Mayor's Office of Housing & Community Development
Small Sites Program
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Citywide Affordable Housing Loan Committee

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

2976 23rd Street

$2,130,000 Permanent Financing Request

Evaluation of Request for:	Permanent Financing
Loan Committee Date:	August 4, 2023
Prepared By:	Amanda Fukutome-Lopez, Project Manager
Sources and Amounts of New Funds Recommended:	$1,480,000 in additional SSP Funds $650,000 2016 GO Bond (PASS Series 2020C)
Total Funds Recommended	$2,130,000
NOFA/PROGRAM/RFP:	Small Sites Program/PASS
Applicant/Sponsor(s) Name:	San Francisco Community Land Trust

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EXECUTIVE SUMMARY

Date:	August 4, 2023
From:	Amanda Fukutome-Lopez, Project Manager
NOFA/Program:	2019 Acquisition and Rehabilitation Financing for Small Sites Program Properties
Applicant:	San Francisco Community Land Trust/ SFCLT 23rd St. Holdings LLC
Co-Applicant:	N/A
Project Name (if any):	Merry Go Round House (MGR)
Project Address (with cross street):	2976 23rd Street (between Harrison St and Alabama St)
Number of Units with Unit Mix:	14 SRO units (14 bedrooms)
Supervisor and District	District 9/Supervisor Hillary Ronen
Amount of SSP Funds Recommended:	$1,480,000 in additional SSP funds
Amount of PASS ("Prop C") Funds Recommended:	$650,000
Source of Funds Recommended:	SSP: Affordable Housing Funds and 2019 GO Bond PASS: 2016 GO Bond (Series 2020C)
Type of Financing:	Permanent Financing

1. SUMMARY/BRIEF PROJECT UPDATE

San Francisco Community Land Trust ("SFCLT," the "Sponsor," or "SFCLT 23rd St. Holdings LLC") requests $650,000 in Preservation and Seismic Safety ("PASS") Program funding and $1,480,000 in additional Small Sites Program ("SSP") funding, for a cumulative total of $2,950,000 in SSP funding, from the Mayor's Office of Housing and Community Development ("MOHCD") for the permanent refinancing and rehabilitation of the property located at 2976 23rd Street in the Mission neighborhood of San Francisco (the "Project," "Merry-Go-Round House," or "MGR"). This is one of the earliest Small Sites properties, and it is one of five SFCLT Small Sites that are being refinanced and re-underwritten by MOHCD to take out an existing high-cost first position loan and support the long-term sustainability of the Project, along with SFCLT's SSP portfolio.

	Year	Payoff Amount	Interest Rate	Term	New Permanent Refinancing
SVB Loan	2014	$1,214,281	5.62%	10 Years (30 Year Amort)	-
New PASS Loan	2023	-	3.87%	40 Years	**$650,000**
Existing SSP Funds	2017	$1,470,000	3%	40 Years	$1,470,000
Additional SSP Funds	2023	-	3%	40 Years	$1,480,000
Total SSP Funding	2023	-	3%	40 Years	**$2,950,000*** $210,000/bedroom
Total		**$1,214,281**	**-**	**-**	**$3,600,000**

*SFCLT is requesting $210,000 per unit in SSP funding. Maximum SSP funding is $275,000 per unit per SSP Guidelines.

Background

The existing two-story residential building is situated in the Mission District and consists of 14 single-room-occupancy (“SRO”) units. The building operates similarly to group housing with 14 bedrooms, four bathrooms, and two kitchens. Residents are assigned daily tasks to handle day to day light cleaning and one resident is intended to serve as a resident liaison.

The Project originally consisted of two adjacent duplex units that were combined into one large property in the 1980’s to allow for the building’s use as an international hostel. As more local residents began moving in and staying long-term, the owner applied for conditional use as rent-controlled “group housing,” which was approved in 1992. The Conditional Use (CU) approved up to 23 people to reside at the property, plus the owner and the owner’s family. When SFCLT acquired the Project in 2014, the property housed 15 low-income persons in 14 bedrooms, and SFCLT plans to continue limiting occupancy to 14 beds with no more than 23 total occupants. This ensures the project stays within the approvals of the CU. Since acquisition, SFCLT has operated the Project as a “leasehold housing cooperative” in which the SFCLT owns the land and the residents have entered into a Master Lease for property operations. MGR's self-management operates in the form of committee participation, which is mandatory, and consists of the maintenance committee, vacancy-filling committee, treasury committee, and executive committee. SFCLT collaborates with the committees to provide general oversight and support discussions to optimally self-manage.

In December 2013, the residents of Merry-Go-Round House approached SFCLT about purchasing the property when their landlord put the building up for sale. The sellers had already received interest from an investor who wanted to change the use of the property through an Ellis Act Eviction, and the sellers were amendable to the residents, who feared eviction.

The property was acquired by SFCLT in May 2014 with financing from Boston Private Bank (loans currently held by Silicon Valley Bank) and a seller carryback loan. SFCLT's first SSP application for MGR was submitted in 2015. Due to limits on funding availability and the need to fund new acquisitions with eviction pressures, the application was postponed and resubmitted in 2017. At that time the Project received $1,470,000 ($105,000/bedroom) in SSP funds to repay the seller carryback loan plus accrued interest, soft costs, and renovations.

2. PRINCIPAL DEVELOPMENT ISSUES

1. Higher than Average Vacancy Rates and Related Losses.

a. DAHLIA Requirements

Household residents expressed concern over MOHCD's marketing and tenant selection process through DAHLIA, as it did not fit well with the nontraditional group housing community. MOHCD's Marketing and Asset Management team met with SFCLT monthly to monitor the Project lease up more closely, to address MGR's lease up challenges, and have agreed to a First Come First Served marketing strategy, allowing MGR to be exempt from DAHLIA lease up requirements. Since switching to First Come First Served lease up, the Sponsor is better able to target those who align with MGR's shared community living culture. The Project will no longer be required to revert to DAHLIA, once fully leased, and will continue to use the First Come First Served marketing strategy going forward. As of MOHCD and SFCLT's last marketing and lease up meeting in July 2023, the Project has 10 occupied units and 4 vacancies, averaging 1 move-in per month since April 2023. MOHCD expects the Project to be fully occupied by December 2023. As a condition of this loan, SFCLT agrees to continue monthly meetings with MOHCD to discuss marketing progress for a year after closing. For loan conditions, see **Section 9.3**.

b. Inter-Tenant Disputes

Inter-tenant disputes between two household members have been a source of friction at the Project, which, along with COVID-19 pandemic-related challenges, made it much more difficult to lease up in a timely manner. SFCLT requested a permanent relocation of one of the disputing households to a vacant SSP unit within SFCLT's portfolio, which MOHCD's Asset Management has approved. The permanent relocation has helped resolve the inter-tenant disputes, which in turn allows for a more streamlined lease up and approval process by the household's lease up committee.

MGR is self-managed and collaborates with SFCLT's various committees to provide general oversight for property management. However, if MGR's self-management becomes inefficient, a clause in tenant leases reserve's SFCLT's right to remove the self-management provision and engage a property management company to manage the property. The lease states, "If Owner informs Resident that property management is not being performed and if Resident is unable to resolve the issue within 15 days, Owner may hire a third-party professional property management company and the monthly Rent paid by Resident shall increase by $100 per month after a written 30-day notice of Rent increase."

c. Rent Reduction for Vacant Units

Since the onset of the COVID-19 pandemic, market rents for SROs/group housing have decreased significantly. To address these challenges, MOHCD has approved a reduction of rents for vacant units to $800-$950/month (44% -52% AMI) based on SSP Guidelines requiring rents to be 20% below market.

2. **Rehabilitation Scope of Work**
At the time of purchase, the building was in fair condition. When the Project was refinanced with MOHCD SSP funding in 2017, a CNA identified a rehabilitation scope that addressed immediate needs not covered at initial acquisition in 2014. While the Project received the funds for rehabilitation in 2017, the rehabilitation did not start until 2020. The original construction manager for MGR made no headway on getting the rehabilitation off the ground between late 2017 and early 2019, leading to SFCLT hiring a new construction manager in 2019 to expedite the rehabilitation. However, there were additional delays to the Project because the architect was unfamiliar with the MOHCD process. And, after the General Contractor was chosen, COVID delayed the start date. By the time the Project started rehabilitation in 2020, cost escalations forced SFCLT to slim down their scope and defer work. And, over the past few years, additional needs that were not identified in the 2017 CNA have emerged, including water damage.

