Citywide Affordable Housing Loan Committee

Small Sites Program Loan Evaluation

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

528 Natoma

528 Natoma Street, San Francisco, SF

Up to $3,300,000 Permanent Financing Request

Evaluation of Request for:	Permanent Financing
Loan Committee Date:	March 15, 2024
Prepared By:	Sophie Rubin, Project Manager
NOFA/PROGRAM/RFP:	Small Sites Program
Sources and Amounts of New Funds Recommended:	Up to $3,300,000 SSP Soft Debt Up to $300,000 PASS Up to $3,300,000 total
Applicant/Sponsor(s) Name:	528 Natoma LP, a partnership between San Francisco Housing Development Corporation (SFHDC) and Novin Development Corporation (NDC)
Project Address (with the cross street):	528-530 Natoma Street (6th and Russ)
Supervisor and District	Matt Dorsey, District 6
Number of Units with Unit Mix:	4 two-bedroom units

1. PROJECT SUMMARY

Located in District 6 in the SOMA neighborhood, 528 Natoma (Project) consists of a three-story building with 4 two-bedroom units. This project is a joint venture between San Francisco Housing Development Corporation (SFHDC) and Novin Development Corporation (NDC). The joint venture partners (Sponsor) acquired the site on May 26, 2022 for $500,000, and conducted a gut rehabilitation through a loan from the San Francisco Housing Accelerator Fund, supported by a soft commitment from MOHCD issued on April 25, 2022.

The Sponsor completed construction on time and on budget in November 2023 and the Project is fully leased. The Sponsor now requests up to $3,300,000 in permanent financing through the Small Sites Program (SSP) and PASS. The requested permanent financing from MOHCD will pay off the existing SFHAF loan, fund replacement and operating reserves, and cover additional closing costs. The Sponsor will record a Declaration of Restrictions that will protect the affordability of all units for 99 years.

Due to the small size of the Project (4 units) combined with the very low income of the residents (averaging 50% AMI), it is only capable of taking on a small PASS mortgage, and most of the financing is soft debt, the amount of which exceeds the MOHCD guidelines' limit per unit.

The Project is expensive on a per-unit basis but was greenlighted due to the dire state of the property and the ability of the Small Sites Program to stabilize it to prevent the displacement of low-income residents. Thus, MOHCD staff is recommending Loan Committee approval for 528 Natoma's permanent financing, which provides permanent housing to families, including long-term residents (two households have been there over 20 years) and multi-generational Filipino-American families.

Background

Built in 1907, 528 Natoma is a 2,590-square foot, 4 unit residential property in the historically Filipino SOMA neighborhood, which has been experiencing displacement and gentrification over many decades.

In 2022, the building was bank-owned, on its foreclosed property list, and in poor and worsening condition, with ongoing plumbing and rat infestation issues and numerous notices of violation that had not been addressed. The tenants worked with local organizations to advocate for their quality of life and West Bay Pilipino Multi-Service Center, SOMA Pilipinas, the San Francisco City Attorney's Office, Code Enforcement, MOHCD and other City agencies became involved to find a solution. These organizations were able to advocate for the residents, and identified the Small Sites Program as a viable avenue to prevent displacement and address life-safety issues at the building. The SFHDC and Novin Development partnership expressed interest in acquiring and rehabilitating the building.

The Sponsor demonstrated project feasibility incorporating an extensive rehabilitation scope including life safety improvements, voluntary seismic upgrades, full electrical and plumbing upgrades, full window replacement, reroofing, facade repairs, and unit and common area improvements. For more on the completed rehabilitation scope, please see **Appendix E**.

At Project acquisition, the average household AMI was 50%, with an average rent AMI of 47%, There are no rent subsidies in use at the project. The Project had one tenant turnover during the SFHAF loan, but still has an average AMI of 50%, with an average rent AMI at 49%. Rent burden averages 29%.

The Project is fully leased, with three out of four households having income certified. Sponsor is attempting to income certify the fourth household, and are confident they can do so, as the tenant is generally supportive of the program. In case the legacy tenant does not agree to certify, Sponsor is requesting an exception to the requirement that 80% of households certify, down to 75%.

Total Project Costs and Sources

Funding Source	Initial Soft Commitment	Current Request
PASS	Up to $458,000 ($114,500/unit)	Up to $300,000 ($75,000/unit)
SSP	up to $2,850,000 ($712,500/unit)	Up to $3,000,000 ($750,000/unit)
Total Funding Request	up to $3,308,000 ($827,000/unit)	Up to $3,300,000 ($825,000/unit)

The total funding request is $8,000 less than the initial soft commitment, but it is $232,500/unit above the maximum SSP funding of $517,500/unit. **See Appendix A** for Maximum Allowable Subsidy Per Current SSP Guidelines.

2. PRINCIPAL DEVELOPMENT ISSUES

Project Smaller Than SSP Guidelines: Small Sites Program (SSP) Guidelines recommend a minimum project size of 5 units**.** At the time the Project was approved, projects smaller than 5 units were considered on a case-by-case basis**.** The smaller the site, the more difficult it is for the project to continue to cash flow over time, since the income stream is small, and the operating expenses increase faster than the rents. In the case of this Project, an underwriting assumption was made that the Project would be able to identify operating subsidies to increase income, but since this didn't happen, the cash flow is quite low. Closing the loan is conditioned upon the Sponsor verifying whether a rental subsidy can be applied to current residents as presented in original acquisition funding request.

> MOHCD staff recommend identifying if (and how much) a minimum of PASS financing should be supportable at a project before providing a letter of support for its acquisition. This would avoid, or at least flag, the issue of projects that are so small that they are not able to take on a mortgage in addition to soft debt. **3. BORROWER/GRANTEE PROFILE**

528 Natoma LP is the owner of the property. San Francisco Housing Development Corporation is the managing general partner and a Limited Partner, while Novin Development Corporation is the administrative general partner and an equal Limited Partner.

<u>San Francisco Housing Development Corporation</u>

SFHDC is a nonprofit community benefit corporation formed in 1988 by African American residents of San Francisco who were combating the widespread, forced displacement of the 1960s-70s that disproportionately affected African Americans and other people of color. Today, SFHDC provides access to quality affordable housing and supportive services while offering free and low-cost financial education, housing counseling assistance, and foreclosure intervention counseling.

<u>Novin Development Corporation</u>

Novin Development Corp is a sponsor and developer of large multi-family development projects founded in 2023 that "center around social responsibility and environmental sustainability." Novin believes in increasing the supply of housing to a broad spectrum of incomes and incorporating innovative sustainable building materials and methods. Projects are designed to be beautiful, functional, inclusive, and in harmony with the broader community.

Novin Development is a standard California Corporation and therefore does not have a board.

<u>For more detailed experience of key staff and the Board of Directors, see **Appendix B.**</u>
<u>For recent development activity, see **Appendix C.**</u>

3.1 Racial Equity Vision

<u>San Francisco Housing Development Corporation</u>

The mission of San Francisco Housing Development Corporation (SFHDC) is to provide quality affordable housing in Black communities in San Francisco, particularly the Bayview and the Western Addition. Since 1988 SHFDC has focused on serving those communities with affordable housing, financial empowerment counseling, supportive resident services, and economic development support.

