

Citywide Affordable Housing Loan Committee
Small Sites Program Loan Evaluation

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

1005 Powell Street

Up to \$20,900,000 Permanent Financing Request and
Up to \$6,209,204 Senior Operating Subsidy

Loan Committee Date:	March 1, 2024
Prepared By:	Alea Gage, Preservation Program Manager
Asset Manager:	Wesley Ellison-Labat
Sources and Amounts of New Funds Recommended:	Up to \$20,900,000 SSP Soft Debt Up to \$6,209,204 Senior Operating Subsidy (SOS)
NOFA/PROGRAM/RFP:	2019 Acquisition and Rehabilitation Financing for Small Sites Program Properties and Senior Operating Subsidy (SOS) Program
Applicant/Sponsor(s) Name:	Chinatown Community Development Center / Chinatown SROs, LLC
Project Address (with the cross street):	1001-1005 Powell Street (between Mason & Stockton Streets)
Number of Units with Unit Mix:	64 SRO units; 2 commercial units
Supervisor and District	Aaron Peskin/District 3

Applicant: Chinatown SROs, LLC
 Project Name and Address: 1005 Powell Street San Francisco, CA 94108

Project Summary:

- Located in District 3, 1005 Powell Street consists of a 5-story building comprising 64 single room occupancy (SRO) units and two commercial units (the Project).
- The Project was acquired in December 2021 for \$3,750,000 with financing from the Housing Accelerator Fund and underwent a \$9,239,000 rehabilitation completed in January 2024.
- The request for an SSP soft debt loan is in line with the initial soft commitment MOHCD provided in December 2021 as well as the maximum subsidy allowed under the Small Sites Program (SSP). The HAF loan maturation date was recently extended from April 30, 2024 to June 30, 2024 to account for five months of construction delays and enable robust underwriting, given the unique facet of this project's sinking funds.
- The Project is fully occupied as of February 1, 2024. 35 of the units will be subject to a Senior Operating Subsidy Agreement, whereby MOHCD will provide an annual payment to subsidize rents up to 60% AMI, with 20 households paying 15% AMI rents and 15 households paying 20% AMI rents. In addition, one household referred by Catholic Charities are receiving shallow subsidies from a program administered by MOHCD. All of the tenants are Chinese, and most are monolingual. 64% of households are over 62 years old. The subsidies are a key strategy to increasing the Project's income, and CCDC will also be instituting rent increases for roughly one-third of households whose rent burdens do not meet SSP minimums.
- In addition, CCDC will need to identify long-term tenants for the two commercial spaces on the ground floor. They expect one space to house a laundromat and the second space for retail use. CCDC will lease the retail space to themselves for the first year of operations to use as the property management office for another affordable building in their portfolio undergoing rehabilitation.
- From the initial underwriting of the HAF loan, CCDC and MOHCD have been anticipating the need for sinking funds to cover operating deficits. Properly maintained and staffed SRO buildings are notoriously difficult to pencil; rents are simply not high enough to cover operating expenses. This project, however, was ripe for addressing building code violations and overcrowding, which both improves the conditions of those living in the building and decreases operating expenses. Furthermore, with a high number of senior households already occupying units,

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accessing senior subsidies has made a significant difference to the project's income and allows those households to be stabilized as they age.

- MOHCD is providing a sinking fund in the amount of \$1,165,000 that will be expended first, anticipated to cover more than 15 years of operating deficits. CCDC will make sinking fund deposits during the first ten years of the project totaling \$1,855,000. Together, the sinking funds will enable the Project to be stable into Year 20 and beyond.
- The Project is requesting up to \$20,900,000 in Small Sites soft debt and an additional \$6,209,204 in Senior Operating Subsidy to be paid in annual installments over 15.5 years (which was approved by Loan Committee on March 1, 2024). MOHCD's significant investment in the Project is paired with CCDC's contributions to the Project for the sinking fund as well as \$448,000 for commercial upgrades and tenant improvements, totaling \$2,269,000.
- MOHCD staff is recommending Loan Committee approval for 1005 Powell Street's permanent financing.

1. SUMMARY/BRIEF PROJECT UPDATE

Chinatown Community Development Center ("CCDC", "Chinatown SROs, LLC" or the "Sponsor") requests up to \$20,900,000] in Small Sites Program ("SSP") funding from the Mayor's Office of Housing and Community Development ("MOHCD") for the permanent financing of the property located at 1001-1005 Powell Street in the Chinatown neighborhood of San Francisco ("1005 Powell Street" or the "Project"). The Sponsor also requested and received Loan Committee approval on March 1, 2024 for \$6,209,204 in Senior Operating Subsidy (SOS) in a 15.5-year contract given the significant majority of very low income and extremely low income seniors served by the Project.

On December 13, 2021, MOHCD issued a soft commitment letter for \$20,900,000, known as a letter of support for the Project, which was acquired on December 27, 2021 and rehabilitated with financing through the Housing Accelerator Fund ("HAF"). The letter of support also references the need for "a sinking fund for operating deficits," which is discussed in greater detail below.

As of January 2024, the Project's rehabilitation is complete. The requested permanent financing from MOHCD will pay off the existing HAF loan, fund replacement and operating reserves, and cover closing costs. The Sponsor will record a Declaration of Restrictions on the parcel that will protect the affordability of all units for at least 99 years. The total development cost for the

Project is approximately \$21,348,000 of which \$20,900,000 is MOHCD financing. The balance is CCDC's contribution of \$348,000 for tenant improvements to the laundromat as well as an additional \$100,000 in a tenant improvements reserve to be potentially available for a future laundromat tenant.

Background

Built in 1907, 1001-1005 Powell is a mixed use, single-room-occupancy ("SRO") building, comprising 64 units without bathroom or kitchen on four upper floors as well as three ground floor commercial units. One 406 square foot commercial unit has been converted permanently into a property management office, resident lounge, and tenant laundry facility to serve the Project. The other two commercial spaces are seeking new tenants to be used as a 1,109 square foot laundromat and a 617 square foot retail space. In the interim, the retail space will be leased to CCDC at a below market rate for use as a temporary office for the Clayton Hotel, another CCDC property which is undergoing rehab in 2024-2025. Each of the four residential floors has one common kitchen; in addition, there are three bathrooms on the first residential floor and five bathrooms on the second, third and fourth residential floors.

The building was in poor condition at acquisition with a rehabilitation budget more than three times the purchase price. There were several outstanding Notices of Violation (NOVs) documenting unsafe conditions at the property, and an extensive history of unpermitted work. The owners approached CCDC about the purchase as an alternative to addressing the violations themselves. The project serves one of their core populations, extremely and very low-income Chinese senior households. CCDC also observed the unsafe conditions and believed they had the expertise to improve the building and address its life safety issues. They also strongly believed that they would decrease operating expenses over time as they stabilized the Project. Once MOHCD was able to offer a soft commitment that included SOS, CCDC felt confident in their ability to preserve this essential housing in perpetuity under the Small Sites Program. For its part, MOHCD is deploying funds from the Academy of Art University settlement as part of the permanent financing. Where naturally occurring affordable units had been removed from the market and rented to students at above market prices, the City is preserving an equivalent unit type (SROs) and ensuring that the SRO units, a critical part of the housing inventory for immigrants and people who have been or are at risk of homelessness.

The most pressing item from the NOVs was the significant amount of asbestos abatement necessary due to the deterioration of acoustic ceiling and wall materials found in units and common spaces. Life safety improvements included installation of a fire-rated ceiling between the commercial units and the residential floors above and a sprinkler system as well as replacing unsafe door closers and escape windows that pose a risk in case of fire. Plumbing and

electrical systems were upgraded or replaced, and exposed wiring for telephone and cable in the corridor was rerouted into conduit. Water penetration was ameliorated through a new roof coating and exterior repairs. All of the poorly maintained single glazed aluminum windows were replaced with dual glazed windows that met egress requirements and improved waterproofing and energy use. The structure received a soft story retrofit to comply with City requirements, and the property is now ADA compliant after alterations to bathrooms, entryways, the elevator and the addition of in-unit accessibility features. Finally, CCDC oversaw the renovation of the existing common spaces, including residential kitchens and bathrooms, to extend the useful life of the building and to address code violations and dry rot issues. In total, the construction spanned from March 2022 to January 2024, a total of 22 months and required the relocation of all tenants for a period of approximately 12 months. At the time of acquisition, rehab was projected to take 17 months. Additions to the rehab scope, including a residential laundry facilitating, upgrades to the commercial laundromat, and in-unit improvements resulted in a 5-month delay for a total of 22 months of construction. The delay necessitated two extensions to the HAF loan. For more on the completed rehabilitation scope, please see **Appendix E**.

There is one resident receiving rental assistance through the City’s Shallow Rent Subsidy Program. All the rest of the units are at 60% AMI restrictions per SSP Guidelines for SROs and unsupported by a subsidy. At Project acquisition in December 2021, the average household AMI was 25%, with an average rent AMI of 30%, including the 2% of the households that are receiving rental assistance. The Project now has an average AMI of 30% and an average rent AMI of 49% with subsidy. Rent burden averages 25.4%. The Project is fully leased with 100% of households having income certified as of February 1, 2024.

