

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

MEMORANDUM

DATE: JULY 2, 2021
TO: CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE
FROM: JOYCE SLEN, PROJECT MANAGER
RE: **600 7TH STREET – TO SUPPORT THE FOLLOWING FUNDING APPLICATIONS:**

- CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD) INFILL INFRASTRUCTURE GRANT;
- CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE (CDLAC); and
- CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE (TCAC).

SOURCES OF FUNDS:

	\$3,133,341	Eastern Neighborhoods (EN) SOMA
	\$366,659	Education Revenue Augmentation (ERAF)
MOHCD Predevelopment Loan	\$3,500,000	EN SOMA and ERAF
	\$1,250,000	Jobs Housing Linkage Fees (AHP Bridge Loan)
	\$7,402,881	Jobs Housing Linkage Fees
	\$5,100,000	Housing Trust Fund
	\$900,000	CPMC Fund
	\$4,805,680	Low and Moderate Income Housing Asset Fund (LMIHAF)
	\$5,900,000	Affordable Housing Fund (AHF)
	\$14,130,745	Van Ness Special Use District Fund
	\$11,560,694	ERAF
Preliminary Gap Request	\$54,550,000	MOHCD Subtotal
	\$17,500,000	MOHCD/NPLH for 70 NPLH Units
TOTAL PRELIMINARY UP TO MOHCD GAP REQUEST	\$72,050,000	

Summary of Request

Mercy Housing California 97, L.P., a partnership formed by Mercy Housing California (“MHC” or the “Sponsor”), requests a preliminary gap loan commitment to support their applications to the California Department of Housing and Community Development (“HCD”) Infill Infrastructure Grant (IIG), California Debt Limit Allocation Committee (CDLAC) tax-exempt, and California Tax Credit Allocation Committee (“TCAC”) tax-credit applications for 600 7th Street (the “Project” or the “Site”). The preliminary gap request to MOHCD is for a total City contribution of up to **\$72,050,000**, including \$17,500,000 in MOHCD administered HCD No Place Like Home (NPLH) funds and a construction period-only bridge loan of \$1,250,000, for the development of 221 units at the Project. MHC received

Loan Committee approval on November 15, 2019 for a predevelopment loan in the amount of \$3,500,000. This memo updates Loan Committee on the Project status, including the proposed development budget, unit count, and estimated MOHCD gap contribution needed to complete the Project. An updated proposed final budget and Loan Evaluation will be presented to Loan Committee in early 2022, prior to construction start (estimated to be March 2022) that will be based on the final hard cost bid estimate from the general contractor and final bids from the lender and investor.

HCD-IIG

The Sponsor will submit an application to HCD for IIG in the amount of \$7.5MM (\$33,936/unit) The IIG application is due July 12, 2021, with anticipated award announcements in October 2021. Should the Project not receive an IIG award this round and IIG funds are still available, MHC will re-apply again or evaluate applying to another HCD source like the Multifamily Housing Program (MHP).

HCD released the IIG – Round 7 Notice of Funding Availability (NOFA) on May 12, 2021 with \$160MM in funds (the “2021 IIG NOFA” or the “Program”). Of the \$160MM available, \$40MM (or 25%) is made available to projects in Northern California. Funding for this NOFA was provided by the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1). IIG provides permanent financing to promote infill housing development by providing financial assistance for capital improvement projects that are an integral part of or necessary to facilitate the development of a Qualifying Infill Project (QIP) or a Qualifying Infill Area (QIA). Eligible improvements include development or rehabilitation of parks or open space, water, sewer or other utility service improvements, streets, roads, parking structures, transit linkages, transit shelters, traffic mitigation features, sidewalks, and streetscape improvements. IIG award recipients are required to complete construction of the housing units no more than 3 years of the award.

The 2021 IIG NOFA states the total grant award to any QIP is limited to \$7.5MM and applications must receive a minimum point score of 210 out of 250 points to be considered for a funding award. The Program is expected to be highly competitive. For example, HCD is requiring a tax-credit reservation letter to maximize leveraged funding commitment points in the scoring. Applications will receive 10 additional tiebreaker points for having the lowest ratio between the requested grant amount to the allowable maximum grant; and 3 additional tiebreaker points for each previously awarded QIP developed by the applicant that received a certificate of occupancy by the NOFA deadline.

The Project will submit as a QIP and use the IIG towards environmental remediation, site clearance, grading, preparation, sidewalk or streetscape improvements, and soft costs related to predevelopment. The Project meets all requirements of that eligibility category and will achieve 230 out of the 250 points, with a 3 out of 13 tiebreaker score-- meeting the minimum point score for an award consideration. MHC assumes the majority of applicants will not be able to obtain the maximum 250 points, as maximizing leveraging funding commitment points will be difficult for most projects without a tax-credit reservation letter. So the Sponsor believes the Project’s self-score is competitive for an IIG award.

To illustrate Project support in the “Leveraged funding commitments” section and attain “Local support” points in the Project Readiness scoring section, an enforceable funding commitment from the local jurisdiction is required.

CDLAC-TCAC Application

The Project will apply to CDLAC and TCAC on September 9th for the December 8th allocation meeting. As of last year, tax-exempt bond allocations through CDLAC are extremely competitive due to the demand and high cost of development in the state. One in every three projects applying to CDLAC this year will receive an allocation. To acquire the maximum 8 points in the “Leveraged Soft Resources” section, an enforceable commitment from MOHCD is required. The CDLAC scoring system favors

development in High Resource Areas as defined by the TCAC/HCD Opportunity Area Maps¹; and the tiebreaker calculation favors low cost-per-unit developments—consequently disadvantaging high-cost localities like San Francisco and overall Bay Area.

Since the Citywide Affordable Housing Loan Committee reviewed and approved the initial predevelopment loan request in November 2019, there are updates to the unit mix and total development budget. This memo serves as an update on the proposed total development costs for the Project's IIG and CDLAC-TCAC applications.

Update on Project Status

1. BACKGROUND

In 2014, pursuant to Resolution 475-14, the City and the developer of 801 Brannan Street (now known as 855 Brannan) and One Henry Adams Street reached an agreement in which the One Henry Adams Street project could satisfy its inclusionary housing requirements and a portion of the 801 Brannan project inclusionary housing requirements by conveying the Site to MOHCD.

MHC was selected in September 2019 to develop, manage, and provide services to 600 7th Street through their response to the 600 7th Street Developer Request for Qualifications (RFQ), issued on May 17, 2019. MHC received Loan Committee approval for a predevelopment loan on November 15, 2019 proposing 200 units (including a manager's unit). The proposed mix of units included 120 studios and 100 family units (1- to 3-bedroom units), and one manager's unit. The "family wing" will include 79 units for family households with incomes ranging between 50%-80% Area Median Income ("MOHCD AMI"), averaging to no more than 60% MOHCD AMI, as well as 20 units for homeless families. All 100 studio units and 20 family units set-aside for formerly homeless adults and families (54% of total units), are expected to be subsidized by the City's Local Operating Subsidy Program ("LOSP").

The eight story Type I concrete building will be built on a large, 37,800 square foot lot, with a distinct family and supportive housing wing, ground floor community serving commercial spaces, offices, community rooms, service spaces, and a 24-hour desk clerk. See Section 4 for more information.

Since 2019, MHC has worked with the Project architect and general contractor to respond to MOHCD feedback to add more 3-bedroom units, assess different construction types for cost savings, and evaluate scheme options to increase the number of units for a more competitive CDLAC tiebreaker score – more of which is described in Section 4. MHC has successfully increased the number of unsubsidized family units by 20 for a total of 221 units at the Project, consisting of 100 studios and 120 family units (1- to 3-bedroom units), and one manager's unit. The Project's average MOHCD AMI for the 120 family units is 59%.

Except for eliminating state tax credits as a source, the updated development budget in this memorandum reflects the same sources as the initial predevelopment request, and is discussed in greater detail in Section 6. The increase in unit size and revised income mix enables the Project to be significantly more competitive for a CDLAC bond allocation. Staffing costs are updated to reflect appropriate staffing for the increased unit mix in Section 7.

¹ <https://belonging.berkeley.edu/2021-tcac-opportunity-map>

Borrower/Grantee Profile.

The following staff members are assigned to 600 7th Street:

- 1) Kion Sawney (Project Developer) - 40% of his workload.
- 2) Leigh Ann Llarena (Project Assistant) - 25% of her workload.
- 3) William Ho (Associate Director) – 10% of his workload.
- 4) Barbara Gualco (Director of Development) - 10% of her workload.
- 5) Amy Bayley (Vice President of Community Planning) – 10% of her workload.

2. SITE

Equity Residential is the owner of 855 Brannan (the parcel next to the Project) and the private alleys along the southern and eastern borders of the Site. The Sponsor, Equity Residential, and MOHCD agreed to terms on a light, air, maintenance, and access easements agreement—allowing MHC access to the private alleys for building services (i.e. Recology trash pick-up and PGE-PUC connections) and have two means of emergency egress, per building code. The agreement is currently under review by the Department of Building Inspections. Once in substantially final form, MOHCD staff will seek Board of Supervisors approval to record the easement against the land prior to construction closing.

3. OTHER ENTITLEMENT ISSUES

Community Outreach.

As a loan condition to MHC’s predevelopment loan, the Sponsor is required to provide a community outreach plan. In March 2020, MHC provided a plan identifying key community stakeholders for Project outreach, described the team’s community outreach strategy, and provided an overall timeline. Since then, the Sponsor mailed a community mailer/notice to neighbors 300 feet from the Site; presented to the South of Market Area (“SoMa”) Community Advisory Committee (CAC) in June 2020, prior to the project’s SB-35 application submission, and again in October 2020; and created the 7th & Brannan website (<https://www.7thandbrannan.org/>).

The Sponsor will continue to inform the community of any substantive changes through the Project website and through continued communication to the SoMa CAC. The current focus in community outreach is the development of commercial spaces and identifying community serving tenants to lease the spaces. This loan condition is now complete, and MHC is now implementing the plan.

Prop I noticing for the Project was completed on November 20, 2019.

4. DEVELOPMENT PLAN

Entitlements.

Per the streamlining allowed under SB-35, the Project is exempt from CEQA Review. The Sponsor submitted an application for ministerial approvals to the Planning Department through SB-35 and the Project’s site permit application in September 2020. The Planning Department issued a Notice of Final Approval on January 26, 2021 (Planning Record No. 2020-009570PRJ); and the Project is on track to receive site permit approval by September 2021.

To attain points in the “Project Readiness” section of the IIG scoring criteria, all necessary local land use approvals must have been granted for the QIP, as determined by a local land use authority (e.g., planning

or community development director or zoning administrator).² The Sponsor expects the Project's Notice of Final Approval letter from Planning is sufficient to demonstrate Project Readiness points.

Design.