SFHDC is dedicated to anti-displacement work, including through the Small Sites program; as of January 2024, they have 5 Small Sites projects either in the pipeline or completed, totaling 70 affordable units. Creating stable housing for vulnerable populations and racially inclusive communities has been the focus of SFHDC's work since its founding.

Novin Development Corp.

The mission of Novin Development Corp. is "to increase the supply of housing available to a broad spectrum of incomes and incorporate innovative sustainable building materials and methods."

Novin Development are committed to providing housing for low-income people of color. NDC recognizes that practices such as redlining, urban renewal and NIMBYism, among others, have and continue to disproportionately limit resources and opportunities for people of color. NDC is proud to be focused on providing affordable housing that it hopes will play a role in reducing pervasive social and economic disparities in local communities. It advocates to eliminate racist and exclusionary land use policy and housing discrimination through legislative work.

Internally, NCD is "committed to cultivating an anti-racist workplace through diversifying the workforce, creating equity across systems, and advancing a culture of inclusion. Racial equity is every team member's responsibility." NDC is founded by a person of color, and a majority of the employees identify as people of color and women.

3.2 Asset Management Performance & Capacity

SFHDC is the asset manager for 528 Natoma. Novin is not the asset manager for this property and is therefore not being evaluated on their capacity.

SFHDC is the sole owner for 520 Shrader, another Small Sites project. The SFHDC audit for FY 2021-22 was only just submitted on March 4th, after MOHCD inquired in relation to this loan evaluation. They still have not submitted the 2021-22 AMR. The 2022-23 AMR was due on December 15, 2023 but is not completed at this time. SFHDC Asset Management staff have explained the delay in providing the AMR based on the availability of the audit.

936 Geary, a project with the same joint venture (JV) partnership structure and Sponsor pairing as this Project, did not apply for its welfare tax exemption until approximately 15 months after acquiring the property, at least in part due to complications around the LP containing one nonprofit entity and one for-profit entity. This generated unnecessary costs in the form of additional interest during the rehabilitation while waiting for the refund, a cost ultimately borne by the City at takeout.

For 528 Natoma, SFHDC submitted the Welfare Property Tax exemption claim application in November 2022, six months after site acquisition. According to the Sponsor, the delay the application on this project was due to the complications in applying for the exemption with a for-profit entity in the partnership, and the need to hire a consultant to complete the application.

For more information on the companies, their assets, and the MOHCD Asset Manager's evaluation, see **Appendix D.**

3.3 Development Experience

San Francisco Housing Development Corporation

Since its founding in 1988, the San Francisco Housing Development Corporation (SFHDC) has developed more than 1,600 affordable homes in San Francisco and has another 600 affordable homes in the development pipeline, including 11 tax credit properties on which they are the Managing General Partner. SFHDC builds both ownership and rental homes for low- and middle-income families and individuals, seniors, and those with physical and mental disabilities. Two Small Site acquisition/rehabilitation projects that SFHDC conducted as a JV with the Mission Economic Development Agency (MEDA), 168 Sickles and 520 Shrader, were completed on time and on budget without significant issues.

However, SFHDC's Small Site project at 375 14th street, a 16-unit building which was acquired with financing from the Housing Accelerator Fund, is facing serious challenges. This project has five households that did not wish to participate in the Small Sites Program, and it was negotiated that they will remain under the Rent Board's jurisdiction until unit turnover. Those tenants have not allowed access to their units, so the rehabilitation has stalled, and the project is in jeopardy. SFHDC is in the process of negotiating with those residents who have been on a rent strike for two years. The project has not stabilized in the two years that SFHDC has owned the project. As a result of these challenges, MOHCD will not support further SFHDC Small Sites projects until MOHCD has established that their various capacities and functions needed within Small Sites are adequate.

Novin Development Corporation

Novin Development was founded in 2013 to specialize in both affordable and middle-income housing development and preservation. Since its founding, NDC has acquired and repositioned $150M worth of real estate assets in the Bay Area including 330 apartment units and 90,000 SF of commercial space. NDC currently has 700 housing units in its pipeline across 14 development and preservation projects, valued at $450M. Novin Development works on both new construction multifamily projects and acquisition/rehabilitation preservation projects in the Bay Area and consults for municipalities, nonprofits, and transit agencies.

NDC, including its affiliated organizations Novin Construction, Proptech, and Novin Investments, employ a staff of 40 employees located in Santa Cruz, Santa Clara, and Walnut Creek offices.

While the Limited Partnership Agreement (LPA) and the SFHAF credit memo indicate that NDC was planning to act as property manager for 528 Natoma and be paid a fee for those services, the partnership has opted to retain a third party, 2B Living, to manage this property. Any change in property management must be approved by MOHCD. All fee schedules must be compatible with published SSP guidelines.

Sponsor projects:

	SFHDC		**NDC**	
	New Construction	Existing	New Construction	Existing
No. Projects	8	12	9	5
No. Units	539	700	709	210

The Joint Venture Sponsor

SFHDC and Novin partnered on a project at 936 Geary, which was approved by Loan Committee on January 19, 2024. Builder's risk insurance for the owner LP was not obtained for the Project until halfway through construction, which could have created serious liability issues between the owner and contractor if there had been any major issues. This issue is indicative of potential ongoing miscommunication and lack of alignment on roles and responsibilities between the two general partners.

An additional issue of note on 528 Natoma is that the Sponsor confirmed in writing in April of 2022 that they would charge the tenants a 2.5% rent increase in May 2023 as a condition of MOHCD's soft commitment to take out the SFHAF loan. However, it was discovered during the underwriting of this permanent loan that the rent increases were not implemented. SFHDC reported in February 2024 that it was because it is against the organization's policy to do rent increases during rehabilitation, and the Board would therefore not have approved it. This incongruity between the requirements of the financing and the organization's policies was not communicated to MOHCD. MOHCD asked the Sponsor to immediately initiate rent increases, and they have done so as of early March 2024.

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.

The Project was purchased in May 2022, and is subject to the revised SSP Guidelines published in November 2022. Although is not MOHCD's practice to use the scoring rubric when evaluating permanent financing to take out the initial loan, as **the SSP scoring rubric was not in use when the HAF underwrote the Project .** 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.

SSP Scoring Rubric: 528 Natoma

Category	Points
Housing Affordability	35/35
Community Stabilization	35/35
Geographic Equity (D6)	14/30
Total Base Score	**84/100**
Eligible Multiplier	**115%**
Total After Multiplier	**97/100**

4.2 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 third issuance is scheduled for 2024. The Project is considered an eligible property under Section 2.1 of the PASS Program Regulations.

5. SITE

5.1 Brief Site Description.

Located in the SOMA neighborhood between 6th and Russ Streets, 528 Natoma is a 2,590-square foot residential property consisting of a 3-story building with 4 two-bedroom units. There is no on-site parking. No units were added or removed during rehabilitation.