Total Project Costs and Sources

Funding Source	Initial Soft Commitment in 2021	Current Amount
Total Project Cost (SSP Request)	up to \$20,900,000 (\$316,667/unit)	up to \$20,900,000 (\$316,667/unit)
Total Senior Operating Subsidy (SOS) Request	\$5,900,000 (\$168,571/unit)	\$6,209,204 (\$177,406/unit)

This table above does not include the two reserve accounts funded at closing by CCDC, which are not considered project sources, but are important contributions to stabilizing building operations: 1) 10 years of sinking fund deposits totaling \$1,855,000 and 2) the \$100,000 reserve for laundromat tenant improvements, as reserves are distinct from project sources.

The total funding request matches exactly the initial soft commitment and is roughly equivalent to the maximum SSP funding of \$316,250/unit. **See Appendix A** for Maximum Allowable Subsidy Per Current SSP Guidelines.

2. PRINCIPAL DEVELOPMENT ISSUES

Operating Deficit – Need for Sinking Fund:

Even with SOS, current rents will not support the Project's long-term operating expenses. At acquisition and to help close the gap, CCDC leased units at higher rents, including one unit recently leased by clients referred by Catholic Charities receiving shallow subsidy administered by MOHCD to help stabilize households at risk of homelessness. MOHCD evaluated the Project prior to issuing the letter of support with vacant units being re-rented at 45% AMI rents, based on market rents for SROs units during Covid and since, though underwriting for takeout has also revealed significant potential for increasing rents based on existing tenants' rent burdens, as shown in **Section 6.11, Unit Mix and Affordability** below. 1A loan condition addresses the issue of minimum rent burden, as residential income is so critical to Project's net operating income. See **Section 10, Recommended Loan Conditions**.

While CCDC made important gains in occupying units with higher AMI tenants during the SFHAF period and reducing operating expenses (discussed in **Section 8.2, Annual Operating Budget Analysis/Comments**), additional operational support in the form of the sinking fund is still necessary for MOHCD and CCDC to ensure the Project's future financial stability. Since SSP projects are underwritten for 20 years, MOHCD's sinking fund was proposed to cover the first 10 years of deficits and CCDC's to cover Years 11-20 (as well as be responsible for any additional deficits not covered by the sinking funds). However, the Project's current financial outlook shows the MOHCD sinking fund will last into Year 16 and the CCDC sinking fund is sufficient through Year 20. At acquisition, MOHCD committed to contribute \$1,165,000 to a sinking fund to be expended first, and CCDC committed \$1,855,000, to begin withdrawals only after the MOHCD sinking fund is exhausted.

Extending the current subsidies or identifying a new subsidy will likely be necessary to sustain the Project past Year 20, and therefore a loan condition requires the Sponsor to seek additional sources. Furthermore, the Project's commercial income is underwritten conservatively based on today's conditions, where inventory is high and rents have not recovered from pre-COVID levels. If the commercial units outperform the projections, that too may help extend the sinking fund's sufficiency.

Commercial Rehabilitation and Tenant Improvements:

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Commercial tenant improvements beyond City-required life safety upgrades (e. g., seismic or electrical upgrades) are not eligible for SSP funding. However, CCDC identified that the laundromat space and retail space were not marketable in the condition and configuration at the time of acquisition and needed all-new storefront windows and doors, and new ADA bathrooms in the laundromat and office space. In addition, the third commercial unit was converted to serve the residential portion of the Project: the building’s property management office and a resident-only laundry room. Together these improvements (“commercial upgrades”) totaled \$348,000 and were completed as part of the Project rehab.

Small Sites Program Guidelines preclude commercial upgrades from being funded by MOHCD. Therefore, CCDC must absorb the cost of those improvements. As a result, CCDC would keep the \$348,000 cost of commercial upgrades in the project by requesting a lower equity repayment from the original HAF loan. Instead of receiving the full \$2,500,000 from their equity contribution at takeout, they would receive a balance after deducting the cost of the commercial upgrades.

In addition, CCDC will fund an additional \$100,000 reserve at closing to make final improvements as determined necessary or beneficial by the future laundromat tenant.

Commercial Vacancy:

The laundromat space was operated by the former owners and has been vacant since acquisition; rehab was completed in January 2024. CCDC is actively working with its commercial property manager on marketing the space and securing a suitable tenant. Based on the number of proximate laundromats and density of SROs in the neighborhood without on-site laundry facilities, CCDC is confident there is sufficient demand for this use in the neighborhood.

In addition, the hair salon that occupied the retail space also ended their tenancy in August 2023. CCDC will lease the space to themselves on a temporary basis for a year at a below market rate of \$1,000 per month to use as the property management office for the Clayton Hotel, which will be undergoing renovation from Summer 2024 to Summer 2025. The same commercial property manager working on marketing the laundromat will also lead the effort to find a long-term tenant for the retail space.

Market forces are challenging for commercial spaces in Chinatown and throughout the City. More detail has been provided in **Section 6.8, Commercial Space** and relevant loan conditions have been included in **Sections 9 and 10**.

3. BORROWER/GRANTEE PROFILE

The mission of the Chinatown Community Development Center is to build community and enhance the quality of life for San Francisco residents. CCDC is a place-based community development organization serving primarily the Chinatown neighborhood, and also serve other

areas including North Beach and the Tenderloin. CCDC is a community development organization with many roles - as neighborhood advocates, organizers and planners, and as developers and managers of affordable housing.

CCDC believes in a comprehensive vision of community, a quality environment, a healthy neighborhood economy, and active voluntary associations. CCDC is committed to the empowerment of low-income residents, diversity and coalition building, and social and economic justice.

3.1 Racial Equity Vision

CCDC is a BIPOC-led organization with a 45-year history of advocating on behalf of low-income residents in Chinatown. CCDC's mission evolved from preserving Chinatown as a low-income immigrant gateway to building political power among residents to bring the neighborhood resources and opportunities it had historically been denied. To date, understanding that all organizations have room to grow in addressing institutionalized racism, Chinatown CDC has modified organizational policies and procedures to lower barriers of entry to housing, worked towards becoming trauma-informed in its services provision, hired bilingual staff that reflects the communities they serve, providing opportunities for BIPOC residents to engage with the neighborhood process, and working to heal historic divides between Asian Americans and other BIPOC and White communities.

Additionally, CCDC has decades of experience in the delivery of culturally competent services and/or community development programs to low or lower-income households in the community. CCDC provides community benefit programs accessible to the public, including Youth development programs, digital literacy training, housing counseling, and other empowerment programs and food distribution programs. Chinatown CDC has an excellent track record of hiring program participants and members from within the community, while promoting a broader diversity of staff.

At the building level, Chinatown CDC's racial equity strategy promotes access to quality and stable housing, social and economic mobility, education, health, and housing assistance to support intergenerational wealth building in BIPOC communities. Chinatown CDC uses a Community Building and Engagement (CB&E) model of resident service provision, which posits that being socially connected and active in one's community not only enhances one's quality of life but is a housing retention strategy, as it reduces feelings like isolation that can lead to behavioral issues. The CB&E model prioritizes residents' experiences, ideas and skills in the creation of programming.

3.2 Board of Directors and Staff

Board of Directors: Chinatown CDC's Board of Directors is comprised of 23 members and is over 80% people of color with a near 50/50 split between male and female representation.

The Board Members include:

- Jane Chin - Co-Chair, Community Volunteer
- Lindsey Quock - Co-Chair, Attorney
- Barbara Lin - Vice-Chair, Senior Manager of Programs, Glide Foundation
- Fady Zoubi – Secretary, Business Banking Relationship Manager, Vice-President, U.S. Bank
- Terence Cordero – Treasurer, Vice President and Equity Relationship Manager, Wells Fargo
- Dion-Jay Brookter, Executive Director, Young Community Developers
- Tommy Chan, Development Manager, Boston Properties
- Eric Chang, Deputy Attorney General, California Department of Justice, Public Rights Division
- Claudine Cheng, Founder and President, APA Heritage Foundation
- Gregory Chin, Retired
- Jim Fagler, Retired Architect
- Dr. Irene Hilton, Dentist, San Francisco Department of Public Health
- Guy Hollins, Consultant, Hollins Consulting
- Jeanette Huie, Retired
- Olson Lee, Affordable Housing Development Consultant
- Aaron Lim, Marketing Strategy and Analytics Manager, Twilio
- Michael Louie, Retired
- Kevin Ortiz, Consultant
- Irma Poe, Supportive Housing Consultant
- Nils Rosenquest, Attorney, Rosenquest & Associates
- Ramneek Saini, Political Strategist, Somos Advisors
- Rosa Wong-Chie, Supervisor, Reporting and Business Operations, Pacific Gas and Electric Company

Staff:

- Organization Demographics: More than half of the executive staff are people of color and half are women. Overall demographics of CCDC employees are 64% Asian; 10%

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White/Caucasian; 8% Black/African American; 8% Hispanic/Latino; 7% are two or more races; and 1% are Native Hawaiian or other Pacific Islander.

- Development Team: CCDC's Housing Development Division is a 21-person team, which has over 75% people of color. 85% of the division are women, including the Director and Associate Director of Housing Development.
- CCDC's Facilities team is a 42-person team and nearly all staff are people of color.

