

Citywide Affordable Housing Loan Committee

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

Maria Alicia Apartments Up to \$700,000 PASS loan and \$917,354 Loan Recast

Evaluation of Request for:	Permanent Financing and Recast
Loan Committee Date:	February 16, 2024
Prepared By: MOHCD Asset Manager:	Sophie Rubin, Project Manager Omar Cortez
Sources and Amounts of New Funds Recommended:	PASS 2016 GO Bond (Series 2020C) Up to \$700,000
Sources and Balances of Previous City Funds Committed:	\$447,173 HODAG \$324,211 CDBG (1988 -1) \$145,970 CDBG (1988-2) TOTAL: \$917,354
NOFA/Program/RFP:	Preservation and Seismic Safety (PASS) Loan Program
Applicant/Sponsor(s) Name:	Mission Housing Development Corporation (Mission Housing)

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	Maria Alicia	Sponsor(s):	Mission Housing Development Corporation
Address (with cross street) and Zip Code	3090 16 th Street at Valencia, 94103	Ultimate Borrower Entity:	Maria Alicia Associates L.P.

Project Summary:

Located in District 8, 3090 16th Street, known as Maria Alicia Apartments, is a mixed-use, 4-story building comprising 20 residential units ranging from 1-4 bedrooms, as well as 2 commercial spaces housing nonprofits (Site). The Site was initially developed with tax credits in 1989, replacing a market-rate apartment building destroyed in a fire. It was funded with Housing Development Grant Program (HODAG) and Community Development Block Grant (CDBG) loans. The tax credit regulatory period expired in 2019, causing a loss of income restriction on the 8 units not supported by the HODAG and CDBG programs. By providing a new PASS loan and recasting the existing loans, all units will be restricted as permanently affordable through a single new Declaration of Restrictions, except one unit reserved for the manager.

Mission Housing Development Corporation (Sponsor) is requesting \$700,000 in PASS financing to take out its current senior loan at Maria Alicia and provide funding for the rehabilitation of its elevator. Maria Alicia Apartments underwent a \$4.6M rehab in 2019 using cash out proceeds from another Mission Housing property approved under MOHCD's Cash Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy, but the elevator modernization is an immediate need that was not covered at that time and will be addressed with funds from the new PASS loan. This request would fully fund the \$250k elevator modernization.

A senior mortgage from Boston Private Bank matured on December 5th, 2023. Boston Private Bank provided two, 3-month extensions with the existing terms. The new PASS loan will pay off that debt in the amount of \$350k. The Site, including the commercial spaces on the ground floor, experienced significant instability during COVID. The Sponsor provided rent breaks as needed, which precluded earlier refinancing due to the Project's negative cashflow.

MOHCD staff is recommending Loan Committee approval for the Sponsor's request for up to \$700,000 to refinance and conduct minor rehabilitation, which will improve the quality of life for residents in an existing MOHCD building while providing eight newly restricted affordable units in the City's Mission District.

Project Description:

Construction Type:	V	Project Type:	Rehab
Number of Stories:	4	Lot Size (acres / sf):	.22 acres / 9800 sf
Number of Units:	20	Architect:	N/A
Total Residential Area:	15,357 sf	General Contractor:	N/A
Total Commercial Area:	2500 sf	Property Manager:	Caritas
Total Building Area:	17,857 sf	Supervisor and District:	Mandelman 8
Land Owner:	Mission Housing		
Loan Amount Requested:	Up to \$700,000	Request Amount / unit:	\$35,000
HOME Funds?	N	Parking?	Y

PRINCIPAL DEVELOPMENT ISSUES

1. **Income risk:** Property cash flow at the Project was severely impacted by COVID-19 due to rent concessions provided to many residential tenants, and one of the two commercial tenants (Manny’s). The property was cash flow negative for several years. Mission Housing stabilized the property during the fall of 2023, including requiring rent payments. The PASS financing requires monthly payments, and the payment amount has been calculated based on both residential and commercial income. If either of these sources of income disappears, it may be hard for the property to pay its mortgage. To mitigate this risk, Sponsor has minimized the amount of the PASS loan, and the starting debt service coverage ratio is 2.45. See section 1.1

2. **High operating expenses:** The Project is in a high-profile, high-traffic area of the Mission. It requires a full-time on-site manager, and the property provides the equivalent of .2 FTE in services staff. Given that there are only 20 units, that means the operating costs are over \$20,000/unit/year. MOHCD worked with Sponsor to carefully vet the operating expenses and was able to significantly lower them from the initial \$30,000/unit/year that was presented. See Section 7.2

3. **Development standard waivers:** The Sponsor is requesting an exception to the commercial vacancy guideline from 20% down to 15%. The two commercial spaces have stable, long-term tenants, and the property is in a high-traffic area that is likely to attract significant attention if either space is vacated by the current tenant. See Section 4.4.2

The Sponsor is also requesting an exception to the 15% rehab contingency (down to 5%), as there is only one contract, for which the price is currently being held. See Section 6.5.4

SOURCES AND USES SUMMARY

Permanent Sources	Amount	Per Unit	Terms
MOHCD PASS	\$679,000*	\$33,950	40 yrs @ 2.45%
MGA Cash Out Proceeds	\$139,815	\$6,991	Grant
Total	\$818,815	\$40,941	

*up to \$700,000 for flexibility

Permanent Uses	Amount	Per Unit	Per SF
Refinance/current loan payoff	\$357,129	\$17,856	\$20.00
Hard Costs	\$233,058	\$11,653	\$13.05
Soft Costs	\$65,739	\$3,287	\$3.68
Reserves	\$139,815	\$6,991	\$7.83
Developer Fee	\$23,074	\$1,154	\$1.29
Total	\$818,815	\$40,941	\$45.85

1. BACKGROUND

1.1. Project History Leading to This Request.

Maria Alicia is a 20-unit, 4-story building located at 3090 16th Street in the Mission neighborhood targeting low-income and very low-income families. It also contains two commercial spaces at the ground level. The two commercial spaces are occupied by nonprofit businesses: Manny's is a café and event space serving food via their nonprofit Farming Hope which employs formerly incarcerated individuals, and Mission Hiring Hall provides free job counseling, vocational training, and placement services for moderate- and low-income job seekers in San Francisco, including those experiencing homelessness. The property was originally constructed with tax credit project and was Placed in Service on August 3, 1989. In November 2005, Mission Housing purchased the limited partner interest for \$45,000.

The property is effectively fully occupied. Property Management is currently working to fill one recent vacancy. Eleven units are restricted to households earning up to 50% MOHCD AMI under a current Declaration of Restrictions. Eight units are unrestricted after the TCAC Regulatory Agreement expired in December 2019. There is also 1 unrestricted manager unit.

The property cash flow has been impacted significantly due to COVID. Mission Housing, in conjunction with property manager Caritas, paused all rent increases and, when necessary, provided rent relief and concessions to both residential and commercial tenants. As a result, the property experienced negative cashflow for several years. As of late 2023, the property is once again cash flow positive, although once the ground lease to Mission Housing is paid, there are no remaining residual receipts.

Sponsor initially attempted to refinance the property in 2020, which proved infeasible due to the negative cash flow. The property underwent rehabilitation work from 2020 to 2022, funded by \$4.6 million in excess loan proceeds from Mariposa Gardens (another family property in Mission Housing's portfolio) refinancing, which was approved by MOHCD in accordance with its Cash Out Waiver (COW) refinancing policy. More detail on that rehab in Section 4.2.

The Site is now requesting up to \$700,000 in PASS funding to complete additional rehabilitation and take out the expiring senior debt.

The funds from the PASS loan will be used to pay off an existing Boston Private Bank loan of just over \$350,000, which matured on Dec. 5, 2023. The Sponsor received two three-month extensions, which extend the maturity to May 31, 2024. The PASS funds would also cover about \$250,000 in capital improvements in the form of elevator modernization. A previously approved Mission Housing-portfolio COW will fund replacement and operating reserves, totaling about \$140,000.

The Maria Alicia would be taking on a PASS mortgage that is twice what it had previously, however the financing terms are favorable, accommodating a debt service coverage ratio that stays above 1.1 through year 20, which was difficult at this Site due to the limited number of units and high operating costs.

1.2. Applicable NOFA/RFQ/RFP

(See Attachment E for Threshold Eligibility Requirements and Ranking Criteria)

The PASS program provides low-cost and long-term financing (hard debt) 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. There was \$72 million 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 to occur in 2024. The Project is considered an eligible property for over the counter (non-competitive) PASS funding.

1.3. Borrower/Grantee Profile.

(See Attachment B for Borrower Org Chart)

1.3.1. Joint Venture Partnership. N/A

1.3.2. Demographics of Board of Directors, Staff and People Served.

Board breakdown by race:

Asian	17%
Hispanic	50%
White	33%

Board breakdown by gender:

Male	50%
Female	50%

Mission Housing does not ask for voluntary disclosure of demographic information from its employees but reports that a large majority of its upper management is not white.

1.3.3. Racial Equity Vision.

Mission Housing was founded as a community-based organization with a “people first,” mindset that involves respecting and building relationships with residents and staff. Mission Housing believes collaboration with community, city, and state partners are essential to successfully advocating for equitable solutions to affordable housing.

