the AMR by project sponsors, MOHCD will conduct a training on from 9:30 a.m. to 12:15 p.m. on Thursday, 4/12, in our office at 1 South Van Ness Avenue, 5th Floor, Room 5080. We strongly encourage the primary staff person who is responsible for completion of the report to

attend and to bring a Wi-Fi enabled lap top computer. Space is limited. Please RSVP to Ricky Lam at 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

Marketing of 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

Asset Management and Compliance Monitoring Team
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
http://sf-mohcd.org/
P. 415-701-5500
F. 415-701-5501

Annual Monitoring Report - Instructions - Reporting Year 2017 - 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 1/25/2018

1A. Property & Residents

Please follow the instructions provided on the worksheet.

1B. Transitional Programs Only

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

1C. Eviction Data

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

2. Fiscal Activity

Income and Expenses

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

INSTRUCTIONS:

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

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

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

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

Income

Rental Income

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

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

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

Vacancy Loss

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

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

Other Income

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

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

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

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

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

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

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

Expenses

Management

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

Salaries/Benefits

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

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

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

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

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

Administration

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

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

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

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

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

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

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

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

Utilities

6450 Electricity

6451 Water

6452 Gas

6453 Sewer

Taxes and Licenses

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

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

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

Insurance

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

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

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

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

Maintenance and Repairs

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

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

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

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

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

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

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

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

Supportive Services

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

Reserve Account Activity

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

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

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

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

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

3A. Occupancy & Rent Info

Accurate and complete household and tenancy data must be submitted on the Occupancy & Rent Info worksheet as evidence that the project complies with the income eligibility and rent affordability restrictions of MOHCD's funding agreements. Enter the data described below into the chart in Section 3a - Occupancy & Rent Info for the tenant population that occupied the project as of the end of the reporting period. *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 rertification 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 recertificaion 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 minumum 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. **Household Rent Burden.** THIS IS A SELF-CALCULATING CELL - ENTER NO DATA HERE. If the rent burden is 100% or greater, it is likely that the amount of tenant paid rent and/or the amount of HH income is incorrect, please review the data for accuracy. Typically, rent burdens should be 60% or less. If a unit has a rent subsidy, the typical requirement is for tenants to pay 30% of income toward rent.

V. **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.

W. **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.

X. **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.

Gender, Sex at Birth, and Sexual Orientation/Sexual Identity: on June 30, 2017, MOHCD published and distributed a Notice regarding new requirements to collect this demographic data. Click this cell to review the Notice if you have any questions about this.

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

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

Sex At Birth. Provide info for the Head of Household. The 5 possible answers for Sex at Birth are:

- Female
- Male
- Decline to Answer
- Not Stated
- Question Not Asked

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

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

Elderly Household. For each residential unit, enter "Yes" if the 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 satisified 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

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

MOHCD Operating Fees Policy

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

Annual Monitoring Report - Property & Residents - Reporting Year 2017 - Mayor's Office of Housing & Community Development		
#	***IDENTIFYING INFO***	
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")
	CONTACT INFO	
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.) ***If you answer "yes", skip questions 26 through 39 below, and continue with question 40. Also, you must complete worksheet "1B.TransitionalProg."***

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

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

34		**Vacancies -** 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**	**Evictions -** 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		**#4** **Vacant Unit Rent-Up Time -** *(in DAYS)* 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		**Waiting List -** How many applicants are currently on the waiting list?
38		When was the waiting list last updated? (m/yyyy)
39		**#5** **Affirmative Marketing -** 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 **Health, Building or Housing Code Violations** 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 **Health, Building or Housing Code Violations** were open from *prior* years?
44			How many **Health, Building or Housing Code Violations** were cleared in the reporting year?
45		# 3	Are there urgent **Major Property Repairs** needed on the property in the next two years? **(Yes/No)** 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 **Immediate Capital Needs** 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 **Accessible to Physically Impaired Tenants?**
48			As of the last day of the reporting period, how many units were **Adaptable for Physically Impaired Tenants?**
49			As of the last day of the reporting period, how many units were fully **Accessible to Visually Impaired Tenants?**
50			As of the last day of the reporting period, how many units were fully **Accessible to Hearing Impaired Tenants?**

	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"		
51		Go To WS6	After School Program/s (y/n)
52		Go To WS6	Licensed Day Care Service *(participant fees are allowable for day care ONLY)* (y/n)
53		Go To WS6	Youth Program/s (y/n)
54		Go To WS6	Educational Classes (e.g. basic skills, computer training, ESL) (y/n)
55		Go To WS6	Health and Wellness Services/Programs (y/n)
56		Go To WS6	Employment Services (y/n)
57		Go To WS6	Case Management, Information and Referrals (y/n)
58		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 specifiy in column G.
61		Go To WS6	Other Service #2 - Please specifiy in column G.

POPULATION SERVED

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

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

			Target Population		***Actual Population***	
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 - Transitional Programs - Reporting Year 2017 - Mayor's Office of Housing & Community Development

Project Address:

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

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

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

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

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

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

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

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

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

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

Annual Monitoring Report - Eviction Data - Reporting Year 2017 - 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	**0**	**Total number of households who received Notices of Eviction**

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	**0**	**Total number of unlawful detainer actions filed**

Number of households evicted from the project during the reporting period for the 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	**0**	**Total number of households evicted** *(total also used to answer question #35 on Worksheet 1A)*

	B	D	F	H	J	L	N	P	R
15	**Annual Monitoring Report - Fiscal Activity - Reporting Year 2017 - Mayor's Office of Housing & Community Development**								
16	**INCOME & EXPENSES**					**LOSP REPORTING**		**2a. Net LOSP Revenue for this reporting period - MUST be amount shown on MOHCD LOSP disbursement form, will be pre-filled by MOHCD in cell P17.**	
17	**12 Month Report Period**	**Start Date:**	**1/0/1900**	**End Date:**	**1/0/1900**	**# LOSP Units**	**# non-LOSP Units**	$0.00	<<< Must match LOSP Disbursement Form !
18	**Number of Units--->**	**0**				**0**	*0*	**2b. If the project receives other source/s of Rental Assistance Payments, enter the total amount in cell R20, and the source/s in cell R21.**	
19		**Account**				**Residential Breakdown**			
20	**Description of Income Accounts**	**Number**	**Residential**	**Non-Residential**	**Total**	**LOSP**	**non-LOSP**	Rental Assistance Pmts - OTHER - Amount	
21						***0%***	***0%***	Rental Assistance Pmts - OTHER - Source/s	
22	**Rental Income**							**2c. If the project has been pre-authorized to use an "alternative LOSP split" to allocate the Rental Assistance Payment, enter the LOSP percentage in cell P26.**	
23	Housing Units - Gross Potential Tenant Rents	5120					*$0.00*		
24	Rental Assistance Payments (identify ALL sources in row below if applicable, including LOSP funding)	5121				*$0.00*	*$0.00*	Pre-authorized alternative LOSP split for OTHER source/s of Rental Assistance Payments:	
25	Source/s---->							LOSP	non-LOSP
26	Commercial Unit Rents	5140							*0.00%*
27	**sub-total Gross Rental Income:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	*$0.00*	
28	**Vacancy Loss - enter amounts as negative numbers!**				vacancy rate				
29	Housing Units	5220		**Must click & explain if Residential Vac Rate is > 15%**			*$0.00*	***Columns L, N, P & R are used for LOSP-funded projects. If the project does not receive LOSP funding, ignore these columns, otherwise please follow these data entry instructions for LOSP Projects:***	**5. Cells in Column G with light green highlighting: can be overriden, but only if LOSP-specific expenses are being tracked at entry level in the project's accounting system.**
30	Commercial	5240			0.00%			**1a. LOSP revenue for the reporting period is pre-filled by MOHCD in P17.**	**6. Cells with pink highlighting indicate where alternative percentages can be used to allocate LOSP/non-LOSP, but only with MOHCD written pre-approval; enter the pre-authorized "alternative percentages" from the approved MOHCD LOSP Budget in Column I.**
31	**sub-total Vacancies:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**1b-c. Enter Other Rental Assistance Amount & Source in R20 & R21. Use P26 if the project was approved to use an "alternative split".**	
32								**3. You must enter data in F24. The formula for cell N24 is F24-L24. If all rental subsidy is allocated to LOSP, then F24 should be = L24. If there is any Rental Subsidy allocated to non-LOSP, then use a formula for F24 the amount of nonLOSP subsidy + L24.**	
33	**NET RENTAL INCOME:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**4. Most of the cells in columns L, N P & R auto-calculate.**	
34									
35	**Other Income**								
36	Garage and Parking Spaces	5170				*$0.00*	*$0.00*		
37	Miscellaneous Rent Income	5190				*$0.00*	*$0.00*		
38	Supportive Services Income - Do not enter supportive services income if it is tracked in a separate budget and not appropriate per MOHCD loan terms to be included in Residual Receipts calculation.	5300				*$0.00*	*$0.00*		
39	Supportive Services Income Source/s- identify program source(s) if applicable -->								
40	Interest Income - Project Operations (From Operating Account Only)	5400				*$0.00*	*$0.00*	LOSP split calculation	
41	Laundry and Vending	5910				*$0.00*	*$0.00*	LOSP	non-LOSP
42	Tenant Charges	5920				$0.00	*$0.00*		
43	Other Revenue	5990				*$0.00*	*$0.00*		
44	**sub-total Other Income Received:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
45									
46	**TOTAL INCOME RECEIVED:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
47									
48	**INCOME & EXPENSES**								
49		**Account**				**Residential Breakdown**			
50	**Description of Expense Accounts**	**Number**	**Residential**	**Non-Residential**	**Total**	**LOSP**	**non-LOSP**		
51	**Management**					***0%***	***0%***	Pre-authorized alternative LOSP split	
52	Management Fee	6320				*$0.00*	*$0.00*	50.00%	*50.00%*
53	"Above the Line" Asset Management Fee (amount allowable may be limited, see Asset Mgt. Fee Policy)					*$0.00*	*$0.00*		*0.00%*
54	**sub-total Management Expense:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
55	**Salaries/Benefits**							LOSP	non-LOSP
56	Office Salaries	6310				*$0.00*	*$0.00*	50.00%	*50.00%*
57	Manager's Salary	6330				*$0.00*	*$0.00*		*0.00%*
58	Employee Benefits: Health Insurance & Disability Insurance	6723				*$0.00*	*$0.00*		*0.00%*
59	Employee Benefits: Retirement & Other Salary/Benefit Expenses					*$0.00*	*$0.00*		*0.00%*
60	Administrative Rent Free Unit	6331				*$0.00*	*$0.00*		*0.00%*
61	**sub-total Salary/Benefit Expense:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
62	**Administration**								
63	Advertising and Marketing	6210				*$0.00*	*0*		
64	Office Expenses	6311				*$0.00*	*$0.00*	LOSP split calculation	
65	Office Rent	6312				*$0.00*	*$0.00*	LOSP	non-LOSP
66	Legal Expense - Property	6340				$0.00	*$0.00*		
67	Audit Expense	6350				*$0.00*	*$0.00*		
68	Bookkeeping/Accounting Services	6351				*$0.00*	*$0.00*		
69	Bad Debts	6370				$0.00	*$0.00*		
70	Miscellaneous Administrative Expenses **(must click & explain if >$10k)**	6390				*$0.00*	*$0.00*		
71	**sub-total Administrative Expense:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
72	**Utilities**								
73	Electricity	6450				$0.00	*$0.00*		
74	Water	6451				*$0.00*	*$0.00*		
75	Gas	6452				*$0.00*	*$0.00*		
76	Sewer	6453				*$0.00*	*$0.00*		
77	**sub-total Utilities Expense:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
78	**Taxes and Licenses**							Pre-authorized alternative LOSP split	
79	Real Estate Taxes	6710				*$0.00*	*$0.00*	LOSP	non-LOSP
80	Payroll taxes	6711				*$0.00*	*$0.00*		*0.00%*
81	Miscellaneous Taxes, Licenses, and Permits	6719				*$0.00*	*$0.00*		
82	**sub-total Taxes and License Expense:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
83	**Insurance**								
84	Property and Liability Insurance	6720				*$0.00*	*$0.00*	Pre-authorized alternative LOSP split	
85	Fidelity Bond Insurance	6721				*$0.00*	*$0.00*	LOSP	non-LOSP
86	Workers' Compensation	6722				*$0.00*	*$0.00*		*0.00%*
87	Directors & Officers Liabilities Insurance	6724				*$0.00*	*$0.00*		
88	**sub-total Insurance Expense:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
89	**Maintenance and Repairs**								
90	**IMPORTANT NOTE RE: TREATMENT OF CAPITAL AND NON-CAPITAL MAINTENANCE REPAIR EXPENSES ELIGIBLE FOR PAYMENT BY REPLACEMENT RESERVE: If possible, exclude those from this section. If you do include those expenses here, be sure to record the amounts in rows 103 (non-capital) and 210:215 below (capital).**					**LOSP**	**non-LOSP**	LOSP split calculation	
91	Payroll	6510				*$0.00*	*$0.00*	LOSP	non-LOSP
92	Supplies	6515				$0.00	*$0.00*		
93	Contracts	6520				*$0.00*	*$0.00*		*0.00%*
94	Garbage and Trash Removal	6525				*$0.00*	*$0.00*	Pre-authorized alternative LOSP split for contracts	
95	Security Payroll/Contract	6530				*$0.00*	*$0.00*		*0.00%*
96	HVAC Repairs and Maintenance	6546				*$0.00*	*$0.00*		
97	Vehicle and Maintenance Equipment Operation and Repairs	6570				*$0.00*	*$0.00*		
98	Miscellaneous Operating and Maintenance Expenses **(must click & explain if >$10k)**	6590				*$0.00*	*$0.00*		
99	**sub-total Maintenance Repair Expense:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	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				*$0.00*	*$0.00*		*0.00%*
101	**SUB-TOTAL OPERATING EXPENSES:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	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			*$0.00*	*$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.					*$0.00*	*$0.00*		
104	**TOTAL OPERATING EXPENSES:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
105									
106	**Ground Lease Base Rent/Bond Fees/Reserves**	Name of Lessor/ Bond Monitoring Agency/ Reserve Account				**LOSP**	**non-LOSP**	LOSP	non-LOSP
107	Ground Lease - Base Rent (provide Lessor name to the right)				$0.00	*$0.00*	*$0.00*		*0.00%*
108	Bond Monitoring Fee				$0.00	*$0.00*	*$0.00*		*0.00%*
109	Replacement Reserve Required Annual Deposit (Source is Operating Account.) Enter as positive number.	1320			$0.00	*$0.00*	*$0.00*		*0.00%*
110	Operating Reserve Deposits (Source is Operating Account.) Enter as positive number.	1365			$0.00	*$0.00*	*$0.00*		*0.00%*
111	Operating Reserve Account Withdrawals (For deposits to Operating Account.) Enter as positive number.				$0.00	*$0.00*	*$0.00*		*0.00%*
112	Other Required Reserve Account Deposits (Source is Operating Account. Enter as positive number. Identify reserve account in next col) (1330)				$0.00	*$0.00*	*$0.00*	LOSP split calculation	
113	Other Required Reserve Account Withdrawals (For deposit to Operating account. Enter as positive number. Identify account in next col ---->				$0.00	$0.00	*$0.00*		
114	**Sub-total Ground Lease Base Rent/Bond Fees/Reserves**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	LOSP	non-LOSP
115									
116	**TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
117		**Acct Num**	**Residential**	**Non-Residential**	**Total**				
118	**1. TOTAL INCOME RECEIVED:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
119	**2. TOTAL OPERATING EXPENSES:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		

	B	D	F	H	J	L	N	P	R
15	**Annual Monitoring Report - Fiscal Activity - Reporting Year 2017 - Mayor's Office of Housing & Community Development**								
120	**3. NET OPERATING INCOME:**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		

	B	D	F	H	J	L	N	P	R
15	**Annual Monitoring Report - Fiscal Activity - Reporting Year 2017 - Mayor's Office of Housing & Community Development**								
121						**Residential Breakdown**		Pre-authorized alternative LOSP split	
122	**4. Debt Service (Principal and Interest)**	Name of Lender / Describe Other Amt Paid	**Residential**	**Non-Residential**	**Total**	**LOSP**	**non-LOSP**	LOSP	non-LOSP
123	Lender1 - Principal Paid (provide lender name to the right)					*$0.00*	*$0.00*		*0.00%*
124	Interest Paid					*$0.00*	*$0.00*		*0.00%*
125	Other Amount (describe to the right)					*$0.00*	*$0.00*		*0.00%*
126	Lender2 - Principal Paid (provide lender name to the right)					*$0.00*	*$0.00*		*0.00%*
127	Interest Paid					*$0.00*	*$0.00*		*0.00%*
128	Other Amount (describe to the right)					*$0.00*	*$0.00*		*0.00%*
129	Lender3 - Principal Paid (provide lender name to the right)					*$0.00*	*$0.00*		*0.00%*
130	Interest Paid					*$0.00*	*$0.00*		*0.00%*
131	Other Amount (describe to the right)					*$0.00*	*$0.00*		*0.00%*
132	Lender4 - Principal Paid (provide lender name to the right)					*$0.00*	*$0.00*		*0.00%*
133	Interest Paid					*$0.00*	*$0.00*		*0.00%*
134	Other Amount (describe to the right)					*$0.00*	*$0.00*		*0.00%*
135	**Total Debt Service Payments**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**		
136								Pre-authorized alternative LOSP split	
137	**Surplus Cash, Detail** (NOI minus Debt Service and Reserve Activity)		**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	Pre-authorized alternative LOSP split for Non-Res Surplus	
138						*Cells below allocate any non-residential surplus from H137.*		LOSP	non-LOSP
139	**If amount for Surplus Cash above is negative:** **- you must provide a detailed explanation to question #8 on the Narrative worksheet** **- you must NOT supply data for any of the fields for Uses of Surplus Cash below**		Go to ws4 Narrative question #8			*$0.00*	*$0.00*		*0.00%*
140	**Surplus Cash, Total----------->**				**$0.00**	**$0.00**	**$0.00**		
141	***Distribution of Surplus Cash/Residual Receipts - (Response Required.)*** *In the space below, please provide a detailed narrative summary of allowable distributions of Surplus Cash that accurately reflects the requirements under all MOHCD agreements as well as the requirements of other funders and any other agreements that govern. Please include the calcluation methodology, applicable annual increases, etc. For proposed distribution amounts entered in column J, rows 143-164, select the distribution priority for each of the uses of cash flow/surplus cash in column H.* ***If distribution of surplus cash is not allowed under MOHCD agreements or other funder agreements, enter N/A in the box below.***								
142						**Residential Breakdown**			
143	**USES OF SURPLUS CASH THAT ARE AUTHORIZED TO BE PAID PRIOR TO CALCULATION OF RESIDUAL RECEIPTS PAYMENTS (IF APPLICABLE)**			**Distribution Priority** (select below)	**Leave cells below blank if Surplus Cash is <= $0.**	**LOSP**	**non-LOSP**		
144	**5. Operating Reserve Replenishments** (Deposits made out of surplus cash to satisfy minimum balance requirements).						*$0.00*	Pre-authorized alternative LOSP split for Non-Res Surplus	
145	**6. "Below-the-line" Asset Mgt fee** (prior written authorization from City/SFRA may be required, see Asset Mgt. Fee Policy).						*$0.00*	LOSP	non-LOSP
146	**7a. Partnership Management fee due from this reporting period. if any** (tax credit projects only; not allowed if project is beyond 15-year compliance period).					$0.00	*$0.00*		
147	**7b. Partnership Management fee accrued but unpaid from PRIOR reporting periods, if any** (tax credit projects only; per City policy, not allowed if project is beyond 15-year compliance period).						*$0.00*		
148	**8a. Investor Services Fee (aka LP Asset Management Fee) due from this reporting period. if any** (tax credit projects only; per City policy, not allowed if project is beyond 15-year compliance period).					$0.00	*$0.00*		
149	**8b. Investor Services Fee (aka LP Asset Management Fee) accrued but unpaid from PRIOR reporting periods, if any** (tax credit projects only; per City policy, not allowed if project is beyond 15-year compliance period).						*$0.00*	Pre-authorized alternative LOSP split for Non-Res Surplus	
150	**9. Deferred Developer fee, if any**					*$0.00*	*$0.00*		*0.00%*
151	**10. Other payments:** use question #1 on the Narrative (worksheet #4) to provide details about any fees or other payments, including ground lease residual rent payments for a non-MOHCD/OCII ground lease. Failure to provide details will result in disallowance of this expense. You may only include payments that were approved by MOHCD at time of funding that are also explicitly authorized by a Partnership Agreement or similar project document.	Go to ws4 Narrative question #1				*$0.00*	*$0.00*		*0.00%*
152	**11ai. Debt Pmt to other lender1: Principal Paid** (note lender name to right)					*$0.00*	*$0.00*		*0.00%*
153	**11aii. Debt Pmt to other lender1: Interest Paid**					*$0.00*	*$0.00*		*0.00%*
154	**11bi. Debt Pmt to other lender2: Principal Paid** (note lender name to right)					*$0.00*	*$0.00*		*0.00%*
155	**11bii. Debt Pmt to other lender2: Interest Paid**					*$0.00*	*$0.00*		*0.00%*
156	**Total Payments preceding Residual Receipts Calculation:**				**$0.00**	***$0.00***	***$0.00***		
157									
158	**12. RESIDUAL RECEIPTS**				**$0.00**	***$0.00***	***$0.00***		
159				**Distribution Priority** (select below)	**Leave cells below blank if Surplus Cash is <= $0.**	**LOSP**	**non-LOSP**	Pre-authorized alternative LOSP split for Non-Res Surplus	
160	12a. MOHCD Residual Receipts Due for Loan Repayment					*$0.00*	*$0.00*		
161	12b. MOHCD Residual Receipts Due for Ground Lease Residual Rent Payment					*$0.00*	*$0.00*	0.00%	*100.00%*
162	*12c. Subtotal Residual Receipts Payments to MOHCD*				***$0.00***	***$0.00***	***$0.00***		
163	12d. Residual Receipts Debt Pmt to other lender3 (note lender name to right)					*$0.00*	*$0.00*		*0.00%*
164	12e. Residual Receipts Debt Pmt to other lender4 (note lender name to right)					*$0.00*	*$0.00*		*0.00%*
165	12f. Residual Receipts Debt Pmt to other lender5 (note lender name to right)					*$0.00*	*$0.00*		*0.00%*
166	**Total Residual Recipts Payments:**				**$0.00**	**$0.00**	**$0.00**		
167						**Residential Breakdown**			
168	***DO NOT SUBMIT YOUR PROPOSED RESIDUAL RECEIPT PAYMENT TO MOHCD WITH THIS AMR. MOHCD WILL REVIEW YOUR PROPOSED PAYMENT AND GENERATE AN INVOICE IF THE CALCULATION CAN BE VERIFIED AS APPROPRIATE; IF THE CALCULATION CANNOT BE VERIFIED, MOHCD WILL CONTACT YOU.***					**LOSP**	**non-LOSP**		
169	**Remaining Balance**				**$0.00**	*$0.00*	*$0.00*		
170									
171	**Proposed Owner Distributions** (provide description in column D and enter amount in column J. If an amount is entered, a description is required.)					If L169 is >0, enter that number in J172 & L172 below. The amount will be treated as the LOSP CY surplus.			
172	**Proposed Other Distributions/Uses** (provide description in column D and enter amount in column J. If an amount is entered, a description is required. If you had a Calendar Year LOSP surplus, please acknowledge that and note exact amount.)						If N169 is >0, you may enter that amount in J171 & N171 above if your LOSP budget allows an owner distribution.		
173									
174	**Final Balance: should be ZERO except when Surplus Cash (cell F136) is negative**				**$0.00**	**$0.00**	**$0.00**		

Annual Monitoring Report - Fiscal Activity - Reporting Year 2017 - Mayor's Office of Housing & Community Development

RESERVE ACCOUNT DETAILS

OPERATING RESERVE *(Do not leave blanks for any questions asking for a number, enter zero instead.)*

Minimum Required Balance:	
Beginning Balance:	
Actual Annual Deposit (don't edit - taken from page 1 account number 1365):	*$0.00*
Interest Earned:	
Annual Withdrawal Amount (enter as negative number):	
Ending Balance (don't edit cell -- calculated):	$0.00
Required Annual Deposit:	
Total Operating Expenses plus debt service (don't edit cell -- calculated)	*$0.00*
If the calculated percentage shown to the right (Op Reserve Account Ending Balance divided by Total Op Expenses) is less than 23.5%, you must describe how the project will remedy the shortfall in the adjacent cell. If the calculated percentage shown to the right is greater than 26.5%, you must explain why the Op Reserve balance exceeds MOHCD's requirement in the adjacent cell.	*0.000%*

REPLACEMENT RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead.)

Minimum Required Balance:	
Beginning Balance:	
Actual Annual Deposit:	
Interest Earned:	
Annual Withdrawal Amount (enter as negative number):	
Ending Balance (don't edit cell -- calculated):	$0.00
Required Annual Deposit (do not edit - taken from page 1 account number 1320):	*$0.00*
Describe how the amount of annual deposit and the minimum required balance is determined.	

CHANGES TO REAL ESTATE ASSETS

Enter Beginning and Ending Balances in each of the categories listed below. Changes in asset categories will auto calculate.	Balance, 1/00/1900	Changes	Balance, 1/00/1900
Building & Improvements		$0.00	
Offsite Improvements		$0.00	
Site Improvements		$0.00	
Land Improvements		$0.00	
Furniture, Fixtures & Equipment		$0.00	
Other		$0.00	

Replacement Reserve-Eligible Expenditures: Provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.

Capital Repairs and Improvements: Enter capital repairs and improvement costs associated with the reporting year. For each category in rows 200-205 above that shows a positive change, an entry is requred in each corresponding cateogry in rows 210-215. 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 acount 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.

	Capital Repairs and Improvements Funded By:			
Capital Repairs and Improvements - Categories	Replacement Reserve	Operating Account	Other Source	**Total Amount**
Building & Improvements				$0.00
Offsite Improvements				$0.00
Site Improvements				$0.00
Land Improvements				$0.00
Furniture, Fixtures & Equipment				$0.00
Other				$0.00
Total	**$0.00**	**$0.00**	**$0.00**	**$0.00**

Description of Capital Repairs and Improvements

Non-Capital Replacement Reserve Eligible Expenditures (i.e., labor costs): Enter the amounts used to fund non-capital replacement reserve eligiblie expenditures. Use section below to supply explanations.