For more detailed experience of key staff supporting the Project, see **Appendix B.**

For recent development activity, see **Appendix C.**

3.2 Asset Management Performance & Capacity

Asset Management's (AM) role at CCDC is to manage portfolio risk and opportunities by monitoring and analyzing the financial and physical health of CCDC's portfolio. CCDC's AM staff currently oversee 38 properties comprised of 3,090 affordable housing units including 484 that are supportive housing. This comes to an average of 82 units per project. Over 4,700 individuals comprising more than 2,500 households live in CCDC homes. 78% of the households in CCDC portfolio are extremely low income.

The Asset Management Department (AM) is comprised of 5.625 FTE:

1. Director of Asset Management
2. Associate Director of Asset Management
3. Asset Manager (2.0 FTE)
4. Asset Management Coordinator
5. Asset Management Assistant (0.625 FTE)

Two positions, the Director of Asset Management and the Asset Management Coordinator are currently vacant.

CCDC is also currently developing a 5-year Asset Management Department plan to establish the priorities and staffing manage our current portfolio and new projects as they come online. In addition, CCDC has relationships with experienced consultants who can perform discreet projects to fill in any gaps.

3.3 Development Experience.

CCDC has significant experience in the development and operation of affordable housing in San Francisco. CCDC's portfolio includes 950 affordable senior units and 546 units of senior supportive housing.

	Developed	Owned
No. Projects	38	37
No. Units/Bedrooms	3,251	3,021

CCDC has four projects in development that will provide over 475 units of affordable housing in the next three to five years:

- 730 Stanyan with TNDC (160 units)
- Transbay Block 2 West (151 units)
- 1515 South Van Ness with MEDA (161 units)
- Pier 70 with YCD (116 units)

4. SELECTION PROCESS

4.1 Small Sites Program Funding

A Notice of Funding Availability (“NOFA”) was published on July 24, 2014 to provide acquisition and rehabilitation financing for multi-family rental buildings of 5 to 25 units. The NOFA established a fund to help stabilize buildings occupied by low- to moderate-income tenants throughout San Francisco that are particularly susceptible to market pressure resulting in property sales, evictions, and rising tenant rents. Since the NOFA’s publication and submission deadline, the Small Sites Program aims to fund projects on a first come first served basis according to funding availability.

This Project is subject to the revised guidelines for the SSP program published in November 2022. It is not MOHCD’s practice to use the scoring rubric when evaluating permanent financing to take out the initial loan, and **the SSP scoring rubric was not in use when the HAF underwrote the Project in 2022.** However, the Project would receive a base score of 84 if it were underwritten today, exceeding the minimum threshold of 70 points, indicating that it meets goals of the SSP Program including community stabilization and housing affordability. Furthermore, a multiplier can be applied to the base score to determine the maximum subsidy available to the Project. A base score of 80-84 receives a multiplier of 115%, as shown below and in **Appendix A.**

SSP Scoring Rubric: Project Name/Address

Category	Points
Housing Affordability	35/35
Community Stabilization	35/35
Geographic Equity (D3)	14/30
Total Base Score	84/100
Eligible Multiplier	115%
Total After Multiplier	97/100

Several waivers of the SSP Guidelines are needed based on the specific terms of the Project:

- Commercial upgrades were funded by the HAF loan, though commercial or tenant improvements are not eligible for financing under SSP. As a result, the MOHCD loan will not cover those costs, and instead they will be deducted from the repayment of CCDC's equity contribution.
- CCDC is requesting that they receive the Management Fee and Asset Management Fee according to the MOHCD's Multifamily Affordable Housing Operating Fee Policy rather than the SSP Guidelines, given that the Project's staffing structure reflects that of a larger property with on-site staff and manager, unlike most Small Site properties.
- The Project's structural operating deficit results in a Project without hard debt. Therefore, the Project requires an exception from the requirement of a 1.15-20 Debt Service Coverage Ratio (DSCR). Please see **Section 8.3, 20 Year Cash Flow**.
- The Project will not make annual deposits into an Operating Reserve, as is required for SSP projects. Instead, the Operative Reserve will be capitalized at loan closing, and the MOHCD and CCDC sinking funds will cover operating deficits.
- Residential vacancy assumptions have been lowered to five percent. SSP Guidelines assumes residential vacancy of ten percent. The larger building can absorb vacancy with less impact to its stability than the typical SSP project in addition to the fact that there is a lengthy waiting list for the SOS units.
- The SSP Guidelines require that the Replacement Reserves will be adequate to fund 20 years to extend the building's useable life, providing for all maintenance and repairs needs during that period. In order to achieve that, the loan amount would exceed the initial soft commitment as well as the maximum allowable subsidy under Small Sites. Instead, the Replacement Reserve is sized to cover the first 16 years of capital needs.

4.2 Senior Operating Subsidy Program (SOS)

In July 2019, the Board of Supervisors (BOS) established the Senior Operating Subsidy Program Fund ("SOS Program Fund" or "SOS Fund") for the purpose of providing project-based subsidies to new senior affordable housing developments funded by the City through MOHCD. As stated

in the SOS Manual effective July 21, 2023, “the intent of the SOS Program Fund is to prevent displacement and sustain housing for seniors to be able to live independently, to help provide the necessary service connection for seniors, to protect households across the widest range of incomes...and to keep such residents in their homes.”

The SOS Program Fund also restricts income and rent levels at or below 60% MOHCD AMI. The SOS project-based subsidies allow rents to be set so that extremely low-income seniors at 15% MOHCD AMI or 25% MOHCD AMI can afford them by providing a subsidy equal to the difference between the lower AMI rent and the MOHCD 60% AMI Gross Rent for the unit type. SOS Subsidy will increase at a fixed rate of four percent annually.

In June 2020, MOHCD applied, with BOS approval, for an allocation of funds from the State of California Department of Housing and Community Development (“HCD”)’s Permanent Local Housing Allocation (PLHA). The PLHA Program was directly created out of the Building Homes and Jobs Act, also known as SB2, approved through the California Senate in September 2017. That Act secures funding for affordable housing by imposing a fee of \$75 on all real estate recording transactions in the state. Per the Program’s eligible uses, MOHCD’s application proposed to provide permanent, project-based subsidies for households at 15% MOHCD AMI and 25% MOHCD AMI, including transition reserves and administrative fees. On October 5, 2020, MOHCD was awarded its first PLHA Program funds in the amount of \$8.7 million, and 1005 Powell is slated to receive its allocation from this first round award. (A second allocation was secured subsequently, and three projects have been selected to receive SOS funds.)

The Sponsor is also requesting various waivers to the SOS Program Requirements. Specifically:

- SOS Programs requires no more than 40% of the total units to be supported by the program, but the Project is requesting that 54% of the total units be supported by SOS because the number of very low and extremely income seniors at acquisition exceeded 40%.
- The SOS Program supports studios and one bedrooms, but this request is to support SRO units.
- The Project is also asking for a waiver to the split of AMIs. The Program requirements split the 15% and 25% AMI evenly. However, the Projects is requesting 15 units restricted at 15% AMI and 20 units restricted at 25% MOHCD AMI, following an analysis of the incomes of the households occupying SOS units.
- Finally, SOS units will be supported by a 15.5 year contract that will be executed upon approval from the Board of Supervisors in April, though the SOS Program envisions 15 year funding contracts. While the additional 6 months deviates from the SOS Program

standard of 15 years, this structure will enable subsidy to flow as soon as the permanent financing is in place, allowing subsequent allocations to be a full year of funding.

5. SITE

5.1 Brief Site Description.

The Project is a five-story, mixed use, single-room-occupancy (SRO) located in the Chinatown neighborhood. The Project is comprised of 64 SROs on four upper floors, three ground floor commercial units (one of which is converted to property management office), and partial basement which is not habitable and only used for storage. No residential units were added or removed during rehabilitation. One commercial unit was converted to be available for property management, resident laundry and lounge as discussed previously.

5.2 Site Characteristics.

Address:	1001-1005 Powell St, San Francisco, CA 94108
Lot/Block:	Lot 008/Block 0212
Lot Square footage:	4,727 sf
Building age:	1907
Number of buildings:	1
Number of floors:	5
Building typology:	Type 5 Wood Frame
Design features:	Above the first floor, a central light corridor divides the residential floor into two wings. Each wing contains a double loaded corridor with SRO units. The original elevator is still in service.
Unusual characteristics (including surrounding uses):	The site slopes at both the Powell and Clay Street facades. The low point is at the northeast corner along Powell Street, and the high point is at the Southwest corner of Clay Street. The west facade located at Codman Place, a pedestrian alley, has little slope and the first level is largely below grade. The sloping nature of the site allows for a portion of the building to be five stories, but the structure is largely four stories.

5.3 Article 34 Authority.

The MOHCD approval letter will be issued prior to close.

5.4 Resident/Community Support & Relocation Details.

CCDC conducted several community meetings both before and after the acquisition. Pre-acquisition meetings aimed to explain the upcoming rehabilitation process to residents, covering details such as the timeline, relocation, and planned improvements. CCDC actively

sought resident comments to incorporate them into the design, ensuring that the rehabilitation effectively addresses their needs.

CCDC's relocation team conducted thorough interviews with each household, documenting their living habits, neighborhood preferences, and accessibility needs to ensure that the temporary relocation units meet residents' requirements.

