

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



**London N. Breed**  
Mayor

**Eric D. Shaw**  
Director

**COVID-19 Allowance: Alternative Residual Receipts distributions for projects currently under City contracts that incorporate MOHCD's Residual Receipts Policy**

**June 22, 2020**

In response to the financial impacts of the COVID-19 pandemic on affordable housing, MOHCD is proposing to allow Owners to retain a greater share of Residual Receipts than is currently permitted under the Residual Receipts Policy ("COVID-19 Allowance").

**COVID-19 Allowance:** The COVID-19 Allowance is an alternative distribution of Residual Receipts for projects that are currently required by City contract to comply with MOHCD's Residual Receipts Policy or with similar requirements or limitations on the distribution of Residual Receipts. For Owners of projects who are currently required to pay 2/3 of Residual Receipts to MOHCD and allowed to distribute the remaining 1/3, MOHCD's COVID-19 Allowance offers the following options for alternative Residual Receipts distributions for business years CY2019 and FY2019-20:

1. Owners are allowed to retain and distribute 2/3 of Residual Receipts.
2. The remaining 1/3 of Residual Receipts is payable to MOHCD. However, Owners can propose to distribute up to the entire amount to other project/s under contract with MOHCD if the Owners can show that the recipient project/s would otherwise suffer a COVID-19-related shortfall in the Operating Reserve account, or a shortfall in the Replacement Reserve along with an urgent, unfunded capital replacement need.

As conditions to utilize either or both option/s, Owners must:

- Be in compliance with MOHCD agreements regarding Reserve accounts and with MOHCD's current Operating Fees Policy;
- Prevent the Residual Receipts that would otherwise be payable to MOHCD from being collected by any other parties, and;
- Provide a plan detailing how such alternative Residual Receipts distributions will directly benefit and/or mitigate the COVID-19 financial impacts affecting residents of the subject project(s).

**Requests for the COVID-19 Allowance:** Owners should submit two versions of the Annual Monitoring Report ("AMR") -- one that shows the distribution of Residual Receipts in accordance with the existing contractual requirements and the other showing the proposed alternative distributions. Accompanying the AMR, Owners must provide a detailed plan that describes how these distributions will directly

benefit and/or mitigate the COVID-19 financial impacts affecting residents. Requests are subject to MOHCD staff review and approval.

For any projects seeking to utilize the option to distribute Residual Receipts to another project: use row 172 of the AMR, Proposed Other Distributions (excerpt below), to provide information about the proposed recipient project/s, including the cause of the shortfall in either/both Reserve accounts.

Proposed Other Distributions/Uses (provide description in column D and enter amount in column J. If an amount is entered, a description is required. If you had a Calendar Year 172 LOSP surplus, please acknowledge that and note exact amount.)		
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**AMR deadline reminder**

CY 2019 projects -- June 30 for projects with single-entity audits

CY 2019 projects -- July 31 for projects that are included in consolidated parent-organization audits

FY2019-20 projects – November 30, 2020 (in most cases)

MOHCD may grant a maximum one-month extension when Sponsors submit a written request no less than one week in advance of the due date.

Please submit your AMRs as usual to the AMR email account ([moh.amr@sfgov.org](mailto:moh.amr@sfgov.org)). MOHCD's Portfolio Administrator, Ricky Lam ([ricky.lam@sfgov.org](mailto:ricky.lam@sfgov.org)), will inform you of any missing or incomplete information or documentation.

Please direct any questions about the process or eligibility for the COVID-19 Allowance to the MOHCD Asset Manager assigned to the Project, or you may submit your questions to Mike McLoone ([michael.mcloone@sfgov.org](mailto:michael.mcloone@sfgov.org)) or Holly Babe Faust ([holly.faust@sfgov.org](mailto:holly.faust@sfgov.org)).