

Citywide Affordable Housing Loan Committee
San Francisco Mayor's Office of Housing and Community
Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure
Controller's Office of Public Finance

1939 Market
\$4,000,000 Funding Amount
Predevelopment Loan Request

Evaluation of Request for:	\$4,000,000
Loan Committee Date:	November 5, 2021
Prepared By:	Sarah Nusser, Senior Project Manager
MOHCD Asset Manager:	Omar Cortez, Asset Manager
Sources and Amounts of New Funds Recommended:	\$2,000,000 - Housing Trust Fund \$2,000,000 - CPMC Total: \$4,000,000
Sources and Amounts of Previous City Funds Committed:	\$0
NOFA/PROGRAM/RFP:	Multisite Request for Qualifications issued on November 30, 2020
Applicant/Sponsor(s) Name:	Mercy Housing California and Openhouse

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	1939 Market	Sponsor(s):	Mercy Housing California and Openhouse
Project Address (w/ cross St):	1939 Market Street @ Duboce Street	Ultimate Borrower Entity:	Mercy Housing California 109, L.P.

Project Summary:

Mercy Housing California (“Mercy”) and Openhouse (together, the “Sponsor”) request \$4MM to finance predevelopment costs for a proposed new construction affordable senior housing development located at 1939 Market (the “Site” or the “Project”), a city-owned parcel at Market Street and Duboce Avenue. The development will be LGBTQ+ affirming and is envisioned to build on an existing LGBTQ+ centered “campus” in San Francisco that includes MOHCD-funded developments on Laguna, the eastern edge of the Castro LGBTQ Cultural District, the San Francisco LGBT Center, the Bob Ross LGBT Senior Center, and the Openhouse Community Center.

The Sponsor applied as co-developers to MOHCD’s Multi-site Request for Qualifications (RFQ), issued on November 30, 2020, and was selected to develop the Site. The RFQ did not require respondents to provide a conceptual design, and therefore this request is based on a preliminary concept that is expected to be further refined during the initial design phases. The Project responds to the Consolidated Plan by providing housing opportunities for low-income senior San Franciscans, residents experiencing homelessness, residents living with HIV/AIDS, and by supporting the LGBTQ population.

For feasibility purposes, the base concept presented for 1939 Market is a 9-story mid-rise building with approximately 1,500 sf of ground floor community-serving commercial space. As allowed under SB-35 and the City’s Affordable Housing Bonus Program, the Sponsor will explore developing a high-rise building to increase the number of affordable units.

The proposed Project will provide 134 units (66 studios, 67 1-bedrooms, and 1 2-bedroom), including a two-bedroom manager’s unit, with 27 units (20% of total units) serving formerly homeless seniors subsidized by the City’s Local Operating Subsidy Program (LOSP), 40 units (30% of total units) serving extremely low-income seniors supported by the City’s Senior Operating Subsidy (SOS), 7 units serving Plus Housing seniors, and the remaining serving low-income seniors at 50-55% Area Median Income (“MOHCD AMI”).

Proposed permanent financing includes tax-exempt bonds, 4% Low-Income Housing Tax Credits, Federal Home Loan Bank Affordable Housing Program (AHP) funds, Deferred Developer Fee, General Partner Equity, a MOHCD gap loan, a State of California Multifamily Housing Program (MHP) loan, and a State of California Infill Infrastructure Grant Program (IIG) grant. Construction is expected to start May 2024 and be completed April 2026.

Project Description:

Construction Type:	Type I, Midrise	Project Type:	New Construction
Number of Stories:	9	Lot Size (acres and sf):	0.27 acres / 11,860 sq ft
Number of Units:	134	Architect:	TBD
Total Residential Area:	87,884 sf	General Contractor:	TBD
Total Commercial Area:	1,500 sf	Property Manager:	Mercy Housing Management Group

Total Building Area:	89,384 sf	Supervisor and District:	Rafael Mandelman, District 8
Land Owner:	City & County of San Francisco		
Total Development Cost (TDC):	\$86,033,897	Total Acquisition Cost:	\$0
TDC/unit:	\$642,044	TDC less land cost/unit:	\$642,044
Loan Amount Requested:	\$4,000,000	Request Amount / unit:	\$29,850
HOME Funds?	N	Parking?	N

PRINCIPAL DEVELOPMENT ISSUES

- **Community Outreach around Entitlements, Programming and Design, Lease Up, and Commercial Space** – There are a number of aspects of the Project that will require robust and targeted community outreach in order to achieve the Sponsor’s and MOHCD’s goals for the project. In particular, these include ensuring the Project design and programming meets the needs of LGBTQ+ seniors, including those most marginalized by race and gender identity; and a marketing strategy that meets MOHCD’s marketing requirements and connects with applicants who are LGBTQ+ seniors, Black seniors, senior COP holders, and/or those who hold more than one of these identities. See Section 3, Section 4.4, Section 4.11, and Section 9.2.
- **Base Concept Scenario** – The 9-story, Type I, 134-unit base concept presented to Loan Committee may change after community feedback and cost efficiency analyses on the Project’s development and operating cost. The Sponsor will be outreaching to surrounding neighborhoods about the project proposal, and community engagement and outreach will inform the Project’s commercial space programming and inform an acceptable building height. The Sponsors will work with the selected architect, Planning Department, and MOHCD to explore an increase in building height and number of affordable housing units. Please see Section 4.3 and Section 9.2.
- **Financing Plan** – The proposed financing plan assumes the maximum \$20MM HCD-MHP loan and 4% LIHTC and tax-exempt bonds. HCD revised MHP guidelines to synchronize with the latest TCAC and CDLAC regulation changes. Furthermore, CDLAC bond allocations are competitive and the Project’s estimated score is not currently competitive compared to past awarded projects. The Sponsor will need to track changes to MHP and CDLAC regulations that could impact the maximum MHP request, the Project’s income restrictions and cash flow, and the Project’s CDLAC bond competitiveness. See Section 6.2, Section 7.5, and Section 9.2.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
MOHCD/OCII	\$4,000,000	3 yrs @ 3% Def (may be consolidated with perm loan at construction closing)	This Request
Total	\$4,000,000		

Permanent Sources	Amount	Terms	Status
MOHCD/OCII	\$31,028,625	57 yrs @ 3% Res Rec	Not Committed
HCD - MHP	\$20,000,000	55 yrs @ .42% & 3% Res Rec	Not Committed
HCD - IIG	\$750,000	Grant	Not Committed
AHP	\$1,250,000	5 yrs @ 0% Def	Not Committed
Equity	\$24,535,265	\$0.98 per credit	Not Committed
Deferred Developer Fee	\$340,000	N/A	Not Committed
GP Equity	\$8,130,007	N/A	Not Committed
Total	\$86,033,897		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	\$0	\$0	\$0.00
Hard Costs	\$63,638,624	\$474,915	\$711.97
Soft Costs	\$11,725,266	\$87,502	\$131.18
Developer Fee	\$10,670,007	\$79,627	\$119.37
Total	\$86,033,897	\$642,044	\$962.52

* The City acquired the site for \$12 MM in 2020.

1. BACKGROUND

1.1. Project History Leading to This Request.

1939 Market is a .27-acre parcel located in San Francisco's Mid-Market/Castro neighborhood. It is improved with a parking lot and a multi-story office building. The City acquired the site in 2020, and the building currently has three tenants (see Section 4.7).

In early 2021, Mercy and Openhouse applied for the opportunity to develop the site as senior housing under MOHCD's Multisite RFQ. The Sponsor was selected to develop the site in Summer 2021.

This request for predevelopment financing will allow the Sponsor to begin the community engagement and design process with an architect and consultants, conduct site due diligence, refine construction pricing, and seek financial commitments to bring the project to construction closing and start of construction.

1.2. Applicable NOFA/RFQ/RFP. (See Attachment E for Threshold Eligibility Requirements and Ranking Criteria)

City of San Francisco Mayor's Office of Housing and Community Development (MOHCD) 2020 Multisite RFQ. The Sponsor met the minimum threshold eligibility requirements and was one of two teams to submit qualifications to develop the site. Via a competitive scoring process, the Sponsor was selected as the higher-ranking team, scoring 89 out of 100 points.

1.3. Borrower/Grantee Profile. (See Attachment B for Borrower Org Chart; See Attachment C for Developer Resume and Attachment D for Asset Management Analysis)

1.3.1. Borrower.

The to-be-formed borrowing entity will be Mercy Housing California 109, L.P., with Mercy Housing California 109 LLC as the general partner and Mercy Housing Calwest as the sole member/member there-of, and South of Market Mercy Housing as the initial limited partner. At construction closing, the limited partner will be replaced with the investor limited partner.

1.3.2. Joint Venture Partnership. Mercy and Openhouse have partnered as co-developers for the development of the Project, collaborating on various aspects of the development of the vision and programming. Mercy and Openhouse have entered into a Memorandum of Understanding, which outlines the roles and responsibilities of each partner. Mercy will take the lead role on the real estate development responsibilities including design, entitlements, engagement of community on development issues, permitting, budget, securing financing and operating subsidies, construction administration, lease-

up, property management, services planning and implementation, and asset management including regulatory and budget compliance. Openhouse will take the lead on the vision concept as an LGBTQ+ affirming senior housing project, providing input on design, community engagement and support for the vision, marketing and outreach to the LGBTQ+ senior community including initial lease-up and re-leasing of vacancies. Mercy will receive 80% of the developer fee and Openhouse will receive 20%. Mercy will be in the Project's ownership entity and Openhouse will not.

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

Mercy board and staff:

	Sexual Orientation	Gender Identity	Race
Mercy Housing California Board	Question not asked	M: 7 F: 11	Asian: 2 African American: 4 Caucasian: 9 Latinx: 2 Biracial: 1
Mercy Housing, Inc. Board	Question not asked	M: 10 F: 10	Asian: 1 African American: 3 Latinx: 1 Caucasian: 15
Mercy Housing, Inc. - All Staff	Question not asked	Female – 58% Male – 42%	2 or More Races – 3% American Indian/Alaska Native – 1% Asian – 11% Black or African American – 24% Hispanic or Latino – 22% Native Hawaiian/Other Pacific Islander – 1% Not specified – 1% White – 37%
Mercy Housing California - All Staff	Question not asked	Female – 57% Male – 43%	American Indian/Alaska Native – 1% Asian – 21% Black or African American – 17% Hispanic or Latino – 31% Native Hawaiian/Other Pacific Islander – 2% Not specified – 1% White – 22%
Mercy Housing California - Development Staff	Question not asked	Female – 50% Male – 50%	Asian – 20% Not specified – 20% White – 60%

For a breakdown of who Mercy serves by race/ethnicity, see Section 1.1.5.2.

Openhouse board and staff:

	Sexual Orientation	Gender Identity	Race
Board of Directors	Gay: 7 Lesbian: 7 Bisexual: 1	Transgender: 3 M: 8 F: 6 GNC: 0	Asian: 1 African American: 0 White: 8 Latinx: 6
Staff	Gay: 12 Lesbian: 16 Other: 1	Transgender: 3 M: 12 F: 13 GNC: 4	Asian: 4 African American: 3 White: 20 Latinx: 2

Who Openhouse serves:

Age	Number of CM		Gender ID	Number of CM		Sexual Orientation	Number of CM		Racial Background	Number of CM	
Under 50	40	4.4%	Female	248	27.1%	Gay: Male/Male	332	36.3%	African American/Black	77	8.4%
50 - 65	172	18.8%	Male	400	43.7%	Lesbian: Female/Female	110	12.0%	Asian/Asian American/Pacific Islander	46	5.0%
66 - 85	472	51.6%	Trans Female	11	1.2%	Bisexual	72	7.9%	Caucasian/White	428	46.8%
86 - 96	14	1.5%	Trans Male	1	0.1%	Heterosexual: Opposite Sex	117	12.8%	Hispanic/Latino	60	6.6%
96 +	0	0.0%	Genderqueer	13	1.4%	Asexual	4	0.4%	Middle Eastern	1	0.1%
Unknown	217	23.7%	Unknown	242	26.4%	Other	22	2.4%	Multiracial	22	2.4%
Total	915		Total	915		Pansexual	2	0.2%	Native American/Indigenous	12	1.3%
						Queer	2	0.2%	Other	9	1.0%
						Unknown	254	27.8%	Unknown	260	28.4%
						Total	915		Total	915	

1.1.2. Racial Equity Vision.

Mercy is in the process of creating a Racial Equity, Diversity and Inclusion (REDI) organizational framework which is targeted to be released publicly by the end of 2021. The REDI organizational framework will consist of 6 focus areas:

1. Resident Empowerment
2. Policy, Planning, and Practice
3. Communication and Advocacy
4. Education and Training
5. People and Culture
6. Hiring, Recruitment and Promotion

Openhouse did not provide an organizational racial equity vision or plan.

1.1.3. Relevant Experience.

Mercy has deep experience in developing affordable and supportive housing for seniors in San Francisco, having developed 22 senior-serving properties to date (1,800 units). Of those 22 properties, six serve seniors who have experienced homelessness and eleven additional properties are considered supportive housing communities (892 units total).

Since 1998, Openhouse has worked with LGBTQ+ seniors and adults with disabilities to provide LGBTQ+-welcoming services that build stronger community connections in San Francisco. Since 2006,

Openhouse has developed, organized and delivered LGBTQ+ aging-specific, structured activities including: individual case management, friendly visitor connections, lifelong learning opportunities, resource and housing navigation, mental and physical health education, emotional support groups, and social and community engagement events. Openhouse now serves over 3,000 LGBTQ+ older adults, adults with disabilities, and caregivers each year.

Mercy and Openhouse have partnered on two previous LGBTQ+ affirming affordable housing developments – 55 Laguna, which completed construction in 2017, and the Marcy Adelman and Jeanette Gurevitch Openhouse Community (at 95 Laguna), which completed construction in 2020. Together these developments attracted a resident pool of 50% LGBTQ+ identifying residents and approximately 10% COP holders, with 11% of the units set aside for seniors living with HIV/AIDS.

1.1.4. Project Management Capacity. 1939 Market is staffed by Mercy's Clare Murphy (40% FTE) as Project Developer, Ahmed Almahbashi (25% FTE) as Assistant Project Manager, and with supervision by Sharon Christen, Associate Director of Permanent Supportive Housing, and Barbara Gualco, Regional Director of Development. Openhouse's Matthew Cimino (10% FTE), Director of Operations, staffs weekly project check-ins with MOHCD and coordinates on facility's needs as they relate to the programming through construction of the project. See individual staff resumes attached.

1.1.5. Past Performance.

1.1.5.1. City audits/performance plans. Mercy and Openhouse have no known and outstanding performance issues with respect to current grants administered by MOHCD's Community Development program staff.

1.1.5.2. Marketing/lease-up/operations. Mercy has performed relatively well in recent marketing efforts, but they tend to be understaffed. At their RFQ presentation for 1939 Market, they committed to hiring a local marketing staff person. That has not happened yet. Furthermore, while a successful marketing strategy was ultimately developed by Mercy and Openhouse at 95 Laguna, working with MOHCD, Openhouse was resistant to operating within MOHCD's marketing requirements, including the use of DAHLIA and providing a 21-day marketing period for senior projects. See Section 4.11 for MOCHD's marketing requirements.

The below chart represents the number of people currently living in Mercy-owned properties in San Francisco, disaggregated by

Adjacent uses (East):	Single family homes, apartment buildings, and retail shops.
Adjacent uses (West):	Federal government office, Safeway, Whole Foods, pharmacy, bank, and apartment buildings.
Neighborhood Amenities within 0.5 miles:	Safeway, Walgreens, Duboce Park, Open house Senior Services, Sutter Hospital, Wells Fargo.
Public Transportation within 0.5 miles:	Buses (K,L,N,T,7,22); Light Rail (F,J,M,KT).
Article 34:	Not exempt. Will obtain approval before predevelopment loan is executed.
Article 38:	Not exempt.
Accessibility:	Per updated TCAC minimum building standards, 15% will be mobility units; 10% will be accessible for households with hearing and/or visual impairments. All units will be adaptable. Sponsor is working to meet a high-level of universal design standards intended to include additional mobility features within the residential units to ease modification to meet residents' specific needs.
Green Building:	TBD
Recycled Water:	Exempt.
Storm Water Management:	Not Exempt. To be Submitted.

2.1. Description.

Located at the corner of Market Street and Duboce Avenue, the site is 0.27 acres and irregularly shaped. The site is improved with a parking lot and a two-story office building, which currently has three tenants (see Section 4.7).

Demolition of the building is expected to occur after construction close. The site is currently comprised of two separate parcels (006 and 007), which will need to be merged before construction close.

2.2. Zoning. Mercy expects to submit a notice of intent to submit an SB-35 application in April 2022 to start the entitlement process. The SB-35 process is expected to take up to 120 days including the notification period.

2.3. Probable Maximum Loss. N/A.

2.4. Local/Federal Environmental Review. The predevelopment budget includes funds for Mercy to have a NEPA conducted on the Project. Mercy expects to pursue this so that the project is best set up to apply for federal Continuum of Care subsidies, which would replace locally-funded LOSP units.

2.5. Environmental Issues.

2.5.1. Phase I/II Site Assessment Status and Results.

The Phase I found recognized environmental issues, which are excerpted from the report below:

- Serpentine rock containing Naturally Occurring Asbestos (NOA) underlying the subject property.
- Former use of the subject property as a gasoline station, motorcycle repair, used automobile sales, and postage meter manufacturing.
- Location of the subject property within a Maher Ordinance Area.
- Presence of PCE and benzene exceeding residential Environmental Screening Levels (ESLs) underlying the subject property.

The Phase I found that there is one potential environmental concern:

- Long term use of hydraulic elevator onsite.

The limited Phase II focused on evaluating the potential for migration of gasoline-related constituents to the site from releases that may have originated from former fueling operations (ie. a neighboring gas station). The report found benzene to be present above commercial and residential ESLs and PCEs to be present above residential ESLs. The report found other VOCs to be present, but not above commercial or residential ESLs. SCS Engineers also conducted a vapor intrusion analysis to evaluate the risk of these VOCs to occupants of the current office building. The report found that indoor air concentrations of benzene and PCE in the existing building would be at least two orders of magnitude below current ESLs designated for indoor air in commercial buildings and therefore likely does not pose a health and safety risk to building occupants.

The report goes on to indicate that the impact on residential occupants of the above concentrations of benzene and PCE will need to be evaluated at the time of redevelopment. Mercy has reached out to an environmental consultant to investigate any needed mitigations given the above findings.

The predevelopment budget is adequately sized to absorb environmental consultant costs associated with further investigating these conditions. The hard cost estimate in the development budget can also absorb the cost of a passive vapor barrier system, if necessary to mitigate. If an active system is required, it would be more logistically challenging and could add to budgeted costs.

2.5.2. Potential/Known Hazards. NOA, benzene, and PCE.

2.6. Adjacent uses and neighborhood amenities.

LGBTQ+ senior uses and services in the immediate neighborhood include: 55 Laguna (LGBTQ+ affirming senior housing providing case management services), 65 Laguna (Openhouse's offices and the Bob Ross Senior Center), 75 Laguna (Openhouse's Community Day services with On Lok which will open soon providing meals, services programming,

care, and transportation), 95 Laguna (LGBTQ+ affirming senior housing providing case management services), and the SF LGBT Center.