Source	Amount
Paid out of Operating Budget, to be reimbursed by RR (shows the amount entered in row 103 above)	*$0.00*
Paid Directly from Replacement Reserve	
Other Source	
Explanation of Non-Capital Replacement Reserve Eligible Expenditures — **Total**	**$0.00**

TOTAL REPLACEMENT RESERVE ELIGIBLE EXPENDITURES: the Replacement Reserve Withdrawal for the reporting period should not exceed the Total RR-eligible Expenditures. You must provide more details above or an explanation below if the RR withdrawal amount exceeds the Total RR-Eligible Expenditures.

RR Withdrawal Amount-->	*$0.00*	**Total RR-Eligible Expenditures--->**	**$0.00**

Notes About RR Withdrawal Amount in excess of Total RR-eligible Expenditures:

	B	D	F	H	J	L	N	P	R
15	**Annual Monitoring Report - Fiscal Activity - Reporting Year 2017 - Mayor's Office of Housing & Community Development**								
231	**FEDERAL PROGRAM INCOME REPORT**								
232	**This section must be completed if the project received any CDBG funding, even if the amount of CDBG program income during the reporting period was zero. For more information, use the following link or copy this web address for manual navigation:**								
233									
234	http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141								
235	**Overview of Federal (HOME and CDBG) Program Income**								
236									
237	**CDBG PROGRAM INCOME**								
238	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 2015-2019 Consolidated Plan, 2017-2018 Action Plans as follows:	AMOUNT	DESCRIPTION						
239	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):								
240	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):								
241	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):								
242	Amount to be deposited for use on future eligible CDBG activities that will be undertaken by June 30, 2016 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):								
243	Other (provide amount in cell to the right, plus activity description and regulation citation in column furthest to the right):								
244	**Total CDBG Program Income Calculation**(see instructions for guidance on how to calculate)								
245	***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 2017 reporting period as depicted above.***								

Annual Monitoring Report - Occupancy & Rent Info - Reporting Year 2017 - 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.** | **1/0/1900** | **# 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	X
Row Num	Unit No.	Unit Type (Bed / SRO / Studio / 1BR / 2BR / 3BR / 4BR / 5+BR)	Date of INITIAL OCCUPANCY (m/d/yyyy)	Household Annual Income AT INITIAL OCCUPANCY	Household Size AT INITIAL OCCUPANCY (number)	Date Of Most Recent Income Recertification **WITHIN REPORTING PERIOD** (m/d/yyyy)	Household Annual Income as of Most Recent Recertification **WITHIN REPORTING PERIOD**	Household Size (number) as of Most Recent Recertification **WITHIN REPORTING PERIOD**	Min Occupancy for Unit Type (per data entered on worksheet 1A)	Max Occupancy for Unit Type (per data entered on worksheet 1A)	Is the Household Overhoused or Overcrowded?	Overhoused / Overcrowded -- Narrative. (Explanation required for each row where indicator is displayed in Column N and Col O cell shows no highlighting. Describe any extenuating circumstances that justify the Overhoused/Overcrowded status; summarize efforts made to transfer HH to unit of appropriate size.)	Rental 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 all utilities. are included.)**	HH Rent Burden (tenant paid rent plus utility allowance x 12 / hh income): typically between 30-50%; should never exceed 100%.	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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48																					

Annual Monitoring Report - Demographic Information - Reporting Year 2017 -

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.**	**1/0/1900**	**# Units:**	**0**

- Provide the data requested for the tenant population that was residing in the project ***at the end of the Reporting Period*** .
- 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".
- Select one Gender, one Sex and one Sexual Orientation/Identity category for the head of household. If unknown, manager's or vacant unit, select "Question Not Asked". See the Instructions worksheet for a link to additional info about the City ordinance that requires collection of this data beginning in 2017.

C	D	E	F	G	H	I	J	K	L	M	N
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)	Gender (select from drop down menu) **for Occupancies AFTER 6/30/2017**	Sex at Birth (select from drop down menu) **for Occupancies AFTER 6/30/2017**	Sexual Orientation / Sexual Identity (select from drop down menu) **for Occupancies AFTER 6/30/2017**	Elderly House-hold (yes/no)	Number of Children under Age 18 in HH	Disability (select one)
1											
2											
3											
4											
5											
6											
7											
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39											

Annual Monitoring Report - Summary of Reported Household Demographics - Reporting Year 2017 - Mayor's Office of Housing & Community Development

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

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	
TOTAL Households*	**0**	
TOTAL Residents	0	

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

Other Household Demographics

	# Reported
Elderly Households	0
Households with Children Under 18	0
Number of Children Under 18	0
Households with Tenant with Physical Disability	0
Households with Tenant with Visual Disability	0
Households with Tenant with Hearing Disability	0
Households with Tenant with Mental/Devt Disability	0
Households with Tenant with Other Disability	0
Households with Tenant with More than One Disability	0
Households with Tenant with No Disability	0

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	
Total Head of Households	**0**	

Gender	# Reported Head of HH	% of Total
Female	0	
Male	0	
Genderqueer/Gender Non-binary	0	
Trans Female	0	
Trans Male	0	
Not listed	0	
Declined/Not Stated	0	
Question Not Asked	0	
Total Head of Households	**0**	

Sex At Birth	# Reported Head of HH	% of Total
Female	0	
Male	0	
Decline to Answer	0	
Not Stated	0	
Question Not Asked	0	
Total Head of Households	**0**	

Sexual Orientation / Sexual Identity	# Reported Head of HH	% of Total
Bisexual	0	
Gay /Lesbian/Same-Gender Loving	0	
Questioning /Unsure	0	
Straight/Heterosexual	0	
Not listed	0	
Decline to Answer	0	
Not Stated	0	
Question Not Asked	0	
Total Head of Households	**0**	

Target and Actual Population Served

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

Annual Monitoring Report - Narrative - Reporting Year 2017 - Mayor's Office of Housing & Community Development

Project Street Address:

Reporting Period - Start Date: 1/0/1900

Reporting Period - End Date: 1/0/1900

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

1. Explanations & Comments

Use this space to record notes about any peculiarities in the data entry process. For example, if you entered a formula instead of a single number for a field, make a note here re: for which question on which worksheet that was done, and describe the formula & underlying numbers. Also use this field to describe in detail any amounts entered for "Other payments" on the worksheet "2.Fiscal," item 10.

2. Code Violations

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

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

(add additional rows as needed)

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

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

(add additional rows as needed)

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

3. Major Repairs

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

4. Vacant Unit Rent-Up Time

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

a. A description of the work done to analyze the cause/s of the high turnaround time, and what the identified causes are; and

b. A description of the work done to identify means of reducing the turnaround time, and all viable remedies that have been identified; and

c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

5. Affirmative Marketing

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

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

6. Vacancy Rate ------>

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

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

7. Miscellaneous Expenses: Administrative/Operating & Maintenance

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

Misc. Admin Expenses

Expense Description	Amount	HUD Acct #	Notes
Total:	0.00		
Diff. from Fiscal Activity WS:			

Misc. Operating & Maintenance Expenses

Expense Description	Amount	HUD Acct #	Notes
Total:	0.00		
Diff. from Fiscal Activity WS:			

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 2017 - 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								

Annual Monitoring Report - Services Funding - Reporting Year 2017 - Mayor's Office of Housing & Community Development

Completion of this page is required based on your answers to questions 51 thru 61 on worksheet 1A.Prop&Residents. Supply one row of data for each service that is being provided. (If more than one service is being provided by the same Provider under the same grant, please repeat the data for each service provided.)

Project Address:

Current Services Funding

Service Type	Service Provider Name	Street Address where Service is Provided	Name of Funder of this Service	Grant Amount	Grant Start Date	Grant End Date

Project Street Address:

Schedule of Operating Revenues
For the Year Ended January 0, 1900

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

Project Street Address:

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

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

Project Street Address:

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

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

Financial Expenses

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

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

Depreciation & Amortization Expenses

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

6600	Depreciation Expense			$0
6610	Amortization Expense			0
	Operating Profit (Loss) after Deprecieation & Amortization:	**$0**	**$0**	**$0**

Net Entity Expenses

the right.

7190				$0
7190				0
7190				0
7190				0
7190				0
7190				0
7190				0
7190				0
7190				0
7190				0
	Total Net Entity Expenses:	**$0**	**$0**	**$0**
3250	**Change in Total Net Assets from Operations (Net Loss)**	**$0**	**$0**	**$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 January 0, 1900

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

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	LOSP	Non-LOSP
Total Cash Available for Residual Receipts Distribution:	**$0**	**$0**	**$0**

Distribution of Residual Receipts

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

	Total	LOSP	Non-LOSP
Total Residual Receipts Distributions to Lenders:	$0	$0	$0
Proposed Owner Distribution	$0		$0
Proposed Other Distribution/Uses	0	$0	
Total Residual Receipts Distributions to Lenders and Owners:	**$0**	**$0**	**$0**

Project Street Address:

Summary of Replacement Reserve and Operating Reserve Activity
For the Year Ended January 0, 1900

	Replacement Reserve	Operating Reserve
Balance, December 31, 1899	$0	$0
Actual Annual Deposit	0	0
Interest Earned	0	0
Withdrawals	0	0
Balance, December 31, 1900	$0	$0

Annual Monitoring Report - Completeness Tracker - Reporting Year 2017 - Mayor's Office of Housing & Community Development

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

Reporting Start Date: *1/0/00*
Reporting End Date: *1/0/00*

Project Address:

Submission Instructions:
Once all worksheets below are "COMPLETED", email the AMR, completed Owner Compliance Certiication, 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.

The waiting list must include the following information for each person or household who has applied to live at the project and is still waiting to be considered for an available unit: name of head-of-household, contact information, date of application, number of people in the household, stated household income and desired unit size. Prior to submittal, the waiting list must be redacted to exclude any private information that should not be shared publicly, for example, Social Security numbers, ID numbers from other forms of identification, information related to disabilities or other health conditions. Please confer with legal counsel and let MOHCD know if you have any questions prior to submitting a copy of the project's waitlist.This requirement is not applicable to transitional housing projects, residential treatment programs, shelters, group homes or permanent supportive housing for homeless people that is leased through a closed referral system.

Worksheet 1A. Property & Residents	**INCOMPLETE**
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

Worksheet 1B. Transitional Programs	**To Be Determined**
Questions 1 thru 11	To Be Determined
Questions 12 thru 18	To Be Determined
Questions 19 thru 39	To Be Determined

Worksheet 1C. Eviction Data	**To Be Determined**
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

Worksheet 2. Fiscal Activity	**INCOMPLETE**
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 - 196)	incomplete
Changes to Real Estate Assets (Rows 198 - 205)	incomplete
Replacement Reserve Eligible Expenditures (Rows 209 - 228)	incomplete
Program Income (Rows 230 - 243)	OK

Worksheet 3A. Occupancy & Rent Info	**INCOMPLETE**
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

Worksheet 3B. Demographic Information	**To Be Determined**
Is Ethnicity and Race selected for each household?	To Be Determined
Is Gender, Sex at Birth, and Sexual Orientation/Identity selected for each household?	To Be Determined

Worksheet 4. Narrative	**To Be Determined**
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

Worksheet 5. Project Financing	**INCOMPLETE**

Worksheet 6. Services Funding	**To Be Determined**

Worksheet 7. Supplementary Information Required by MOHCD	Worksheet incomplete. If using AMR to generate Schedules required for Auditied Financial Statement, please complete the required data entry.

EXHIBIT H

Tenant Selection Plan Policy

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

Application Process

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

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

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

Reasonable Accommodation and Modification Policy

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

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

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

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

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

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

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

Notice of Denial and Appeal Process

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

- If the rejection is based on a criminal background check obtained from a tenant screening agency, the Fair Chance Ordinance imposes additional notice requirements.

EXHIBIT I

Tenant Screening Criteria Policy

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

Screening Criteria

- Housing providers shall not automatically bar applicants who have a criminal record[2] 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;[3]
    - juvenile adjudications.
- Housing providers shall consider:
    - the individual circumstances of each applicant; and
    - the relationship between the offense, and
        - (1) the safety and security of other tenants, staff and/or the property; and
        - (2) mitigating circumstances such as those listed below.
    - only those offenses that occurred in the prior 7 years, except in exceptional situations, which must be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity.
    - mitigating factors, including, but not limited to:
        - (1) the seriousness of the offense;
        - (2) the age and/or circumstances of the applicant at the time of the offense;
        - (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;

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[2] 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.

[3] 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."

- (4) if the offense is related to acts of domestic violence committed against the applicant;
- (5) if the offense was related to a person's disability.

EXHIBIT J

Reserved

EXHIBIT K

Reserved

EXHIBIT L

Insurance Requirements

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

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

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

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

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

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

(e) a crime policy or fidelity bond covering Borrower's officers and employees against dishonesty with respect to the Funds of no less than Seventy Five Thousand Dollars ($75,000) each loss, with any deductible not to exceed Five Thousand Dollars ($5,000) each loss, including the City as additional obligee or loss payee;

(f) as applicable, pollution liability and/or asbestos pollution liability covering the work being performed with a limit no less than Two Million Dollars ($2,000,000)

per claim or occurrence and Two Million Dollars ($2,000,000) annual aggregate per policy. This coverage shall be endorsed to include Non-Owned Disposal Site coverage. This policy may be provided by the Borrower's contractor, provided that the policy must be "claims made" coverage and Borrower must require Borrower's contractor to maintain these minimum limits for no less than three (3) years beyond completion of the construction or remodeling.

2. Property Insurance.

Borrower must maintain, or cause its contractors and property managers, as appropriate for each, to maintain, insurance and bonds as follows:

(a) Prior to construction:

(i) Property insurance, excluding earthquake and flood, in the amount no less than One Hundred Percent (100%) of the replacement value of all improvements prior to commencement of construction and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing; and with a deductible not to exceed Ten Thousand Dollars ($10,000) each loss, including the City and all subcontractors as loss payees.

(b) During the course of construction:

(i) Builder's risk insurance, special form coverage, excluding earthquake and flood, for one hundred percent (100%) of the replacement value of all completed improvements and City property in the care, custody and control of the Borrower or its contractor, including coverage in transit and storage off-site; the cost of debris removal and demolition as may be made reasonably necessary by such covered perils, resulting damage and any applicable law, ordinance or regulation; start up, testing and machinery breakdown including electrical arcing, copy of the applicable endorsement to the Builder's Risk policy, if the Builder's Risk policy is issued on a declared-project basis; and with a deductible not to exceed Ten Thousand Dollars ($10,000) each loss, including the City and all subcontractors as loss payees.

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

(c) Upon completion of construction:

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

(ii) Boiler and machinery insurance, comprehensive form, covering damage to, loss or destruction of machinery and equipment located on the Site that is used by

Borrower for heating, ventilating, air-conditioning, power generation and similar purposes, in an amount not less than one hundred percent (100%) of the actual replacement value of such machinery and equipment with a deductible not to exceed Ten Thousand Dollars ($10,000) each loss, including the City as loss payee.

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

3. General Requirements.

(a) General and automobile liability policies of Borrower, contractors, commercial tenants and property managers must include the City, including its Boards, commissions, officers, agents and employees, as an additional insured by endorsement acceptable to the City.

(b) All policies required by this Agreement must be endorsed to provide no less than thirty (30) days' written notice to the City before cancellation or intended non-renewal is effective. The endorsement must provide the City with the same rights as the named insured in the event of cancellation or intended non-renewal.

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

(d) Approval of Borrower's insurance by the City will not relieve or decrease the liability of Borrower under this Agreement.

(e) Any and all insurance policies called for herein must contain a clause providing that the City and its officers, agents and employees will not be liable for any required premium.

(f) The City reserves the right to require an increase in insurance coverage in the event the City determines that conditions show cause for an increase, unless Borrower demonstrates to the City’s satisfaction that the increased coverage is commercially unreasonable and unavailable to Borrower.

(g) All liability policies must provide that the insurance is primary to any other insurance available to the additional insureds with respect to claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought and that an act of omission of one of the named insureds that would void or otherwise reduce coverage will not void or reduce coverage as to any other insured, but the inclusion of more than one insured will not operate to increase the insurer's limit of liability.

(h) Any policy in a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs are included in the general annual aggregate limit must be in amounts that are double the occurrence or claims limits specified above.

(i) All claims based on acts, omissions, injury or damage occurring or arising in whole or in part during the policy period must be covered. If any required insurance is provided under a claims-made policy, coverage must be maintained continuously for a period ending no less than three (3) years after recordation of a notice of completion for builder's risk or the Compliance Term for general liability and property insurance.

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

Exhibit M

MOHCD Residual Receipts Policy

Mayor's Office of Housing and Community Development
Residual Receipts Policy
Effective April 1, 2016

INTRODUCTION

The Mayor's Office of Housing and Community Development (MOHCD) typically requires annual payments under the Ground Leases and Loans provided for the purpose of developing or preserving affordable housing to the extent that making payments is feasible and does not jeopardize the long-term affordability or maintenance of safe and secure housing for its residents. Payments may be required under one or a combination of several structures, including amortization, deferral, or payment from residual receipts, depending on the circumstances.

When a development financed by MOHCD is projected to enjoy more income than is needed to pay expenses, service other debt, fully fund its reserves, and make approved payments out of surplus, it is MOHCD's policy that a portion of the remaining "residual" income be directed toward repayment of MOHCD's investment.

MOHCD also permits a modest portion of "residual" income to be distributed by the borrower. Distribution of any portion of "residual receipts" is conditioned on MOHCD's annual determination that certain performance standards and benchmarks have been met.

SUMMARY (see below for detailed requirements)

I. Definition of Residual Receipts	As depicted in the approved MOHCD Operating Budget Proforma for each project, the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments of surplus. .
II. Annual Residual Receipts Payments Due to MOHCD	Generally, 2/3rds of residual receipts is payable to the City. Larger Tax Credit projects may be eligible to use an alternative ½ - ½ split for up the first 10 years of a new tax credit period, see the Developer Fee Policy for more details.
III. When more than one MOHCD contract requires residual payments	The approved MOHCD Operating Budget Proforma is a required exhibit to the last-executed MOHCD contract and must reflect a comprehensive summary of approved cash flow waterfall, listing of all lenders, relative lien positions, underlying loan terms and amounts owed to MOHCD annually across all MOHCD contracts.
IV. When a project has other Lenders in addition to MOHCD that require residual payments	The portion to be repaid to each Lender is typically determined by the proportional amount of capital funded under each loan. The approved MOHCD Operating Budget Proforma must include a list of all loans and details about projected amounts owed annually, including how the portion of residual receipts to be paid to each lender will be calculated, if not based on a proportional amount.
V. Conditions to Distribution of Residual Receipts to Borrower	Distribution of Residual Receipts may be made only upon: (1) MOHCD approval of Annual Monitoring Report; (2) determination by MOHCD that borrower is not in default; and (3) approval by MOHCD of amount of

	Distribution.
VI. Use of Residual Receipts Distributed to the Borrower	MOHCD strongly encourages borrowers to use distributions for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).
VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project	Any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.
MOHCD Repayment Waiver Option	The repayment waiver option has been terminated.

I. Definition of Residual Receipts

A. Residual Receipts is the amount remaining in the annual operating budget after calculation of Net Operating Income (Project Income less Project Expenses) and allowable payments from surplus.

B. The project-specific Funding Agreements and/or Ground Leases define what Project Income entails and which Project Expenses are allowable. In general, the definition of allowable Project Expenses will include mandatory or "hard" debt service payments, minimum or Base Rent owed under a Ground or Land lease, and required annual payments into Reserve accounts. Each MOHCD contract will include a copy of the approved Operating Budget Proforma.

C. When MOHCD requires repayments from Residual Receipts, the formula usually requires payment of a portion of the available Residual Receipts. The use of a proportional formula makes it is essential to clearly define which uses of surplus cash have been approved for payment prior to the calculation of the amount owed to MOHCD.

D. The approved uses of any available surplus may also be referred to as the cash flow waterfall. The approved MOHCD Operating Budget Proforma is used to document the approved cash flow waterfall. In general, the following expenses may be a part of a cash flow waterfall:
   1. Fees payable to the project, the GP, the LP or the parent entity
   2. Fees payable to project funders
   3. "Soft" debt repayments to lenders / lessors

   Please see the City's Developer Fee Policy and Operating Fees Policy for a list of allowable fees and any applicable limits.

E. Limited Partnership Agreements may also provide a narrative summary of the cash flow waterfall. In the event that a Limited Partnership Agreements is found to be inconsistent with the MOHCD Funding Agreement and/or the approved MOHCD Operating Budget Proforma, the MOHCD documents shall control.

II. Annual Residual Receipts Payments due under MOHCD Ground Leases & Loans

Except as recommended by the Loan Committee and approved by the Mayor on a project by project basis, the portion to be paid to the City shall be 2/3rds of Residual Receipts. Larger Tax Credit projects may be eligible to use an alternative ½ - ½ split for up the first 10 years of a new tax credit period and the borrower's portion of Residual Receipts shall be considered payment of Deferred Developer Fee. See the Developer Fee Policy for more details.

Any residual receipts payments shall be applied toward the unpaid balance of MOHCD loan/s according to the terms in the Promissory Note and/or Funding Agreement, and toward the payments required under the MOHCD Ground Lease.

III. When more than one MOHCD contract requires residual payments:

Some projects supported by MOHCD may be governed by more than one MOHCD contract. The MOHCD Operating Budget Proforma provides a comprehensive summary of the approved cash flow waterfall, a listing of all lenders, the relative position of each lien, the amounts owed and the relevant repayment terms, and will also reflect the cumulative amount of repayments owed to MOHCD annually across all MOHCD contracts. Projects governed by more than one MOHCD contract that extend or initiate a MOHCD contract after the effective date of this policy will be required to get approval of a new MOHCD Operating Budget Proforma.

IV. When a project has other Lenders in addition to MOHCD that require residual payments

A. If any other project lenders besides MOHCD require repayment from residual receipts, the portion to be repaid to each Lender will typically be determined by the proportional amount of capital supplied under each loan. For example, if a project received a $2 million loan from MOHCD and a $3 million loan from another lender, MOHCD would receive 2/5ths of the amount available to be repaid, and the other lender would receive 3/5ths of the amount available to be repaid. The approved MOHCD Operating Budget Proforma must include a list of all Loans and provide an appropriate amount of detail about the projected amounts owed annually including details about how the portions to be paid to each lender will be calculated. If a project makes an agreement with any other lender/s after executing a MOHCD contract containing the final MOHCD-approved Operating Budget Proforma, prior to making any payments to such other lender/s, the project must request and be approved in writing to amend the MOHCD-approved Operating Budget Proforma to include the new lender/s.

B. During operations, MOHCD will require Residual Receipts payments using MOHCD's method of calculating surplus and any amounts owed to the MOHCD. If there is a difference in the amount calculated to be owed to any other lenders under another lender's repayment calculation method when compared to MOHCD method, then each lender will be paid according to its calculation, so long as doing so would not result in a reduction in the amount payable to MOHCD.

V. Conditions to Distribution of Residual Receipts to Borrower

A. Distribution of Residual Receipts to the borrower of a MOHCD loan, or lessee of a MOHCD ground lease, may be made only upon:
   1. MOHCD approval of the Annual Monitoring Report submitted for that year; and
   2. Determination by MOHCD that the borrower is not in default under terms of the Loan; and

3. Approval by MOHCD of the amount to be distributed.

B. No distribution of Residual Receipts shall be made under any of the following circumstances:

1. When a written notice of default has been issued by any lender or investor and such default has not been cured; or
2. When the City determines that the borrower or the borrower's management agent has failed to maintain the housing and its surroundings in a safe and sanitary manner in accordance with local health, building, and housing codes; or
3. If any operating expense, including debt service on non-City loans remains unpaid; or
4. If any required reserve account is not fully funded according to the terms of the MOHCD contract/s; or
5. In the event of any other material failure to comply with the provisions of the MOHCD contract/s.

VI. Use of Residual Receipts Distributed to the Borrower

MOHCD strongly encourages borrowers to use the portion of Residual Receipts that is not applied toward repayment of MOHCD's loan or payment of residual rent under a MOHCD ground lease for activities in San Francisco that would be eligible uses under the CDBG Program Income rules (except to the extent that those rules may prohibit the use of funds for new construction).

VII. Uses of Project Income for Services and other Extraordinary Costs Associated with the Project

A. With the exception of Residual Receipts retained by a borrower pursuant to this policy, any other use of the income derived from housing developed or preserved with MOHCD financing apart from ordinary and routine operating expenses, debt service or required reserves must be approved by the Loan Committee and the Mayor at the time MOHCD financing is committed and approved.

B. The Loan Committee may approve variations of this policy on a project-specific basis, including the payment of costs associated with the provision of social, educational, vocational, counseling or other supportive services to residents either as a project expense or out of that portion of Residual Receipts that would otherwise be repaid to the City.

Free Recording Requested Pursuant to
Government Code Sections 27383 and 27388.1

Recording requested by and
when recorded mail to:
City and County of San Francisco
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Housing Loan Administrator

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

1005 Powell Street
San Francisco, CA 94108
Assessor's Lot 008, Block 0212

AMENDED AND RESTATED DECLARATION OF RESTRICTIONS

1005 Powell Street

THIS AMENDED AND RESTATED DECLARATION OF RESTRICTIONS ("**Declaration**") is made as of June ____, 2024, by **CHINATOWN SROS, LLC**, a California limited liability company ("**Borrower**"), in favor of the **CITY AND COUNTY OF SAN FRANCISCO**, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development (the "**City**").

RECITALS

A. The City is making a loan (the "**Loan**") to Borrower of Housing Stability Funds and Academy of Art University Settlement Funds to provide permanent financing for the real property described in **Exhibit A** attached hereto and incorporated herein by reference (the "Property") as low- to moderate-income housing (the "Project"). The Loan is evidenced by, among other documents, a Loan Agreement between the City and Borrower dated as of the date of this Declaration, as it may be amended from time to time (the "**Agreement**"). The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration and is available through the Mayor's Office of Housing and Community Development ("**MOHCD**") at the address specified in the recording request set forth above.