Construction Type Analysis – August 2020

MHC is proposing to develop an eight story Type I concrete building. In summer 2020, the Project's architect, Santos Prescott and Associates, provided a schematic design with different structural system options for the general contractor, Suffolk/Guzman, to price. As a loan condition, the Sponsor provided MOHCD a cost study on the different construction types for potential cost savings. The structural system options evaluated were 1) 5 levels of wood frame over 3 levels of concrete; 2) 7 levels of steel stud framing over a concrete podium; and 3) 8 levels of concrete. MHC considered hard and soft cost implications with building and operating a partially wood frame vs. concrete building. Conclusively, a wood frame building increased the Project's builder's risk insurance cost and faced higher risk of water intrusions, dry rot, and mold—increasing operational costs. The steel option was exceedingly cost prohibitive and an all concrete building made the building considerably heavier, requiring more soil remediation for a robust structural foundation. The most cost effective option was a blend of the three options. So the Project team proceeded with a wood frame over concrete construction type for the Project's site permit submission in October 2020. This loan condition for a Project construction type study is now complete.

As the design and the pandemic progressed, the premium price on lumber escalated in the market. Suffolk/Guzman's 100% Design Development pricing indicated a partially wood frame design was more expensive than an all Type I concrete design. The Project team therefore changed to an all Type I construction design to save in overall development and long term operational costs— now not having to install fireproofing or fire rated walls for a wood frame building; and paying less annually in general liability insurance during operations.

Increasing Unit Count Analysis – April 2021

To meet the SoMa community's desire for larger unit sizes to house multigenerational families, MHC evaluated increasing the number of 3-bedroom units as a predevelopment loan condition. The Project team explored building out the eighth floor of the family wing before having to install an additional transformer to the building and dramatically increasing hard cost. The Project team successfully increased the number of 3-bedroom units from 10 to 15, without substantial cost impacts, and through economies of scale, reduced the Project's per unit hard cost. This loan condition is now complete.

In response to the CDLAC tiebreaker's focus on awarding low cost per unit developments, the Sponsor devised construction and financial interventions to lower the Project's tiebreaker score for competitiveness. Hard cost interventions included identifying and value engineering \$1.7MM in hard cost scope of work, reducing the Project's design, bid, and plan check contingencies, changing the construction type and foundation yet again, and considering scheme options to increase unit density. MHC presented the analysis to MOHCD staff this spring; and in partnership, determined the most cost effective and programmatically efficient unit count was building out the 8th floor of the family wing; and adding 20 unsubsidized family units to the Project. By doing this, the Project will be able to leverage more debt to reduce MOHCD's gap loan, without requiring Planning's re-review of the Project's SB-35 application, as the additional density is within the 50% state density bonus permitted under SB-35 entitlements. The current 221-unit count and hard cost reduction measures contributed to reducing the Project's CDLAC tiebreaker score and increases its competitiveness.

² <https://hcd.ca.gov/grants-funding/active-funding/iigp.shtml>

Overall Design

Since the Project’s site permit was submitted before January 2021, when the City’s new all-electric construction regulations took effect, the Project is not required to design an all-electric building. To meet the Project’s sustainability goals, however, the overall design includes all-electric utilities like electric hot water heaters and cooktop ranges. This building is designed with 2 separate wings, with a 24-hour desk clerk covering the entrance to the adult wings in order to meet the various programmatic needs of the homeless and family populations.

The Sponsor submitted 100% Design Development (DD) level drawings and a cost estimate for MOHCD review in February 2021. MOHCD provided comments and approved the DD set in May 2021. The Sponsor is now underway with 50% Construction Drawings, designing with these square footage assumptions:

Unit SF by type:	Studio - 369 sf 1-br - 497 sf 2-br – 740 - 891 sf 3-br – 1,020 + 1,108 sf Meets TCAC minimum sf standards.
Residential SF:	127,074 sf
Circulation SF:	See Common Area
Parking Garage SF:	N/A
Common Area SF:	54,460 sf (assumed 30% efficiency rate for circulation/common areas/etc.)
Commercial Space SF:	4,223 sf
Building Total SF:	185,757 sf

Construction Specialist’s Evaluation.

The design is fairly straightforward and simple, and makes efficient use of the rectangular lot. The commercial spaces face on Brannan Street, with the residential entries on 7th Street, and service entries (trash, utilities) front along the alley. The building design is effective at separating out the two resident programs with discreet spaces (entry lobbies, community rooms, etc.) designated for each group, while minimizing redundancies and maximizing construction efficiencies where possible (grouping together trash rooms and elevator cores, sharing a front desk, etc.). The “F” shaped of the plan creates two on-grade courtyards, one for each population, which again is a thoughtful design decision. No parking is provided, which helps reduce the cost. The soil conditions are very poor, as is typical in this area of the City, and the team has spent a substantial amount of time investigating and designing to try and properly account for the high foundation cost, and to tailor the building design to try and reduce that cost to the degree possible. The team also spent a considerable amount of time exploring various unit configurations and construction typologies in an attempt to increase their competitiveness for CDLAC and reduce cost. This resulted in more units and more square footage and lowered the overall per-unit costs while keeping the per-SF costs essentially flat. The proforma as presented carries approximately 10% in contingencies outside of the Owner and GC hard-cost amounts that are carried into construction, which is a reasonable amount to account for plan-check / design changes, bidding, and escalation, assuming the project is able to go out to bid this year. At approximately \$118 million in total construction costs inclusive of contingencies, the project comes in at \$535K per unit, \$353K per bedroom, and \$636 per SF, all of which are roughly on par with similar projects in the MOHCD/OCII portfolio.

Commercial Space.

There will be 4,223 sf of ground floor commercial space along Brannan Street that will all be community serving as defined in MOHCD’s Commercial Underwriting Guidelines (“UG”). All four spaces will be serving the community whether by providing resources to neighbors or providing an affordable brick and mortar space for community serving businesses in San Francisco.

Space	Square Footage	Base Rent PSF/month	NNN Estimate /month	Total Monthly	Potential Uses
1	1,937	\$2.10	\$2,344	\$6,218	(Type 1 hood will be installed) Small grocer, restaurant, social enterprise with food-related businesses
2	429	\$1.90	\$519	\$1,334	Artist studio, small retail store
3	430	\$1.90	\$520	\$1,337	Artist studio, small retail store
4	1,111	\$2.10	\$1,344	\$3,566	Coffee /ice-cream shop, restaurant, nonprofit space, retail store

The table above outlines the four spaces MHC is building along with their potential rents and uses. The rent estimates will continue to be modified as the market changes. MHC is expecting the local economy to rebuild after 2020 and 2021’s COVID-19 shut-down—with the hope businesses will recover and more people will be in the neighborhood, patronizing local businesses, and going in-person to their offices. In the next year, the Sponsor will update the estimated rents to reflect market changes and will also have a better sense of comparable local businesses in proximity to the Site.

The largest corner space or Space 1 will be 1,937 sf and include two bathrooms and a type 1 hood-- fitting for a small grocer that also prepares food, a restaurant, or even a social enterprise focused on food. Space 2 and 3 could be ideal for local artists to use as gallery space or as artist studios. Additionally, small retail shops or a services like a barber shop could use these space to help activate Brannan Street. The proposed rents are slightly lower than the other two spaces to help support artists or small business-owners in operating their businesses in San Francisco. Space 4 at 1,111 sf is an ideal size and location for a simple food-related business like an ice-cream or coffee shop with some to-go items. It could also function well for a services-related business like a florist or hair salon. As a new condition to gap loan approval, staff recommends the Sponsor provide a market data and analysis supporting the final proposed rents and lease up of the various commercial uses.

The current development proforma continues to reflect a subdivided lease structure, with base rent assumptions from MHC’s recent commercial lease up experience and overall commercial portfolio. The construction budget includes \$2.1MM in commercial hard cost, \$1,442,653 of which is for the commercial warm shell. In effort to reduce the CDLAC bond request amount, commercial development cost will not be included in the overall development budget, but is presented in the MOHCD proforma to reflect the total up MOHCD gap amount request. The housing project is not dependent on the commercial income.

Community serving retail providers like coffee shops, restaurants, and art and galleries were dramatically impacted by the pandemic this past year. So commercial outreach was difficult to achieve for the Sponsor. For potential commercial uses and tenants, MOHCD staff recommends MHC refer to

the Planning Department’s Greater SoMa Community Facility Needs Assessment and the City’s Cultural, History, Housing and Economic Sustainability Strategy Report (“CHESS Report”) for the nearby cultural districts.

Prior to gap funding request, MHC will need to provide a commercial space plan, tenant improvement plan, commercial financing assumptions, and development timeline for MOHCD review and approval. By 50% construction completion, MHC will need to provide executed Letters of Intent (LOIs) with commercial tenants, commercial development budgets, and a tenant improvement proforma for MOHCD review and approval.

Service Space.

MHC is proposing separate resident services program and meeting spaces for the formerly homeless adults and family households on the ground floor. Along 7th Street in the family wing, there are two service offices for the Resident Service Coordinator and Case Manager for the 20 formerly homeless families. The spacious family community room with a community kitchen opens to an outdoor courtyard—promoting family programming like after school academic support, health and wellness, and educational and community building activities. In the supportive housing wing, there are four case management offices facing the family courtyard for on-site mental health services. Nestled away from the street, the adult-wing community room with a community kitchen also opens to a spacious courtyard for a calm and quiet atmosphere. On-site medical and clinical services will be provided to the formerly homeless adults in the community room. Provisions to ensure residents’ privacy during these services include resident sign-ups for appointments, separate waiting areas, and screens/partitions.

Target Population.

At initial concept design and predevelopment request, MHC proposed 200 units. Now as design has progressed and with emphasis on low per unit development costs in the CDLAC tiebreaker, the Site will offer 221 units, comprised of 100 studios and 120 family units (1- to 3-bedroom units), and a manager’s unit. 120 of total units (or 54% of total units) will serve formerly homeless adults and families referred through the Coordinated Entry System administered by HSH—with 100 studios for formerly homeless adults and 20 units in 3 unit types (1-3 brs) for formerly homeless families. 70 studio units will be targeted to people who were either chronically homeless, homeless, or at-risk of chronic homelessness as defined by the NPLH Program, with the appropriate supportive services. The remaining 100 units (1brs, 2brs & 3brs) will serve family households earning a range between 50%-80% MOHCD AMI, averaging to no more than 60% MOHCD AMI.

The average affordability for the overall project is 51% MOHCD AMI and 59% MOHCD AMI for the 120 family units.

5. DEVELOPMENT TEAM

The Contract Monitoring Division (CMD) set a 20% LBE/SBE goal for the Project in both professional services and the subcontractor participation. The Project Sponsor is meeting this goal through procuring the team members below:

Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Santos Prescott Associates	Y	N
Construction Manager/Owner’s Representative	Design Studio Gonzalo Castro	Y	N

General Contractor	Joint Venture – Suffolk Construction / Guzman General Contractors	N / Y	N
Geotechnical	Langan	Y	N
Environmental	Langan	Y	N
Methane & Vapor Mitigation	Langan	Y	N
Market Study	Newport Realty Advisors	Y	N
Civil Engineer	Luk & Associates	Y	N
Structural Engineer	Mar Structural	Y	N
Mechanical/Plumbing	Tommy Sui & Associates	Y	N
Electrical Engineer	FW Associates	N	N
Landscape Architect	Cliff Lowe Associates	Y	N
Waterproofing	Steelhead	Y	N
Green/Title 24 Consultant	Stok	N	N
Financial Consultant	California Housing Partnership Corporation	N	N
Attorney	Gubb & Barshay	N	N

6. FINANCING PLAN

Updated Sources and Uses Summary.