2.7. Green Building.

Per the City's Green Building Code, the Sponsor is required to achieve an all-electric building. Green features will be determined by the Sponsor during predevelopment and will be expected to meet the minimum TCAC Green Building Requirements in addition to City code. The Sponsor will evaluate both LEED and GreenPoint Rated certifications.

3. COMMUNITY SUPPORT

3.1. Prior Outreach.

While no prior outreach has been conducted for 1939 Market Street to-date, Mercy and Openhouse's years of experience working on the UC Laguna Campus redevelopment, as well as Mercy's experience working in Hayes Valley (on 455 Fell as well as Richardson Apartments), and Openhouse's deep roots working with community groups in the Castro, bring considerable knowledge of community interests and relationships to the 1939 Market Street development. Mercy and Openhouse are presently working to create a diverse list of stakeholders comprised of individuals and neighborhood groups, including LGBTQ+ and BIPOC-lead organizations, in the community to obtain comprehensive and varied perspectives on neighborhood and LGBTQ+ needs.

3.2. Future Outreach. Openhouse will take the lead on community outreach, which will begin March 2022 prior to the SB-35 notification process. Mercy and Openhouse are currently developing a community outreach plan.

As a condition of this loan, staff recommends the Sponsor provide a community outreach plan for the entire predevelopment period through construction completion and lease-up. The plan should identify key community stakeholders that will be outreached to and should describe the team's overall community outreach strategy and timeline. It should also include specific outreach strategies and timelines for the following processes and audiences:

- The entitlement process with surrounding neighbors
- The design and programming process with senior LGBTQ+ communities, particular those most marginalized by race and gender identity
- The marketing and lease up process with LGBTQ+ seniors, Black seniors, senior COP holders, and those who hold more than one of these identities
- The commercial space plan with neighbors and LGBTQ+ communities.

3.3. Proposition I. Chapter 79 of the City’s Administrative Code requires public noticing (Prop I) for initial City-funding made to any new construction project. The Sponsor will need to complete the noticing process immediately following Loan Committee’s approval of this request.

4. DEVELOPMENT PLAN

4.1. Site Control. The City and County of San Francisco bought the site from the Sheet Metal Workers’ Internal Association, Local Union No. 104 on May 27, 2020 for \$12 MM or \$89,552 per unit. The City will enter into an Option to Ground Lease with the LP to establish LP site control for financing applications.

4.1.1. Proposed Property Ownership Structure

The City will own the land and enter into a long-term ground lease with the LP. The LP will own the improvements.

4.2. Proposed Design. While design work as not yet commenced, 1939 Market is conceptually proposed to be 9-story, Type I mid-rise. Due to the shape of the site, the building is expected to be a flatiron with a full-height courtyard to the east and an upper story courtyard. The ground floor is expected to include approximately 1,500 square feet of community serving café space (see Section 4.5). As per NCT-3 zoning requirements, the most active groundfloor uses will be along Market Street, and include a café, the residential lobby and the community room. The café is envisioned to be at Market and Duboce, which is the flatiron location and the most visible. Sidewalk seating is expected on Market Street. Along Duboce Street, the ground floor frontage may include utility rooms and the building’s bike room, to be accessed from the building interior. The Sponsor proposes no car parking and will request a reduction in the required bike parking ratio (to 1 space / 3 units) due to the building’s excellent access to transit and the senior population being served.

Residential SF:	87,884
Commercial SF:	1,500
Building Total SF:	89,384

The Sponsor’s hard cost budget is based on comps from a Mercy project in predevelopment, The Kelsey Civic Center.

4.3. Proposed Rehab Scope. N/A.

4.4. Construction Supervisor/Construction Representative’s Evaluation.

At this very early stage in the process before an architect has even been hired, there is not much to comment on in terms of design and cost containment. The relatively small size of the lot and it’s narrow flat-iron shape are challenging constraints that would tend to lead to an inefficient design, as multiple unit types will likely be needed. The prominent Market

Street location will likely cause a bit more scrutiny from the Planning Department that could also escalate costs. Additionally, the Sponsor will need to study the possibility of stepping back the building on Duboce to avoid the power lines, which appear to have both primary and secondary power, versus the cost of undergrounding the power.

As shown in the Cost Comparison Chart (see Attachment H), the early estimating from the developer is almost exactly on the average across all metrics (per square foot and per bedroom costs) when compared to similarly sized projects with essentially a 1:1 bedroom-to-unit ratio. The constraints mentioned above will likely lead to a slightly above-average construction cost.

4.5. Commercial Space.

- Space Description. One groundfloor commercial space consisting of approximately 1,500 sf. The space is proposed to be for a community-serving commercial use, specifically a café supporting intergenerational LGBTQ+ relationship-building and socializing. The space concept includes programmed musical acts, events, and speakers while offering inexpensive coffee and snacks. The Sponsor will create a plan for identifying a tenant early on in the predevelopment period. Given current retail and restaurant/café market conditions, the Sponsor should ensure that its Planning approvals allow for maximum flexibility as to the use of the commercial space, specifically allowing for nonprofit use should current market conditions not improve.
- Commercial Leasing Plan. One of the goals of the MOHCD Multisite RFQ is the “provision of ground floor commercial spaces that serve the neighborhood (including the residents of the Project), with specific programming determined through a comprehensive community outreach process where ground floor commercial uses are appropriate and feasible.” An outreach plan specific to the commercial space will be a part of the larger Project community outreach plan. The Sponsor anticipates the commercial space use and vision to be an ongoing topic of discussion for interested community members and stakeholders to ensure the uses are appropriately serving the needs of the neighborhood, including future residents of 1939 Market.
- Operating Pro Forma. The Sponsor anticipates the LP master leasing the commercial space to a Sponsor-affiliated commercial entity. Under this structure, 60% of commercial surplus cash remains with the master commercial tenant, and 40% of commercial surplus cash is paid to the LP. The Sponsor is projecting the individual commercial tenant to pay \$1/sf/mo in rent in addition to reimbursing the master commercial tenant for any Common Area Maintenance charges and the commercial space share of property insurance. This is a below market rate rent, as the tenant is proposing to meet MOHCD’s definition of community-serving. The master commercial tenant will

have the following operating expenses to be paid from rent revenues: commercial space management fee and, potentially, replacement reserve deposits.

- Tenant Improvement Build Out. Mercy will work closely with the commercial tenant in designing and fundraising for the tenant-paid tenant improvements.

4.6. Services Space. While the conceptual design is not advanced enough to speak to the amount of services space, specifically, the Sponsor envisions the ground floor to include one or more case management offices, located adjacent to a management office, with the possibility of a private meeting room.

4.7. Interim Use. Currently, there are three (3) office tenants whose leases expire March 2022. There is one vacant space that has interest from one of the existing tenants. All three tenants are interested in staying in the building for an extended period of time. MOHCD and the Real Estate Department are working on potential rent relief for one of the tenants. MOHCD’s goal is to keep this building activated and occupied until the start of construction.

4.8. Infrastructure. N/A.

4.9. Communications Wiring and Internet Access. MOHCD Communications Wiring Standards are under review and will be released soon. Costs permitting, the Sponsor will work with the MOHCD Construction Representative to determine the appropriate communications wiring scope that meets MOHCD’s standards.

4.10. Public Art Component. The Project’s public art requirement calculation is based off 1% of expected construction cost multiplied by the percent of Project funded by MOHCD. Currently, the Project’s development budget includes \$230K.

MOHCD Committed	\$31,028,625
TDC	\$86,033,897
Hard Cost Total	\$63,638,624
Public Art Requirement Calculation	
1%	1%
Construction Cost	\$63,638,624
Percent funded by MOHCD (MOHCD Committed / TDC)	36.07%
Public Art Requirement	\$229,516

4.11. Marketing, Occupancy, and Lease-Up

Mercy will act as leasing agent and Openhouse will lead marketing and outreach efforts, targeting the senior LGBTQ+ population. The development will be marketed as Lesbian, Gay, Bisexual, and Transgender Welcoming Senior Housing on MOHCD’s DAHLIA portal.

Seniors experiencing homelessness will be referred to the Sponsor by HSH and seniors who are a part of the PLUS Housing Program will be referred to the Sponsor by MOHCD. Seniors eligible for the SOS operating subsidy will apply through the DAHLIA portal.

MOHCD’s marketing policies and procedures will be applied to all units. Marketing and occupancy outreach for the Project will be conducted in accordance with all applicable fair housing laws. Units that are not Plus Housing or subsidized by LOSP will be entered in a lottery and subject to San Francisco preferences. The marketing period for the lottery units will be 21 days. Among all eligible applicants, preferences will be observed in the following order:

1. San Francisco Redevelopment Agency Certificate of Preference (COP) Holders,
2. Displaced Tenant Housing Preference (Ellis Act/OMI) Certificate Holders,
3. Neighborhood Resident Preference (25% of lottery units given the expected HCD-MHP funding to the Project), and
4. Live or Work in San Francisco.

As a condition of this loan, the Sponsor will provide a clear marketing strategy for COP holders, in addition to addressing how their marketing is consistent with the Mayor’s Racial Equity statement and promotion of positive outcomes for Black/African American San Franciscans.

Finally, it should be noted that the Sponsor has expressed interest in defining “senior” as 55 years old and above, as opposed to 62+. The Sponsor argues that this lower age restriction better targets a diverse range of seniors who have either experienced displacement or are more at risk of displacement. This lower age restriction is possible if the Project does not pursue 9% tax credits, which is not currently contemplated. This will be an ongoing discussion between the Sponsor and MOHCD.

4.12. Relocation. At the City’s acquisition of the site, the existing tenants signed lease amendments, which extended their lease terms, and waived their rights to relocation benefits.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	TBD	TBD	RFQ forthcoming.
Landscape Architect	TBD	TBD	RFQ forthcoming.
General Contractor	TBD	TBD	RFP forthcoming.
Owner’s Rep/Construction Manager	TBD	TBD	RFQ currently posted.

Financial Consultant	California Housing Partnership Corporation	N	N
Other Consultant	TBD	TBD	RFQ forthcoming.
Legal	Gubb & Barshay LLP	N	N

5.1. Procurement Plan. CMD has approved Sponsor’s procurement plan for Professional/Architecture & Engineering Services, and Sponsor’s goal for procuring Local Business Entity (LBE) contractors is 25% of total contract value. The Sponsor posted their first professional services RFQ for an Owner’s Rep in early October. Once selected, Sponsor will work with their Owner’s Rep to post an RFQ for Architecture and Engineering Services.

5.2. Opportunities for BIPOC-Led Organizations. To increase their contracting with BIPOC-led firms, the Sponsor is doing the following:

- Partnering with the San Francisco National Organization of Minority Architects to identify opportunities for participation in projects
- Creating a BIPOC-led or -owned professional firms list for distributing contracting opportunities (this is building on efforts from The Kelsey Civic Center project)
- Including meaningful scoring in RFQ and RFP procurements for professional services (ie. Owner’s Rep, Architect and Engineers, and General Contractor) for firms with racial and gender equity-centered initiatives in regards to advancement within the organization, hiring and subcontracting.

6. FINANCING PLAN (See Attachment F for Cost Comparison of City Investment in Other Housing Developments; See Attachment G and H for Sources and Uses)

6.1. Prior MOHCD/OCII Funding: N/A.

6.2. Disbursement Status. Loan Committee approves payment of costs no earlier than July 1, 2021 so long as these costs are deemed acceptable and correspond to the predevelopment budget attached herein.

6.3. Fulfillment of Loan Conditions. N/A.

6.4. Proposed Predevelopment Financing

6.4.1. Predevelopment Sources Evaluation Narrative

The predevelopment budget, totaling \$4M, is solely funded by MOHCD and sized to take the Project through construction closing

6.4.2. Predevelopment Uses Evaluation:

Predevelopment Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes

Acquisition Cost is based on appraisal	N/A	Not included. Site is currently owned by the City. Since the City owns there is no property taxes or other holding costs associated with the site budget.
Holding costs are reasonable	N/A	See above.
Architecture and Engineering Fees are within standards	Y	Architecture fees during predevelopment total \$2,001,463, and additional third-party design consultants total \$340,981.
Consultant and legal fees are reasonable	Y	Consultant fees for environmental work, survey, market analysis, utilities, and financial consultant are standard. Legal fees are appropriately small for predevelopment period at \$5,000.
Entitlement fees are accurately estimated	Y	A total of \$333,492, broken down as follows: DBI plan review: \$203,244 Planning review: \$37,784 Demo permit fee: \$20,000 Impact fees: \$44,964 Mapping/Subdivision: \$12,500 MOD plancheck: \$15,000
Construction Management Fees are within standards	Y	Assumes two years of preconstruction Owner's Rep services at \$84,000.
Developer Fee is within standards	Y	Predevelopment period developer fee for project management is \$550,000.
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10%

6.5. Potential Permanent Financing

The permanent financing is being presented to demonstrate the project's overall feasibility but is not intended to be presented for Loan Committee approval at this time.

6.5.1. Permanent Sources Evaluation Narrative: The

Borrower proposes to use the following sources to permanently finance the project:

- 4% Tax Credit Equity (\$24,535,265): The Sponsor is assuming \$0.98 per federal credit pricing.
- HCD MHP Loan (\$20,000,000): The Sponsor is assuming the maximum award amount under MHP. MHP prioritizes providing permanent financing to extremely low-income units at or below 60% TCAC AMI. HCD is updating their guidelines for MHP as well as 5 other programs (including IIG, mentioned

below) that will be part of HCD’s “Super-NOFA” published annually in the spring. MHP is expected to be extremely competitive and will award the highest scoring projects with the lowest tiebreakers based on a project’s average AMI of MHP Assisted units. The Sponsor is planning to apply in Spring 2023 and will need to work with MOHCD to structure the project as competitively as possible.

- HCD IIG Grant (\$750,000): The Sponsor is assuming an IIG grant in the amount of the infrastructure improvement costs associated with the Project.
- MOHCD Loan (\$31,028,625): The estimated MOHCD gap loan amount is or \$231,557/unit, which meets the targeted \$250k/unit stated in the Multisite RFQ. Furthermore, the Sponsor may request MOHCD to bridge the AHP loan amount, depending on the timing of the AHP award.
- AHP (\$1,250,000): The Project will be competitive based on the senior population, timing of submitting the application to maximize Project readiness points, and a request just under \$10,000 per unit. The Sponsor will apply for AHP financing in 2023 and if not awarded, will apply again in 2024. The Sponsor will identify the bank sponsor closer to the application date, with a successful award to be disbursed at closing or during construction.
- Deferred Developer Fee (\$340,000): The Sponsor will take deferred fee in an amount based on 50% of surplus cash through Year 8.
- General Partner Equity (\$8,130,007): The Sponsor is maximizing General Partner Equity to leverage additional tax credit equity, as encouraged in MOHCD’s Developer Fee Policy. Since including the GP equity as a cost may negatively impact the cost per unit, making the project less competitive for a bond allocation, the GP equity may be removed from the budget at a later time (see Section 6.5.2).
- Construction Loan (\$44,456,994): While not a permanent source, the construction loan terms are a 24-month term, with a 4% interest rate.

6.5.2 CDLAC Tax-Exempt Bond Application: The Sponsor’s goal is that the project compete in the ELI/VLI set-aside within the New Construction pool and the Bay Area’s geographic set-aside.

CDLAC Self-Score	
Opportunity Map Resource Level	Moderate Resource
TCAC Housing Type (new construction only)	Senior

Bond Allocation Request Amount	\$44,456,994
Total Self-Score (out of 120 points)	119
Tiebreaker Score	\$296,800

The Project will apply to CDLAC-TCAC in September 2023 for a December 2023 allocation with an approximate \$44.5MM tax-exempt bond request, scoring 119 out of 120 total points, with a tiebreaker of \$ \$296,800 (based off the 2020 tiebreaker calculation). With two opportunities to compete in the New Construction set-asides – ELI/VLI and Bay Area regional pool -- the Project’s tiebreaker score is not competitive for an allocation in either pool because Bay Area projects are disadvantaged by higher development cost.

In addition to hard cost interventions to increase competitiveness, the Sponsor may need to reduce the general partner equity contribution from TCAC’s maximum developer fee of 15% eligible basis. Although general partner equity would generate additional eligible basis to increase tax credit equity and lower MOHCD’s gap loan, the Project’s tax-exempt bond request would consequently have to increase to meet the 50% test.

6.5.3 HOME Funds Narrative. N/A.

6.5.4 Commercial Space Sources and Uses Narrative: The Sponsor is proposing the commercial space to be leased by a Community Serving Commercial Use. As commercial space planning evolves, MOHCD will evaluate whether the proposed tenant meets this definition. Assuming it does, MOHCD will invest in the warm shell build out of the commercial space per MOHCD’s Commercial Underwriting Guidelines. The Sponsor anticipates a very small percentage of the hard costs not being included in eligible basis as a result of being for commercial use.

6.5.2. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit is within standards	Y	\$474,915/unit and \$712/sf
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5% after subtracting out the Public Art Requirement funding amount.
Architecture and Engineering Fees are within standards	Y	Architecture fees during predevelopment total \$2,711,474, and additional third-party design consultants total \$414,650.

Construction Management Fees are within standards	Y	Assumes two years of preconstruction Owner's Rep services at \$84,000 and two years of construction services at \$91,000.
Developer Fee is within standards, see also disbursement chart below	Y	Project management fee: \$1,100,000 At risk fee: \$1,100,000 Deferred fee: \$340,000 GP equity: \$8,130,007 Total fee: \$10,670,007
Total soft costs fees are reasonable	Y	\$167,129/unit and \$251/sf, which is around the average for comparable projects.
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 6 months. To be re-visiting based on funding requirements.

6.5.4 Developer Fee Evaluation: The proposed developer fee falls within the requirements of MOHCD's Developer Fee Policy and also meets HCD's developer fee maximums, which are more restrictive than MOHCD's. The milestones for the payment of the developer fee to the Sponsor are specified below:

Total Developer Fee:	\$10,670,007	
Project Management Fee Paid to Date:	\$0	
Amount of Remaining Project Management Fee:	\$1,100,000	
Amount of Fee at Risk (the "At Risk Fee"):	\$1,100,000	
Amount of Commercial Space Developer Fee (the "Commercial Fee"):	\$0	
Amount of Fee Deferred (the "Deferred Fee"):	\$340,000	
Amount of General Partner Equity Contribution (the "GP Equity"):	\$8,130,007	
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
At closing of initial predevelopment loan*	\$165,000	15%
At submittal of MOHCD-approved Community Outreach Plan*	\$110,000	10%
Submission of HCD funding application*	\$110,000	10%
Submission of joint CDLAC and TCAC* application	\$110,000	10%
Construction close	\$220,000	20%
At Temporary Certificate of Occupancy	\$220,000	20%
Project close-out	\$110,000	10%
Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee		Percentage At Risk Fee

100% lease up and draft cost certification	\$220,000	20%
Permanent conversion	\$550,000	50%
Project close-out	\$330,000	30%

*This fee must be split 50/50 between Mercy and Openhouse per MOHCD's Developer Fee Policy.

7. PROJECT OPERATIONS (See Attachment I and J for Operating Budget and Proforma)

7.1. Annual Operating Budget. Please note that the annual operating budget presented is to demonstrate the project's overall feasibility but is not intended for Loan Committee approval at this time.