After acquisition, CCDC's property management team engaged with every household, conducting income certification and signing leases. This process ensured that everyone would legally become CCDC tenants before relocating offsite, providing tenants with peace of mind that they would be eligible to return to the building after the rehab is completed.

During construction, the development team shared progress updates and photos with the property management team. These updates were compiled into flyers and posted in the property management office for tenants to view when they come in to make monthly payments.

A total of 20 properties were used for relocation totaling 49 units. Five of the properties were CCDC's, comprising 27 units. Relocation was completed as of September 2023 with all eligible residents returning to the building. There were seven overcrowded households that did not return to 1005 Powell. Of those, two households chose to remain in their relocated CCDC units, while others found alternative market-rate units with the assistance of relocation staff and program department staff. Six of the seven households were able to obtain subsidies through SRO families Program or Section 8, setting their rent at 30% of household income. Only one household did not qualify, and they subsequently moved into a one-bedroom CCDC property. The rent amount for this unit was lowered to \$1,600, a negotiation facilitated by the tenant with the property manager.

Total relocation costs were \$1.9 million as follows:

Rent	\$1,734,142
Storage	\$3,251
Utilities (including internet)	\$98,944
Movers	\$61,176
Moving Material	\$10,047
Relocation Staffing	\$29,038
Internet	\$2,399
Consultant/Legal	\$2,155
Commercial space moving/consultant/misc. repair	\$9,858
Cleaning	\$4,888
Misc. (meeting refreshments, welcome back gifts)	\$7,218

6. DEVELOPMENT PLAN

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6.1 Site Control.

Purchase Price: \$3,750,000

Status of Purchase & Sale Contract: Executed on June 24, 2019 and closed on December 27, 2021.

P & S Contingencies: N/A

Hard Closing Date and other deadlines:

Loan Closing 6/20/2024

6.2 Appraisal.

The property was appraised by R. Blum + Associates on November 20, 2021. The value conclusions were:

Market Values	
As Is	\$4,300,000
As Stabilized at Market Rents	\$9,500,000
As Stabilized at MOHCD Restricted Rents	\$8,250,000

6.3 Title Issues.

No title issues were identified. A recent title report documents revocations of Notice of Violations (NOVs) issued under the previous owner, which were addressed by the rehabilitation.

6.4 Proposed Property Ownership Structure.

Chinatown SROs LLC owns fee title to the land and the improvements of the subject property.

6.5 Identified Rehabilitation Needs.

All rehabilitation was funded with the SFHAF acquisition and construction loan and completed in January 2024. The total rehabilitation cost \$12,977,000, roughly \$200,000 more than estimated by the HAF. CCDC prepared the rehabilitation scope by analyzing the existing NOVs, assessing the unpermitted work completed, and commissioning a number of reports and inspections, including a Physical Needs Assessment, Fire Panel Report, Indoor Air Investigation Report, Elevator Report, Seismic Report, Roofing Inspection, Sewer Report, Mechanical-Electrical-Plumbing Report, Environmental Visual Assessment, Asbestos and Report and Estimate.

6.6 MOHCD Construction Representative Evaluation

This Project is complete and is requesting permanent financing from MOHCD, therefore, the scope of work is not being reviewed for approval. However, the MOHCD Construction Representative has evaluated the Project for completeness in early February 2024 and identified several items that are outstanding. CCDC has indicated that all permits will be signed off by the end of February 2024, and a loan condition addresses the need for all conversion items listed in **Appendix E** to be completed prior to loan closing.

6.7 Service Space/Resident Lounge.

A 406 square foot resident lounge has been added on the ground floor, next to the tenant laundry room. This space will serve as a venue for resident meetings and events, community holiday gatherings, and a place for residents to relax while waiting for their laundry to be completed.

6.8 Commercial Space.

While there were three ground-floor commercial units at acquisition, one was converted into a property management office, on-site tenant laundry room and resident lounge, activating these spaces to become a hub for residents to engage with one another and the on-site property management staff and Resident Services Coordinator required by SOS. MOHCD approved this conversion, despite the foregone commercial income, in recognition of the benefits it will provide residents.

The other two commercial units will retain their use as a laundromat (1,109 square feet) and a retail space (617 square feet). However, both commercial units need to find long-term tenants. Both spaces benefited from the commercial upgrades described above, including new storefront windows and accessible bathrooms. **Section 9, Recommended Closing Conditions** requires a commercial marketing plan, before the modeled Year 1 vacancy losses have been exhausted, as described below in **Section 7.3 Underwriting Requirements and Refinancing Assumptions**.

- Laundromat: Currently, there are three laundromats in Greater Chinatown, and in-building laundry facilities are rare. Over 50% of the housing stock in Chinatown is SRO units, many housing multi-person households. As mentioned in **Section 2**, CCDC is actively working with its commercial property manager on marketing the laundromat to secure a suitable tenant for the space. They expect a rent of \$1,500 per month. In addition, CCDC has made a commitment to contribute \$100,000 of its own funds (not from the SSP loan) for future tenant improvements once a new laundromat operator has been identified.

- The retail space will be leased to CCDC for use as a temporary office for the Clayton Hotel while it undergoes renovation. The lease is expected to last approximately one year, starting in July 2024, at a rent of \$1,000 per month. CCDC has indicated they expect the same commercial property manager will assist with identifying a long-term tenant.

Commercial rents historically are higher than what CCDC is projecting, but reflect CCDC's expectations of the current market. A loan condition addresses the need for the Project to generate commercial income to offset other project costs.

6.9 Population to Be Served

100% of the current residents are Chinese, with many being monolingual. All households have either one or two people. Of all the households, 63% are seniors over the age of 62 and 19% are between the ages of 58 and 62. The existing and target population are seniors at or below 60% AMI, the average rent AMI for SRO units expected in the Small Sites Program and the AMI level to which SOS payments are calculated. Please see Section 1 for more information on the Project's population. One household, who began their lease term on February 1, 2024, was referred by Catholic Charities and are receiving rental assistance through MOHCD's Shallow Subsidy Program for vulnerable populations, such as seniors, at risk of homelessness.

6.10 Resident Services for SOS Households

A Resident Services Plan is required for all SOS projects as well as a staffing standard of 1 full-time equivalent (FTE) for every 75 units, which equates to 0.47 FTE. The Project's operating budget accounts for \$31,111 annually for a Resident Services Coordinator located off-site. CCDC's Resident Services Plan outlines five comprehensive long-term outcomes for our residents and the communities they live in.

- Residents retain their housing and maintain housing stability.
- Residents age-in-place – they can live independently and with dignity for as long as possible.
- Residents maintain positive relationships with other residents, learning to respect each other's diverse cultures.
- Residents are actively engaged to create healthy and vibrant communities where they live.
- Residents are empowered to be the driving force for changes they want to see in their lives.

To achieve these outcomes for the residents at 1005 Powell, CCDC will leverage their longstanding partnerships with a variety of health and social services providers. They will work on formalizing Memoranda of Understanding (MOUs) with these providers by loan closing.

6.11 Unit Mix & Affordability

Time	Acquisition (2021)				Current (2023) – fully leased			
Metric	Rent (\$)	HH Annual Income (\$)	HH AMI (%)	Rent AMI (%)	Rent Increase (%)	New Rent (\$)*	Rent AMI (%)^	Rent Burden*
Average	\$503	\$23,788	29%	30%	-8%	\$480	49%	25%
Median	\$433	\$21,936	25%	25%	0%	\$455	60%	24%

* this is tenant portion only

^ this is total rent (tenant portion and rental assistance)

During the rehabilitation, there were 16 vacant units in the building, and CCDC began marketing and lease up activities in February 2023. As of February 1, 2024, the project is fully occupied with an average rent AMI of 49%. Household incomes at the Project range from 5% to 133% of AMI; the average AMI is currently 30%. The Project qualifies for the Small Sites Program with 97% of households earning an average income at or below 80% AMI, well above the requirement of 66%.

With 100% of households having income certified, the rent roll indicates that a total of 22 households do not meet the SSP Guidelines requiring a minimum rent burden of 20% of household income. CCDC has not sought any rent increases in the two years they have owned the Project. CCDC will be implementing tiered rent increases at this project to address this issue, whereby households with rent burden of less than 20% will receive a 5% annual rent increase for as many years as it takes those households to reach a 20% rent burden. However, rents within the SSP are capped at 20% below market; market rents for SROs may interfere with all households achieving the minimum rent burden. Even so, 11 households will be below the minimum rent burden of 20% specified in SSP Guidelines after CCDC carries out five consecutive years of rent increases of 5%. Loan conditions address required actions CCDC must take related to rent burden and, in addition, tie the use of the sinking funds to applying rent increases in accordance with SSP Guidelines. The Project has an average rent burden of 25%. Achieving these rent minimums is critical, given the operating deficits the Project is facing.

There are two households with rent burdens exceeding 50%, the maximum rent burden allowed in the SSP Guidelines. CCDC will also lower the rents for those households prior to Project closing, as an additional loan condition stipulates.