Predevelopment Sources	Amount	Terms	Status
MOHCD	\$3,500,000	3 yrs @ 3% Res Rec	Committed
Total	\$3,500,000		

Permanent Sources	Amount	Terms	Status
MOHCD - GAP	\$53,300,000	57 yrs @ 0-3% / Res Rec	This Request
MOHCD - Deferred Interest	\$2,207,257		Not Committed
MOHCD / HCD NPLH*	\$17,500,000	0%	This Request
MOHCD / AHP Bridge Loan*	\$1,250,000	0%	This Request
Permanent Loan - 1st Mortgage	\$12,582,772	15 yrs amortized over 35 yrs @ 5.275%	Not Committed
HCD IIG	\$7,500,000	Grant	Not Committed
Tax Credit Equity	\$51,562,091	\$0.93 per Federal Credit	Not Committed
General Partner Equity	\$500,000		Not Committed
Deferred Developer Fee	\$947,054		Not Committed
Total	\$147,349,174		

Uses	Amount	Per Unit	Per SF
Acquisition	\$10,000	\$45.25	\$0.05
Hard Costs	\$118,229,595	\$534,976	\$636
Soft Costs	\$24,002,525	\$108,609	\$129
Developer Fee	\$5,107,054	\$23,109	\$27
Total	\$147,349,174	\$666,738	\$793

*MOHCD's total up to gap loan will include the \$1.25MM AHP Bridge Loan + \$17.5MM MOHCD administered NPLH funds, for a total of \$72.05MM.

The Sponsor completed the loan condition to research alternate funding sources to reduce MOHCD's gap. MHC provided analysis on AHSC self-score; and applied to the Apple Affordable Housing Fund for \$5MM in April and FHLB-AHP for \$1.25MM in February. Award notification for both programs are expected to be published by the end of June/sometime this summer. A loan from the Apple Affordable Housing Fund is a 20-year term, with a 2% interest rate. Should a funding award from Apple be made to the Project, MHC will work with MOHCD to determine the intended use—whether it fills any immediate gaps to the development budget or further reduce MOHCD's gap contribution.

The current financing schedule is consistent with the last presented to Loan Committee, except for the elimination of state-tax credits as a source and reduced federal credit pricing. Tax credit pricing assumptions decreased from \$0.98 in November 2019 to \$0.93 in June 2021, reflecting the downturn in the market from the COVID-19 pandemic and effects from the 4% tax credit floor. The numerator in the CDLAC tiebreaker calculation is the total of a project's tax-exempt bond and state tax credit requests. Therefore, the Sponsor removed state tax credits as a source for CDLAC competitiveness and offset it by increasing MOHCD's gap loan by \$7.5MM (\$33,936/unit).

CDLAC Competitiveness

The Project will apply to CDLAC-TCAC this September with an approximate \$75MM tax-exempt bond request, scoring 119 out of 120 total points, with a tiebreaker of \$154,401. With three opportunities to compete in the New Construction set-asides – Homeless, ELI/VLI, and Bay Area regional pool -- the Project's tiebreaker is competitive for an allocation in the Bay Area pool, but may take 72% of the estimated available \$104MM volume cap allocation. Bay Area projects are not competitive in the statewide new construction Homeless and ELI/VLI pool because of higher development cost; so the Project's best chance for an award is in the Bay Area regional pool.

In addition to the hard cost interventions to increase competitiveness, the Sponsor reduced the general partner equity contribution from the TCAC's maximum developer fee of 15% eligible basis to the minimum \$500,000 established in MOHCD's Developer Fee Policy. 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. Furthermore, MHC plans to condoize the commercial spaces in order to remove the \$2.1MM in commercial hard cost from the development budget to further lower the bond request.

Sources Narrative.

- 1) **MOHCD Loan (\$53,300,000)** – MOHCD's up to gap loan for the Project is \$53.3MM or \$195,751 per unit—below the targeted \$250,000 MOHCD subsidy per unit at RFQ response. Adding the \$17.5MM MOHCD-administered NPLH funds (or \$250,000 per unit to pay for 70 NPLH studio units) and \$1.25MM FHLB-AHP Bridge Loan, MOHCD's total commitment to the Project is \$72,050,000 or \$326,018 per unit. The \$3.5MM MOHCD predevelopment loan will be rolled into MOHCD's final gap loan amount for 57-year term at 3.00% simple interest rate, and a residual receipt payment.
- 2) **MOHCD – Deferred Interest (\$2,207,257)** – Approximately \$2.2MM in deferred interest generated from MOHCD's 3.0% interest loan will create additional eligible basis to increase tax credit equity and lower MOHCD's gap loan by approximately \$452K.
- 3) **No Place Like Home (NPLH) – MOHCD administered (\$17,500,000)** – Through an Alternative Process County allocation from the HCD's NPLH Program, MOHCD will administer \$17.5MM or \$250,000 per unit for the 70 studio units serving formerly homeless adults, which make up 32% of

total units, with a 55 year loan term at 0.00% deferred payment loan, per NPLH Program guidelines. The regulatory limit for units to be subsidized by NPLH is 49% of total units. MOHCD will need to verify with HCD if the Project’s current referral plan for only formerly homeless adults is acceptable or if NPLH referrals need to include formerly homeless families.

- 4) **Private Mortgage (\$12,582,772)** – A private long-term permanent mortgage is included in the financing plan. MHC is assuming a 15-year term amortized over 35 years at a 5.25% interest rate. This loan meets HCD requirements, as long as HCD’s regulatory agreement is in senior position. The mortgage is underwritten on income from the non-LOSP units only.
- 5) **Infill Infrastructure Grant (IIG) (\$7,500,000)** – The Program seeks to promote infill housing developments associated with infrastructure improvements required to complete the new infill housing. The Project will submit as a QIP and request the maximum \$7.5MM IIG amount towards environmental remediation, site clearance, grading, preparation, sidewalk or streetscape improvements, and soft costs related to predevelopment. The Project meets all requirements of that eligibility category and will achieve 230 out of the 250 points, with a 3 out of 13 tiebreaker score--meeting the minimum point score for an award consideration. MHC assumes the majority of applicants will not be able to obtain the maximum 250 points, as maximizing leveraging funding commitment points will be difficult for most projects without a tax-credit reservation letter. So the Sponsor believes the Project’s self-score is competitive for an IIG award.

The \$7.5MM IIG (\$33,937/unit) will be a 55-year loan at 0.00% deferred payment, per Program guidelines.

- 6) **Federal Home Loan Bank of San Francisco (FHLB-SF) Affordable Housing Program (AHP) (\$1,250,000)** – MHC applied to FHLB-SF for the maximum \$1.25MM AHP in March 2021 and will be notified of an award by the end of June. MHC believes the Project will be competitive based on the unit mix and timing of submitting the application to maximize project readiness points, for a request of \$1.25MM or \$5,656 per unit. If the Project is not awarded this June, MHC will apply again during construction in 2022 and 2023.
- 7) **Tax Credit Equity (\$51,562,091)** – MHC is assuming \$0.93 per federal credit pricing, which is consistent with the current credit market. The CDLAC scoring criteria dissuades projects in high cost cities like San Francisco from seeking state tax credits and is therefore removed as a source.
- 8) **General Partner Equity (\$500,000)** – The General Partner Equity meets MOHCD Developer Fee Policy of a \$500,000 minimum. As described in the previous section, the lower GP Equity amount positions the Project better for a lower CDLAC tiebreaker score.
- 9) **Deferred Developer Fee (\$947,054)** – MHC will take the maximum MOHCD allowable deferred developer fee generated through the 15 years on the non-LOSP units.

Uses Evaluation.

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit are within standards	Y	\$534,976/unit

Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5.0%
Architecture and Engineering Fees are within standards	Y	Total Architectural & Design fees is \$3,633,000, which is within UG.
Construction Management Fees are within standards	Y	CM is sized at \$190,000 (26 months for predev and 22 months for construction) and meets UG standard for predev
Developer Fee is within standards, see also disbursement chart below	Y	PM Fee: \$1,100,000 At Risk: \$2,310,000 Commercial Developer Fee: \$250,000 Deferred Developer Fee: \$947,054 GP Equity: \$500,000 Total Developer Fee: \$5,107,054
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 a minimum of 3 months.

Residential and Commercial Developer Fee		
Amount of Developer Fee allocated as Project Management (PM) Fee available during predevelopment and construction:	\$1,100,000	
Amount of Developer Fee allocated as Project Management Fee available at risk (the "At-Risk Fee"):	\$2,310,000	In addition to the \$1.1M at-risk fee allowed, an additional \$1.21MM (from what is allowed from +\$10,000 per unit over 100 units).
Deferred Developer Fee	\$947,054	This amount is equal to the deferred developer fee shown on the 20-year cash flow
Commercial Space Developer Fee	\$250,000	This amount is the maximum under MOHCD Commercial Space UG for a community-serving commercial use.
General Partner Equity	\$500,000	This amount meets MOHCD minimum general partner equity requirement of \$500K to be recontributed to the Project.
\$5,107,054		

Developer and Commercial Developer Fee Disbursement Schedule		
Payment Milestone	% of Project Mgmt Fee	Amount
PM Fee: At closing of initial pre-development financing	15%	\$165,000
PM Fee: Predevelopment	35%	\$385,000

Site Permit Approval	33%	\$127,050
Submission of HCD funding application	33%	\$127,050
Submission of joint CDLAC and TCAC application	34%	\$130,900
PM Fee: Construction Close	20%	\$220,000
PM Fee: During or at End of Construction	20%	\$220,000
PM Fee: At Project Close Out	10%	\$110,000
Total Project Management Fee	100%	\$1,100,000
At Risk: 95% Leased up and Draft Cost Certification	20%	\$462,000
At Risk: Permanent Loan Closing/Conversion (Final Cost Certification Audit)	50%	\$1,155,000
At Risk: Project Close Out (Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.)	30%	\$693,000
Total At Risk	100%	\$2,310,000
Total Commercial Space Developer Fee		\$250,000
Deferred Developer Fee		\$947,054
Total Cash-Out Fee		\$4,607,054
GP Equity		\$500,000
Total Developer Fee		\$5,107,054

7. PROJECT OPERATIONS

Income & Unit Mix.

UNIT SIZE		MAXIMUM INCOME LEVEL	TCAC AMI (restricted per CDLAC-TCAC & HCD)	
NON-LOTTERY	No. of Units	MOHCD AMI		HCD
Studio - LOSP	45	30%	30%	NPLH/IIG
Studio - LOSP	55	50%	50%	NPLH/IIG
1 BR – LOSP	4	50%	50%	IIG
2 BR – LOSP	9	50%	50%	IIG
3 BR – LOSP	7	50%	50%	IIG
Sub-Total	120			
LOTTERY				
1 BR	3	50%	50%	IIG
2 BR	20	50%	50%	IIG
Sub-Total	23			
1 BR	7	60%	60%	IIG
2 BR	28	60%	60%	IIG
3 BR	6	60%	60%	IIG
Sub-Total	41			

1 BR	9	80%	80%	IIG
2 BR	25	80%	80%	IIG
3 BR	2	80%	80%	IIG
Sub-Total	36			
STAFF UNITS				
2 BR	1	N/A	N/A	
TOTAL	221			
OVERALL PROJECT AMI AVERAGE	51%			
AVERAGE FOR LOTTERY UNITS ONLY	59%			

221-unit formerly homeless adult and family development will include:

- 100 studios
- 23 one-bedrooms
- 83 two-bedrooms (including a manager’s unit)
- 15 three-bedrooms

The overall average AMI restriction for the 120 family units is 59% MOHCD AMI. As a predevelopment loan condition, the Sponsor reduced the AMI average-- meeting the affordability goal in the RFQ of no more than 60% MOHCD AMI. This loan condition is now complete.