B. Borrower purchased the Property in 2021 with financing provided by the San Francisco Housing Accelerator Fund, a California nonprofit public benefit corporation ("**SFHAF**") that helps San Franciscans avoid displacement and eviction by removing small properties from the speculative market, stabilizing housing for current tenants of those properties, and converting the properties to permanently affordable housing. In connection with the SFHAF financing, Borrower recorded a Declaration of Restrictions in favor of

SFHAF and the City in the Official Records of San Francisco County dated as of December 14, 2021 in favor of the City and recorded on December 27, 2021, as Document Number 2021189559 (the "**Original Declaration**"). This Declaration amends and restates the Original Declaration in its entirety.

C. Pursuant to the Agreement, Borrower has agreed to comply with certain affordability and other use and occupancy restrictions (collectively, the "**Regulatory Obligations**"), commencing on the Agreement Date, and continuing for as long as the Project or any modification of the Project remains in existence, but in any event no less than ninety nine (99) years from the date the Deed of Trust is recorded in the Official Records of San Francisco County (the "**Compliance Term**"), even if the Loan is repaid or otherwise satisfied or the Deed of Trust is reconveyed. Borrower's covenants and agreements described in this Declaration are a material part of the consideration for the City in making the Loan, and without Borrower's agreement to subject the Property to the Regulatory Obligations even after the Loan is satisfied, the City would be unwilling to make the Loan to Borrower.

AGREEMENT

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

1. Definitions. Any capitalized terms in this Declaration that are not defined herein shall have the meaning set forth in the Agreement. In the event of any conflict between the terms of this Declaration and the terms of the Agreement, the terms of the Agreement (including the following defined terms) shall control unless otherwise expressly stated. As used in this Declaration, the following words and phrases have the following meanings:

"Median Income" means 100% median income as published annually by MOHCD, or a successor metric approved by MOHCD, derived in part from income limits determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as "Unadjusted Median Income." MOHCD's current publication for determination of Median Income is the "Maximum Income by Household Size derived from the Unadjusted Area Median Income for HUD Metro Fair Market Rent Area that Contains San Francisco."

"Maximum Rent" means the total amount for rent and utilities (with the maximum allowance for utilities determined by the SFHA) charged to a Qualified Tenant. Maximum Rent must be approved by MOHCD and may not exceed: (i) the amount identified in the "100% of Median – Max Gross Rent" row and the applicable Unit type column in the Maximum Rent Table; or (ii) the tenant paid portion of the contract rent as determined by either (A) the SFHA for Qualified Tenants holding Section 8 vouchers or certificates, or (B) MOHCD for any other rent subsidy program.

"Maximum Rent Table" means the "Maximum Monthly Rent by Unit Type derived from the Unadjusted Area Median Income for HUD Metro Fair Market Rent Area that

Contains San Francisco," as published annually by MOHCD, or a successor metric approved by MOHCD.

"Qualified Tenant" means a senior household (aged 62 or older) occupying the Project that has been certified and approved as earning no more than the maximum permissible annual income level allowed by this Agreement and that has entered into a lease with Borrower in a form approved by City. As the context requires, "Qualified Tenant" also means households occupying the Project that have entered into a lease with Borrower in a form approved by City regardless of whether they have been income certified as of the effective date of this agreement. Qualified Tenant includes Direct Referral Tenants. In the event that the Senior Operating Subsidy is no longer provided to the project, there shall be no age requirement for any "Qualified Tenant" or the Project.

"Rent" means the monthly sum charged to Qualified Tenants for rent in accordance with this Declaration.

"Severely Rent Burdened" means a Qualified Tenant household paying monthly Rent that is fifty percent (50%) or more of its gross monthly income (as shown on the Qualified Tenant's income certification required by Section 5 and confirmed by MOHCD).

"SOS Unit" means a Unit occupied by a Qualified Tenant at 15% of Median Income or 25% of Median Income with rent subsidized by a Senior Operating Subsidy.

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

2. Regulatory Obligations. Borrower must comply with the Regulatory Obligations through the expiration of the Compliance Term, including without limitation those described in this Declaration, regardless of any reconveyance of the Deed of Trust.

3. Affordability and Restrictions.

(a) Restrictions. The Project may be occupied only by Qualified Tenants and their households. As provided in Section 7.2(b) of the Agreement, a Qualified Tenant may not be required to vacate the Unit due to subsequent rises in household income. Qualified Tenants must pay at least 20% of their gross household income towards Rent unless otherwise approved by MOHCD, provided that in no event shall any Qualified Tenant be required to pay Rent in excess of the lesser of (i) Maximum Rent, or (ii) 20% below the market rents of comparable units as approved by MOHCD, except as otherwise provided in this Declaration.

(b) Rents on Agreement Date. Required Rents for the Units as of the Agreement Date shall be as follows:

[The rent amounts in the table below may be updated before loan close.]

Unit No.	Unit Type	Rent (monthly payments) as of the Agreement Date
100	SRO	$781
101	SRO	$622
102^	SRO	$332
103	SRO	$900
104^	SRO	$455
106	SRO	vacant
107	SRO	$265
108^	SRO	$388
109^	SRO	$455
110^	SRO	$455
111^	SRO	$622
112	SRO	$572
114^	SRO	$455
200^	SRO	$294
201^	SRO	$458
202	SRO	$244
203^	SRO	$244
204^	SRO	$455
205^	SRO	$252
206^	SRO	$455
207^	SRO	$391
208	SRO	$375
210^	SRO	$455
211	SRO	$375
212	SRO	$674
214	SRO	$280
215	SRO	$622
216^	SRO	$356
217^	SRO	$207
218^	SRO	$455
300	SRO	$818
301^	SRO	$403
302	SRO	$543
303	SRO	$679
304^	SRO	$818
305	SRO	$818
306^	SRO	$455
307	SRO	vacant
308^	SRO	$455

310	SRO	$622
311	SRO	vacant
312^	SRO	$254
314	SRO	$818
315^	SRO	$610
316	SRO	$391
317^	SRO	$679
318^	SRO	$442
400^	SRO	$497
401	SRO	$818
402^	SRO	$421
403	SRO	$622
404^	SRO	$436
405	SRO	$679
406^	SRO	$418
407^	SRO	$679
408	SRO	$1000
410	SRO	$250
411	SRO	vacant
412^	SRO	$666
414^	SRO	$455
415	SRO	$421
416	SRO	$765
417^	SRO	$391
418^	SRO	$721

^ Indicates the SOS Units as of the Agreement Date. Rents for SOS Units shown above include the SOS Tenant's portion of Rent paid and do not include as the amount of SOS Subsidy received for such Unit.

[The specified SOS Units may change prior to close loan.]

(c) Rents for Units at Turn Over. After the Agreement Date, the Rent for each Unit that becomes vacant and is not leased to a Direct Referral Tenant shall be set at the amount necessary to bring the Project's combined average Rents for all Units as close as is possible but no higher than the amount calculated as 30% of 60% Median Income. The Rent for SOS units following vacancy shall be determined by the Senior Operating Subsidy Grant Agreement between City and Borrower dated April 17, 2024.

4. Rent Adjustments and Restrictions. Rent for all Units, including SOS Units, shall be increased only once annually. Rent for all Units shall be increased annually by the greater of: (x) the percentage change in annual operating expenses, up to a maximum of 3.5%, or (y) 2%, except as follows:

(a) Phased Increases. Increases in Rent for existing Qualified Tenants occupying Units specified in the table below shall be increased on the following dates

according to the table set forth in the following table. After such phased increases, Rent shall be adjusted as otherwise described in this Section 4, except any Qualified Tenants not paying at least 20% of their gross household income towards Rent shall continue to receive Rent increases of 5% annually.

[The rent amounts in the table below may be updated before loan close.]

Unit No.	Rent* as of the Agreement Date	Rent* on July 1, 2024	Rent* on July 1, 2025	Rent* on July 1, 2026	Rent* on July 1, 2027	Rent* on July 1, 2028
100	$781	$820	$861	$904	$949	$997
101	$622	$653	$686	$720	$756	$794
201	$458	$481	$505	$530	$557	$585
202	$244	$256	$269	$282	$297	$311
208	$375	$394	$413	$434	$456	$479
211	$375	$394	$413	$434	$456	$479
212	$674	$708	$743	$780	$819	$860
214	$280	$294	$309	$324	$340	$357
215	$622	$653	$686	$720	$756	$794
217	$207	$217	$228	$240	$252	$264
303	$679	$713	$749	$786	$825	$867
305	$818	$859	$902	$947	$994	$1,044
310	$622	$653	$686	$720	$756	$794
317	$679	$497	$521	$548	$575	$604
401	$818	$859	$902	$947	$994	$1,044
403	$622	$653	$686	$720	$756	$794
405	$679	$713	$749	$786	$825	$867
406	$418	$439	$461	$484	$508	$533
408	$1,000	$1,050	$1,103	$1,158	$1,216	$1,276
415	$421	$442	$464	$487	$512	$537
416	$765	$803	$843	$886	$930	$976

*Rent means monthly payments of Rent.

(b) Severely Rent Burdened Qualified Tenants. If the Rent increase described in this Section 4 results in any Qualified Tenant household becoming Severely Rent Burdened, Borrower is not required to increase the Rent of the Severely Rent Burdened Qualified Tenant until such time as the Qualified Tenant is no longer Severely Rent Burdened, provided that: (i) Borrower first demonstrates to the satisfaction of MOHCD, in MOHCD's sole discretion, that the Project maintains short- and long-term financial sustainability in the form of positive cash flow, adequately funded reserves, and other indicators as MOHCD may reasonably request; (ii) at each income recertification, the ability of all households to pay required rent increases will be reassessed, as will the Borrower cash flow, to ensure short- and long-term financial sustainability if Borrower elects not to impose the required annual Rent increase for any Severely Rent Burdened Qualified Tenant; and (iii)

all Regulatory Obligations continue to be met. Similarly, if the circumstances described in this subsection are met, a Unit becomes vacant and a Qualified Tenant demonstrates to Borrower that it is Severely Rent Burdened, Borrower may reduce such Qualified Tenant's Rent to a level no lower than 40% of that Qualified Tenant's gross monthly income, thus resulting in a higher Rent that will be required for the vacant Unit. If more than one Qualified Tenant is eligible for such a Rent reduction, the reduction shall be equally distributed among such eligible Qualified Tenants.

(c) Recovery of Project Expenses. With the City's prior written approval, Rent increases for Units exceeding the amounts permitted by this **Section 4** may be permitted once annually in order to recover increases in approved Project Expenses, provided that: (i) except as otherwise approved by MOHCD in its sole discretion, in no event may any Rent increase exceed- the current rate of increase in Median Income in any year unless such an increase is contemplated in a City-approved temporary relocation plan or is necessary due to the expiration of Section 8 or other rental subsidies; and (ii) Rents for each Unit may in no event exceed the lesser of *(y)* Maximum Rent, or *(z)* 20% below the market rents of comparable units as approved by MOHCD. The City's approval for such Rent increases under this subsection shall not be unreasonably withheld.

(d) Rent Subsidy Programs. For those households that hold rent subsidy vouchers, such as Section 8 and Direct Referral Tenants, on an annual basis Borrower shall request and use best efforts to receive an increase in contract rent equivalent to the percentage change in Fair Market Rent or equivalent payment standard, whichever is greater. For any Qualified Tenant participating in a rent or operating subsidy program where the rent charged is calculated as a percentage of household income, adjustments to Rent charged may be made according to the rules of the relevant subsidy program, and provided the Qualified Tenant paid portion of Rent does not exceed the lesser of (i) Maximum Rent or (ii) 20% below the market rents of comparable units as approved by MOHCD. For any Qualified Tenant that becomes ineligible to continue participating in a rent or operating subsidy program, increases in the Qualified Tenant paid portion of Rent shall not exceed Maximum Rent as approved by MOHCD.

(e) Recovery of Property Tax Increases. In addition to the Rent increases contemplated in this **Section 4** and with the City's prior written approval, if a Qualified Tenant's household income exceeds eighty percent (80%) of California Median Income (as published by the California Department of Housing and Community Development) during occupancy of a Unit or if a Qualified Tenant fails to certify or recertify his/her/their household income to Borrower on an annual basis, Borrower may adjust the charges for Rent for such Qualified Tenant by no more than seven percent (7%) per year to absorb the amount of property taxes attributable to the Qualified Tenant's Unit as a result of the loss of the State of California's welfare exemption for low-income housing properties. The City may, in its sole discretion, require that Rent increases allowed under this subsection be implemented over a period of time in order to reduce the burden on an existing Qualified Tenant. Rents charged under this subsection may not exceed the limits set forth in the SSP Guidelines as amended

from time to time, or if not otherwise specified, the lesser of: (i) Maximum Rent; or (ii) 20% of a household's gross income. MOHCD must approve such Rent increases, which approval shall not be unreasonably withheld. If such Qualified Tenant's household income subsequently decreases and the Unit becomes eligible for the California welfare property tax exemption, Borrower may reduce such Qualified Tenant's Rent by the amount of property tax savings attributable to the Qualified Tenant's Unit.

(f) Excess Rent. If Borrower increases Rents or offers a vacant Unit for rent at a rate that exceeds the rules described in this Declaration, the resulting excess cash flow will be paid by Borrower to the Qualified Tenants who were overcharged, and Borrower's actions will constitute an Event of Default pursuant to Section 19 of the Agreement.

5. Certification.

(a) As a condition to initial occupancy, each person who desires to be a Qualified Tenant in the Project must sign and deliver to Borrower a certification in the then-current form (see current form attached to the Loan Agreement as Exhibit C), in which the prospective Qualified Tenant certifies that he/she or his/her household qualifies as a Qualified Tenant, and which certification is reviewed and approved by Borrower and the City. In addition, each person must provide any other information, documents or certifications deemed necessary by the City to substantiate the prospective tenant's income. Certifications provided to and accepted by the San Francisco Housing Authority will satisfy this requirement.

(b) Each Qualified Tenant in the Project must recertify its household income to Borrower as established by the SSP Guidelines and Small Sites Marketing and Leasing Manual, as amended from time to time.

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

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

p7. Remedies. During the Compliance Term the City may rely on this Declaration, the Deed of Trust and/or the Loan Agreement, in the City's discretion, to enforce any of the City's rights under the City Documents.

8. Covenants Run with the Land. This Declaration and the Regulatory Obligations constitute covenants running with the land and bind successors and assigns of Borrower and any non-borrower owner of the Property. In the event that Borrower fails to comply with the Regulatory Obligations to the City's satisfaction, in its sole discretion, within thirty (30) days of Borrower's receipt of notice from the City to so comply, the City at its option may exercise any rights available at equity or in law, including, without limitation, institute an action for specific performance. Borrower shall pay the City's costs in connection with the City's enforcement of the terms of this Declaration, including, without limitation, the City's attorneys' fees and costs.

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

BORROWER

CHINATOWN SROS, LLC,
a California limited liability company

By: Chinatown Community Development Center, Inc.,
a California nonprofit public benefit corporation
Its Sole Member and Manager

By: _____
Malcolm Yeung
Executive Director

ALL SIGNATURES MUST BE NOTARIZED

EXHIBIT A

Legal Description of the Property

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Beginning at a point of intersection of the Northerly line of Clay Street and the Westerly line of Powell Street; running thence Northerly along said line of Powell Street: 68 feet and 9 inches; thence at a right angle Westerly 68 feet and 9 inches to the Easterly line of Codman Place; thence at a right angle Southerly along said line of Codman Place 68 feet and 9 inches to the Northerly line of Clay Street; thence at a right angle Easterly along said line of Clay Street 68 feet and 9 inches to the point of beginning.

Being a portion of 50 Vara Block. No. 161

APN: Lot 008, Block 0212

Street Address:
1005 Powell Street, San Francisco, CA 94108

Free Recording Requested Pursuant to
Government Code Sections 27383 and 27388.1

When recorded, mail to:
Mayor's Office of Housing and Community Development
City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Housing Loan Administrator

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

1005 Powell Street
San Francisco, CA 94108
Assessor's Lot 008, Block 0212

PURCHASE OPTION AGREEMENT

THIS PURCHASE OPTION AGREEMENT (the "**Agreement**") is made and entered into as of June ___, 2024 (the "**Effective Date**"), by and among **CHINATOWN SROS, LLC,** a California limited liability corporation ("**Owner**"), Chinatown Community Development Center, Inc., a California nonprofit public benefit corporation ("**Manager**") and the City and County of San Francisco, a municipal corporation ("**City**"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("**MOHCD**"), with reference to the following recitals of fact:

R E C I T A L S:

A. Owner owns that certain real property located in the City of San Francisco, State of California, and more particularly described on the attached Exhibit A, incorporated herein by this reference, and certain improvements thereon (the "**Property**"), commonly known as 1005 Powell Street, a mixed-use development consisting of 64 low to moderate residential income units and two commercial income units (the Property together with the tangible and intangible personal property directly related to the operation, management, and ownership of the Property in the possession and control of Owner, including all cash accounts, deposits, and reserves held by Owner, the "**Project**").

B. MOHCD administers the Small Sites Acquisition and Rehabilitation Program ("**Small Sites Program**,") for the purpose of preserving and stabilizing San Francisco's existing rental housing stock of buildings that are up to 25 units and occupied by low- to moderate-income tenants who are vulnerable to displacement due to market-driven increases in evictions. The Small Sites Program helps San Franciscans avoid displacement eviction by removing small properties from the speculative market, stabilizing housing for current tenants of those properties, and converting the properties to permanently affordable housing. In connection with the Small

Sites Program, Owner has recorded a Declaration of Restrictions in favor of the City, which is being amended and restated and re-recorded of even date herewith (the "**Declaration**").

C. The City regulates the affordability of the Project through the Declaration, and compliance with and the continued enforceability of the Declaration is of paramount importance for the City as the regulator of the Small Sites Program. This Agreement is entered into between Owner and the City as a means of ensuring the affordability of the Project in the event that the Declaration no longer governs the Property or that Owner is in default of the regulatory obligations specified in the Declaration.

D. The term of the Declaration (the "**Compliance Term**") is as long as the Project or any modification of the Project remains in existence, but in any event no less than ninety-nine (99) years. Although the City is lending funds to Owner for the Project, the regulatory program under the Declaration preceding the City's loan is separate from the City's loan and survives the expiration or repayment of the loan. The purchase option granted by Owner in this Agreement is granted in recognition of the City's interest in ensuring that the regulatory program pursuant to the Declaration remains in full force and effect. Owner acknowledges and agrees that (i) the City's interest in this Agreement is as a regulator, as a means of ensuring the continued enforceability of the Declaration, and not in its proprietary capacity, (ii) exercise of the Option is contingent upon the termination, unenforceability, or failure to comply with the Declaration, (iii) Owner intends to provide permanent affordability to low and moderate income households residing at the Project; (iv) the regulatory obligations under the Declaration are separate from repayment of the City's loan and survive the City's loan to Owner, (v) exercise of the Option is not dependent upon a monetary default of the City's loan, and (vi) the Option is not a security instrument intended to circumvent California foreclosure law.

E. In connection with the Project, and in consideration of the foregoing, Owner desires to grant to the City an option to purchase the Project in certain limited circumstances.

F. Owner and City desire to set forth the terms of the option from Owner to the City.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties to this Agreement agree as follows:

A G R E E M E N T:

1. Recitals. The foregoing recitals are true and correct and are incorporated herein.

2. Grant of Option. Owner grants to the City an option (the "**Option**") to purchase the Project on the terms and conditions set forth in this Agreement. Owner acknowledges that the grant of the Option is supported by valuable consideration received by Owner, including the Loan.

(a) Exercise Period. The period during which the City will have the right to exercise the Option will commence on the Effective Date and expire ninety-nine (99) years after the recording date of the Declaration of Restrictions (the "**Option Term**"). On request by the City,

Owner will provide (and the City and/or its designee may conduct) any physical and documentary due diligence of the Project as the City may determine is necessary (provided, however, any destructive testing of the Project will require the prior consent of Owner in its reasonable discretion). Owner will cooperate with the City in such due diligence. At any time, City may deliver a written notice to Owner requesting Owner to select the appraisers under Section 3 below (the "**Appraisal Notice**"). Upon receipt of the Appraisal Notice, Owner will have thirty (30) days to provide the list of selected appraisers to City.

(b) Exercise Notice. As a condition precedent to City's Option rights, City may only exercise the Option if, during the Option Term, (i) the Declaration is terminated or is unenforceable for any reason, or (ii) in City's reasonable judgment the Declaration will be terminated or be rendered unenforceable, or (iii) Owner fails to comply with the affordability restrictions set forth in the Declaration, or (iv) if, after the City's loan for the Project is repaid, Owner receives any offer to purchase the Project or any interest therein, or intends to transfer the Project or any interest therein, then Owner must provide City an Offer Notice (defined below). In the event Owner fails to comply with the affordability restrictions in the Declaration during the Option Term, City shall provide written notice to Owner and Manager of such failure, and Owner and Manager shall have sixty (60) days to cure the failure, or, if such failure cannot be cured within such sixty (60) day period, such longer period as is reasonably necessary to cure such default, provided that such cure has been commenced within such sixty (60) day period and is being prosecuted diligently to completion. For avoidance of doubt, Manager has the right, but not the obligation, to cure any such default, and if Manager cures such default within the cure period, City will accept such action as curing the respective default. City may exercise the Option by delivering to Owner written notice of the exercise (the "**Exercise Notice**"). The date of delivery of the Exercise Notice will be the first day of the escrow period set forth in Section 4 below. "**Offer Notice**" means a written notice from Owner to the City containing all material terms of the offer to purchase or proposed transfer of the Project. Owner will not accept any offer or transfer the Project or any interest therein for a least one hundred twenty (120) days after delivering the Offer Notice to the City, to allow the City to determine if it will exercise its Option.

(c) Option Purchase Price. If City purchases the Project pursuant to the Option, then the purchase price for the Project will be the fair market value of the Project for purposes of this subsection, determined as follows: The fair market value of the Project will be determined by an appraisal that: (i) takes into account the net balances of all of the applicable Project cash accounts; (ii) disregards the determination of the amount of indebtedness and taxes; (iii) values the Project as restricted to low and moderate income housing development as provided in the Declaration; (iv) takes into account any loan agreements or regulatory agreements pertaining to the Project; and (v) takes into account the terms of any assumable financing. Any appraiser performing an appraisal under this Agreement must be a member of the Appraisal Institute with not less than five (5) years' experience valuing projects like the Project in the geographic area where the Project is located. Within thirty (30) days after Owner receives an Appraisal Notice or Exercise Notice, Owner will notify City of Owner's determination of the fair market value for the Project in consideration of all of the assumptions and other criteria set forth in this subsection above. If City disputes Owner's determination of the fair market value, City will notify Owner within fourteen (14) days after Owner's notice to City of the fair market value and the dispute will be resolved as follows:

(i) Within thirty (30) days after Owner's notice to City of the fair market value, Owner and City will attempt in good faith to meet no less than two (2) times, at a mutually agreeable time and place, to attempt to resolve the disagreement.

(ii) If within that thirty (30)-day period Owner and City cannot agree on the fair market value, then each will select one appraiser to determine the fair market value. Within thirty (30) days after the expiration of the thirty (30) day consultation period, each party will cause its appraiser prepare and complete an appraisal report determining the fair market value and submit the report to Owner and City.

(iii) If only one appraisal report is submitted within that 30-day period, then the fair market value determined in that appraisal report will be used to establish the Purchase Price for the Project. If both appraisal reports are submitted within the 30-day period, and if the fair market values determined in the two appraisal reports differ by less than ten percent (10%) of the higher of the two, then the average of the two will be the fair market value. If the fair market value in the two appraisal reports differ by more than ten percent (10%) of the higher of the two, then the two appraisers will immediately select a third appraiser. Within thirty (30) days after the third appraiser is selected, the third appraiser will prepare an appraisal report determining the fair market value and submit the report to Owner and City. The fair market value determined in the third appraisal report will then be averaged with the closer of the fair market values from the two previous appraisals and the result will be the fair market value.

(iv) If City's Director of Property does not approve the fair market value as determined by the appraisal procedure specified above, the Director of Property may revoke City's exercise of the Extension Option. Owner and City will pay the cost of the appraiser it selects and one-half of the cost of the third appraiser.

3. Completion of Sale.

(a) Permitted Encumbrances. Within ten (10) business days after Owner receives an Exercise Notice, Owner will deliver to the City a current preliminary title report issued by a title company reasonably acceptable to the City showing such encumbrances and exceptions to title insurance coverage. Owner will convey fee simple title to the real property in the Project by grant deed subject only to all encumbrances, easements, covenants, conditions, restrictions, and other matters of record as of the Effective Date (excluding however, and free and clear of, the lien of any contractor, supplier materials provider, or the lien of any deeds of trust or other encumbrances securing any indebtedness of Owner), and any Permitted Future Encumbrances (as defined below), any off record matters ascertainable by an inspection or survey of the Project, interests of parties in possession, zoning and other laws applicable to the Project, and the lien not yet delinquent for taxes for real property, and any non-delinquent general or special assessments against the real property (collectively, "**Approved Title Exceptions**"). Owner will cause a title company to issue, upon close of escrow, an ALTA or CLTA (as the City elects) owner's policy of title insurance dated as of the close of escrow, in an amount equal to the purchase price, showing title to the real property in the Project vested in the City and subject only to Approved Title Exceptions. "**Permitted Future Encumbrances**" means, to the extent reasonably necessary for the operations of the Project as conducted or contemplated to be conducted as of the Effective Date, any third-party easement for utility, data, telecommunications, or ingress and egress; and

any reciprocal easement agreement or covenants, conditions, and restrictions, granted and/or entered into by Owner. Owner will convey unencumbered title to the other property in the Project (including personal property, intangible property, accounts, plans, warranties, records, etc.) by bill of sale, assignment, or other document of conveyance acceptable to the City.

