

**Mayor's Office of Housing and Community Development**  
**Residual Receipts Policy – 2021 Supplement**  
**COVID-19 Allowance**  
Effective: February 19, 2021

This document (the “**2021 Supplement**”) supplements the current Residual Receipts [Policy](#) (the “**Policy**”) of the Mayor's Office of Housing and Community Development (MOHCD), which took effect on April 1, 2016. The 2021 Supplement temporarily supplements certain provisions of the Policy in order to aid affordable housing projects (“**Projects**”) and Borrowers/Owners that have been negatively impacted by the COVID-19 pandemic. It reduces the portion of Residual Receipts that must be paid to the City, and it allows Borrowers/Owners to retain a greater share of Residual Receipts than is allowed under the current Policy. It applies only to Projects that were operational in 2019 and that remain operational during the effective period of the 2021 Supplement.

The options under the 2021 Supplement can be utilized for a single year of financial reporting, unless otherwise extended by MOHCD, in its sole discretion. Other than the period covered by the 2021 Supplement and any future extension, the original provisions of the Policy that govern payment of Residual Receipts to MOHCD shall remain effective indefinitely.

The following language supplements the Policy's narrative Section II to provide for a “**COVID-19 Allowance**,” as hereinafter defined. All sections of the Policy not explicitly addressed in this 2021 Supplement remain in force.

**COVID-19 Allowance**

In recognition of the financial impacts of the COVID-19 pandemic on affordable housing, organizational partners, and residents, MOHCD hereby establishes the “COVID-19 Allowance,” which allows Borrowers/Owners to retain as a distribution a greater share of Residual Receipts from calendar year 2019 or fiscal year 2019-2020. It also allows Borrowers/Owners to request approval to use the remaining portion of Residual Receipts, which would otherwise be payable to MOHCD, to support other MOHCD-financed Projects under their ownership or control that have suffered financially as a result of the pandemic.

The COVID-19 Allowance applies to any Project with a MOHCD contract that specifically refers to the MOHCD Residual Receipts Policy, as well as any other MOHCD contract that requires annual payment obligations from Residual Receipts and that limits distributions in a manner that is similar to the current Policy, even if it does not refer explicitly to the Policy.

The COVID-19 Allowance allows for the following two changes in how Residual Receipts are allocated. Project Borrowers/Owners may elect either or both options:

1. Owners that are currently allowed to retain 1/3 of Residual Receipts will instead be allowed to retain and distribute 2/3 of Residual Receipts.
2. The remaining portion of Residual Receipts is payable to MOHCD. However, Owners can request approval 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-

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19- related shortfall in the Operating Reserve account, or a shortfall in the Replacement Reserve along with an urgent, unfunded capital replacement need.

If an Owner elects to retain a greater share of Residual Receipts as a distribution under option #1, 2/3 of Residual Receipts, the remaining portion that may be used to support other Projects is 1/3 of Residual Receipts. If an Owner does not elect option #1, then the remaining portion of Residual Receipts that may be allocated to other Project(s) is 2/3.

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 residents and/or mitigate the COVID-19 financial impacts affecting residents of the subject Project(s).

The COVID-19 Allowance under the 2021 Supplement can be utilized for a single year of financial reporting for Projects that were operational in 2019 and remain operational during the effective period of this 2021 Supplement. It is applicable to Residual Receipts that a Project generated during calendar year 2019 (1/1/2019-12/31/2019) or fiscal year 2020 (7/1/2019-6/30/2020).

The COVID-19 Allowance is available only upon approval by MOHCD. Project Owners must request approval via the Annual Monitoring Report (CY2019 or FY2020) that they submit for a specific Project. Under the provisions of this 2021 Supplement and the requirements of existing MOHCD contracts, MOHCD shall determine in its sole discretion if a request satisfies the conditions of approval and reserves the right to approve the entire request, a portion of it or none of it.