Mission Housing has indicated they are inclusive of all people, including people of all identities and abilities/disabilities. The organization believes that housing is a human right and that everyone should have a home and community where they feel a sense of belonging. As well as honoring and celebrating all cultures and welcoming cultural differences, Mission Housing has indicated their efforts to be transparent and base decisions on what is best for their residents, their surrounding communities, and their organization.

As part of a strategic plan update, Mission Housing is developing a new racial equity vision. No timeline has been provided for completion. MOHCD staff will continue to encourage Sponsor to outline specific initiatives, prior to final gap financing, planned to improve racial equity outcomes for both the organization, and outcomes for current residents, neighbors of Mission Housing properties in San Francisco, and frontline staff.

1.3.4. Relevant Experience.

- Mariposa Gardens (2021; \$1.45M): Soft story retrofit of garages. In unit rehabs of several units.
- 3434 18th Street (2021; \$2.67M): Complete renovation of all units. Electric conversion from gas. Added 3 ADUs from unused garages.
- Maria Alicia Apartments (2020; \$4.6M): Detail provided in section 4.2.
- Hotel Madrid (South Park) (2020; \$3.6M): Complete gut rehab of entire building and all units along with soft story retrofit.
- Parkview Hotel (South Park) (2020; \$9.4M): Complete gut rehab of entire building and all units along with soft story retrofit.
- Grand Oriente (South Park) (2020; \$7.48M): Complete gut rehab of entire building and all units along with soft story retrofit.
- 2800 Bryant Street (2022; \$1.87M): Completed soft story retrofit, replaced façade of building, reinforced and replaced roof. Added new heat pumps.

Total portfolio:

	Developed	Owned
No. Projects	17	45
No. Units	369	1600

1.3.5. Project Management Capacity.

Projected time dedication by staff member:

- Paul Leone, Senior Asset Manager: 20%
- Carlos Melgoza, Project Manager: 20%
- Kevin Kitchingham, Director of Housing Dev and Construction: 5% supervisory
- Nicole Reams, Director of Asset Management: 5% supervisory

See Attachments C and D for bios and more detail on asset management

1.3.6. Past Performance.

1.3.6.1. City audits/performance plans.

Mission Housing works closely with Housing Services at MOHCD and had some staffing challenges during COVID but were open and transparent with MOHCD. Mission Housing has rectified those issues and are on track to complete their work well this fiscal year. Mission Housing is responsive and is present in all required meetings. They recruit and train their staff well. Supervisors are skilled and supportive. Mission Housing collaborates well with the City. Housing Services have contracts with Mission Housing who are committed to a strong working relationship with property management. Their partner for property management is Caritas, who does require some handholding and support to manage their properties well. However, they have also begun to establish a working relationship with the Housing Services team and to improve their staff training and supervision.

Housing Services at MOHCD is not aware of any fiscal concerns and support Mission Housing in their request for support from MOHCD. Fiscal and Compliance at MOHCD also report that Mission Housing has been performing without any issues.

1.3.6.2. Marketing/lease-up/operations.

Recent marketing efforts as assessed by MOHCD's BMR Marketing team:

Mission Housing Development Corporation most recently marketed and leased-up Kapuso at the Upper Yard located at 2340 San Jose Ave. They hired Caritas Management to complete the Marketing Plan and lease-up activities for the 91 Tax Credit units. Initially, during the Marketing Plan review period and the 21-day marketing period the MHDC project management team was very involved. They created an effective and professional marketing video and did on-the-ground marketing to run concurrently with the MOHCD marketing requirements (print publications, social media posts, outreach flyer distribution to organizations that serve targeted groups, etc.). Although they failed to place the DAHLIA banner on the building their marketing was successful with 8,474 total

applications, including 11 Certificate of Preference Holders, 25 Displaced Tenant Certificate holders, 1,555 Neighborhood Preference households, and 7,458 Live or Work in San Francisco Families. Overall, it was a very successful marketing outcome.

Lease-up began on March 23, 2023, with Caritas Management taking the lead. From the onset, MOHCD staff voiced concern that they needed 10 staff to handle a lease-up of this size (they had four staff). MOHCD staff met with the lease-up team weekly until they were 100% leased on December 29, 2023. The staff was knowledgeable and prepared, however they were understaffed for the majority of the lease-up. HBMR team and the front desk received calls and emails that applicants and their housing counselors were not able to get into contact with leasing agents. There was a lack of support from MHDC for Caritas, this was their first lease-up of a new 100% Affordable project. Eventually, the lease-up team was able to gather additional temporary staff and completed the lease-up within the deadline of December 31, 2023. Going forward MOHCD will require MHDC to take on more of an active role in all aspects of the project including monitoring their contractor with lease-up activities and adjusting to their needs such as staffing, rent concessions, and rent reductions to ensure that a project's lease-up is effective and timely.

2. SITE

Site Description	
Zoning:	NCT
CEQA Applicability?	N/A
Maximum units allowed by current zoning (N/A if rehab):	N/A
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Zone 4; PML N/A
Soil type:	N/A
Environmental Review:	Phase 1 performed 8/15/2023
Adjacent uses (North):	Multifamily apartments with ground floor retail uses indicative of the NCT districts
Adjacent uses (South):	Retail and restaurants
Adjacent uses (East):	Parking and housing above retail, banking
Adjacent uses (West):	Restaurants and multifamily apartments
Neighborhood Amenities within 0.5 miles:	Numerous churches in areas of varied denominations, Mission Food Hall, One Medical, local food banks held at several sites less than .25 miles.

Public Transportation within 0.5 miles:	16 th Street BART and the 14/14R/49
Article 34:	Exempt: not adding units
Article 38:	Exempt
Accessibility:	2 units (10%) are accessible. There are no Hearing and Visual Aid featured units or adaptable units.
Green Building:	N/A
Recycled Water:	Exempt
Storm Water Management:	N/A

2.1. Description.

Situated at the corner of 16th street and Valencia in the Mission one block east of the 16th Street BART station, the square, flat, .22-acre site is completely covered by the Project, which features a commercial ground floor with three stories of highly articulated residential units above with a central courtyard.

2.2. Zoning. N/A

2.3. Probable Maximum Loss. N/A

2.4. Local/Federal Environmental Review. N/A

2.5. Environmental Issues. N/A

2.5.1. Phase I/II Site Assessment Status and Results. A Phase I Environmental Site Assessment was conducted in August 2023. It found three buildings that historically house dry cleaners nearby.

2.5.2. Potential/Known Hazards. Proximity to historic dry-cleaning sites.

2.6. Adjacent uses and neighborhood amenities.

The building is in a highly trafficked area of the Mission. See adjacent uses in the chart above.

2.7. Green Building. N/A – minor elevator rehab

3. COMMUNITY SUPPORT

3.1. Prior Outreach.

Minor elevator rehab – no outreach completed yet.

3.2. Future Outreach.

Due to the small scope of the Project, the Sponsor believes that it would be most appropriate to meet with only the residents to discuss the elevator modernization. There will be a period of time that the elevator will be unavailable for use and Sponsor plans to meet with residents to mitigate the disruption the lack of elevator will cause. Sponsor will also conform with

MOD's Guidance for Maintaining Access for Residents with Disabilities, which outlines standards for occupied rehabs that were developed jointly by the Mayor's Office on Disability and MOHCD. One resident with mobility issues has been identified and will require assistance.

3.3. 1998 Proposition I Citizens' Right-To-Know. N/A

4. DEVELOPMENT PLAN

4.1. Site Control: Fee Interest

4.1.1. Proposed Property Ownership Structure

No change proposed. Maria Alicia Associates, LP owns the improvements of the subject property, and Mission Housing owns the land.

4.2. Proposed Rehab Scope.

Rehabilitation contemplated using PASS funds, to be completed in 2024, consists entirely of elevator modernization and elevator life-safety upgrades. These are all being completed under one contract with Otis, which is unionized and pays prevailing wages. No relocation is needed, but the staff are working with one resident who has mobility issues and the Sponsor is working to set up runners to provide assistance to that tenant during the rehabilitation.

Rehabilitation previously conducted between January of 2020 and May of 2022 using \$4,616,719 in cash-out proceeds from another Mission Housing Property, Mariposa Gardens, and involved the installation of photovoltaic system, courtyard improvements, entry access improvements, new roofing installation, dry-rot repair, updated waterproofing systems, new windows and sliding doors, exterior stucco repair and painting, new sprinkler heads, elevator cab upgrades, plumbing upgrades in community laundry room, added lighting and replacement of water heaters.

Residential SF:	13,072
Commercial SF:	4,785
Building Total SF:	17,857

Unit sizes not considered – not a tax credit project.

4.3. MOHCD Construction Representative Analysis:

The hydraulic elevator at Maria Alicia serves the four floors and roof of the building and requires safety upgrades using this funding. Approximately \$250k of the PASS funding will be dedicated to upgrading

the control system, safety equipment, and providing additional power and fire alarm services for the equipment. The last upgrade of the elevator was during the 2019 rehab project where the interior of the elevator cab received updated finishes based on resident feedback of existing conditions.

The elevator scope for this upcoming rehab comprises automated self-leveling, new service options for emergencies or inspection modes, additional access switches, and miscellaneous equipment upgrades. Most of the upgrades needed are safety upgrades for both the hoistway and the cab; for example new emergency cab lighting and new emergency pit switches. The electrical scope of this rehab is needed to provide additional power and fire alarm services to the elevator.

The project will require two months' lead time to order materials, then six months to complete the work. The elevator should not be out of commission for more than six weeks.