6.12 Marketing & Occupancy Preferences.

The Project is subject to MOHCD’s marketing procedures. However, as of February 2024, CCDC is maintaining an SOS waitlist with 289 applicants over age 62 that will be utilized for SOS units

that become vacant. CCDC opened the SOS waitlist was open from February 1 to February 11, 2023. The HAF loan and current Declaration of Restrictions did not specify requirements for procedures for the SOS waitlist.

Vacant non-SOS units, and SOS units following the exhaustion of the existing waitlist, will be marketed according to multifamily marketing procedures. All units are subject to the Certificate of Preference Program and the Live/Work in San Francisco Preference, and if more than five units in the building are marketed at the same time, the Displaced Tenant Housing Preference Program. An approved marketing plan is a condition of closing, as is standard for all SSP projects at the time of takeout.

6.13 Accessibility.

Many accessibility improvements were made to comply with State and local building codes. These improvements are particularly beneficial for the mostly senior residents of 1005 Powell to facilitate aging in place.

Residential

Ground Floor:

- Accessible residential entry: The existing sidewalk was regraded, and an additional residential entry was provided including a new code compliant ramp. This provides access to the lobby and elevator.
- Accessible path of travel: New ramps and doors were located to provide an accessible path to all common areas on the ground floor.
- Community Restroom and laundry: A new accessible restroom was added along with a new accessible community room and laundry. One washer and one dryer are accessible as are the coin vendor.
- Mailboxes: New accessible mailboxes and parcel boxes were installed.

Stairs and corridors:

- New stair treads: Project installed new treads at existing stairs, including contrasting stripe at top and bottom treads.
- Handrail: New railing was provided at all stairs with extensions.
- Corridor Handrails: new railing was provided at all corridors at both sides.
- Signage: New signage with Braille was provided throughout.
- Doors: New wider doors with lever hardware were provided at all residential and commercial doors at all levels.

Elevator:

- Elevator controls: New accessible controls were provided in elevator cab and call stations.

- Elevator door: The existing hoist way door was replaced with new hardware to allow for less force to open.
- Note: existing elevator was upgraded but does not meet full code accessible requirements. The size can accommodate some wheelchairs.

Community Bathrooms:

- New accessible restroom: Each residential floor has five bathrooms, and now there is one accessible room on each residential floor. The accessible restroom includes accessible toilet, shower and sink, all accessories and provides maneuvering space per current code.
- Grab bars: Additional grab bars were provided at non accessible restrooms.

Community kitchens:

- Counters: new counters are at 34” height
- Cooktops: new cooktops provide front controls
- Sink: new side approach sink has lever hardware.

Units:

- Doors: new doors provide lever hardware at all closets.
- Sinks: new unit sinks are accessible and provide pipe protection and lever faucet.
- Storage: new closet shelving system provides multi-level storage
- Audio/Visual Units: 2 units were converted to audio visual units.
- Outlets and switches: new outlets and switches were installed to meet current accessible code requirements.

Commercial spaces

- Entry: both commercial entries were adjusted to provide accessible entries. Door actuators were installed as required where exterior sidewalk slopes would not allow for clearance.
- Restroom: both commercial spaces were provided with new accessible restrooms.

7. FINANCING PLAN

7.1 Sources and Uses. See Exhibit A

7.2 Loan Terms

Program	SSP	SOS Grant
Term	40 years	15.5 years
Note	Soft debt	Rental Subsidy

Applicant: Chinatown SROs, LLC

Project Name and Address: 1005 Powell Street San Francisco, CA 94108

Type	Loan	Grant
Loan Amount	\$20,900,000	\$6,209,204
# of Units	66 units (64 residential + 2 commercial)	35 residential units
Per unit	\$316,667	\$177,406
Rate	3% simple	n/a
Repayment type	residual receipts	n/a
Loan Priority	Subordinate to the City's Declaration of Restrictions	n/a

7.3 Underwriting Requirements & Refinancing Assumptions

The following underwriting requirements and refinancing assumptions have been applied to determine the size of the respective loans, in accordance with the current Small Sites Program Guidelines.

Residential Vacancy	5% This requires a waiver from SSP Guidelines of 10%, but is appropriate given: <ul style="list-style-type: none"> The overall size of the building and number of units SOS waitlist in place containing 289 households as of February 2024
Commercial Vacancy	50% for Year 1; 20% thereafter (in line with SSP Guidelines)
Replacement Reserve	\$350,000 as an initial deposit and annual deposits of \$300 per unit, which will cover capital needs through Year 16. This requires a waiver from SSP Guidelines, which would expect the Replacement Reserve to be sufficient through Year 20.
Operating Reserve	The project will carry a modest operating reserve that starts at \$175,687 and grows to \$214,372 only due to

	interest accrual by Year 20. As previously discussed, the Project is requesting a waiver from the requirement for annual operating reserve deposits.
Operating Sinking Funds	The Sinking Funds, to which both MOHCD and CCDC will contribute, ensure that the Project's operations will be funded through Year 20 of the Project's lifecycle with a \$581,000 remaining balance before the end of that year. Together, these reserves ensure that refinancing will not be required until at least that time. See more on reserves in Section 7.4 below.

7.4 Development Budget

Development Budget Analysis/Comments.

1. Sinking Funds

MOHCD's \$1,165,000 sinking fund will be capitalized at loan closing. CCDC will make deposits to its sinking fund in ten equal installments, the first at closing and then on the anniversary of closing for the next ten years. In sum, CCDC's sinking fund deposits will total \$1,855,000. With interest accrued, CCDC's sinking fund is expected to increase the total to over \$2 million before the first withdrawal will be required in Year 17. See **Section 8.3** below for more discussion of how operating deficits relate to sinking fund withdrawals and balance over 20 years of operations.

2. Sufficiency of Reserves

Replacement Reserves: Capitalized replacement reserves in the amount of \$350,000 and annual deposits of \$19,200 (\$300/unit) will cover the amount necessary to pay replacement costs for the next 16 years, as specified in an approved 20-year PNA study. A waiver from SSP Guidelines is necessary, as these amounts do not satisfy the expectation that the Replacement Reserves will be sufficient for 20 years of capital needs.

The Replacement Reserve balance is also aided significantly by the loan condition requiring that refund of property taxes as a result of the Welfare Tax Exemption for qualified affordable units is deposited into the Replacement Reserve when received (anticipated in Year 2). The estimated outstanding welfare tax refund amount since acquisition is \$176,000.

Operating Reserves: Capitalized operating reserves in the amount of \$176,000 (25% of the first-year operating budget) are budgeted to support unanticipated operating costs for at least 20 years. This cost is in line with SSP Guidelines. As discussed previously, the Project will not make annual deposits to the operating reserve, and instead the MOHCD and CCDC sinking funds will be the first source for addressing operating deficits for the first 20 years of the Project.

2. Developer Fee

Developer fee in the amount of \$740,000 meets the SSP Guidelines and includes \$80,000 typically paid at acquisition by the SFHAF, though CCDC opted to defer to takeout, and \$10,000 per unit payable at the close of permanent financing.

7.5 Disbursement

MOHCD funds will be released at escrow in the form of a payoff of the SFHAF loan. Additionally, the MOHCD SSP loan will cover the initial operating and replacement reserve deposits, the remainder of CCDC’s developer fee and closing costs. Legal costs may be drawn down after the closing draw.

Through a 15.5-year SOS Grant Agreement with MOHCD, which is subject to approval by the Board of Supervisors, CCDC will receive a fixed subsidy amount annually during operations. The SOS Program provides a subsidy equal to the difference between the MOHCD 60% AMI Gross Rent for the unit type.

8. PROJECT OPERATIONS

8.1 Annual Operating Budget: see Exhibit B

8.2 Annual Operating Budget Analysis/Comments.

The Project’s Annual Operating Budget includes the following:

<p>PUPY Operating Expense: (w/out reserves):</p>	<p>\$10,939 CCDC made concerted gains during the SFHAF construction period to refine and reduce the operating expenses for the Project, having gained a better understanding of the actual staffing and operational needs of the building. In addition, through the rehabilitation and relocation processes, significant overcrowding was addressed, reducing the overall resident count from approximately 150 to 92 people, reducing utility costs, maintenance costs and so forth. CCDC estimates that</p>
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	they lowered costs by at least \$1,600 per unit per annum (from approximately \$12,600).
Annual Replacement Reserve Deposits:	\$19,200 per SSP Underwriting Guidelines of \$300/PUPY
Property Taxes:	The Project will qualify for the full welfare tax exemption for all units. CCDC is budgeting \$13,750 for the commercial units, direct charges and special assessments.
Surplus Cash:	\$6,429 in Year 1. There is no surplus cash starting in Year 13, at which time there will be the first withdrawal from the MOHCD sinking fund.
Annual Monitoring Fee:	n/a for Small Sites soft debt as well as SOS Agreement
Asset Management Fee:	CCDC has requested that Asset Management Fee be applied according to the MOHCD's Multifamily Affordable Housing Operating Fee Policy rather than the SSP Guidelines.

8.3 20-year Cash Flow & Debt Service Coverage Ratio (DSCR)

As required by the SSP Guidelines, the cash flow remains positive until the 20th year with the sinking fund as well as the following assumptions:

- 2.5% escalation of income per year for non-SOS units and commercial units;
- 4% escalation of income for the SOS units, per the SOS Policies and Procedures Manual; and
- 3.5% escalation in expense assumptions.