The Project will address immediate needs after the close of this refinancing, including improvements to the exterior, common spaces, and basement unit. The improvements are also anticipated to increase marketability. To ensure that rehabilitation work is addressed as soon as possible, SFCLT will be required to attend monthly construction update meetings with MOHCD Staff. For more on the proposed rehabilitation scope, please see **Section 6.5** and for more on loan conditions, please see **Section 9.3**.

In addition to the above mitigation strategies, MOHCD is proposing the following loan terms and conditions, in order to ensure the long-term stability of the Project, along with SFCLT's SSP portfolio. Comprehensive loan conditions can be found in **Section 9.3**.

- A new PASS loan of $650,000 to take out an existing high-cost first position loan
- An increase in SSP subsidy of $1,480,000, such that the amended SSP loan would total $2,950,000, or $210,000 per unit
- Replenishment of Replacement and Operating Reserves, along with funding of additional rehabilitation needs not addressed at initial acquisition
- Increase of vacancy loss rate from 10% to 15%
- Increase of debt-service-coverage-ratio (DSCR) from 1.15 to 1.2

3. BORROWER/GRANTEE PROFILE

San Francisco Community Land Trust (SFCLT) is a nonprofit organization whose mission is to create permanently affordable housing for low to moderate-income people through community ownership of land. Guided by the principles of anti-displacement and racial justice, SFCLT aspires to participate in stabilizing neighborhoods and creating greater access to housing and home ownership opportunities with a focus on BIPOC communities previously excluded from access to wealth, and, in particular access to home ownership.

<u>Experience of Key Staff</u>
Saki Bailey (JD & PhD), Executive Director, has a decade of experience in nonprofit management and program development roles, as well as in teaching and training roles both in the academic and non-profit sectors with a focus on the legal regulation around Community Land Trusts, Co-op formation, and incorporation. Saki is an attorney and real estate developer and worked at Bay Area Community Land Trust prior to joining SFCLT and developed the first Small Sites program project in Berkeley, at the Stuart Street Apartments.

Samir Habash, Director of Finance, Asset Management, is an experienced Asset Manager and Analyst who previously worked for Ballast Investments where he managed 3,200 units of multi-family housing. A Bay Area native, Samir graduated from Saint Mary's College of California with a Major in Economics and Minor in Politics.

Kristen Nation, Director of Stewardship, Asset Management, joined the SFCLT in 2021. She pivoted into the non-profit sector working as a case manager for Conard House, a supportive housing non-profit located in the Tenderloin. Kristen has received her Asset Management Specialist Certification from the Consortium of Housing and Asset Management.

Junli Dai, Assistant Asset Manager, works intensively with the Columbus United Cooperative, an LEHC founded in 2009. In 2001, she graduated with a bachelor's degree majoring in Economics and International Trade. She is bilingual in Mandarin and English, has over 11 years of customer service and property management experience in the housing sector, and also has experience in finance. Junli joined SFCLT in 2013. Through these experiences, she has seen low-income people of color transform their lives and their next generation through affordable housing. As a first-generation immigrant, Junli is passionate about assisting low-income people of color in gaining access to homeownership opportunities.

Emily Silagon, Director of Construction Services, is a Bay Area transplant of 12 years and a licensed architect by schooling (and seven exams), a construction project manager by profession, and a strategist by nature. Since Emily was 7 years old, she has wanted to pursue design and construction and has been passionately learning and growing in that direction ever since. Emily graduated from California College of the Arts in San Francisco and worked for several years in an architectural firm prior to transitioning into the construction management realm. As both an architect and construction manager she has sought work with a social impact, and brings that empathy and enthusiasm to SFCLT, along with her unique design and construction knowledge. Emily also brings two years of experience in establishing operational standards and building infrastructure for the construction management department at Mosser Companies, where her focus was preparing the company platform for sustainable growth. This balance of industry knowledge and operational prowess will be leveraged to elevate the Construction Management department within SFCLT.

3.1 Asset Management Performance & Capacity

SFCLT's first acquisition in 2007 was 53 Columbus Avenue, a building of 21 residential units and 1 commercial ground floor unit. The 53 Columbus project was stabilized by SFCLT in 2011 and has been consistently cash flow positive for the last ten years.

Since the completion of eight Small Site acquisitions from 2015-2017, SFCLT has been working on stabilizing the buildings. Major renovations focused on health and safety concerns; seismic retrofits have been done to all buildings. The renovation program will be completed for all buildings acquired under SSP this year. SFCLT's major focus has been to lease up all vacant units. Its Asset Management Team has worked with MOHCD to streamline the process and procedures for the lease-up of SSP properties.

In late 2022, SFCLT acquired 2 buildings – the 42-unit 285 Turk building in the Tenderloin, and the 4-unit building 1130 Filbert in Russian Hill.

Additionally, three years ago, SFCLT moved to using an auditing firm with experience with SSP and MOHCD financing. The Annual Monitoring Reports from SSP properties have been delivered on time.

SFCLT Asset Management Goals:

- Increase revenue consistent with SFCLT affordable housing mission.
- Reduce operating costs and expenses including debt service.
- Ensure long-term capital needs of the property are addressed through an up-to-date Capital Needs Plan.
- Ensure there is sufficient capacity available to the organization to scale and operate an expanded portfolio.

Asset Management Plan:

- Build on the successful experience of the asset management of 12 buildings over the last 5 years.
- Hired Samir Habash as a full-time Asset Manager to focus on the Small Sites portfolio.
- Develop and implement a recapitalization plan for the portfolio to reduce debt service and release equity from the buildings. This work has started and one building was refinanced in 2022 with another five buildings (including 2936 23rd Street) in the process of refinancing which is expected to be complete in Q3 2023.
- Leverage the experience of Board members in tenant engagement and communication.
- Work with MOHCD to improve the process and reduce lease-up times. Implement waitlists for all Small Site buildings.
- Ensure annual rent increases for Small Sites are implemented at a rate of between 2% to 3.5%.
- Implement the recommendations of each building's Capital Needs Assessment study. Ensure every seven years a new study is undertaken.
- Look at opportunities to bring in new revenue by adding or expanding units through an ADU program.

3.2 Development Experience

SFCLT has successfully completed the rehab of 70 units in 10 buildings acquired with the assistance of MOHCD since 2016.

3.3 Selection Process

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. Applications for the NOFA are being accepted on a rolling basis until funds are exhausted.

Revised guidelines for the SSP program were published in early November 2022. A new NOFA for the SSP Program is forthcoming in 2023. While the SSP scoring rubric was not in use when the Project was acquired, the Project would have received an estimated score of 92, if the rubric was used at acquisition, meeting the minimum threshold of 70 points, and indicating that it meets most of the core goals of the SSP Program, including community stabilization and housing affordability goals.

SSP Scoring Rubric (Baseline Score): 2976 23rd Street

Category	Points
Housing Affordability	35/35
Community Stabilization	35/35
Geographic Equity (D3)	22/30
Total	**92/100**

Preservation and Seismic Safety Program (PASS)

The Preservation and Seismic Safety Program (PASS) provides low-cost and long-term financing to fund seismic retrofits, as well as the acquisition, rehabilitation, and preservation of affordable multi-family housing. The Program was created to complement the City's anti-displacement and preservation strategy, including the Small Sites Program. PASS was initially funded by repurposing $261 million in underutilized bond authority funds from the 1992 Seismic Safety Loan Program. $72 million was funded in the first issuance of the PASS program in February 2019. The second issuance of $103 million closed in December 2020. The Project is considered an eligible property under Section 2.1 of the PASS Program Regulations, and the Sponsor is considered an eligible borrower under Section 2.2 of the PASS Program Regulations.

4. SITE

4.1 Brief Site Description.

Located in the Mission neighborhood between Harrison and Alabama Streets, Merry-Go-Round House is a two-story wood, steel, and masonry-framed building. The building has 14 bedrooms, two shared kitchens, and four shared bathrooms. The lot is approximately .12 acres in area, and the building has a total of 4,035 square feet.