During the pandemic, market rents have dropped in the City, making it difficult for Sponsors like MHC to lease up 80% MOHCD AMI units. MHC is working with MOHCD staff to evaluate further restricting the 36 units at 80% MOHCD AMI to 70% MOHCD AMI. The reduction in rental income will increase MOHCD’s gap amount by approximately \$800K. Since the Project won’t be leasing up till spring of 2024—3 years from now—MOHCD staff will work closely with the Sponsor to track market rents in SoMa and determine if further restricting these units is practical. A final decision will be determined at the Project’s gap loan approval, anticipated to be early 2022.

Annual Operating Budget.

The operating budget includes an updated staffing plan as follows:

Position	Compensation (Base Rate/Salary)	# of Positions
Desk Clerk	\$35,360 (\$17/hour)	2.5 FTE
Community Coordinator-DC	\$46,800 (\$22.5/hour)	1.0 FTE
Lead Desk Clerk	\$46,800 (\$22.5/hour)	1.0 FTE
Senior Property Manager	\$80,000 (Salary)	1.0 FTE
Assistant Property Manager	\$46,800 (\$22.5/hour)	2.0 FTE
Maintenance Manager	\$62,400 (\$30/hour)	1.0 FTE
Maintenance Technician	\$46,800 (\$22.5/hour)	2.0 FTE
Janitors	\$41,600 (\$20/hour)	2.0 FTE
Housing Support Specialist	\$45,000 (1 FTE)	0.5 FTE
TOTAL		13.0 FTE

Since predevelopment request, MHC is proposing to add a **0.5 FTE Housing Support Specialist** paid through the operating budget. The position provides technical support to property management and site staff, such as providing resolutions to residents’ appeals and grievances to ensure that housing stability best practices are universally implemented across all MHC sites. In September 2020, Loan Committee

approved a Housing Support Specialist position as part of the Casa de la Mision LOSP contract—another MHC 100% PSH project. A more detailed description of the role is provided in the table below. Given the significant size, diverse services needs and population of the Project, MOHCD and HSH staff approve the additional position in the operating budget.

	Case Manager	Resident Service Coordinator (RSC)	Housing Support Specialist
Expertise	Mental Health	Community Engagement	Housing Stability, Mediation & Restorative Justice
Approach	Resident led interventions	Community led interventions	System led interventions
Education	MSW	BA	BA, Certified Mediation
Focus	Focused case management services include clinical assessments, crisis management, and eviction prevention.	Focused on creating and implementing Trauma-Informed Community Building (TICB) practices. Includes community development and conducting community assessments, applying the principles of conflict management, and organizing community groups, events, or programs that are focused on resident empowerment, self-efficacy, and leadership.	Focused on implementing equity-based practices as it relates to housing stability. Evaluates properties with resident-affecting operational issues to develop and implement corrective measures. Provides specialized and PSH-specific on-boarding duties for new management and services staff.
Outcomes	Case managers establish helping relationships, assesses complex problems, selects problem-solving interventions, and helps residents to function effectively and, thus, is a therapeutic process.	RSC develops and conducts specialized programs for residents, implementing plans developed by the services team. Collaborates with community partners involved in program development and service provision and uses community engagement process to establish a stable environment.	The HSS ensures Housing Support Plans are consistent across the portfolio and that residents experience an equitable process as it relates to lease violations, appeals and grievance procedures. Working with internal and external stakeholders, the HSS advocates on behalf of residents to ensure that housing stability is achieved.
Ratios	1:25 (minimum)	1:70	1:300 units

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio stays above 1:1 through Year 17	Y	DSCR is 1.121 in Year 1 and stays above 1.0 at 1.437 DSCR in Year 20. TCAC regulations dated October 28, 2019, requires at least a 1.15 DSCR in at least one of the project's first 3 years. The DSCR in Year 3 is 1.15.
Vacancy meets TCAC Standards	Y	Vacancy is 5.0%.
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5%
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are \$11,381 per unit, which are high due to the 24-hour desk clerk, with LOSP paying 75% of the desk clerk.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$185,640 or \$840 PUPA or \$70 PUPM.
Property Management staffing level is reasonable per comparables	Y	See above staffing chart. Staffing includes total of 13.0 FTE staff.
Asset Management and Partnership Management Fees meet standards	Y	Reflects a 2024 operating start Annual AM Fee is \$24,280/yr Annual PM Fee is \$24,270/yr Maximum Total Project Sponsor AM and PM fee in 2023 (2024 is not out yet) is \$48,550, per MOHCD's Operating Fees Policy.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 PUPA, per HCD standard.
Limited Partnership Asset Management Fee meets standards	Y	\$5,000 per year.

8. SUPPORT SERVICES

Services Plan.

Episcopal Community Services (ECS) will be the service provider for the formerly homeless population, including both single adults and homeless families. MHC will provide services to the 100 family households. 70 PSH adult households will be funded through the NPLH program, which will require specific

mental health services and reporting. The draft Services Plan and Budget was submitted to MOHCD and HSH in May 2021. MOHCD will request the Controller’s Office to provide a LOSP Commitment Letter for the Project’s CDLAC-TCAC application. Prior to gap loan request, the Sponsor must submit an updated services plan and budget for HSH and MOHCD Review and approval.

ECS and MHC are proposing the following on-site support services staff:

Staff Position	Employed	FTE	Residents Served	Staff to Resident Ratio	Funding Source
Family Building					
Case Manager III (Bilingual)	ECS	1 FTE	20 PSH (family units)	1:20	HSH
Supportive Services Manager	ECS	0.2 FTE	20 PSH (family units)	1:20	HSH
Resident Services Coordinator	MHC	1 FTE	120 family units	1:100	Operating Budget
Total		2.2			
Single Adult Building					
Case Manager III	ECS	3 FTE	100 PSH (studio)	1:25	HSH
Case Manager III (Bilingual)	ECS	1 FTE	100 PSH (studio)	1:25	HSH
Supportive Services Manager	ECS	0.8 FTE	100 PSH (studio)	1:20	HSH
Total		4.8			

The next section is the detailed breakdown of the service staffing that will be paid through the HSH service contract and operating budget.

Supportive Services Staffing – ECS

Service staffing for the 120 PSH units will be provided by ECS and paid through a separate HSH contract. Onsite staff includes 4.0 FTE Case Managers at a 1:25 ratio for the 100 PSH adult households and 1.0 FTE Case Manager at a 1:20 ratio for the 20 PSH family households; with a 1.0 FTE Support Services Manager to supervise the 5 Case Managers. The case management ratio is in line with MOHCD’s expectations that was outlined in the original 600 7th St RFQ. Total service staffing is 5.3 FTE for PSH adults and 1.70 FTE for the PSH family units—comparable to LOSP projects of this size.

Onsite Staff	100 PSH Adults 1: 25 staffing ratio	20 PSH Families 1:20 staffing ratio
Position	% FTE	% FTE
Case Manager III	3	
Bilingual Case Manager III	1	1
Support Services Manager	0.8	0.2
Roving/Offsite		
Position	% FTE	% FTE
Director - Housing Services	0.07	0.07
Associate Director - Housing Services	0.14	0.14
Admin Asst/Quality Assurance Specialist	0.07	0.07

Database Specialist/Compliance Monitor	0.14	0.14
Director of Impact & Analytics	0.02	0.02
Director of Healthy Aging	0.02	0.02
Clinical Services Manager	0.03	0.03
Director of Housing Dev/Asset Management	0.02	0.02
Total Services Staff	5.30	1.70

Services Staffing for 50-80% MOHCD AMI Families – MHC

There will be 1.0 FTE Resident Services Coordinator at a 1:100 service coordinator ratio to provide services to the 100 family households (income ranges between 50%–80% MOHCD AMI). The staffing ratio meets MOHCD’s 1:100 service staffing ratio for non-LOSP units.

Services Budgets.

Supportive Services Budget – ECS

Separate from the operating budget, supportive services will be funded through a HSH contract. ECS’s Year One service expenses are estimated to be \$715,281 (\$7,153 unit/year) for adults and \$293,021 (\$14,651 unit) for families—totaling \$1,008,302 per year. Per NPLH funding requirements, the City must provide at least 20 years of mental health services to the NPLH target population. The per unit services amount-- particularly for the PSH family households -- is significantly higher than comparable LOSP projects. Prior to the Project’s LOSP request, ESC will need to revise the services budget to be within HSH’s estimated per unit services commitment.

The budget is estimated in the table below:

Expenditure	100 PSH Adults	20 PSH Families	Total	Adults Per Unit	Families Per Unit
Staffing	5.30 FTE	1.70 FTE			
Salaries & Benefits	\$546,423	\$195,205	\$741,628	\$5,464	\$9,760
Operating Expenses	\$92,220	\$66,420	\$158,640	\$922	\$3,321
Indirect Costs (12%)	\$76,638	\$31,396	\$108,034	\$766	\$1,570
Total	\$715,281	\$293,021	\$1,008,302	\$7,153	\$14,651

Family Services Budget – MHC

Annual MHC services expenses are estimated to total \$91,184 per year for 1.0 FTE Resident Services Coordinator. Family services will be funded through the operating budget. The budget is estimated in the table below:

UNITS	100 FAMILY 1:100 staffing ratio
Staffing	1.0 FTE
Resident Service Coordinator II	\$55,000
Benefits @ 28%	\$15,400
Total Salary	\$70,400

Programming Supplies	\$7,490
Training	\$1,000
Travel	\$400
Supervision	\$11,894
Total	\$91,184
Cost Per Unit/Year	\$912

9. NEXT STEPS

Pending approval from Loan Committee, MHC will submit an application to HCD by July 12, 2021 requesting \$7,500,000 in IIG funding; and a CDLAC-TCAC application by September 9, 2021 for tax-exempt bonds and tax-credits. MOHCD will provide a commitment letter per the Loan Committee's recommendation on this preliminary gap request. As the Project nears commencement of construction and the status of the IIG and CDLAC-TCAC awards are known, MOHCD staff will bring a final gap request to Loan Committee early 2022.

STAFF RECOMMENDATION

Staff recommends approval of the commitment letter to HCD for the Sponsor's IIG and CDLAC-TCAC applications.

Status of Previous Loan Conditions:

By April 30, 2020:

- Sponsor must provide a community outreach plan for the period of November 2019 through construction completion. The plan should identify key community stakeholders that will be outreached to, including families of Bessie Carmichael School as well as their Principal, School Site Coordinator, and the community based organizations (United Playaz and West Bay) that support the school, describe the team's community outreach strategy, and overall timeline.
 - Status: Completed.
- Sponsor must provide the Architect RFQ for MOHCD review and approval.
 - Status: Completed.
- Sponsor must provide the Subconsultants RFQ for MOHCD review and approval.
 - Status: Completed.
- Sponsor must provide the construction manager RFQ for MOHCD review and approval.
 - Status: Completed.
- Sponsor must provide the general contractor RFQ for MOHCD review and approval.
 - Status: Completed.
- Sponsor must provide the contract for Construction Management for MOHCD review and approval.
 - Status: Completed.