(b) Closing Requirements. The closing of the sale of the Project will be through an escrow opened with a title company reasonably acceptable to the City. Escrow for the sale of the Project will close no later than three hundred sixty-five (365) days after Owner's receipt of the Exercise Notice, unless otherwise agreed upon by Owner and the City. The costs of the sale will be apportioned between Owner and the City according to the custom then in effect in San Francisco County, California. The following will apply to the sale of the Project: (i) the sale of the Project will be on an as-is, where-is basis, with customary representations and warranties, including those implied in a California grant deed; and (ii) rents, insurance, taxes, operating expenses, and debt service then due and payable will be apportioned as of the day the grant deed is actually recorded in the official records of San Francisco County, California. Notwithstanding anything to the contrary contained in this Agreement, if City fails to purchase the Project for any reason after delivery of an Exercise Notice, then the City's liability under this Agreement will be limited solely to the termination of the Option and any other of the City's rights under this Agreement, and Owner will have no right or cause to seek any damages against the City for failure to purchase the Project.

4. No Subordination. The City's Option may not be subordinated to any first tier lien of any deeds of trust or other encumbrances against the Project securing any indebtedness of Owner after the Effective Date without the City's prior written consent, which may be given or withheld in the City's sole discretion.

5. Quitclaim Deed and Termination of Option. Upon termination of the Option, the City agrees, upon Owner's request, to (i) execute and deliver to Owner a quitclaim deed, releasing all of the City's rights, title, and interest in and to the Project, and (ii) execute, acknowledge, and deliver such other documents as may be reasonably required by Owner's title company to remove the cloud of the Option from title to the Project.

6. Notices. Notices, demands, and communications between the parties must be in writing and will be served personally or by United States mail, sent certified, return receipt requested, post prepaid, and,

if intended for Owner, or Manager, addressed to:

Chinatown Community Development Center
615 Grant Ave.
San Francisco, CA 94108
Attn: Malcolm Yeung, Executive Director

and

Chinatown Community Development Center
615 Grant Ave.
San Francisco, CA 94108
Attn: Cindy Louie, Chief Financial Officer

With a Copy to:

Chinatown Community Development Center
615 Grant Ave.
San Francisco, CA 94108
Attn: Asset Management

if intended for the City, addressed to:

Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Re: 1005 Powell St. Option to Purchase
Attn: Director

with copies of all notices to be sent to:

City and County of San Francisco
Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102
Attn: Director of Property

or to such address as a party may have furnished to the other in writing as a place for the service or notice. Any notice delivered personally or so mailed will be deemed to have been received on the delivery date, or the date that delivery is refused by the addressee, as shown in the records of the deliverer or on the return receipt, as applicable.

7. Attorney's Fees. In the event of any action or proceeding at law or in equity between any of the parties to this Agreement to enforce any provision of this Agreement or to protect or establish any right or remedy of a party, the unsuccessful party to the litigation will pay to the prevailing party all costs and expenses, including, without limitation, reasonable attorneys' fees incurred by the prevailing party, and if the prevailing party recovers judgment in any action or proceeding, the costs, expenses, and attorney's fees will be included in and as part of the judgment. For purposes of this Agreement, reasonable fees of in-house attorneys for the any of the parties to this Agreement will be based on the fees regularly charged by private attorneys (a) in San Francisco law firms of similar size as the in-house legal department; and (b) with an equivalent number of years of professional experience in the subject matter area of the law for which such attorney's services were rendered.

8. Miscellaneous.

(a) Each party to this Agreement represents and warrants that it has not had or will have any dealings with any person, firm, broker, or finder in connection with the negotiation of this Agreement and/or the consummation of the transaction contemplated under this Agreement. Each party to this Agreement will indemnify and hold harmless the other parties from and against costs, expenses, and liabilities for compensation, commissions, or charges that may be claimed by any broker, finder, or similar party because of any actions of the indemnifying party.

(b) The rights and obligations of the parties under this Agreement will inure to the benefit of, and will bind their respective successors and assigns, including any successor to the interest of Owner in and to the Project. Upon any transfer or conveyance of the Project or any interest therein or in Manager where the prior consent of the City is required by the terms of any agreement to which Owner and/or the Manager is a party, in addition to such conditions as the City may be entitled to impose under the other agreements, the Manager and/or the transferee will execute any documentation reasonably required by the City to acknowledge and affirm the City's option under this Agreement. The Option is assignable by City on prior written notice to, but otherwise without the consent of, the Owner. Notwithstanding anything to the contrary contained in this Agreement, the City's obligation to purchase the Project after exercise of the Option will be conditioned on the approval and authorization of such transaction by the City's Board of Supervisors and Mayor, each in their sole and absolute discretion. This condition will not be required if the City assigns its rights under this Agreement to a third party.

(c) The captions used in this Agreement are for convenience of reference only and are not part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.

(d) Time is of the essence of each and every agreement, covenant, and condition of this Agreement.

(e) This Agreement will be interpreted in accordance with, and governed by, the laws of the State of California.

(f) This Agreement constitutes the entire agreement by and among the parties with respect to the grant of the City of an option to purchase the Project unrelated to the right of City as a lender under any loan made by the City to Owner, and supersedes all prior offers and negotiations, oral and written. This Agreement may not be amended or modified in any respect whatsoever except by an instrument in writing signed by the parties; provided, however, no amendment or modification will be effective unless consented to in writing by the parties.

(g) The parties will record a Memorandum of Purchase Option Agreement in the Official Records of the City and County of San Francisco, California evidencing the rights of the City under this Agreement, in form and substance reasonably acceptable to the City.

9. Assignment of Option. In the event that City exercises its rights to the Option pursuant to this Agreement, City may assign this Agreement and all of City's rights hereunder to a corporation that is tax-exempt under Section 501(c)(3) of the U.S. Internal Revenue Code and that is qualified to own and operate housing developments for low income persons; provided,

however, that any such assignment shall be subject to all of the terms of this Agreement. City's right to assign pursuant to the preceding sentence shall only be permitted after City elects to exercise its rights to the Option, pursuant to this Agreement. City shall give prior written notice of any permitted assignment to the parties hereto and any such assignee shall enter into a written agreement accepting the assignment and assuming all of City's obligations under this Agreement. Except as specifically permitted herein, City's rights hereunder shall not be assignable.

IN WITNESS WHEREOF, Owner, City, and Manager have executed this Agreement as of the date first above written.

OWNER:

Chinatown SROS, LLC,
a California limited liability company

By: Chinatown Community Development Center, Inc.,
a California nonprofit public benefit corporation

Its: Sole Member and Manager

By: _____

Name: _____

Its: _____

[Signatures Continue on Following Page]

MANAGER

_____,
a California nonprofit public benefit
corporation

By: _____
Name: _____
Title: _____

[Signatures Continue on Following Page]

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

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

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
_____
Deputy City Attorney

Exhibit A

Legal Description

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Beginning at a point of intersection of the Northerly line of Clay Street and the Westerly line of Powell Street; running thence Northerly along said line of Powell Street: 68 feet and 9 inches; thence at a right angle Westerly 68 feet and 9 inches to the Easterly line of Codman Place; thence at a right angle Southerly along said line of Codman Place 68 feet and 9 inches to the Northerly line of Clay Street; thence at a right angle Easterly along said line of Clay Street 68 feet and 9 inches to the point of beginning.

Being a portion of 50 Vara Block. No. 161

APN: Lot 008, Block 0212

Street Address:
1005 Powell Street, San Francisco, CA 94108

Free Recording Requested Pursuant to
Government Code Sections 27383 and 27388.1

When recorded, mail to:
Mayor's Office of Housing and Community Development
City and County of San Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Housing Loan Administrator

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

1005 Powell Street
San Francisco, CA 94108
Assessor's Lot 008, Block 0212

DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING
(Property Address: 1005 Powell Street)
(Small Sites Program)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("**Deed of Trust**") is made as of June __, 2024, by Chinatown SROS, LLC, a California limited liability company ("**Trustor**"), whose address is 657 Clay Street, San Francisco, California 94111, to **OLD REPUBLIC TITLE COMPANY**, a California Corporation ("Trustee"), whose address is 275 Battery Street, Suite 1500, San Francisco, California, 94111, for the benefit of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, represented by the Mayor, acting through the Mayor's Office of Housing and Community Development ("**Beneficiary**"). This Deed of Trust is executed pursuant to a Loan Agreement by and between Trustor and Beneficiary dated as of the date of this Deed of Trust, as it may be amended from time to time (the "**Agreement**"), the provisions of which are incorporated herein by reference. Definitions and rules of interpretation set forth in the Agreement apply to this Deed of Trust. This Deed of Trust is unconditionally and shall at all times remain a lien or charge on the Property subject and subordinate to that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing executed by Trustor and recorded against the Property to secure Trustor's performance under the Agreement, the Market Rate Note, the BMR Note, and the Deferred Note.

1. Grant in Trust. For valuable consideration, Trustor hereby grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, all right, title and interest Trustor now has or may have in the future in the following (all or any part of the following, or any interest in all or any part of it, as the context requires, the "**Property**"):

(a) that real property situated in the City and County of San Francisco, State of California, described in Exhibit A attached hereto and incorporated herein by reference (the "**Land**"), on which Trustor owns a 66-unit mixed-use property that includes 64 units of residential rental housing, and 2-units of commercial space (the "Commercial Space") known as 1005 Powell Street (the "**Project**"). The Project will preserve affordability for low- to moderate-income households under the City's Small Sites Program; and

(b) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "**Improvements**"); and

(c) all existing and future leases, subleases, tenancies, subtenancies, licenses, occupancy agreements and concessions, and any guarantees thereof ("**Leases**") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of the Leases; and

(d) except for personal property and removable fixtures installed by tenants or subtenants, all goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which will be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; and

(e) all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; and

(f) all SSP Loan funds, whether disbursed or not, and all funds now or in the future on deposit in the Replacement Reserve Account, the Operating Reserve Account and any other account required or authorized for the Project; and

(g) all proceeds, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements; and

(h) all books and records pertaining to any and all of the property described above, including records relating to tenants under any Leases, the qualifications of any tenants and any certificates, vouchers and other documents in any way related thereto and records relating to the application and allocation of any federal, state or local tax credits or benefits; and

(i) all rents, revenues, issues, royalties, proceeds and profits, including prepaid rent and security deposits ("**Rents**"), from the Land and the Improvements, subject to: (i) Trustor's right to collect and retain the same as they become due and payable; and (ii) Beneficiary's rights under Section 3(d); and

(j) all intangible personal property and rights relating to the Property or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, deposits for utility services, installations, refunds due Trustor, trade names, trademarks, and service marks; and

(k) all proceeds of, interest accrued on, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

2. Obligations Secured. This Deed of Trust is given for the purpose of securing the following (collectively, the "**Secured Obligations**"):

(a) performance of all present and future obligations of Trustor set forth in the Agreement related to the SSP Loan, specifically compliance with certain restrictions on the use of the Property recited in that certain Declaration of Restrictions executed by Trustor, dated as of the date of and being recorded concurrently with this Deed of Trust, as it may be amended from time to time, and the promissory note dated the date of this Deed of Trust made by Trustor to the order of Beneficiary (as it may be amended from time to time, the "**SSP Note**") and performance of each agreement incorporated by reference, contained therein, or entered into in connection with the Agreement;

(b) payment of the indebtedness evidenced by the Agreement and the SSP Note in the original principal amount of Twenty Million Nine Hundred Thousand and No/100 Dollars ($20,900,000.00), with interest, according to the terms of the Agreement and the SSP Note; and

(c) payment of any additional sums Trustor may borrow or receive from Beneficiary, when evidenced by another note (or any other instrument) reciting that payment is secured by this Deed of Trust

3. Assignment of Rents.

(a) Assignment as Additional Security. Trustor hereby irrevocably grants, transfers, and assigns to Beneficiary all of its right, title, and interest in and to the Rents as additional security for the Secured Obligations. Subject to the provisions of subsection 3(d) below, Beneficiary hereby confers upon Trustor a license ("**License**") to collect and retain the Rents as they become due and payable, so long as no Event of Default exists and is continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

(b) Collection and Application of Rents. Subject to the License granted to Trustor under subsection 3(a) above, Beneficiary has the right, power, and authority to collect any and all Rents. Subject to the License granted to Trustor under subsection 3(a) above, Trustor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

1. Demand, receive, and enforce payment of any and all Rents; or
2. Give receipts, releases, and satisfactions for any and all Rents; or
3. Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property. In Beneficiary's sole discretion, it may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under this Deed of Trust. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder.

(c) Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Real Property and Improvements, Beneficiary is not and shall not be deemed to be:

1. A "mortgagee in possession" for any purpose; or
2. Responsible for performing any of the obligations of the lessor under any lease; or
3. Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property; or
4. Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

(d) Election by Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary, at its option, may exercise its rights under this Section or otherwise provided under applicable law (including, but not limited to, under Section 2938 of the California Civil Code).

4. Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

(a) to perform the Secured Obligations in accordance with their respective terms;

(b) to keep the Land and the Improvements in good condition and repair, normal wear and tear and acts of God excepted; not to remove or demolish any Improvements without Beneficiary's prior written consent; to complete or restore promptly and in good and workmanlike manner any Improvement constructed, damaged or destroyed on the Land; to pay when due all claims for labor performed and materials furnished therefor, subject to Trustor's right to contest any claim in good faith; to comply with all laws affecting the Project, subject to Trustor's right to contest any claim in good faith; not to commit or permit waste with respect to the Land or the Improvements; not to commit, suffer or permit any act upon the Land or the Improvements in violation of law, including Environmental Laws; and to do all other acts made reasonably necessary by the character or use of the Land and the Improvements;

(c) to provide, maintain and deliver to Beneficiary property and liability insurance as required under the Agreement and apply any insurance proceeds as provided below;

(d) to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees and costs incurred in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust following an Event of Default;

(e) to pay in accordance with the Agreement, but in each case prior to delinquency: (i) all taxes and assessments affecting the Property, including assessments on appurtenant water stock; and (ii) all encumbrances, charges and liens, with interest, on the Property or any part thereof that appear to be prior or superior hereto;

(f) should Trustor fail to make any payment or to do any act as herein provided, then, without: (i) obligation to do so; (ii) notice to or demand upon Trustor; or (iii) releasing Trustor from any obligation hereof, Beneficiary or Trustee may: (A) make or do the same in any manner and to the extent as it deems necessary to protect the security hereof; (B) appear in and defend any action or proceeding purporting to affect the

security hereof or the rights or powers of Beneficiary or Trustee; (C) pay, purchase, contest or compromise any encumbrance, charge or lien that in its judgment appears to be prior or superior hereto; and (D) in exercising these powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees and costs, and Trustor consents to Beneficiary's and/or Trustee's entry upon the Land and Improvements for any purpose set forth in this subsection, including Beneficiary's exercise of its rights under California Code of Civil Procedure Section 564(c); and

(g) to reimburse within five (5) days of demand all sums expended by Beneficiary or Trustee pursuant to this Deed of Trust, with interest at an annual rate of interest equal to the lesser of: (i) ten percent (10%); or (ii) the maximum lawful rate from date of expenditure to the date of payment.

5. Security Agreement and Fixture Filing.

(a) Grant of Security Interest. Without limiting any of the other provisions of this Deed of Trust, to secure the payment, performance and observance of the Secured Obligations, Trustor, as debtor (referred to in this Section 5 as "**Debtor**"), expressly grants to Beneficiary, as secured party (referred to in this Section 5 as "**Secured Party**"), a continuing security interest in all the Property (including now and hereafter existing) to the full extent that any portion of the Property may be subject to the Uniform Commercial Code. For purposes of this Section 5, "**Collateral**" means the personal property (tangible or intangible) and fixtures included in the Property.

(b) Debtor's Covenants, Representations, and Warranties.

(i) Debtor covenants and agrees with Secured Party that:

(1) In addition to any other remedies granted in this Deed of Trust to Secured Party or Trustee (including specifically, but not limited to, the right to proceed against the Property in accordance with the rights and remedies in respect of the Property that is real property under the Uniform Commercial Code), Secured Party may, if an Event of Defaults occurs and is continuing, proceed under the Uniform Commercial Code as to all or any part of the Collateral, and shall have and may exercise with respect to the Collateral all the rights, remedies, and powers of a secured party under the Uniform Commercial Code.

(2) Without limiting the foregoing, Secured Party shall have the right upon any public sale or sales, and, to the extent permitted by law, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Debtor. Debtor further agrees to allow Secured Party to use or occupy the Property, without charge, for the purpose of effecting any of Secured Party's remedies in respect of the Collateral.

(3) To the extent permitted by applicable law, Debtor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention, or sale of the Collateral, except for claims, damages, and demands due to the active gross negligence or willful misconduct of Secured Party in dealing with such Collateral. Trustor agrees that Secured Party need not give more than five (5) days' notice of the time and place of any public sale or of the time at which a private sale will take place and that such notice is reasonable notification of such matters. Secured Party may disclaim any warranties that might arise in connection with the sale, lease, license, or other disposition of the Collateral and have no obligation to provide any warranties at such time. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(4) To the extent permitted by law, Debtor hereby specifically waives all rights of redemption, stay, or appraisal which it has or may have under any law now existing or hereafter enacted.

(ii) Debtor hereby authorizes Secured Party to file financing and continuation statements with respect to the Collateral as Secured Party may reasonably require.

(iii) Debtor hereby represents and warrants that no financing statement is on file in any public office except as authorized by Secured Party. Debtor will at its own cost and expense, upon demand, furnish to Secured Party such further information and will execute and deliver to Secured Party financing statements and other documents in form reasonably satisfactory to Secured Party and will do all such acts that Secured Party may at any time or from time to time reasonably require to establish and maintain a perfected security interest in the Collateral as security for the Secured Obligations, subject only to liens or encumbrances approved by or benefiting Secured Party. Debtor will pay the actual expense of filing or recording such financing statements or other documents, and this instrument, as and where reasonably required by Secured Party.

(iv) To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover all rents, royalties, issues and profits, and all inventory accounts, accounts receivable and other revenues of the Property.

(c) Fixture Filing. Certain of the Collateral is or will become "fixtures" (as that term is defined in the Uniform Commercial Code). This Deed of Trust, upon being filed for record in the real estate records of San Francisco County, shall operate also as a financing statement and fixture filing upon such of the Collateral that is or may become fixtures under the Uniform Commercial Code. Debtor's name and type and jurisdiction of entity are set forth in the introductory paragraph hereof. Debtor's address is set forth above. Debtor's EIN Number is 94-2514053. Secured Party's name and mailing address are set above.

5. Insurance and Condemnation Proceeds.

(a) Trustor hereby assigns to Beneficiary any award of damages arising from the condemnation of all or any part of the Property for public use and any insurance proceeds arising from injury to all or any part of the Property or the Project.

(b) Any condemnation award or insurance proceeds must be paid to Beneficiary or, if Beneficiary has consented to subordinate the lien of this Deed of Trust to the lien of another lender for the Project, according to the provisions in the senior lender's loan documents.

(c) If a condemnation award or insurance proceeds are paid to Beneficiary, Beneficiary will release or authorize the release of funds to Trustor, provided that the funds will be used for the reconstruction of the Project in accordance with: (i) projections demonstrating that reconstruction is economically feasible; and (ii) Trustor's construction budget, each of which must be satisfactory to Beneficiary in its reasonable discretion. In all other cases, Beneficiary may choose in its discretion to apply funds to Trustor's obligations under the SSP Note and the Agreement or to any senior obligations, in accordance with the respective priorities of the approved lienholders as their interests may appear of record, with the remaining funds, if any, released to Trustor.

(d) Trustor agrees that Beneficiary's application or release of funds pursuant to this Section will not cure or waive any default or Notice of Default (as defined below) or invalidate any act by Beneficiary performed following a default pursuant to any City Document unless the default has been cured by the application or release of funds.

6. Further Agreements. Trustor further acknowledges and agrees as follows:

(a) Beneficiary does not waive its right either to require prompt payment when due of all other sums secured by this Deed of Trust or to declare Trustor in default for failure to pay timely by accepting payment of any sum secured hereby after its due date.

(b) Trustee may reconvey any part of the Property at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the SSP Note for endorsement without affecting the liability of any entity or person for payment of the indebtedness secured hereby.

(c) Upon: (i) written request of Beneficiary stating that all obligations secured hereby have been paid or performed; (ii) Beneficiary's surrender of this Deed of Trust and the SSP Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose; and (iii) payment of its fees, if any, Trustee shall reconvey the Property then held hereunder without covenant or warranty.

(d) As additional security, Trustor hereby irrevocably, absolutely and unconditionally assigns to Beneficiary all Rents, whether now due, past due or to become due, subject to Beneficiary's grant to Trustor of a license to collect and retain Rents as they become due and payable so long as Trustor has not defaulted in performance of the Secured Obligations.

(e) Any voluntary or involuntary conveyance, sale, encumbrance, pledge or other transfer of all or any interest in the Property or in Trustor, including a security interest, in violation of the Agreement will constitute an Event of Default (as defined below) giving Beneficiary the right to exercise its remedies at law or in equity.

(f) For the purposes of this Deed of Trust, Beneficiary from time to time may substitute a successor or successors to Trustee named herein or acting hereunder by instrument in writing executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of San Francisco County, which instrument shall be conclusive proof of proper substitution of a successor trustee or trustees. Without conveyance from Trustee, any successor or substitute trustee will succeed to all title, estate, rights, powers and duties of Trustee. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the recording information for this Deed of Trust and the name and address of the new Trustee.

(g) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, provided that this subsection does not constitute Beneficiary's consent to any transfer in violation of this Deed of Trust. The term Beneficiary shall mean the holder of the SSP Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(h) Trustee accepts this Trust when this duly executed and acknowledged Deed of Trust is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

7. Beneficiary's Rights Following Default. Upon any default by Trustor in performance of the Secured Obligations following expiration of any applicable notice and cure periods ("**Event of Default**"):

(a) Trustor's license to collect and retain Rents will terminate automatically.

(b) Trustor consents to Beneficiary's entry upon and taking possession of the Property or any part thereof, at any time after the occurrence of an Event of Default without notice, either in person, by agent or by a receiver to be appointed by a court without regard to the adequacy of any security for the indebtedness hereby secured to sue for or otherwise collect and apply Rents, less costs and expenses of operation and collection, including those of the Property, in its own name or in the name of Trustor. Beneficiary's collection and application of Rents shall not cure or waive any Event of Default or Notice of Default or invalidate any act done pursuant to any notice.

(c) Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Property ("**Notice of Default**"), and:

i. Trustee shall cause the Notice of Default to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the SSP Note and all documents evidencing expenditures secured hereby.

ii. After the lapse of time then required by law following the recordation of a Notice of Default, and notice of sale ("**Notice of Sale**") having been given as then required by law, Trustee without demand on Trustor may sell the Property at the time and place fixed in the Notice of Sale either as a whole or in separate parcels in any order at public auction to the highest bidder for cash in lawful money of the United States payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to any purchaser a trustee's deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the trustee's deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale.

iii. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (A) all sums expended under the terms of this Deed of Trust not then repaid, with accrued interest at the highest rate allowed by law in effect at the date hereof; (B) all other sums then secured hereby; and (C) the remainder, if any, to the person or persons legally entitled thereto.

8. Notice of Default to Trustor. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth above or any succeeding address given by notice in accordance with the Agreement.

TRUSTOR:

CHINATOWN SROS, LLC,
California limited liability company

By: Chinatown Community Development Center, Inc.,
a California nonprofit public benefit corporation

Its: Sole Member and Manager

By: _____
Name: _____
Title: _____

ALL SIGNATURES MUST BE NOTARIZED

EXHIBIT A

Legal Description of the Land

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Beginning at a point of intersection of the Northerly line of Clay Street and the Westerly line of Powell Street; running thence Northerly along said line of Powell Street: 68 feet and 9 inches; thence at a right angle Westerly 68 feet and 9 inches to the Easterly line of Codman Place; thence at a right angle Southerly along said line of Codman Place 68 feet and 9 inches to the Northerly line of Clay Street; thence at a right angle Easterly along said line of Clay Street 68 feet and 9 inches to the point of beginning.

Being a portion of 50 Vara Block. No. 161

APN: Lot 008, Block 0212

Street Address:
1005 Powell Street, San Francisco, CA 94108

SECURED PROMISSORY NOTE

(Small Sites Program − 1005 Powell Street)

Principal Amount: $20,900,000 San Francisco, CA

Date: June __, 2024

FOR VALUE RECEIVED, the undersigned, **CHINATOWN SROS, LLC**, a California limited liability company ("**Maker**"), hereby promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, or holder (as the case may be, "**Holder**"), the principal sum of Twenty Million Nine Hundred Thousand and No/100 Dollars ($20,900,000.00) (the "**SSP Loan Amount**"), or so much of the SSP Loan Amount as may be disbursed from time to time pursuant to the Agreement described in Section 1 below, together with interest thereon, as provided in this Note.

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

2. Interest. Interest will accrue on the principal balance outstanding under this Note from time to time at the rate of three percent (3%) per annum, simple interest, from the date of the close of escrow through the date of full payment of all amounts owing under the City Documents. Interest will be accrued annually. Interest will be calculated on the basis of actual days elapsed and a 360-day year, consisting of 12 months of 30 days each, which will result in higher interest charges than if a 365-day year were used.

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

4. Repayment of SSP Loan Amount.

4.1 Subject to Section 12.1 and Section 13.4 of the Agreement, Maker must make annual payments of principal and interest (each, a "**Payment**") in an amount equal to two-

thirds of the Residual Receipts, if any, attributable to the prior calendar year, beginning on the first December 31st after the date that the SSP Deed of Trust is recorded in the Recorder's Office of San Francisco County, and continuing each December 31st thereafter up to and including the Maturity Date, as defined below (each, a "**Payment Date**"). All Payments will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the SSP Loan. The unpaid principal balance of the SSP Loan, together with all accrued and unpaid interest and unpaid costs and fees incurred, will be due and payable on the date that is the fortieth (40th) anniversary of the first day of the first full month following the date that the SSP Deed of Trust is recorded in the Recorder's Office of San Francisco County (the "**Maturity Date**"). Any Payment Date, including the Maturity Date, which falls on a weekend or holiday will be deemed to fall on the next succeeding business day.

4.2 Maker's obligation to pay interest annually may be forgiven by MOHCD in its sole discretion if there are insufficient Residual Receipts on any Payment Date, following Maker's timely submission of audited financials and Annual Monitoring Report (AMR) reporting requirements. Forgiven interest will be deemed not to have accrued.