5.2 **Site Characteristics.**

Address:	528-530 Natoma Street
Lot/Block:	Lot 061/Block 3726
Lot Square footage:	1,875 sf
Building age:	117 years (build it 1907)
Number of buildings:	1
Number of floors:	3
Building typology:	Residential (Apartment 5-14 units)
Unusual characteristics (including surrounding uses):	N/A - sits in an alley surrounded by other small multifamily buildings

5.3 **Commercial Space: N/A -** There is no commercial space at 528 Natoma.

5.4 **Article 34 Authority.** The MOHCD approval letter is pending and will be issued prior to close.

6. **DEVELOPMENT PLAN – NOTE: permanent financing takeout; development complete**

6.1 **Site Control.**

Site owned by 528 Natoma LP; Purchase & Sale contract executed May 26, 2022

Purchase Price: $500,000

HAF loan maturation date: April 26, 2024

6.2 **Appraisal.**

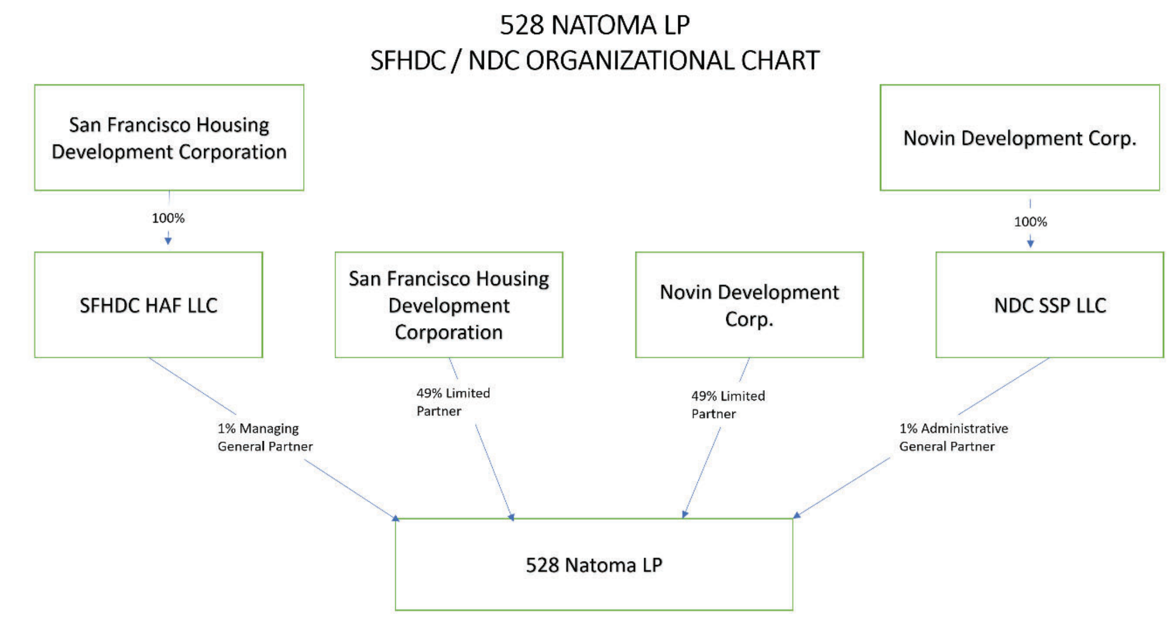
The property was appraised by Hamilton, Ricci & Associates, Inc. on February 23, 2022. The value conclusions were:

Market Values	
As Is	$500,000
As Stabilized at Market Rents	$1,450,000
As Stabilized at MOHCD Restricted Rents	$1,000,000

6.3 **Title Issues:** No title issues were identified.

6.4 **Proposed Property Ownership Structure.**

528 Natoma LP owns fee title to the land and the improvements of the subject property.



6.5 Completed Rehabilitation Scope

The Project was acquired and rehabilitated with financing provided by SFHAF. It is now requesting permanent financing from MOHCD. Therefore, the scope of work is not being reviewed for approval. Rehab scope is provided in **Appendix E**.

As of March 2024, all building permits are closed out, but minor notices of violations are still being cleared up from the previous owner. That inspection is scheduled for March 8, 2024. PG&E energization will also occur in March 2024. It will be a condition of closing the MOHCD loan that all permits are signed off, all violations cured and cleared, P&GE energization has occurred, and MOHCD Construction Representative (CR) has conducted a final walkthrough.

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 project has been evaluated for completeness and all outstanding items are noted in **Appendix E.**

6.7 Population to Be Served

The existing households are long-term San Francisco residents that were at risk of displacement prior to Sponsor's acquisition of the property, since would likely have needed to move out due to the dangerously neglected conditions at the property (and thus lose their rent control). The population includes low-income families with school-age and college-age children present, two households who have been in the building over 20 years, and multi-generational Filipino-American families.

6.8 Unit Mix & Affordability

Time	Acquisition (2022)				Current (2023) – fully leased			
Metric	Rent ($)	HH Annual Income ($)	HH AMI (%)	Rent AMI (%)	Rent Increase (%)	New Rent ($)	Rent AMI (%)	Rent Burden
Average	$1,175	$60,838	50%	47%	2.5%	$1,456	49%	29%
Median	$1,275	$56,625	52%	43%	2.5%	$1,306	44%	29%

Currently, household incomes at the Project range from 28% to 85% of AMI; the average AMI is 50% with three out of four households income-certified. The Project qualifies for the program with at least 66% of the Project (ie. 3 of 4 total households) earning an average income at or below 80% AMI.

6.9 Marketing & Occupancy Preferences.

The Project is subject to MOHCD's marketing procedures and future vacant units will be marketed according to multifamily marketing procedures. These units will be subject to the Certificate of Preference Program and the Live/Work in San Francisco Preference. At acquisition and as of this evaluation, all units are occupied, three of the four units with long-term tenants.

7. FINANCING PLAN

7.1 Sources and Uses. See **Exhibit A**

7.2 Loan Terms

Program	**SSP**	**PASS***			
Term	**55 years**	40 years			
Note Type	**Soft Debt Loan**	Market Rate Note	Below Market Note	Deferred Note	**PASS TOTAL**
Loan Amount	**Up to $3,000,000**	$144,333	$79,632	$13,035	**$237,000***
per unit	**Up to $750,000**	$36,083	$19,908	$3,259	**$59,250**
Rate	**3% simple**	3.87289%	0.95763%	0.95763%	2.74201%
Repayment type	**Residual receipts**	fully amortizing		balloon payment at maturity	blended

Lien Priority	Subordinate to senior financing (PASS) & City’s Declaration of Restrictions	Senior, first position Subordinate to City's declaration of restrictions

*current estimate. Request for up to $300,000 for flexibility

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 and the PASS Program Regulations.

Residential Vacancy	10% to ensure project stability
Commercial Vacancy	N/A

7.4 Development Budget

Development Budget Analysis/Comments. All fees are sized based on the current SSP Guidelines.

1. Sufficiency of Reserves

   Replacement Reserves: Capitalized replacement reserves in the amount of $210,000 satisfy 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 30-year CNA study.