Although these upgrades will be an inconvenience to the residents during construction, this work is recommended for the longevity of the building's functionality. Mission Housing will need to ensure residents are informed early of any elevator shutdowns and required accessibility is maintained under the Americans with Disabilities Act (ADA) and state and federal fair housing laws, in addition to MOD's Guidance for Maintaining Access for Residents with Disabilities during the rehabilitation, which includes guidance for getting residents in and out of the building safely. The Sponsor also intends to follow its Elevator Protocol, enacted in 2023, which Mission Housing worked with MOHCD to develop.

The terms of payment for the elevator contract with Otis are outside MOHCD's standard procurement guidelines. Typically, the standard is to pay for material once it is at the site. For this project, the terms of payment are 25% for submittal and initial material release and 25% payment once the material is on site and prior to installation starting. This is common for specialty contractors like elevators, and because retention will still be held with payment and this is a reputable contractor of specialty equipment, this is not considered a reason to hold back the loan.

4.4. Commercial Space.

4.4.1. Space Description.

The two commercial spaces are occupied by nonprofit businesses: Manny's is a café and event space serving food via their nonprofit Farming Hope which employs formerly incarcerated individuals, and Mission Hiring

Hall provides free job counseling, vocational training, and placement services for moderate- and low-income job seekers in San Francisco, including those experiencing homelessness.

No formal commercial leasing plan is proposed, as both commercial spaces are leased with long-term tenants. Mission Housing leases more than 60% of its commercial portfolio to community serving non-profits.

MOHCD has reviewed copies of the commercial leases for both spaces.

Lease terms for Manny's:

10.5 year lease starting in April 2018

Lease starts at \$8000/month and increases 3% annually

Tenant share of operating expenses: \$2000/month, 5% annual increase

Lease terms for Mission Hiring Hall:

5 years starting in 2018

Lease starts at \$4,750 in year 1 and increases to \$5,740 in year 5.

Common area maintenance (CAM) charges start at \$1,407 in year 1 and increase to \$1,726 in year 5.

Mission Hiring Hall has made it clear they intend to sign a new lease with the same terms.

Both spaces are leased to businesses that help fulfill the intent of the commercial space underwriting guidelines. The spaces appear to adhere to the guidelines, as far as they can be applied to existing spaces with current leases where no capital is proposed to create or upgrade those spaces.

4.4.2. Operating Pro Forma.

The commercial cashflow supports the Project. The operating proforma shows rents based on current leases. The Project is requesting a commercial space underwriting exception to lower the vacancy rate from 20% to 15%, due to the stability of the current tenants, and the fact that the location is extremely desirable and assumes low rent.

4.4.3. Tenant Improvement Build Out.

N/A - both commercial spaces currently built out and in operation.

4.5. Service Space.

There is no dedicated service space at the property, however there is a community room that is used to meet with residents, including providing services.

4.6. Interim Use. N/A

4.7. Infrastructure. N/A

4.8. Communications Wiring and Internet Access.

Building is currently serviced by comcast/Xfinity and Sonic Fiber. These services are available for residents to subscribe.

4.9. Public Art Component. N/A

4.10. Marketing, Occupancy, and Lease-Up

N/A - Building is fully occupied.

4.11. Relocation. N/A

5. DEVELOPMENT TEAM

The entire elevator modernization will be performed by Otis who is a union signatory to IUEC Local 8. Procurement/contract standards reviewed by MOHCD construction rep and discussed at the end of section 4.3.

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Project Manager	Mission Housing	N	N
Legal	Gubb and Barshay	N	N
Property Manager	Caritas	N	N
Services Provider	Mission Housing	N	N

5.1. Procurement Plan. N/A – single-contract scope. See section 4.3

5.2. Opportunities for BIPOC-Led Organizations.

This rehabilitation includes only a single contract with Otis. While not BIPOC-led, Otis has Diversity, Equity and Inclusion (DEI) hiring practices in place and a DEI department that oversees the implementation of the practices.

6. FINANCING PLAN (See Attachment F for Sources and Uses)

6.1. Prior MOHCD/OCII Funding:

Maria Alicia was developed in 1989 with the following soft debt sources that are still outstanding:

Source	Current Loan Balance	Per Unit	Current Terms	Current Due date	NOTE
HODAG (HUD)	\$447,173	\$22,359	55 yrs @ 3% res rec	8/4/2030	Terms and due dates of all 3 loans will be updated and recast as a component of this financing request.
CDBG 1	\$324,211	\$16,211	55 yrs @ 0% deferred	8/4/2019	
CDBG 2	\$145,970	\$7,299	55 yrs @ 0% deferred	8/4/2019	

6.2. Disbursement Status.

1.1. Invoices and costs incurred in line with the budget for this loan are approved as of the Loan Committee date, dependent on Sponsor’s fulfillment of Loan Conditions. All existing loans are in compliance with terms. Two CDBG loans were due in 2019 and will be re-cast in conjunction with closing on the new PASS financing. They, along with the HODAG loan, will carry new 55-year affordability restrictions, and a new Declaration of Restrictions will be recorded that covers the whole property and all units excepting the manager’s unit.

6.3. Proposed Predevelopment Financing: N/A, portfolio rehab

6.4. Proposed Permanent Financing.

6.4.1. Permanent Sources Evaluation Narrative.

- PASS mortgage (up to \$700,000): City of San Francisco, 40 year, blended amortization, 2.74% blended interest rate
- Mariposa Gardens Cash Out proceeds (\$139,315): grant

6.4.2. Commercial Space Sources and Uses Narrative. – N/A no improvements to commercial space contemplated. Already fully leased with long-term tenants

6.4.3. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit is within standards	Y	\$11,653/unit
Construction Hard Cost Contingency is at least 5%	N	Hard Cost Contingency is 5%. Sponsor is requesting a waiver because there is only a single

(new construction) or 15% (rehab)		contract for a single elevator, which is already in hand with the price being held.
Architecture and Engineering Fees are within standards	N/A	
Construction Management Fees are within standards	N/A	none
Developer Fee is within standards, see also disbursement chart below	Y	Developer is taking a \$23,074 project management fee. The fee is at-risk and will be paid once the rehabilitation is complete. It is paid by the PASS financing.
Consultant and legal fees are reasonable	Y	Very few consultants, all reasonable, low fees
Entitlement fees are accurately estimated	N/A	none
Construction Loan interest is appropriately sized	N/A	none
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10%
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months
Capitalized Replacement Reserves are a minimum of \$1,000 per unit (Rehab only)	Y	\$41,750 of capitalized reserves, over \$2,000/unit, will be added to existing replacement reserve which has about \$190,000, totaling a starting reserve post-rehab of \$230,000. This ensures all capital needs can be met over 20 years, with the reserve never dipping below \$2000/unit/year. Capital needs weeds were established by a CNA completed in June 2023.

6.4.4. Developer Fee Evaluation.

Developer is taking a \$23,074 project management fee. The fee is at-risk and will be paid once the rehabilitation is complete. This fee was determined to cover the Sponsor's overhead cost of applying for the funds and managing the rehab. It does not follow the MOHCD underwriting guidelines, but MOHCD supports this fee.

7. PROJECT OPERATIONS (See Attachment G and H for Operating Budget and Proforma)

7.1. Annual Operating Budget.

The project operates without rental subsidies, and the operating expenses at this Project are very high. MOHCD staff has worked with the Sponsor to bring operating expenses more in line with other buildings, and the current projected operating expenses are about \$3,300/unit/year lower than the 2021 Annual Monitoring Report (AMR).

- The largest expense is the full-time, on-site property manager, which for a property of only 20 units is significant. The 11 tenants of the HODAG-funded units are below 50% AMI, and therefore have service needs including food assistance and referrals to resources for rent assistance and mental health assistance.

- The building's NOI was significantly impacted by COVID. Mission Housing assisted 14 residents to apply for ERAP and State SB91 funds. A small number of residents refused the help. Thus, the operating expense budget is carrying \$5,000 in bad debt, which is within an acceptable range for a MOHDC rehabilitation. The project is now cash flow positive.

- Water and sewer utilities are metered for the entire building which includes the commercial spaces, making them look unusually high, although much of that is billed back to the commercial spaces in the form of CAM charges. The amounts of the charges are laid out in section 4.4.1 and are included in the proforma with the commercial space income. Residents do not pay water or sewer. Both commercial and residential tenants have separately-metered electricity and PG&E bills each tenant directly.

- The property has large annual contracts for janitorial as the high-traffic site produces a massive amount of trash and graffiti cleanup. MOHCD staff has already worked significantly with Mission Housing's asset management staff to lower operating costs at the building and bring them in line with other sites in the portfolio.

- Since 1988 the property has had a ground lease from Mission Housing, with an annual payment of \$39,805. This is currently in the waterfall as

below the cashflow, but before residual receipts. Therefore, it is only paid when there is cash available, but there is no cash available *after* the ground lease for residual receipts payments.