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

6. Terms of Payment.

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

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

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

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

6.5 Except as otherwise set forth in this Note or in the Agreement, no prepayment of this Note shall be permitted without Holder's prior written consent, which may be given or withheld in Holder's sole discretion.

7. Default.

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

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

(b) the occurrence of any other Event of Default under the Agreement or other instrument securing the obligations of Maker under this Note or under any other agreement between Maker and Holder with respect to the Project, including without limitation, the Market Rate Note, the BMR Note, and the Deferred Note.

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

8. Waivers.

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

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

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

9. Miscellaneous Provisions.

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

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

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

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

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

"MAKER"

CHINATOWN SROS, LLC,
a California limited liability company

By: Chinatown Community Development Center, Inc.,
a California nonprofit public benefit corporation

Its: Sole Member and Manager

By: _____

Name: _____

Title: _____

SMALL SITES PERMANENT FINANCING

1005 POWELL
64 UNITS OF PERMANENT AFFORDABLE HOUSING FOR SENIORS

FILE 240443
BUDGET AND FINANCE COMMITTEE
MAY 15, 2024

ALEA GAGE
PRESERVATION PROGRAM MANAGER

MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

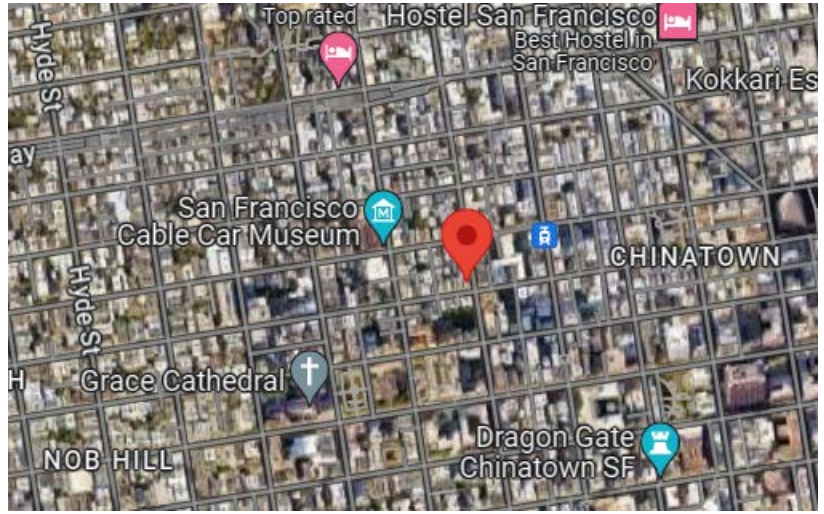
PROJECT DETAILS

- Project Overview
  - Powell @ Clay on the border of Chinatown and Nob Hill – District 3
  - 64 SRO units for seniors including one staff unit
  - Ground floor tenant lounge, laundry, property management offices

- Acquisition & Rehabilitation Financing
  - $16.2M Acquisition & Rehabilitation Loan from the Housing Accelerator Fund in December 2021
    - $3.75M purchase price
    - $9.2M rehabilitation (hard costs)

- Senior Operating Subsidy (SOS) Grant Agreement approved by the Board of Supervisors on 4/2/24 – $6.2M for a 15.5 year term for 35 units (55% of units)

- CCDC Contribution of $448k for ground floor commercial upgrades



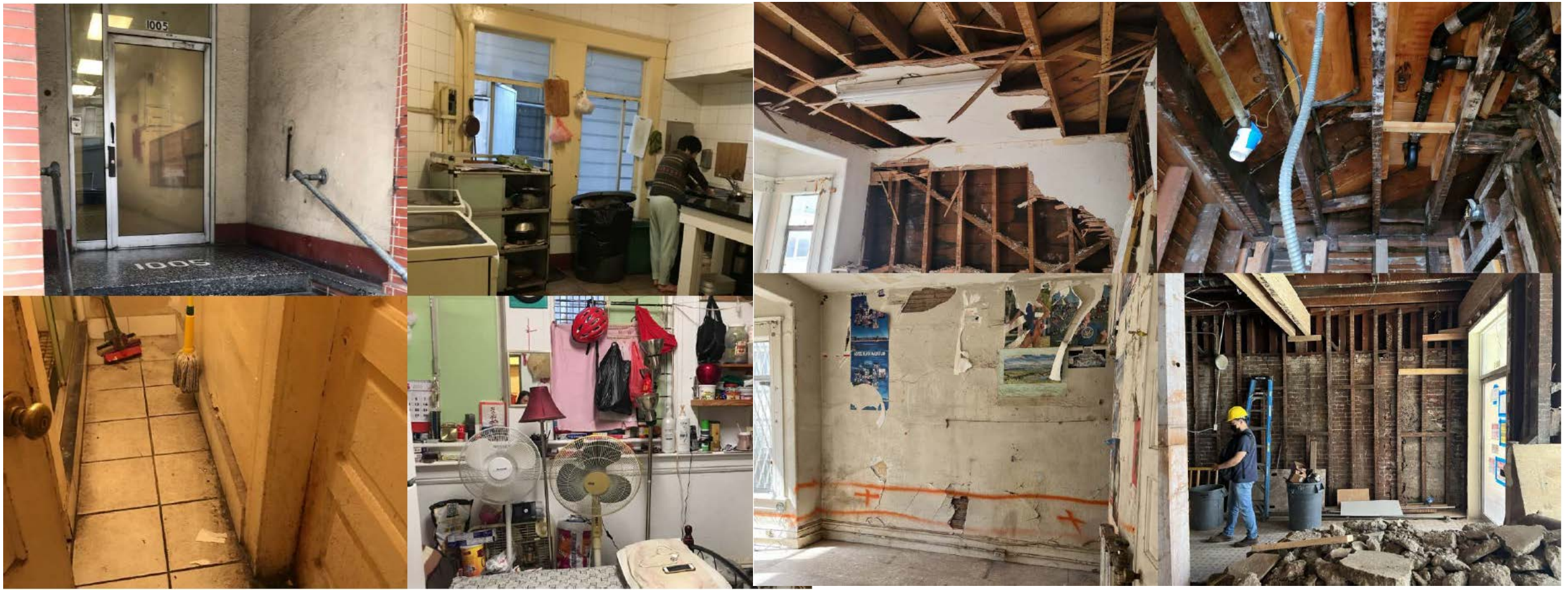
BUILDING DETAILS

- Built in 1907
- History of Notices of Violation and unpermitted work

Timeline
- Dec 2021: Acquisition
- March 2022 – Jan 2024: Rehabilitation
- March 2024: All permits finalized
- June 2024: Permanent financing secured

Rehabilitation Scope
- Soft-story seismic retrofit
- Lead and asbestos abatement
- Extensive dry rot repairs
- Life-safety improvements
- Improved accessibility
- New windows
- Heating and plumbing upgrades
- New roof
- Interior unit repairs
- Elevator modernization

BEFORE & DURING REHABILITATION



AFTER REHABILITATION

PROJECT OBJECTIVES

- Completed:
  - Addressed overcrowding as part of the necessary relocation during construction
  - Reduced utility bills through green upgrades and smaller household sizes
- Permanent Financing:
  - Restricted as a senior building as long as an SOS agreement is in place
  - Preserves affordability for all residential units for 99 years at an average of 60% AMI
  - Funds replacement and operating reserves (with contributions from City and CCDC)

SUMMARY OF REQUEST

Total Loan Amount: $20,900,000

- All soft debt – 40 year term
- $316,667 per unit of City subsidy (within SSP Guidelines)
- Majority of SSP funds are from the Academy of Art University settlement to preserve SRO units

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Thank you

Citywide Affordable Housing Loan Committee

Small Sites Program Loan Evaluation

Mayor's Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure
Controller's Office of Public Finance

1005 Powell Street

Up to $20,900,000 Permanent Financing Request and

Up to $6,209,204 Senior Operating Subsidy

Loan Committee Date:	March 1, 2024
Prepared By:	Alea Gage, Preservation Program Manager
Asset Manager:	Wesley Ellison-Labat
Sources and Amounts of New Funds Recommended:	Up to $20,900,000 SSP Soft Debt Up to $6,209,204 Senior Operating Subsidy (SOS)
NOFA/PROGRAM/RFP:	2019 Acquisition and Rehabilitation Financing for Small Sites Program Properties and Senior Operating Subsidy (SOS) Program
Applicant/Sponsor(s) Name:	Chinatown Community Development Center / Chinatown SROs, LLC
Project Address (with the cross street):	1001-1005 Powell Street (between Mason & Stockton Streets)
Number of Units with Unit Mix:	64 SRO units; 2 commercial units
Supervisor and District	Aaron Peskin/District 3

Project Summary:

- Located in District 3, 1005 Powell Street consists of a 5-story building comprising 64 single room occupancy (SRO) units and two commercial units (the Project).

- The Project was acquired in December 2021 for $3,750,000 with financing from the Housing Accelerator Fund and underwent a $9,239,000 rehabilitation completed in January 2024.

- The request for an SSP soft debt loan is in line with the initial soft commitment MOHCD provided in December 2021 as well as the maximum subsidy allowed under the Small Sites Program (SSP). The HAF loan maturation date was recently extended from April 30, 2024 to June 30, 2024 to account for five months of construction delays and enable robust underwriting, given the unique facet of this project's sinking funds.

- The Project is fully occupied as of February 1, 2024. 35 of the units will be subject to a Senior Operating Subsidy Agreement, whereby MOHCD will provide an annual payment to subsidize rents up to 60% AMI, with 20 households paying 15% AMI rents and 15 households paying 20% AMI rents. In addition, one household referred by Catholic Charities are receiving shallow subsidies from a program administered by MOHCD. All of the tenants are Chinese, and most are monolingual. 64% of households are over 62 years old. The subsidies are a key strategy to increasing the Project's income, and CCDC will also be instituting rent increases for roughly one-third of households whose rent burdens do not meet SSP minimums.

- In addition, CCDC will need to identify long-term tenants for the two commercial spaces on the ground floor. They expect one space to house a laundromat and the second space for retail use. CCDC will lease the retail space to themselves for the first year of operations to use as the property management office for another affordable building in their portfolio undergoing rehabilitation.

- From the initial underwriting of the HAF loan, CCDC and MOHCD have been anticipating the need for sinking funds to cover operating deficits. Properly maintained and staffed SRO buildings are notoriously difficult to pencil; rents are simply not high enough to cover operating expenses. This project, however, was ripe for addressing building code violations and overcrowding, which both improves the conditions of those living in the building and decreases operating expenses. Furthermore, with a high number of senior households already occupying units,

accessing senior subsidies has made a significant difference to the project's income and allows those households to be stabilized as they age.

- MOHCD is providing a sinking fund in the amount of $1,165,000 that will be expended first, anticipated to cover more than 15 years of operating deficits. CCDC will make sinking fund deposits during the first ten years of the project totaling $1,855,000. Together, the sinking funds will enable the Project to be stable into Year 20 and beyond.

- The Project is requesting up to $20,900,000 in Small Sites soft debt and an additional $6,209,204 in Senior Operating Subsidy to be paid in annual installments over 15.5 years (which was approved by Loan Committee on March 1, 2024). MOHCD's significant investment in the Project is paired with CCDC's contributions to the Project for the sinking fund as well as $448,000 for commercial upgrades and tenant improvements, totaling $2,269,000.

- MOHCD staff is recommending Loan Committee approval for 1005 Powell Street's permanent financing.

1. SUMMARY/BRIEF PROJECT UPDATE

Chinatown Community Development Center ("CCDC", "Chinatown SROs, LLC" or the "Sponsor") requests up to $20,900,000] in Small Sites Program ("SSP") funding from the Mayor's Office of Housing and Community Development ("MOHCD") for the permanent financing of the property located at 1001-1005 Powell Street in the Chinatown neighborhood of San Francisco ("1005 Powell Street" or the "Project"). The Sponsor also requested and received Loan Committee approval on March 1, 2024 for $6,209,204 in Senior Operating Subsidy (SOS) in a 15.5-year contract given the significant majority of very low income and extremely low income seniors served by the Project.

On December 13, 2021, MOHCD issued a soft commitment letter for $20,900,000, known as a letter of support for the Project, which was acquired on December 27, 2021 and rehabilitated with financing through the Housing Accelerator Fund ("HAF"). The letter of support also references the need for "a sinking fund for operating deficits," which is discussed in greater detail below.

As of January 2024, the Project's rehabilitation is complete. The requested permanent financing from MOHCD will pay off the existing HAF loan, fund replacement and operating reserves, and cover closing costs. The Sponsor will record a Declaration of Restrictions on the parcel that will protect the affordability of all units for at least 99 years. The total development cost for the

Project is approximately $21,348,000 of which $20,900,000 is MOHCD financing. The balance is CCDC's contribution of $348,000 for tenant improvements to the laundromat as well as an additional $100,000 in a tenant improvements reserve to be potentially available for a future laundromat tenant.

Background

Built in 1907, 1001-1005 Powell is a mixed use, single-room-occupancy ("SRO") building, comprising 64 units without bathroom or kitchen on four upper floors as well as three ground floor commercial units. One 406 square foot commercial unit has been converted permanently into a property management office, resident lounge, and tenant laundry facility to serve the Project. The other two commercial spaces are seeking new tenants to be used as a 1,109 square foot laundromat and a 617 square foot retail space. In the interim, the retail space will be leased to CCDC at a below market rate for use as a temporary office for the Clayton Hotel, another CCDC property which is undergoing rehab in 2024-2025. Each of the four residential floors has one common kitchen; in addition, there are three bathrooms on the first residential floor and five bathrooms on the second, third and fourth residential floors.

The building was in poor condition at acquisition with a rehabilitation budget more than three times the purchase price. There were several outstanding Notices of Violation (NOVs) documenting unsafe conditions at the property, and an extensive history of unpermitted work. The owners approached CCDC about the purchase as an alternative to addressing the violations themselves. The project serves one of their core populations, extremely and very low-income Chinese senior households. CCDC also observed the unsafe conditions and believed they had the expertise to improve the building and address its life safety issues. They also strongly believed that they would decrease operating expenses over time as they stabilized the Project. Once MOHCD was able to offer a soft commitment that included SOS, CCDC felt confident in their ability to preserve this essential housing in perpetuity under the Small Sites Program. For its part, MOHCD is deploying funds from the Academy of Art University settlement as part of the permanent financing. Where naturally occurring affordable units had been removed from the market and rented to students at above market prices, the City is preserving an equivalent unit type (SROs) and ensuring that the SRO units, a critical part of the housing inventory for immigrants and people who have been or are at risk of homelessness.

The most pressing item from the NOVs was the significant amount of asbestos abatement necessary due to the deterioration of acoustic ceiling and wall materials found in units and common spaces. Life safety improvements included installation of a fire-rated ceiling between the commercial units and the residential floors above and a sprinkler system as well as replacing unsafe door closers and escape windows that pose a risk in case of fire. Plumbing and

electrical systems were upgraded or replaced, and exposed wiring for telephone and cable in the corridor was rerouted into conduit. Water penetration was ameliorated through a new roof coating and exterior repairs. All of the poorly maintained single glazed aluminum windows were replaced with dual glazed windows that met egress requirements and improved waterproofing and energy use. The structure received a soft story retrofit to comply with City requirements, and the property is now ADA compliant after alterations to bathrooms, entryways, the elevator and the addition of in-unit accessibility features. Finally, CCDC oversaw the renovation of the existing common spaces, including residential kitchens and bathrooms, to extend the useful life of the building and to address code violations and dry rot issues. In total, the construction spanned from March 2022 to January 2024, a total of 22 months and required the relocation of all tenants for a period of approximately 12 months. At the time of acquisition, rehab was projected to take 17 months. Additions to the rehab scope, including a residential laundry facilitating, upgrades to the commercial laundromat, and in-unit improvements resulted in a 5-month delay for a total of 22 months of construction. The delay necessitated two extensions to the HAF loan. For more on the completed rehabilitation scope, please see **Appendix E**.

There is one resident receiving rental assistance through the City's Shallow Rent Subsidy Program. All the rest of the units are at 60% AMI restrictions per SSP Guidelines for SROs and unsupported by a subsidy. At Project acquisition in December 2021, the average household AMI was 25%, with an average rent AMI of 30%, including the 2% of the households that are receiving rental assistance. The Project now has an average AMI of 30% and an average rent AMI of 49% with subsidy. Rent burden averages 25.4%. The Project is fully leased with 100% of households having income certified as of February 1, 2024.

Total Project Costs and Sources

Funding Source	Initial Soft Commitment in 2021	Current Amount
Total Project Cost (SSP Request)	up to $20,900,000 ($316,667/unit)	up to $20,900,000 ($316,667/unit)
Total Senior Operating Subsidy (SOS) Request	$5,900,000 ($168,571/unit)	$6,209,204 ($177,406/unit)

This table above does not include the two reserve accounts funded at closing by CCDC, which are not considered project sources, but are important contributions to stabilizing building operations: 1) 10 years of sinking fund deposits totaling $1,855,000 and 2) the $100,000 reserve for laundromat tenant improvements, as reserves are distinct from project sources.

The total funding request matches exactly the initial soft commitment and is roughly equivalent to the maximum SSP funding of $316,250/unit. **See Appendix A** for Maximum Allowable Subsidy Per Current SSP Guidelines.

2. PRINCIPAL DEVELOPMENT ISSUES

Operating Deficit – Need for Sinking Fund:

Even with SOS, current rents will not support the Project's long-term operating expenses. At acquisition and to help close the gap, CCDC leased units at higher rents, including one unit recently leased by clients referred by Catholic Charities receiving shallow subsidy administered by MOHCD to help stabilize households at risk of homelessness. MOHCD evaluated the Project prior to issuing the letter of support with vacant units being re-rented at 45% AMI rents, based on market rents for SROs units during Covid and since, though underwriting for takeout has also revealed significant potential for increasing rents based on existing tenants' rent burdens, as shown in **Section 6.11, Unit Mix and Affordability** below. 1A loan condition addresses the issue of minimum rent burden, as residential income is so critical to Project's net operating income. See **Section 10, Recommended Loan Conditions**.

While CCDC made important gains in occupying units with higher AMI tenants during the SFHAF period and reducing operating expenses (discussed in **Section 8.2, Annual Operating Budget Analysis/Comments**), additional operational support in the form of the sinking fund is still necessary for MOHCD and CCDC to ensure the Project's future financial stability. Since SSP projects are underwritten for 20 years, MOHCD's sinking fund was proposed to cover the first 10 years of deficits and CCDC's to cover Years 11-20 (as well as be responsible for any additional deficits not covered by the sinking funds). However, the Project's current financial outlook shows the MOCHD sinking fund will last into Year 16 and the CCDC sinking fund is sufficient through Year 20. At acquisition, MOHCD committed to contribute $1,165,000 to a sinking fund to be expended first, and CCDC committed $1,855,000, to begin withdrawals only after the MOHCD sinking fund is exhausted.

Extending the current subsidies or identifying a new subsidy will likely be necessary to sustain the Project past Year 20, and therefore a loan condition requires the Sponsor to seek additional sources. Furthermore, the Project's commercial income is underwritten conservatively based on today's conditions, where inventory is high and rents have not recovered from pre-COVID levels. If the commercial units outperform the projections, that too may help extend the sinking fund's sufficiency.

Commercial Rehabilitation and Tenant Improvements:

Commercial tenant improvements beyond City-required life safety upgrades (e. g., seismic or electrical upgrades) are not eligible for SSP funding. However, CCDC identified that the laundromat space and retail space were not marketable in the condition and configuration at the time of acquisition and needed all-new storefront windows and doors, and new ADA bathrooms in the laundromat and office space. In addition, the third commercial unit was converted to serve the residential portion of the Project: the building's property management office and a resident-only laundry room. Together these improvements ("commercial upgrades") totaled $348,000 and were completed as part of the Project rehab.

Small Sites Program Guidelines preclude commercial upgrades from being funded by MOHCD. Therefore, CCDC must absorb the cost of those improvements. As a result, CCDC would keep the $348,000 cost of commercial upgrades in the project by requesting a lower equity repayment from the original HAF loan. Instead of receiving the full $2,500,000 from their equity contribution at takeout, they would receive a balance after deducting the cost of the commercial upgrades.

In addition, CCDC will fund an additional $100,000 reserve at closing to make final improvements as determined necessary or beneficial by the future laundromat tenant.

Commercial Vacancy:
The laundromat space was operated by the former owners and has been vacant since acquisition; rehab was completed in January 2024. CCDC is actively working with its commercial property manager on marketing the space and securing a suitable tenant. Based on the number of proximate laundromats and density of SROs in the neighborhood without on-site laundry facilities, CCDC is confident there is sufficient demand for this use in the neighborhood.

In addition, the hair salon that occupied the retail space also ended their tenancy in August 2023. CCDC will lease the space to themselves on a temporary basis for a year at a below market rate of $1,000 per month to use as the property management office for the Clayton Hotel, which will be undergoing renovation from Summer 2024 to Summer 2025. The same commercial property manager working on marketing the laundromat will also lead the effort to find a long-term tenant for the retail space.

Market forces are challenging for commercial spaces in Chinatown and throughout the City. More detail has been provided in **Section 6.8, Commercial Space** and relevant loan conditions have been included in **Sections 9 and 10**.

3. BORROWER/GRANTEE PROFILE

The mission of the Chinatown Community Development Center is to build community and enhance the quality of life for San Francisco residents. CCDC is a place-based community development organization serving primarily the Chinatown neighborhood, and also serve other

areas including North Beach and the Tenderloin. CCDC is a community development organization with many roles - as neighborhood advocates, organizers and planners, and as developers and managers of affordable housing.

CCDC believes in a comprehensive vision of community, a quality environment, a healthy neighborhood economy, and active voluntary associations. CCDC is committed to the empowerment of low-income residents, diversity and coalition building, and social and economic justice.

3.1 Racial Equity Vision

CCDC is a BIPOC-led organization with a 45-year history of advocating on behalf of low-income residents in Chinatown. CCDC's mission evolved from preserving Chinatown as a low-income immigrant gateway to building political power among residents to bring the neighborhood resources and opportunities it had historically been denied. To date, understanding that all organizations have room to grow in addressing institutionalized racism, Chinatown CDC has modified organizational policies and procedures to lower barriers of entry to housing, worked towards becoming trauma-informed in its services provision, hired bilingual staff that reflects the communities they serve, providing opportunities for BIPOC residents to engage with the neighborhood process, and working to heal historic divides between Asian Americans and other BIPOC and White communities.

Additionally, CCDC has decades of experience in the delivery of culturally competent services and/or community development programs to low or lower-income households in the community. CCDC provides community benefit programs accessible to the public, including Youth development programs, digital literacy training, housing counseling, and other empowerment programs and food distribution programs. Chinatown CDC has an excellent track record of hiring program participants and members from within the community, while promoting a broader diversity of staff.

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

3.2 Board of Directors and Staff

Board of Directors: Chinatown CDC's Board of Directors is comprised of 23 members and is over 80% people of color with a near 50/50 split between male and female representation.

The Board Members include:

- Jane Chin - Co-Chair, Community Volunteer
- Lindsey Quock - Co-Chair, Attorney
- Barbara Lin - Vice-Chair, Senior Manager of Programs, Glide Foundation
- Fady Zoubi – Secretary, Business Banking Relationship Manager, Vice-President, U.S. Bank
- Terence Cordero – Treasurer, Vice President and Equity Relationship Manager, Wells Fargo
- Dion-Jay Brookter, Executive Director, Young Community Developers
- Tommy Chan, Development Manager, Boston Properties
- Eric Chang, Deputy Attorney General, California Department of Justice, Public Rights Division
- Claudine Cheng, Founder and President, APA Heritage Foundation
- Gregory Chin, Retired
- Jim Fagler, Retired Architect
- Dr. Irene Hilton, Dentist, San Francisco Department of Public Health
- Guy Hollins, Consultant, Hollins Consulting
- Jeanette Huie, Retired
- Olson Lee, Affordable Housing Development Consultant
- Aaron Lim, Marketing Strategy and Analytics Manager, Twilio
- Michael Louie, Retired
- Kevin Ortiz, Consultant
- Irma Poe, Supportive Housing Consultant
- Nils Rosenquest, Attorney, Rosenquest & Associates
- Ramneek Saini, Political Strategist, Somos Advisors
- Rosa Wong-Chie, Supervisor, Reporting and Business Operations, Pacific Gas and Electric Company

Staff:

- Organization Demographics: More than half of the executive staff are people of color and half are women. Overall demographics of CCDC employees are 64% Asian; 10%

White/Caucasian; 8% Black/African American; 8% Hispanic/Latino; 7% are two or more races; and 1% are Native Hawaiian or other Pacific Islander.

- Development Team: CCDC's Housing Development Division is a 21-person team, which has over 75% people of color. 85% of the division are women, including the Director and Associate Director of Housing Development.
- CCDC's Facilities team is a 42-person team and nearly all staff are people of color.

For more detailed experience of key staff supporting the Project, see **Appendix B.**
For recent development activity, see **Appendix C.**

3.2 Asset Management Performance & Capacity

Asset Management's (AM) role at CCDC is to manage portfolio risk and opportunities by monitoring and analyzing the financial and physical health of CCDC's portfolio. CCDC's AM staff currently oversee 38 properties comprised of 3,090 affordable housing units including 484 that are supportive housing. This comes to an average of 82 units per project. Over 4,700 individuals comprising more than 2,500 households live in CCDC homes. 78% of the households in CCDC portfolio are extremely low income.

The Asset Management Department (AM) is comprised of 5.625 FTE:

1. Director of Asset Management
2. Associate Director of Asset Management
3. Asset Manager (2.0 FTE)
4. Asset Management Coordinator
5. Asset Management Assistant (0.625 FTE)

Two positions, the Director of Asset Management and the Asset Management Coordinator are currently vacant.

CCDC is also currently developing a 5-year Asset Management Department plan to establish the priorities and staffing manage our current portfolio and new projects as they come online. In addition, CCDC has relationships with experienced consultants who can perform discreet projects to fill in any gaps.

3.3 Development Experience.

CCDC has significant experience in the development and operation of affordable housing in San Francisco. CCDC's portfolio includes 950 affordable senior units and 546 units of senior supportive housing.