   Operating Reserves: Capitalized operating reserves in the amount of $4,928 (25% of the first-year operating budget) are budgeted to support unanticipated operating costs for at least 20 years, in line with SSP Guidelines. An estimated $10,800 in welfare tax exemption refunds is expected to be added to the Operating Reserves when it is received in 2025.

2. Developer Fee

   Developer fee in the amount of $145,000 meets the SSP Guidelines and broken down as follows:

   - $105,000 cash-out at acquisition re-invested in the Project as Sponsor equity. Will be payable at the permanent conversion
   - An additional $40,000 ($10,000/unit) payable at the permanent conversion

7.5 Disbursement

Acquisition, predevelopment, and construction funds will be released at escrow in the form of a payoff of the SFHAF loan. Additionally, the MOHCD SSP loan will cover operating and replacement reserves, PASS loan fees, the remainder of Sponsor's developer fee and closing costs. Estimated legal costs and other late project costs may be added to the replacement reserve prior to close for the Sponsor to pay as bills are received after closing.

8. PROJECT OPERATIONS

8.1 <u>Annual Operating Budget:</u> see Exhibit B

8.2 <u>Annual Operating Budget Analysis/Comments.</u>

The Project's Annual Operating Budget includes the following:

PUPY Operating Expense: (w/out reserves):	$11,003
Annual Reserve Deposits:	$1,600 per SSP Underwriting Guidelines of $400/PUPY
Property Taxes:	The Project is assuming it will qualify for the full welfare tax exemption for all units. The Sponsor is budgeting $1,776 for special assessments. The Welfare Tax Exemption was applied for in 2023.
Surplus Cash:	$1,589 in Year 1
Annual Monitoring Fees:	$5,000 ($2,500 for loan servicing and $2,500 for monitoring) per PASS Program Regulations.

8.3 <u>20-year Cash Flow & Debt Service Coverage Ratio (DSCR)</u>

As required by the SSP Guidelines, the cash flow remains positive for 20 years even with the following assumptions: 2.5% escalation of income per year and 3.5% escalation in expense assumptions.

Also required by the SSP Guidelines, the DSCR must remain be at least 1.15 for 20 years. To accommodate the small property, in the case of this request, the DSCR starts high, at 1.33 in Year 1 and trends downward over time, although it stays positive through year 20.

9. RECOMMENDED CLOSING CONDITIONS

1. All reserve accounts must be established in separate FDIC insured, interest-bearing accounts prior to close. Reserve accounts will be funded through the closing draw.

2. All outstanding permits must be closed out, all existing violations must be cured and cleared, PG&E energization must have occurred and MOHCD Construction Representative must have conducted a final walkthrough prior to close.

3. Sponsor must submit a Property Management Plan to MOHCD for review and approval Prior to closing.

4 Sponsor must confirm rental subsidy eligibility for existing tenants as presented in the original acquisition funding request from at least two referral agencies, including Catholic Charities.

5. Sponsor must provide all past-due Annual Monitoring Reports for properties for which they are the designated Asset Manager.

10. RECOMMENDED LOAN CONDITIONS

1. Once received, the approximately $10,800 Welfare Tax Exemption refund must be deposited into the operating reserve.
2. MOHCD has the right to deny any change in property management.

3. MOHCD does not approve of any fee schedule incompatible with SSP-published guidelines

4. Sponsor must apply rent increases annually in accordance with SSP Guidelines.

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	Asset Management Evaluation
Appendix E	Construction Rehabilitation Scope & MOHCD Construction Rep analysis at takeout
Appendix F	SFHAF Appendix
Exhibit A	Sources and Uses
Exhibit B	Annual Operating Budget

Exhibit C	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

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
2-bedroom	4	$450,000/unit	$1,800,000
TOTAL		$450,000/unit	$1,800,000
Multiplier bonus for high-scoring projects based on SSP Scoring Rubric:		115%	
Maximum Subsidy*:		$517,500/unit	$2,070,000
Requested Amount		Up to $750,000/unit	Up to $3,000,000

*Project base score of 84/100 and 97/100 with bonus applied

Appendix B: Development and Asset Management Teams.

San Francisco Housing Development Corporation

Sarah Graham, Development Project Manager: Sarah brings more than 20 years of experience in local government fiscal and housing policy and development. Sarah is involved in new construction tax credit projects, RAD rehab projects, and Small Sites projects in San Francisco. In addition to her development project management skills, she previously specialized in assisting public agencies and nonprofits with community development strategies and funding needed capital improvements and affordable housing. As a consultant, Sarah completed numerous projects for California cities addressing affordable housing development, preservation, and funding, including assessing the economic and fiscal impacts of land use and transportation policies and strategies for plan implementation and infrastructure financing, especially in infill settings and transit areas.

Tom Kostosky, Associate Director of Real Estate Development: Mr. Kostosky has worked in the development, construction and operation of housing for over 30 years, with an emphasis on the development of Affordable Housing. His main area of focus is financing the development of multi-family and senior housing developments, often using the Low-Income Housing Tax Credit in conjunction with other funding sources. Tom brings vast multi-family housing development experience to the development team, including projects financed through the Tax Exempt Bond Program, 4% and 9% Tax Credits, and conventional lending sources. He has developed Senior Housing, multi-family apartments, and townhome developments. Tom has been involved in site selection, rezoning, site plan approval, and financing for a portfolios of over 1,800 total units. Tom holds a BS in Urban Planning and Landscape Architecture from Michigan State University.

John Lopez, Asset Manager and Senior Analyst: John brings over 20 years of experience in the Asset Management of a large portfolio of multi-family assets on the West Coast, providing annual property/portfolio budgets, and generating monthly/quarterly Variance to Budget analysis identifying causes/solutions and impact on forecasts. John also has provided underwriting (net cash flow/NAV accretion/IRR/ROE/risk analysis) for $7BN in acquisitions, developments, and redevelopments for on balance sheet transactions, partnerships and Fund investments. He also provides the ability to Integrate market research into financial performance forecasts, along with updating quarterly rolling forecasts providing notable revisions to senior staff and Operations management. John holds a PhD/ABD from the University of California at Santa Barbara, along with a BS in Mathematics from Washington State University.

Sara Lope, Construction Manager Consultant. Sara was a Construction Manager at MEDA for over two years and has now transitioned to creating her own Consulting Company, Zubi Consulting, LLC. She holds a B.A. in Architecture from Newschool of Architecture and Design in San Diego, and a B.A. in Construction Management from Universidad Politecnica de Burgos, Spain. Her architectural background has helped with structural, ADU's and commercial ADA improvements, and her construction management expertise have allowed her to assist in over 30 SSP projects.

<u>Board of Directors – SFHDC</u>

Lena Robinson: Board Chair. Director of Community Development, First Republic Bank.

Daniel Wong: Board Vice Chair. Former Vice President, Union Bank. Community advocate and real estate investor.

Ben Golvin: Board treasurer. Founding principal, Equity Community Builders. Leadership in rebuilding public housing projects critical to neighborhood revitalization.

Antoinette McGill, Esq.: Board secretary. Director of legal services, LifeLong Medical Care, a provider of health services for four Bay Area counties.