7.2. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	Y	DSCR is 2.454 at Year 1 and 1.104 at Year 20. PASS program requires over 1.1 through year 20.
Vacancy rate is based on project's historical actuals	Y	Project experiences almost no vacancies. Vacancy rate is set at 5% for residential and 15% for commercial, waiver requested above.
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5%
Annual Operating Expense escalation is based on project's historical actuals	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are \$19,511 per unit This is within range, but high, compared to similar properties. See operating cost comparison chart below, with projections set for 2024 costs. MOHCD staff worked with Mission Housing from June to December 2023 to lower operating expenses to create a viable project
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$19,440 or \$81 PUPM

Property Management staffing level is reasonable per comparables	Y	Proposed staffing: Property only has 20 units and has one full time on-site property manager. Janitorial services are contracted. Sponsor plans to work with MOHDC staff to combine management with another small Mission Housing property to lower costs.
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$9,500/yr; it was significantly lowered to reduce operating expenses No LP, so no partnership management fee
Replacement Reserve Deposits meet project needs based on CNA	Y	Replacement Reserves are \$43,000, or \$2,150 per unit per year based on CNA completed in June 2023, meeting guideline requirement for replacement reserve deposits on rehabilitations.

\$14,228	\$18,189	\$20,626	\$18,877	\$22,316	\$15,728	\$9,889	\$18,157
Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7	AVERAGE
2300 Van Ness	Del Carlo Court	Minna Park Family	Gabreila Apts	Good Sam. Apts	Padre Palou	Columbus United Coop	
22	25	26	29	20	18	21	#units

7.3. Capital Needs Assessment & Replacement Reserve Analysis.

Elizabeth McLachlan Consulting completed a Capital Needs Assessment Report (CNA) on June 26, 2023. The reserve analysis found that the amount necessary to cover all capital expenses for 20 years was \$2,150/unit/year, or \$43,000, which is what is budgeted.

7.4. Income Restrictions for All Sources.

No restrictions besides MOHCD; HODAG (HUD) restrictions were converted to MOHCD AMIs in the latest Declaration of Restrictions recorded as part of the cash out waiver approval in 2020, prior to the rehab conducted in 2020-2022.

7.5. MOHCD Restrictions.

The restrictions listed below preserve the current affordability of the 11 units that are funded by HODAG and CDBG loans, and newly restricts 8 units that are currently unrestricted to 50% MOHCD AMI. All unit restrictions will be covered in a single, new Declaration of Restrictions.

Unit Size	No. of Units	Maximum Income Level
1 BR	1	50 % of Median Income
2 BR	2	50 % of Median Income
3 BR	6	50 % of Median Income
4 BR	2	50 % of Median Income
3 BR	2	70 % of Median Income
4 BR	2	70 % of Median Income
3 BR	2	80 % of Median Income
4 BR	2	80 % of Median Income
3 BR	1	Manager's Unit

8. SUPPORT SERVICES

8.1. Services Plan.

Project is not a supportive housing property. However, there is food bank delivery, help applying for rental assistance and referrals to counseling. Services are provided by Mission Housing. There are no dedicated staff on site; Mission Housing provides services as requested by residents.

8.2. Services Budget.

RP PROGRAM PERSONNEL EXPENSES	20
SALARIES	13,620.70
FRINGE	2,473.69
TOTAL PERSONNEL EXPENSE	16,094.39
RP PROGRAM DIRECT OPERATING EXPENSES	
5200 - Bank Charges	
5445 Office Furnitures/Equipment	500.00
5460 Telephone & Internet	
5470 Tech. Support	560.00
5475 - Software Licenses	
5480 - Subscriptions (Software & Media)	
5500 Supplies	500.00
5700 - HR Legal & Background Checks	
5705 - HR Job Advertising	765.00
5710 Training	
5780 Notary & Translation Fees	
5800 Insurance	
5915 Phone Reimbursements	100.00
5920 Travel/Transportation	
5930 Meetings & Retreats	
6000 Program Activities	
TOTAL OPERATING EXPENSES	2,425.00
TOTAL PERSONNEL & OPER. EXPENSES	18,519.39
ADMIN COST (Offset to expense)	2,777.91
TOTAL PROGRAM EXPENSE	21,297.30

The staff time equivalencies allocated to the Project is 0.10 FTE Resident Services Coordinator and 0.10 FTE Program Manager, paid for through the property's operating income. This conforms to MOHCD underwriting guidelines of no more than 1 FTE per 100 units paid for out of operating budget.

8.3. HSH Assessment of Service Plan and Budget. – N/A, not a supportive housing project

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan Terms.

Program	PASS			
Note Type	Market Rate Note	Below Market Note	Deferred Note	PASS TOTAL
Loan Amount	\$413,511	\$228,144	\$37,345	\$679,000*
per unit	\$20,676	\$11,407	\$1,867	\$33,950
Rate	3.87289%	0.95763%	0.95763%	2.74201%
Repayment type	fully amortizing		balloon payment at maturity	mixed
Loan Priority	Senior, first position Subordinate to City's existing declaration of restrictions			
Loan Term	40 years			

*loan request is up to \$700,000 to allow flexibility.

9.2. Recommended Loan Conditions.

1. Mission Housing must provide the Operating Reserve account balance to MOHCD prior to loan close, as this account will not be funded using PASS and the funds will come from the existing Operating Reserve account as supplemented by Mission Housing.
2. Sponsor will income-certify all new tenants at unit turnover and ensure rent burden no greater than 50% across all units.

3. Sponsor confirms to MOHCD that they will adhere to MOD's Guidance for Maintaining Access for Residents with Disabilities during the rehabilitation.

10. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

Approval indicates approval with modifications, when so determined by the Committee.

APPROVE. DISAPPROVE. TAKE NO ACTION.

_____ Date:

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

_____ Date:

Salvador Menjivar, Director of Housing
Department of Homelessness and Supportive Housing

APPROVE. DISAPPROVE. TAKE NO ACTION.

_____ Date:

Thor Kaslovsky Executive Director
Office of Community Investment and Infrastructure

APPROVE. DISAPPROVE. TAKE NO ACTION.

_____ Date:

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

REQUEST FOR PERMANENT FINANCING AND LOAN RECAST FOR MARIA ALICIA APARTMENTS

Ely, Lydia (MYR) <lydia.ely@sfgov.org>

Fri 3/8/2024 4:46 PM

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

Dear Vanessa,

I approve the above captioned funding request that was reviewed at MOHCD Loan Committee on February 16, 2024.

Thank you,
Lydia

-
Lydia Ely
Deputy Director for Housing
SF Mayor's Office of Housing and Community Development
Office phone: (628) 652-5821
Cell phone: (415) 225-2936

3090 16TH STREET

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

Mon 2/26/2024 1:28 PM

To:Ely, Lydia (MYR) <lydia.ely@sfgov.org>

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

I support Mission Housing Development Corporation (MHDC) requests up to \$700,000 in PASS financing to take out the expiring senior mortgage and fund the modernization of the elevator at Maria Alicia Apartments.

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 and Loan Recast for Maria

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

Fri 2/16/2024 12:09 PM

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 AND LOAN RECAST FOR MARIA ALICIA APARTMENTS 3090 16TH STREET

Katz, Bridget (CON) <bridget.katz@sfgov.org>

Fri 2/16/2024 11:30 AM

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

Cc: Ely, Lydia (MYR) <lydia.ely@sfgov.org>; Adams, Dan (MYR) <Dan.Adams@sfgov.org>

Adding Dan to the e-mail

Bridget Katz

Deputy Director, Office of Public Finance
Controller's Office | City & County of San Francisco

Office Phone: (415) 554-6240

Cell Phone: (858) 442-7059

E-mail: bridget.katz@sfgov.org

From: Katz, Bridget (CON)

Sent: Friday, February 16, 2024 11:29 AM

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

Cc: Ely, Lydia (MYR) <lydia.ely@sfgov.org>

Subject: REQUEST FOR PERMANENT FINANCING AND LOAN RECAST FOR MARIA ALICIA APARTMENTS 3090 16TH STREET

Approve

Bridget Katz

Deputy Director, Office of Public Finance
Controller's Office | City & County of San Francisco

Office Phone: (415) 554-6240

Cell Phone: (858) 442-7059

E-mail: bridget.katz@sfgov.org

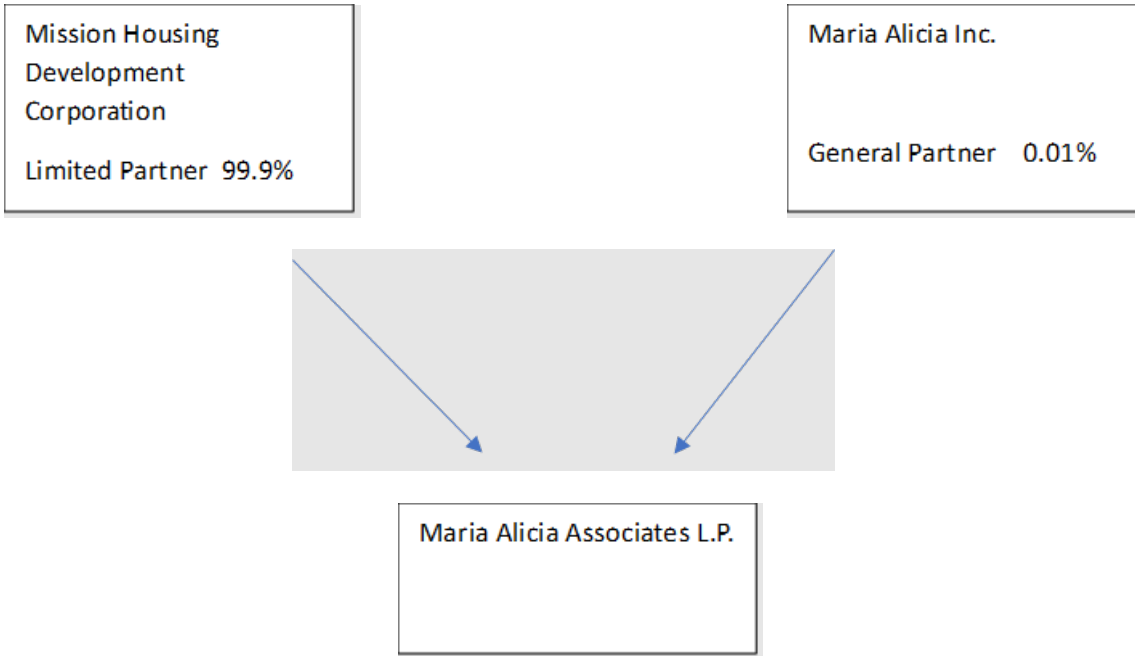
Attachments:

- A. Project Milestones/Schedule
- B. Borrower Org Chart
- C. Developer Resumes
- D. Asset Management Analysis of Sponsor
- E. Threshold Eligibility Requirements and Ranking Criteria
- F. Development Budget
- G. 1st Year Operating Budget
- H. 20-year Operating Pro Forma

Attachment A: Project Milestones and Schedule

	<u>Performance Milestone</u>	Estimated Date	Notes
A.	Prop I Noticing (if applicable)	N/A	
	Acquisition/Predev Financing Commitment	N/A	
2.	Site Acquisition	N/A	
3.	Development Team Selection		
a.	Architect	N/A	
b.	General Contractor	10/21/23	
c.	Owner's Representative	N/A	
d.	Property Manager		Rehab and same firm
e.	Service Provider	N/A	
4.	Design	N/A	Design build
5.	Commercial Space	N/A	Already leased to Manny's/Mission Hiring Hall
6.	Environ Review/Land-Use Entitlements	N/A	
7.	PUC/PG&E	N/A	
8.	Permits		
a.	Building / Site Permit Application Submitted		Will be obtained by OTIS
b.	Addendum #1 Submitted		
c.	Addendum #2 Submitted		
9.	Request for Bids Issued	10/21/23	
10.	Service Plan Submission	N/A	
11.	Additional City Financing	N/A	
12.	Other Financing	N/A	
13.	Closing	4/15/24	
a.	Construction Loan Closing		
b.	Conversion of Construction Loan to Permanent Financing		
14.	Construction	6/1/2024	
a.	Notice to Proceed	N/A	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	N/A	
15.	Marketing/Rent-up	N/A	
16.	Cost Certification/8609	N/A	
17.	Close Out MOH/OCII Loan(s)	2/1/2025	

Attachment B: Borrower Org Chart



Attachment C: Development and Asset Management Staff Resumes

Kevin Kitchingham, Director of Housing Development & Construction Management

Kevin Kitchingham has 18 years' experience as an affordable housing professional. His accomplishments include working on more than \$750 million worth of transactions in both the public and private sectors. Before spending a decade at the San Francisco Mayor's Office of Housing and Community Development, Kevin was the Housing Director of a community based non-profit developer in Bernal Heights. In 2015, Kevin was selected by Mayor Ed Lee as a key author of the Mission Action Plan 2020 and he is a keen observer and participant in San Francisco politics, particularly those of the Mission and Bernal neighborhoods. He has also lived and volunteered in the Mission/Bernal neighborhoods.

Carlos Melgoza, Project Developer

Carlos Melgoza has been a Project Developer with Mission Housing Development Corporation since October, 2021. Currently, he is in the final stages of helping project manage the rehabilitation of five severely distressed public housing sites that were formerly owned by the San Francisco Housing Authority, and has been accepted into LISC's 2023 Housing Development Training Institute program. Prior to joining Mission Housing, Carlos was active in housing advocacy. Hailing from East Los Angeles and the eastern Coachella Valley, two communities that have been historically underserved, Carlos has lived experiences with housing insecurity and a lack of community resources for struggling families and individuals. These challenges have directly influenced him to work in affordable housing development. Carlos began his education at UCSD in International Studies with a focus in Latin American literature. He finished his education with a degree in Urban Studies and Planning from San Francisco State.

Paul Leone Jr, Senior Asset Manager

After graduating from the University of Massachusetts with Honors in Accounting and Economics, Paul Leone Jr started his career at MidPen Housing Development Corporation as a Development Accountant working closely with public and private lenders in ensuring timely and accurate delivery of loan draws and budgets. After 2 years in accounting Paul was asked to join MidPen's development team as a Project Associate on several new construction projects. Since Paul joined Mission Housing's Asset Management Team in December 2018, he has helped manage and finance Mission Housing's innovative ADU project, managed Mission Housing's commercial portfolio, and managed several properties currently in operation. Paul's blend of experience with asset management and development uniquely positions him to manage an existing project through rehabilitation.

Attachment D: Asset Management Evaluation of Project Sponsor

Asset Management Performance and Capacity, Per Mission Housing:

“Operating for over 50 years, Mission Housing has maintained a long-term commitment to responsible stewardship of its assets. Mission Housing’s Asset Management team oversees its residential and commercial portfolio and ensures that properties are being managed per budget and regulatory requirements, receive proper and timely maintenance, and have adequate reserves. Mission Housing’s Executive Director served as Director of Asset Management for three years, ensuring the sound financial health of Mission Housing for years to come. Expert asset management has been instrumental in the stability of our diverse portfolio and is crucial to Mission Housing’s ability to lead in service to the community, maintaining affordable housing and protecting longtime San Francisco families at risk of displacement.

Mission Housing’s asset management approach champions collaboration between its Executive Director, asset management department, Controller and accounting staff, project managers, resident services department, and community stakeholders. Asset Managers oversee the compliance and fiscal health of properties which includes United States Department of Housing and Urban development (HUD) Rental Assistance Demonstration 2 (RAD2) conversions, re-syndications of tax credit properties and active management of 29,000 square feet of ground floor retail commercial space, and over 10,000 square feet of non-profit space for Mission Neighborhood Center’s Head Start Childcare.”

Mission Housing has 36 Buildings and 1,620 units

Sponsor’s current asset management staffing – job titles, FTEs, avg # units assigned to each FTE, org chart and status of each position (filled/vacant):

AM TEAM				
AM	TITLE	# OF BUILDINGS	# OF UNITS	FTE
Paul	Sr. AM	5	373	100%
Beatriz	Sr. AM	17	427	100%
Anthony	AM	7	416	100%

Lisa	AM	7	404	100%
Total		36	1620	
Maribel	Sr. AM - Compliance	36	1620	100%
Nelson	Facilities Manager	36	1620	100%
Saradevi	Administrative Assistant	36	1620	100%
TBD - VACANT	Compliance Analyst	36	1620	100%
Nicole	Dr. AM	36	1620	100%

Description of scope and range of duties of sponsor’s asset management team

Senior Asset Manager Essential Functions, from latest job posting:

The Senior Asset Manager will customarily and regularly exercise discretion and independent judgment in the following job duties:

- Independently monitor the activities of property management firms responsible for the daily operations of the properties, and report significant information to the Director of Asset Management.
- Lead and monitor the third-party property management company in the performance of lease-ups in both new construction and occupied rehabs.
- Identify, evaluate and recommend capital improvement and replacement projects in the agency’s operating portfolio, including potential energy efficiency retrofits.
- Manage LIHTC (low income housing tax credits) capital accounts through annual analysis and exit tax projections; exit limited partner.
- Collaborate with development and finance teams to identify opportunities for rehab and re-syndication; work with Mission Housing’s team to accomplish goals for portfolio, new construction and acquisitions; establish a feedback loop with the current Asset Manager and project development team to capture learnings from portfolio investigations; collaborate with Resident Services on a continual basis to help ensure current services are effective and practical.
- Represent Mission Housing’s ownership concerns and coordinate with property managers, project managers and other development team members to ensure that lease-up, marketing and outreach and maintenance of waiting lists are handled in accordance with the management plan, Mission Housing’s policies and all regulatory requirements; ensure that goals for development are met on time.
- Work collaboratively to create and refine reporting procedures, database and other informational systems to collect data, track projects, enhance communication and distribute to Mission Housing management.
- Directly supervise Asset Manager(s) possibly in the future and provide necessary training.

- Review and analyze monthly property financial statements for reporting to the Executive Director and Board of Directors, as requested.
- Review annual operating budgets to ensure implementation of multi-year plans and coordination with property management.
- Ensure properties are meeting financial goals as projected and required under all agreements and regulations.
- Contribute to preparation of audited financial statements, i.e., related party fees, contingent liabilities, reserves, and surplus cash analysis and distribution and ensure surplus distributions are made correctly and on a timely basis.
- Represent Mission Housing to stakeholders, partners, lenders, property managers, vendors, residents and community members as needed, with an above average level of understanding, and supporting our mission, vision and values.
- Create asset management plans for Mission Housing's operating portfolio.
- Perform site inspections and oversee physical risk management.
- Manage insurance for Mission Housing-controlled portfolio, including claims, setting deductible and coverage levels, and all other insurance-related issues.
- Oversee the creation, collection, and maintenance of physical specifications with the goal of maintaining the integrity of the original designs, while updating and greening the product.
- Lead and perform due diligence on proposed new acquisitions, and make recommendations to the Director of Asset Management on new acquisitions and projects.
- Research partnership agreements, financing documents, regulatory agreements, tax returns, and other source documents to determine constraints and barriers to long-term needs.
- Monitor property commercial spaces and work with brokers to market and negotiate leases with prospective tenants, as needed.
- Negotiate with partners and/or lenders, as needed, to amend agreements.
- Facilitate approval processes with lenders and/or investors, as needed.
- Prepare and review all reporting information due to investors/lenders.
- File welfare exemptions and business entity forms.
- Complete other tasks as assigned related to real estate asset management, policy development, budgets, planning, maintenance of records and systems and administration.
- Perform other duties as considered appropriate and consistent with the mission of Mission Housing, including working at occasional community-building activities, programs and events, as needed, during business hours or on weekends.