Operating deficits are relatively low during the first 15 years of the Project when the SOS subsidies are in place. From Year 16-20, however, operating deficits rise to an average of \$569,000 annually. MOHCD's commitment of \$1,165,000 will close the operating gap for the first 18 years of operation, while CCDC will cover deficits through Year 20 by contributing \$1,855,000. The total operating deficits for 20 years are \$2,860,000 while the total sinking funds committed from both MOHCD and CCDC is \$3,020,000.

The Project requires an exemption from the requirement in the SSP Guidelines that the DSCR must remain be at least 1.15 for 20 years. There is no debt service for the Project. Instead, the reserves and sinking fund have been sized to support all Project needs for 20 years.

9. RECOMMENDED CLOSING CONDITIONS

1. All reserve accounts must be established in separate FDIC insured, interest-bearing accounts prior to closing. All reserve accounts, including the MOHCD sinking fund in the amount of \$1,165,000 and initial CCDC sinking fund deposit of \$185,500 will be funded at closing.
2. All outstanding permits and other project close out items listed in Appendix E must be addressed and resolved prior to closing.
3. Sponsor must confirm the incomes of the households greater than 50% rent burden and reduce their rents prior to closing.
4. With the exception of the households identified in Loan Condition #4, Sponsor will issue 60 day notices for rent increases to all households to be effective July 1, 2024 – 2.5% to households with a rent burden between 20-50% and 5% to households under 20% rent burden (and then 5% annually for as long as it takes to get to 20% or until maximum allowable rent under the SSP Guidelines is achieved).
5. Sponsor must have a MOHCD-approved residential marketing plan prior to closing. A waitlist lottery will be run and a waitlist generated within 60 days of closing for non-SOS units. After the SOS waitlist is exhausted, Sponsor must market all units (SOS and non-SOS units) via DAHLIA, unless otherwise approved in writing by MOHCD. The approved residential market plan must outline the steps that will be taken to market the Project to the City's preference program participants, including COP Holders, and Displaced Tenants, plus how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American Senior San Franciscans.
6. Sponsor must have an MOHCD-approved commercial marketing plan that addresses the strategies to secure long-term market rate tenants for both commercial spaces.

10. RECOMMENDED LOAN CONDITIONS

1. Once received, the approximately \$181,500 Welfare Tax Exemption refund must be deposited into the Replacement Reserve.
2. Sponsor must submit an Operations and Maintenance (O&M) Program to MOHCD for review and approval within 60 days of closing.
3. Sponsor must provide MOHCD with written monthly updates on progress made to lease both commercial spaces. MOHCD is expecting the laundromat

to be leased within six months of loan close and the retail space to be leased within six months after the end of the temporary lease.

4. Sponsor must consult with MOHCD's Asset Management about rent amount and marketing requirements and approach following any residential notices to vacate.
5. Sponsor may not draw on the MOHCD or CCDC sinking funds requests unless they have carried out rent increases in accordance with the loan agreement and the SSP Guidelines.
6. Sponsor is responsible for sinking fund contributions of \$185,500 annually for the first ten years of the Project for a total contribution of \$1,855,000.
7. Neither the MOHCD or CCDC sinking fund can be drawn to account for vacancy losses for the commercial spaces that are in excess of assumptions made in Exhibit E.
8. The lease of the retail space to CCDC for a term of one year will be a temporary use. Sponsor shall also provide the initial commercial tenant leases for the laundromat and retail space (following the one-year temporary lease) to MOHCD to review and approval prior to execution.
9. Sponsor will seek additional subsidy sources, such as Project Based Vouchers through SFHA in order to reduce the need for City and Sponsor's respective sinking funds. If vouchers are obtained, the City and Sponsor will renegotiate the sinking fund amounts and terms with the overarching aim of sharing project risk.
10. Any funds in the interest-bearing account holding the MOHCD sinking fund not expended at the end of 20 years must be returned to MOHCD by December 31, 2044. Any requests otherwise must be approved in writing by MOHCD.
11. Sponsor may make request to reallocate the remaining balance of the CCDC sinking fund following eight years following closing of permanent financing, once the building operations and needs for sinking funds have been fully demonstrated. If mutually agreed by CCDC and the City at any time, any future reallocation of funds from the interest-bearing account holding the CCDC sinking fund or changes to the required deposits to the CCDC sinking fund must be approved in writing by MOHCD. A request for reallocation must be net of a deposit of \$300,000 to the Replacement Reserve, the amount of funding that is projected to be needed but is not provided by the loan to

cover Years 17-20, plus any additional funds required based on an updated CNA, to be completed no longer than two years before the request.

12. The SSP requirements related to operating reserve deposits shall not apply until the MOHCD and CCDC sinking funds are no longer necessary, as mutually agreed by CCDC and the City. Re-evaluation or reallocation of the CCDC sinking fund shall also address the SSP requirements for deposits to the Project's operating reserve.

Attachments:

Appendix A	Calculation of Maximum Allowable SSP Subsidy Per Unit (According to November 2022 SSP Guidelines)
Appendix B	Development and Asset Management Teams
Appendix C	Recent Development Activity
Appendix D	SFHAF Appendix
Appendix E	MOHCD Construction Rep analysis at takeout
Exhibit A	Sources and Uses
Exhibit B	SOS Funding Schedule (from March 1, 2024 Loan Committee approval)
Exhibit C	Annual Operating Budget
Exhibit D	20-Year Cash Flow

LOAN APPROVAL RECOMMENDATION

[] APPROVE. [] DISAPPROVE.

Daniel Adams, Director
Mayor’s Office of Housing and Community Development

Date: _____

[] APPROVE. [] DISAPPROVE.

Thor Kaslofsky, Executive Director
Office of Community Investment and Infrastructure

Date: _____

[] APPROVE. [] DISAPPROVE.

Salvador Menjivar, Housing Director
Department of Homelessness and Supportive Housing

Date: _____

[] APPROVE. [] DISAPPROVE.

Anna Van Degna, Director
Controller’s Office of Public Finance

Date: _____

FW: Request for Permanent Financing for 1005 Powell Street

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

Mon 3/18/2024 11:11 AM

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

I also approve this request.

Daniel Adams

Director

Mayor's Office of Housing and Community Development

City and County of San Francisco

1005 Powell Street

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

Fri 3/22/2024 1:30 PM

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

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

I support Chinatown Community Development Center (CCDC) request of up to \$20,900,000 of Small Sites Program

residual receipts debt for the permanent financing of 1005 Powell Street, a five-story, mixed use building with 64 residential SRO units, of which 35 will receive Senior Operating Subsidy (SOS) for a term of 15.5 years, and two ground floor commercial spaces.

Best,

salvador



Salvador Menjivar
Director of Housing
Pronouns: He/Him

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

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Request for Permanent Financing for 1005 Powell Street

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

Fri 3/15/2024 11:51 AM

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

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

Hi Vanessa,

I approve the above request on behalf of OCII.

Thanks

Marc



Marc Slutzkin
Deputy Director

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

🏠 www.sfocii.org

Re: REQUEST FOR PERMANENT FINANCING FOR 1005 POWELL STREET

Trivedi, Vishal (CON) <vishal.trivedi@sfgov.org>

Fri 3/15/2024 11:33 AM

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

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

I vote yes.

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

Appendix A: Calculation of Maximum Allowable SSP Subsidy Per Unit According to November 2022 SSP Guidelines

Unit type(s)	# of units	Subsidy per unit	Subsidy total
SROs (including commercial units)	66	\$275,000	\$18,150,000
TOTAL		\$275,000/unit	\$18,150,000
Multiplier bonus for high-scoring projects based on SSP Scoring Rubric:		115%	
Maximum Subsidy: (Project base score of 84/100 and 97/100 with bonus applied)		\$316,250/unit	\$20,872,500
Requested Amount		Up to \$316,667/unit	Up to \$20,900,000

Appendix B: Development and Asset Management Teams.

- Sheng Shi is the Project Manager (50% FTE) for 1005 Powell. She started her career at CCDC as an asset manager and transitioned to the housing development team six years ago. During her time at CCDC, she has worked multiple project with various funding sources including MOHCD, CDLAC, TCAC, HCD, AHP, and the Small Site Program. She has also successfully project managed and completed 2 small site projects, 9th/Clement and 1201 Powell. Prior to joining CCDC, Sheng worked as a compliance specialist and relocation supervisor at TNDC.
- Angela Fang is the Assistant Project Manager (30% FTE) for 1005 Powell. Since she joined CCDC's housing development team 3 years ago, she has worked on 5 Small Site projects, 1201 Powell, 9th/Clement, 1535 Jackson, 937 Clay, 462 Green, and 1005 Powell; successfully closing out 3. Angela has also been involved in looking at new acquisitions for CCDC and assisting with funding applications for future rehabs.
- Sharon Christen (Associate Director of HD), who will dedicate 10% of her time to this project. Sharon has worked on 5 LOSP projects with MOHCD or OCII and has worked on several large-scale rehab projects previous to joining CCDC.
- Heather Lea Heppner (Housing Preservation Manager) supervises CCDC's Construction Management and Relocation Management teams. In 33 years at CCDC, Heather has coordinated efforts for over 25 rehabilitation projects in both vacant and occupied low-income housing, 5 of which are Small Site projects.
- Karen Smith (Construction Manager) has 30 years of experience as a registered architect specializing in affordable housing and community-based design. This included working at a nonprofit community design firm, Asian Neighborhood Design, where she served as the architect for CCDC on two early small sites projects, 462 Green Street, and the feasibility for the conversion of the ground floor church space to new affordable units at 1535 Jackson St. Since coming to CCDC, Ms. Smith has served as the construction manager for over a dozen rehabilitation projects with various funding sources including MOHCD, HCD and all six of CCDC Small Sites projects. Additionally, Karen provides her technical knowledge in construction and architecture to long range project planning and scope development during the funding application process for both rehabilitation and for new construction. Finally, Karen aids in acquisition analysis.