On the revenue side, the proposed Project will receive a 15-year LOSP contract for 27 LOSP units (\$11,448/unit in Year 1) and a 15-year SOS contract for 40 SOS units (a \$479,520 building subsidy in Year 1). Otherwise, tenant rents at a range of AMIs will support building operations, in addition to small amounts of revenue from building laundry and 40% of commercial surplus cash (about \$7,200 in Year 1, assuming full occupancy).

Operating expenses are almost entirely divided between non-LOSP and LOSP units proportionate to percentage of total units. There are small deviations to this within Legal Expenses and Electricity expenses. The most significant operating cost driver is the proposal to provide 24/7 front desk coverage (see Section 9.2).

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	The proposed Project does not leverage debt. Cash flow stays positive through Year 20.
<i>For TCAC projects:</i> Vacancy rate meets TCAC Standards <i>For non-TCAC existing projects:</i> Vacancy rate is based on project's historical actuals	Y	Vacancy rate is 5%
Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	Y	Income escalation factor is 1% for LOSP tenant rents, 4% for SOS building subsidy, and 2.5% for all other revenue sources
<i>For TCAC projects:</i> Annual Operating Expenses are increased at 3.5% per year <i>For non-TCAC existing projects:</i>	Y	Expenses escalation factor is 3.5%.

Annual Operating Expense escalation is based on project's historical actuals		
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are \$13,250 per unit, including ground lease base rent, replacement reserve deposits, and bond monitoring fee
Property Management Fee is at allowable <u>HUD Maximum</u>	Y	Total Property Management Fee is \$102,912 or \$64 PUPM.
Property Management staffing level is reasonable per comparables	Y	Proposed staffing, includes: 1 FTE Senior Property Manager (PM) .5 FTE Assistant PM 4.5 FTE Front Desk Coverage 1 FTE Maintenance Manager 1 FTE Maintenance Tech 2 FTE Janitors
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$23,460/yr Annual PM Fee is \$23,450/yr
<i>For TCAC projects:</i> Replacement Reserve Deposits meet or exceed TCAC minimum standards <i>For non-TCAC existing projects:</i> Replacement Reserve Deposits meet project needs based on CNA	Y	Replacement Reserves are \$500 per unit per year
Limited Partnership Asset Management Fee meets standards	Y	\$5,000/year with no escalation

7.3. Staffing Summary. Staffing will be further evaluated during predevelopment as the project size and design are developed.

7.4. Capital Needs Assessment & Replacement Reserve Analysis. N/A.

7.5. Income Restrictions for All Sources.

UNIT SIZE		MAXIMUM INCOME LEVEL		
NON-LOTTERY	No. of Units	MOHCD	TCAC	HCD
Studio – LOSP	13	30% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
1 BR – LOSP	14	30% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
Studio – PLUS	4	50% MOHCD AMI	50% TCAC AMI	40% TCAC AMI
1 BR – PLUS	3	50% MOHCD AMI	50% TCAC AMI	40% TCAC AMI
Sub-Total	34			
<u>LOTTERY</u>				
Studio – SOS	10	15% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
Studio -SOS	10	25% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
Studio	19	50% MOHCD AMI	50% TCAC AMI	40% TCAC AMI
Studio	10	55% MOHCD AMI	50% TCAC AMI	40% TCAC AMI
Sub-Total	49			
1 BR - SOS	10	15% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
1 BR - SOS	10	25% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
1 BR	30	50% MOHCD AMI	50% TCAC AMI	40% TCAC AMI
Sub-Total	50			
<u>STAFF UNITS</u>				
2 BR	1			
TOTAL	134			
PROJECT AVERAGE		37% MOHCD AMI	40% TCAC AMI	35% TCAC AMI
AVERAGE FOR LOTTERY UNITS ONLY		36% MOHCD AMI	39% TCAC AMI	34% TCAC AMI

7.6. MOHCD Restrictions.

Unit Size	No. of Units	Maximum Income Level
Studio	10	15% of Median Income
Studio	10	25% of Median Income
Studio	13	30% of Median Income
Studio	23	50% of Median Income
Studio	10	55% of Median Income
1 BR	10	15% of Median Income
1 BR	10	25% of Median Income
1 BR	14	30% of Median Income
1 BR	33	50% of Median Income
2 BR	1	Manager's Unit

If the LOSP or SOS subsidies are reduced or terminated at no fault of the Sponsor, rent levels may rise to cover debt service and operations to breakeven, and up to a maximum of 60% AMI as defined by TCAC to the extent necessary to maintain financial feasibility, except where further limited due to restrictions of other funding agencies.

8. SUPPORT SERVICES

8.1. Services Plan.

Mercy Housing and Openhouse will offer permanent housing, health, economic and social support that aims to allow residents to successfully remain in their homes, and to age in place with dignity and choice. Health service coordination will be provided to all residents, offering the following services: basic health & needs assessments, ADL support & screening, health benefit acquisition, health education & risk reduction, physical activities, access to food, wellbeing checks, transition planning, and linkages to preventative and behavioral health care.

The Sponsor proposes to staff services for the building with 1 FTE Resident Services Coordinator (RSC) for the 107 general population units and 1.34 FTE Case Manager for the 27 LOSP units. The latter is a staffing ratio of 1 to 20, per the requirements of the Multisite RFQ.

Openhouse will provide 1.34 FTE case management staffing and Mercy will provide 1 FTE RSC staffing, replicating the services staffing models at 55 and 95 Laguna. Case management will focus on supporting individual needs, with special attention to the lived experiences of LGBTQ+ seniors, while the RSC will focus on delivering and overseeing building-wide programming, supporting engagement with Openhouse staff, and ensuring services and linkages are offered to residents in a culturally competent manner.

While not included in the current budget, the Sponsor has recently added a partial FTE Housing Support Specialist (HSS) position to their existing permanent supportive housing developments. The purpose of the HSS is to provide system-led interventions that support residents in maintaining housing stability, with a focus on implementing equitable policies and practices and utilizing restorative justice (rather than punitive) approaches to lease violations. The inclusion of this position in this Project budget will be an ongoing conversation between the Sponsor and MOHCD.

8.2. Services Budget.

The 1 FTE RSC will be funded from the operating budget, which includes \$90,000 for RSC staffing in Year 1. This conforms to MOHCD’s Underwriting Guidelines. The 1.34 FTE Case Management will be funded through a separate services contract between the Sponsor and HSH. The Project will receive HSH’s Tier 5 annual services funding level, which is \$5,711/unit or \$154,197 total.

8.3. HSH Assessment of Service Plan and Budget.

The MOHCD Project Manager has begun to discuss the Project with Ali Shlageter, HSH Supportive Housing Team Supervisor, and has confirmed the services funding tier for the project. Per the Loan Conditions below, MOHCD, HSH, and the Sponsor will meet early in the predevelopment period to further discuss staffing model and other LOSP planning concerns.

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$4,000,000
Loan Term:	3 years (note: may be consolidated with 57-year term permanent loan at construction closing)
Loan Maturity Date:	2024
Loan Repayment Type:	Deferred
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	July 1, 2021

9.2. Recommended Loan Conditions

During Predevelopment:

- Sponsor must provide MOHCD with detailed monthly updates on Community Outreach completed, outcomes achieved related to racial equity goals, and commercial-use programming (this may be included in the standard MOHCD monthly report form).

- Sponsor to work with MOHCD and HSH to establish the number of LOSP units at the Project, the LOSP budget, LOSP unit income restrictions, building staffing model, and services plan and budget.
- Sponsor to work with MOHCD to maximize competitiveness for HCD programs and CDLAC/CTCAC while meeting the goals of the Project.

By December 31, 2021:

- Sponsor must provide a community outreach plan that meets all of the requirements outlined in Section 3.2.

Prior to Site Permit Submittal:

- Sponsor must submit application to the Planning Department for SB35 and Site Permit review.
- Sponsor must submit a preliminary commercial space plan, commercial financial assumptions, and commercial development timeline for MOHCD review and approval.

Prior to Preliminary Gap Request for the Project's MHP and CDLAC-TCAC Application:

- Sponsor must receive approval from MOHCD and HSH on the number of LOSP units at the Project, the income restrictions for MHP, the building staffing model, and the service plan for the LOSP units.

Prior to Gap Loan Request:

- Sponsor must provide operating and development budgets that meet MOHCD underwriting guidelines and commercial space policy requirements.
- Sponsor must: a) provide for MOHCD review of the Request for Proposals (RFP) for equity investors and lenders before it is finalized and distributed; b) provide for MOHCD review of all raw financial data from developer or financial consultant prior to selection; c) provide for MOHCD review and approval of all selected investors and lenders; and, d) provide for MOHCD review and approval of all Letters of Intent from financial partners.
- Sponsor must provide an executed Letter of Intent (LOI) with the neighborhood serving commercial tenant, a commercial development timeline, and a preliminary tenant improvement plan for MOHCD review and approval.

Prior to Marketing & Lease Up:

- Mercy must make good on their commitment to hire a local staff person dedicated to marketing and lease up.
- Sponsor must provide initial draft marketing plan that meets all MOHCD marketing requirements within 12 months of anticipated

TCO, including outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.

- Sponsor must submit an updated 1st year operating budget and 20-year cash flow – if any changes have occurred – by November 1st before the year the project will achieve TCO so that MOHCD may request the LOSP subsidy.
- Sponsor must enter into a services contract with HSH at least 3 months prior to TCO.

10. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Eric D. Shaw, Director
Mayor's Office of Housing

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Sally Oerth, Interim Executive Director
Office of Community Investment and Infrastructure

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

- 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. Site Map with amenities
 - G. Elevations and Floor Plans, if available
 - H. Comparison of City Investment in Other Housing Developments
 - I. Predevelopment Budget
 - J. Development Budget
 - K. 1st Year Operating Budget
 - L. 20-year Operating Pro Forma

Chavez, Rosanna (MYR)

From: Ely, Lydia (MYR)
Sent: Sunday, November 14, 2021 1:27 PM
To: Chavez, Rosanna (MYR)
Subject: 11/5/21 Loan Committe - 1939 Market

Dear Rosie,

I approve of the predevelopment loan for 1939 Market presented to the Citywide Affordable Housing Loan Committee on 11/5/21.

Thank you,
Lydia

Lydia Ely
Deputy- Housing
Mayor's Office of Housing and Community Development
Work from home: (415) 225 2936

*** My work hours may not be your work hours. Please do not feel obligated to respond to my email if you receive it outside of your regular work hours. ***

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Monday, November 8, 2021 2:26 PM
To: Shaw, Eric (MYR)
Cc: Chavez, Rosanna (MYR)
Subject: 1939 Market Street

I approve the request for predevelopment funds in the amount of \$4,000,000 for 1939 Market Street proposed 134 units of housing.

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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Chavez, Rosanna (MYR)

From: Oerth, Sally (CII)
Sent: Friday, November 5, 2021 11:34 AM
To: Chavez, Rosanna (MYR)
Cc: Nusser, Sarah (MYR)
Subject: 1939 Market predev loan - 11.5.21 Loan Committee

I approve the predevelopment loan request for the 1939 Market St project, as presented at the 11.5.21 Loan Committee



Sally Oerth
Interim Executive Director

📍 One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
📞 415.749.2588
🏠 www.sfocii.org

Chavez, Rosanna (MYR)

From: Katz, Bridget (CON)
Sent: Friday, November 5, 2021 11:30 AM
To: Chavez, Rosanna (MYR)
Subject: 1939 Market

Approve

Bridget Katz

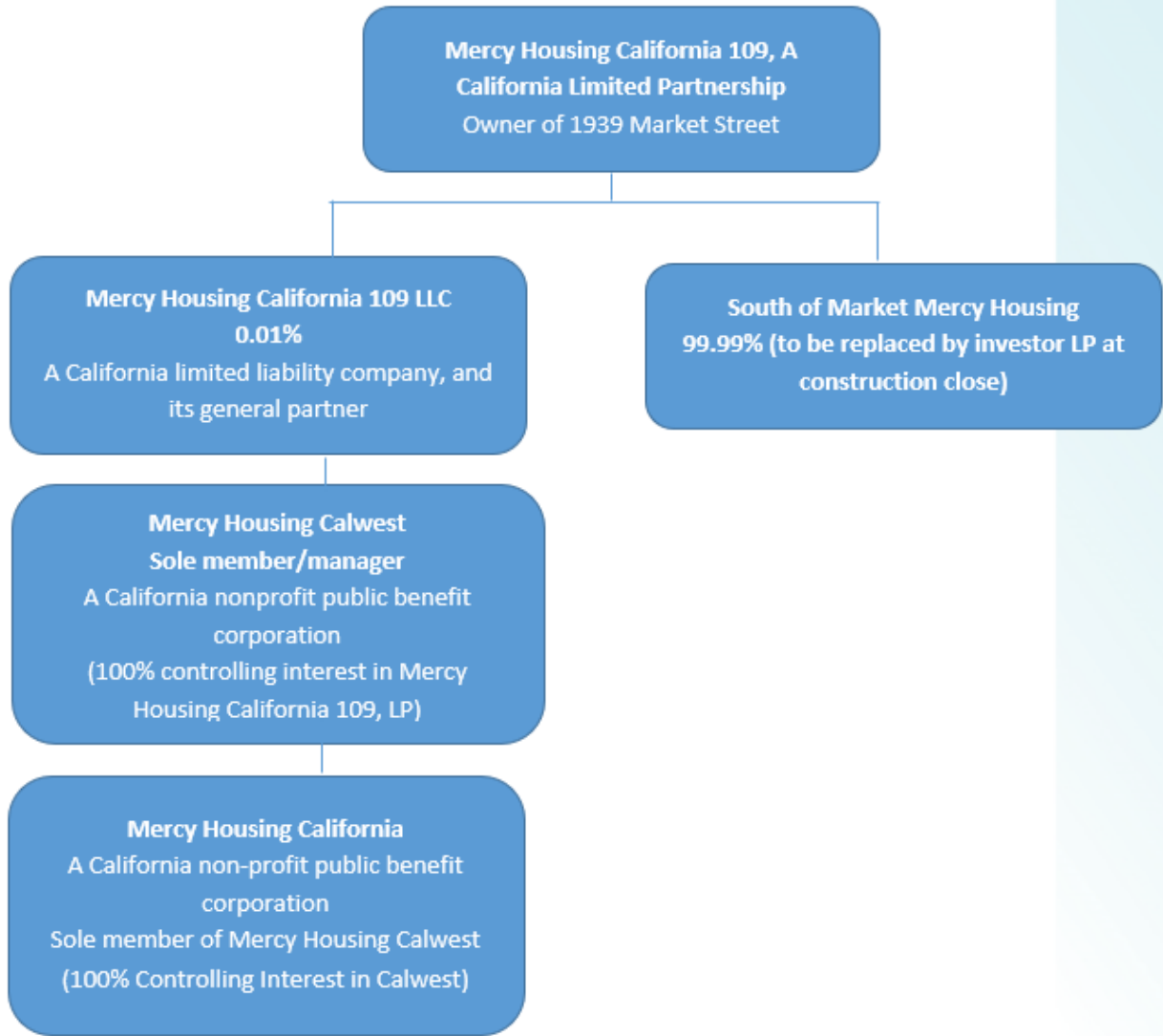
Development Finance Specialist, Office of Public Finance
Controller's Office | City & County of San Francisco
Office Phone: (415) 554-6240
Cell Phone: (858) 442-7059
E-mail: bridget.katz@sfgov.org

Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)		
1	Acquisition/Predev Financing Commitment	<u>11/5/21</u>	
2.	Site Acquisition	<u>5/2020</u>	
3.	Development Team Selection		
a.	Architect	<u>11/2021</u>	
b.	General Contractor	<u>12/2021</u>	
c.	Owner's Representative	<u>11/2021</u>	
d.	Property Manager	<u>2/2021</u>	
e.	Service Provider	<u>2/2021</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>3/2022</u>	
b.	Submittal of Design Development & Cost Estimate	<u>4/2022</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>9/2022</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>1/2023</u>	
5.	Commercial Space		
a.	Commercial Space Plan Submission	<u>7/2022</u>	
b.	LOI/s Executed	<u>11/2023</u>	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	<u>4/2022</u>	
b.	CEQA Environ Review Submission	<u>NA</u>	
c.	NEPA Environ Review Submission	<u>TBD</u>	
d.	CUP/PUD/Variances Submission	<u>NA</u>	
7.	PUC/PG&E		
a.	Temp Power Application Submission	<u>7/2022</u>	
b.	Perm Power Application Submission	<u>7/2022</u>	
8.	Permits		
a.	Building / Site Permit Application Submitted	<u>7/2022</u>	
b.	Addendum #1 Submitted	<u>2/2023</u>	

c.	Addendum #2 Submitted	<u>2/2023</u>	
9.	Request for Bids Issued	<u>2/2023</u>	
10.	Service Plan Submission		
a.	Preliminary	<u>5/2022</u>	
b.	Final	<u>5/2023</u>	
11.	Additional City Financing		
a.	Preliminary Gap Financing Application	<u>10/2022</u>	
b.	Gap Financing Application	<u>11/2023</u>	
12.	Other Financing		
a.	HCD Application	<u>4/2023</u>	
b.	Construction Financing RFP	<u>10/2023</u>	
c.	AHP Application	<u>TBD</u>	
d.	CDLAC Application	<u>9/2023</u>	
e.	TCAC Application	<u>9/2023</u>	
f.	Other Financing Application	<u>TBD</u>	
g.	LOSP Funding Request	<u>7/2023</u>	
13.	Closing		
a.	Construction Loan Closing	<u>5/2024</u>	
b.	Conversion of Construction Loan to Permanent Financing	<u>5/2026</u>	
14.	Construction		
a.	Notice to Proceed	<u>5/2024</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>4/2026</u>	
15.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>3/2025</u>	
b.	Commence Marketing	<u>6/2025</u>	
c.	95% Occupancy	<u>6/2026</u>	
16.	Cost Certification/8609	<u>1/2027</u>	
17.	Close Out MOH/OCII Loan(s)	<u>3/2027</u>	

Attachment B: Borrower Org Chart



Attachment C: Development Staff Resumes

Clare Murphy, Project Developer has been part of the Mercy Housing development team for nearly 7 years. Clare has completed several occupied renovation projects including two senior buildings and most recently managed the completion of a new construction supportive senior building located in San Francisco's Mission District. Clare is currently managing the development of two projects in San Francisco in addition to the completion of an occupied rehabilitation in Alameda County.

Ahmed Almabashi, Assistant Project Manager will be supporting project manager in securing predevelopment financing and assist in all phases of development for this project. Before Mercy, Ahmed completed a year of experience with a non-profit housing developer working as an Assistant Project Manager on new construction projects.

Sharon Christen, Associate Director of Permanent Supportive Housing, has been part of the Mercy Housing development team for nearly 20 years. Sharon supports MHC's growing development portfolio of supportive housing projects, and project managed the first two modular supportive housing communities in San Francisco. She also worked closely with Openhouse on construction and marketing/lease-up for 55 Laguna.

Barbara Gualco, Regional Director of Development, serves as MHC's Director of Development. Barbara has been with MHC since its founding and has directly overseen the completion of over 1,000 units. Barbara is particularly adept at structuring complex deals serving special needs populations and long-term ground leases. With the support of two Associate Directors, Barbara is currently supervising the development of ten projects in San Francisco.