4.2 Site Characteristics.

1. Address, Lot/Block: 2976 23rd Street, 035/4148
2. Lot Square footage: 2,752 sf
3. Building age: Built in 1900 (123 years old)
4. Number of buildings: 1
5. Number of floors: 2
6. Building typology: Flats & Duplex
7. Unusual characteristics (including surrounding uses): N/A
8. Recently completed rehab work: See **Section 6.5**

4.3 Environmental Issues/Site Suitability.

Phase I/II Site Assessment Status and Results:
Applicable assessment reports were provided as part of initial acquisition financing. A Phase I report Environmental Site Assessment dated April 24, 2014, was completed by Partner Engineering and Science, Inc, which found no environmental issues. No new assessment was requested as part of this refinancing activity, and staff and Sponsors are not aware of any new related areas of potential environmental concern.

Potential/Known Hazards:
A HazMat Survey was commissioned in 2020 at the time of the bidding process for rehabilitation work. The survey was completed on September 11, 2020 by ACC Environmental Consultants. The survey found no asbestos but did find lead containing paint/coatings. Lead paint/coatings were abated as a part of the rehabilitation scope in 2020 through a change order, which addressed abatement of the front façade siding and trim work. However, some lead paint/coatings remains onsite. All rehabilitation activity associated with this re-finance activity is considered minor in nature and expected to utilize all required means and methods, as required by the Department of Public Health and Department of Building Inspection, to reduce exposure to hazards such as lead

paint/coatings. If any lead paint/coatings remain after completion of the new rehabilitation scope, an O&M Plan will be required as a loan condition.

5. ENTITLEMENTS

5.1 Zoning

The property is zoned RH-3 Residential and allows for 'congregate residence twenty beds.' The project's rehabilitation will not alter the use, density, height, zoning, or bulk of the property.

A Notice of Special Restriction ("NSR") was recorded on November 9, 1992 that provides conditions associated with a Conditional Use Application that include, "the use of the subject property as a group housing facility shall be limited to 20 beds in nine bedrooms and quarter for the owner/manager." The property currently includes 14 beds in 14 bedrooms, which the San Francisco Planning Zoning Administrator has concluded is in compliance with above-referenced NSR, based on the group housing Conditional Use requirement of 275 sf of area for each bedroom (the property gross sf is 4,000 sf, which permits 14.5 bedrooms).

5.2 Local/Federal Environmental Review

Staff expects the project to fall within the Categorical Exemption 1 (Existing Facilities) under CEQA. SFCLT will be required to obtain a formal Planning Department determination if, and when the project requires Planning Department approval of permits, including for facade repair.

5.3 Article 34 Authority.

SFCLT applied for Article 34 Authority in 2017, but MOHCD determined at that time that "2976 23rd Street is not subject to the requirements of Article 34, because the provisions of Sections 37001(f) and 50079.5 of the California Health and Safety Code are applicable to the proposed development activities. Per 37001(f), the term "low-rent housing project," as defined in Section 1 of Article 34 does not apply to the proposed development because it consists only of the rehabilitation and improvement of a project that is currently occupied by low-income persons, as defined in Section 50079.5."

6. DEVELOPMENT PLAN

6.1 Site Control.

Purchase Price: $1,700,000

Status of Purchase & Sale Contract: Executed

P & S Contingencies: N/A

Hard Closing Date and other deadlines: May 30, 2014

6.2 Appraisal.

The appraisal for the property was conducted at acquisition. Because the Project is currently funded by MOHCD, no new appraisal was required as part of this refinance. The Project was last appraised for the purchase price of $1,700,000 pursuant to an appraisal prepared by Frazier Capital Valuation dated April 23, 2014.

6.3 Title Issues.

No title issues were identified.

6.4 Proposed Property Ownership Structure.

23rd St. Holdings LLC owns fee title to the land and the improvements of the subject property. SFCLT is the sole member and manager of SFCLT 23rd St. Holdings LLC.

6.5 Completed and Proposed Rehab Scope.

At the time of purchase, the building was in fair condition. The Project completed a CNA in 2017, which identified the Project's immediate capital needs and needs over the next 20 years. The building underwent rehabilitation in 2020, which addressed various rehabilitation needs in both the West Side and East Side of the Project, including:

1. Exterior: Replaced wood deck, entry gates and access system, roof, and front entry stairs; repaired and repainted the building exterior; and repaired exterior fence.
2. Interior: Resurfaced wood floors, remodeled select bathrooms and East Side kitchen and repaired interior walls.
3. Electrical/Mechanical: Upgraded electrical panel and replaced wall heaters.

4. Fire Suppression System: Installed fire sprinklers.

A new capital needs assessment (CNA) was completed in 2023 and identified immediate needs that weren't addressed in 2020 due to funding constraints as well as new needs, including:

1. Exterior: Repair exterior surface wood rot and repaint, repair exterior wainscotting; and abate lead containing surfaces.
2. Interior Common Space:/Structural: Repair and refurbish non-operational West Side bathroom, which has been impacted by water damage, remodel West Side kitchen, resurface floors, and repair and repaint interior surfaces.
3. Interior Units: For basement unit, replace flooring, remodel bathroom, and repair and repaint interior surfaces.

6.6 Proposed Unit Mix & Affordability

The average household AMI at the Project is 45%. The average rent AMI of the Project is 50%. There are 4 vacancies, and all households have provided income certifications. The Project qualifies for the SSP program with at least 66% of the Project (ie. three of four households) earning an average income at or below 80% AMI. Because this is group housing, the Project is exempt from the requirement that rents average to as close to 80% AMI as possible over the life of the Project.

6.7 Marketing & Occupancy Preferences.

Given the unique nature of the property as a group housing (akin to communal or co-living), SFCLT was previously granted approval to separately market the property outside of the City's affordable housing lottery (e.g., DAHLIA portal) and utilize alternate means of marketing and tenant selection such as the SFCLT website and online advertising. SFCLT maintains a waitlist from inquiries sourced through online and in-person marketing, and units are accessed through a First Come, First Served system. MOHCD will not require MGR to return to DAHLIA after the Project is fully leased up.

7. FINANCING PLAN

7.1 Sources and Uses. (attached)

Sources	Interest Rate	Amount
- PASS market rate	3.87289%	$395,850
- PASS below market rate	0.95763%	$218,400
- PASS deferred	0.95763%	$35,750
Total PASS Funding (2016 GO Bond Series 2020C)	**2.47201%**	**$650,000**
- Existing SSP- AHF	3%	$1,470,000
- Additional SSP- AHF and 2019 GO Bond	3%	$1,480,000
Total SSP Funding	**3%**	**$2,950,000**

1. Term: 40 years
2. DSCR: 1.2 throughout the first 20 years of the Project.
3. SSP Repayment: Residual receipts
4. PASS Repayment: The market-rate and below-market rate loans require monthly payments and are fully amortized over the term; the deferred loan requires a balloon payment at maturity.
5. SSP Priority: Subordinate to senior financing and the City's Declaration of Restrictions
6. PASS Priority: Senior, in first position, but will subordinate to the City's Declaration of Restrictions

7.2 Development Budget

1. Sufficiency of Reserves

   Replacement Reserves: Capitalized replacement reserves in the amount of $220,631 are requested to meet the SSP Guidelines that require the higher of $2,000 per unit or the amount necessary to pay replacement costs for the next 20 years, as specified in an approved CNA. Replacement reserves were funded in 2017, but they were only funded to pay costs for the next 10 years, in line with SSP Guidelines in place at that time. However, since MOHCD introduced the PASS product in 2019, SSP Guidelines have been modified to require replacement reserves that fund 20 years of replacement costs, since cash-out refinancing would not be anticipated until at least Year 20.

Operating Reserves: Capitalized operating reserves in the amount of $66,127 are budgeted to support unanticipated operating costs for at least 20 years. This cost is 25% of the first-year operating budget, plus $34,534. $34,534 is being requested to repay SFCLT for out-of-pocket expenses incurred for the Project's operating expenses once Operating Reserves were depleted.

SFCLT will be allowed to return the Operating Reserve back to 25% once the building is fully leased up. At that time SFCLT will be permitted to withdraw the difference between the Operating Reserve and 25% of the first-year operating budget, up to $34,534, to reimburse SFCLT for out-of-pocket expenses that were incurred once Operating Reserves, which were funded in 2017, were depleted and vacancies were unable to be filled, due to the challenges discussed in **Section 2**. Depending on when the building is leased up, SFCLT's withdrawal amount may be less than $34,534. Sizing the Operating Reserve at 25% of the first-year operating budget is in line with SSP Guidelines.