- Kim Piechota is the Director of Housing Development for Chinatown Community Development Center (CCDC). In this role, she oversees the production of housing for CCDC, works with the Board of Directors and senior management team, and represents CCDC in housing coalitions and in local and state housing policy discussions. In her current role, Kim has overseen the completion of 3 small sites projects - 1201 Powell, 9th/Clement, and 1535 Jackson, as well as 2 larger preservation projects - 937 Clay and 1005 Powell. She has negotiated with property owners through the COPA process and overseen initial due diligence. She has been directly involved in the SOS subsidy program via oversight of 1296 Shotwell and 1005 Powell. In previous roles at CCDC over the past 15 years, Kim served as the Associate Director of Housing Development and as a Project Manager. She has over 20 years of experience in the affordable housing industry, working in San Francisco and throughout the Bay Area for nonprofit organizations, and on a national level through a program funded by the Robert Wood Johnson Foundation.

Appendix C: Recent Development Activity.

	Name/Location	Status / Year Completed	Total Units
1	Ping Yuen, 655, 711, 795 and 895 Pacific Ave	2019	234
2	North Ping Yuen, 838 Pacific Avenue	2019	200
3	1296 Shotwell	2019	94
4	MB3E 1150 3rd Street	2020	119
5	462 Green Street	2020	6
6	1535 Jackson	2021	19
7	2060 Folsom	2021	127
8	Hamlin Hotel, 385 Eddy St	2022	67
9	900 Jackson	2022	17
10	9th Avenue	2022	16

Appendix D: SFHAF Appendix.

Environmental Issues/Site Suitability.

Phase I/II Site Assessment Status and Results:

Phase I and II Environmental Site Assessments (ESAs) were performed on Site by ACC Environmental in July and August of 2019. Given the age of the report, a new Phase I was completed by ACC Environmental in September 2021. The 2021 Phase I did not identify any “recognized environmental conditions” (RECs), but identified one “business environmental risk” (BER) at the Site:

- BER –San Francisco Maher Zone

The Site is located in an area subject to the SF Health Code Article 22A, or the Maher Ordinance. If building permits are required and more than 50 cubic yards of soil will be disturbed, the San Francisco Department of Public Health requires subsurface sampling due to the potential for subsurface contamination associated with uncharacterized historic fill materials.

Although the 2021 Phase I supersedes the earlier report, the July 2019 Phase I uncovered possible RECs in addition to the BER:

- REC –On-site heating oil underground storage tank (UST)

A vertical pipe was found extending from the floor within a residential apartment storage area. ACC could not rule out the potential for an existing heating oil UST system.

- REC –Off-site dry-cleaning facilities

Adjoining properties to the Site have operated as dry-cleaning facilities from 1925 to Present. These dry-cleaning operations are indicative of potential tetrachloroethene (PCE) storage and use. Due to the proximity and cross-gradient locations of these dry-cleaning facilities, ACC cannot rule out possible subsurface impacts associated with such facilities.

Based on the results of the 2019 Phase I, ACC recommended a Phase II to investigate the presence of an underground storage tank (UST), as well as subsurface soil testing for PCE and at the requirement of the Maher Ordinance.

As recommended, ACC conducted the Phase II ESA, which included soil vapor sampling and soils testing and a geophysical survey for the UST. The survey concluded that there was no presence of existing USTs. On soils testing, tetrachloroethene (PCE), benzene, and chloroform soil vapor

samples were found to exceed acceptable levels. Due to the soil vapor analytical data indicating a potential for impacts to indoor air quality, ACC recommended an additional indoor air assessment, which the Sponsor commissioned to assess indoor air quality and the need for additional action, if any.

ACC completed this Indoor Air Investigation in October 2019, collecting five indoor ambient air samples and one exterior ambient air sample. The indoor air analytical results from this sampling indicated the indoor air at the Site is not impacted by the off-site dry cleaners. The detected concentrations of volatile organic compounds in the indoor samples were consistent with the ambient outdoor air concentrations. They concluded that the ambient outdoor air concentrations detected during the air sampling are typical of San Francisco Bay Area ambient air concentrations, especially for sites adjacent to busy urban streets. It is ACC's opinion that indoor air is not impacted by off-site subsurface impacts and no further investigation was warranted.

Potential/Known Hazards: N/A

Zoning

The current zoning is RC-4; the rehab will not change use/density, height or bulk and will conform to the current zoning.

Local/Federal Environmental Review.

The Project falls within the Categorical Exemption 1 – Existing Facilities under CEQA.

Development Team

Sponsor: See Appendix B for a description of the project team from CCDC.

Architect: Studio Perez

Brief Description of Scope of Work: Prepare Schematic Design, DD, CD drawings for the rehab and obtain permits for the rehab including OTC and trade permits. Provide construction administration during construction.

Fee/Hours: Per proposal/lump sum

Contractor: AmOne

Applicant: Chinatown SROs, LLC

Project Name and Address: 1005 Powell Street San Francisco, CA 94108

Procurement Requirements: Because the construction was funded by the HAF, it was not subject to City procurement requirements.

Other Consultants:

EDesignC for MEP

Triangle Engineering for Structural

Property Manager: Chinatown Community Development Center

Has property manager participated in the Small Site program previously? Yes

Performance Schedule.

No.	Performance Milestone	Estimated or Actual Date
1	SSP Financing Letter of Support	<u>12/13/2021</u>
2.	Site Acquisition	<u>12/27/2021</u>
3.	Development Team Selection	<u>11/1/2021</u>
a.	General Contractor Selection	<u>11/1/2021</u>
4.	Design	<u>11/1/2021</u>
a.	Submit Bid Package for MOHCD Approval	<u>n/a</u>
5.	Permits	
a.	Building Permit Application Submitted	<u>4/30/2022</u>
6.	Construction	
a.	Notice to Proceed	<u>3/1/2022</u>
b.	Complete Construction	<u>1/15/2024</u>
7.	Marketing & Lease-up	<u>2/15/2023</u>
a.	Leased Vacant Units	<u>2/15/2024</u>
B	Execute SOS contract	<u>4/19/2024</u>
8.	Close Out MOHCD Loan	<u>6/20/2024</u>

Applicant: Chinatown SROs, LLC

Project Name and Address: 1005 Powell Street San Francisco, CA 94108

Appendix E: MOHCD Construction Representative Evaluation

A substantial rehabilitation has been completed. Categories of replacements, repairs, and upgrades include:

- Structural: Soft Story retrofit: moment frames, new shear walls at existing walls, and anchor framing to brick and new poured in place concrete foundation.
- Asbestos abatement - \$500k was spent on asbestos abatement immediately after tenant relocation due to the deterioration of acoustical ceiling and wall materials found in units and common spaces.
- Lead abatement.
- Dryrot: replacement of wooden elements, including:
 - Joists and sheathing in approximately 30 percent of the roof area, the lightwell roof, and the elevator penthouse.
 - At floor joists and sheathing as well as wall studs in the bathrooms.
 - At the sink locations in the kitchens and approximately half of the units, causing dry rot at the studs and sill plates.
 - Sheathing at the ends of each hallway on all floors due to windows being left open for extended periods. The affected areas were approximately 4 x 8' at every location.
 - Stair landing
 - Wood siding at the lightwell and the alley had selected areas with dry rot, accounting for roughly ten percent of the total area.
 - Ground floor and foundation, where the concrete slab had been built over word sleepers, causing isolated footing to shift and settle, affecting the columns and beams on the first floor.
- Fire rating: extend 1-hour separation where required.
- Replace windows to allow thorough and meet egress where required.
- Exterior improvements: Roof covering, stucco repair, storefronts, wood siding repair, and new sealant and paint.
- Interior Improvements: Doors and hardware, flooring throughout, new or refurbished wall/ceiling coverings and paint at all surfaces, unit sinks, closet systems, common spaces (amenities, community kitchens and bathrooms), elevator cab and equipment modernization.
- New accessibility upgrades (voluntary): hand railing and slip resistant covering at stairs, upgrade 4 units for AV needs, lever latch and closer hardware throughout, maneuverability/clearances. More detail was included above in **Section 6.13 Accessibility**.
- System upgrades (plumbing, electrical, fire alarm).
- New HVAC system, security camera system, key fob system, and low voltage cabling installation/upgrades.

- Addition of resident laundry room, resident community room, property management office.
- Commercial laundromat rehabilitation, including addition of two ADA bathrooms on the ground floor.