By July 31, 2020 (100% Schematic Design & prior to Site Permit Submittal):

- Sponsor must provide analysis of different construction types like the Pueblo Structural System, which could potentially provide cost savings and provide overall analysis to MOHCD for review.
 - Status: Completed.
- Sponsor must submit a preliminary services plan and budget covering the formerly homeless households for HSH and MOHCD review and approval.
 - Status: Completed.
- Sponsor must submit application to the Planning Department for SB35 and Site Permit review.
 - Status: Completed.
- Sponsor must research alternate funding sources, such as Housing for Healthy California (HHC), and provide analysis to MOHCD for review to reduce MOHCD's gap.
 - Status: Completed.
- Sponsor must explore adding more 3-bedroom units, provide the financing, and design analysis for MOHCD review and approval.
 - Status: Completed.
- Sponsor must submit a preliminary commercial space plan, commercial financial assumptions, and commercial development timeline for MOHCD review and approval.
 - Status: Not yet completed. Condition will remain as part of final gap loan approval.

By November 30, 2020 (100% Design Development):

- Sponsor must submit an updated commercial space plan, commercial financial assumptions, and commercial development timeline for MOHCD review and approval.
 - Status: Not yet completed. Condition will remain as part of final gap loan approval.
- Sponsor must submit a tenant improvement plan for MOHCD review and approval.
 - Status: Not yet completed. Condition will remain as part of final gap loan approval.

Prior to Gap Loan Request:

- Sponsor will reduce the overall average AMI for the unsubsidized units to 60% MOHCD.
 - **Status: Completed.**
- Sponsor must submit an updated services plan and budget for HSH and MOHCD Review and approval.
 - **Status: Not yet completed.** Condition will remain as part of final gap loan approval.
- Sponsor must provide the equity investor Request for Proposal (RFP) for MOHCD review and approval before finalizing and releasing the RFP.
 - **Status: Not yet completed.** Condition will remain as part of final gap loan approval.
- Sponsor must provide all lender and investor RFP responses prior to selections for MOHCD review and approval.
 - **Status: Not yet completed.** Condition will remain as part of final gap loan approval.
- Sponsor must notify MOHCD of the developer's lender and investor selection for MOHCD review and approval.
 - **Status: Not yet completed.** Condition will remain as part of final gap loan approval.
- Sponsor must provide raw financial data from the developer or financial consultant prior to the selected lender and investors for MOHCD review and approval.
 - **Status: Not yet completed.** Condition will remain as part of final gap loan approval.
- Sponsor must provide executed Letter of Intent (LOIs) with neighborhood serving commercial tenants, a commercial development budget, a tenant improvement proforma for MOHCD review and approval.
 - **Status: Not yet completed.** Condition will remain and due by 50% construction completion.
- Sponsor to implement cost containment strategies that meets the goal of the total development costs excluding land to be less than \$700K per unit. Sponsor must identify and implement cost containment strategies for construction and present them at the various cost estimates with narrative analysis of the pricing from the general contractor.
 - **Status: In Process.** Sponsor is on target to meet this condition, but it will remain as part of final gap loan approval.

New Loan Conditions prior to gap loan request:

- Sponsor provide market data supporting the proposed rents and lease up of the various commercial uses. For potential commercial uses and tenants, the Sponsor should refer to the Planning Department's Greater SoMa Community Facility Needs Assessment and the City's Cultural, History, Housing and Economic Sustainability Strategy Report ("CHESS Report") for the nearby cultural districts.
- Sponsor provide market data supporting reducing rents for the 80% MOHCD AMI units to 70% MOHCD AMI.

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 and Community Development

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, Acting 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:
- Attachment A – Updated Project Milestones/Schedule
 - Attachment B – Updated Sources and Uses
 - Attachment C – Updated 1st Year Operating Budget and 20-Year Cashflow
 - Attachment D – Updated Commercial Operating Proforma
 - Attachment E – Updated New Construction Cost Comparison Chart
 - Attachment F – October 4, 2019 Predevelopment Loan Evaluation

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Friday, July 2, 2021 11:49 AM
To: Chavez, Rosanna (MYR)
Subject: Preliminary gap financing for 600 7th st

Approve

Eric D. Shaw
Director/ Interim Director HopeSF

Mayor's Office of Housing and Community Development
City and County of San Francisco
1 South Van Ness Avenue, 5th Floor

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Friday, July 2, 2021 1:13 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: GAP FINANCING FOR 600 7TH STREET

I support Mercy Housing request for a preliminary gap commitment for a total City contribution of up to \$72,050,000 to support the project at 600 7th St.

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: Colomello, Elizabeth (CII)
Sent: Friday, July 2, 2021 11:48 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR); Oerth, Sally (CII)
Subject: 600 7th Street Preliminary Gap Financing

Hi Rosie-

Confirming that I am voting in favor of the subject request before Loan Committee on behalf of OCII.

Thanks-

Elizabeth



Elizabeth Colomello
Senior Development Specialist

📍 One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
📞 415.701-5518, Cell 415.407-1908
🏠 www.sfocii.org

Chavez, Rosanna (MYR)

From: Pereira Tully, Marisa (CON)
Sent: Friday, July 2, 2021 11:48 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Preliminary gap financing for 600 7th st

Approve

Marisa Pereira Tully (she/her)
Controller's Office of Public Finance
City and County of San Francisco

Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)		
1	Acquisition/Predev Financing Commitment	<u>February 2021</u>	
2.	Site Acquisition	<u>April 2022</u>	<u>June 2022</u>
3.	Development Team Selection		
a.	Architect	<u>December 2019</u>	
b.	General Contractor	<u>April 2020</u>	
c.	Owner's Representative	<u>February 2020</u>	
d.	Property Manager	<u>September 2019</u>	
e.	Service Provider	<u>September 2019</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>September 2020</u>	<u>October 2020</u>
b.	Submittal of Design Development & Cost Estimate	<u>November 2020</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>March 2021</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	July 2021	
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	<u>N/A</u>	
b.	NEPA Environ Review Submission	<u>N/A</u>	
c.	CUP/PUD/Variances Submission	<u>October 2020</u>	
6.	Permits		
a.	Building / Site Permit Application Submitted	<u>October 2020</u>	<u>August 2020</u>
b.	Addendum #1 Submitted	<u>September 2021</u>	
c.	Addendum #2 Submitted	<u>September 2021</u>	
7.	Request for Bids Issued	<u>August 2021</u>	
8.	Service Plan Submission		
a.	Preliminary	<u>August 2021</u>	
b.	Interim	<u>November 2021</u>	
c.	Update	<u>October 2022</u>	
9.	Additional City Financing		

a.	Predevelopment Financing Application #2	<u>N/A</u>	
b.	Gap Financing Application	<u>December 2021</u>	
10.	Other Financing		
a.	MHP Application	N/A	
b.	IIG Application	July 2021	
c.	AHP Application	March 2021	
d.	CDLAC Application	September 2021	
e.	TCAC Application	September 2021	
f.	Construction Financing RFP	October 2021	
g.	Other Financing Application		
11.	Closing		
a.	Construction Closing	April 2022	
b.	Permanent Financing Closing	December 2024	
12.	Construction	April 2022 - April 2024	
a.	Notice to Proceed	April 2022	July 2022
b.	Temporary Certificate of Occupancy/Cert of Substantial	February 2024	May 2024
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	May 2023	August 2023
b.	Commence Marketing	August 2023	
c.	95% Occupancy	August 2024	October 2024
14.	Cost Certification/8609	February 2025	
15.	Close Out MOH/OCII Loan(s)	March 2025	

Attachment B: Updated Sources and Uses

See attached.

Attachment C: Updated 1st Year Operating Budget and 20-Year Cashflow

See attached.