	Developed	Owned
No. Projects	38	37
No. Units/Bedrooms	3,251	3,021

CCDC has four projects in development that will provide over 475 units of affordable housing in the next three to five years:

- 730 Stanyan with TNDC (160 units)
- Transbay Block 2 West (151 units)
- 1515 South Van Ness with MEDA (161 units)
- Pier 70 with YCD (116 units)

4. SELECTION PROCESS

4.1 Small Sites Program Funding

A Notice of Funding Availability ("NOFA") was published on July 24, 2014 to provide acquisition and rehabilitation financing for multi-family rental buildings of 5 to 25 units. The NOFA established a fund to help stabilize buildings occupied by low- to moderate-income tenants throughout San Francisco that are particularly susceptible to market pressure resulting in property sales, evictions, and rising tenant rents. Since the NOFA's publication and submission deadline, the Small Sites Program aims to fund projects on a first come first served basis according to funding availability.

This Project is subject to the revised guidelines for the SSP program published in November 2022. It is not MOHCD's practice to use the scoring rubric when evaluating permanent financing to take out the initial loan, and **the SSP scoring rubric was not in use when the HAF underwrote the Project in 2022.** However, the Project would receive a base score of 84 if it were underwritten today, exceeding the minimum threshold of 70 points, indicating that it meets goals of the SSP Program including community stabilization and housing affordability. Furthermore, a multiplier can be applied to the base score to determine the maximum subsidy available to the Project. A base score of 80-84 receives a multiplier of 115%, as shown below and in **Appendix A**.

SSP Scoring Rubric: Project Name/Address

Category	Points
Housing Affordability	35/35
Community Stabilization	35/35
Geographic Equity (D3)	14/30
Total Base Score	**84/100**
Eligible Multiplier	**115%**
Total After Multiplier	**97/100**

Several waivers of the SSP Guidelines are needed based on the specific terms of the Project:

- Commercial upgrades were funded by the HAF loan, though commercial or tenant improvements are not eligible for financing under SSP. As a result, the MOHCD loan will not cover those costs, and instead they will be deducted from the repayment of CCDC's equity contribution.
- CCDC is requesting that they receive the Management Fee and Asset Management Fee according to the MOHCD's Multifamily Affordable Housing Operating Fee Policy rather than the SSP Guidelines, given that the Project's staffing structure reflects that of a larger property with on-site staff and manager, unlike most Small Site properties.
- The Project's structural operating deficit results in a Project without hard debt. Therefore, the Project requires an exception from the requirement of a 1.15-20 Debt Service Coverage Ratio (DSCR). Please see **Section 8.3, 20 Year Cash Flow**.
- The Project will not make annual deposits into an Operating Reserve, as is required for SSP projects. Instead, the Operative Reserve will be capitalized at loan closing, and the MOHCD and CCDC sinking funds will cover operating deficits.
- Residential vacancy assumptions have been lowered to five percent. SSP Guidelines assumes residential vacancy of ten percent. The larger building can absorb vacancy with less impact to its stability than the typical SSP project in addition to the fact that there is a lengthy waiting list for the SOS units.
- The SSP Guidelines require that the Replacement Reserves will be adequate to fund 20 years to extend the building's useable life, providing for all maintenance and repairs needs during that period. In order to achieve that, the loan amount would exceed the initial soft commitment as well as the maximum allowable subsidy under Small Sites. Instead, the Replacement Reserve is sized to cover the first 16 years of capital needs.

4.2 Senior Operating Subsidy Program (SOS)

In July 2019, the Board of Supervisors (BOS) established the Senior Operating Subsidy Program Fund ("SOS Program Fund" or "SOS Fund") for the purpose of providing project-based subsidies to new senior affordable housing developments funded by the City through MOHCD. As stated

in the SOS Manual effective July 21, 2023, “the intent of the SOS Program Fund is to prevent displacement and sustain housing for seniors to be able to live independently, to help provide the necessary service connection for seniors, to protect households across the widest range of incomes…and to keep such residents in their homes.”

The SOS Program Fund also restricts income and rent levels at or below 60% MOHCD AMI. The SOS project-based subsidies allow rents to be set so that extremely low-income seniors at 15% MOHCD AMI or 25% MOHCD AMI can afford them by providing a subsidy equal to the difference between the lower AMI rent and the MOHCD 60% AMI Gross Rent for the unit type. SOS Subsidy will increase at a fixed rate of four percent annually.

In June 2020, MOHCD applied, with BOS approval, for an allocation of funds from the State of California Department of Housing and Community Development (“HCD”)’s Permanent Local Housing Allocation (PLHA). The PLHA Program was directly created out of the Building Homes and Jobs Act, also known as SB2, approved through the California Senate in September 2017. That Act secures funding for affordable housing by imposing a fee of $75 on all real estate recording transactions in the state. Per the Program’s eligible uses, MOHCD’s application proposed to provide permanent, project-based subsidies for households at 15% MOHCD AMI and 25% MOHCD AMI, including transition reserves and administrative fees. On October 5, 2020, MOHCD was awarded its first PLHA Program funds in the amount of $8.7 million, and 1005 Powell is slated to receive its allocation from this first round award. (A second allocation was secured subsequently, and three projects have been selected to receive SOS funds.)

The Sponsor is also requesting various waivers to the SOS Program Requirements. Specifically:

- SOS Programs requires no more than 40% of the total units to be supported by the program, but the Project is requesting that 54% of the total units be supported by SOS because the number of very low and extremely income seniors at acquisition exceeded 40%.
- The SOS Program supports studios and one bedrooms, but this request is to support SRO units.
- The Project is also asking for a waiver to the split of AMIs. The Program requirements split the 15% and 25% AMI evenly. However, the Projects is requesting 15 units restricted at 15% AMI and 20 units restricted at 25% MOHCD AMI, following an analysis of the incomes of the households occupying SOS units.
- Finally, SOS units will be supported by a 15.5 year contract that will be executed upon approval from the Board of Supervisors in April, though the SOS Program envisions 15 year funding contracts. While the additional 6 months deviates from the SOS Program

standard of 15 years, this structure will enable subsidy to flow as soon as the permanent financing is in place, allowing subsequent allocations to be a full year of funding.

5. SITE

5.1 Brief Site Description.

The Project is a five-story, mixed use, single-room-occupancy (SRO) located in the Chinatown neighborhood. The Project is comprised of 64 SROs on four upper floors, three ground floor commercial units (one of which is converted to property management office), and partial basement which is not habitable and only used for storage. No residential units were added or removed during rehabilitation. One commercial unit was converted to be available for property management, resident laundry and lounge as discussed previously.

5.2 Site Characteristics.

Address:	1001-1005 Powell St, San Francisco, CA 94108
Lot/Block:	Lot 008/Block 0212
Lot Square footage:	4,727 sf
Building age:	1907
Number of buildings:	1
Number of floors:	5
Building typology:	Type 5 Wood Frame
Design features:	Above the first floor, a central light corridor divides the residential floor into two wings. Each wing contains a double loaded corridor with SRO units. The original elevator is still in service.
Unusual characteristics (including surrounding uses):	The site slopes at both the Powell and Clay Street facades. The low point is at the northeast corner along Powell Street, and the high point is at the Southwest corner of Clay Street. The west facade located at Codman Place, a pedestrian alley, has little slope and the first level is largely below grade. The sloping nature of the site allows for a portion of the building to be five stories, but the structure is largely four stories.

5.3 Article 34 Authority.

The MOHCD approval letter will be issued prior to close.

5.4 Resident/Community Support & Relocation Details.

CCDC conducted several community meetings both before and after the acquisition. Pre-acquisition meetings aimed to explain the upcoming rehabilitation process to residents, covering details such as the timeline, relocation, and planned improvements. CCDC actively

sought resident comments to incorporate them into the design, ensuring that the rehabilitation effectively addresses their needs.

CCDC's relocation team conducted thorough interviews with each household, documenting their living habits, neighborhood preferences, and accessibility needs to ensure that the temporary relocation units meet residents' requirements.

After acquisition, CCDC's property management team engaged with every household, conducting income certification and signing leases. This process ensured that everyone would legally become CCDC tenants before relocating offsite, providing tenants with peace of mind that they would be eligible to return to the building after the rehab is completed.

During construction, the development team shared progress updates and photos with the property management team. These updates were compiled into flyers and posted in the property management office for tenants to view when they come in to make monthly payments.

A total of 20 properties were used for relocation totaling 49 units. Five of the properties were CCDC's, comprising 27 units. Relocation was completed as of September 2023 with all eligible residents returning to the building. There were seven overcrowded households that did not return to 1005 Powell. Of those, two households chose to remain in their relocated CCDC units, while others found alternative market-rate units with the assistance of relocation staff and program department staff. Six of the seven households were able to obtain subsidies through SRO families Program or Section 8, setting their rent at 30% of household income. Only one household did not qualify, and they subsequently moved into a one-bedroom CCDC property. The rent amount for this unit was lowered to $1,600, a negotiation facilitated by the tenant with the property manager.

Total relocation costs were $1.9 million as follows:

Rent	$1,734,142
Storage	$3,251
Utilities (including internet)	$98,944
Movers	$61,176
Moving Material	$10,047
Relocation Staffing	$29,038
Internet	$2,399
Consultant/Legal	$2,155
Commercial space moving/consultant/misc. repair	$9,858
Cleaning	$4,888
Misc. (meeting refreshments, welcome back gifts)	$7,218

6. DEVELOPMENT PLAN

6.1 Site Control.

Purchase Price: $3,750,000

Status of Purchase & Sale Contract: Executed on June 24, 2019 and closed on December 27, 2021.

P & S Contingencies: N/A

Hard Closing Date and other deadlines:

Loan Closing 6/20/2024

6.2 Appraisal.

The property was appraised by R. Blum + Associates on November 20, 2021. The value conclusions were:

Market Values	
As Is	$4,300,000
As Stabilized at Market Rents	$9,500,000
As Stabilized at MOHCD Restricted Rents	$8,250,000

6.3 Title Issues.

No title issues were identified. A recent title report documents revocations of Notice of Violations (NOVs) issued under the previous owner, which were addressed by the rehabilitation.

6.4 Proposed Property Ownership Structure.

Chinatown SROs LLC owns fee title to the land and the improvements of the subject property.

6.5 Identified Rehabilitation Needs.

All rehabilitation was funded with the SFHAF acquisition and construction loan and completed in January 2024. The total rehabilitation cost $12,977,000, roughly $200,000 more than estimated by the HAF. CCDC prepared the rehabilitation scope by analyzing the existing NOVs, assessing the unpermitted work completed, and commissioning a number of reports and inspections, including a Physical Needs Assessment, Fire Panel Report, Indoor Air Investigation Report, Elevator Report, Seismic Report, Roofing Inspection, Sewer Report, Mechanical-Electrical-Plumbing Report, Environmental Visual Assessment, Asbestos and Report and Estimate.

6.6 MOHCD Construction Representative Evaluation

This Project is complete and is requesting permanent financing from MOHCD, therefore, the scope of work is not being reviewed for approval. However, the MOHCD Construction Representative has evaluated the Project for completeness in early February 2024 and identified several items that are outstanding. CCDC has indicated that all permits will be signed off by the end of February 2024, and a loan condition addresses the need for all conversion items listed in **Appendix E** to be completed prior to loan closing**.**

6.7 Service Space/Resident Lounge.

A 406 square foot resident lounge has been added on the ground floor, next to the tenant laundry room. This space will serve as a venue for resident meetings and events, community holiday gatherings, and a place for residents to relax while waiting for their laundry to be completed.

6.8 Commercial Space.

While there were three ground-floor commercial units at acquisition, one was converted into a property management office, on-site tenant laundry room and resident lounge, activating these spaces to become a hub for residents to engage with one another and the on-site property management staff and Resident Services Coordinator required by SOS. MOHCD approved this conversion, despite the foregone commercial income, in recognition of the benefits it will provide residents.

The other two commercial units will retain their use as a laundromat (1,109 square feet) and a retail space (617 square feet). However, both commercial units need to find long-term tenants. Both spaces benefited from the commercial upgrades described above, including new storefront windows and accessible bathrooms. **Section 9, Recommended Closing Conditions** requires a commercial marketing plan, before the modeled Year 1 vacancy losses have been exhausted, as described below in **Section 7.3 Underwriting Requirements and Refinancing Assumptions**.

- Laundromat: Currently, there are three laundromats in Greater Chinatown, and in-building laundry facilities are rare. Over 50% of the housing stock in Chinatown is SRO units, many housing multi-person households. As mentioned in **Section 2**, CCDC is actively working with its commercial property manager on marketing the laundromat to secure a suitable tenant for the space. They expect a rent of $1,500 per month. In addition, CCDC has made a commitment to contribute $100,000 of its own funds (not from the SSP loan) for future tenant improvements once a new laundromat operator has been identified.

- The retail space will be leased to CCDC for use as a temporary office for the Clayton Hotel while it undergoes renovation. The lease is expected to last approximately one year, starting in July 2024, at a rent of $1,000 per month. CCDC has indicated they expect the same commercial property manager will assist with identifying a long-term tenant.

Commercial rents historically are higher than what CCDC is projecting, but reflect CCDC's expectations of the current market. A loan condition addresses the need for the Project to generate commercial income to offset other project costs.

6.9 Population to Be Served

100% of the current residents are Chinese, with many being monolingual. All households have either one or two people. Of all the households, 63% are seniors over the age of 62 and 19% are between the ages of 58 and 62. The existing and target population are seniors at or below 60% AMI, the average rent AMI for SRO units expected in the Small Sites Program and the AMI level to which SOS payments are calculated. Please see Section 1 for more information on the Project's population. One household, who began their lease term on February 1, 2024, was referred by Catholic Charities and are receiving rental assistance through MOHCD's Shallow Subsidy Program for vulnerable populations, such as seniors, at risk of homelessness.

6.10 Resident Services for SOS Households

A Resident Services Plan is required for all SOS projects as well as a staffing standard of 1 full-time equivalent (FTE) for every 75 units, which equates to 0.47 FTE. The Project's operating budget accounts for $31,111 annually for a Resident Services Coordinator located off-site. CCDC's Resident Services Plan outlines five comprehensive long-term outcomes for our residents and the communities they live in.

- Residents retain their housing and maintain housing stability.
- Residents age-in-place – they can live independently and with dignity for as long as possible.
- Residents maintain positive relationships with other residents, learning to respect each other's diverse cultures.
- Residents are actively engaged to create healthy and vibrant communities where they live.
- Residents are empowered to be the driving force for changes they want to see in their lives.

To achieve these outcomes for the residents at 1005 Powell, CCDC will leverage their longstanding partnerships with a variety of health and social services providers. They will work on formalizing Memoranda of Understanding (MOUs) with these providers by loan closing.

6.11 Unit Mix & Affordability

Time	Acquisition (2021)				Current (2023) – fully leased			
Metric	Rent ($)	HH Annual Income ($)	HH AMI (%)	Rent AMI (%)	Rent Increase (%)	New Rent ($)*	Rent AMI (%)^	Rent Burden*
Average	$503	$23,788	29%	30%	-8%	$480	49%	25%
Median	$433	$21,936	25%	25%	0%	$455	60%	24%

* this is tenant portion only

^ this is total rent (tenant portion and rental assistance)

During the rehabilitation, there were 16 vacant units in the building, and CCDC began marketing and lease up activities in February 2023. As of February 1, 2024, the project is fully occupied with an average rent AMI of 49%. Household incomes at the Project range from 5% to 133% of AMI; the average AMI is currently 30%. The Project qualifies for the Small Sites Program with 97% of households earning an average income at or below 80% AMI, well above the requirement of 66%.

With 100% of households having income certified, the rent roll indicates that a total of 22 households do not meet the SSP Guidelines requiring a minimum rent burden of 20% of household income. CCDC has not sought any rent increases in the two years they have owned the Project. CCDC will be implementing tiered rent increases at this project to address this issue, whereby households with rent burden of less than 20% will receive a 5% annual rent increase for as many years as it takes those households to reach a 20% rent burden. However, rents within the SSP are capped at 20% below market; market rents for SROs may interfere with all households achieving the minimum rent burden. Even so, 11 households will be below the minimum rent burden of 20% specified in SSP Guidelines after CCDC carries out five consecutive years of rent increases of 5%. Loan conditions address required actions CCDC must take related to rent burden and, in addition, tie the use of the sinking funds to applying rent increases in accordance with SSP Guidelines. The Project has an average rent burden of 25%. Achieving these rent minimums is critical, given the operating deficits the Project is facing.

There are two households with rent burdens exceeding 50%, the maximum rent burden allowed in the SSP Guidelines. CCDC will also lower the rents for those households prior to Project closing, as an additional loan condition stipulates.

6.12 Marketing & Occupancy Preferences.

The Project is subject to MOHCD's marketing procedures. However, as of February 2024, CCDC is maintaining an SOS waitlist with 289 applicants over age 62 that will be utilized for SOS units

that become vacant. CCDC opened the SOS waitlist was open from February 1 to February 11, 2023. The HAF loan and current Declaration of Restrictions did not specify requirements for procedures for the SOS waitlist.

Vacant non-SOS units, and SOS units following the exhaustion of the existing waitlist, will be marketed according to multifamily marketing procedures. All units are subject to the Certificate of Preference Program and the Live/Work in San Francisco Preference, and if more than five units in the building are marketed at the same time, the Displaced Tenant Housing Preference Program. An approved marketing plan is a condition of closing, as is standard for all SSP projects at the time of takeout.

6.13 Accessibility.

Many accessibility improvements were made to comply with State and local building codes. These improvements are particularly beneficial for the mostly senior residents of 1005 Powell to facilitate aging in place.

Residential

Ground Floor:

- Accessible residential entry: The existing sidewalk was regraded, and an additional residential entry was provided including a new code compliant ramp. This provides access to the lobby and elevator.
- Accessible path of travel: New ramps and doors were located to provide an accessible path to all common areas on the ground floor.
- Community Restroom and laundry: A new accessible restroom was added along with a new accessible community room and laundry. One washer and one dryer are accessible as are the coin vendor.
- Mailboxes: New accessible mailboxes and parcel boxes were installed.

Stairs and corridors:

- New stair treads: Project installed new treads at existing stairs, including contrasting stripe at top and bottom treads.
- Handrail: New railing was provided at all stairs with extensions.
- Corridor Handrails: new railing was provided at all corridors at both sides.
- Signage: New signage with Braille was provided throughout.
- Doors: New wider doors with lever hardware were provided at all residential and commercial doors at all levels.

Elevator:

- Elevator controls: New accessible controls were provided in elevator cab and call stations.

- Elevator door: The existing hoist way door was replaced with new hardware to allow for less force to open.
- Note: existing elevator was upgraded but does not meet full code accessible requirements. The size can accommodate some wheelchairs.

Community Bathrooms:

- New accessible restroom: Each residential floor has five bathrooms, and now there is one accessible room on each residential floor. The accessible restroom includes accessible toilet, shower and sink, all accessories and provides maneuvering space per current code.
- Grab bars: Additional grab bars were provided at non accessible restrooms.

Community kitchens:

- Counters: new counters are at 34" height
- Cooktops: new cooktops provide front controls
- Sink: new side approach sink has lever hardware.

Units:

- Doors: new doors provide lever hardware at all closets.
- Sinks: new unit sinks are accessible and provide pipe protection and lever faucet.
- Storage: new closet shelving system provides multi-level storage
- Audio/Visual Units: 2 units were converted to audio visual units.
- Outlets and switches: new outlets and switches were installed to meet current accessible code requirements.

Commercial spaces

- Entry: both commercial entries were adjusted to provide accessible entries. Door actuators were installed as required where exterior sidewalk slopes would not allow for clearance.
- Restroom: both commercial spaces were provided with new accessible restrooms.

7. FINANCING PLAN

7.1 Sources and Uses. See **Exhibit A**

7.2 Loan Terms

Program	**SSP**	**SOS Grant**
Term	40 years	15.5 years
Note	Soft debt	Rental Subsidy

Type	Loan	Grant
Loan Amount	**$20,900,000**	**$6,209,204**
# of Units	**66 units (64 residential + 2 commercial)**	**35 residential units**
Per unit	**$316,667**	**$177,406**
Rate	3% simple	n/a
Repayment type	residual receipts	n/a
Loan Priority	Subordinate to the City's Declaration of Restrictions	n/a

7.3 Underwriting Requirements & Refinancing Assumptions

The following underwriting requirements and refinancing assumptions have been applied to determine the size of the respective loans, in accordance with the current Small Sites Program Guidelines.

Residential Vacancy	5% This requires a waiver from SSP Guidelines of 10%, but is appropriate given: • The overall size of the building and number of units • SOS waitlist in place containing 289 households as of February 2024
Commercial Vacancy	50% for Year 1; 20% thereafter (in line with SSP Guidelines)
Replacement Reserve	$350,000 as an initial deposit and annual deposits of $300 per unit, which will cover capital needs through Year 16. This requires a waiver from SSP Guidelines, which would expect the Replacement Reserve to be sufficient through Year 20.
Operating Reserve	The project will carry a modest operating reserve that starts at $175,687 and grows to $214,372 only due to

	interest accrual by Year 20. As previously discussed, the Project is requesting a waiver from the requirement for annual operating reserve deposits.
Operating Sinking Funds	The Sinking Funds, to which both MOHCD and CCDC will contribute, ensure that the Project's operations will be funded through Year 20 of the Project's lifecycle with a $581,000 remaining balance before the end of that year. Together, these reserves ensure that refinancing will not be required until at least that time. See more on reserves in **Section 7.4** below.

7.4 Development Budget

Development Budget Analysis/Comments.

1. Sinking Funds

   MOHCD's $1,165,000 sinking fund will be capitalized at loan closing. CCDC will make deposits to its sinking fund in ten equal installments, the first at closing and then on the anniversary of closing for the next ten years. In sum, CCDC's sinking fund deposits will total $1,855,000. With interest accrued, CCDC's sinking fund is expected to increase the total to over $2 million before the first withdrawal will be required in Year 17. See **Section 8.3** below for more discussion of how operating deficits relate to sinking fund withdrawals and balance over 20 years of operations.

2. Sufficiency of Reserves

   Replacement Reserves: Capitalized replacement reserves in the amount of $350,000 and annual deposits of $19,200 ($300/unit) will cover the amount necessary to pay replacement costs for the next 16 years, as specified in an approved 20-year PNA study. A waiver from SSP Guidelines is necessary, as these amounts do not satisfy the expectation that the Replacement Reserves will be sufficient for 20 years of capital needs.

   The Replacement Reserve balance is also aided significantly by the loan condition requiring that refund of property taxes as a result of the Welfare Tax Exemption for qualified affordable units is deposited into the Replacement Reserve when received (anticipated in Year 2). The estimated outstanding welfare tax refund amount since acquisition is $176,000.

Operating Reserves: Capitalized operating reserves in the amount of $176,000 (25% of the first-year operating budget) are budgeted to support unanticipated operating costs for at least 20 years. This cost is in line with SSP Guidelines. As discussed previously, the Project will not make annual deposits to the operating reserve, and instead the MOHCD and CCDC sinking funds will be the first source for addressing operating deficits for the first 20 years of the Project.

2. Developer Fee

Developer fee in the amount of $740,000 meets the SSP Guidelines and includes $80,000 typically paid at acquisition by the SFHAF, though CCDC opted to defer to takeout, and $10,000 per unit payable at the close of permanent financing.

7.5 Disbursement

MOHCD funds will be released at escrow in the form of a payoff of the SFHAF loan. Additionally, the MOHCD SSP loan will cover the initial operating and replacement reserve deposits, the remainder of CCDC's developer fee and closing costs. Legal costs may be drawn down after the closing draw.

Through a 15.5-year SOS Grant Agreement with MOHCD, which is subject to approval by the Board of Supervisors, CCDC will receive a fixed subsidy amount annually during operations. The SOS Program provides a subsidy equal to the difference between the MOHCD 60% AMI Gross Rent for the unit type.

8. PROJECT OPERATIONS

8.1 Annual Operating Budget: see Exhibit B

8.2 Annual Operating Budget Analysis/Comments.

The Project's Annual Operating Budget includes the following:

PUPY Operating Expense: (w/out reserves):	$10,939 CCDC made concerted gains during the SFHAF construction period to refine and reduce the operating expenses for the Project, having gained a better understanding of the actual staffing and operational needs of the building. In addition, through the rehabilitation and relocation processes, significant overcrowding was addressed, reducing the overall resident count from approximately 150 to 92 people, reducing utility costs, maintenance costs and so forth. CCDC estimates that

	they lowered costs by at least $1,600 per unit per annum (from approximately $12,600).
Annual Replacement Reserve Deposits:	$19,200 per SSP Underwriting Guidelines of $300/PUPY
Property Taxes:	The Project will qualify for the full welfare tax exemption for all units. CCDC is budgeting $13,750 for the commercial units, direct charges and special assessments.
Surplus Cash:	$6,429 in Year 1. There is no surplus cash starting in Year 13, at which time there will be the first withdrawal from the MOHCD sinking fund.
Annual Monitoring Fee:	n/a for Small Sites soft debt as well as SOS Agreement
Asset Management Fee:	CCDC has requested that Asset Management Fee be applied according to the MOHCD's Multifamily Affordable Housing Operating Fee Policy rather than the SSP Guidelines.

8.3 20-year Cash Flow & Debt Service Coverage Ratio (DSCR)

As required by the SSP Guidelines, the cash flow remains positive until the 20th year with the sinking fund as well as the following assumptions:

- 2.5% escalation of income per year for non-SOS units and commercial units;
- 4% escalation of income for the SOS units, per the SOS Policies and Procedures Manual; and
- 3.5% escalation in expense assumptions.

Operating deficits are relatively low during the first 15 years of the Project when the SOS subsidies are in place. From Year 16-20, however, operating deficits rise to an average of $569,000 annually. MOHCD's commitment of$1,165,000 will close the operating gap for the first 18 years of operation, while CCDC will cover deficits through Year 20 by contributing $1,855,000. The total operating deficits for 20 years are $2,860,000 while the total sinking funds committed from both MOHCD and CCDC is $3,020,000.