While the renovation work and “new” work for residential laundry and commercial laundry has been completed, the following closeout documents will be required from the Project Sponsor/Team:

- All Unconditional Lien Releases from General Contractor and Subcontractors.
- No Liens or Stop Notices have been filed against the Project and no claims are pending.
 - Where Liens, Stop notices or Clams have been filed, provide documentation of their resolution.
- Certificate of Substantial Completion (executed by Architect or Construction Manager, Contractor, and Owner acknowledging that all work is in substantial conformance with the Contract Documents)
- Recorded Notice of Completion (filed by Owner within 10 days of completion and 30 days elapsed)
- Signed off FINAL Permit Cards.
- Project Directory - Listing all Principals, Design firms, Subcontractor, and Suppliers with Phone and/or Email contact
- Owner's acknowledgement (in writing on letterhead or email) of receipt of the following items or completion of activities:
 - As-Built Plans in Hard Copy and Electronic Format
 - Guarantees and Warranties for all Equipment, Materials and Work - Including GC Call-Back Process & Contact info
 - Keys, Keyfobs, Instruction Manuals, Software, Training Videos and Training completed
 - Inspection Reports, Certifications and Permits to Operate including but not limited to:
 - Equipment and Systems Test Reports (Backflow prevention, Elevator Inspection, Fire Suppression and Alarm, etc.)
 - Materials Testing Reports - Special Inspections
 - Extra Materials (attic stock) and product literature have been delivered to Site and properly stored.
 - Completion of Punch List items, inspected and accepted by Architect and Owner

EXHIBIT B - SOS Funding Schedule					
Funding Start Date:			7/1/2024		
Base Year Annual Amount			318,036		
Base Year			2024		
<i>annual % increase</i>	Calendar Year		Full Year Funding Amount	Estimated Disbursement Date	FY Budgeted (for Disbursement)
	CY-1	2024	\$159,018	May 1, 2024	FY2024/25
4.00%	CY-2	2025	\$330,757	Jan 1, 2025	FY2024/25
4.00%	CY-3	2026	\$343,988	Jan 1, 2026	FY2025/26
4.00%	CY-4	2027	\$357,747	Jan 1, 2027	FY2026/27
4.00%	CY-5	2028	\$372,057	Jan 1, 2028	FY2027/28
4.00%	CY-6	2029	\$386,939	Jan 1, 2029	FY2028/29
4.00%	CY-7	2030	\$402,417	Jan 1, 2030	FY2029/30
4.00%	CY-8	2031	\$418,514	Jan 1, 2031	FY2030/31
4.00%	CY-9	2032	\$435,254	Jan 1, 2032	FY2031/32
4.00%	CY-10	2033	\$452,664	Jan 1, 2033	FY2032/33
4.00%	CY-11	2034	\$470,771	Jan 1, 2034	FY2033/34
4.00%	CY-12	2035	\$489,602	Jan 1, 2035	FY2034/35
4.00%	CY-13	2036	\$509,186	Jan 1, 2036	FY2035/36
4.00%	CY-14	2037	\$529,553	Jan 1, 2037	FY2036/37
4.00%	CY-15	2038	\$550,735	Jan 1, 2038	FY2037/38
4.00%	CY-16	2039	\$572,765	Jan 1, 2039	FY2038/39
Total Contract Amount:			\$6,209,204		

Application Date: 1/19/24
 Project Name: 1005 Powell Street
 Project Address: 1005 Powell St.
 Project Sponsor: Chinatown SROs LLC

Units: 66
 # Bedrooms:
 # Beds:

Small Sites Project

		Total Sources					Comments
SOURCES	Name of Sources:	20,900,000	-	-	-	-	20,900,000
USES	MOHCD/OCII						
	Perm loans total:	20,900,000					
ACQUISITION							Perm loan amount is more than bridge loan(s) by: 20900000.45
Acquisition cost or value		18,108,688					18,108,688
Legal / Closing costs / Broker's Fee							0
Holding Costs							0
Transfer Tax							0
TOTAL ACQUISITION		18,108,688	0	0	0	0	18,108,688

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab							0	Include FF&E
* Commercial Shell Construction				0			0	
* Demolition							0	
* Environmental Remediation							0	
* Onsite 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	
Design Contingency (remove at DD)							0	\$45MM+
Bid Contingency (remove at bid)							0	\$45MM+
Plan Check Contingency (remove/reduce during Plan Review)							0	\$45MM+
Hard Cost Construction Contingency							0	5% new construction / 15% rehab
Sub-total Construction Contingencies		0	0	0	0	0	0	
TOTAL CONSTRUCTION COSTS		0	0	0	0	0	0	

SOFT COSTS

Architecture & Design

Architect design fees							0	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)							0	
Architect Construction Admin							0	
Reimbursables							0	
Additional Services							0	
Sub-total Architect Contract		0	0	0	0	0	0	
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	

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	

Financing Costs

Construction Financing Costs								
Construction Loan Origination Fee							0	
Construction Loan Interest		0					0	
Title & Recording							0	
CDLAC & CDIAC fees							0	
Bond Issuer Fees							0	
Other Bond Cost of Issuance							0	
Other Lender Costs (specify)		0					0	
Sub-total Const. Financing Costs		0	0	0	0	0	0	
Permanent Financing Costs								
Permanent Loan Origination Fee							0	
Credit Enhance. & Appl. Fee							0	
Title & Recording							0	
Sub-total Perm. Financing Costs		0	0	0	0	0	0	
Total Financing Costs		0	0	0	0	0	0	

Legal Costs

Borrower Legal fees		20,000					20,000	
Land Use / CEQA Attorney fees							0	
Tax Credit Counsel							0	
Bond Counsel							0	
Construction Lender Counsel							0	
Permanent Lender Counsel							0	
* CCDC Interest accrued		320,625					320,625	CCDC Interest accrue based on a blended interest rate calculated as follows: (a) 3.50% accruing on (\$1,250,000.00) and (b) 2.0% accruing on (\$250,000.00), and 3.25% on (\$1,000,000) or 3.25% overall, compounded annually; 500basis point in excess of the AFR after maturity date
Total Legal Costs		340,625	0	0	0	0	340,625	

Other Development Costs

Appraisal							0	
Market Study							0	
Insurance							0	
* Property Taxes							0	
* Accounting / Audit		20,000					20,000	
* Organizational Costs							0	
Entitlement / Permit Fees							0	
* Marketing / Rent-up							0	
* Furnishings							0	\$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees							0	
TCAC App / Alloc / Monitor Fees							0	
* Financial Consultant fees							0	
Construction Management fees / Owner's Rep							0	
Security during Construction							0	
* Relocation							0	
Other (specify)							0	
Other (specify)							0	
Other (specify)							0	
Total Other Development Costs		20,000	0	0	0	0	20,000	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)			0	0	0	0	0	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS		360,625	0	0	0	0	360,625	

RESERVES

* Operating Reserves		175,687					175,687	
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MOHCD Proforma - Permanent Financing Sources Uses of Funds

Replacement Reserves	350,000						350,000		
* Tenant Improvements Reserves	0		0				0	For future laundromat operator	
* MOHCD sinking fund	1,165,000						1,165,000	for operating deficit from yr1-20	
* Other (specify)							0		
* CCDC Sinking Fund							0		
TOTAL RESERVES	1,690,687	0	0	0	0	0	1,690,687		
DEVELOPER COSTS									
Developer Fee - Cash-out Paid at Milestones	80,000						80,000		
Developer Fee - Cash-out At Risk	660,000						660,000		
Commercial Developer Fee							0		
Developer Fee - GP Equity (also show as source)							0		
Developer Fee - Deferred (also show as source)							0		
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects	
Other (specify)							0		
TOTAL DEVELOPER COSTS	740,000	0	0	0	0	0	740,000		
TOTAL DEVELOPMENT COST	20,900,000	0	0	0	0	0	20,900,000		
Development Cost/Unit by Source	316,667	0	0	0	0	0	316,667		
Development Cost/Unit as % of TDC by Source	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%		
Acquisition Cost/Unit by Source	274,374	0	0	0	0	0	274,374		
Construction Cost (inc Const Contingency)/Unit By Source	0	0	0	0	0	0	0		
Construction Cost (inc Const Contingency)/SF	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
*Possible non-eligible GO Bond/COP Amount:	1,667,312								
City Subsidy/Unit	316,667								
Tax Credit Equity Pricing:	N/A								
Construction Bond Amount:	N/A								
Construction Loan Term (in months):	30 months								
Construction Loan Interest Rate (as %):	4.75%								
Small Sites									
Combined Loan to Value Ratio:								115%	
% of Acquisition Cost by Source	100%	0%	0%	0%	0%	0%	0%	100%	
Small Sites Maximum Developer Fee	740,000								

Application Date: 1/19/2024
Total # Units: 66
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2024
Small Sites Project

Project Name: 1005 Powell Street
Project Address: 1005 Powell St.
Project Sponsor: Chinatown SROs LLC

INCOME

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

OPERATING EXPENSES

Management

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

Salaries/Benefits

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

Administration

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

Utilities

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

Taxes and Licenses

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

Insurance

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

Maintenance & Repair

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

Supportive Services

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

TOTAL OPERATING EXPENSES

702,749

PUPA: 10,648

Reserves/Ground Lease Base Rent/Bond Fees

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