Dicko Ba: Project Manager at John Stewart Company

Josie Ramirez: West Coast Market Leader - CRA Residential Lending at Boston Private

Jennifer Eskildsen Vice president, co-investment, Grosvenor – Property Americas. Over 20 years' experience in the acquisition, finance and portfolio management of residential and mixed-use real estate.

Chuck Turner: Executive Director of the Community Design Center since 1970.

Eddie Walker: Licensed broker, Walker Realty Group, with 30 years in retail banking, mortgage lending and community economic development.

<u>Novin Development Corporation</u>

Iman Novin, President. With 14 years of experience in real estate development, Iman Novin has focused on both market-rate and affordable transit-oriented development. Iman founded NDC's consulting practice in 2013 and provides development advisory services ranging from acquisition, feasibility, project management, and policy to a variety for for-profit, non-profit, public, and private clients across California including the City of Sunnyvale, City of Richmond, Town of Mammoth Lakes, Enterprise Community Partners, The Great Communities Collaborative (GCC), BART, VTA, Related CA, Jay Paul, The Core Companies, BRIDGE Housing, MidPen Housing, EAH, and Eden Housing (Partial List).

Prior to starting NDC, Iman worked at MidPen Housing as Director of Acquisitions and at BRIDGE Housing as a Project Manager in both Northern and Southern California.

Nithya Vemireddy, Development Manager. Nithya began her career in community development and non-profit consulting in India. She pivoted her career to real estate development as a Development Associate for Domingo Property Management. There, her responsibilities included acquiring and securing entitlements for a $20 million 850-unit self-storage development in the City of Fairfield and managing a portfolio consisting of residential, retail, and industrial properties valued at $185MM. Nithya graduated from University of California in Berkeley with a Master's in Real Estate Development + Design in July 2022. At UC Berkeley, Nithya was class president, a finalist for the Bank of America Low Income Challenge, and participant in the HUD's Innovation in Affordable Housing Student Design & Planning Competition.

Peter Villareal, VMS ASSET MGMT LLC, Asset Management Consultant. VMS Asset MGMT LLC is a professional third-party asset management consulting firm focused on the preservation of affordable rental housing in the United States. Co-Founder and Manager, Petter Villareal, established VMS ASSET MGMT LLC leveraging his 20+ years of experience in real estate finance, real estate asset management, and real estate development in construction lending and affordable rental multifamily housing for for-profit and non-profit real estate owners and developers.

VMS ASSET MGMT LLC has recapitalized and renovated 36 existing affordable and at-risk multifamily housing projects totaling over 2,500 units investing $159 million of U.S. federal low-income housing tax credits (LIHTC) investor equity, FHA, bank debt, tax exempt bond financing, and other soft loan funding sources. VMS ASSET MGMT LLC currently provides Asset Management services for several affordable housing sponsors in the San Francisco Bay Area and has previous experience supporting Asset Management for affordable housing communities in the City of San Francisco. NDC has hired VMS ASSET MGMT LLC as an internal Asset Management consultant to review financials and compliance with SFHDC.

Appendix C: Recent Development Activity.

San Francisco Housing Development Corporation

	Name/Location	Status/Year Completed	Total Units
1	520 Shrader Street (SSP)	Acquired 05/31/2019 Complete 02/07/2020	7 Units
2	168 Sickles Avenue Street (SSP)	Acquired 03/31/2021 Complete 10/14/2022	12 Units
3	375 14th Street (SSP)	Acquired 01/31/2022 Expected Completion 07/31/2025	16 Units
4	936 Geary (SSP)	Acquired 12/17/2021 Expected Completion 03/01/2024	33 Units
4	528 Natoma Street (SSP)	Acquired 05/27/2022 Expected Completion 05/27/2024	4 Units

Novin Development Corporation

	Name/Location	Status/Year Completed	Total Units
1	Surfside Apartments 434 Central Ave, Alameda, CA 94501	Acquired 1/9/2020 Completed 2/1/2021	53
2	Geary Apartments (SSP) 936 – 940 Geary St, San Francisco, CA 94109	Acquired 12/17/2021 Expected Completion 3/1/2024	33
4	The Post Apartments 1460 Contra Costa Blvd, Pleasant Hill, CA 94523	Acquired 5/25/2022 Expected Completion 1/20/2024	71
5	Park Haven Plaza 2838 Park Avenue, Soquel, CA 95073	Ground Lease Recorded 10/13/2022 Expected Completion 5/1/2024	36
6	Hayward Senior Apartments 603 A Street, Hayward, CA 94541	Acquired 11/21/2023 Expected Completion 3/1/2025	80
7	Rumrill Commons 1820 Rumrill Blvd, San Pablo, CA	DDA Signed 4/5/2022 Expected Completion 3/1/2025	40

Appendix D: Asset management Evaluation of Project Sponsor

SFHDC has five projects in its asset management portfolio, including 70 residential and two commercial units. The buildings range in size from four to 31 residential units, with an average size of 14 units. SFHDC is also the Managing General Partner on 11 tax credit properties but reports that it has "limited asset management responsibility" on those sites.

SFHDC's current asset management staff includes an Asset Manager and Senior Analyst (1.0 FTE), and an Assistant Project Manager/Project Accountant (0.5 FTE). There are 1.5 FTEs dedicated to the SFHDC asset management portfolio, resulting in an average of 47 units assigned to each FTE. These filled Real Estate Development staff positions are further supported by consultant time and the SFHDC finance staff, including the Finance Administrator and Chief Financial Officer.

Plan to hire additional 0.5 FTE Assistant Asset Manager this calendar year as part of the recently adopted strategic framework.

The scope and duties for the asset management team is portfolio management including:

- Project feasibility and underwriting;
- Verification of operational costs;
- Coordination of operating budgets;
- Monitoring ongoing operations and compliance (AMRs, monitoring bank accounts, funds management, cash flow management);
- Preparation of annual tax exemptions; and
- Coordination of asset management and other functional teams, including property management, accounting, and facilities management.

The current fiscal year budget for the asset management team at SFHDC is $150,000. SFHDC plans to hire an additional 0.5 FTE Assistant Asset Manager this calendar year in association with its recently adopted strategic framework.

Within the next five years, the number of projects expected to be in SFHDC's Asset Management portfolio is 20. SFHDC would add 2.0 FTEs for asset management for those projects.

SFHDC's asset management capacity, as represented to MOHCD, appears to be adequate and appropriate for the size of its existing portfolio of affordable housing and the anticipated growth thereof in the next five years. MOHCD staff expects that, with the current staffing level and planned increase and with the skills sets and experience of the current personnel, SFHDC should be able to provide sufficient oversight and management of its real estate assets. This assumes that 2B Living will continue to provide proper property management services.

Notwithstanding this positive assessment, SFHDC has been challenged in recent years to complete annual audits within reasonable timeframes and to provide timely Annual Monitoring Reports to

MOHCD. For example, the audit of SFHDC Small Sites, LLC, for 2022 was completed ten months after the close of the year. AMRs are due five months after the close of the prior year, and they must be submitted with the audit. SFHDC should endeavor to schedule, prepare for and complete audits of financial statements for itself and all affiliates no later than four months after the close of their business year to allow sufficient time to complete and submit Annual Monitoring Reports on time to MOHCD.