The Project requires an exemption from the requirement in the SSP Guidelines that the DSCR must remain be at least 1.15 for 20 years. There is no debt service for the Project. Instead, the reserves and sinking fund have been sized to support all Project needs for 20 years.

9. RECOMMENDED CLOSING CONDITIONS

1. All reserve accounts must be established in separate FDIC insured, interest-bearing accounts prior to closing. All reserve accounts, including the MOHCD sinking fund in the amount of $1,165,000 and initial CCDC sinking fund deposit of $185,500 will be funded at closing.
2. All outstanding permits and other project close out items listed in Appendix E must be addressed and resolved prior to closing.
3. Sponsor must confirm the incomes of the households greater than 50% rent burden and reduce their rents prior to closing.
4. With the exception of the households identified in Loan Condition #4, Sponsor will issue 60 day notices for rent increases to all households to be effective July 1, 2024 – 2.5% to households with a rent burden between 20-50% and 5% to households under 20% rent burden (and then 5% annually for as long as it takes to get to 20% or until maximum allowable rent under the SSP Guidelines is achieved).
5. Sponsor must have a MOHCD-approved residential marketing plan prior to closing. A waitlist lottery will be run and a waitlist generated within 60 days of closing for non-SOS units. After the SOS waitlist is exhausted, Sponsor must market all units (SOS and non-SOS units) via DAHLIA, unless otherwise approved in writing by MOHCD. The approved residential market plan must outline the steps that will be taken to market the Project to the City's preference program participants, including COP Holders, and Displaced Tenants, plus how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American Senior San Franciscans.
6. Sponsor must have an MOHCD-approved commercial marketing plan that addresses the strategies to secure long-term market rate tenants for both commercial spaces.

10. RECOMMENDED LOAN CONDITIONS

1. Once received, the approximately $181,500 Welfare Tax Exemption refund must be deposited into the Replacement Reserve.
2. Sponsor must submit an Operations and Maintenance (O&M) Program to MOHCD for review and approval within 60 days of closing.
3. Sponsor must provide MOHCD with written monthly updates on progress made to lease both commercial spaces. MOHCD is expecting the laundromat

to be leased within six months of loan close and the retail space to be leased within six months after the end of the temporary lease.

4. Sponsor must consult with MOHCD's Asset Management about rent amount and marketing requirements and approach following any residential notices to vacate.
5. Sponsor may not draw on the MOHCD or CCDC sinking funds requests unless they have carried out rent increases in accordance with the loan agreement and the SSP Guidelines.
6. Sponsor is responsible for sinking fund contributions of $185,500 annually for the first ten years of the Project for a total contribution of $1,855,000.
7. Neither the MOHCD or CCDC sinking fund can be drawn to account for vacancy losses for the commercial spaces that are in excess of assumptions made in Exhibit E.
8. The lease of the retail space to CCDC for a term of one year will be a temporary use. Sponsor shall also provide the initial commercial tenant leases for the laundromat and retail space (following the one-year temporary lease) to MOHCD to review and approval prior to execution.
9. Sponsor will seek additional subsidy sources, such as Project Based Vouchers through SFHA in order to reduce the need for City and Sponsor's respective sinking funds. If vouchers are obtained, the City and Sponsor will renegotiate the sinking fund amounts and terms with the overarching aim of sharing project risk.
10. Any funds in the interest-bearing account holding the MOHCD sinking fund not expended at the end of 20 years must be returned to MOHCD by December 31, 2044. Any requests otherwise must be approved in writing by MOHCD.
11. Sponsor may make request to reallocate the remaining balance of the CCDC sinking fund following eight years following closing of permanent financing, once the building operations and needs for sinking funds have been fully demonstrated. If mutually agreed by CCDC and the City at any time, any future reallocation of funds from the interest-bearing account holding the CCDC sinking fund or changes to the required deposits to the CCDC sinking fund must be approved in writing by MOHCD. A request for reallocation must be net of a deposit of $300,000 to the Replacement Reserve, the amount of funding that is projected to be needed but is not provided by the loan to

cover Years 17-20, plus any additional funds required based on an updated CNA, to be completed no longer than two years before the request.

12. The SSP requirements related to operating reserve deposits shall not apply until the MOHCD and CCDC sinking funds are no longer necessary, as mutually agreed by CCDC and the City. Re-evaluation or reallocation of the CCDC sinking fund shall also address the SSP requirements for deposits to the Project's operating reserve.

Attachments:

Appendix A	Calculation of Maximum Allowable SSP Subsidy Per Unit (According to November 2022 SSP Guidelines)
Appendix B	Development and Asset Management Teams
Appendix C	Recent Development Activity
Appendix D	SFHAF Appendix
Appendix E	MOHCD Construction Rep analysis at takeout
Exhibit A	Sources and Uses
Exhibit B	SOS Funding Schedule (from March 1, 2024 Loan Committee approval)
Exhibit C	Annual Operating Budget
Exhibit D	20-Year Cash Flow

LOAN APPROVAL RECOMMENDATION

[ ] APPROVE. [ ] DISAPPROVE.

_____ Date: _____

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

[ ] APPROVE. [ ] DISAPPROVE.

_____ Date: _____

Thor Kaslofsky, Executive Director
Office of Community Investment and Infrastructure

[ ] APPROVE. [ ] DISAPPROVE.

_____ Date: _____

Salvador Menjivar, Housing Director
Department of Homelessness and Supportive Housing

[ ] APPROVE. [ ] DISAPPROVE.

_____ Date: _____

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

FW: Request for Permanent Financing for 1005 Powell Street

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

Mon 3/18/2024 11:11 AM

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

I also approve this request.

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

1005 Powell Street

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

Fri 3/22/2024 1:30 PM

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

I support Chinatown Community Development Center (CCDC) request of up to $20,900,000 of Small Sites Program
residual receipts debt for the permanent financing of 1005 Powell Street, a five-story, mixed use building with 64 residential SRO units, of which 35 will receive Senior Operating Subsidy (SOS) for a term of 15.5 years, and two ground floor commercial spaces.

Best,

salvador

Salvador Menjivar
Director of Housing
Pronouns: He/Him
San Francisco Department of Homelessness and Supportive Housing
salvador.menjivar1**@sfgov.org** | 415-308-2843

Learn: [dhsh.sfgov.org]hsh.sfgov.org | Follow: @SF_HSH | Like: @SanFranciscoHSH

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Request for Permanent Financing for 1005 Powell Street

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

Fri 3/15/2024 11:51 AM

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

Hi Vanessa,

I approve the above request on behalf of OCII.

Thanks

Marc

office of COMMUNITY INVESTMENT and INFRASTRUCTURE
OCII

Marc Slutzkin
Deputy Director

One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
www.sfocii.org

Re: REQUEST FOR PERMANENT FINANCING FOR 1005 POWELL STREET

Trivedi, Vishal (CON) <vishal.trivedi@sfgov.org>

Fri 3/15/2024 11:33 AM

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

I vote yes.

Vishal Trivedi | Financial Analyst
Office of Public Finance | City & County of San Francisco
Email | vishal.trivedi@sfgov.org

Appendix A: Calculation of Maximum Allowable SSP Subsidy Per Unit According to November 2022 SSP Guidelines

Unit type(s)	**# of units**	**Subsidy per unit**	**Subsidy total**
SROs (including commercial units)	66	$275,000	$18,150,000
TOTAL		$275,000/unit	$18,150,000
Multiplier bonus for high-scoring projects based on SSP Scoring Rubric:		115%	
Maximum Subsidy: **(Project base score of 84/100 and 97/100 with bonus applied)**		$316,250/unit	$20,872,500
Requested Amount		Up to $316,667/unit	Up to $20,900,000

Appendix B: Development and Asset Management Teams.

- Sheng Shi is the Project Manager (50% FTE) for 1005 Powell. She started her career at CCDC as an asset manager and transitioned to the housing development team six years ago. During her time at CCDC, she has worked multiple project with various funding sources including MOHCD, CDLAC, TCAC, HCD, AHP, and the Small Site Program. She has also successfully project managed and completed 2 small site projects, 9th/Clement and 1201 Powell. Prior to joining CCDC, Sheng worked as a compliance specialist and relocation supervisor at TNDC.

- Angela Fang is the Assistant Project Manager (30% FTE) for 1005 Powell. Since she joined CCDC's housing development team 3 years ago, she has worked on 5 Small Site projects, 1201 Powell, 9th/Clement, 1535 Jackson, 937 Clay, 462 Green, and 1005 Powell; successfully closing out 3. Angela has also been involved in looking at new acquisitions for CCDC and assisting with funding applications for future rehabs.

- Sharon Christen (Associate Director of HD), who will dedicate 10% of her time to this project. Sharon has worked on 5 LOSP projects with MOHCD or OCII and has worked on several large-scale rehab projects previous to joining CCDC.

- Heather Lea Heppner (Housing Preservation Manager) supervises CCDC's Construction Management and Relocation Management teams. In 33 years at CCDC, Heather has coordinated efforts for over 25 rehabilitation projects in both vacant and occupied low-income housing, 5 of which are Small Site projects.

- Karen Smith (Construction Manager) has 30 years of experience as a registered architect specializing in affordable housing and community-based design. This included working at a nonprofit community design firm, Asian Neighborhood Design, where she served as the architect for CCDC on two early small sites projects, 462 Green Street, and the feasibility for the conversion of the ground floor church space to new affordable units at 1535 Jackson St. Since coming to CCDC, Ms. Smith has served as the construction manager for over a dozen rehabilitation projects with various funding sources including MOHCD, HCD and all six of CCDC Small Sites projects. Additionally, Karen provides her technical knowledge in construction and architecture to long range project planning and scope development during the funding application process for both rehabilitation and for new construction. Finally, Karen aids in acquisition analysis.

- Kim Piechota is the Director of Housing Development for Chinatown Community Development Center (CCDC). In this role, she oversees the production of housing for CCDC, works with the Board of Directors and senior management team, and represents CCDC in housing coalitions and in local and state housing policy discussions. In her current role, Kim has overseen the completion of 3 small sites projects - 1201 Powell, 9th/Clement, and 1535 Jackson, as well as 2 larger preservation projects - 937 Clay and 1005 Powell. She has negotiated with property owners through the COPA process and overseen initial due diligence. She has been directly involved in the SOS subsidy program via oversight of 1296 Shotwell and 1005 Powell. In previous roles at CCDC over the past 15 years, Kim served as the Associate Director of Housing Development and as a Project Manager. She has over 20 years of experience in the affordable housing industry, working in San Francisco and throughout the Bay Area for nonprofit organizations, and on a national level through a program funded by the Robert Wood Johnson Foundation.

Appendix C: Recent Development Activity.

	Name/Location	Status / Year Completed	Total Units
1	Ping Yuen, 655, 711, 795 and 895 Pacific Ave	2019	234
2	North Ping Yuen, 838 Pacific Avenue	2019	200
3	1296 Shotwell	2019	94
4	MB3E 1150 3rd Street	2020	119
5	462 Green Street	2020	6
6	1535 Jackson	2021	19
7	2060 Folsom	2021	127
8	Hamlin Hotel, 385 Eddy St	2022	67
9	900 Jackson	2022	17
10	9th Avenue	2022	16

Appendix D: SFHAF Appendix.

Environmental Issues/Site Suitability.

Phase I/II Site Assessment Status and Results**:**

Phase I and II Environmental Site Assessments (ESAs) were performed on Site by ACC Environmental in July and August of 2019. Given the age of the report, a new Phase I was completed by ACC Environmental in September 2021. The 2021 Phase I did not identify any "recognized environmental conditions" (RECs), but identified one "business environmental risk" (BER) at the Site:

●BER –San Francisco Maher Zone

The Site is located in an area subject to the SF Health Code Article 22A, or the Maher Ordinance. If building permits are required and more than 50 cubic yards of soil will be disturbed, the San Francisco Department of Public Health requires subsurface sampling due to the potential for subsurface contamination associated with uncharacterized historic fill materials.

Although the 2021 Phase I supersedes the earlier report, the July 2019 Phase I uncovered possible RECs in addition to the BER:

●REC –On-site heating oil underground storage tank (UST)

A vertical pipe was found extending from the floor within a residential apartment storage area. ACC could not rule out the potential for an existing heating oil UST system.

●REC –Off-site dry-cleaning facilities

Adjoining properties to the Site have operated as dry-cleaning facilities from 1925 to Present. These dry-cleaning operations are indicative of potential tetrachloroethene (PCE) storage and use. Due to the proximity and cross-gradient locations of these dry-cleaning facilities, ACC cannot rule out possible subsurface impacts associated with such facilities.

Based on the results of the 2019 Phase I, ACC recommended a Phase II to investigate the presence of an underground storage tank (UST), as well as subsurface soil testing for PCE and at the requirement of the Maher Ordinance.

As recommended, ACC conducted the Phase II ESA, which included soil vapor sampling and soils testing and a geophysical survey for the UST. The survey concluded that there was no presence of existing USTs. On soils testing, tetrachloroethene (PCE), benzene, and chloroform soil vapor

samples were found to exceed acceptable levels. Due to the soil vapor analytical data indicating a potential for impacts to indoor air quality, ACC recommended an additional indoor air assessment, which the Sponsor commissioned to assess indoor air quality and the need for additional action, if any.

ACC completed this Indoor Air Investigation in October 2019, collecting five indoor ambient air samples and one exterior ambient air sample. The indoor air analytical results from this sampling indicated the indoor air at the Site is not impacted by the off-site dry cleaners. The detected concentrations of volatile organic compounds in the indoor samples were consistent with the ambient outdoor air concentrations. They concluded that the ambient outdoor air concentrations detected during the air sampling are typical of San Francisco Bay Area ambient air concentrations, especially for sites adjacent to busy urban streets. It is ACC's opinion that indoor air is not impacted by off-site subsurface impacts and no further investigation was warranted.

Potential/Known Hazards: N/A

Zoning

The current zoning is RC-4; the rehab will not change use/density, height or bulk and will conform to the current zoning.

Local/Federal Environmental Review.

The Project falls within the Categorical Exemption 1 – Existing Facilities under CEQA.

Development Team

Sponsor: **See Appendix B for a description of the project team from CCDC**.

Architect: Studio Perez

Brief Description of Scope of Work: Prepare Schematic Design, DD, CD drawings for the rehab and obtain permits for the rehab including OTC and trade permits. Provide construction administration during construction.

Fee/Hours: Per proposal/lump sum

Contractor: AmOne

Procurement Requirements: Because the construction was funded by the HAF, it was not subject to City procurement requirements.

Other Consultants:

EDesignC for MEP

Triangle Engineering for Structural

Property Manager: Chinatown Community Development Center

Has property manager participated in the Small Site program previously? Yes

Performance Schedule.

No.	Performance Milestone	Estimated or Actual Date
1	SSP Financing Letter of Support	12/13/2021
2.	Site Acquisition	12/27/2021
3.	Development Team Selection	11/1/2021
a.	General Contractor Selection	11/1/2021
4.	Design	11/1/2021
a.	Submit Bid Package for MOHCD Approval	n/a
5.	Permits	
a.	Building Permit Application Submitted	4/30/2022
6.	Construction	
a.	Notice to Proceed	3/1/2022
b.	Complete Construction	1/15/2024
7.	Marketing & Lease-up	2/15/2023
a.	Leased Vacant Units	2/15/2024
B	Execute SOS contract	4/19/2024
8.	Close Out MOHCD Loan	6/20/2024

Appendix E: MOHCD Construction Representative Evaluation

A substantial rehabilitation has been completed. Categories of replacements, repairs, and upgrades include:

- Structural: Soft Story retrofit: moment frames, new shear walls at existing walls, and anchor framing to brick and new poured in place concrete foundation.
- Asbestos abatement - $500k was spent on asbestos abatement immediately after tenant relocation due to the deterioration of acoustical ceiling and wall materials found in units and common spaces.
- Lead abatement.
- Dryrot: replacement of wooden elements, including:
    - Joists and sheathing in approximately 30 percent of the roof area, the lightwell roof, and the elevator penthouse.
    - At floor joists and sheathing as well as wall studs in the bathrooms.
    - At the sink locations in the kitchens and approximately half of the units, causing dry rot at the studs and sill plates.
    - Sheathing at the ends of each hallway on all floors due to windows being left open for expended periods. The affected areas were approximately 4 x 8' at every location.
    - Stair landing
    - Wood siding at the lightwell and the alley had selected areas with dry rot, accounting for roughly ten percent of the total area.
    - Ground floor and foundation, where the concrete slab had been built over word sleepers, causing isolated footing to shift and settle, affecting the columns and beams on the first floor.
- Fire rating: extend 1-hour separation where required.
- Replace windows to allow thorough and meet egress where required.
- Exterior improvements: Roof covering, stucco repair, storefronts, wood siding repair, and new sealant and paint.
- Interior Improvements: Doors and hardware, flooring throughout, new or refurbished wall/ceiling coverings and paint at all surfaces, unit sinks, closet systems, common spaces (amenities, community kitchens and bathrooms), elevator cab and equipment modernization.
- New accessibility upgrades (voluntary): hand railing and slip resistant covering at stairs, upgrade 4 units for AV needs, lever latch and closer hardware throughout, maneuverability/clearances. More detail was included above in **Section 6.13 Accessibility.**
- System upgrades (plumbing, electrical, fire alarm).
- New HVAC system, security camera system, key fob system, and low voltage cabling installation/upgrades.

- Addition of resident laundry room, resident community room, property management office.
- Commercial laundromat rehabilitation, including addition of two ADA bathrooms on the ground floor.

While the renovation work and “new” work for residential laundry and commercial laundry has been completed, the following closeout documents will be required from the Project Sponsor/Team:

- All Unconditional Lien Releases from General Contractor and Subcontractors.
- No Liens or Stop Notices have been filed against the Project and no claims are pending.
    - Where Liens, Stop notices or Clams have been filed, provide documentation of their resolution.
- Certificate of Substantial Completion (executed by Architect or Construction Manager, Contractor, and Owner acknowledging that all work is in substantial conformance with the Contract Documents)
- Recorded Notice of Completion (filed by Owner within 10 days of completion and 30 days elapsed)
- Signed off FINAL Permit Cards.
- Project Directory - Listing all Principals, Design firms, Subcontractor, and Suppliers with Phone and/or Email contact
- Owner's acknowledgement (in writing on letterhead or email) of receipt of the following items or completion of activities:
    - As-Built Plans in Hard Copy and Electronic Format
    - Guarantees and Warranties for all Equipment, Materials and Work - Including GC Call-Back Process & Contact info
    - Keys, Keyfobs, Instruction Manuals, Software, Training Videos and Training completed
    - Inspection Reports, Certifications and Permits to Operate including but not limited to:
        - Equipment and Systems Test Reports (Backflow prevention, Elevator Inspection, Fire Suppression and Alarm, etc.)
        - Materials Testing Reports - Special Inspections
        - Extra Materials (attic stock) and product literature have been delivered to Site and properly stored.
        - Completion of Punch List items, inspected and accepted by Architect and Owner

EXHIBIT B - SOS Funding Schedule					
Funding Start Date:			7/1/2024		
Base Year Annual Amount			318,036		
Base Year			2024		
annual % increase	Calendar Year		Full Year Funding Amount	Estimated Disbursement Date	FY Budgeted (for Disbursement)
	CY-1	2024	$159,018	May 1, 2024	FY2024/25
4.00%	CY-2	2025	$330,757	Jan 1, 2025	FY2024/25
4.00%	CY-3	2026	$343,988	Jan 1, 2026	FY2025/26
4.00%	CY-4	2027	$357,747	Jan 1, 2027	FY2026/27
4.00%	CY-5	2028	$372,057	Jan 1, 2028	FY2027/28
4.00%	CY-6	2029	$386,939	Jan 1, 2029	FY2028/29
4.00%	CY-7	2030	$402,417	Jan 1, 2030	FY2029/30
4.00%	CY-8	2031	$418,514	Jan 1, 2031	FY2030/31
4.00%	CY-9	2032	$435,254	Jan 1, 2032	FY2031/32
4.00%	CY-10	2033	$452,664	Jan 1, 2033	FY2032/33
4.00%	CY-11	2034	$470,771	Jan 1, 2034	FY2033/34
4.00%	CY-12	2035	$489,602	Jan 1, 2035	FY2034/35
4.00%	CY-13	2036	$509,186	Jan 1, 2036	FY2035/36
4.00%	CY-14	2037	$529,553	Jan 1, 2037	FY2036/37
4.00%	CY-15	2038	$550,735	Jan 1, 2038	FY2037/38
4.00%	CY-16	2039	$572,765	Jan 1, 2039	FY2038/39
		Total Contract Amount:	**$6,209,204**		

Application Date: 1/19/24 **# Units:** 66 **Small Sites Project**
Project Name: 1005 Powell Street **# Bedrooms:**
Project Address: 1005 Powell St. **# Beds:**
Project Sponsor: Chinatown SROs LLC

								Total Sources	Comments
SOURCES		**20,900,000**	-	-	-	-	-	**20,900,000**	
	Name of Sources:	MOHCD/OCII							
USES	Perm loans total:	20,900,000							
									Perm loan amount is more than bridge loan(s) by: 20900000.45
ACQUISITION									
	Acquisition cost or value	18,108,688						18,108,688	
	Legal / Closing costs / Broker's Fee							0	
	Holding Costs							0	
	Transfer Tax							0	
	TOTAL ACQUISITION	**18,108,688**	**0**	**0**	**0**	**0**	**0**	**18,108,688**	
CONSTRUCTION (HARD COSTS)									
*	Unit Construction/Rehab							0	Include FF&E
*	Commercial Shell Construction			0				0	
*	Demolition							0	
	Environmental Remediation							0	
*	Onsight Improvements/Landscaping							0	
*	Offsite Improvements							0	
*	Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.
	Parking							0	
	GC Bond Premium/GC Insurance/GC Taxes							0	
	GC Overhead & Profit							0	
	CG General Conditions							0	
	Sub-total Construction Costs	*0*	*0*	*0*	*0*	*0*	*0*	*0*	
	Design Contingency (remove at DD)							0	$45MM+
	Bid Contingency (remove at bid)							0	$45MM+
	Plan Check Contingency (remove/reduce during Plan Review)							0	$45MM+
	Hard Cost Construction Contingency							0	5% new construction / 15% rehab
	Sub-total Construction Contingencies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	
	TOTAL CONSTRUCTION COSTS	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
SOFT COSTS									
Architecture & Design									
	Architect design fees							0	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
	Design Subconsultants to the Architect (incl. Fees)							0	
	Architect Construction Admin							0	
	Reimbursables							0	
	Additional Services							0	
	Sub-total Architect Contract	*0*	*0*	*0*	*0*	*0*	*0*	*0*	
	Other Third Party design consultants (not included under Architect contract)							0	Consultants not covered under architect contract; name consultant type and contract amount
	Total Architecture & Design	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Engineering & Environmental Studies									
	Survey							0	
	Geotechnical studies							0	
	Phase I & II Reports							0	
	CEQA / Environmental Review consultants							0	
	NEPA / 106 Review							0	
	CNA/PNA (rehab only)							0	
	Other environmental consultants							0	Name consultants & contract amounts
	Total Engineering & Environmental Studies	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Financing Costs									
Construction Financing Costs									
	Construction Loan Origination Fee							0	
	Construction Loan Interest	0						0	
	Title & Recording							0	
	CDLAC & CDIAC fees							0	
	Bond Issuer Fees							0	
	Other Bond Cost of Issuance							0	
	Other Lender Costs (specify)	0						0	
	Sub-total Const. Financing Costs	*0*	*0*	*0*	*0*	*0*	*0*	*0*	
Permanent Financing Costs									
	Permanent Loan Origination Fee							0	
	Credit Enhance. & Appl. Fee							0	
	Title & Recording							0	
	Sub-total Perm. Financing Costs	*0*	*0*	*0*	*0*	*0*	*0*	*0*	
	Total Financing Costs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Legal Costs									
	Borrower Legal fees	20,000						20,000	
	Land Use / CEQA Attorney fees							0	
	Tax Credit Counsel							0	
	Bond Counsel							0	
	Construction Lender Counsel							0	
	Permanent Lender Counsel							0	
*	CCDC Interest accrued	320,625						320,625	CCDC Interest accrue based on a blended interest rate calculated as follows: (a) 3.50% accruing on ($1,250,000.00) and (b) 2.0% accruing on ($250,000.00), and 3.25% on ($1,000,000) or 3.25% overall, compounded annually; 500basis point in excess of the AFR after maturity date
	Total Legal Costs	**340,625**	**0**	**0**	**0**	**0**	**0**	**340,625**	
Other Development Costs									
	Appraisal							0	
	Market Study							0	
*	Insurance							0	
*	Property Taxes							0	
	Accounting / Audit	20,000						20,000	
*	Organizational Costs							0	
	Entitlement / Permit Fees							0	
*	Marketing / Rent-up							0	
*	Furnishings							0	$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
	PGE / Utility Fees							0	
	TCAC App / Alloc / Monitor Fees							0	
*	Financial Consultant fees							0	
	Construction Management fees / Owner's Rep							0	
	Security during Construction							0	
*	Relocation							0	
	Other (specify)							0	
	Other (specify)							0	
	Other (specify)							0	
	Total Other Development Costs	**20,000**	**0**	**0**	**0**	**0**	**0**	**20,000**	
Soft Cost Contingency									
	Contingency (Arch, Eng, Fin, Legal & Other Dev)		0	0	0	0	0	0	Should be either 10% or 5% of total soft costs.
	TOTAL SOFT COSTS	**360,625**	**0**	**0**	**0**	**0**	**0**	**360,625**	
RESERVES									
*	Operating Reserves	175,687						175,687	

	Replacement Reserves	350,000						350,000	
*	Tenant Improvements Reserves	0		0				0	For future laundromat operator
*	MOHCD sinking fund	1,165,000						1,165,000	for operating deficit from yr1-20
*	Other (specify)							0	
*	CCDC Sinking Fund							0	
	TOTAL RESERVES	**1,690,687**	**0**	**0**	**0**	**0**	**0**	**1,690,687**	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	80,000						80,000	
Developer Fee - Cash-out At Risk	660,000						660,000	
Commercial Developer Fee							0	
Developer Fee - GP Equity (also show as source)							0	
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)							0	
TOTAL DEVELOPER COSTS	**740,000**	**0**	**0**	**0**	**0**	**0**	**740,000**	