Allowing SFCLT to recoup out-of-pocket expenses for operating MGR is not a request that MOHCD would typically fund, and it is a one-time request, which has been vetted with MOHCD Asset Management. In 2022, the Project's inability to cash flow due to a higher than anticipated vacancy rate prompted SFCLT to explore selling the Project to minimize the impact on its overall portfolio. However, MOHCD strongly encouraged SFCLT to retain the Project. In doing so, SFCLT continued to subsidize Project operating expenses with SFCLT organizational assets, when it was not cash flowing. By reimbursing SFCLT for out-of-pocket expenses for MGR's operating expenses, MOHCD is acting in good faith to ensure that the Project and the Sponsor are made whole and will, in conjunction with PASS and additional SSP financing, be sustainable for the long-term. Accounting for these expenses will be provided as a closing condition. For Closing Conditions, see **Section 9.2**.

Vacancy Reserve: A vacancy reserve in the amount of $38,532 is requested to support the property as it continues to lease its vacant units. Once the Project if fully leased, any remaining funds in the Vacancy Reserve will be deposited into the Operating Reserve. For the loan condition on the vacancy reserve, see **Section 9.3**.

2. Developer Fee

   The full Developer fee in the amount of $134,286 was taken in 2017 when the Project was initially funded under SSP. No additional developer fee is requested as part of this refinance.

7.3 Disbursement

This request includes first position lender payoff and refinancing, in addition to project rehabilitation. Lender payoff funds, closing-related costs, due diligence-related costs, and reserves will be funded and released at escrow. All other funds will be released on a reimbursement basis through MOHCD's standard draw process.

8. PROJECT OPERATIONS

8.1 Annual Operating Budget (attached)

8.2 Annual Operating Budget Analysis/Comments.

1. PUPY Operating Expense: (w/out reserves): $6,665. The PUPY Operating Expense is in line with similar properties and operating expenses have been reviewed by Asset Management.
2. Annual Reserve Deposits: $4,900 per SSP Underwriting Guidelines of $350/PUPY for a building with >10 units.
3. Property Taxes: The Project is currently welfare exempt and the operating budget reflects property tax actuals at $2,100 in Year 1.
4. Surplus Cash: $4,635 in Year 1.
5. Annual Monitoring Fees: $5,000 ($2,500 for loan servicing and $2,500 for monitoring) per PASS Program Regulations.

8.3 20-year Cash Flow (attached)

1. Does Cash Flow Remain Positive for 20 years: Yes
2. Income Assumptions: 2.5% escalation per year
3. Expense Assumptions: 3.5% escalation per year

4. Replacement Reserve Analysis: Replacement reserves are funded through Year 20.
5. DSCR: DSCR starts at 1.2 in Year 1 and steadily rises, hitting its maximum DSCR in Year 8 at 1.566. The DSCR falls to 1.15 in Year 20, with an anticipated cash-out refinance.
6. Refinancing Plan: Updated SSP Underwriting Guidelines offer more conservative underwriting parameters, including a 1.15 DSCR and a 10% vacancy loss assumption. However, due to the unique nature of the property and its past challenges, staff recommends even more conservative underwriting guidelines, including a 1.2 DSCR and a 15% vacancy loss assumption. Operating and replacement reserves are projected to be funded through Year 20 of the Project's lifecycle, and PASS funding will considerably reduce the monthly first position debt service, ensuring that refinancing should not be required until at least that time.

9. STAFF RECOMMENDATIONS

9.1 Proposed Acquisition/Rehabilitation Loan Terms.

Staff recommends the amount and terms of the financing plan outlined in Section 7.1.

9.2 Recommended Closing Conditions.

1. SFLCT must provide proof of out-of-pocket expenses for operating expenses that were incurred by the Project once Operating Reserves were depleted limited to the period of October 1, 2022 through May 31, 2023.

9.3 Recommended Loan Conditions.

1. All reserve accounts must be separate interest-bearing accounts.
2. If there are any remaining funds in the Vacancy Reserve after the Project is fully leased, the remaining funds will be deposited into the Project's Operating Reserve.
3. SFCLT will meet with MOHCD's marketing staff, and other MOHCD staff as applicable, at least once a month for the first year following closing. MOHCD reserves the right to require monthly meetings if there are concerns about the Project's leasing.

4. Once the Project is fully leased up, SFCLT will be allowed to withdraw the difference between Operating Reserve amount and 25% of the first-year operating budget, up to $34,534.
5. If at any time the Project has 5 or more vacancies, SFCLT will immediately notify MOHCD. At that time, MOHCD may require monthly meetings with MOHCD staff until the Project is near full occupancy.
6. At the time of SFCLT's Annual Monitoring Report (AMR), SFCLT will document and send to MOHCD a breakdown and narrative on how they have used any funds towards marketing.
7. SFCLT will resubmit a First Come First Served marketing plan, including House Rules, every year, which will need to be reapproved by MOHCD every year.
8. During the rehabilitation period, SFCLT will meet with MOHCD Construction Representatives, and other MOHCD staff as applicable, at least once a month to provide construction-related updates and to ensure that progress is being made on the rehabilitation scope. MOHCD reserves the right to require more frequent meetings if there are concerns about the Project's rehabilitation progress.
9. If after the completion of the rehabilitation, lead paint/coatings remain onsite, an O&M Plan for the handling of existing lead paint/coatings onsite will be required.

Attachments:

Exhibit A. Sources and Uses
Exhibit B. Annual Operating Budget
Exhibit C. 20-Year Cash Flow

LOAN APPROVAL RECOMMENDATION

[ ] APPROVE. [ ] DISAPPROVE.

____ Date: ___________________

Eric D. Shaw, 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

$3.75M Permanent Financing for 1130 Filbert Street

Shaw, Eric (MYR)
Fri 8/4/2023 11:24 AM
To:Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Approve

Eric D. Shaw
Director/ Interim Director HopeSF

Mayor's Office of Housing and Community Development
City and County of San Francisco
1 South Van Ness Avenue, 5th Floor

1130 Filbert Small Sites Loan Request

Colomello, Elizabeth (CII)
Fri 8/4/2023 11:53 AM
To:Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>
Cc:Shaw, Eric (MYR) <eric.shaw@sfgov.org>;Kaslofsky, Thor (CII) <Thor.Kaslofsky@sfgov.org>

Hi Vanessa –
I approve the subject request on behalf of OCII.
Thanks-
Elizabeth

OCII office of COMMUNITY INVESTMENT and INFRASTRUCTURE

Elizabeth Colomello
Housing Program Manager

One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
415.749-2488, Cell 415.407-1908
www.sfocii.org

PERMANENT FINANCING FOR 1130 FILBERT STREET.

Menjivar, Salvador (HOM)
Fri 8/4/2023 12:25 PM
To:Shaw, Eric (MYR) <eric.shaw@sfgov.org>
Cc:Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

I approve the San Francisco Community Land Trust request for $2,325,000 in Small Sites Program funding and $1,425,000 in Preservation and Seismic Safety Program Funding from the Mayor’s Office of Housing and Community Development for the permanent financing of 1130 Filbert Street.

Best,

Salvador Menjivar

Re: $3.75M Permanent Financing for 1130 Filbert Street

Trivedi, Vishal (CON)

Fri 8/4/2023 11:23 AM

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

Cc:Shaw, Eric (MYR) <eric.shaw@sfgov.org>

I vote yes on this item.