Novin Development Corporation is not the asset manager for this property and is therefore not being evaluated on their capacity.

Appendix E: Completed Scope and MOHCD Construction Representative Evaluation

Completed Scope:

At the time of purchase, all the units were in below-average condition. The rehabilitation scope was determined by a Capital Needs Assessment (CNA) completed by Association Reserves on March 17, 2022. It evaluated the existing conditions and proposed repairs and upgrades to keep the building sustainable for at least 20 years. The rehabilitation scope completed under the SFHAF included significant updating of residential units.

1. Electrical system: Upgraded electrical system, including service upgrade
2. Roof: Full replacement
3. Exterior: Window replacement, siding replacement, and stucco acrylic coat.
4. Flooring: Dry rot repairs and new flooring throughout the property (concrete on the basement, TREX on the decks, ceramic tile in Kitchens and Bathrooms, and hardwood flooring in the remaining areas)
5. Common Area: Voluntary seismic retrofit, new doors, mailboxes, and new trench drains on the back patio.
6. Unit Upgrades: Full interior walls and ceilings replacement with new drywall, and full Bathroom and Kitchen refurbish.
7. HVAC: New Bathroom and Kitchen ventilation and new heating system
8. Other: No asbestos-containing material (ACM) was detected on this property. Some Lead-based paint (LBP) was detected on the interior and exterior of the property. The only LBP left at the end of construction is in the exterior stucco, but it was encapsulated by the new architectural coat.

The original budget was $1,060,000 and increased by change orders of $74,980 to $1,124,130. Change orders were for additional dry rot, framing concrete and sewer work. The building should need minimal maintenance in the foreseeable future as long as basic care is given to the building and the updated CNA maintenance schedule is followed.

The MOHCD Construction Rep walked the site at near-completion in December and observed high quality of work. The work remaining pertains to the electrical meter replacement and system upgrade. The trench for this work has been inspected and approved, and energization of the new systems is scheduled for March. The CR will return to the site in April. The electrical permit is outstanding. $123K remains on the contract as a retention.

Appendix F: SFHAF Appendix.

1. ENVIRONMENTAL ISSUES/SITE SUITABILITY

A Phase I Environmental Site Assessment Report, prepared by Partner Engineering and Science, Inc. on March 18, 2022, did not identify any recognized, controlled, or historical environmental conditions. The Phase I report identified environmental concerns regarding the suspected presence of asbestos-containing materials (ACMs) and lead-based paint (LBP), due to the age of the building.

Phoenix Environmental Consulting, LLC prepared an Environmental Assessment: Asbestos Survey Report on March 11, 2022. Twenty-six suspect material samples were taken from the Project to determine if asbestos was present in materials that might be impacted during renovations. The results of the test on all the suspected materials came back negative.

Environmental Lead Detect Inc. prepared two Lead Paint Inspection Reports on March 3, 2022. Four reports were prepared, one for each of the residential units, and another was prepared for interior stairwell and building exterior. Reports showed that the tested areas contained readings that were registered at or above the LBP action level of 1.0mg/cm2.

2. ENTITLEMENTS

2.1 Zoning.

528 Natoma Street is zoned RED (Residential Enclave) within the SoMa Neighborhood. The rehabilitation scope did not change the use, height, or bulk of the building.

2.2 Local/Federal Environmental Review.

The Project falls into Categorical Exemption 1 - Existing Facilities under CEQA.

3. RELOCATION

$275,000 in relocation funds were spent over 14 months period. Funds were used for off-site relocation for 3 households.

4. PERFORMANCE SCHEDULE

No.	Performance Milestone	Estimated or Actual Date
1.	SSP Financing Commitment	05/27/2022
2.	Site Acquisition	05/27/2022

3.	Development Team Selection	
a.	General Contractor Selection	06/27/2023
4.	Design	
a.	Submit Bid Package for MOHCD Approval	N/A
5.	Permits	
a.	Building Permit Application Submitted	06/28/2023
6.	Construction	
a.	Notice to Proceed	07/05/2023
b.	Complete Construction	11/18/2023
7.	Marketing & Lease-up	
a.	Lease Vacant Unit	02/01/2024
8.	Close Out MOHCD Loan(s)	04/26/2024

5. DEVELOPMENT TEAM DURING SFHAF PERIOD

5.1 Project Manager.

Name: Sarah Graham (SFHDC) & Nithya Vemireddy (NDC)

Percentage of Time Spent on Project: 55%

Experience: See **Section 3**

5.2 Architect.

Firm: n/a

Fee/Hours: n/a

5.3 Contractor.

Firm: Blackline Construction, Inc.

Procurement Requirements: n/a

5.4 Other Consultants.

Jamie Neilson

5.5 Property Manager.

Firm: 2BL Property Management

2B Living Property Management (2BL), has been managing property in SF for 13 years, and specifically for four years for SFHDC. 2BL has managed over 150 units in the SSP portfolio, and over 5000 units in total. Unit inspections are conducted annually.

6. CONSTRUCTION MANAGEMENT FEE: $25,500

Application Date:	3/15/24	**# Units:**	**4**	**Small Sites Project**
Project Name:	528 Natoma St.	***# Bedrooms:***	8	
Project Address:	528-530 Natoma Street	**# Beds:**		
Project Sponsor:	SFHDC			

							Total Sources	Comments
SOURCES	**2,922,588**	**144,333**	**79,632**	**13,035**	**-**	**-**	**3,159,588**	
Name of Sources:	MOHCD/OCII	Market Rate	Below Market	Deferred				
USES Perm loans total:	3,066,921							
								Perm loan amount is more than bridge loan(s) by: 3066921.244
ACQUISITION								
Acquisition cost or value	2,608,660	144,333	79,632	13,035			2,845,660	
Legal / Closing costs / Broker's Fee	9,000						9,000	
Holding Costs							0	
Transfer Tax							0	
TOTAL ACQUISITION	**2,617,660**	**144,333**	**79,632**	**13,035**	**0**	**0**	**2,854,660**	

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab							0	Include FF&E
* Commercial Shell Construction							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	5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+
Bid Contingency (remove at bid)							0	5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+
Plan Check Contingency (remove/reduce during Plan Review)							0	4% up to $30MM HC, 3% $30-$45MM, 2% $45MM+
Hard Cost Construction Contingency							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	
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	
Credit Enhance. & Appl. Fee							0	
Title & Recording							0	
Sub-total Perm. Financing Costs	*15,000*	*0*	*0*	*0*	*0*	*0*	*15,000*	
Total Financing Costs	**15,000**	**0**	**0**	**0**	**0**	**0**	**15,000**	
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							0	
Security during Construction							0	
* Relocation							0	
First annual PASS fees	5,000						5,000	
Other (specify)							0	
Other (specify)							0	
Total Other Development Costs	**5,000**	**0**	**0**	**0**	**0**	**0**	**5,000**	
Soft Cost Contingency								
Contingency (Arch, Eng, Fin, Legal & Other Dev)	0	0	0	0	0	0	0	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	**40,000**	**0**	**0**	**0**	**0**	**0**	**40,000**	