Application Date:		6/7/2021		Non-LOSP		Project Name:		600 7th Street		
Total # Units:		221		Units		Project Address:		600 7th Street		
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):		2024		LOSP/non-LOSP Allocation		Project Sponsor:		Mercy Housing Calwest		
		54%		46%				<i>Correct errors noted in Col N!</i>		
INCOME		LOSP		non-LOSP		Total		Comments		
Residential - Tenant Rents		432,000	2,072,280	2,504,280	Links from 'New Proj - Rent & Unit Mix' Worksheet	Alternative LOSP Split				
Residential - Tenant Assistance Payments (Non-LOSP)		0	0	0	Links from 'New Proj - Rent & Unit Mix' Worksheet	Residential - Tenant Assistance Payments (No				
Residential - LOSP Tenant Assistance Payments		1,082,662		1,082,662						
Commercial Space		0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%					
Residential Parking		0	0	0	Links from 'Utilities & Other Income' Worksheet					
Miscellaneous Rent Income		0	0	0	Links from 'Utilities & Other Income' Worksheet	Alternative LOSP Split				
Supportive Services Income		0	0	0		Supportive Services Income				
Interest Income - Project Operations		0	0	0	Links from 'Utilities & Other Income' Worksheet					
Laundry and Vending		6,739	5,741	12,480	Links from 'Utilities & Other Income' Worksheet	Projected LOSP Split				
Tenant Charges		0	0	0	Links from 'Utilities & Other Income' Worksheet	Tenant Charges				
Miscellaneous Residential Income		0	0	0	Links from 'Utilities & Other Income' Worksheet					
Other Commercial Income		0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%	Alternative LOSP Split				
Withdrawal from Capitalized Reserve (deposit to operating account)		0	0	0		Withdrawal from Capitalized Reserve (deposit				
Gross Potential Income		1,521,402	2,078,021	3,599,422						
Vacancy Loss - Residential - Tenant Rents		(21,600)	(103,614)	(125,214)	Vacancy loss is 5% of Tenant Rents.					
Vacancy Loss - Residential - Tenant Assistance Payments		0	0	0	#DIV/0!					
Vacancy Loss - Commercial		0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%					
EFFECTIVE GROSS INCOME		1,499,802	1,974,407	3,474,208		PUPA: 15,720				
OPERATING EXPENSES										
Management										
Management Fee		100,246	85,394	185,640	1st Year to be set according to HUD schedule.	Alternative LOSP Split				
Asset Management Fee		13,111	11,169	24,280		Management Fee				
Sub-total Management Expenses		113,357	96,563	209,920		PUPA: 950				
Salaries/Benefits										
Office Salaries		74,844	63,756	138,600	Community coordinator, Assistant Property Mgr & 0.5 FTE Housing Support Specialist	Alternative LOSP Split				
Manager's Salary		43,200	36,800	80,000		Office Salaries				
Health Insurance and Other Benefits		69,219	58,965	128,184		Manager's Salary				
Other Salaries/Benefits		1,620	1,380	3,000		Health Insurance and Other Benefits				
Administrative Rent-Free Unit		0	0	0		Other Salaries/Benefits				
Sub-total Salaries/Benefits		188,883	160,901	349,784		PUPA: 1,583				
Administration										
Advertising and Marketing		4,482	3,818	8,300						
Office Expenses		28,836	24,564	53,400						
Office Rent		0	0	0		Projected LOSP Split				
Legal Expense - Property		0	0	0		Legal Expense - Property				
Audit Expense		12,385	10,550	22,935						
Bookkeeping/Accounting Services		30,240	25,760	56,000		Projected LOSP Split				
Bad Debts		0	0	0		Bad Debts				
Miscellaneous		100,224	85,376	185,600						
Sub-total Administration Expenses		176,167	150,068	326,235		PUPA: 1,476				
Utilities										
Electricity		85,203	72,580	157,783		Projected LOSP Split				
Water		65,097	55,453	120,550		Electricity				
Gas		24,635	20,985	45,620						
Sewer		0	0	0	Included in Water					
Sub-total Utilities		174,935	149,018	323,953		PUPA: 1,466				
Taxes and Licenses										
Real Estate Taxes		4,320	3,680	8,000	SOMA West CBD, etc.	Alternative LOSP Split				
Payroll Taxes		0	0	0		Real Estate Taxes				
Miscellaneous Taxes, Licenses and Permits		0	0	0		Payroll Taxes				
Sub-total Taxes and Licenses		4,320	3,680	8,000		PUPA: 36				
Insurance										
Property and Liability Insurance		117,180	99,820	217,000	Includes Terrorism Insurance					
Fidelity Bond Insurance		0	0	0		Alternative LOSP Split				
Worker's Compensation		0	0	0		Worker's Compensation				
Director's & Officers' Liability Insurance		0	0	0						
Sub-total Insurance		117,180	99,820	217,000		PUPA: 982				
Maintenance & Repair										
Payroll		129,168	110,032	239,200	Maint Mng, Maint Techs., Janitors	Alternative LOSP Split				
Supplies		13,684	11,656	25,340		Payroll				
Contracts		167,335	142,545	309,880		Supplies				
Garbage and Trash Removal		57,362	48,864	106,225		Contracts				
Security Payroll/Contract		174,720	58,240	232,960	Desk Clerks + Benefits	Alternative LOSP Split				
HVAC Repairs and Maintenance		0	0	0		Security Payroll/Contract				
Vehicle and Maintenance Equipment Operation and Repairs		0	0	0						
Miscellaneous Operating and Maintenance Expenses		21,643	18,437	40,080						
Sub-total Maintenance & Repair Expenses		563,912	389,774	953,685		PUPA: 4,315				
Supportive Services										
Commercial Expenses		49,239	41,945	91,184	1 RSC, does not include ESC Case Management or RSC's for PSH	Alternative LOSP Split				
Commercial Expenses		0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%	Supportive Services				
TOTAL OPERATING EXPENSES		1,387,993	1,091,768	2,479,761		PUPA: 11,221				
Reserves/Ground Lease Base Rent/Bond Fees										
Ground Lease Base Rent		8,100	6,900	15,000	Ground lease with MOHCD	Provide additional comments here, if needed.				
Bond Monitoring Fee		8,100	6,900	15,000		Alternative LOSP Split				
Replacement Reserve Deposit		59,670	50,830	110,500		Replacement Reserve Deposit				
Operating Reserve Deposit		0	0	0		Operating Reserve Deposit				
Other Required Reserve 1 Deposit		0	0	0		Other Required Reserve 1 Deposit				
Other Required Reserve 2 Deposit		0	0	0						
Required Reserve Deposits/Commercial		0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%					
Sub-total Reserves/Ground Lease Base Rent/Bond Fees		75,870	64,630	140,500		PUPA: 636				
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		1,463,863	1,156,398	2,620,261		PUPA: 11,856				
NET OPERATING INCOME (INCOME minus OP EXPENSES)		35,939	818,008	853,947		PUPA: 3,864				
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)										
Hard Debt - First Lender		0	761,567	761,567	Tax Exempt Perm Loan	Alternative LOSP Split				
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		0	0	0		Provide additional comments here, if needed.				
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		0	0	0		Hard Debt - Second Lender (HCD Program 0.				
Hard Debt - Fourth Lender		0	0	0		Provide additional comments here, if needed.				
Commercial Hard Debt Service		0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%	Hard Debt - Third Lender (Other HCD Program				
TOTAL HARD DEBT SERVICE		0	761,567	761,567		PUPA: 3,446				
CASH FLOW (NOI minus DEBT SERVICE)		35,939	56,441	92,380						
Commercial Only Cash Flow				(37,284)						
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)		(20,133)	(17,151)							
AVAILABLE CASH FLOW		15,806	39,291	92,380						
USES OF CASH FLOW BELOW (This row also shows DSCR.)				1.12						
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)		13,106	11,164	24,270	MOHCD Guideline for 2023. Need to update for 2024					
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		2,700	2,300	5,000		Alternative LOSP Split				
Other Payments		0	0	0		Other Payments				
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)		0	0	0		Provide additional comments here, if needed.				
Non-amortizing Loan Pmt - 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 #130)		0	31,555	31,555	Def. Develop. Fee split: 50%	Provide additional comments here, if needed.				
TOTAL PAYMENTS PRECEDING MOHCD		15,806	45,019	60,825		PUPA: 275				
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		0	(5,728)	31,555						
Residual Receipts Calculation										
Does Project have a MOHCD Residual Receipt Obligation?			Yes	Project has MOHCD ground lease?		Yes				
Will Project Deter Developer Fee?			Yes	Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):		31,555				
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:			50%	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 DDF 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/OCIL - Soft Debt Loans					\$53,300,000	67.94%				
MOHCD/OCIL - Ground Lease Value or Land Acq Cost					\$150,000	0.19%				
HCD (soft debt loan) - Lender 3					\$17,500,000	22.31%				
Other Soft Debt Lender - Lender 4					\$7,500,000	9.56%				
Other Soft Debt Lender - Lender 5						0.00%				
MOHCD RESIDUAL RECEIPTS DEBT SERVICE										
MOHCD Residual Receipts Amount Due			21,499	21,499	50% of residual receipts, multiplied by 68.13% -- MOHCD's pro rata share of all soft debt					
Proposed MOHCD Residual Receipts Amount to Loan Repayment			21,499	21,499	Enter/override amount of residual receipts proposed for loan repayment.					
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease			0	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.					
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE				10,056						
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE										
HCD Residual Receipts Amount Due				7,039	50% of residual receipts, multiplied by 22.31% -- MOHCD/HCD - NPLH's pro rata share of all soft debt					
Lender 4 Residual Receipts Due				3,017	50% of residual receipts, multiplied by 9.56%, HCD IIG - Sponsor Loan's pro rata share of all soft debt					
Lender 5 Residual Receipts Due				0						
Total Non-MOHCD Residual Receipts Debt Service				10,056						
REMAINDER (Should be zero unless there are distributions below)										
Owner Distributions/Incentive Management Fee				0						
Other Distributions/Uses				0						
Final Balance (should be zero)				0						

Application Date: 6/7/2021
 Total # Units: 221
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2024

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			
Miscellaneous Rent Income	LOSP	non-LOSP	Approved By (reqd)
Supportive Services Income			
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			Approved By (reqd)
Asset Management Fee			
Sub-total Management Expenses			
Salaries/Benefits			
Office Salaries			Approved By (reqd)
Manager's Salary			
Health Insurance and Other Benefits			
Other Salaries/Benefits			
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			
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			
Gas			
Sewer			
Sub-total Utilities			
Taxes and Licenses			
Real Estate Taxes			
Payroll Taxes			
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			Approved By (reqd)
Supplies			
Contracts			
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			
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		0.00%	100.00%
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender 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 LOSP/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 cell I130)		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 Deter Developer Fee?			
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:		31.555	
% of Residual Receipts available for distribution to soft debt lenders in		1.000006095	
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)			