Vishal Trivedi | Financial Analyst
Office of Public Finance | City & County of San Francisco
Email | vishal.trivedi@sfgov.org

Exhibit A: Sources and Uses

MOHCD Proforma - Permanent Financing Sources Uses of Funds

Application Date:	3/6/23	**# Units:**	**14**		**Small Sites Project**
Project Name:	Merry-Go-Round House	***# Bedrooms:***	**14**		
Project Address:	2976 23rd ST	**# Beds:**			
Project Sponsor:	San Francisco Community Land Trust				

							Total Sources	**Comments**	
SOURCES	**2,917,063**	**352,002**	**194,208**	**31,790**	**-**	**-**	**3,495,063**		
Name of Sources:	MOHCD/OCII	PASS MR	PASS BMR	PASS Deferred					
USES Perm loans total:	3,269,065							Perm loan amount is more than bridge loan(s) by: 3269064.653	
ACQUISITION									
Acquisition cost or value	2,106,281	352,002	194,208	31,790			2,684,281		
Legal / Closing costs / Broker's Fee							0		
Holding Costs							0		
Transfer Tax							0		
TOTAL ACQUISITION	**2,106,281**	**352,002**	**194,208**	**31,790**	**0**	**0**	**2,684,281**		
CONSTRUCTION (HARD COSTS)									
* Unit Construction/Rehab	302,260						302,260	Include FF&E, Includes Wage Contigency (30%)	
* Commercial Shell Construction							0		
* Demolition							0		
Environmental Remediation							0		
* Onsight Improvements/Landscaping							0		
* Offsite Improvements							0		Construction line item costs as a % of hard costs
* Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.	
Parking							0		
GC Bond Premium/GC Insurance/GC Taxes							0		**0.0%**
GC Overhead & Profit	45,339						45,339		**13.0%**
CG General Conditions							0		**0.0%**
Sub-total Construction Costs	*347,599*	*0*	*0*	*0*	*0*	*0*	*347,599*		
Design Contingency (remove at DD)							0	5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+	**0.0%**
Bid Contingency (remove at bid)							0	5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+	**0.0%**
Plan Check Contingency (remove/reduce during Plan Review)							0	4% up to $30MM HC, 3% $30-$45MM, 2% $45MM+	**0.0%**
Hard Cost Construction Contingency	62,568						62,568	5% new construction / 15% rehab (18% asbestos/lead)	**18.0%**
Sub-total Construction Contingencies	*62,568*	*0*	*0*	*0*	*0*	*0*	*62,568*		
TOTAL CONSTRUCTION COSTS	**410,167**	**0**	**0**	**0**	**0**	**0**	**410,167**		
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		
Title & Recording							0		
CDLAC & CDIAC fees							0		
Bond Issuer Fees							0		
Other Bond Cost of Issuance							0		
Other Lender Costs (specify)							0		
Sub-total Const. Financing Costs	*0*	*0*	*0*	*0*	*0*	*0*	*0*		
Permanent Financing Costs									
Permanent Loan Origination Fee	15,000						15,000	Orgination Fee 1.25%	
Credit Enhance. & Appl. Fee							0		
Title & Recording	5,000						5,000		
Sub-total Perm. Financing Costs	*20,000*	*0*	*0*	*0*	*0*	*0*	*20,000*		
Total Financing Costs	**20,000**	**0**	**0**	**0**	**0**	**0**	**20,000**		
Legal Costs									
Borrower Legal fees	5,000						5,000		
Land Use / CEQA Attorney fees							0		
Tax Credit Counsel							0		
Bond Counsel							0		
Construction Lender Counsel							0		
Permanent Lender Counsel	15,000						15,000		
* Other Legal (specify)							0		
Total Legal Costs	**20,000**	**0**	**0**	**0**	**0**	**0**	**20,000**		
Other Development Costs									
Appraisal							0		
Market Study							0		
* Insurance							0		
* Property Taxes							0		
Accounting / Audit							0		
* 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	25,500						25,500		
Security during Construction							0		
* Relocation							0		
Other (specify)							0		
Other (specify)							0		
Other (specify)							0		Total Soft Cost Contingency as % of Total Soft Costs
Total Other Development Costs	**25,500**	**0**	**0**	**0**	**0**	**0**	**25,500**		
Soft Cost Contingency									
Contingency (Arch, Eng, Fin, Legal & Other Dev)	9,825	0	0	0	0	0	9,825	Should be either 10% or 5% of total soft costs.	**15.0%**
TOTAL SOFT COSTS	**75,325**	**0**	**0**	**0**	**0**	**0**	**75,325**		
RESERVES									
* Operating Reserves	66,127						66,127	25% 1st year op + 34,534 MGR owes Operator	
Replacement Reserves	220,631						220,631	$159,974.48 in RR	
* Tenant Improvements Reserves							0		
* Vacancy Reserve	38,532						38,532	25% GPR for year 1 as a vacancy reserve (to mitigate shorfall from going from 42% to 100%)	
*							0		
* Other (specify)							0		
TOTAL RESERVES	**325,291**	**0**	**0**	**0**	**0**	**0**	**325,291**		
DEVELOPER COSTS									
Developer Fee - Cash-out Paid at Milestones							0		
Developer Fee - Cash-out At Risk							0		
Commercial Developer Fee							0		
Developer Fee - GP Equity (also show as source)							0		
Developer Fee - Deferred (also show as source)							0		
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects	
Other (specify)							0	Construction Management	
TOTAL DEVELOPER COSTS	**0**	**0**	**0**	**0**	**0**	**0**	**0**		
TOTAL DEVELOPMENT COST	**2,917,063**	**352,002**	**194,208**	**31,790**	**0**	**0**	**3,495,063**		
Development Cost/Unit by Source	208,362	25,143	13,872	2,271	0	0	249,647		
Development Cost/Unit as % of TDC by Source	83.5%	10.1%	5.6%	0.9%	0.0%	0.0%	100.0%		
Acquisition Cost/Unit by Source	150,449	25,143	13,872	2,271	0	0	191,734		
Construction Cost (inc Const Contingency)/Unit By Source	29,298	0	0	0	0	0	29,298		
Construction Cost (inc Const Contingency)/SF	101.65	0.00	0.00	0.00	0.00	0.00	101.65		
**Possible non-eligible GO Bond/COP Amount:*	*406,919*								
City Subsidy/Unit	208,362								
Tax Credit Equity Pricing:	N/A								
Construction Bond Amount:	N/A								
Construction Loan Term (in months):	N/A								
Construction Loan Interest Rate (as %):	N/A								
Small Sites									
Combined Loan to Value Ratio:							**130%**		
% of Acquisition Cost by Source	78%	13%	7%	1%	0%	0%	100%		
Small Sites Maximum Developer Fee	174,753								

Exhibit B: Annual Operating Budget

MOHCD Proforma - Year 1 Operating Budget

Application Date:	**3/6/23**	**Project Name:**	**Merry-Go-Round House**
Total # Units:	**14**	**Project Address:**	**2976 23rd ST**
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations)**:**	**2023**	**Project Sponsor:**	**San Francisco Community Land Trust**

Small Sites Project

INCOME	**Total**	**Comments**
Residential - Tenant Rents	154,128	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	0	Links from 'Existing Proj - Rent Info' Worksheet
Commercial Space	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	0	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	**154,128**	
Vacancy Loss - Residential - Tenant Rents	(23,119)	Vacancy loss is 15% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	0	#DIV/0!
Vacancy Loss - Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
EFFECTIVE GROSS INCOME	**131,009**	***PUPA: 9,358***
OPERATING EXPENSES		
Management		
Management Fee	18,144	$108 PUPM
Asset Management Fee	18,144	$108 PUPM
Sub-total Management Expenses	**36,288**	***PUPA: 2,592***
Salaries/Benefits		
Office Salaries	0	
Manager's Salary	0	
Health Insurance and Other Benefits	0	
Other Salaries/Benefits	0	
Administrative Rent-Free Unit	0	
Sub-total Salaries/Benefits	**0**	***PUPA: 0***
Administration		
Advertising and Marketing		
Office Expenses		
Office Rent		
Legal Expense - Property	4,000	T12 Legal Fees
Audit Expense	3,750	accounting allocation
Bookkeeping/Accounting Services		
Bad Debts	4,624	3% of GPR
Miscellaneous		
Sub-total Administration Expenses	**12,374**	***PUPA: 884***
Utilities		
Electricity	14,981	Estimate for Fully Leased Building (T12+15% gas/electric price increases +25% low occupancy)
Water	6,513	Estimate for Fully Leased Building (T12+10% water price increases +40% low occupancy)
Gas		included in Electricity
Sewer		included in water
Sub-total Utilities	**21,494**	***PUPA: 1,535***
Taxes and Licenses		
Real Estate Taxes	2,100	100% welfare exemption
Payroll Taxes	0	
Miscellaneous Taxes, Licenses and Permits	100	
Sub-total Taxes and Licenses	**2,200**	***PUPA: 157***
Insurance		
Property and Liability Insurance	7,321	T12 + 30% Increase given rate increases we have seen in the industry
Fidelity Bond Insurance	0	
Worker's Compensation	0	
Director's & Officers' Liability Insurance	0	
Sub-total Insurance	**7,321**	***PUPA: 523***
Maintenance & Repair		
Payroll	0	
Supplies	2,250	Est based of historical financials for fully leased building
Contracts	5,000	for fully leased building
Garbage and Trash Removal	2,118	recology trash hauls
Security Payroll/Contract	0	
HVAC Repairs and Maintenance	0	
Vehicle and Maintenance Equipment Operation and Repairs	0	
Miscellaneous Operating and Maintenance Expenses	4,261	pest control and internet costs in T12
Sub-total Maintenance & Repair Expenses	**13,629**	***PUPA: 973***
Supportive Services		
Commercial Expenses	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
TOTAL OPERATING EXPENSES	***93,306***	***PUPA: 6,665***
Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	0	Provide additional comments here, if needed.
Bond Monitoring Fee	5,000	monitoring/compliance + loan servicing
Replacement Reserve Deposit	4,900	
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
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	**9,900**	***PUPA: 707***
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	**103,206**	***PUPA: 7,372***
NET OPERATING INCOME (INCOME minus OP EXPENSES)	***27,803***	***PUPA: 1,986***