Description of sponsor's coordination between asset management and other functional teams, including property management, accounting, compliance, facilities management, etc:

Asset Management (includes our compliance team and Facilities Manager) works closely with our affiliated subsidiary Caritas Management Company. We meet weekly with the property supervisor, site staff and accountant to discuss each property's financial and physical status and concerns.

sponsor's budget for asset management team: \$1,370,049 annually

of projects expected to be in sponsor's AM portfolio in 5 years and, if applicable, plans to augment staffing to manage growing portfolio

The Mission Housing Development Team continues to look for opportunities to develop more affordable housing within the City and County of San Francisco. Currently, we have the Balboa Reservoir, 1979 Mission, 490 Laguna Honda in the pipeline. As we get closer to development and lease up, the Asset Management Department will hire based on the needs of the organization.

MOHCD Asset Management has reviewed these statements and numbers.

Attachment E: Threshold Eligibility Requirements and Ranking Criteria

From the Preservation and Seismic Safety (PASS) Program Regulations:

2. LOAN TERMS AND CONDITIONS

All Loans shall be either Market Rate Loans (“MR Loans”), Below Market Rate Loans (“BMR Loans”), or Deferred Loans (as such term is defined in Chapter 66, “Deferred Loans”), each of which shall be structured and administered as described below. For the purposes of these Regulations, “Property” means any legal parcel(s) of real property and improvements eligible for a Loan under the Program, and subject to a Declaration of Restrictions, as provided hereunder, and “Project” means the improvements on such Property.

2.1. Eligible Properties. The proceeds of Loans may be used to cover costs associated with (i) the acquisition, improvement, and/or rehabilitation of at-risk multi-unit residential buildings; (ii) the conversion of such buildings to permanent affordable housing; and (iii) financing the cost of needed seismic, fire, health, and safety upgrades or other major rehabilitation for habitability of such structures and for unreinforced masonry buildings. Proceeds of a Loan shall not be used to finance new construction of a building or acquisition of a building without improvement and/or rehabilitation of such building. Mixed-use Properties are eligible to receive Loans, provided that the majority of the improvements thereon (as determined by square footage or dollar value) are used for residential purposes. MOHCD may issue to a particular Property any number of MR Loans, BMR Loans, and Deferred Loans (as such term is defined in Chapter 66) in any combination thereof. All residential units at Properties must fully conform with City Planning Code requirements applicable to the Property, including zoning, building code compliance, and any relevant neighborhood plan controls. Where there are tenants living in unpermitted units and the units meet minimum livability standards according to Chapter 5 of the San Francisco Housing Code of 2016, Loans may be used to bring such units into compliance with permitting requirements. A Project defined as a “Residential Hotel” under Chapter 41 of the City’s Administrative Code is eligible to receive a Loan; a Project defined as a “Tourist Hotel” under that chapter is not eligible to receive a Loan.

2.2. Eligible Borrowers. Recipients of Loans (“Borrowers”) may be either for-profit or not-for-profit enterprises. However, MOHCD may grant preference to not-for-profit entities when allocating Loan funds. Also, as part of the Loan underwriting process, MOHCD will evaluate all prospective Borrowers based on the enterprise risk criteria described in §6.1 below. Eligible Borrowers may be organized as special-purpose, single-asset entities. In such cases, MOHCD may look to the entity or entities that ultimately own or control the Borrower (the “Sponsors”) when assessing enterprise risk, seeking financial guarantees, or for other purposes.

7. LOAN APPROVAL PROCESS

The process of approving Applications submitted to MOHCD shall proceed as described below.

7.1. Application. To initiate the Loan approval process, prospective Borrowers must submit an Application to MOHCD. Application information and forms shall be made available by the Director and published on MOHCD’s website, or such other convenient

location as may be determined by the Director. The Application package will indicate procedures for returning a completed Application, and the expected time frame for the processing thereof. The elements of a typical Application package include the following:

- An Application for Program Financing Form;
- A MOHCD Pro Forma workbook;
- A Deposit and Indemnification Agreement;
- An organizational chart for the Project (including the hierarchical relationships, ownership percentages, official names, entity types, and state of formation for all entities that have ownership and/or control interests in the Borrower entity as of Application submission or will have such interests as of Closing);
- A narrative description of experience with similar projects (for the Sponsor as well as its partners);
- A draft Distribution List with contact information for known transaction parties; and
- A check for the Underwriting Deposit as described in §5.1 above.

7.2. Preliminary Approval/Denial. Following Application submission, MOHCD staff will review the Application for consistency with these Regulations and MOHCD's policy priorities, resolve any follow-up inquiries with the Borrower, and present the Application to the Director for evaluation. The Director will either approve or deny the Application (respectively, "Preliminary Approval" or "Preliminary Denial"). Preliminary Approval is merely MOHCD's preliminary finding that, based on the information provided in the Application (in original form or as subsequently amended), the proposed financing (1) is generally feasible, (2) can be executed in a manner consistent with these Regulations, and (3) is recommended for approval by the Loan Committee (as applicable). Preliminary Approval DOES NOT (1) represent any commitment by the City to proceed with the proposed financing; (2) authorize any gap financing by MOHCD, OCII, or the City; (3) signify that the Project complies with the planning, zoning, subdivision, or building, laws or ordinances of the City; or (4) suggest that MOHCD, the City, or any officer or agent of MOHCD or the City will grant any other approval, consent, or permit that may be required in connection with a given Project. Any Preliminary Denials will be in writing and will state the basis for denial. Borrowers may appeal Preliminary Denials to the Director within 10 days of being notified of such denials; any Preliminary Denial not appealed within this 10-day timeframe shall be considered a Final Denial (and thus subject to the terms of §7.3 below). Any appeals of Preliminary Denials must be submitted in writing; the Director's subsequent denial of any such appeal shall also be considered a Final Denial.

7.3. Final Approval/Denial. Following Preliminary Approval, Applications shall be submitted to the Loan Committee for evaluation and final approval or denial as described below. Regardless of whether an Application meets all of the eligibility criteria in these Regulations, the Loan Committee may, in its discretion, choose to deny the Application (also a "Final Denial") or to approve the application (a) with modifications (e.g., a lower Loan amount than requested by the Applicant), (b) subject to certain conditions, or (c) without conditions (each, a "Final Approval"). Notwithstanding the foregoing, with respect to Loans for Projects that have already received a funding commitment from MOHCD's Small Sites Program ("SSP"), or any successor Acquisition Program (collectively with SSP, "Acquisition Program"), Final Approval or Final Denial may be issued pursuant to the Acquisition Program Guidelines. Final Denials are not subject to appeal; Applicants who wish to submit an Application for reconsideration following a Final Denial must compensate the City for its costs associated with the denied Application and complete the entire Application process again (including, without limitation, payment of an additional Underwriting Deposit).

Attachment F: Development Budget

Application Date: 6/1/23 # Units: 20
 Project Name: Maria Alicia # Bedrooms: 62
 Project Address: 3090 16th Street # Beds: n/a
 Project Sponsor: Mission Housing Development Corporation

SOURCES	679,000	139,815	-	-	-	-	818,815	Comments
Total Sources								
USE:								
ACQUISITION								
Acquisition cost or value	357,129						357,129	senior debt payoff
Legal / Closing costs / Broker's Fee	0						0	
Holding Costs	0						0	HODAG/CDBG/Sponsor existing debt recast
Transfer Tax	0						0	
TOTAL ACQUISITION	357,129	0	0	0	0	0	357,129	

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab	222,058						222,058	\$137,000 modernization plus \$63k life safety upgrade
* Commercial Shell Construction							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	includes \$10,664 for temp construction
Sub-total Construction Costs	222,058	0	0	0	0	0	222,058	
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	11,000						11,000	5% new construction / 15% rehab
Sub-total Construction Contingencies	11,000	0	0	0	0	0	11,000	
TOTAL CONSTRUCTION COSTS	233,058	0	0	0	0	0	233,058	

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	7,000						7,000	
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	7,000	0	0	0	0	0	7,000	

Financing Costs

Construction Financing Costs							0	
Construction Loan Origination Fee							0	
Construction Loan Interest							0	
Title & Recording							0	
CDLAC & CDIAAC 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							15,000	
Permanent Loan Origination Fee	15,000						15,000	
Credit Enhance. & Appl. Fee							0	
Title & Recording	5,000						5,000	
Sub-total Perm. Financing Costs	20,000	0	0	0	0	0	20,000	
Total Financing Costs	20,000	0	0	0	0	0	20,000	