Dr. Karyn Skultety, Executive Director, has been leading Openhouse for 4 years and has over 20 years of experience in aging services and senior housing experience. Karyn oversaw the opening of the buildings in the Mercy/Openhouse Laguna Project and ensured a successful development, lease-up and ongoing service model was created for LGBTQ+ seniors. Although Karyn recently announced she will be leaving Openhouse in May of 2021, the Openhouse Board is steeped in housing development and aging services expertise and has already begun a search for the new Executive Director. Karyn and the Openhouse Board are working closely with Mercy Housing on a strong leadership transition for our existing partnership buildings and the plans for expansion.

Michelle Alcedo, Director of Programs, is responsible for all programs and services that Openhouse provides for LGBTQ+ seniors. She has been with the organization for over 13 years and was integral in the creation of the Mercy/Openhouse partnership and development, lease-up and service model at 55 and 95 Laguna. Michelle has led Openhouse's growth in programs over the past ten years and now oversees multiple programs and over 20 direct service staff. She also created the curriculum that is now utilized nation-wide in improving senior service providers skills in serving LGBTQ+ seniors.

Matthew Cimino, Director of Operations is responsible for finance, operations, human resources, information technology and facilities at Openhouse. He has been at Openhouse for almost 10 years and ensures that Openhouse programs have high quality infrastructure and support to ensure they are run efficiently and effectively. He oversaw the construction of the Openhouse service spaces at 65 and 75 Laguna and coordinates all facilities/construction needs with Mercy staff.

Attachment D: Asset Management Evaluation of Project Sponsor

Mercy Housing California (MHC) will assume asset management duties for 1939 Market Street. Asset Management falls under the National Portfolio Management department of Mercy Housing Inc, which is led by Senior Vice President Melissa Clayton.

Total Number of Projects and Average Number of Units Per Project Currently in Developer's Asset Management Portfolio

California represents the largest portion of the portfolio with 154 operating properties across the state; 53 Mercy owned and occupied properties are located in the City of San Francisco.

Developer's Current Asset Management Staffing Including Job Titles, Full Time Employees, an Organizational Chart and the Status of Each Position (filled/vacant)

Yelena Zilberfayn is the Director of Asset Management at Mercy Housing where she has worked for the past 20 years, 8 of which in the Asset Management Department, and is responsible for a portfolio of real estate assets serving families, seniors, and special needs individuals. She leads a team of five Asset Managers, four in San Francisco, one in Sacramento. Two Asset Management Analysts and one Commercial Asset Management Analyst based in the National Office in Denver, CO, and one Commercial Asset Manager based in San Francisco are supporting Yelena's team. In addition, there are two Asset Managers overseeing other regions in CA and one Capital Project Investment Manager, reporting directly to Melissa Clayton.

Yelena is located in the San Francisco office and interfaces directly with Doug Shoemaker, President of Mercy Housing California (MHC), and Jennifer Dolin, Vice President of Operations of MHC. Yelena and her team act as Mercy Housing's representatives in relation to the physical and financial status of each asset and protect its financial health and long-term viability.

Mercy's portfolio management also includes Transaction Team comprised of 2 staff devoted to other specialized needs such as the Year 15 buy out and the refinance of properties.

All positions are currently filled and they are all full time. The breakdown of the Bay Area asset management staff positions is as follows:

- (1) Director of Asset Management
- (1) Director of Portfolio Analysis
- (4) Asset Managers
- (2) Asset Management Analysts
- (1) Commercial Asset Management Analyst
- (1) Commercial Asset Manager

Each Asset Manager oversees a portfolio of up to 25 assets. The Asset Managers in the San Francisco office currently have 90 assets in their portfolio. Eight of these properties are in predevelopment, under construction or in rehab in the City of San Francisco or Bay Area. In San Francisco, Asset Managers manage fewer than the maximum of 25 assets in order to free up capacity for future developments. Once development is complete, a San Francisco based Asset Manager will assume asset management duties for 1939 Market Street.

Description of Scope and Range of Duties of Developer's Asset Management Team

Asset Management staff has oversight over all operations of the properties. The portfolio is analyzed monthly through the Portfolio Scorecard, which looks at physical and economic occupancy, trade, and intercompany payables. In addition, the team performs quarterly risk ratings according to Affordable Housing Investment Council (AHIC) standards, of every property to evaluate occupancy, reserves, management, capital needs and available reserves. If a property is placed on the watchlist, there is a quarterly meeting with the Asset Management team, Mercy Housing Management Group and Mercy Housing California President to find a solution to get the property off the watchlist.

Asset Managers are responsible for tracking all capital needs on their portfolio on a quarterly basis as part of Mercy's watchlist process. They are assisted by various staff of Mercy Housing Management Group, including the Regional Facilities Manager and the various Area Directors of Operations assigned to the properties. Using various analysis including our watchlist and budget planning, reviewing CNAs, and Reserve analysis, the Asset Managers determine when the necessary capital needs can be completed in the short and long term.

The analyst team submits reserve replacement requests bi-annually. In addition, the analyst team helps with the compliance with financing requirements and various reporting regulatory requirements by sending quarterly and annual reporting to investors and funders.

Portfolio preservation planning is accomplished through balancing the use of reserves with the payment of scheduled partnership and deferred development fees through cash flow.

The transaction team handles some of the longer term needs of the portfolio such as Year 15 analysis and investor buyout and a property restructuring such as a refinance.

Description of Developer's Coordination Between Asset Management and Other Functional Teams, Including Property Management, Accounting, Compliance, Facilities Management, etc.

There is constant coordination between Property Management, related departments and Asset Management. Asset management oversees all aspects of operations so there is ongoing coordination with property management on a daily basis in regards to those issues. Asset and Property Management work together on the annual audits and budgets. In addition, there is constant coordination around cash management and the financial oversight of the property. There is also contact around preparation of the financials. Asset Management and Compliance primarily coordinate around compliance issues that directly affect ownership and the partnership. Asset management and facilities coordinate around preparation the budget and capital projects. The Asset Management staff also coordinates around emergencies.

Developer's Budget for Asset Management Team Shown as Cost Center (nationwide) Asset Management staffing budget is \$2,460,839.

Number of Projects Expected to be in Developer's Asset Management Portfolio in 5 Years and, If Applicable, Plans to Augment Staffing to Manage Growing Portfolio
Mercy Housing anticipates that the portfolio will grow from 154 buildings to approximately 170 buildings in the next 5 years. Two new Asset Manager positions based in San Francisco were added in 2017 and one in 2019.

Attachment E: Threshold Eligibility Requirements and Ranking Criteria

MINIMUM EXPERIENCE AND CAPACITY REQUIREMENTS

Respondents must meet the following minimum development team characteristics, experience, and capacity requirements in order to qualify to be scored and ranked under this RFQ. For Minimum Qualifications for respondents applying for 100% housing for homeless adults please refer to Sections III.D and IV.C.

Racial Equity Capacity: The proposed Development team must document its capacity to successfully plan, design, and develop racial equity strategies that will lower barriers to obtaining quality affordable housing for communities of color through employment of staff with appropriate experience and capacity, contracted services, and/or collaboration with other organizations. Respondents should submit demographic data of the Boards of Directors of member organizations of the Development Team and of the staff of the various organizations that make up the respondent team.

Minimum Development Team Characteristics

The proposed development team must include members able to work with MOHCD to create developments that are responsive to populations disproportionately impacted by systemic racism; implement a culturally competent approach throughout the development process; align the development program with City policies on anti-displacement, racially inclusive communities, and creation of stable housing for vulnerable populations; and create opportunities for Black- and Brown-led developers to be competitive within the RFQ process.

The proposed Development Team must include:

- At least one San Francisco-based non-profit development entity whose mission includes the development of affordable housing in low-income communities with experience developing housing for the identified priority populations (such as Certificate of Preference Holders, displaced tenants, neighborhood residents, San Francisco residents, seniors, families, Plus Housing waitlist households and/or formerly homeless households) acting either as sole developer or as a partner in a joint venture, or joint-venture partner, defined as a nonprofit organization;
- A property owner entity with experience owning housing for low-income communities, including for priority populations (such as COP Holders, displaced tenants, neighborhood residents, San Francisco residents, seniors, families, Plus Housing waitlist households and/or formerly homeless households);
- A property management entity with experience managing housing for low-income communities, including for priority populations (such as COP Holders, displaced tenants, neighborhood residents, San Francisco residents, seniors, families, Plus Housing waitlist households and/or formerly homeless households);
- At least one services-providing entity with experience providing services appropriate for the intended target population(s) of each site.

Letters of Intent or Memoranda of Understanding from service providers and property management entities that are not affiliated with the developer must be submitted with the application.

Minimum Development Team Experience

Minimum experience must be demonstrated by identifying specific **Qualifying Projects** in which team members have participated, as further described below. The proposed Development Team must submit **Attachment 4 - Qualifying Project Form**, to document how the Qualifying Project

characteristics meet each of the experience categories below (developer, owner, property manager, service provider.)

To demonstrate the minimum required development team experience, each team should submit one project for each experience category. When appropriate, teams may submit the same project as evidence of experience across multiple experience categories or may use different projects to demonstrate experience across categories. In all cases, no more than four (4) total Qualifying Projects should be submitted. **Qualifying Projects will not be scored but are used to determine if the proposed Development Team meets the minimum development team experience required to develop the Site.**

For Developer and Owner, a **Qualifying Project** must have all of the following characteristics:

- New construction in either a Type V over I or Type III over I construction type (not a requirement for Minimum Property Manager and Service Provision Experience)
- At least 75 units in size
- Majority multiple-bedrooms, *only for family projects*
- Mixed-use including residential (not a requirement for Minimum Service Provision Experience)
- Affordable to low- and very low-income households¹, formerly homeless residents, families and/or seniors
- Financed with Low-Income Housing Tax Credits.

a. *Minimum Development Experience:*

The proposed Developer must have completed within the past ten years at least **one** Qualifying Project located in San Francisco. “Completed” means the Project must have received its Temporary Certificate of Occupancy by the date of the issuance of the RFQ.

For joint venture Developer teams, the experience of the lead entity may suffice for the joint-venture partnership. A signed Memorandum of Understanding or Term Sheet between joint-venture Development partners that outlines roles and responsibilities, proposed ownership structure, etc. must be submitted with the application. Furthermore, a Respondent can qualify for development experience by contracting with a development consultant for comprehensive project management services. Finally, the requirement to have served formerly homeless residents may be satisfied in a non- Type V over I or Type III over I building. In such a case, the proposed Developer must provide evidence of having completed a partially Type V over I or Type III over I affordable housing building, and separately, an affordable housing building that serves formerly homeless residents.

b. *Minimum Ownership Experience:* The proposed Owner must have owned at least **one** Qualifying Project for at least four years prior to the Submittal Deadline of this RFQ. For purposes of this requirement, the member of the general partner of the tax credit partnership that will own the completed project is the proposed “Owner.”

c. *Minimum Property Management Experience:* The proposed Property Manager must have managed at least **one** Qualifying Project for at least 24 months.

d. *Minimum Service Provision Experience:* The proposed service provider(s) must have at least 36 months experience providing services to low-income family residents, communities of color, homeless persons and/or senior citizens within a Qualifying Project.

¹ “Low Income” is defined as 60% MOHCD AMI and below. “Extremely Low Income” is defined as 30% MOHCD AMI and below.

Note Regarding Experience: For any Respondent team member, the experience of key staff members may be substituted for the experience of the organization as a whole as long as the staff members' experience in other firms was substantive and involved responsibilities similar to those that they are anticipated to perform during the proposed development of the site. Any substitution should be clearly identified in Attachment 4, Qualifying Project Form.

Minimum Developer and Owner Capacity Requirements

The proposed Developer and Owner must demonstrate the financial and staffing capacity to successfully complete the project and manage the asset in the long-term, as further described below.

- a. **Financial Capacity:** The proposed Developer (or Guarantor where another entity is providing required guarantees) must demonstrate its ability to obtain competitive financing, as evidenced by submitting the latest (2) years of either signed federal income tax returns (including schedules or attachments, if any); or audited financial statements (with management letters, if any). The proposed Developer must also submit **Attachment 5 – Financing Terms for Developer's Qualifying Project** documenting the equity pricing and debt terms for the Qualifying Project submitted under Minimum Developer Experience.
- b. **Staffing Capacity:** The proposed Developer must document its capacity to successfully plan, design, and develop the Project, throughout the period of development, either through staff with appropriate experience and capacity, contracted services, or collaboration with other organizations. To document this, the proposed Developer must submit a written narrative **no more than one page** (in Times New Roman font, 12 font size, and 1-inch margins) to document the experience and capacity of key staff, their workloads, and the organizational structure for supporting staff. The proposed Developer must also submit **Attachment 6 – Projected Staffing Workload Form** to document the work assignments (existing or contemplated) associated with each staff person expected to work on the Project for Developer.
- c. **Asset Management Capacity:** The proposed Owner must document its capacity to successfully manage real estate assets in compliance with City regulatory agreements and restrictions. To document this, the proposed Owner must submit a recent Real Estate Owned (REO) schedule, stating the number of projects and average number of units/project currently in Owner's asset management portfolio, proposed Owner's current asset management staffing noting job titles, FTEs, and status of each position (filled/vacant) and proposed Owner's organizational chart.
- d. **Racial Equity Capacity:** The proposed Developer must document its capacity to successfully plan, design, and develop racial equity strategy that will lower barriers to obtaining quality affordable housing for communities of color through staff with appropriate experience and capacity, contracted services, or collaboration with other organizations. Documentation should include information evidencing the Developer's capacity to achieve the goals of this RFQ (see especially pages 4-5).
 - Select partners that are able to work with MOHCD to deploy city resources, tools and expertise to create developments that are responsive to populations disproportionately impacted by systemic racism;
 - Ensure that development teams are working within a culturally competent approach through the development process;

- Align each Project with the implementation of City policies on anti-displacement, racially inclusive communities, and creating stable housing for vulnerable populations;
- Create opportunities for growth of smaller and Black, Indigenous and people of color, (BIPOC)-led organizations in development role or as member of development team
- Submit demographic data for the Boards of Directors of each Development Team member and for the staff of each organization represented on the Team.

MINIMUM EXPERIENCE AND CAPACITY REQUIREMENTS FOR RESPONDENTS APPLYING FOR 100% SUPPORTIVE HOUSING FOR HOMELESS ADULTS

Team Member Specific Minimum Requirements

- a. **Minimum Developer Requirements** - Lead Developer itself or in partnership with other co-developers must provide evidence of the following experience:

- New construction of at least two affordable housing developments that are both high-density infill sites, with an aggregate unit count of approximately 75 units or more
- Development of at least one supportive affordable housing development for formerly homeless adults and/or formerly homeless seniors (may be new construction or substantial rehabilitation of an existing building)
- Use of Low-Income Housing Tax Credit financing

For joint-venture Development partners, the experience of either entity may suffice for the joint-venture partnership. A Memorandum of Understanding between joint-venture Development partners must be submitted with the application.

Furthermore, a Respondent can qualify for development experience by contracting with a development consultant for comprehensive project management services. Project management services should include financial packaging, selection of other consultants, selection of construction contractor and property management agent, oversight of architectural design, construction management, and consultation on major aspects of the development process. The contract for development services must be submitted with the RFQ response and must be acceptable to MOHCD.

- b. **Minimum Ownership Experience** - The proposed Owner of the Project must have owned at least one supportive formerly homeless project in San Francisco for at least 5 years prior to the Submittal Deadline of this RFQ. In addition, each proposed Owner must provide evidence of experience with owning housing financed with Low Income Housing Tax credits. This experience does not have to be on the same project that satisfies the 5-year ownership requirement. If the Selected Developer entity is not the same entity as the proposed Owner, MOHCD reserves the right to require that certain members of the Selected Developer remain active in the ownership for whatever length of time MOHCD deems necessary to ensure operating and financial stability.

For purposes of this requirement, the managing general partner of the tax credit partnership intended to take ownership of the completed Project and to provide asset management for the Project is the proposed "Owner".

- c. **Minimum Property Manager Requirements** - The proposed property manager for the Project must have managed at least three supportive formerly homeless or supportive senior rental projects, including at least one in San Francisco, each for at least 36 months. In addition, the Property Manager for the Project must provide evidence of experience with managing housing financed with Low Income Housing Tax credits.
- d. **Minimum Service Provision Requirements** - The proposed service provider(s) must have at least 36 months' experience providing supportive services to formerly homeless adults and/or formerly homeless seniors including case management and comprehensive services for homeless households in a residential setting in San Francisco. The proposed service provider(s) must have the infrastructure to supervise and train the onsite staff and their supervisors. The service provider must also have experience with and capacity to bill Medi-Cal.
- e. **Other Consultants** – For any Respondent team, the experience of key staff members or “other consultants” may be substituted for the experience of the organization as a whole as long as the staff member’s or consultant’s experience in other firms was substantive and involved responsibilities similar to what they are anticipated to perform as a member of the Respondent’s team.