Min DSCR:	1.15
Mortgage Rate:	5.00%
Term (Years):	40
Supportable 1st Mortgage Pmt:	24,177
Supportable 1st Mortgage Amt:	$417,820
Proposed 1st Mortgage Amt:	$352,002

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)			
Hard Debt - First Lender	17,321	MOHCD-PASS MR	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	5,846	MOHCD-PASS BMR	Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	MOHCD-PASS Deferred	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	**23,168**	***PUPA: 1,655***	
CASH FLOW (NOI minus DEBT SERVICE)	**4,635**		
USES OF CASH FLOW BELOW (This row also shows DSCR.)	***1.20***		
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 MOHCD)	**4,635**		

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 Yr 1:*	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	$2,917,063	100.00%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value		0.00%
HCD (soft debt loan) - Lender 3			0.00%

Application Date:	**3/6/23**	**Project Name:**	**Merry-Go-Round House**
Total # Units:	**14**	**Project Address:**	**2976 23rd ST**
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations)**:**	**2023**	**Project Sponsor:**	**San Francisco Community Land Trust**

Small Sites Project

Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due	3,090	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	3,090	MOHCD res rects to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE	**1,545**	***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)	**1,545**	
Owner Distributions/Incentive Management Fee	1,545	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	
Final Balance (should be zero)	**0**	