Legal Costs

Borrower Legal fees	5,000						5,000	
Land Use / CEQA Attorney fees							0	
Tax Credit Counsel							0	
Bond Counsel							0	
Construction Lender Counsel							0	
Permanent Lender Counsel	15,000						15,000	
Other Legal (specify)	2,000						2,000	
Total Legal Costs	22,000	0	0	0	0	0	22,000	

Other Development Costs

Appraisal	0						0	
Market Study							0	
* Insurance							0	
* Property Taxes							0	
Accounting / Audit							0	
* Organizational Costs							0	
Entitlement / Permit Fees	5,000						5,000	Permit estimate from elevator vendor
* Marketing / Rent-up							0	
* Furnishings							0	\$2,000/Unit; See MOHCD UAW 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	
PASS Monitoring Fee	5,000						5,000	
Other (specify)							0	
Other (specify)							0	
Total Other Development Costs	10,000	0	0	0	0	0	10,000	

Total Soft Cost Contingency as % of Total Soft Costs 11.4%

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	6,739	0	0	0	0	0	6,739	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	65,739	0	0	0	0	0	65,739	

RESERVES

* Operating Reserves	0	98,057					98,057	3 months - set based on OpEx lab
Replacement Reserves		41,758					41,758	\$193178 is current balance of RR
* Tenant Improvements Reserves							0	
* Other (specify)							0	
* Other (specify)							0	
* Other (specify)							0	
TOTAL RESERVES	0	139,815	0	0	0	0	139,815	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	23,074						23,074	
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	23,074	0	0	0	0	0	23,074	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	679,000	139,815	0	0	0	0	818,815	
Development Cost/Unit as % of TDC by Source	33,950	6,991	0	0	0	0	40,941	
	82.9%	17.1%	0.0%	0.0%	0.0%	0.0%	100.0%	

Acquisition Cost/Unit by Source

	17,856	0	0	0	0	0	17,856	
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Construction Cost (inc Const Contingency)/Unit By Source

	11,653	0	0	0	0	0	11,653	
Construction Cost (inc Const Contingency)/SF	13.05	0.00	0.00	0.00	0.00	0.00	13.05	

*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	224,058
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

Attachment G: 1st Year Operating Budget

Application Date: 6/1/2023 Project Name: Maria Alicia
 Total # Units: 20 Project Address: 3090 16th Street
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2023 Project Sponsor: Mission Housing Development Corporation

INCOME	Total	Comments
Residential - Tenant Rents	345,324	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	0	Links from 'Existing Proj - Rent Info' Worksheet
Commercial Space	197,598	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	0	
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	6,001	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)	0	
Gross Potential Income	548,923	
Vacancy Loss - Residential - Tenant Rents	(17,266)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	0	#DIV/0!
Vacancy Loss - Commercial	(29,640)	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
EFFECTIVE GROSS INCOME	502,017	PUPA: 25,101

OPERATING EXPENSES	Total	Comments
Management		
Management Fee	19,440	1st Year to be set according to HUD schedule.
Asset Management Fee	9,500	
Sub-total Management Expenses	28,940	PUPA: 1,447

Salaries/Benefits	Total	Comments
Office Salaries	3,726	
Manager's Salary	52,466	
Health Insurance and Other Benefits	16,729	
Other Salaries/Benefits	500	Year end bonus and holiday party
Administrative Rent-Free Unit	0	
Sub-total Salaries/Benefits	73,421	PUPA: 3,671

Administration	Total	Comments
Advertising and Marketing	4,050	
Office Expenses	5,000	
Office Rent	0	
Legal Expense - Property	3,000	Higher in 2024 due to legal case. Expect to drop lower in 2025 and beyond
Audit Expense	9,936	
Bookkeeping/Accounting Services	6,210	
Bad Debts	5,000	Assuming a cap on bad debt at \$10,000.
Miscellaneous	0	
Sub-total Administration Expenses	33,196	PUPA: 1,660

Utilities	Total	Comments
Electricity	15,624	
Water	18,908	
Gas	4,950	
Sewer	26,226	
Sub-total Utilities	65,708	PUPA: 3,285

Taxes and Licenses	Total	Comments
Real Estate Taxes	817	
Payroll Taxes	3,763	
Miscellaneous Taxes, Licenses and Permits	839	
Sub-total Taxes and Licenses	5,419	PUPA: 271

Insurance	Total	Comments
Property and Liability Insurance	43,186	
Fidelity Bond Insurance	0	
Worker's Compensation	4,374	
Director's & Officers' Liability Insurance	0	
Sub-total Insurance	47,560	PUPA: 2,378

Maintenance & Repair	Total	Comments
Payroll	30,000	For contracted janitorial services
Supplies	4,500	
Contracts	30,000	Assuming Repair Contracts reducing down to \$30,000 after completing immediate repairs
Garbage and Trash Removal	32,076	
Security Payroll/Contract	0	Nightly Patrol and Ad Hoc request for security services outside Caledonia St
HVAC Repairs and Maintenance	0	
Vehicle and Maintenance Equipment Operation and Repairs	0	
Miscellaneous Operating and Maintenance Expenses	233	
Sub-total Maintenance & Repair Expenses	96,809	PUPA: 4,840

Supportive Services	21,272	
Commercial Expenses	19,904	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%

TOTAL OPERATING EXPENSES	392,229	PUPA: 19,611
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Reserves/Ground Lease Base Rent/Bond Fees	Total	Comments
Ground Lease Base Rent	0	Housing Development Provide additional comments here, if needed.
Bond Monitoring Fee	0	
Replacement Reserve Deposit	43,000	\$2,150 PUPY
Operating Reserve Deposit	0	Current balance exceeds 25% of budgeted total operating expenses, will deposit as 25% of
Other Required Reserve 1 Deposit	0	
Other Required Reserve 2 Deposit	0	
Required Reserve Deposits, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	43,000	PUPA: 2,150

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	435,229	PUPA: 21,761
NET OPERATING INCOME (INCOME minus OP EXPENSES)	66,788	PUPA: 3,339

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)	Total	Comments
Hard Debt - First Lender	20,348	PASS MR
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd L)	6,868	PASS BMR
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	27,216	PUPA: 1,361

CASH FLOW (NOI minus DEBT SERVICE)	39,572	
USES OF CASH FLOW BELOW (This row also shows DSCR.)	2,45	
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	39,805	MHDC Ground Lease
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 H30)		Def. Develop. Fee split: 0% Provide additional comments here, if needed.

TOTAL PAYMENTS PRECEDING MOHCD	39,805	PUPA: 1,990
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	(233)	

Residual Receipts Calculation	Yes	No
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?
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	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	\$139,815	25.99%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$398,050	74.01%
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	Total	Comments
MOHCD Residual Receipts Amount Due	0	67% of residual receipts, multiplied by 100% - MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	0	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE	0
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)	0
Owner Distributions/Incentive Management Fee	0
Other Distributions/Uses	0
Final Balance (should be zero)	0