600 7th Street

	Total # Units:	LOSP Units	Non-LOSP Units	Year 1 2024			Year 2 2025			Year 3 2026					
				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		120	101	1.0%	2.5%		432,000	2,072,280	2,504,280	436,320	2,124,087	2,560,407	440,683	2,177,189	2,617,872
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments		n/a	n/a	n/a	n/a		1,082,662	-	1,082,662	1,108,468	-	1,108,468	1,155,120	-	1,155,120
Commercial Space		n/a	n/a	n/a	3.0%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-
Residential Parking		n/a	n/a	n/a	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income		n/a	n/a	n/a	2.5%		-	-	-	-	-	-	-	-	-
Supportive Services Income		n/a	n/a	n/a	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations		n/a	n/a	n/a	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending		n/a	n/a	n/a	2.5%		6,739	5,741	12,480	6,908	5,884	12,792	7,080	6,031	13,112
Tenant Charges		n/a	n/a	n/a	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income		n/a	n/a	n/a	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income		n/a	n/a	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a	n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-
Gross Potential Income							1,521,402	2,078,021	3,599,422	1,551,696	2,129,971	3,681,667	1,602,883	2,183,221	3,786,104
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(21,600)	(103,614)	(125,214)	(21,816)	(106,204)	(128,020)	(22,034)	(108,859)	(130,894)
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial		n/a	n/a	n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME							1,499,802	1,974,407	3,474,208	1,529,880	2,023,767	3,553,647	1,580,849	2,074,361	3,655,210
OPERATING EXPENSES															
Management															
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule.			100,246	85,394	185,640	103,754	88,383	192,137	107,386	91,477	198,862
Asset Management Fee		3.5%	3.5%	per MOHCD policy			13,111	11,169	24,280	13,570	11,560	25,130	14,045	11,964	26,009
Sub-total Management Expenses							113,357	96,563	209,920	117,324	99,943	217,267	121,431	103,441	224,872
Salaries/Benefits															
Office Salaries		3.5%	3.5%				74,844	63,756	138,600	77,464	65,987	143,451	80,175	68,297	148,472
Manager's Salary		3.5%	3.5%				43,200	36,800	80,000	44,712	38,088	82,800	46,277	39,421	85,698
Health Insurance and Other Benefits		3.5%	3.5%				69,219	58,965	128,184	71,642	61,028	132,670	74,150	63,164	137,314
Other Salaries/Benefits		3.5%	3.5%				1,620	1,380	3,000	1,677	1,428	3,105	1,735	1,478	3,214
Administrative Rent-Free Unit		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits							188,883	160,901	349,784	195,494	166,532	362,026	202,337	172,361	374,697
Administration															
Advertising and Marketing		3.5%	3.5%				4,482	3,818	8,300	4,639	3,952	8,591	4,801	4,090	8,891
Office Expenses		3.5%	3.5%				28,836	24,564	53,400	29,845	25,424	55,269	30,890	26,314	57,203
Office Rent		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Legal Expense - Property		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Audit Expense		3.5%	3.5%				12,385	10,550	22,935	12,818	10,919	23,738	13,267	11,302	24,569
Bookkeeping/Accounting Services		3.5%	3.5%				30,240	25,760	56,000	31,298	26,662	57,960	32,394	27,595	59,989
Bad Debts		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Miscellaneous		3.5%	3.5%				100,224	85,376	185,600	103,732	88,364	192,096	107,362	91,457	198,819
Sub-total Administration Expenses							176,167	150,068	326,235	182,333	155,320	337,653	188,714	160,757	349,471
Utilities															
Electricity		3.5%	3.5%				85,203	72,580	157,783	88,185	75,120	163,305	91,271	77,750	169,021
Water		3.5%	3.5%				65,097	55,453	120,550	67,375	57,394	124,769	69,734	59,403	129,136
Gas		3.5%	3.5%				24,635	20,985	45,620	25,497	21,720	47,217	26,389	22,480	48,869
Sewer		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Sub-total Utilities							174,935	149,018	323,953	181,057	154,234	335,291	187,394	159,632	347,027
Taxes and Licenses															
Real Estate Taxes		3.5%	3.5%				4,320	3,680	8,000	4,471	3,809	8,280	4,628	3,942	8,570
Payroll Taxes		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Sub-total Taxes and Licenses							4,320	3,680	8,000	4,471	3,809	8,280	4,628	3,942	8,570
Insurance															
Property and Liability Insurance		3.5%	3.5%				117,180	99,820	217,000	121,281	103,314	224,595	125,526	106,930	232,456
Fidelity Bond Insurance		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Worker's Compensation		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Sub-total Insurance							117,180	99,820	217,000	121,281	103,314	224,595	125,526	106,930	232,456
Maintenance & Repair															
Payroll		3.5%	3.5%				129,168	110,032	239,200	133,689	113,883	247,572	138,368	117,869	256,237
Supplies		3.5%	3.5%				13,684	11,656	25,340	14,163	12,064	26,227	14,658	12,487	27,145
Contracts		3.5%	3.5%				167,335	142,545	309,880	173,192	147,534	320,726	179,254	152,698	331,951
Garbage and Trash Removal		3.5%	3.5%				57,362	48,864	106,225	59,369	50,574	109,943	61,447	52,344	113,791
Security Payroll/Contract		3.5%	3.5%				174,720	58,240	232,960	180,835	60,278	241,114	187,164	62,388	249,553
HVAC Repairs and Maintenance		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs		3.5%	3.5%				-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%				21,643	18,437	40,080	22,401	19,082	41,483	23,185	19,750	42,935
Sub-total Maintenance & Repair Expenses							563,912	389,774	953,685	583,648	403,416	987,064	604,076	417,535	1,021,611
Supportive Services		3.5%	3.5%				49,239	41,945	91,184	50,963	43,413	94,375	52,746	44,932	97,679
Commercial Expenses						from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES							1,387,993	1,091,768	2,479,761	1,436,572	1,129,980	2,566,553	1,486,852	1,169,530	2,656,382
PUPA (w/o Reserves/GL Base Rent/Bond Fees)															
Reserves/Ground Lease Base Rent/Bond Fees															
Ground Lease Base Rent							8,100	6,900	15,000	8,100	6,900	15,000	8,100	6,900	15,000
Bond Monitoring Fee							8,100	6,900	15,000	8,100	6,900	15,000	8,265	7,040	15,305
Replacement Reserve Deposit							59,670	50,830	110,500	59,670	50,830	110,500	59,670	50,830	110,500
Operating Reserve Deposit							-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit							-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit							-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial							-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees							75,870	64,630	140,500	75,870	64,630	140,500	76,035	64,770	140,805
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)							1,463,863	1,156,398	2,620,261	1,512,442	1,194,610	2,707,053	1,562,887	1,234,300	2,797,187
PUPA (w/ Reserves/GL Base Rent/Bond Fees)															
NET OPERATING INCOME (INCOME minus OP EXPENSES)							35,939	818,008	853,947	17,437	829,157	846,594	17,962	840,061	858,023
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)															
Hard Debt - First Lender							-	761,567	761,567	-	571,175	571,175	-	761,567	761,567
Hard Debt - Second Lender (HCD Program 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								761,567	761,567		571,175	571,175		761,567	761,567
CASH FLOW (NOI minus DEBT SERVICE)							35,939	56,441	92,380	17,437	257,982	275,419	17,9		

600 7th Street

Total # Units:
 221
 LOSP Units: 120 (54.00%)
 Non-LOSP Units: 101 (46.00%)

	inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 4 2027			Year 5 2028			Year 6 2029		
				LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME												
Residential - Tenant Rents	1.0%	2.5%		445,090	2,231,619	2,676,709	449,541	2,287,409	2,736,950	454,036	2,344,595	2,798,631
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		1,203,254	-	1,203,254	1,253,185	-	1,253,185	1,304,975	-	1,304,975
Commercial Space	n/a	3.0%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		7,257	6,182	13,439	7,439	6,337	13,775	7,625	6,495	14,120
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%; Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income				1,655,602	2,237,801	3,893,403	1,710,165	2,293,746	4,003,911	1,766,636	2,351,090	4,117,726
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(22,255)	(111,581)	(133,835)	(22,477)	(114,370)	(136,848)	(22,702)	(117,230)	(139,932)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME				1,633,347	2,126,220	3,759,567	1,687,688	2,179,376	3,867,063	1,743,934	2,233,860	3,977,794

OPERATING EXPENSES

Management												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	111,144	94,678	205,822	115,034	97,992	213,026	119,060	101,422	220,482
Asset Management Fee	3.5%	3.5%	per MOHCD policy	14,537	12,383	26,920	15,045	12,816	27,862	15,572	13,265	28,837
Sub-total Management Expenses				125,681	107,061	232,742	130,080	110,808	240,888	134,632	114,687	249,319
Salaries/Benefits												
Office Salaries	3.5%	3.5%		82,981	70,687	153,668	85,885	73,161	159,047	88,891	75,722	164,613
Manager's Salary	3.5%	3.5%		47,897	40,801	88,697	49,573	42,229	91,802	51,308	43,707	95,015
Health Insurance and Other Benefits	3.5%	3.5%		76,745	65,375	142,120	79,431	67,663	147,094	82,211	70,031	152,242
Other Salaries/Benefits	3.5%	3.5%		1,796	1,530	3,326	1,859	1,584	3,443	1,924	1,639	3,563
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits				209,418	178,393	387,812	216,748	184,637	401,385	224,334	191,099	415,434
Administration												
Advertising and Marketing	3.5%	3.5%		4,969	4,233	9,202	5,143	4,381	9,524	5,323	4,535	9,858
Office Expenses	3.5%	3.5%		31,971	27,235	59,206	33,090	28,188	61,278	34,248	29,174	63,422
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Audit Expense	3.5%	3.5%		13,731	11,697	25,428	14,212	12,106	26,318	14,709	12,530	27,240
Bookkeeping/Accounting Services	3.5%	3.5%		33,528	28,561	62,088	34,701	29,560	64,261	35,916	30,595	66,510
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		111,120	94,658	205,778	115,009	97,971	212,980	119,035	101,400	220,435
Sub-total Administration Expenses				195,319	166,383	361,703	202,156	172,207	374,362	209,231	178,234	387,465
Utilities												
Electricity	3.5%	3.5%		94,466	80,471	174,937	97,772	83,287	181,060	101,194	86,202	187,397
Water	3.5%	3.5%		72,174	61,482	133,656	74,700	63,634	138,334	77,315	65,861	143,176
Gas	3.5%	3.5%		27,313	23,267	50,580	28,269	24,081	52,350	29,258	24,924	54,182
Sewer	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Utilities				193,953	165,219	359,172	200,742	171,002	371,744	207,767	176,987	384,755
Taxes and Licenses												
Real Estate Taxes	3.5%	3.5%		4,790	4,080	8,870	4,957	4,223	9,180	5,131	4,371	9,501
Payroll Taxes	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Taxes and Licenses				4,790	4,080	8,870	4,957	4,223	9,180	5,131	4,371	9,501
Insurance												
Property and Liability Insurance	3.5%	3.5%		129,920	110,672	240,592	134,467	114,546	249,012	139,173	118,555	257,728
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance				129,920	110,672	240,592	134,467	114,546	249,012	139,173	118,555	257,728
Maintenance & Repair												
Payroll	3.5%	3.5%		143,211	121,994	265,205	148,223	126,264	274,488	153,411	130,683	284,095
Supplies	3.5%	3.5%		15,171	12,924	28,095	15,702	13,376	29,078	16,252	13,844	30,096
Contracts	3.5%	3.5%		185,528	158,042	343,569	192,021	163,573	355,594	198,742	169,299	368,040
Garbage and Trash Removal	3.5%	3.5%		63,598	54,176	117,774	65,824	56,072	121,896	68,127	58,035	126,162
Security Payroll/Contract	3.5%	3.5%		193,715	164,572	358,287	200,495	171,144	371,639	197,513	168,171	376,683
HVAC Repairs and Maintenance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		23,996	20,441	44,437	24,836	21,157	45,993	25,705	21,897	47,602
Sub-total Maintenance & Repair Expenses				625,219	529,178	1,054,368	647,101	547,274	1,097,375	669,750	568,229	1,132,679
Supportive Services	3.5%	3.5%		54,593	46,505	101,097	56,503	48,132	104,636	58,481	49,817	108,298
Commercial Expenses												
TOTAL OPERATING EXPENSES				1,538,892	1,210,463	2,749,355	1,592,753	1,252,829	2,845,583	1,648,500	1,296,678	2,945,178

Reserves/Ground Lease Base Rent/Bond Fees				<i>e/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.</i>								
Ground Lease Base Rent	8,100	6,900	15,000	8,100	6,900	15,000	8,100	6,900	15,000	8,100	6,900	15,000
Bond Monitoring Fee	8,174	6,963	15,137	8,079	6,882	14,961	8,079	6,882	14,961	7,979	6,797	14,775
Replacement Reserve Deposit	59,670	50,830	110,500	59,670	50,830	110,500	59,670	50,830	110,500	59,670	50,830	110,500
Operating Reserve Deposit	-	-	-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit	-	-	-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit	-	-	-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	75,944	64,693	140,637	75,849	64,612	140,461	75,749	64,527	140,275			
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	1,614,836	1,275,156	2,889,992	1,668,602	1,317,441	2,986,044	1,724,248	1,361,205	3,085,453			
NET OPERATING INCOME (INCOME minus OP EXPENSES)				18,511	851,064	869,575	19,085	861,934	881,020	19,686	872,655	892,341

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)				<i>e/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.</i>								
Hard Debt - First Lender	-	761,567	761,567	-	761,567	761,567	-	761,567	761,567	-	761,567	761,567
Hard Debt - Second Lender (HCD Program 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	-	761,567	761,567	-	761,567	761,567	-	761,567	761,567	-	761,567	761,567

CASH FLOW (NOI minus DEBT SERVICE)				18,511	89,497	108,008	19,085	100,367	119,453	19,686	111,088	130,774
Commercial Only Cash Flow	-	-	(2,371)	-	-	-	-	-	(2,493)	-	-	(2,631)
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	(1,281)	(1,091)	-	(1,346)	(1,147)	-	(1,421)	(1,210)	-	-	-	-
AVAILABLE CASH FLOW	17,231	88,406	108,008	17,739	99,220	119,453	18,266	109,878	130,774			
USES OF CASH FLOW BELOW (This row also shows DSCR.)				DSCR: 1.142			1.157			1.172		
<i>e/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.</i>												

USES OF CASH FLOW BELOW (This row also shows DSCR.)				<i>e/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.</i>								
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	14,531	12,378	26,909	15,039	12				