Exhibit C: 20-Year Cash Flow

Merry-Go-Round House

Total # Units: *14*

Small Sites Project

	% annual increase	Comments (related to annual inc assumptions)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
			2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
INCOME			Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Residential - Tenant Rents	2.5%		154,128	157,981	161,931	165,979	170,128	174,382	178,741	183,210	187,790	192,485	197,297	202,229	207,285	212,467	217,779
Residential - Tenant Assistance Payments (Non-LOSP)	n/a		-														
Commercial Space	2.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tenant Charges	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable	-														
Gross Potential Income			**154,128**	**157,981**	**161,931**	**165,979**	**170,128**	**174,382**	**178,741**	**183,210**	**187,790**	**192,485**	**197,297**	**202,229**	**207,285**	**212,467**	**217,779**
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(23,119)	(15,798)	(16,193)	(16,598)	(17,013)	(17,438)	(17,874)	(18,321)	(18,779)	(19,248)	(19,730)	(20,223)	(20,729)	(21,247)	(21,778)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			**131,009**	**142,183**	**145,738**	**149,381**	**153,116**	**156,944**	**160,867**	**164,889**	**169,011**	**173,236**	**177,567**	**182,006**	**186,557**	**191,220**	**196,001**
OPERATING EXPENSES																	
Management																	
Management Fee	3.5%	1st Year to be set according to HUD schedule.	18,144	18,779	19,436	20,117	20,821	21,549	22,304	23,084	23,892	24,728	25,594	26,490	27,417	28,376	29,370
Asset Management Fee	3.5%	per MOHCD policy	18,144	18,779	19,436	20,117	20,821	21,549	22,304	23,084	23,892	24,728	25,594	26,490	27,417	28,376	29,370
Sub-total Management Expenses			**36,288**	**37,558**	**38,873**	**40,233**	**41,641**	**43,099**	**44,607**	**46,168**	**47,784**	**49,457**	**51,188**	**52,979**	**54,834**	**56,753**	**58,739**
Salaries/Benefits																	
Office Salaries	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manager's Salary	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health Insurance and Other Benefits	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Salaries/Benefits	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administration																	
Advertising and Marketing	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Expenses	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		4,000	4,140	4,285	4,435	4,590	4,751	4,917	5,089	5,267	5,452	5,642	5,840	6,044	6,256	6,475
Audit Expense	3.5%		3,750	3,881	4,017	4,158	4,303	4,454	4,610	4,771	4,938	5,111	5,290	5,475	5,667	5,865	6,070
Bookkeeping/Accounting Services	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debts	3.5%		4,624	4,786	4,953	5,127	5,306	5,492	5,684	5,883	6,089	6,302	6,522	6,751	6,987	7,231	7,485
Miscellaneous	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Administration Expenses			**12,374**	**12,807**	**13,255**	**13,719**	**14,199**	**14,696**	**15,211**	**15,743**	**16,294**	**16,864**	**17,455**	**18,065**	**18,698**	**19,352**	**20,029**
Utilities																	
Electricity	3.5%		14,981	15,506	16,048	16,610	17,191	17,793	18,416	19,060	19,728	20,418	21,133	21,872	22,638	23,430	24,250
Water	3.5%		6,513	6,741	6,977	7,221	7,474	7,735	8,006	8,286	8,576	8,877	9,187	9,509	9,842	10,186	10,543
Gas	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewer	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Utilities			**21,494**	**22,247**	**23,025**	**23,831**	**24,665**	**25,529**	**26,422**	**27,347**	**28,304**	**29,295**	**30,320**	**31,381**	**32,479**	**33,616**	**34,793**
Taxes and Licenses																	
Real Estate Taxes	3.5%		2,100	2,174	2,250	2,328	2,410	2,494	2,581	2,672	2,765	2,862	2,962	3,066	3,173	3,284	3,399
Payroll Taxes	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.5%		100	104	107	111	115	119	123	127	132	136	141	146	151	156	162
Sub-total Taxes and Licenses			**2,200**	**2,277**	**2,357**	**2,439**	**2,525**	**2,613**	**2,704**	**2,799**	**2,897**	**2,998**	**3,103**	**3,212**	**3,324**	**3,441**	**3,561**
Insurance																	
Property and Liability Insurance	3.5%		7,321	7,577	7,842	8,116	8,401	8,695	8,999	9,314	9,640	9,977	10,326	10,688	11,062	11,449	11,850
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			**7,321**	**7,577**	**7,842**	**8,116**	**8,401**	**8,695**	**8,999**	**9,314**	**9,640**	**9,977**	**10,326**	**10,688**	**11,062**	**11,449**	**11,850**
Maintenance & Repair																	
Payroll	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	3.5%		2,250	2,329	2,410	2,495	2,582	2,672	2,766	2,863	2,963	3,067	3,174	3,285	3,400	3,519	3,642
Contracts	3.5%		5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814	7,053	7,300	7,555	7,820	8,093
Garbage and Trash Removal	3.5%		2,118	2,193	2,269	2,349	2,431	2,516	2,604	2,695	2,790	2,887	2,988	3,093	3,201	3,313	3,429
Security Payroll/Contract	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HVAC Repairs and Maintenance	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%		4,261	4,410	4,564	4,724	4,889	5,060	5,237	5,421	5,610	5,807	6,010	6,220	6,438	6,663	6,896
Sub-total Maintenance & Repair Expenses			**13,629**	**14,106**	**14,600**	**15,111**	**15,640**	**16,187**	**16,753**	**17,340**	**17,947**	**18,575**	**19,225**	**19,898**	**20,594**	**21,315**	**22,061**
Supportive Services	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Expenses		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES			***93,306***	**96,571**	**99,951**	**103,450**	**107,070**	**110,818**	**114,697**	**118,711**	**122,866**	**127,166**	**131,617**	**136,224**	**140,991**	**145,926**	**151,034**
PUPA (w/o Reserves/GL Base Rent/Bond Fees)			***6,665***														
Reserves/Ground Lease Base Rent/Bond Fees				*Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.*													
Ground Lease Base Rent			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Replacement Reserve Deposit			4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			**9,900**	**9,900**	**9,900**	**9,900**	**9,900**	**9,900**	**9,900**	**9,900**	**9,900**	**9,900**	**9,900**	**9,900**	**9,900**	**9,900**	**9,900**
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			**103,206**	**106,471**	**109,851**	**113,350**	**116,970**	**120,718**	**124,597**	**128,611**	**132,766**	**137,066**	**141,517**	**146,124**	**150,891**	**155,826**	**160,934**
PUPA (w/ Reserves/GL Base Rent/Bond Fees)			***7,372***														
NET OPERATING INCOME (INCOME minus OP EXPENSES)			**27,803**	**35,712**	**35,886**	**36,031**	**36,145**	**36,226**	**36,271**	**36,278**	**36,245**	**36,170**	**36,050**	**35,883**	**35,665**	**35,394**	**35,067**
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)				*Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.*													
Hard Debt - First Lender		Enter comments re: annual increase, etc.	17,321	17,321	17,321	17,321	17,321	17,321	17,321	17,321	17,321	17,321	17,321	17,321	17,321	17,321	17,321
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.	5,846	5,846	5,846	5,846	5,846	5,846	5,846	5,846	5,846	5,846	5,846	5,846	5,846	5,846	5,846
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			**23,168**	**23,168**	**23,168**	**23,168**	**23,168**	**23,168**	**23,168**	**23,168**	**23,168**	**23,168**	**23,168**	**23,168**	**23,168**	**23,168**	**23,168**
CASH FLOW (NOI minus DEBT SERVICE)			**4,635**	**12,544**	**12,719**	**12,864**	**12,978**	**13,058**	**13,103**	**13,110**	**13,078**	**13,003**	**12,883**	**12,715**	**12,498**	**12,227**	**11,900**
USES OF CASH FLOW BELOW (This row also shows DSCR.)		***DSCR:***	***1.2***	***1.541***	***1.549***	***1.555***	***1.56***	***1.564***	***1.566***	***1.566***	***1.564***	***1.561***	***1.556***	***1.549***	***1.539***	***1.528***	***1.514***
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL				*Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.*													
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy	-														
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	-														
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase	-														
Other Payments			-														
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.	-														
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.	-														
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			-														
TOTAL PAYMENTS PRECEDING MOHCD			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			**4,635**	**12,544**	**12,719**	**12,864**	**12,978**	**13,058**	**13,103**	**13,110**	**13,078**	**13,003**	**12,883**	**12,715**	**12,498**	**12,227**	**11,900**
Does Project have a MOHCD Residual Receipt Obligation?	***Yes***																
Will Project Defer Developer Fee?	***No***																
Residual Receipts split for all years. - Lender/Owner	*67% / 33%*																
MOHCD RESIDUAL RECEIPTS DEBT SERVICE	*Dist. Soft Debt Loans*																
MOHCD Residual Receipts Amount Due	*100.00%*	Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	3,090	8,363	8,479	8,576	8,652	8,705	8,735	8,740	8,718	8,668	8,588	8,477	8,332	8,151	7,933
Proposed MOHCD Residual Receipts Amount to Loan Repayment			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		Proposed Total MOHCD Amt Due less Loan Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Replacement Reserve			3,090	8,363	8,479	8,576	8,652	8,705	8,735	8,740	8,718	8,668	8,588	8,477	8,332	8,151	7,933
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE																	
HCD Residual Receipts Amount Due	*0.00%*	No HCD Financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)			**1,545**	**4,181**	**4,240**	**4,288**	**4,326**	**4,353**	**4,368**	**4,370**	**4,359**	**4,334**	**4,294**	**4,238**	**4,166**	**4,076**	**3,967**
Owner Distributions/Incentive Management Fee			1,545	4,181	4,240	4,288	4,326	4,353	4,368	4,370	4,359	4,334	4,294	4,238	4,166	4,076	3,967
Other Distributions/Uses			-														
Final Balance (should be zero)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE		**1.5x Original Capitalized RR = $570,908**															
Replacement Reserve Starting Balance			**380,606**	**385,925**	**364,303**	**365,267**	**378,877**	**223,536**	**236,205**	**248,997**	**212,571**	**225,169**	**93,720**	**105,301**	**108,763**	**103,833**	**115,072**
Replacement Reserve Deposits			**4,900**	**4,900**	**4,900**	**4,900**	**4,900**	**4,900**	**4,900**	**4,900**	**4,900**	**4,900**	**4,900**	**4,900**	**4,900**	**4,900**	**4,900**
City Share Replacement Reserve Deposit (Small Sites Only)			-	**3,090**	**8,363**	**8,479**	**8,576**	**8,652**	**8,705**	**8,735**	**8,740**	**8,718**	**8,668**	**8,588**	**8,477**	**8,332**	**8,151**
Repayment of City Loan from Cash Out (Small Sites Only)																	
Replacement Reserve Deposits (Non-Operating Account)																	
Replacement Reserve Withdrawals (ideally tied to CNA)			**2,435**	**32,507**	**15,031**	**2,509**	**171,658**	**2,559**	**2,585**	**51,929**	**2,637**	**146,756**	**2,690**	**10,816**	**19,122**	**2,771**	**97,631**
Replacement Reserve Interest		0.75%	**2,855**	**2,894**	**2,732**	**2,740**	**2,842**	**1,677**	**1,772**	**1,867**	**1,594**	**1,689**	**703**	**790**	**816**	**779**	**863**
RR Running Balance			**385,925**	**364,303**	**365,267**	**378,877**	**223,536**	**236,205**	**248,997**	**212,571**	**225,169**	**93,720**	**105,301**	**108,763**	**103,833**	**115,072**	**31,356**
		RR Balance/Unit	*$27,566*	*$26,022*	*$26,090*	*$27,063*	*$15,967*	*$16,872*	*$17,786*	*$15,184*	*$16,083*	*$6,694*	*$7,522*	*$7,769*	*$7,417*	*$8,219*	*$2,240*
OPERATING RESERVE - RUNNING BALANCE																	
Operating Reserve Starting Balance			**66,127**	**66,623**	**67,123**	**67,626**	**68,134**	**68,645**	**69,159**	**69,678**	**70,201**	**70,727**	**71,258**	**71,792**	**72,331**	**72,873**	**73,420**
Operating Reserve Deposits			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve Withdrawals																	
Operating Reserve Interest		0.75%	**496**	**500**	**503**	**507**	**511**	**515**	**519**	**523**	**527**	**530**	**534**	**538**	**542**	**547**	**551**
OR Running Balance			**66,623**	**67,123**	**67,626**	**68,134**	**68,645**	**69,159**	**69,678**	**70,201**	**70,727**	**71,258**	**71,792**	**72,331**	**72,873**	**73,420**	**73,970**
		OR Balance as a % of Prior Yr Op Exps + Debt Service		*53.1%*	*52.2%*	*51.2%*	*50.3%*	*49.4%*	*48.4%*	*47.5%*	*46.6%*	*45.7%*	*44.8%*	*43.9%*	*43.0%*	*42.2%*	*41.3%*
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE																	
Other Reserve 1 Starting Balance				-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserve 1 Deposits			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserve 1 Withdrawals																	
Other Reserve 1 Interest																	
Other Required Reserve 1 Running Balance			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER RESERVE 2 - RUNNING BALANCE																	
Other Reserve 2 Starting Balance				-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserve 2 Deposits			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserve 2 Withdrawals																	
Other Reserve 2 Interest																	
Other Required Reserve 2 Running Balance			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Merry-Go-Round House