SELECTION CRITERIA AND SCORING

All applications that meet the Minimum Experience and Capacity Requirements will be scored and ranked according to the following selection criteria:

	Category	Points
A.	EXPERIENCE:	40
i.	Developer (12 pts) <ul style="list-style-type: none"> ➤ Experience with the following: <ul style="list-style-type: none"> ○ Completing projects on time and on budget ○ Obtaining competitive financing terms ○ Developing Type V/I or III/I construction ○ Developing housing for low-income families, seniors, or the homeless ➤ Building community support through outreach ➤ Current staff capacity and experience to take on this project type 	
ii.	Owner (4 pts) <ul style="list-style-type: none"> ➤ Track record successfully owning housing financed with Low-Income Housing Tax Credits <ul style="list-style-type: none"> ○ Experience owning affordable housing for low-income families, seniors and/or the homeless ➤ Current asset management structure, staffing, and portfolio ➤ Capacity for assuming asset management of an expanded portfolio once the development is complete 	
iii.	Property Manager (8 pts) <ul style="list-style-type: none"> ➤ Experience managing property for target populations ➤ Experience achieving high rates of housing retention ➤ Implements low barrier tenant selection policies ➤ Contributes to long-term sustainability of the development 	

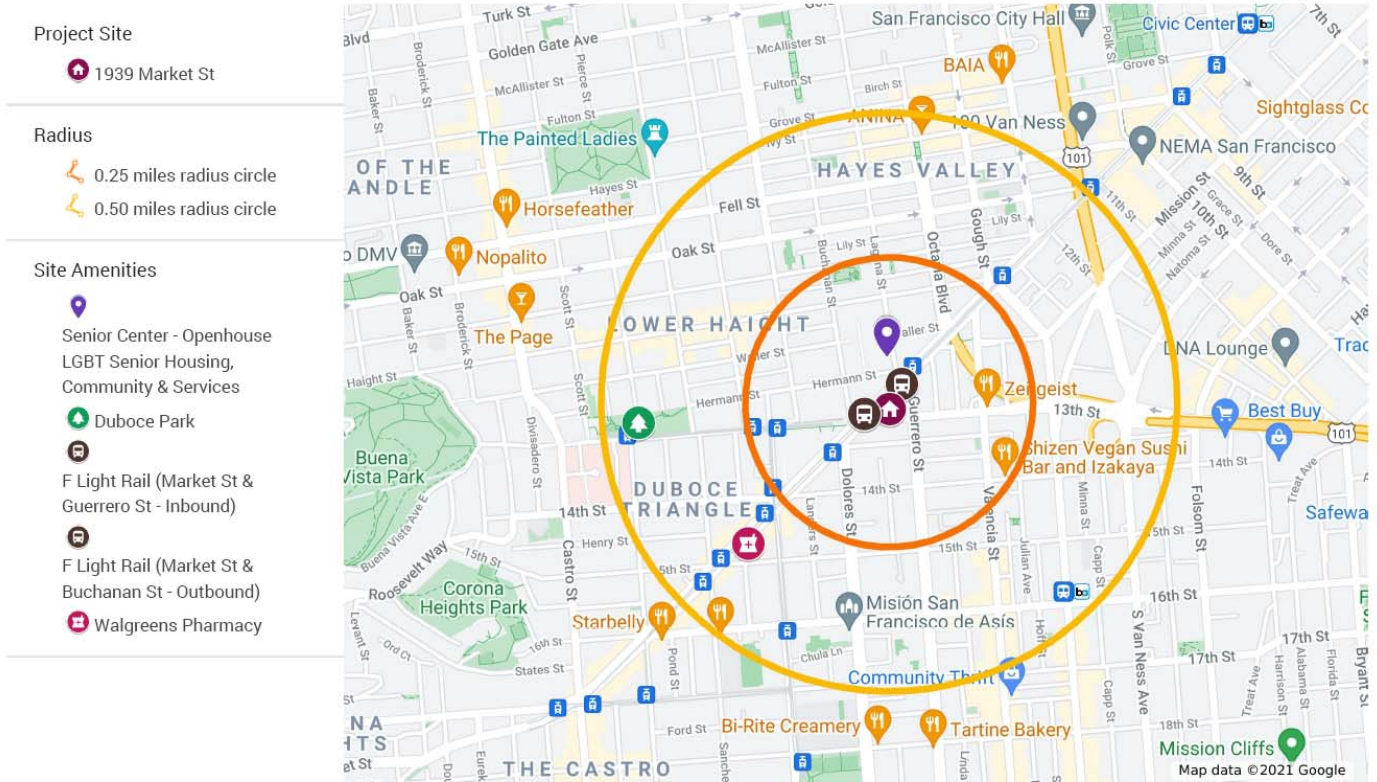
	<ul style="list-style-type: none"> ➤ Achieves cost efficiencies in operations 	
iv.	<p>Service Providers (8 pts)</p> <ul style="list-style-type: none"> ➤ Experience delivering services to target populations ➤ Experience linking residents to the City’s safety net of services ➤ Works with property management to achieve high rates of housing retention ➤ Supports positive outcomes for residents around health and economic mobility ➤ If applicable, provides explanation for service contracts terminated prematurely within the last 5 years ➤ Discusses barriers to communities of color accessing quality health care services, employment and educational opportunities 	
v.	<p>Racial Equity Strategy (8 pts)</p> <ul style="list-style-type: none"> ➤ Describes level of racial equity awareness ➤ Experience providing housing to COP and neighborhood preference holders ➤ Uses innovative approaches to engagement with COP and neighborhood preference holders ➤ Demonstrates commitment to racially diverse project development teams <p>Proposes a substantive partnership that increases opportunity/capacity for growth of smaller and Black, Indigenous and people of color, (BIPOC)-led organizations</p> <ul style="list-style-type: none"> ➤ Demonstrates experience with serving historically excluded communities of color ➤ Describes approaches to overcoming historical obstacles to communities of color obtaining high quality affordable housing ➤ Describes experience providing access and implementing service delivery strategies to historically excluded communities of color 	
B. VISION:		60
i.	<p>Program Concept (20 pts)</p> <ul style="list-style-type: none"> ➤ Describes vision for a development program at this site, while best achieving the project goals, and includes: <ul style="list-style-type: none"> ○ A residential program and other envisioned uses; ○ Indicates how the proposed uses and amenities will enhance the lives of the proposed target population and the surrounding neighborhood. 	

	<ul style="list-style-type: none"> ➤ Indicates particular groups served by the programs and spaces (tots, children, teens, homeless people, young adults, adults, elderly, disabled etc.). ➤ Describes how the program will contribute to lowering barriers to persons of color seeking and retaining quality housing. 	
ii.	<p>Community Engagement Strategy (10 pts)</p> <ul style="list-style-type: none"> ➤ Describes community engagement strategy and includes: <ul style="list-style-type: none"> ○ The team’s philosophy on community engagement; ○ Process for establishing and/or building positive relationships with surrounding neighbors and the larger community; ○ Efforts designed to engage all interested community members, including monolingual non-English speaking members of the community; ○ How the Development Team intends to comply with the City’s Language Access Ordinance. ➤ Describes the Team’s approach to achieving entitlements for the project expeditiously and the Team’s approach to maintaining and building community relationships after entitlements have been achieved and the development is in operations. ➤ Indicate how particular community engagement strategy will address the historical exclusion of communities of color from quality housing, including but not limited to marketing to attract target populations. 	
iii.	<p>Services Delivery Strategy (10 pts)</p> <ul style="list-style-type: none"> ➤ Describes the Development Team’s services delivery strategy and includes: <ul style="list-style-type: none"> ○ The overall service philosophy; ○ Model for providing any anticipated services to formerly homeless residents (including case management ratio and provision of amenities such as front desk clerks, if applicable); ○ The services goals of the proposed vision. ➤ A brief description of the desired outcome of the services to be provided and innovative approaches to services provision, including the strategy of engaging residents and encouraging access to services. ➤ Describes how services for residents will be coordinated with the existing network of services in the neighborhood and community. 	
iv.	<p>Finance & Cost Containment Approach (10 pts)</p> <ul style="list-style-type: none"> ➤ Narration that describes the Development Team’s financing approach to the project. 	

	<ul style="list-style-type: none"> ➤ Includes the Team's process for structuring the project and controlling development costs. ➤ Includes innovative strategies intended to minimize MOHCD's projected capital gap financing. ➤ Describes any innovative (i.e. non-standard, routine or commonly used) direct or indirect cost-cutting strategies relevant to overall development, construction or operating expenses. ➤ Do not include proforma financials. 	
v.	<p>Racial Equity Strategy (10 pts)</p> <ul style="list-style-type: none"> ➤ Describes proposed resident services program, including the activities or types of services, how they will be provided, and the approach (such as timeline, hours and days of operation, examples, and best practices). ➤ Explain how the Development Team's model removes barriers to intergenerational wealth, self-sufficiency and resiliency for persons of color, particularly COP holders, African American households and/or households in historically African American neighborhoods. ➤ Explain how the strategy aligns with the four primary goals of this RFQ set forth in the Introduction. 	
TOTAL POSSIBLE POINTS		100

Attachment F: Site Map with amenities

1939 Market St Amenities Map



Attachment G: Elevations and Floor Plans

N/A

**Attachment H: Comparison of City Investment in Other Housing
Developments**

See attached.

Affordable Multifamily Housing New Construction Cost Comparison

Updated 10/28/2021

PROJECTS COMPLETED						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
Dr. George Davis Senior Comm.	1751 Carroll Ave	80,209	Jun-16	121	125	90,475	62,340	152,815	\$ 4,991,545	\$ 55,420,517	\$ 11,557,097	\$ 71,969,159	\$ 26,221,201	\$ 66,977,614		4 Type V over 2 Type IA. (bsmt pkg) & comml. Kitchen (significant non-res.)
95 Laguna Senior	95 Laguna	14,300	May-19	79	82	59,785	7,316	67,101	\$ 5,012,000	\$ 36,495,898	\$ 11,343,750	\$ 52,851,648	\$ 21,234,000	\$ 47,839,648	9% LIHTC	7 Story - 5 stories Type III over 2 stories Type IA + Community Services space (Open House)
1296 Shotwell Senior	1296 Shotwell	11,667	Jan-20	94	94	66,153	-	66,153	\$ 831,098	\$ 50,502,290	\$ 3,438,816	\$ 54,772,204	\$ 27,812,014	\$ 53,941,106	4% LIHTC HOME AHF	Type IA 9 stories 1st PUC served Affordable Hsg. Including low-side metering, resilient seismic da
Completed Projects:	Average:	35,392		98	100	72,138	23,219	95,356	3,611,548	47,472,902	8,779,888	59,864,337	25,089,072	56,252,789		

PROJECTS UNDER CONSTRUCTION						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
53 Colton (Plumbers Union DA)	53 Colton	7,780	Jul-22	96	96	47,969	-	47,969	\$ 171,697	\$ 34,895,639	\$ 16,721,274	\$ 51,788,610	\$ 2,750,000	\$ 51,616,913	4%, HCD MHP, AHP, \$10M GM	Type IIIA over Type I podium and basement, 6 stories, constrained site, efficiency studios
Under Construction:	Average:	7,780		96	96	47,969	0	47,969	171,697	34,895,639	16,721,274	51,788,610	2,750,000	51,616,913		

PROJECTS IN PREDEVELOPMENT						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Comments
180 Jones Street	180 Jones Street	4,853	Feb-22	70	70	34,863	3,304	38,167	\$ 100,000	\$ 35,746,770	\$ 17,576,236	\$ 53,423,006	\$ 15,200,000	\$ 53,323,006	4% LIHTC + MHP	Type I - 9 stories small very tight site (studios) (80% CD est. 3/26/21)
4200 Geary	4200 Geary	16,738	Feb-22	98	98	78,530	1,197	79,727	\$ 11,064,369	\$ 53,016,162	\$ 20,036,599	\$ 84,117,130	\$ 27,670,369	\$ 73,052,761	4% Credits; HCD MHP, AHP, Privat	Type III over Type I, 7 stories, TI space, no parking, Urban Agriculture (65% CD Est dated 4/30/2
772 Pacific Avenue	772 Pacific Avenue	9,219	Apr-24	86	86	45,458	8,847	54,305	\$ -	\$ 58,265,200	\$ 17,129,912	\$ 75,395,112	\$ 25,176,182	\$ 75,395,112	4% Credits; MHP, AHP	Type IA, 8 stories. Comm'l replacement of Asia SF restaurant (9/30/21 loan eval app estimates)
In Predevelopment	Average:	10,270		85	85	52,950	4,449	57,400	\$ 3,721,456	\$ 49,009,377	\$ 18,247,582	\$ 70,978,416	\$ 22,682,184	\$ 67,256,960		

ALL PROJECTS	Average:	17,814		93	94	57,686	9,223	66,908	2,501,567	\$ 43,792,639	\$ 14,582,915	\$ 60,877,121	\$ 16,840,418	\$ 58,375,554		
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SUBJECT PROJECT	1939 Market Street	11,860	Apr-24	134	135	87,884	1,500	89,384	\$ -	\$ 63,638,624	\$ 22,395,273	\$ 86,033,897	\$ 31,028,625	\$ 86,033,897	4% credits, AHP, MHP, IIG	No design yet, assumes Type I, 9 stories, small retail TI space, no parking
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PROJECTS COMPLETED		Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft6	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft6	Subsidy / unit	Leveraging ⁷
Dr. George Davis Senior Comm.	Jun-16	41,252	39,932	62	\$ 458,021	\$ 443,364	\$ 363	\$ 95,513	\$ 92,457	\$ 76	\$ 594,786	\$ 575,753	\$ 471	\$ 216,704	63.6%
95 Laguna Senior	May-19	63,443	61,122	350	\$ 461,973	\$ 445,072	\$ 544	\$ 143,592	\$ 138,338	\$ 169	\$ 669,008	\$ 644,532	\$ 788	\$ 268,785	59.8%
1296 Shotwell Sr	Jan-20	8,841	8,841	71	\$ 537,258	\$ 537,258	\$ 763	\$ 36,583	\$ 36,583	\$ 420	\$ 582,683	\$ 582,683	\$ 828	\$ 295,872	49.2%
Completed Projects:	Average:	37,846	36,632	161	\$ 485,751	\$ 475,231	\$ 557	\$ 91,896	\$ 89,126	\$ 222	\$ 615,493	\$ 600,990	\$ 696	\$ 260,454	58%

PROJECTS UNDER CONSTRUCTION		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft6	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft6	Subsidy / unit	Leveraging ⁷
53 Colton	Jun-22	1,789	1,789	22	\$ 363,496	\$ 363,496	\$ 727	\$ 174,180	\$ 174,180	\$ 349	\$ 539,465	\$ 539,465	\$ 1,080	\$ 28,646	94.7%
Under Construction:	Average:	1,789	1,789	22	\$ 363,496	\$ 363,496	\$ 727	\$ 174,180	\$ 174,180	\$ 349	\$ 539,465	\$ 539,465	\$ 1,080	\$ 28,646	95%

PROJECTS IN PREDEVELOPMENT		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Start Date (anticipated)	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft6	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft6	Subsidy / unit	Leveraging ⁷
180 Jones Street	Feb-22	1,429	1,429	21	\$ 510,668	\$ 510,668	\$ 937	\$ 251,089	\$ 251,089	\$ 461	\$ 763,186	\$ 763,186	\$ 1,400	\$ 217,143	71.5%
4200 Geary	Feb-22	112,902	112,902	661	\$ 540,981	\$ 540,981	\$ 665	\$ 204,455	\$ 204,455	\$ 251	\$ 858,338	\$ 858,338	\$ 1,055	\$ 282,351	67.1%
772 Pacific Avenue	Apr-24	-	-	-	\$ 677,502	\$ 677,502	\$ 1,073	\$ 199,185	\$ 199,185	\$ 315	\$ 876,687	\$ 876,687	\$ 1,388	\$ 292,746	66.6%
In Predevelopment	Average:	57,165	57,165	341	\$ 576,384	\$ 576,384	\$ 891	\$ 218,243	\$ 218,243	\$ 342	\$ 832,737	\$ 832,737	\$ 1,281	\$ 264,080	68%

All Projects:	AVERAGE	32,266	31,862	175	\$ 475,210	\$ 471,704	\$ 725	\$ 161,440	\$ 160,516	\$ 304	\$ 662,565	\$ 657,730	\$ 1,019	\$ 184,393	73.5%
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Attachment I: Predevelopment Budget

See attached.

Application Date: 10/1/2021 # Units: 134
 Project Name: 1939 Market Street # Bedrooms: 135
 Project Address: 1939 Market Street # Beds:
 Project Sponsor: Mercy Housing California LOSP Project

SOURCES	Total Sources						Comments
	4,000,000	-	-	-	-	-	4,000,000
Name of Sources:	MOHCD/OCII						

USES							
ACQUISITION							
Acquisition cost or value							0
Legal / Closing costs / Broker's Fee							0
Holding Costs							0
Transfer Tax							0
TOTAL ACQUISITION	0	0	0	0	0	0	0

CONSTRUCTION (HARD COSTS)							
Unit Construction/Rehab							0
Commercial Shell Construction							0
Demolition	0						0
Environmental Remediation							0
Onsite Improvements/Landscaping							0
Offsite Improvements							0
Infrastructure Improvements							0
Parking							0
GC Bond Premium/GC Insurance/GC Taxes	0						0
GC Overhead & Profit	0						0
CG General Conditions	0						0
Sub-total Construction Costs	0	0	0	0	0	0	0
Design Contingency (remove at DD)							0
Bid Contingency (remove at bid)							0
Plan Check Contingency (remove/reduce during Plan Review)							0
Hard Cost Construction Contingency							0
Sub-total Construction Contingencies	0	0	0	0	0	0	0
TOTAL CONSTRUCTION COSTS	0	0	0	0	0	0	0

Construction line item costs as a % of hard costs

SOFT COSTS							
Architecture & Design							
Architect design fees	1,951,463						1,951,463
Design Subconsultants to the Architect (incl. Fees)							0
Architect Construction Admin							0
Reimbursables	50,000						50,000
Additional Services							0
Sub-total Architect Contract	2,001,463	0	0	0	0	0	2,001,463
Other Third Party design consultants (not included under Architect contract)							0
	340,981						340,981
Total Architecture & Design	2,342,444	0	0	0	0	0	2,342,444
Engineering & Environmental Studies							
Survey	40,657						40,657
Geotechnical studies	30,500						30,500
Phase I & II Reports	43,500						43,500
CEQA / Environmental Review consultants							0
NEPA / 106 Review	55,575						55,575
CNA/INA (rehab only)							0
Other environmental consultants	15,000						15,000
Total Engineering & Environmental Studies	185,232	0	0	0	0	0	185,232
Financing Costs							
Construction Financing Costs							
Construction Loan Origination Fee							0
Construction Loan Interest							0
Title & Recording							0
CDLAC & CDIAC fees							0
Bond Issuer Fees							0
Other Bond Cost of Issuance							0
Other Lender Costs (specify)	30,000						30,000
Investor due diligence							0
Sub-total Const. Financing Costs	30,000	0	0	0	0	0	30,000
Permanent Financing Costs							
Permanent Loan Origination Fee							0
Credit Enhance. & Appl. Fee							0
Title & Recording							0
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0
Total Financing Costs	30,000	0	0	0	0	0	30,000
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							0
Other Legal (specify)							0
Total Legal Costs	5,000	0	0	0	0	0	5,000
Other Development Costs							
Appraisal	25,000						25,000
Market Study	10,000						10,000
Insurance							0
Property Taxes							0
Accounting / Audit							0
Organizational Costs							0
Entitlement / Permit Fees	333,492						333,492
Marketing / Rent-up							0
Furnishings							0
PGE / Utility Fees	10,000						10,000
TCAC App / Alloc / Monitor Fees	43,196						43,196
Financial Consultant fees	68,000						68,000
Construction Management fees / Owner's Rep	84,000						84,000
Security during Construction							0
Relocation							0
Other (specify)							0
Other (specify)							0
Other (specify)							0
Total Other Development Costs	573,688	0	0	0	0	0	573,688
Soft Cost Contingency							
Contingency (Arch, Eng, Fin, Legal & Other Dev)	313,636	0	0	0	0	0	313,636
TOTAL SOFT COSTS	3,450,000	0	0	0	0	0	3,450,000

Total Soft Cost Contingency as % of Total Soft Costs 10.0%

RESERVES							
Operating Reserves							0
Replacement Reserves							0
Tenant Improvements Reserves							0
Other (specify)							0
Other (specify)							0
Other (specify)							0
TOTAL RESERVES	0	0	0	0	0	0	0

DEVELOPER COSTS							
Developer Fee - Cash-out Paid at Milestones	550,000						550,000
Developer Fee - Cash-out At Risk							0
Commercial Developer Fee							0
Developer Fee - GP Equity (also show as source)							0
Developer Fee - Deferred (also show as source)							0
Development Consultant Fees							0
Other (specify)							0
TOTAL DEVELOPER COSTS	550,000	0	0	0	0	0	550,000

TOTAL DEVELOPMENT COST							
Development Cost/Unit by Source	4,000,000	0	0	0	0	0	4,000,000
Development Cost/Unit as % of TDC by Source	29,851	0	0	0	0	0	29,851
	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

Acquisition Cost/Unit by Source	0	0	0	0	0	0	0
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Construction Cost (inc Const Contingency)/Unit By Source	0	0	0	0	0	0	0
Construction Cost (inc Const Contingency)/SF	0.00	0.00	0.00	0.00	0.00	0.00	0.00

*Possible non-eligible GO Bond/COP Amount: 68,000
 City Subsidy/Unit: 29,851

Tax Credit Equity Pricing: 0.98
 Construction Bond Amount: 44,456,994
 Construction Loan Term (in months): 20 months
 Construction Loan Interest Rate (as %): 4.00%

Attachment J: Development Budget

See attached.