Attachment H: 20-year Operating Proforma

Maria Alicia

Total # Units: 20

		Year 1 2023	Year 2 2024	Year 3 2025	Year 4 2026	Year 5 2027	Year 6 2028	Year 7 2029	Year 8 2030	Year 9 2031	Year 10 2032	Year 11 2033	Year 12 2034	Year 13 2035	Year 14 2036	Year 15 2037	Year 16 2038	Year 17 2039	Year 18 2040	Year 19 2041	Year 20 2042	
INCOME																						
Residential - Tenant Rents	2.5%	345,324	353,957	362,806	371,876	381,173	390,702	400,470	410,482	420,744	431,262	442,044	453,095	464,422	476,033	487,934	500,132	512,635	525,451	538,588	552,052	
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Space	3.0%	197,598	203,526	209,631	215,920	222,398	229,070	235,942	243,020	250,311	257,820	265,555	273,522	281,727	290,179	298,884	307,851	317,086	326,599	336,397	346,489	
Residential Parking	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	6,001	6,151	6,305	6,462	6,624	6,789	6,959	7,133	7,311	7,494	7,682	7,874	8,070	8,272	8,479	8,691	8,908	9,131	9,359	9,593	
Tenant Charges	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income		548,923	563,634	578,742	594,259	610,195	626,562	643,371	660,635	678,366	696,577	715,280	734,490	754,220	774,484	795,297	816,674	838,630	861,181	884,344	908,134	
Vacancy Loss - Residential - Tenant Rents	n/a	(17,266)	(17,698)	(18,140)	(18,594)	(19,059)	(19,535)	(20,023)	(20,524)	(21,037)	(21,563)	(22,102)	(22,655)	(23,221)	(23,802)	(24,397)	(25,007)	(25,632)	(26,273)	(26,929)	(27,603)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	(29,640)	(30,529)	(31,445)	(32,388)	(33,360)	(34,360)	(35,391)	(36,453)	(37,547)	(38,673)	(39,833)	(41,028)	(42,259)	(43,527)	(44,833)	(46,178)	(47,563)	(48,990)	(50,460)	(51,973)	
EFFECTIVE GROSS INCOME		602,017	615,407	629,157	643,277	657,777	672,666	687,956	703,658	719,782	736,341	753,345	770,807	788,740	807,156	826,068	845,490	865,435	885,919	906,955	928,558	
OPERATING EXPENSES																						
Management																						
Management Fee	3.5%	19,440	20,120	20,825	21,553	22,308	23,089	23,897	24,733	25,599	26,495	27,422	28,382	29,375	30,403	31,467	32,569	33,709	34,888	36,110	37,373	
Asset Management Fee	3.5%	4,900	5,123	5,353	5,589	5,831	6,081	6,339	6,605	6,879	7,161	7,451	7,750	8,058	8,376	8,704	9,042	9,390	9,748	10,116	10,494	
Sub-total Management Expenses		24,340	25,243	26,178	27,142	28,139	29,170	30,236	31,338	32,478	33,656	34,873	36,132	37,433	38,779	40,163	41,581	43,042	44,548	46,099	47,697	
Salaries/Benefits																						
Office Salaries	3.5%	3,726	3,856	3,991	4,131	4,276	4,425	4,580	4,741	4,906	5,078	5,256	5,440	5,630	5,827	6,031	6,242	6,461	6,687	6,921	7,163	
Manager's Salary	3.5%	52,466	54,302	56,203	58,170	60,206	62,313	64,494	66,751	69,088	71,506	74,008	76,599	79,280	82,055	84,926	87,899	90,975	94,159	97,455	100,866	
Health Insurance and Other Benefits	3.5%	16,729	17,315	17,921	18,548	19,197	19,869	20,564	21,284	22,029	22,800	23,599	24,424	25,279	26,163	27,079	28,027	29,008	30,023	31,074	32,162	
Other Salaries/Benefits	3.5%	500	518	536	554	574	594	615	636	658	681	705	730	756	782	809	838	867	897	929	961	
Administrative Rent-Free Unit	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits		73,421	75,991	78,650	81,403	84,252	87,201	90,253	93,412	96,681	100,065	103,568	107,192	110,944	114,827	118,846	123,006	127,311	131,767	136,379	141,152	
Administration																						
Advertising and Marketing	3.5%	4,050	4,192	4,338	4,490	4,647	4,810	4,978	5,153	5,333	5,520	5,713	5,913	6,120	6,334	6,556	6,785	7,023	7,268	7,523	7,786	
Office Expenses	3.5%	5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814	7,053	7,300	7,555	7,820	8,093	8,377	8,670	8,973	9,287	9,613	
Office Rent	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3,000	3,105	3,214	3,326	3,443	3,563	3,688	3,817	3,950	4,089	4,232	4,380	4,533	4,692	4,856	5,026	5,202	5,384	5,572	5,768	
Audit Expense	3.5%	9,936	10,284	10,643	11,016	11,402	11,801	12,214	12,641	13,084	13,542	14,016	14,506	15,014	15,539	16,081	16,642	17,223	17,823	18,443	19,082	
Bookkeeping/Accounting Services	3.5%	6,810	6,947	7,085	7,225	7,368	7,515	7,665	7,818	7,974	8,133	8,295	8,460	8,629	8,801	8,976	9,154	9,335	9,519	9,705	9,894	
Bad Debts	3.5%	5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814	7,053	7,300	7,555	7,820	8,093	8,377	8,670	8,973	9,287	9,613	
Miscellaneous	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Administration Expenses		33,196	34,358	35,600	36,805	38,093	39,426	40,806	42,235	43,713	45,243	46,826	48,465	50,161	51,917	53,734	55,615	57,561	59,576	61,661	63,819	
Utilities																						
Electricity	3.5%	15,624	16,171	16,737	17,323	17,929	18,556	19,206	19,878	20,574	21,294	22,039	22,811	23,609	24,435	25,290	26,176	27,092	28,040	29,021	30,037	
Water	3.5%	18,908	19,570	20,255	20,964	21,697	22,457	23,243	24,056	24,898	25,770	26,672	27,605	28,570	29,576	30,614	31,686	32,793	33,934	35,111	36,325	
Gas	3.5%	6,988	7,123	7,261	7,402	7,546	7,693	7,843	7,994	8,148	8,305	8,464	8,626	8,791	8,959	9,129	9,301	9,476	9,653	9,832	10,014	
Sewer	3.5%	26,226	27,144	28,094	29,077	30,095	31,148	32,238	33,367	34,535	35,743	36,994	38,288	39,629	41,016	42,452	43,938	45,476	47,067	48,715	50,420	
Sub-total Utilities		65,708	68,008	70,388	72,852	75,401	78,040	80,772	83,599	86,525	89,553	92,688	95,932	99,289	102,764	106,361	110,084	113,937	117,925	122,052	126,324	
Taxes and Licenses																						
Real Estate Taxes	3.5%	817	846	875	906	938	970	1,004	1,039	1,076	1,113	1,152	1,193	1,235	1,278	1,322	1,369	1,417	1,466	1,516	1,571	
Payroll Taxes	3.5%	3,763	3,895	4,031	4,172	4,318	4,469	4,626	4,788	4,955	5,129	5,308	5,494	5,685	5,881	6,091	6,304	6,523	6,753	6,990	7,234	
Miscellaneous Taxes, Licenses and Permits	3.5%	839	868	899	930	963	996	1,031	1,067	1,105	1,143	1,183	1,225	1,268	1,312	1,358	1,406	1,455	1,506	1,558	1,613	
Sub-total Taxes and Licenses		5,419	5,609	5,805	6,008	6,218	6,436	6,661	6,894	7,136	7,386	7,644	7,912	8,188	8,475	8,772	9,079	9,396	9,725	10,066	10,418	
Insurance																						
Property and Liability Insurance	3.5%	43,186	44,698	46,262	47,881	49,557	51,291	53,087	54,945	56,868	58,858	60,918	63,050	65,257	67,541	69,905	72,352	74,884	77,505	80,218	83,025	
Fidelity Bond Insurance	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	4,374	4,527	4,686	4,850	5,019	5,195	5,377	5,565	5,760	5,961	6,170	6,386	6,609	6,841	7,080	7,328	7,584	7,850	8,125	8,409	
Director's & Officers' Liability Insurance	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Insurance		47,560	49,225	50,947	52,731	54,576	56,486	58,463	60,510	62,627	64,819	67,088	69,436	71,866	74,382	76,985	79,680	82,468	85,355	88,342	91,434	
Maintenance & Repair																						
Payroll	3.5%	30,000	31,050	32,137	33,262	34,426	35,631	36,878	38,168	39,504	40,887	42,318	43,799	45,322	46,891	48,510	50,280	52,105	54,000	55,975	57,935	
Supplies																						

	Year 1 2023	Year 2 2024	Year 3 2025	Year 4 2026	Year 5 2027	Year 6 2028	Year 7 2029	Year 8 2030	Year 9 2031	Year 10 2032	Year 11 2033	Year 12 2034	Year 13 2035	Year 14 2036	Year 15 2037	Year 16 2038	Year 17 2039	Year 18 2040	Year 19 2041	Year 20 2042	
INCOME																					
USES OF CASH FLOW BELOW (This row also shows DSCR.)																					
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																					
% annual increase																					
Comments (related to annual inc assumptions)																					
DSCR:	2.454	2.44	2.422	2.399	2.37	2.337	2.297	2.252	2.2	2.142	2.077	2.004	1.923	1.834	1.737	1.631	1.514	1.388	1.252	1.104	
<i>Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.</i>																					
"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																					
Deferred Developer Fee (Enter amt <= Max Fee from row 131)																					
TOTAL PAYMENTS PRECEDING MOHCD																					
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)																					
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																					
MOHCD Residual Receipts Amount Due	100.00%																				
Proposed MOHCD Residual Receipts Amount to Loan Repayment																					
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease																					
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)																					
Owner Distributions/Incentive Management Fee																					
Other Distributions/Uses																					
Final Balance (should be zero)																					
REPLACEMENT RESERVE - RUNNING BALANCE																					
Replacement Reserve Starting Balance		235,000	278,000	261,157	243,049	223,108	201,279	154,319	151,468	151,422	181,754	191,482	232,467	273,390	40,791	67,931	102,158	87,824	130,824	173,824	216,824
Replacement Reserve Deposits		43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
Replacement Reserve Withdrawals (ideally tied to CNA)		-	59,843	61,108	62,941	64,829	89,960	45,852	43,046	12,668	33,272	2,016	2,076	275,600	15,860	8,773	57,333	-	-	-	-
Replacement Reserve Interest																					
RR Running Balance		278,000	261,157	243,049	223,108	201,279	154,319	151,468	151,422	181,754	191,482	232,467	273,390	40,791	67,931	102,158	87,824	130,824	173,824	216,824	259,824
<i>RR Balance/Unit</i>		\$13,900	\$13,058	\$12,152	\$11,155	\$10,064	\$7,716	\$7,573	\$7,571	\$9,088	\$9,574	\$11,623	\$13,670	\$2,040	\$3,397	\$5,108	\$4,391	\$6,541	\$8,691	\$10,841	\$12,991
OPERATING RESERVE - RUNNING BALANCE																					
Operating Reserve Starting Balance																					
Operating Reserve Deposits																					
Operating Reserve Withdrawals																					
Operating Reserve Interest																					
OR Running Balance																					
<i>OR Balance as a % of Prior Yr Op Exps + Debt Service</i>			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE																					
Other Reserve 1 Starting Balance																					
Other Reserve 1 Deposits																					
Other Reserve 1 Withdrawals																					
Other Reserve 1 Interest																					
Other Required Reserve 1 Running Balance																					
OTHER RESERVE 2 - RUNNING BALANCE																					
Other Reserve 2 Starting Balance																					
Other Reserve 2 Deposits																					
Other Reserve 2 Withdrawals																					
Other Reserve 2 Interest																					
Other Required Reserve 2 Running Balance																					