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

RESERVES

* Operating Reserves	14,928						14,928	
Replacement Reserves	210,000						210,000	
* Tenant Improvements Reserves							0	
* Other (specify)							0	
* Other (specify)							0	
* Other (specify)							0	
TOTAL RESERVES	**224,928**	**0**	**0**	**0**	**0**	**0**	**224,928**	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	40,000						40,000	
Developer Fee - Cash-out At Risk							0	
Commercial Developer Fee							0	
Developer Fee - GP Equity (also show as source)							0	
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)							0	
TOTAL DEVELOPER COSTS	**40,000**	**0**	**0**	**0**	**0**	**0**	**40,000**	

TOTAL DEVELOPMENT COST	**2,922,588**	**144,333**	**79,632**	**13,035**	**0**	**0**	**3,159,588**	
Development Cost/Unit by Source	730,647	36,083	19,908	3,259	0	0	789,897	
Development Cost/Unit as % of TDC by Source	92.5%	4.6%	2.5%	0.4%	0.0%	0.0%	100.0%	
Acquisition Cost/Unit by Source	652,165	36,083	19,908	3,259	0	0	711,415	
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:*	*14,928*
City Subsidy/Unit	730,647
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:							**111%**
% of Acquisition Cost by Source	92%	5%	3%	0%	0%	0%	100%
Small Sites Maximum Developer Fee	120,000						

Application Date:	**3/15/2024**	**Project Name:**	**528 Natoma St.**
Total # Units:	**4**	**Project Address:**	**528-530 Natoma Street**
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	**2024**	**Project Sponsor:**	**SFHDC**

Small Sites Project

INCOME	**Total**	**Comments**	**PUPA**
Residential - Tenant Rents	69,888	Links from 'Existing Proj - Rent Info' Worksheet	17,472
Residential - Tenant Assistance Payments (SOS Payments)	0	Comments	
Residential - Tenant Assistance Payments (Other 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	**69,888**		
Vacancy Loss - Residential - Tenant Rents	(6,989)	Vacancy loss is 10% of Tenant Rents.	(1,747)
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	**62,899**	***PUPA: 15,725***	

OPERATING EXPENSES

Management	**Total**	**Comments**	**PUPA**
Management Fee	5,328	$111/unit per SSP guidelines	1,332
Asset Management Fee	5,328	$111/unit per SSP guidelines	1,332
Sub-total Management Expenses	**10,656**	***PUPA: 2,664***	
Salaries/Benefits			
Office Salaries	0	Links from 'Staffing' Worksheet	-
Manager's Salary	0	Links from 'Staffing' Worksheet	-
Health Insurance and Other Benefits			-
Other Salaries/Benefits			-
Administrative Rent-Free Unit			-
Sub-total Salaries/Benefits	**0**	***PUPA: 0***	
Administration			
Advertising and Marketing	960		240
Office Expenses			-
Office Rent			-
Legal Expense - Property	2,000		500
Audit Expense	2,000		500
Bookkeeping/Accounting Services	1,500		375
Bad Debts			-
Miscellaneous			-
Sub-total Administration Expenses	**6,460**	***PUPA: 1,615***	
Utilities			
Electricity	0	No common area electricity, solar lights and or each unit with exterior lights and entrance	-
Water	2,400	$50 per unit $200/month	600
Gas			-
Sewer	2,400	$50 per unit $200/month	600
Sub-total Utilities	**4,800**	***PUPA: 1,200***	
Taxes and Licenses			
Real Estate Taxes	1,776	No AD Valorem Tax: $1,774 Special Assesments	444
Payroll Taxes			-
Miscellaneous Taxes, Licenses and Permits			-
Sub-total Taxes and Licenses	**1,776**	***PUPA: 444***	
Insurance			
Property and Liability Insurance	5,760		1,440
Fidelity Bond Insurance			-
Worker's Compensation			-
Director's & Officers' Liability Insurance			-
Sub-total Insurance	**5,760**	***PUPA: 1,440***	
Maintenance & Repair			
Payroll	0	Links from 'Staffing' Worksheet	-
Supplies	1,200		300
Contracts	6,000	Janitorial ($300/month), Fire ($75/month), Pest protection ($125/month)	1,500
Garbage and Trash Removal	5,760	$480 monthly for trash	1,440
Security Payroll/Contract	0	Links from 'Staffing' Worksheet	-
HVAC Repairs and Maintenance			-
Vehicle and Maintenance Equipment Operation and Repairs			-
Miscellaneous Operating and Maintenance Expenses	1,200		300
Sub-total Maintenance & Repair Expenses	**14,160**	***PUPA: 3,540***	
Supportive Services	0	Links from 'Staffing' Worksheet	-
Commercial Expenses	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-
TOTAL OPERATING EXPENSES	***43,612***	***PUPA: 10,903***	

Reserves/Ground Lease Base Rent/Bond Fees	**Total**	**Comments**		**PUPA**
Ground Lease Base Rent	0		Provide additional comments here, if needed.	-
Bond Monitoring Fee	5,000			1,250
Replacement Reserve Deposit	1,600			400
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	**6,600**	***PUPA: 1,650***		
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond	**50,212**	***PUPA: 12,553***		
NET OPERATING INCOME (INCOME minus OP EXPENSES)	**12,687**	***PUPA: 3,172***		

Min DSCR:	1.09
Mortgage Rate:	5.00%
Term (Years):	30
Supportable 1st Mortgage Pmt:	11,640
Supportable 1st Mortgage Amt:	$180,687
Proposed 1st Mortgage Amt:	$144,333

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)	**Total**	**Comments**		
Hard Debt - First Lender	7,102	Market Rate	Provide additional comments here, if needed.	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd L	2,397	Below Market	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	**9,500**	***PUPA: 2,375***		

CASH FLOW (NOI minus DEBT SERVICE)	**3,188**
Commercial Only Cash Flow	0
AVAILABLE CASH FLOW	**3,188**

USES OF CASH FLOW BELOW (This row also shows DSCR.)	***1.34***		
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	**3,188**		

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?	**Yes**	Project has MOHCD ground lease?	**TBD**
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	$2,922,588	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	2,125	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 Leas	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.
Proposed MOHCD Residual Receipts Amount to Replacement Reserve	2,125	MOHCD res rects to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS	**1,063**	***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)	**1,063**	
Owner Distributions/Incentive Management Fee	1,063	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	
Final Balance (should be zero)	**0**	