Application Date: 10/1/2021 # Units: 134
 Project Name: 1939 Market Street # Bedrooms: 135
 Project Address: 1939 Market Street # Beds:
 Project Sponsor: Mercy Housing California
 LOSP Project

Don't forget to fill in D135:D138!

SOURCES	Total Sources						Comments
	31,028,625	20,000,000	750,000	1,250,000	24,535,265	8,470,007	
Name of Sources: MOHCD/OCII	HCD - MHP	HCD - IIG	AHP	Equity	Deferred fee and GP contribution		

USES

ACQUISITION

Acquisition cost or value							0
Legal / Closing costs / Broker's Fee							0
Holding Costs							0
Transfer Tax							0
TOTAL ACQUISITION	0	0	0	0	0	0	0

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab	10,693,044	15,000,000		1,250,000	21,034,711		47,977,755
* Commercial Shell Construction	771,469						771,469
* Demolition	0		570,331				570,331
* Environmental Remediation							0
* Onsite Improvements/Landscaping							0
* Offsite Improvements	0	1,126,826					1,126,826
* Infrastructure Improvements							0
* Parking							0
GC Bond Premium/GC Insurance/GC Taxes	1,288,457		48,184				1,336,642
GC Overhead & Profit	1,627,009		53,337				1,680,346
CG General Conditions	2,081,047		78,147				2,159,194
<i>Sub-total Construction Costs</i>	<i>16,461,026</i>	<i>16,126,826</i>	<i>750,000</i>	<i>1,250,000</i>	<i>21,034,711</i>	<i>0</i>	<i>55,622,562</i>
Design Contingency (remove at DD)	2,456,556						2,456,556
Bid Contingency (remove at bid)	1,529,644						1,529,644
Plan Check Contingency (remove/reduce during Plan Review)	999,768						999,768
Hard Cost Construction Contingency	0	3,030,093					3,030,093
<i>Sub-total Construction Contingencies</i>	<i>4,985,968</i>	<i>3,030,093</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>8,016,061</i>
TOTAL CONSTRUCTION COSTS	21,446,994	19,156,919	750,000	1,250,000	21,034,711	0	63,638,624

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

Architect design fees	2,309,688	351,787					2,661,475
Design Subconsultants to the Architect (incl. Fees)							0
Architect Construction Admin							0
Reimbursables	50,000						50,000
Additional Services							0
<i>Sub-total Architect Contract</i>	<i>2,359,688</i>	<i>351,787</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,711,475</i>
Other Third Party design consultants (not included under Architect contract)	0	414,650					414,650
Total Architecture & Design	2,359,688	766,437	0	0	0	0	3,126,125

Engineering & Environmental Studies

Survey	52,657						52,657
Geotechnical studies	89,525						89,525
Phase I & II Reports	63,500						63,500
CEQA / Environmental Review consultants							0
NEPA / 106 Review	55,575						55,575
CNA/PNA (rehab only)							0
Other environmental consultants	15,000						15,000
Total Engineering & Environmental Studies	276,257	0	0	0	0	0	276,257

Financing Costs

Construction Financing Costs							
Construction Loan Origination Fee	0				332,910		332,910
Construction Loan Interest	2,427,403						2,427,403
Title & Recording	0				130,000		130,000
CDLAC & CD/AC fees	0				55,097		55,097
Bond Issuer Fees	0				221,940		221,940
Other Bond Cost of Issuance	0				45,000		45,000
Lender Inspections	36,000						36,000
<i>Sub-total Const. Financing Costs</i>	<i>2,463,403</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>784,947</i>	<i>0</i>	<i>3,248,350</i>
Permanent Financing Costs							
Permanent Loan Origination Fee							0
Credit Enhance. & Appl. Fee							0
Title & Recording	15,000						15,000
<i>Sub-total Perm. Financing Costs</i>	<i>15,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>15,000</i>
Total Financing Costs	2,478,403	0	0	0	784,947	0	3,263,350

Legal Costs

Borrower Legal fees	75,000						75,000
Land Use / CEQA Attorney fees							0
Tax Credit Counsel	25,000						25,000
Bond Counsel	125,000						125,000
Construction Lender Counsel	50,000						50,000
Permanent Lender Counsel							0
Owners title policy, recording, lender's policy	34,000						34,000
Total Legal Costs	309,000	0	0	0	0	0	309,000

Other Development Costs

Appraisal	25,000						25,000
Market Study	10,000						10,000
Insurance	750,000						750,000
Property Taxes							0
Accounting / Audit	0				35,000		35,000
Organizational Costs							0
Entitlement / Permit Fees	632,700						632,700
Marketing / Rent-up	268,000						268,000
Furnishings	479,025						479,025
PGE / Utility Fees	287,500						287,500
TCAC App / Alloc / Monitor Fees	0				87,485		87,485
Financial Consultant fees	0				85,000		85,000
Construction Management fees / Owner's Rep	175,000						175,000
Security during Construction							0
Relocation							0
Other Special inspection/window testing	160,000						160,000
Other (specify)							0
Other (specify)							0
Total Other Development Costs	2,787,225	0	0	0	207,485	0	2,994,710

Total Soft Cost Contingency as % of Total Soft Costs 10.8%

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	821,057	76,644	0	0	99,243	0	996,944
TOTAL SOFT COSTS	9,031,631	843,081	0	0	1,091,675	0	10,966,387

RESERVES

* Operating Reserves	0				758,879		758,879
* Replacement Reserves							0
* Tenant Improvements Reserves							0
* Other (specify)	0						0
* Other (specify)							0
TOTAL RESERVES	0	0	0	0	758,879	0	758,879

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	550,000				550,000		1,100,000
Developer Fee - Cash-out At Risk	0				1,100,000		1,100,000
Commercial Developer Fee							0
Developer Fee - GP Equity (also show as source)	0					8,130,007	8,130,007
Developer Fee - Deferred (also show as source)	0					340,000	340,000
Development Consultant Fees							0
Other (specify)							0
TOTAL DEVELOPER COSTS	550,000	0	0	0	1,650,000	8,470,007	10,670,007

TOTAL DEVELOPMENT COST

	31,028,625	20,000,000	750,000	1,250,000	24,535,265	8,470,007	86,033,897
Development Cost/Unit by Source	231,557	149,254	5,597	9,328	183,099	63,209	642,044
Development Cost/Unit as % of TDC by Source	36.1%	23.2%	0.9%	1.5%	28.5%	9.8%	100.0%
Acquisition Cost/Unit by Source	0	0	0	0	0	0	0
Construction Cost (inc Const Contingency)/Unit By Source	160,052	142,962	5,597	9,328	156,975	0	474,915
Construction Cost (inc Const Contingency)/SF	239.94	214.32	8.39	13.98	235.33	0.00	711.97

*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit: 231,557

Tax Credit Equity Pricing: 0.980

Construction Bond Amount:

Construction Loan Term (in months):

Construction Loan Interest Rate (as %):

Fill in with value or 'N/A' if not applicable.

Fill in with value or 'N/A' if not applicable.

Fill in with value or 'N/A' if not applicable.

Attachment K: 1st Year Operating Budget

See attached.

Application Date: **10/1/2021**
 Total # Units: **134**
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): **2026**

Project Name: **1939 Market Street**
 Project Address: **1939 Market Street**
 Project Sponsor: **Mercy Housing California**

INCOME	LOSP/non-LOSP Allocation		Total	Comments	Alternative LOSP Split
	20%	80%			
Residential - Tenant Rents	58,872	1,187,676	1,246,548	Links from 'New Proj - Rent & Unit Mix' Worksheet	Residential - Tenant Rents
Residential - Tenant Assistance Payments (Non-LOSP)	0	0	0	Links from 'New Proj - Rent & Unit Mix' Worksheet	Residential - Tenant Assistance Payments (N
Residential - LOSP Tenant Assistance Payments	309,100	0	309,100	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 40%	
Commercial Space	0	0	0		
Residential Parking	0	0	0		
Miscellaneous Rent Income	0	0	0		Alternative LOSP Split
Supportive Services Income	0	479,520	479,520	Senior Operating Subsidy (rental subsidy for building)	Supportive Services Income
Interest Income - Project Operations	0	0	0		
Laundry and Vending	1,603	6,411	8,013	Links from 'Utilities & Other Income' Worksheet	Projected LOSP Split
Tenant Charges	0	0	0		Tenant Charges
Miscellaneous Residential Income	0	0	0		
Other Commercial Income	0	0	7,200	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 40%	Alternative LOSP Split
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0		Withdrawal from Capitalized Reserve (deposit
Gross Potential Income	369,575	1,673,607	2,050,382		
Vacancy Loss - Residential - Tenant Rents	(2,944)	(59,384)	(62,327)	Vacancy loss is 5% of Tenant Rents.	
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0	No Vacancy loss on LOSP or SOS	
Vacancy Loss - Commercial	0	0	(3,600)	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 40%	
EFFECTIVE GROSS INCOME	366,631	1,614,223	1,984,454	PUPA: 14,809	

OPERATING EXPENSES					
Management					
Management Fee	20,582	82,330	102,912	1st Year to be set according to HUD schedule.	Alternative LOSP Split
Asset Management Fee	4,692	18,768	23,460	MOHCD allowable AM Fee for 2022	Management Fee
Sub-total Management Expenses	25,274	101,098	126,372	PUPA: 943	Asset Management Fee

Salaries/Benefits					
Office Salaries	42,016	168,064	210,080	5 FTE APM, 4.5 FTE desk clerks	Alternative LOSP Split
Manager's Salary	16,640	66,560	83,200	1 FTE SPM	Office Salaries
Health Insurance and Other Benefits	22,080	88,320	110,400		Manager's Salary
Other Salaries/Benefits	0	0	0		Health Insurance and Other Benefits
Administrative Rent-Free Unit	0	0	0		Other Salaries/Benefits
Sub-total Salaries/Benefits	80,736	322,944	403,680	PUPA: 3,013	Administrative Rent-Free Unit

Administration					
Advertising and Marketing	1,000	4,000	5,000	This is tenant engagement.	
Office Expenses	14,543	58,172	72,715	phone, office supplies, computer support, commuter checks, internet, staff training.	
Office Rent	0	0	0		Projected LOSP Split
Legal Expense - Property	3,750	1,250	5,000	Assumes 1 eviction and 1 stp	Legal Expense - Property
Audit Expense	2,044	8,176	10,220	\$73/pupa	
Bookkeeping/Accounting Services	4,200	16,800	21,000	\$12.5/pupm	Projected LOSP Split
Bad Debts	0	0	0		Bad Debts
Miscellaneous	0	0	0		
Sub-total Administration Expenses	25,537	88,398	113,935	PUPA: 850	

Utilities					
Electricity	25,000	75,000	100,000		Projected LOSP Split
Water	20,000	80,000	100,000		Electricity
Gas	0	0	0	no gas service	
Sewer	0	0	0	in water #	
Sub-total Utilities	45,000	155,000	200,000	PUPA: 1,493	

Taxes and Licenses					
Real Estate Taxes	2,000	8,000	10,000	Need to assess commercial property tax	Alternative LOSP Split
Payroll Taxes	11,000	44,000	55,000		Real Estate Taxes
Miscellaneous Taxes, Licenses and Permits	1,000	4,000	5,000	castro CBD	Payroll Taxes
Sub-total Taxes and Licenses	14,000	56,000	70,000	PUPA: 522	

Insurance					
Property and Liability Insurance	35,000	140,000	175,000		
Fidelity Bond Insurance	0	0	0		Alternative LOSP Split
Worker's Compensation	4,600	18,400	23,000		Worker's Compensation
Director's & Officers' Liability Insurance	0	0	0		
Sub-total Insurance	39,600	158,400	198,000	PUPA: 1,478	

Maintenance & Repair					
Payroll	40,352	161,408	201,760	1 FTE Maintenance manager, 1 FTE Maint tech, 2 FTE janitors	Alternative LOSP Split
Supplies	4,120	16,480	20,600		Payroll
Contracts	24,660	98,640	123,300	\$14k for exterior window washing, Boiler contract (\$5k) + \$2.5K for unanticipated emergency	Supplies
Garbage and Trash Removal	14,000	56,000	70,000		Contracts
Security Payroll/Contract	3,000	12,000	15,000	desk clerk coverage for PTO and maintenance of security equipment	Alternative LOSP Split
HVAC Repairs and Maintenance	8,000	32,000	40,000		Security Payroll/Contract
Vehicle and Maintenance Equipment Operation and Repairs	110	440	550		
Miscellaneous Operating and Maintenance Expenses	3,500	14,000	17,500	unit replacements not	
Sub-total Maintenance & Repair Expenses	97,742	390,968	488,710	PUPA: 3,647	

Supportive Services	0	90,000	90,000	1 FTE RSC	Alternative LOSP Split
Commercial Expenses	0	0	360	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 40%	Supportive Services

TOTAL OPERATING EXPENSES 327,889 1,362,808 1,691,057 PUPA: 12,620

Reserves/Ground Lease Base Rent/Bond Fees					
Ground Lease Base Rent	3,000	12,000	15,000	Ground lease with MOHCD	Provide additional comments here, if needed.
Bond Monitoring Fee	500	2,000	2,500		
Replacement Reserve Deposit	13,400	53,600	67,000	\$500/unit required by HCD	Alternative LOSP Split
Operating Reserve Deposit	0	0	0		Replacement Reserve Deposit
Other Required Reserve 1 Deposit	0	0	0		Operating Reserve Deposit
Other Required Reserve 2 Deposit	0	0	0		Other Required Reserve 1 Deposit
Required Reserve Deposits, Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 40%	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	16,900	67,600	84,500	PUPA: 631	

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	344,789	1,430,408	1,775,557	PUPA: 13,250	
NET OPERATING INCOME (INCOME minus OP EXPENSES)	21,842	183,815	208,897	PUPA: 1,559	

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)					
Hard Debt - First Lender	0	0	0		Alternative LOSP Split
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len	16,800	67,200	84,000	HCD - MHP	Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0		Hard Debt - First Lender
Hard Debt - Fourth Lender	0	0	0		Hard Debt - Second Lender (HCD Program 0
Commercial Hard Debt Service	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 40%	Hard Debt - Third Lender (Other HCD Program
TOTAL HARD DEBT SERVICE	16,800	67,200	84,000	PUPA: 627	Hard Debt - Fourth Lender

CASH FLOW (NOI minus DEBT SERVICE)					
Commercial Only Cash Flow	5,042	116,615	124,897		
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	848	2,592	3,240		Allocation of Commercial Surplus to LOSP/n
AVAILABLE CASH FLOW	5,890	119,207	124,897	2.49	

USES OF CASH FLOW BELOW (This row also shows DSCR.)					
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL					
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0	0	0		
Partnership Management Fee (see policy for limits)	4,690	18,760	23,450	MOHCD allowable amount for 2022	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	1,000	4,000	5,000	2	Alternative LOSP Split
Other Payments	0	0	0		Other Payments
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	0	0	0	HCD - MHP	Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)	0	0	0		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt => Max Fee from call 11/30)	0	48,224	48,224	Def. Develop. Fee split: 50%	Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	5,690	70,984	76,674	PUPA: 572	Deferred Developer Fee (Enter amt => Max F

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)					
	0	48,223	48,223		
Residual Receipts Calculation					
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?	Yes		
Will Project Defeat Developer Fee?	Yes				
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	50%	Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):	48,224	Sum of DD F from LOSP and non-LOSP:	
% of Residual Receipts available for distribution to soft debt lenders in	50%			Ratio of Sum of DD F and calculated 50%:	

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. recs	\$24,457,345	54.83%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$150,000	0.34%
HCD (soft debt loan) - Lender 3	HCD - MHP	\$20,000,000	44.84%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE					
MOHCD Residual Receipts Amount Due	26,602	26,602	50% of residual receipts, multiplied by 55.16% - MOHCD's pro rata share of all soft debt		
Proposed MOHCD Residual Receipts Amount to Loan Repayment	26,602	26,602	Enter/override amount of residual receipts proposed for loan repayment.		
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	0	0 If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.		

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE 21,621

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE					
HCD Residual Receipts Amount Due	0	21,621	50% of residual receipts, multiplied by 44.84% - HCD - MHP's pro rata share of all soft debt		
Lender 4 Residual Receipts Due	0	0			
Lender 5 Residual Receipts Due	0	0			
Total Non-MOHCD Residual Receipts Debt Service	0	21,621			

REMAINDER (Should be zero unless there are distributions below)					
Owner Distributions/Incentive Management Fee	0	0			
Other Distributions/Uses	0	0			
Final Balance (should be zero)	0	0			

Application Date: 10/1/2021
 Total # Units: 134
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026

INCOME				
Residential - Tenant Rents		non-LOSP		Approved By (reqd)
Residential - Tenant Assistance Payments (Non-LOSP)	non-LOSP			
Residential - LOSP Tenant Assistance Payments				
Commercial Space				
Residential Parking	LOSP	non-LOSP		Approved By (reqd)
Miscellaneous Rent Income	0.00%		100.00%	
Supportive Services Income	0.00%		100.00%	
Interest Income - Project Operations				
Laundry and Vending	LOSP	non-LOSP		(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Tenant Charges				
Miscellaneous Residential Income				
Other Commercial Income	LOSP	non-LOSP		Approved By (reqd)
Withdrawal from Capitalized Reserve (deposit to operating account)	to operating account)			
Gross Potential Income				
Vacancy Loss - Residential - Tenant Rents				
Vacancy Loss - Residential - Tenant Assistance Payments				
Vacancy Loss - Commercial				
EFFECTIVE GROSS INCOME				

OPERATING EXPENSES				
Management				
Management Fee	LOSP	non-LOSP		Approved By (reqd)
Asset Management Fee				
Sub-total Management Expenses				
Salaries/Benefits				
Office Salaries	LOSP	non-LOSP		Approved By (reqd)
Manager's Salary	20.00%		80.00%	
Health Insurance and Other Benefits	20.00%		80.00%	
Other Salaries/Benefits	20.00%		80.00%	
Administrative Rent-Free Unit				
Sub-total Salaries/Benefits				

Administration				
Advertising and Marketing				
Office Expenses				
Office Rent	LOSP	non-LOSP		(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Legal Expense - Property	75.00%		25.00%	
Audit Expense				
Bookkeeping/Accounting Services	LOSP	non-LOSP		(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Bad Debts				
Miscellaneous				
Sub-total Administration Expenses				

Utilities				
Electricity	LOSP	non-LOSP		(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Water	25.00%		75.00%	
Gas				
Sewer				
Sub-total Utilities				

Taxes and Licenses				
Real Estate Taxes	LOSP	non-LOSP		Approved By (reqd)
Payroll Taxes	20.00%		80.00%	
Miscellaneous Taxes, Licenses and Permits				
Sub-total Taxes and Licenses				

Insurance				
Property and Liability Insurance				
Fidelity Bond Insurance	LOSP	non-LOSP		Approved By (reqd)
Worker's Compensation				
Director's & Officers' Liability Insurance				
Sub-total Insurance				

Maintenance & Repair				
Payroll	LOSP	non-LOSP		Approved By (reqd)
Supplies	20.00%		80.00%	LOSP-specific expenses must be tracked at entry level in projects
Contracts	20.00%		80.00%	
Garbage and Trash Removal	LOSP	non-LOSP		Approved By (reqd)
Security Payroll/Contract				
HVAC Repairs and Maintenance				
Vehicle and Maintenance Equipment Operation and Repairs				
Miscellaneous Operating and Maintenance Expenses				
Sub-total Maintenance & Repair Expenses				

Supportive Services	LOSP	non-LOSP		Approved By (reqd)
	0.00%		100.00%	
Commercial Expenses				

TOTAL OPERATING EXPENSES

Reserves/Ground Lease Base Rent/Bond Fees				
Ground Lease Base Rent				
Bond Monitoring Fee	LOSP	non-LOSP		Approved By (reqd)
Replacement Reserve Deposit				
Operating Reserve Deposit				
Other Required Reserve 1 Deposit				
Other Required Reserve 2 Deposit				
Required Reserve Deposits, Commercial				
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)

NET OPERATING INCOME (INCOME minus OP EXPENSES)

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)				
Hard Debt - First Lender	LOSP	non-LOSP		Approved By (reqd)
	0.00%		100.00%	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender 0.42% pymt, or other 2nd Lender)				
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				
Hard Debt - Fourth Lender				
Commercial Hard Debt Service				
TOTAL HARD DEBT SERVICE				

CASH FLOW (NOI minus DEBT SERVICE)

Commercial Only Cash Flow				
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)	non-LOSP (residual income)			

AVAILABLE CASH FLOW

USES OF CASH FLOW BELOW (This row also shows DSCR.)