Total # Units: ***14***

Small Sites Project

	% annual increase	Comments (related to annual inc assumptions)	Year 16 2038 Total	Year 17 2039 Total	Year 18 2040 Total	Year 19 2041 Total	Year 20 2042 Total
INCOME							
Residential - Tenant Rents	2.5%		223,223	228,804	234,524	240,387	246,397
Residential - Tenant Assistance Payments (Non-LOSP)	n/a						
Commercial Space	2.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-
Residential Parking	2.5%		-	-	-	-	-
Miscellaneous Rent Income	2.5%		-	-	-	-	-
Supportive Services Income	2.5%		-	-	-	-	-
Interest Income - Project Operations	2.5%		-	-	-	-	-
Laundry and Vending	2.5%		-	-	-	-	-
Tenant Charges	2.5%		-	-	-	-	-
Miscellaneous Residential Income	2.5%		-	-	-	-	-
Other Commercial Income	2.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable					
Gross Potential Income			**223,223**	**228,804**	**234,524**	**240,387**	**246,397**
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(22,322)	(22,880)	(23,452)	(24,039)	(24,640)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		-	-	-	-	-
Vacancy Loss - Commercial	n/a		-	-	-	-	-
EFFECTIVE GROSS INCOME			**200,901**	**205,923**	**211,072**	**216,348**	**221,757**
OPERATING EXPENSES							
Management							
Management Fee	3.5%	1st Year to be set according to HUD schedule.	30,398	31,461	32,563	33,702	34,882
Asset Management Fee	3.5%	per MOHCD policy	30,398	31,461	32,563	33,702	34,882
Sub-total Management Expenses			**60,795**	**62,923**	**65,125**	**67,405**	**69,764**
Salaries/Benefits							
Office Salaries	3.5%		-	-	-	-	-
Manager's Salary	3.5%		-	-	-	-	-
Health Insurance and Other Benefits	3.5%		-	-	-	-	-
Other Salaries/Benefits	3.5%		-	-	-	-	-
Administrative Rent-Free Unit	3.5%		-	-	-	-	-
Sub-total Salaries/Benefits			**-**	**-**	**-**	**-**	**-**
Administration							
Advertising and Marketing	3.5%		-	-	-	-	-
Office Expenses	3.5%		-	-	-	-	-
Office Rent	3.5%		-	-	-	-	-
Legal Expense - Property	3.5%		6,701	6,936	7,179	7,430	7,690
Audit Expense	3.5%		6,283	6,502	6,730	6,966	7,209
Bookkeeping/Accounting Services	3.5%		-	-	-	-	-
Bad Debts	3.5%		7,747	8,018	8,298	8,589	8,889
Miscellaneous	3.5%		-	-	-	-	-
Sub-total Administration Expenses			**20,730**	**21,456**	**22,207**	**22,984**	**23,789**
Utilities							
Electricity	3.5%		25,099	25,977	26,887	27,828	28,802
Water	3.5%		10,912	11,293	11,689	12,098	12,521
Gas	3.5%		-	-	-	-	-
Sewer	3.5%		-	-	-	-	-
Sub-total Utilities			**36,011**	**37,271**	**38,575**	**39,926**	**41,323**
Taxes and Licenses							
Real Estate Taxes	3.5%		3,518	3,641	3,769	3,901	4,037
Payroll Taxes	3.5%		-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.5%		168	173	179	186	192
Sub-total Taxes and Licenses			**3,686**	**3,815**	**3,948**	**4,086**	**4,230**
Insurance							
Property and Liability Insurance	3.5%		12,265	12,694	13,138	13,598	14,074
Fidelity Bond Insurance	3.5%		-	-	-	-	-
Worker's Compensation	3.5%		-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-
Sub-total Insurance			**12,265**	**12,694**	**13,138**	**13,598**	**14,074**
Maintenance & Repair							
Payroll	3.5%		-	-	-	-	-
Supplies	3.5%		3,770	3,901	4,038	4,179	4,326
Contracts	3.5%		8,377	8,670	8,973	9,287	9,613
Garbage and Trash Removal	3.5%		3,549	3,673	3,802	3,935	4,073
Security Payroll/Contract	3.5%		-	-	-	-	-
HVAC Repairs and Maintenance	3.5%		-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%		7,138	7,388	7,646	7,914	8,191
Sub-total Maintenance & Repair Expenses			**22,833**	**23,632**	**24,460**	**25,316**	**26,202**
Supportive Services	3.5%		-	-	-	-	-
Commercial Expenses		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-
TOTAL OPERATING EXPENSES			**156,320**	**161,791**	**167,454**	**173,314**	**179,380**
PUPA (w/o Reserves/GL Base Rent/Bond Fees)							
Reserves/Ground Lease Base Rent/Bond Fees							
Ground Lease Base Rent			-	-	-	-	-
Bond Monitoring Fee			5,000	5,000	5,000	5,000	5,000
Replacement Reserve Deposit			4,900	4,900	4,900	4,900	4,900
Operating Reserve Deposit			-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-
Required Reserve Deposit/s, Commercial		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			**9,900**	**9,900**	**9,900**	**9,900**	**9,900**
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			**166,220**	**171,691**	**177,354**	**183,214**	**189,280**
PUPA (w/ Reserves/GL Base Rent/Bond Fees)							
NET OPERATING INCOME (INCOME minus OP EXPENSES)			**34,681**	**34,233**	**33,718**	**33,134**	**32,477**
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)							
Hard Debt - First Lender		Enter comments re: annual increase, etc.	17,321	17,321	17,321	17,321	28,241
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.	5,846	5,846	5,846	5,846	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-
Hard Debt - Fourth Lender		Enter comments re: annual increase, etc.	-	-	-	-	-
Commercial Hard Debt Service		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-
TOTAL HARD DEBT SERVICE			**23,168**	**23,168**	**23,168**	**23,168**	**28,241**
CASH FLOW (NOI minus DEBT SERVICE)			**11,514**	**11,065**	**10,550**	**9,966**	**4,236**
USES OF CASH FLOW BELOW (This row also shows DSCR.)		***DSCR:***	***1.497***	***1.478***	***1.455***	***1.43***	***1.15***
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL							
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy					
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy					
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase					
Other Payments							
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.					
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.					
Deferred Developer Fee (Enter amt <= Max Fee from row 131)							
TOTAL PAYMENTS PRECEDING MOHCD			-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			**11,514**	**11,065**	**10,550**	**9,966**	**4,236**
Does Project have a MOHCD Residual Receipt Obligation?	***Yes***						
Will Project Defer Developer Fee?	***No***						
Residual Receipts split for all years. - Lender/Owner	*67% / 33%*						
MOHCD RESIDUAL RECEIPTS DEBT SERVICE	*Dist. Soft Debt Loans*						
MOHCD Residual Receipts Amount Due	*100.00%*	Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	7,676	7,377	7,034	6,644	2,824
Proposed MOHCD Residual Receipts Amount to Loan Repayment			-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		Proposed Total MOHCD Amt Due less Loan Repayment	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Replacement Reserve			7,676	7,377	7,034	6,644	2,824
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE							
HCD Residual Receipts Amount Due	*0.00%*	No HCD Financing	-	-	-	-	-
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)			**3,838**	**3,688**	**3,517**	**3,322**	**1,412**
Owner Distributions/Incentive Management Fee			3,838	3,688	3,517	3,322	1,412
Other Distributions/Uses							
Final Balance (should be zero)			**-**	**-**	**-**	**-**	**-**
REPLACEMENT RESERVE - RUNNING BALANCE		**1.5x Original Capitalized RR = $570,908**					
Replacement Reserve Starting Balance			**31,356**	**41,597**	**51,630**	**28,427**	**37,661**
Replacement Reserve Deposits			**4,900**	**4,900**	**4,900**	**4,900**	**4,900**
City Share Replacement Reserve Deposit (Small Sites Only)			**7,933**	**7,676**	**7,377**	**7,034**	**6,644**
Repayment of City Loan from Cash Out (Small Sites Only)							**193,061**
Replacement Reserve Deposits (Non-Operating Account)							
Replacement Reserve Withdrawals (ideally tied to CNA)			**2,827**	**2,855**	**35,867**	**2,913**	**78,449**
Replacement Reserve Interest		0.75%	**235**	**312**	**387**	**213**	**282**
RR Running Balance			**41,597**	**51,630**	**28,427**	**37,661**	**164,101**
		RR Balance/Unit	*$2,971*	*$3,688*	*$2,031*	*$2,690*	*$11,721*
OPERATING RESERVE - RUNNING BALANCE							
Operating Reserve Starting Balance			**73,970**	**74,525**	**75,084**	**75,647**	**76,214**
Operating Reserve Deposits			**-**	**-**	**-**	**-**	**-**
Operating Reserve Withdrawals							
Operating Reserve Interest		0.75%	**555**	**559**	**563**	**567**	**572**
OR Running Balance			**74,525**	**75,084**	**75,647**	**76,214**	**76,786**
		OR Balance as a % of Prior Yr Op Exps + Debt Service	*40.5%*	*39.6%*	*38.8%*	*38.0%*	*37.2%*
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE							
Other Reserve 1 Starting Balance			-	-	-	-	-
Other Reserve 1 Deposits			-	-	-	-	-
Other Reserve 1 Withdrawals							
Other Reserve 1 Interest							
Other Required Reserve 1 Running Balance			-	-	-	-	-
OTHER RESERVE 2 - RUNNING BALANCE							
Other Reserve 2 Starting Balance			-	-	-	-	-
Other Reserve 2 Deposits			-	-	-	-	-
Other Reserve 2 Withdrawals							
Other Reserve 2 Interest							
Other Required Reserve 2 Running Balance			-	-	-	-	-