528 Natoma St.

Small Sites Project

Total # Units: 4

	% annual increase	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	Year 16	Year 17	Year 18	Year 19	Year 20
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	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%	69,888	71,635	73,426	75,262	77,143	79,072	81,049	83,075	85,152	87,281	89,463	91,699	93,992	96,341	98,750	101,219	103,749	106,343	109,001	111,726
Residential - SOS Payments	4.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Space	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income		**69,888**	**71,635**	**73,426**	**75,262**	**77,143**	**79,072**	**81,049**	**83,075**	**85,152**	**87,281**	**89,463**	**91,699**	**93,992**	**96,341**	**98,750**	**101,219**	**103,749**	**106,343**	**109,001**	**111,726**
Vacancy Loss - Residential - Tenant Rents	n/a	(6,989)	(7,164)	(7,343)	(7,526)	(7,714)	(7,907)	(8,105)	(8,307)	(8,515)	(8,728)	(8,946)	(9,170)	(9,399)	(9,634)	(9,875)	(10,122)	(10,375)	(10,634)	(10,900)	(11,173)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME		**62,899**	**64,472**	**66,083**	**67,736**	**69,429**	**71,165**	**72,944**	**74,767**	**76,637**	**78,552**	**80,516**	**82,529**	**84,592**	**86,707**	**88,875**	**91,097**	**93,374**	**95,709**	**98,101**	**100,554**
OPERATING EXPENSES																					
Management	3.5%	10,656	11,029	11,415	11,814	12,228	12,656	13,099	13,557	14,032	14,523	15,031	15,557	16,102	16,666	17,249	17,853	18,477	19,124	19,793	20,486
Salaries/Benefits	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administration	3.5%	6,460	6,686	6,920	7,162	7,413	7,672	7,941	8,219	8,507	8,804	9,112	9,431	9,762	10,103	10,457	10,823	11,202	11,594	11,999	12,419
Utilities	3.5%	4,800	4,968	5,142	5,322	5,508	5,701	5,900	6,107	6,321	6,542	6,771	7,008	7,253	7,507	7,770	8,042	8,323	8,614	8,916	9,228
Taxes and Licenses	3.5%	1,776	1,838	1,902	1,969	2,038	2,109	2,183	2,260	2,339	2,421	2,505	2,593	2,684	2,778	2,875	2,975	3,080	3,187	3,299	3,414
Insurance	3.5%	5,760	5,962	6,170	6,386	6,610	6,841	7,081	7,328	7,585	7,850	8,125	8,409	8,704	9,008	9,324	9,650	9,988	10,337	10,699	11,074
Maintenance & Repair	3.5%	14,160	14,656	15,169	15,699	16,249	16,818	17,406	18,015	18,646	19,299	19,974	20,673	21,397	22,146	22,921	23,723	24,553	25,413	26,302	27,223
Supportive Services	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Expenses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES		**43,612**	**45,138**	**46,718**	**48,353**	**50,046**	**51,797**	**53,610**	**55,487**	**57,429**	**59,439**	**61,519**	**63,672**	**65,901**	**68,207**	**70,595**	**73,065**	**75,623**	**78,269**	**81,009**	**83,844**
PUPA (w/o Reserves/GL Base Rent/Bond Fees)		***10,903***																			
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		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	5,000	5,000	5,000	5,000	5,000
Replacement Reserve Deposit		1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Operating Reserve Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 1 Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 2 Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Required Reserve Deposit/s, Commercial		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		**6,600**	**6,600**	**6,600**	**6,600**	**6,600**	**6,600**	**6,600**	**6,600**	**6,600**	**6,600**	**6,600**	**6,600**	**6,600**	**6,600**	**6,600**	**6,600**	**6,600**	**6,600**	**6,600**	**6,600**
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		**50,212**	**51,738**	**53,318**	**54,953**	**56,646**	**58,397**	**60,210**	**62,087**	**64,029**	**66,039**	**68,119**	**70,272**	**72,501**	**74,807**	**77,195**	**79,665**	**82,223**	**84,869**	**87,609**	**90,444**
PUPA (w/ Reserves/GL Base Rent/Bond Fees)		***12,553***																			
NET OPERATING INCOME (INCOME minus OP EXPENSES)		**12,687**	**12,733**	**12,765**	**12,782**	**12,783**	**12,767**	**12,734**	**12,681**	**12,608**	**12,514**	**12,397**	**12,257**	**12,092**	**11,900**	**11,680**	**11,431**	**11,152**	**10,839**	**10,492**	**10,110**
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																					
Hard Debt - First Lender		7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	8,791
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397	2,397
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE		**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**9,500**	**11,188**
CASH FLOW (NOI minus DEBT SERVICE)		**3,188**	**3,234**	**3,266**	**3,283**	**3,284**	**3,268**	**3,234**	**3,181**	**3,108**	**3,014**	**2,898**	**2,757**	**2,592**	**2,400**	**2,181**	**1,932**	**1,652**	**1,340**	**993**	**(1,079)**
USES OF CASH FLOW BELOW (This row also shows DSCR.)	**DSCR:**	***1.336***	***1.34***	***1.344***	***1.346***	***1.346***	***1.344***	***1.34***	***1.335***	***1.327***	***1.317***	***1.305***	***1.29***	***1.273***	***1.253***	***1.23***	***1.203***	***1.174***	***1.141***	***1.105***	***0.904***
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																					
Deferred Developer Fee (Enter amt <= Max Fee from row 131)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		**3,188**	**3,234**	**3,266**	**3,283**	**3,284**	**3,268**	**3,234**	**3,181**	**3,108**	**3,014**	**2,898**	**2,757**	**2,592**	**2,400**	**2,181**	**1,932**	**1,652**	**1,340**	**993**	**(1,079)**
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%	2,125	2,156	2,177	2,188	2,189	2,179	2,156	2,121	2,072	2,010	1,932	1,838	1,728	1,600	1,454	1,288	1,101	893	662	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Replacement Reserve		2,125	2,156	2,177	2,188	2,189	2,179	2,156	2,121	2,072	2,010	1,932	1,838	1,728	1,600	1,454	1,288	1,101	893	662	-
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE		**1,063**	**1,078**	**1,089**	**1,094**	**1,095**	**1,089**	**1,078**	**1,060**	**1,036**	**1,005**	**966**	**919**	**864**	**800**	**727**	**644**	**551**	**447**	**331**	**-**
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)		**1,063**	**1,078**	**1,089**	**1,094**	**1,095**	**1,089**	**1,078**	**1,060**	**1,036**	**1,005**	**966**	**919**	**864**	**800**	**727**	**644**	**551**	**447**	**331**	**-**
Owner Distributions/Incentive Management Fee		1,063	1,078	1,089	1,094	1,095	1,089	1,078	1,060	1,036	1,005	966	919	864	800	727	644	551	447	331	-
Other Distributions/Uses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Final Balance (should be zero)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
RR Running Balance		**213,716**	**230,539**	**236,638**	**242,819**	**249,074**	**255,392**	**261,762**	**266,451**	**271,164**	**10,904**	**14,659**	**18,373**	**22,029**	**25,611**	**29,099**	**32,475**	**35,716**	**38,802**	**41,708**	**3,834**
OR Running Balance		**15,077**	**15,228**	**15,380**	**15,534**	**15,689**	**15,846**	**16,005**	**16,165**	**16,326**	**16,490**	**16,655**	**16,821**	**16,989**	**17,159**	**17,331**	**17,504**	**17,679**	**17,856**	**18,035**	**18,215**
Other Required Reserve 1 Running Balance		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Required Reserve 2 Running Balance		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
DEFERRED DEVELOPER FEE - RUNNING BALANCE																					
Developer Fee Starting Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee Earned in Year		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer Fee Remaining Balance		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**