TOTAL DEVELOPMENT COST	**20,900,000**	**0**	**0**	**0**	**0**	**0**	**20,900,000**	
Development Cost/Unit by Source	316,667	0	0	0	0	0	316,667	
Development Cost/Unit as % of TDC by Source	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
Acquisition Cost/Unit by Source	274,374	0	0	0	0	0	274,374	
Construction Cost (inc Const Contingency)/Unit By Source	0	0	0	0	0	0	0	
Construction Cost (inc Const Contingency)/SF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

**Possible non-eligible GO Bond/COP Amount:*	*1,661,312*
City Subsidy/Unit	316,667
Tax Credit Equity Pricing:	N/A
Construction Bond Amount:	N/A
Construction Loan Term (in months):	30 months
Construction Loan Interest Rate (as %):	4.75%

Small Sites

Combined Loan to Value Ratio:							**115%**	
% of Acquisition Cost by Source	100%	0%	0%	0%	0%	0%	100%	

Small Sites Maximum Developer Fee 740,000

Application Date:	**1/19/2024**	**Project Name:**	**1005 Powell Street**
Total # Units:	**66**	**Project Address:**	**1005 Powell St.**
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	**2024**	**Project Sponsor:**	**Chinatown SROs LLC**

Small Sites Project

INCOME	**Total**	**Comments**
Residential - Tenant Rents	396,704	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (SOS Payments)	326,979	Comments
Residential - Tenant Assistance Payments (Other Non-LOSP)	7,287	Links from 'Existing Proj - Rent Info' Worksheet
Commercial Space	30,000	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	6,656	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	3,900	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)		Year1 withdrawl from MOHCD sinking fund reserve
Gross Potential Income	**771,526**	
Vacancy Loss - Residential - Tenant Rents	(19,835)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(16,713)	Vacancy loss is 229.4% of Tenant Assistance Payments.
Vacancy Loss - Commercial	(6,600)	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
EFFECTIVE GROSS INCOME	**728,378**	***PUPA: 11,036***

OPERATING EXPENSES

Management

Management Fee	62,085	HUD fee of $80.84/unit
Asset Management Fee	25,130	2023 MOHCD fee of $24,280 escalated by 3.5%
Sub-total Management Expenses	**87,215**	***PUPA: 1,321***

Salaries/Benefits

Office Salaries	4,159	Links from 'Staffing' Worksheet
Manager's Salary	86,794	Links from 'Staffing' Worksheet
Health Insurance and Other Benefits	27,184	1.0 FTE Property Manager; .10 Resident Manager (for after-hour on-site Resident Manager
Other Salaries/Benefits	4,531	3% of salary
Administrative Rent-Free Unit	15,000	this is equal to the rent charge for the exempt unit in tab 3b.
Sub-total Salaries/Benefits	**137,667**	***PUPA: 2,086***

Administration

Advertising and Marketing	1,211	
Office Expenses	1,470	
Office Rent		
Legal Expense - Property	3,244	
Audit Expense	10,839	
Bookkeeping/Accounting Services	8,664	
Bad Debts	4,590	
Miscellaneous	17,644	Payroll processing, Uniforms, Employee Training, Meeting Expense EarthQuake kit, Temp
Sub-total Administration Expenses	**47,661**	***PUPA: 722***

Utilities

Electricity	27,187	
Water	29,532	
Gas	15,179	
Sewer	34,372	
Sub-total Utilities	**106,271**	***PUPA: 1,610***

Taxes and Licenses

Real Estate Taxes	13,750	
Payroll Taxes	11,553	7.65% of salary
Miscellaneous Taxes, Licenses and Permits	2,560	
Sub-total Taxes and Licenses	**27,863**	***PUPA: 422***

Insurance

Property and Liability Insurance	49,090	
Fidelity Bond Insurance		
Worker's Compensation	4,893	WC rate 3.36 exp mod 1.0
Director's & Officers' Liability Insurance		
Sub-total Insurance	**53,983**	***PUPA: 818***

Maintenance & Repair

Payroll	64,226	Links from 'Staffing' Worksheet
Supplies	5,627	
Contracts	102,050	janitor contract $72,072, exterminating contract $6,084, fire alarm and notification, boiler
Garbage and Trash Removal	29,976	
Security Payroll/Contract	0	Links from 'Staffing' Worksheet
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs	8,280	Elevator
Miscellaneous Operating and Maintenance Expenses		
Sub-total Maintenance & Repair Expenses	**210,159**	***PUPA: 3,184***

Supportive Services	31,111	Links from 'Staffing' Worksheet
Commercial Expenses	819	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%

TOTAL OPERATING EXPENSES	***702,749***	***PUPA: 10,648***

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent	0		Provide additional comments here, if needed.
Bond Monitoring Fee			

Replacement Reserve Deposit	19,200	$300/unit			
Operating Reserve Deposit					
Other Required Reserve 1 Deposit					
Other Required Reserve 2 Deposit		CCDC is contributing to sinking fund, but not as an operating expense			
Required Reserve Deposit/s, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%			
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	**19,200**	***PUPA: 291***		Min DSCR:	1.09
				Mortgage Rate:	5.00%
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond	**721,949**	***PUPA: 10,939***		Term (Years):	30
				Supportable 1st Mortgage Pmt:	5,898
NET OPERATING INCOME (INCOME minus OP EXPENSES)	**6,429**	***PUPA: 97***		Supportable 1st Mortgage Amt:	$91,558
				Proposed 1st Mortgage Amt:	$20,900,000

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)

Hard Debt - First Lender	0		Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Le	0		Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0		Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0		Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	
TOTAL HARD DEBT SERVICE	**0**	***PUPA: 0***	

CASH FLOW (NOI minus DEBT SERVICE) **6,429**
Commercial Only Cash Flow 22,581

Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)
AVAILABLE CASH FLOW **6,429**

USES OF CASH FLOW BELOW (This row also shows DSCR.)
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			
Other Payments			
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)			Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)			Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)		Def. Develop. Fee split: 0%	Provide additional comments here, if needed.

TOTAL PAYMENTS PRECEDING MOHCD **0** ***PUPA: 0***

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING **6,429**

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?	**Yes**	Project has MOHCD ground lease?	**No**
Will Project Defer Developer Fee?	**No**		
Max **Deferred Developer Fee/Borrower** % of Residual Receipts in Yr 1:	33%		
% of Residual Receipts available for distribution to **soft debt lenders** in `	67%		

Soft Debt Lenders with Residual Receipts Obligations	*(Select lender name/program from drop down)*	**Total Principal Amt**	**Distrib. of Soft Debt Loans**
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	$20,900,000	100.00%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value		0.00%
HCD (soft debt loan) - Lender 3			0.00%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due	4,286	67% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	0	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.
Proposed MOHCD Residual Receipts Amount to Replacement Reserve	4,286	MOHCD res rects to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS	**2,143**	***Total Resid Receipts due not allocated, please revise F142***

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due	0	
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	**0**	

REMAINDER (Should be zero unless there are distributions below) **2,143**

Owner Distributions/Incentive Management Fee	2,143	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	
Final Balance (should be zero)	**0**	

1005 Powell Street **Small Sites Project**

Total # Units: ***66***

	% annual increase	Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028	Year 6 2029	Year 7 2030	Year 8 2031	Year 9 2032	Year 10 2033	Year 11 2034	Year 12 2035	Year 13 2036	Year 14 2037	Year 15 2038	Year 16 2039	Year 17 2040	Year 18 2041	Year 19 2042	Year 20 2043
INCOME		**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**
Residential - Tenant Rent	2.5%	396,704	410,171	424,192	438,793	453,998	465,348	476,982	488,906	501,129	513,657	526,499	539,661	553,153	566,981	581,156	595,685	610,577	625,841	641,488	657,525
Residential - SOS Payments	4.0%	160,284	166,695	173,363	180,298	187,510	195,010	202,810	210,923	219,360	228,134	237,259	246,750	256,620	266,885	277,560	288,662	300,209	312,217	324,706	337,694
Residential - Tenant Assistance Payments (Other Non-LOSF	2.5%	7,287	7,469	7,656	7,847	8,044	8,245	8,451	8,662	8,879	9,101	9,328	9,561	9,800	10,045	10,297	10,554	10,818	11,250	11,701	12,169
Commercial Space	2.5%	30,000	30,750	31,519	32,307	33,114	33,942	34,791	35,661	36,552	37,466	38,403	39,363	40,347	41,355	42,389	43,449	44,535	45,649	46,790	47,960
Other Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income		**765,097**	**799,268**	**828,118**	**858,122**	**889,328**	**917,299**	**946,198**	**976,059**	**1,006,915**	**1,038,800**	**1,071,751**	**1,105,805**	**1,143,513**	**1,182,633**	**1,223,118**	**1,250,006**	**1,277,756**	**1,321,414**	**1,366,690**	**1,413,337**
Vacancy Loss - Residential - Tenant Rent	n/a	(19,835)	(20,509)	(21,210)	(21,940)	(22,700)	(23,267)	(23,849)	(24,445)	(25,056)	(25,683)	(26,325)	(26,983)	(27,658)	(28,349)	(29,058)	(29,784)	(30,529)	(31,292)	(32,074)	(32,876)
Vacancy Loss - Residential - Tenant Assistance Payment	n/a	(16,713)	(17,376)	(18,066)	(18,783)	(19,528)	(20,303)	(21,109)	(21,947)	(22,819)	(23,725)	(24,667)	(25,647)	(26,665)	(27,725)	(28,826)	(14,961)	(541)	(563)	(585)	(608)
Vacancy Loss - Commercia	n/a	(6,600)	(6,150)	(6,304)	(6,461)	(6,623)	(6,788)	(6,958)	(7,132)	(7,310)	(7,493)	(7,681)	(7,873)	(8,069)	(8,271)	(8,478)	(8,690)	(8,907)	(9,130)	(9,358)	(9,592)
EFFECTIVE GROSS INCOME		**728,378**	**755,233**	**782,539**	**810,938**	**840,477**	**866,939**	**894,282**	**922,535**	**951,730**	**981,900**	**1,013,079**	**1,045,303**	**1,081,121**	**1,118,289**	**1,156,757**	**1,196,571**	**1,237,779**	**1,280,429**	**1,324,572**	**1,370,260**
OPERATING EXPENSES																					
Management	3.5%	87,215	90,267	93,427	96,697	100,081	103,584	107,209	110,962	114,845	118,865	123,025	127,331	131,788	136,400	141,174	146,115	151,229	156,522	162,001	167,671
Salaries/Benefits	3.5%	137,667	142,486	147,473	152,634	157,977	163,506	169,228	175,151	181,282	187,627	194,194	200,990	208,025	215,306	222,842	230,641	238,713	247,068	255,716	264,666
Administration	3.5%	47,661	49,330	51,056	52,843	54,693	56,607	58,588	60,639	62,761	64,956	67,231	69,584	72,020	74,540	77,145	79,849	82,644	85,537	88,531	91,629
Utilities	3.5%	106,271	109,990	113,840	117,824	121,948	126,216	130,634	135,206	139,938	144,836	149,905	155,152	160,582	166,203	172,020	178,040	184,272	190,721	197,397	204,306
Taxes and Licenses	3.5%	27,863	28,838	29,847	30,892	31,973	33,092	34,250	35,449	36,690	37,974	39,303	40,679	42,102	43,576	45,101	46,680	48,313	50,004	51,754	53,566
Insurance	3.5%	53,983	55,872	57,828	59,852	61,947	64,115	66,359	68,682	71,085	73,573	76,148	78,814	81,572	84,427	87,382	90,440	93,606	96,882	100,273	103,782
Maintenance & Repai	3.5%	210,159	217,514	225,127	233,007	241,162	249,603	258,339	267,381	276,739	286,425	296,450	306,825	317,564	328,679	340,183	352,089	364,412	377,167	390,367	404,030
Supportive Services	3.5%	31,111	32,200	33,327	34,493	35,701	36,950	38,243	39,582	40,967	42,401	43,885	45,421	47,011	48,656	50,359	52,122	53,946	55,834	57,789	59,811
Commercial Expenses		-	861	891	922	955	988	1,023	1,058	1,095	1,134	1,173	1,215	1,257	1,301	1,347	1,394	1,442	1,493	1,545	1,599
TOTAL OPERATING EXPENSES		**702,749**	**727,358**	**752,816**	**779,165**	**806,435**	**834,661**	**863,874**	**894,109**	**925,403**	**957,792**	**991,315**	**1,026,011**	**1,061,921**	**1,099,089**	**1,137,557**	**1,177,371**	**1,218,579**	**1,261,229**	**1,305,372**	**1,351,060**
PUPA (w/o Reserves/GL Base Rent/Bond Fees		***10,648***																			
Reserves/Ground Lease Base Rent/Bond Fees																					
Ground Lease Base Rent		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bond Monitoring Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Depos		19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200
Operating Reserve Deposi		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 1 Deposi		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 2 Deposi		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Required Reserve Deposit/s, Commercia		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total Reserves/Ground Lease Base Rent/Bond Fees		**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**	**19,200**
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees		**721,949**	**746,558**	**772,016**	**798,365**	**825,635**	**853,861**	**883,074**	**913,309**	**944,603**	**976,992**	**1,010,515**	**1,045,211**	**1,081,121**	**1,118,289**	**1,156,757**	**1,196,571**	**1,237,779**	**1,280,429**	**1,324,572**	**1,370,260**
PUPA (w/ Reserves/GL Base Rent/Bond Fees		***10,939***																			
NET OPERATING INCOME (INCOME minus OP EXPENSES		**6,429**	**8,675**	**10,523**	**12,574**	**14,841**	**13,079**	**11,208**	**9,225**	**7,127**	**4,907**	**2,564**	**92**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																					
Hard Debt - First Lender		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lende		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lende		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)		**6,429**	**8,675**	**10,523**	**12,574**	**14,841**	**13,079**	**11,208**	**9,225**	**7,127**	**4,907**	**2,564**	**92**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
USES OF CASH FLOW BELOW (This row also shows DSCR.)	**DSCR:**																				
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																					
Deferred Developer Fee (Enter amt <= Max Fee from row 13		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
"Below-the-line" Asset Mgt fee (uncommon in new projects, see polic	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD		**6,429**	**8,675**	**10,523**	**12,574**	**14,841**	**13,079**	**11,208**	**9,225**	**7,127**	**4,907**	**2,564**	**92**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Does Project have a MOHCD Residual Receipt Obligation	**Yes**																				
Will Project Defer Developer Fee?	**No**																				
Residual Receipts split for all years. - Lender/Owne	**67% / 33%**																				
	Dist. Soft																				
MOHCD RESIDUAL RECEIPTS DEBT SERVICE	Debt Loans																				
MOHCD Residual Receipts Amount Due	100.00%	4,286	5,783	7,015	8,382	9,894	8,719	7,472	6,150	4,751	3,272	1,709	61	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Leas		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Replacement Reserv		4,286	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE		**2,143**	**2,892**	**3,508**	**4,191**	**4,947**	**4,360**	**3,736**	**3,075**	**2,376**	**1,636**	**855**	**31**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE																					
HCD Residual Receipts Amount Due	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lender 4 Residual Receipts Due	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lender 5 Residual Receipts Due	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REMAINDER (Should be zero unless there are distributions below		**2,143**	**2,892**	**3,508**	**4,191**	**4,947**	**4,360**	**3,736**	**3,075**	**2,376**	**1,636**	**855**	**31**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Owner Distributions/Incentive Management Fe		2,143	2,892	3,508	4,191	4,947	4,360	3,736	3,075	2,376	1,636	855	31	-	-	-	-	-	-	-	-
Other Distributions/Uses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Final Balance (should be zero)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RR Running Balance		**372,892**	**577,513**	**602,680**	**628,099**	**653,772**	**679,702**	**705,891**	**732,341**	**759,057**	**786,039**	**799,070**	**746,010**	**757,920**	**769,576**	**208,840**	**95,306**	**(22,514)**	**(46,680)**	**(211,978)**	**(294,293)**
OR Running Balance		**177,444**	**179,219**	**181,011**	**182,821**	**184,649**	**186,496**	**188,360**	**190,244**	**192,147**	**194,068**	**196,009**	**197,969**	**199,948**	**201,948**	**203,967**	**206,007**	**208,067**	**210,148**	**212,249**	**214,372**
Other Required Reserve 1 Running Balance		**1,176,650**	**1,188,417**	**1,200,301**	**1,212,304**	**1,224,427**	**1,236,671**	**1,249,038**	**1,261,528**	**1,274,143**	**1,286,885**	**1,299,754**	**1,312,751**	**1,323,366**	**1,331,345**	**1,336,520**	**1,053,517**	**467,897**	**4,679**	**47**	**0**
Other Required Reserve 2 Running Balance		**187,355**	**374,710**	**562,065**	**749,420**	**936,775**	**1,124,130**	**1,311,485**	**1,498,840**	**1,686,195**	**1,873,550**	**1,892,286**	**1,911,208**	**1,930,320**	**1,949,624**	**1,969,120**	**1,988,811**	**2,008,699**	**1,874,072**	**1,247,344**	**581,055**
DEFERRED DEVELOPER FEE - RUNNING BALANCI																					
Developer Fee Starting Balanc		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee Earned in Yea		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer Fee Remaining Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

San Francisco Planning

49 South Van Ness Avenue, Suite 1400
San Francisco, CA 94103
628.652.7600
www.sfplanning.org

GENERAL PLAN REFERRAL

April 1, 2024

Case No.:	2024-002191GPR
Address:	1005 Powell Street
Block/Lot Nos.:	0212/008
Project Sponsor:	Mayor's Office of Housing & Community Development
Applicant:	Sheng Shi, 415 929-1499 sheng.shi@chinatowncdc.org Chinatown Community Development Center 615 Grant Ave San Francisco, CA 94108
Staff Contact:	Amnon Ben-Pazi – (628) 652-7428 Amnon.Ben-Pazi@sfgov.org

Recommended By: _____
Joshua Switzky, Deputy Director of Citywide Policy *for*
Rich Hillis, Director of Planning

Finding: The project, on balance, is **in conformity** with the General Plan.

Project Description

The Project would provide permanent financing for the completed rehabilitation of 1001-1005 Powell Street, a Residential Hotel (SRO) building with approximately 64 housing units and 2 commercial spaces. Tenant households are predominantly Chinese-speaking, very low-income seniors.

Chinatown Community Development Center (CCDC) has completed seismic retrofitting for the building by rebuilding the foundation and strengthening support with steel frames. All plumbing, electrical, and data were replaced. A new roof was installed, and DHW and HVAC systems were upgraded. Walls were insulated and windows replaced. Shared kitchens received storage space for each unit. Shared bathrooms received sinks for hand washing, and an ADA bathroom was added on each floor. The elevator was modernized and upgraded with a barrier-free entrance, enhancing building accessibility. The flooring was replaced, and the entire building was repainted. CCDC also added a mural on the outside and the inside lobby of each floor.

A new PM office, larger trash room, lounge, and laundry room with six sets of washers and dryers were added on the ground floor.

Environmental Review

The Project is a real estate transaction only. It is not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment.

General Plan Compliance and Basis for Recommendation

As described below, the proposed refinancing and rehabilitation is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in conformity with the General Plan.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

HOUSING ELEMENT

OBJECTIVE 1.A
ENSURE HOUSING STABILITY AND HEALTHY HOMES.

OBJECTIVE 4.A
SUBSTANTIALLY EXPAND THE AMOUNT OF PERMANENTLY AFFORDABLE HOUSING FOR EXTREMELY LOW- TO MODERATE-INCOME HOUSEHOLDS.

OBJECTIVE 4.C
DIVERSIFY HOUSING TYPES FOR ALL CULTURES, FAMILY STRUCTURES, AND ABILITIES.

Policy 3
Acquire and rehabilitate privately-owned housing as permanently affordable to better serve residents and areas vulnerable to displacement with unmet affordable housing needs.

Policy 7
Pursue permanently affordable housing investments that are specific to the geographic, cultural, and support needs of recently arrived or newly independent residents or residents from marginalized groups, including transgender and LGBTQ+ people.

Policy 39
Support the repair and rehabilitation of housing to ensure life safety, health, and well-being of residents, especially in Environmental Justice Communities, and to support sustainable building practices.

The Project would provide permanent funding for the acquisition and rehabilitation of approximately 64 affordable housing units. Tenant households are predominantly Chinese-speaking, very low-income seniors. The building was rehabilitated to better meet the needs of this population, and is located in an Environmental Justice Community.

Planning Code Section 101 Findings

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

   The Project would have no effect on existing neighborhood-serving retail uses. The property includes two currently vacant commercial spaces which have been rehabilitated and may provide future opportunities for resident employment in and ownership of neighborhood serving retail businesses.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

   The Project would conserve and protect existing housing and neighborhood character by providing permanent financing for approximately 64 existing, renovated affordable housing units.

3. That the City's supply of affordable housing be preserved and enhanced;

   The Project would preserve and enhance the City's supply of affordable housing by providing permanent financing for approximately 64 existing, renovated affordable housing units.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

   The Project would have no effect on commuter traffic, MUNI transit service, streets, or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

   The Project would have no effect on the City's industrial or service sectors or on future opportunities for resident employment or ownership in these sectors.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

   Rehabilitation of the property included seismic retrofitting.

7. That the landmarks and historic buildings be preserved;

The Project would have no effect on landmarks and historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

The Project would have no effect on the City's parks and open space and their access to sunlight and vistas.

Finding:	The project, on balance, is **in conformity** with the General Plan.

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Incomplete - Pending Signature

San Francisco Ethics Commission
25 Van Ness Avenue, Suite 220, San Francisco, CA 94102
Phone: 415.252.3100 . Fax: 415.252.3112
ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 240443

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4
(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)
A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of $100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: https://sfethics.org/compliance/city-officers/contract-approval-city-officers

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (*for amendment only*)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	**EMAIL**
Office of the Clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Alea Gage	628-652-5940
FULL DEPARTMENT NAME	**DEPARTMENT CONTACT EMAIL**
MYR Mayor's Office of Housing & Comm Dev	alea.gage@sfgov.org

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5. CONTRACTOR	
NAME OF CONTRACTOR Chinatown SROS, LLC	**TELEPHONE NUMBER** 415-935-2466
STREET ADDRESS (including City, State and Zip Code) 1515 Vallejo Street, 4th Flor, San Francisco, CA 94109	**EMAIL** sheng.shi@chinatowncdc.org

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	**ORIGINAL BID/RFP NUMBER**	**FILE NUMBER (*If applicable*)** 240443
DESCRIPTION OF AMOUNT OF CONTRACT $20,900,000		
NATURE OF THE CONTRACT *(Please describe)* Small Sites Program permanent loan financing the preservation of the existing 64-unit single room occupancy rental housing projects for low-to moderate-income households as permanently affordable housing at 1005 Powell Street.		

7. COMMENTS
Chinatown Community Development Center is the sole member of Chinatown SROS, LLC.

8. CONTRACT APPROVAL	
This contract was approved by:	
☐	**THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM**
☒	**A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES** Board of Supervisors
☐	**THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS**

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9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Yeung	Malcolm	CEO
2	Hung	Tammy	Other Principal Officer
3	Jones	Whitney	COO
4	Blakely	Lisa	Other Principal Officer
5	Louie	Cindy	CFO
6	Mormino	Matthias	Other Principal Officer
7	Brookter	Dion-Jay	Board of Directors
8	Chang	Eric	Board of Directors
9	Chan	Tommy	Board of Directors
10	Cheng	Claudine	Board of Directors
11	Chin	Gregory	Board of Directors
12	Chin	Jane	Board of Directors
13	Cordero	Terrence	Board of Directors
14	Fagler	James	Board of Directors
15	Hilton	Irene	Board of Directors
16	Hollins	Guy	Board of Directors
17	Huie	Jeanette	Board of Directors
18	Lee	Olson	Board of Directors
19	Lim	Aaron	Board of Directors

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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20	Lin	Barbara	Board of Directors
21	Louie	Michael	Board of Directors
22	Ortiz	Kevin	Board of Directors
23	Poe	Irma	Board of Directors
24	Quock	Lindsey	Board of Directors
25	Rosenquest	Nils	Board of Directors
26	Saini	Ramneek	Board of Directors
27	Wong Chie	Rosa	Board of Directors
28	Zoubi	Fady	Board of Directors
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#	**LAST NAME/ENTITY/SUBCONTRACTOR**	**FIRST NAME**	**TYPE**
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☐	Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.		

10. VERIFICATION	
I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete. **I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**	
SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK BOS Clerk of the Board	**DATE SIGNED**

From:	Trejo, Sara (MYR)
To:	BOS Legislation, (BOS)
Cc:	Paulino, Tom (MYR); Nickolopoulos, Sheila (MYR); Gage, Alea (MYR); Oliver, Johnny (MYR); Geithman, Kyra (MYR); Adams, Dan (MYR)
Subject:	Mayor -- Resolution -- 1005 Powell Street Loan Agreement
Date:	Tuesday, April 30, 2024 3:05:10 PM
Attachments:	1005 Powell - Resolution - Final.docx 1005 Powell - Resolution - Final.pdf 1005 Powell SSP Loan Agreement with Exhibits.pdf 1005 Powell SSP Note.pdf 1005 Powell SSP Purchase Option.pdf Approved-1005 Powell Permanent Financing Loan Evaluation UPDATE - LC 3-15-2024_0.pdf Final Letter - 1005 Powell Street.pdf SFEC_Form_126f4BOS---Notification_of_Contract (1).pdf 1005 Powell DOR.pdf 1005 Powell DOT-SSP.pdf

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Hello Clerks,

Attached is a Resolution approving and authorizing the Director of the Mayor's Office of Housing and Community Development ("MOHCD") to execute loan documents for the permanent financing of 1005 Powell Street pursuant to the Small Sites Program, for a total loan amount not to exceed $20,900,000; confirming the Planning Department's determination under the California Environmental Quality Act; finding that the loan is consistent with the General Plan and the eight priority policies of Planning Code, Section 101.1; and authorizing the Director of MOHCD or their designee to make certain modifications to the loan documents, and take certain actions in furtherance of this Resolution.

Best regards,

Sara Trejo
Legislative Aide
Office of the Mayor
City and County of San Francisco
415.554.6141 | sara.trejo@sfgov.org