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)	LOSP	non-LOSP		Approved By (reqd)
Other Payments				
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)				
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)				
Deferred Developer Fee (Enter amt <= Max Fee from call 1130)		0.00%	100.00%	

TOTAL PAYMENTS PRECEDING MOHCD

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?

Will Project Defer Developer Fee?

Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 48.224

% of Residual Receipts available for distribution to soft debt lenders in 0.999991291

Soft Debt Lenders with Residual Receipts Obligations

MOHCD/OCII - Soft Debt Loans	
MOHCD/OCII - Ground Lease Value or Land Acq Cost	
HCD (soft debt loan) - Lender 3	
Other Soft Debt Lender - Lender 4	
Other Soft Debt Lender - Lender 5	

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due	
Proposed MOHCD Residual Receipts Amount to Loan Repayment	
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due	
Lender 4 Residual Receipts Due	
Lender 5 Residual Receipts Due	
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)

Attachment L: 20-year Operating Proforma

See attached.

1939 Market Street

Total # Units:	LOSP		Non-LOSP		Year 4		Year 5			Year 6			Year 7		
	134	27	107	Units	Units	2029	2030	2031	2032	2033	2034	2035	2036	2037	
	20.00%	80.00%													
INCOME	% annual inc	LOSP	% annual increase	(related to annual inc assumptions)		non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP
Residential - Tenant Rents	1.0%		2.5%			1,278,997	1,339,653	61,262	1,310,972	1,372,235	61,875	1,343,746	1,405,621	62,494	1,377,340
Residential - Tenant Assistance Payments (Non-LOSP)	n/a		n/a			-	-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a		n/a			-	342,927	355,185	-	355,185	367,888	-	367,888	381,050	-
Commercial Space	n/a		2.5%		from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 40%	-	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%		2.5%			-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		2.5%			-	-	-	-	-	-	-	-	-	-
Supportive Services Income	4.0%		4.0%			539,395	539,395	-	560,971	560,971	-	583,409	583,409	-	608,746
Interest Income - Project Operations	2.5%		2.5%			-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		2.5%			6,903	8,629	1,769	7,076	8,845	1,813	7,253	9,066	1,859	7,434
Tenant Charges	2.5%		2.5%			-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%		2.5%			-	-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a		2.5%			-	7,754	-	-	7,947	-	-	8,146	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a		n/a		Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	-
Gross Potential Income						1,825,295	2,238,358	418,217	1,879,019	2,305,183	431,576	1,934,409	2,374,131	445,402	1,991,520
Vacancy Loss - Residential - Tenant Rents	n/a		n/a		Enter formulas manually per relevant MOH policy, annual incrementing usually not appropriate	(63,950)	(66,953)	(3,063)	(65,549)	(68,612)	(3,094)	(67,187)	(70,281)	(3,125)	(68,907)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		n/a			-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a		n/a			-	(1,551)	-	-	(1,589)	-	-	(1,629)	-	-
EFFECTIVE GROSS INCOME						1,761,346	2,169,824	415,154	1,813,470	2,234,982	428,482	1,867,221	2,302,220	442,278	1,922,653
OPERATING EXPENSES															
Management															
Management Fee	3.5%		3.5%		1st Year to be set according to HUD schedule	91,280	114,100	23,619	94,475	118,094	24,445	97,782	122,227	25,301	101,204
Asset Management Fee	3.5%		3.5%		per MOHCD policy	20,808	26,011	5,394	21,537	26,921	5,573	22,290	27,863	5,768	23,071
Sub-total Management Expenses						112,089	140,111	29,013	116,012	145,015	30,018	120,072	150,090	31,069	124,275
Salaries/Benefits															
Office Salaries	3.5%		3.5%			186,336	232,919	48,214	192,657	241,072	49,902	199,607	249,509	51,648	206,594
Manager's Salary	3.5%		3.5%			73,796	92,245	19,095	76,379	95,474	19,763	79,052	98,816	20,455	81,819
Health Insurance and Other Benefits	3.5%		3.5%			97,922	122,402	25,337	101,349	126,687	26,224	104,896	131,121	27,142	108,568
Other Salaries/Benefits	3.5%		3.5%			-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%		3.5%			-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits						358,054	447,567	92,646	370,596	463,232	95,889	383,556	479,445	99,245	398,981
Administration															
Advertising and Marketing	3.5%		3.5%			4,435	5,544	1,148	4,590	5,738	1,188	4,751	5,938	1,229	4,917
Office Expenses	3.5%		3.5%			64,496	80,620	16,688	66,754	83,442	17,273	69,090	86,363	17,877	71,508
Office Rent	3.5%		3.5%			-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		3.5%			1,386	5,544	4,303	1,434	5,738	4,454	1,485	5,938	4,610	1,537
Audit Expense	3.5%		3.5%			9,085	11,331	2,346	9,382	11,728	2,428	9,711	12,138	2,513	10,080
Bookkeeping/Accounting Services	3.5%		3.5%			18,626	23,283	4,620	19,278	24,088	4,988	19,853	24,941	5,163	20,651
Bad Debts	3.5%		3.5%			-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%		3.5%			-	-	-	-	-	-	-	-	-	-
Sub-total Administration Expenses						98,008	126,322	29,304	101,439	130,743	30,330	104,989	135,319	31,391	108,664
Utilities															
Electricity	3.5%		3.5%			83,154	110,872	28,688	86,064	114,752	29,692	89,076	118,769	30,731	92,194
Water	3.5%		3.5%			88,697	110,872	22,950	91,802	114,752	23,754	95,015	118,769	24,585	98,340
Gas	3.5%		3.5%			-	-	-	-	-	-	-	-	-	-
Sewer	3.5%		3.5%			-	-	-	-	-	-	-	-	-	-
Sub-total Utilities						171,851	221,744	51,639	177,866	229,505	53,446	184,091	237,537	55,316	190,535
Taxes and Licenses															
Real Estate Taxes	3.5%		3.5%			8,870	11,087	2,295	9,180	11,475	2,375	9,501	11,877	2,459	9,834
Payroll Taxes	3.5%		3.5%			48,784	60,879	12,623	50,491	63,114	13,065	52,258	65,323	13,522	54,087
Miscellaneous Taxes, Licenses and Permits	3.5%		3.5%			4,435	5,544	1,148	4,590	5,738	1,188	4,751	5,938	1,229	4,917
Sub-total Taxes and Licenses						62,089	77,610	16,065	64,261	80,327	16,628	66,510	83,138	17,210	68,838
Insurance															
Property and Liability Insurance	3.5%		3.5%			155,221	194,026	40,163	160,653	200,817	41,569	186,276	207,845	43,024	172,086
Fidelity Bond Insurance	3.5%		3.5%			20,400	25,501	5,279	21,114	26,393	5,463	21,853	27,317	5,655	22,618
Worker's Compensation	3.5%		3.5%			-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%		3.5%			-	-	-	-	-	-	-	-	-	-
Sub-total Insurance						175,621	219,526	45,442	181,768	227,210	47,032	188,130	235,162	48,679	194,714
Maintenance & Repair															
Payroll	3.5%		3.5%			178,956	223,695	46,305	185,219	231,524	47,926	191,702	239,628	49,603	198,412
Supplies	3.5%		3.5%			18,272	22,840	4,728	18,911	23,639	4,893	19,573	24,466	5,065	20,298
Contracts	3.5%		3.5%			159,384	196,705	28,298	163,192	204,490	29,288	168,510	211,513	30,313	121,294
Garbage and Trash Removal	3.5%		3.5%			62,089	77,610	16,065	64,261	80,327	16,628	68,510	83,138	17,210	68,838
Security Payroll/Contract	3.5%		3.5%			13,305	16,631	3,443	13,770	17,213	3,563	14,282	17,815	3,688	14,751
HVAC Repairs and Maintenance	3.5%		3.5%			35,479	44,349	9,180	36,721	45,901	9,501	38,006	47,507	9,834	39,336
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		3.5%			488	610	126	505	631	131	623	753	135	541
Miscellaneous Operating and Maintenance Expenses	3.5%		3.5%			15,522	19,403	4,016	16,065	20,082	4,157	16,628	20,785	4,302	17,210
Sub-total Maintenance & Repair Expenses						433,473	541,842	112,161	448,645	560,806	116,087	464,347	580,434	120,150	480,599
Supportive Services	3.5%		3.5%			99,785	99,785	-	103,277	103,277	-	106,892	106,892	-	110,633
Commercial Expenses															
TOTAL OPERATING EXPENSES						1,510,969	1,874,905	376,261	1,563,853	1,940,527	389,430	1,618,588	2,008,445	403,060	1,675,239
RESERVES/GROUND LEASE BASE RENT/BOND FEES															
Reserves/Ground Lease Base Rent/Bond Fees															
Ground Lease Base Rent						12,000	15,000	3,000	12,000	15,000	3,000	12,000	15,000	3,000	12,000
Bond Monitoring Fee						2,000	2,500	500	2,000	2,500	500	2,000	2,500	500	2,000
Replacement Reserve Deposit						53,800	67,000	13,400	53,800	67,000	13,400	53,800	67,000	13,400	53,800
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial						-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						67,800	84,500	16,900	67,800						

1939 Market Street

Total # Units:	LOSP		Non-LOSP		Year 8			Year 9			Year 10				
	Units	Units	Units	Units											
	134	27	107	80.00%											
	20.00%	80.00%	% annual inc LOSP	% annual increase	related to annual inc assumptions	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME															
Residential - Tenant Rents			1.0%	2.5%		1,439,834	63,119	1,411,774	1,474,892	63,750	1,447,068	1,510,818	64,387	1,483,245	1,547,632
Residential - Tenant Assistance Payments (Non-LOSP)			n/a	n/a		-	-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments			n/a	n/a		381,050	394,688	-	394,688	408,820	-	408,820	423,461	-	423,461
Commercial Space			n/a	2.5%	from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 40%	-	-	-	-	-	-	-	-	-	-
Residential Parking			2.5%	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-	-
Supportive Services Income			4.0%	4.0%		606,748	-	631,016	631,016	-	656,256	656,256	-	682,506	682,506
Interest Income - Project Operations			2.5%	2.5%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending			2.5%	2.5%		9,293	1,905	7,620	9,525	1,953	7,811	9,763	2,001	8,006	10,007
Tenant Charges			2.5%	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income			2.5%	2.5%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income			n/a	2.5%		8,350	-	-	8,559	-	-	8,773	-	-	8,992
Withdrawal from Capitalized Reserve (deposit to operating account)			n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	-
Gross Potential Income						2,445,272	459,712	2,050,409	2,516,680	474,522	2,111,135	2,594,430	489,850	2,173,757	2,672,595
Vacancy Loss - Residential - Tenant Rents			n/a	n/a	Enter formulas manually per relevant MOH policy, annual incrementing usually not appropriate	(71,992)	(3,156)	(70,589)	(73,745)	(3,187)	(72,353)	(75,541)	(3,219)	(74,162)	(77,382)
Vacancy Loss - Residential - Tenant Assistance Payments			n/a	n/a		-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial			n/a	n/a		(1,870)	-	-	(1,712)	-	-	(1,755)	-	-	(1,798)
EFFECTIVE GROSS INCOME						2,371,610	456,556	1,979,821	2,443,224	471,335	2,038,781	2,517,134	486,631	2,099,595	2,593,419
OPERATING EXPENSES															
Management															
Management Fee			3.5%	3.5%	1st Year to be set according to HUD schedule	126,505	26,187	104,746	130,933	27,103	108,412	135,515	28,092	112,207	140,258
Asset Management Fee			3.5%	3.5%	per MOHCD policy	28,838	5,970	23,878	29,848	6,178	24,714	30,892	6,395	25,579	31,974
Sub-total Management Expenses						155,343	32,156	128,624	160,780	33,282	133,126	166,408	34,486	137,786	172,232
Salaries/Benefits															
Office Salaries			3.5%	3.5%		258,242	53,456	213,824	267,280	55,327	221,308	276,635	57,263	229,054	286,317
Manager's Salary			3.5%	3.5%		102,274	21,171	84,683	105,854	21,912	87,647	109,559	22,679	90,714	113,393
Health Insurance and Other Benefits			3.5%	3.5%		135,710	28,092	112,368	140,460	29,075	116,301	145,376	30,093	120,371	150,464
Other Salaries/Benefits			3.5%	3.5%		-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit			3.5%	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits						496,226	102,719	410,875	513,594	106,314	425,256	531,569	110,035	440,140	550,174
Administration															
Advertising and Marketing			3.5%	3.5%		6,146	1,272	5,089	6,361	1,317	5,267	6,584	1,363	5,452	6,814
Office Expenses			3.5%	3.5%		89,385	18,503	74,011	92,514	19,150	76,601	95,752	19,821	79,282	99,103
Office Rent			3.5%	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property			3.5%	3.5%		6,146	4,771	1,590	6,361	4,938	1,646	6,584	5,111	1,704	6,814
Audit Expense			3.5%	3.5%		12,563	2,601	10,402	13,003	2,692	10,766	13,458	2,786	11,143	13,929
Bookkeeping/Accounting Services			3.5%	3.5%		25,814	5,344	21,374	28,718	5,531	22,122	27,653	5,724	22,997	28,621
Bad Debts			3.5%	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous			3.5%	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Administration Expenses						140,055	32,490	112,467	144,957	33,627	116,403	150,031	34,804	120,477	155,282
Utilities															
Electricity			3.5%	3.5%		122,926	31,807	95,421	127,228	32,920	98,761	131,681	34,072	102,217	136,290
Water			3.5%	3.5%		122,926	25,446	101,782	127,228	26,336	105,345	131,681	27,258	109,032	136,290
Gas			3.5%	3.5%		-	-	-	-	-	-	-	-	-	-
Sewer			3.5%	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Utilities						245,851	57,253	197,203	254,456	59,256	204,105	263,362	61,330	211,249	272,579
Taxes and Licenses															
Real Estate Taxes			3.5%	3.5%		12,293	2,545	10,178	12,723	2,634	10,534	13,168	2,726	10,903	13,629
Payroll Taxes			3.5%	3.5%		67,609	13,995	55,980	69,975	14,485	57,940	72,424	14,992	59,967	74,959
Miscellaneous Taxes, Licenses and Permits			3.5%	3.5%		6,146	1,272	5,089	6,361	1,317	5,267	6,584	1,363	5,452	6,814
Sub-total Taxes and Licenses						86,048	17,812	71,248	89,060	18,435	73,741	92,177	19,081	76,322	95,403
Insurance															
Property and Liability Insurance			3.5%	3.5%		215,120	44,530	178,119	222,049	46,088	184,365	230,442	47,701	190,806	238,507
Fidelity Bond Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation			3.5%	3.5%		28,273	5,862	23,410	29,262	6,057	24,229	30,287	6,269	25,077	31,347
Director's & Officers' Liability Insurance			3.5%	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Insurance						243,393	50,392	201,529	251,911	52,146	208,583	260,728	53,971	215,883	269,854
Maintenance & Repair															
Payroll			3.5%	3.5%		248,015	51,339	205,356	256,695	53,136	212,544	265,679	54,996	219,983	274,978
Supplies			3.5%	3.5%		25,323	5,242	20,967	26,209	5,425	21,701	27,126	5,615	22,461	28,076
Contracts			3.5%	3.5%		151,367	31,374	124,998	156,872	32,473	129,890	162,363	33,609	134,436	168,045
Garbage and Trash Removal			3.5%	3.5%		88,048	17,812	71,248	89,060	18,435	73,741	92,177	19,081	76,322	95,403
Security Payroll/Contract			3.5%	3.5%		18,439	3,817	15,267	19,084	3,950	15,602	19,752	4,089	16,355	20,443
HVAC Repairs and Maintenance			3.5%	3.5%		49,170	10,178	40,713	50,891	10,534	42,138	52,672	10,903	43,613	54,516
Vehicle and Maintenance Equipment Operation and Repairs			3.5%	3.5%		676	140	560	700	145	579	724	150	600	750
Miscellaneous Operating and Maintenance Expenses			3.5%	3.5%		21,512	4,453	17,812	22,265	4,609	18,435	23,044	4,770	19,081	23,851
Sub-total Maintenance & Repair Expenses						600,749	124,355	497,420	621,776	128,708	514,830	643,538	133,212	532,849	666,062
Supportive Services			3.5%	3.5%		110,633	-	114,505	114,505	-	118,513	118,513	-	122,661	122,661
Commercial Expenses						443	-	458	-	-	474	-	-	491	491
TOTAL OPERATING EXPENSES						2,078,741	417,167	1,733,872	2,151,497	431,768	1,794,557	2,226,799	446,880	1,857,367	2,304,737
RESERVES/GROUND LEASE BASE RENT/BOND FEES															
PUPA (w/ Reserves/GL Base Rent/Bond Fees)															
Ground Lease Base Rent						15,000	3,000	12,000	15,000	3,000	12,000	15,000	3,000	12,000	15,000
Bond Monitoring Fee						2,500	500	2,000	2,500	500	2,000	2,500	500	2,000	2,500
Replacement Reserve Deposit						67,000	13,400	53,600	67,000	13,400	53,600	67,000	13,400	53,600	67,000
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial						-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						84,500	16,900	67,600	84,500	16,900	67,600	84,500	16,900	67,600	84,500
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)						2,163,241	434,067	1,801,472	2,235,997	448,668	1,862,157	2,311,299	463,780	1,924,967	2,389,237
PUPA (w/ Reserves/GL Base Rent/Bond Fees)															
NET OPERATING INCOME (INCOME minus OP EXPENSES)						208,370	22,489	178,349	207,227	22,667	176,624	205,835	22,851	174,628	204,182
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)															
Hard Debt - First Lender					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)															

1939 Market Street

Total # Units:	LOSP		Non-LOSP		Year 11				Year 12			Year 13			LOSP
	134	27	107	80.00%	2036				2037			2038			
	20.00%	% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total		
INCOME															
Residential - Tenant Rents		1.0%	2.5%		65,031	1,520,326	1,585,357	65,682	1,558,334	1,624,015	66,338	1,597,292	1,663,631	67,002	
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a												
Residential - LOSP Tenant Assistance Payments		n/a	n/a		438,632		438,632	454,349		454,349	470,633		470,633	487,503	
Commercial Space		n/a	2.5%	from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 40%											
Residential Parking		2.5%	2.5%												
Miscellaneous Rent Income		2.5%	2.5%												
Supportive Services Income		4.0%	4.0%		709,807		709,807		738,199	738,199		767,727	767,727		
Interest Income - Project Operations		2.5%	2.5%												
Laundry and Vending		2.5%	2.5%		2,052	8,206	10,258	2,103	8,411	10,514	2,155	8,621	10,777	2,209	
Tenant Charges		2.5%	2.5%												
Miscellaneous Residential Income		2.5%	2.5%												
Other Commercial Income		n/a	2.5%				9,217			9,447			9,683		
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a	Link from Reserve Section below, as applicable											
Gross Potential Income					505,715	2,236,338	2,753,270	522,134	2,304,944	2,836,525	539,127	2,373,641	2,922,451	556,714	
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOH policy, annual incrementing usually not appropriate	(3,252)	(78,016)	(79,268)	(3,284)	(77,917)	(81,201)	(3,317)	(79,865)	(83,162)	(3,350)	
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a												
Vacancy Loss - Commercial		n/a	n/a				(1,843)			(1,889)			(1,937)		
EFFECTIVE GROSS INCOME					502,463	2,162,322	2,672,158	518,849	2,227,027	2,753,434	535,810	2,293,776	2,837,332	553,364	
OPERATING EXPENSES															
Management															
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule	29,034	116,134	145,168	30,050	120,199	150,248	31,101	124,406	155,507	32,190	
Asset Management Fee		3.5%	3.5%	per MOHCD policy	6,619	26,474	33,093	6,850	27,401	34,251	7,090	28,360	35,450	7,338	
Sub-total Management Expenses					35,652	142,608	178,260	36,900	147,599	184,499	38,191	152,765	190,957	39,528	
Salaries/Benefits															
Office Salaries		3.5%	3.5%		59,268	237,071	296,339	61,342	245,368	306,710	63,489	253,956	317,445	65,711	
Manager's Salary		3.5%	3.5%		23,472	93,889	117,362	24,294	97,176	121,469	25,144	100,577	125,721	26,204	
Health Insurance and Other Benefits		3.5%	3.5%		31,146	124,544	155,730	32,236	128,945	161,181	33,364	133,458	166,822	34,532	
Other Salaries/Benefits		3.5%	3.5%												
Administrative Rent-Free Unit		3.5%	3.5%												
Sub-total Salaries/Benefits					113,886	455,544	569,431	117,872	471,488	589,361	121,998	487,991	609,988	126,269	
Administration															
Advertising and Marketing		3.5%	3.5%		1,411	5,642	7,053	1,460	5,840	7,300	1,511	6,044	7,555	1,564	
Office Expenses		3.5%	3.5%		20,514	82,057	102,572	21,232	84,929	106,162	21,975	87,902	109,877	22,745	
Office Rent		3.5%	3.5%												
Legal Expense - Property		3.5%	3.5%		5,290	1,763	7,053	5,475	1,825	7,300	5,667	1,889	7,555	5,865	
Audit Expense		3.5%	3.5%		2,883	11,533	14,416	2,984	11,937	14,921	3,089	12,354	15,443	3,197	
Bookkeeping/Accounting Services		3.5%	3.5%		5,925	23,698	29,623	6,132	24,527	30,658	6,346	25,366	31,732	6,569	
Bad Debts		3.5%	3.5%												
Miscellaneous		3.5%	3.5%												
Sub-total Administration Expenses					36,022	124,694	160,717	37,283	129,058	166,342	38,588	133,575	172,164	39,939	
Utilities															
Electricity		3.5%	3.5%		35,265	105,795	141,060	36,499	109,498	145,997	37,777	113,330	151,107	39,099	
Water		3.5%	3.5%		28,212	112,848	141,060	29,199	116,798	145,997	30,221	120,885	151,107	31,279	
Gas		3.5%	3.5%												
Sewer		3.5%	3.5%												
Sub-total Utilities					63,477	218,643	282,120	65,698	226,295	291,994	67,998	234,215	302,214	70,378	
Taxes and Licenses															
Real Estate Taxes		3.5%	3.5%		2,821	11,285	14,106	2,920	11,680	14,600	3,022	12,089	15,111	3,128	
Payroll Taxes		3.5%	3.5%		15,517	62,066	77,583	16,060	64,239	80,298	16,622	66,487	83,109	17,204	
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%		1,411	5,642	7,053	1,460	5,840	7,300	1,511	6,044	7,555	1,564	
Sub-total Taxes and Licenses					19,748	78,994	98,742	20,440	81,758	102,198	21,155	84,620	105,775	21,895	
Insurance															
Property and Liability Insurance		3.5%	3.5%		49,371	197,484	246,855	51,099	204,396	255,495	52,887	211,550	264,437	54,738	
Fidelity Bond Insurance		3.5%	3.5%												
Worker's Compensation		3.5%	3.5%		6,489	26,955	32,444	6,716	26,863	33,579	6,951	27,804	34,755	7,194	
Director's & Officers' Liability Insurance		3.5%	3.5%												
Sub-total Insurance					55,860	223,439	279,299	57,815	231,259	289,074	59,838	239,353	299,192	61,933	
Maintenance & Repair															
Payroll		3.5%	3.5%		56,920	227,682	284,602	58,913	235,651	294,563	60,975	243,899	304,873	63,109	
Supplies		3.5%	3.5%		5,812	23,247	29,058	6,015	24,060	30,075	6,228	24,902	31,128	6,443	
Contracts		3.5%	3.5%		34,785	139,141	173,927	36,003	144,011	180,014	37,263	149,052	186,315	38,567	
Garbage and Trash Removal		3.5%	3.5%		19,749	78,994	98,742	20,440	81,758	102,198	21,155	84,620	105,775	21,895	
Security Payroll/Contract		3.5%	3.5%		4,232	16,927	21,159	4,380	17,920	21,900	4,533	18,133	22,666	4,692	
HVAC Repairs and Maintenance		3.5%	3.5%		11,285	45,139	56,424	11,680	46,179	58,399	12,089	48,354	60,443	12,512	
Vehicle and Maintenance Equipment Operation and Repairs		3.5%	3.5%		155	621	776	161	642	803	166	665	831	172	
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%		4,937	19,748	24,885	5,110	20,440	25,549	5,289	21,155	26,444	5,474	
Sub-total Maintenance & Repair Expenses					137,875	551,499	689,374	142,700	570,801	713,502	147,695	590,779	738,474	152,864	
Supportive Services		3.5%	3.5%			126,954	126,954		131,397	131,397		135,996	135,996		
Commercial Expenses				from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 40%			508			526			544		
TOTAL OPERATING EXPENSES					462,520	1,922,375	2,385,403	478,709	1,989,658	2,468,892	495,463	2,059,296	2,555,303	512,805	
RESERVES/GROUND LEASE BASE RENT/BOND FEES															
PUPA (w/o Reserves/GL Base Rent/Bond Fees)															
Ground Lease Base Rent					3,000	12,000	15,000	3,000	12,000	15,000	3,000	12,000	15,000	3,000	
Bond Monitoring Fee					500	2,000	2,500	500	2,000	2,500	500	2,000	2,500	500	
Replacement Reserve Deposit					13,400	53,600	67,000	13,400	53,600	67,000	13,400	53,600	67,000	13,400	
Operating Reserve Deposit															
Other Required Reserve 1 Deposit															
Other Required Reserve 2 Deposit															
Required Reserve Deposits, Commercial				from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 40%											
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					16,900	67,600	84,500	16,900	67,600	84,500	16,900	67,600	84,500	16,900	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)					479,420	1,989,975	2,469,903	495,609	2,057,258	2,553,392	512,363	2,126,896	2,639,803	529,705	
NET OPERATING INCOME (INCOME minus OP EXPENSES)															
					23,043	172,347	202,256	23,241	169,770	200,042	23,446	166,880	197,529	23,660	
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)															
Hard Debt - First Lender				Enter comments re: annual increase, etc.											
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)				Enter comments re: annual increase, etc.	16,800	67,200	84,000	16,800	67,200	84,000	16,800	67,200	84,000	16,800	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				Enter comments re: annual increase, etc.											
Hard Debt - Fourth Lender				Enter comments re: annual increase, etc.											
Commercial Hard Debt Service				from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 40%											
TOTAL HARD DEBT SERVICE					16,800	67,200	84,000	16,800	67,200	84,000	16,800	67,200	84,000	16,800	
CASH FLOW (NOI minus DEBT SERVICE)					6,243	105,147	118,256								

1939 Market Street

Total # Units:	LOSP		Non-LOSP		Comments (related to annual inc assumptions)	Total	Year 18 2043			Year 19 2044			Year 20 2045			
	134	27	107	Units			Units	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
	20.00%	80.00%														
INCOME																
Residential - Tenant Rents	1.0%	2.5%				1,832,144	69,722	1,807,189	1,876,912	70,420	1,852,369	1,922,789	71,124	1,898,678	1,969,802	
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a				-	-	-	-	-	-	-	-	-	-	
Residential - LOSP Tenant Assistance Payments	n/a	n/a			541,843	561,274	-	561,274	581,401	-	581,401	602,251	-	602,251		
Commercial Space	n/a	2.5%			From 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 40%	-	-	-	-	-	-	-	-	-		
Residential Parking	2.5%	2.5%				-	-	-	-	-	-	-	-	-		
Miscellaneous Rent Income	2.5%	2.5%				-	-	-	-	-	-	-	-	-		
Supportive Services Income	4.0%	4.0%				898,132	-	934,057	934,057	-	971,420	971,420	-	1,010,276		
Interest Income - Project Operations	2.5%	2.5%				-	-	-	-	-	-	-	-	-		
Laundry and Vending	2.5%	2.5%				11,896	2,439	9,754	12,193	2,500	9,998	12,498	2,562	10,248		
Tenant Charges	2.5%	2.5%				-	-	-	-	-	-	-	-	-		
Miscellaneous Residential Income	2.5%	2.5%				-	-	-	-	-	-	-	-	-		
Other Commercial Income	n/a	2.5%			10,888	-	-	10,956	-	-	11,230	-	-	11,510		
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a			Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-		
Gross Potential Income						3,294,703	633,436	2,751,001	3,396,391	654,321	2,833,787	3,499,337	675,937	2,919,203	3,606,651	
Vacancy Loss - Residential - Tenant Rents	n/a	n/a			Enter formulas manually per relevant MOH policy, annual incrementing usually not appropriate	(91,807)	(3,486)	(90,359)	(93,846)	(3,521)	(92,618)	(96,139)	(3,356)	(94,934)	(98,490)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a				-	-	-	-	-	-	-	-	-		
Vacancy Loss - Commercial	n/a	n/a				(2,138)	-	-	(2,191)	-	(2,246)	-	-	(2,302)		
EFFECTIVE GROSS INCOME						3,200,958	629,948	2,660,642	3,299,355	650,800	2,741,169	3,400,952	672,381	2,824,269	3,505,858	
OPERATING EXPENSES																
Management																
Management Fee	3.5%	3.5%			1st Year to be set according to HUD schedule	178,448	36,939	147,755	194,694	38,232	152,826	191,158	39,570	158,279	197,848	
Asset Management Fee	3.5%	3.5%			per MOHCD policy	40,679	8,421	33,662	42,103	8,715	34,861	43,577	9,020	36,062	45,102	
Sub-total Management Expenses						219,127	45,359	181,437	226,797	46,947	187,788	234,735	48,590	194,360	242,950	
Salaries/Benefits																
Office Salaries	3.5%	3.5%				364,276	75,405	301,620	377,025	78,044	312,177	390,221	80,776	323,103	403,879	
Manager's Salary	3.5%	3.5%				144,268	29,863	119,454	149,317	30,909	123,634	154,543	31,990	127,962	159,952	
Health Insurance and Other Benefits	3.5%	3.5%				191,432	39,626	158,506	198,132	41,013	164,053	205,067	42,449	169,795	212,244	
Other Salaries/Benefits	3.5%	3.5%				-	-	-	-	-	-	-	-	-		
Administrative Rent-Free Unit	3.5%	3.5%				-	-	-	-	-	-	-	-	-		
Sub-total Salaries/Benefits						699,975	144,895	579,580	724,475	149,966	598,865	749,831	155,215	620,860	776,075	
Administration																
Advertising and Marketing	3.5%	3.5%				8,670	1,795	7,179	8,973	1,857	7,430	9,287	1,923	7,690	9,613	
Office Expenses	3.5%	3.5%				126,087	26,100	104,400	130,500	27,013	108,054	135,067	27,959	111,836	139,795	
Office Rent	3.5%	3.5%				-	-	-	-	-	-	-	-	-		
Legal Expense - Property	3.5%	3.5%				8,670	6,730	2,243	8,973	6,966	2,322	9,287	7,209	2,403	9,613	
Audit Expense	3.5%	3.5%				17,721	3,668	14,673	18,342	3,797	15,187	18,894	3,930	15,718	19,648	
Bookkeeping/Accounting Services	3.5%	3.5%				38,414	7,536	30,151	37,688	7,801	31,206	39,007	8,075	32,299	40,373	
Bad Debts	3.5%	3.5%				-	-	-	-	-	-	-	-	-		
Miscellaneous	3.5%	3.5%				-	-	-	-	-	-	-	-	-		
Sub-total Administration Expenses						197,562	45,831	158,646	204,476	47,435	164,198	211,633	49,095	169,945	219,040	
Utilities																
Electricity	3.5%	3.5%				173,399	44,867	134,601	179,468	46,437	139,312	185,749	48,063	144,188	192,250	
Water	3.5%	3.5%				173,399	35,894	143,574	179,468	37,150	148,599	185,749	38,450	153,800	192,250	
Gas	3.5%	3.5%				-	-	-	-	-	-	-	-	-		
Sewer	3.5%	3.5%				-	-	-	-	-	-	-	-	-		
Sub-total Utilities						346,797	80,760	278,175	358,935	83,587	287,911	371,488	86,513	297,988	384,500	
Taxes and Licenses																
Real Estate Taxes	3.5%	3.5%				17,340	3,589	14,357	17,947	3,715	14,860	18,575	3,845	15,380	19,225	
Payroll Taxes	3.5%	3.5%				95,369	19,741	78,966	98,707	20,432	81,730	102,162	21,148	84,590	105,738	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%				8,670	1,795	7,179	8,973	1,857	7,430	9,287	1,923	7,690	9,613	
Sub-total Taxes and Licenses						121,379	25,125	100,502	125,627	26,005	104,019	130,024	26,915	107,660	134,575	
Insurance																
Property and Liability Insurance	3.5%	3.5%				303,448	62,814	251,255	314,068	65,012	260,048	325,061	67,288	269,150	338,438	
Fidelity Bond Insurance	3.5%	3.5%				-	-	-	-	-	-	-	-	-		
Worker's Compensation	3.5%	3.5%				39,882	8,256	33,022	41,278	8,544	34,178	42,722	8,844	36,374	44,218	
Director's & Officers' Liability Insurance	3.5%	3.5%				-	-	-	-	-	-	-	-	-		
Sub-total Insurance						343,329	71,069	284,277	355,346	73,557	294,226	367,783	76,131	304,524	380,655	
Maintenance & Repair																
Payroll	3.5%	3.5%				349,849	72,419	289,675	362,094	74,953	299,814	374,767	77,577	310,307	387,884	
Supplies	3.5%	3.5%				35,720	7,394	29,576	36,970	7,653	30,611	38,264	7,921	31,683	39,604	
Contracts	3.5%	3.5%				213,890	44,257	177,027	221,283	45,806	183,223	229,028	47,409	189,636	237,044	
Garbage and Trash Removal	3.5%	3.5%				121,379	25,125	100,502	125,627	26,005	104,019	130,024	26,915	107,660	134,575	
Security Payroll/Contract	3.5%	3.5%				26,010	5,384	21,536	26,920	5,572	22,290	27,882	5,768	23,070	28,838	
HVAC Repairs and Maintenance	3.5%	3.5%				69,359	14,357	57,430	71,787	14,860	59,440	74,300	15,380	61,520	76,900	
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%				954	197	790	987	204	817	1,022	211	846	1,057	
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%				30,345	6,281	25,125	31,407	6,501	26,005	32,506	6,729	26,915	33,644	
Sub-total Maintenance & Repair Expenses						847,416	175,415	701,661	877,076	181,555	726,219	907,774	187,909	751,636	939,546	
Supportive Services																
Commercial Expenses	3.5%	3.5%			From 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 40%	624	-	646	-	-	669	-	-	692		
TOTAL OPERATING EXPENSES						2,932,269	588,455	2,445,797	3,034,899	609,051	2,531,400	3,141,120	630,368	2,619,999	3,251,059	
RESERVES/GROUND LEASE BASE RENT/BOND FEES																
Reserves/Ground Lease Base Rent/Bond Fees																
Ground Lease Base Rent						15,000	3,000	12,000	15,000	3,000	12,000	15,000	3,000	12,000	15,000	
Bond Monitoring Fee						2,500	500	2,000	2,500	500	2,000	2,500	500	2,000	2,500	
Replacement Reserve Deposit						67,000	13,400	53,600	67,000	13,400	53,600	67,000	13,400	53,600	67,000	
Operating Reserve Deposit						-	-	-	-	-	-	-	-	-		
Other Required Reserve 1 Deposit						-	-	-	-	-	-	-	-	-		
Other Required Reserve 2 Deposit						-	-	-	-	-	-	-	-	-		
Required Reserve Deposits, Commercial					From 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 40%	-	-	-	-	-	-	-	-	-		
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						84,500	16,900	67,600	84,500	16,900	67,600	84,500	16,900	67,600	84,500	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)						3,016,769	605,355	2,513,397	3,119,399	625,951	2,599,000	3,225,620	647,268	2,687,599	3,335,559	
NET OPERATING INCOME (INCOME minus OP EXPENSES)																
NET OPERATING INCOME (INCOME minus OP EXPENSES)						184,189	24,593	147,244	179,956	24,849	142,168	175,332	25,113	136,670	170,299	
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																
Hard Debt - First Lender					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)					Enter comments re: annual increase, etc.	84,000	16,800	67,200	84,000	16,800	67,200	84,000	16,800	67,200	84,000	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-		
Hard Debt - Fourth Lender					Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-		
Commercial Hard Debt Service					From 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 40%	-	-	-	-	-	-	-	-	-		
TOTAL HARD DEBT SERVICE						84,000	16,800	67,200								