600 7th Street

		LOSP Units	Non-LOSP Units	Year 7 2030			Year 8 2031			Year 9 2032		
Total # Units:		221	101									
		54.00%	46.00%									
	inc	% annual	Comments	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME	LOSP	increase	(related to annual inc assumptions)									
Residential - Tenant Rents	1.0%	2.5%		458,577	2,403,209	2,861,786	463,162	2,463,290	2,926,452	467,794	2,524,872	2,992,666
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LO SP Tenant Assistance Payments	n/a	n/a		1,358,691		1,358,691	1,414,402		1,414,402	1,472,178		1,472,178
Commercial Space	n/a	3.0%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		7,815	6,658	14,473	8,011	6,824	14,835	8,211	6,995	15,206
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%; Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income				1,825,083	2,409,867	4,234,950	1,885,575	2,470,114	4,355,688	1,948,183	2,531,867	4,480,049
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(22,929)	(120,160)	(143,089)	(23,158)	(123,164)	(146,323)	(23,390)	(126,244)	(149,633)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME				1,802,154	2,289,707	4,091,861	1,862,417	2,346,949	4,209,366	1,924,793	2,405,623	4,330,416
OPERATING EXPENSES												
Management												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	123,227	104,972	228,199	127,540	108,646	236,186	132,004	112,448	244,452
Asset Management Fee	3.5%	3.5%	per MOHCD policy	16,117	13,729	29,846	16,681	14,210	30,891	17,265	14,707	31,972
Sub-total Management Expenses				139,344	118,701	258,045	144,222	122,855	267,077	149,269	127,155	276,425
Salaries/Benefits												
Office Salaries	3.5%	3.5%		92,002	78,372	170,375	95,222	81,115	176,338	98,555	83,954	182,510
Manager's Salary	3.5%	3.5%		53,104	45,237	98,340	54,962	46,820	101,782	56,886	48,459	105,345
Health Insurance and Other Benefits	3.5%	3.5%		85,088	72,483	157,571	88,066	75,019	163,086	91,149	77,645	168,794
Other Salaries/Benefits	3.5%	3.5%		1,991	1,696	3,688	2,061	1,756	3,817	2,133	1,817	3,950
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits				232,186	197,788	429,974	240,312	204,711	445,023	248,723	211,875	460,599
Administration												
Advertising and Marketing	3.5%	3.5%		5,510	4,693	10,203	5,702	4,858	10,560	5,902	5,028	10,930
Office Expenses	3.5%	3.5%		35,447	30,195	65,642	36,687	31,252	67,940	37,972	32,346	70,318
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Audit Expense	3.5%	3.5%		15,224	12,969	28,193	15,757	13,423	29,180	16,309	13,892	30,201
Bookkeeping/Accounting Services	3.5%	3.5%		37,173	31,666	68,838	38,474	32,774	71,248	39,820	33,921	73,741
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		123,201	104,949	228,150	127,513	108,622	236,135	131,976	112,424	244,400
Sub-total Administration Expenses				216,554	184,472	401,026	224,133	190,929	415,062	231,978	197,611	429,589
Utilities												
Electricity	3.5%	3.5%		104,736	89,220	193,956	108,402	92,342	200,744	112,196	95,574	207,770
Water	3.5%	3.5%		80,021	68,166	148,187	82,822	70,552	153,373	85,720	73,021	158,741
Gas	3.5%	3.5%		30,282	25,796	56,079	31,342	26,699	58,041	32,439	27,634	60,073
Sewer	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Utilities				215,039	183,182	398,221	222,566	189,593	412,159	230,355	196,229	426,584
Taxes and Licenses												
Real Estate Taxes	3.5%	3.5%		5,310	4,524	9,834	5,496	4,682	10,178	5,689	4,846	10,534
Payroll Taxes	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Taxes and Licenses				5,310	4,524	9,834	5,496	4,682	10,178	5,689	4,846	10,534
Insurance												
Property and Liability Insurance	3.5%	3.5%		144,044	122,704	266,748	149,086	126,999	276,085	154,304	131,444	285,748
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance				144,044	122,704	266,748	149,086	126,999	276,085	154,304	131,444	285,748
Maintenance & Repair												
Payroll	3.5%	3.5%		158,780	135,257	294,038	164,338	139,991	304,329	170,090	144,891	314,981
Supplies	3.5%	3.5%		16,821	14,329	31,149	17,409	14,830	32,240	18,019	15,349	33,368
Contracts	3.5%	3.5%		205,698	175,224	380,922	212,897	181,357	394,254	220,349	187,704	408,053
Garbage and Trash Removal	3.5%	3.5%		70,512	60,066	130,578	72,980	62,168	135,148	75,534	64,344	139,878
Security Payroll/Contract	3.5%	3.5%		214,775	184,938	399,713	222,293	192,748	415,041	230,073	197,797	427,870
HVAC Repairs and Maintenance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		26,605	22,664	49,269	27,536	23,457	50,993	28,500	24,278	52,778
Sub-total Maintenance & Repair Expenses				693,191	479,131	1,172,322	717,453	495,901	1,213,354	742,564	513,257	1,255,821
Supportive Services	3.5%	3.5%		60,528	51,561	112,089	62,646	53,365	116,012	64,839	55,233	120,072
Commercial Expenses												
TOTAL OPERATING EXPENSES				1,706,197	1,342,062	3,048,259	1,765,914	1,389,034	3,154,948	1,827,721	1,437,651	3,265,372
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Reserves/Ground Lease Base Rent/Bond Fees												
Ground Lease Base Rent				8,100	6,900	15,000	8,100	6,900	15,000	8,100	6,900	15,000
Bond Monitoring Fee				7,873	6,706	14,579	7,761	6,612	14,373	7,644	6,512	14,156
Replacement Reserve Deposit				59,670	50,830	110,500	59,670	50,830	110,500	59,670	50,830	110,500
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial				-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				75,643	64,436	140,079	75,531	64,342	139,873	75,414	64,242	139,656
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				1,781,840	1,406,499	3,188,338	1,841,446	1,453,376	3,294,821	1,903,135	1,501,892	3,405,028
PUPA (w/ Reserves/GL Base Rent/Bond Fees)												
NET OPERATING INCOME (INCOME minus OP EXPENSES)				20,314	883,208	903,522	20,971	893,573	914,544	21,658	903,731	925,388
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender				-	761,567	761,567	-	761,567	761,567	-	761,567	761,567
Hard Debt - Second Lender (HCD Program 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				-	761,567	761,567	-	761,567	761,567	-	761,567	761,567
CASH FLOW (NOI minus DEBT SERVICE)				20,314	121,641	141,955	20,971	132,006	152,977	21,658	142,164	163,821
Commercial Only Cash Flow						(2,785)			(2,957)			(3,148)
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				(1,504)	(1,281)		(1,597)	(1,360)		(1,700)	(1,448)	
AVAILABLE CASH FLOW				18,810	120,360	141,955	19,374	130,646	152,977	19,958	140,716	163,821
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)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	16,110	13,724	29,834	16,674	14,204	30,878	17,258	14,701	31,959
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	2,700</								

600 7th Street

	Total # Units:		LOSP	Non-LOSP	Year 10 2033			Year 11 2034			Year 12 2035		
	221	120	Units	Units									
		54.00%	46.00%										
INCOME	inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
Residential - Tenant Rents	1.0%	2.5%		472,472	2,587,994	3,060,466	477,197	2,652,694	3,129,890	481,969	2,719,011	3,200,980	
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-	
Residential - LOSP Tenant Assistance Payments	n/a	n/a		1,532,093	-	1,532,093	1,594,224	-	1,594,224	1,658,648	-	1,658,648	
Commercial Space	n/a	3.0%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-	
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-	
Miscellaneous Rent Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-	
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-	
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-	
Laundry and Vending	2.5%	2.5%		8,416	7,169	15,586	8,627	7,349	15,975	8,842	7,532	16,375	
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-	
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-	
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%; Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-	
Gross Potential Income				2,012,981	2,595,163	4,608,144	2,080,047	2,660,042	4,740,089	2,149,459	2,726,543	4,876,003	
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(23,624)	(129,400)	(153,023)	(23,860)	(132,635)	(156,495)	(24,098)	(135,951)	(160,049)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-	
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-	
EFFECTIVE GROSS INCOME				1,989,358	2,465,763	4,455,121	2,056,187	2,527,408	4,583,595	2,125,361	2,590,593	4,715,954	
OPERATING EXPENSES													
Management													
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	136,624	116,384	253,008	141,406	120,457	261,864	146,356	124,673	271,029	
Asset Management Fee	3.5%	3.5%	per MOHCD policy	17,869	15,222	33,091	18,495	15,755	34,249	19,142	16,306	35,448	
Sub-total Management Expenses				154,494	131,606	286,099	159,901	136,212	296,113	165,497	140,979	306,477	
Salaries/Benefits													
Office Salaries	3.5%	3.5%		102,005	86,893	188,898	105,575	89,934	195,509	109,270	93,082	202,352	
Manager's Salary	3.5%	3.5%		58,877	50,155	109,032	60,938	51,910	112,848	63,071	53,727	116,798	
Health Insurance and Other Benefits	3.5%	3.5%		94,339	80,363	174,702	97,641	83,175	180,816	101,058	86,087	187,145	
Other Salaries/Benefits	3.5%	3.5%		2,208	1,881	4,089	2,285	1,947	4,232	2,365	2,015	4,380	
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Sub-total Salaries/Benefits				257,429	219,291	476,720	266,439	226,966	493,405	275,764	234,910	510,674	
Administration													
Advertising and Marketing	3.5%	3.5%		6,109	5,204	11,312	6,322	5,386	11,708	6,544	5,574	12,118	
Office Expenses	3.5%	3.5%		39,301	33,478	72,779	40,676	34,650	75,326	42,100	35,863	77,962	
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Legal Expense - Property	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Audit Expense	3.5%	3.5%		16,879	14,379	31,258	17,470	14,882	32,352	18,082	15,403	33,484	
Bookkeeping/Accounting Services	3.5%	3.5%		41,214	35,108	76,322	42,657	36,337	78,994	44,149	37,609	81,758	
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Miscellaneous	3.5%	3.5%		136,595	116,359	252,954	141,376	120,431	261,807	146,324	124,646	270,970	
Sub-total Administration Expenses				240,097	204,527	444,625	248,501	211,686	460,187	257,198	219,095	476,293	
Utilities													
Electricity	3.5%	3.5%		116,123	98,919	215,042	120,187	102,382	222,569	124,394	105,965	230,358	
Water	3.5%	3.5%		88,721	75,577	164,297	91,826	78,222	170,048	95,040	80,960	175,999	
Gas	3.5%	3.5%		33,575	28,601	62,175	34,750	29,602	64,352	35,966	30,638	66,604	
Sewer	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Sub-total Utilities				238,418	203,097	441,515	246,763	210,205	456,968	255,399	217,562	476,962	
Taxes and Licenses													
Real Estate Taxes	3.5%	3.5%		5,888	5,015	10,903	6,094	5,191	11,285	6,307	5,373	11,680	
Payroll Taxes	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Sub-total Taxes and Licenses				5,888	5,015	10,903	6,094	5,191	11,285	6,307	5,373	11,680	
Insurance													
Property and Liability Insurance	3.5%	3.5%		159,704	136,044	295,749	165,294	140,806	306,100	171,079	145,734	316,813	
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Worker's Compensation	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Sub-total Insurance				159,704	136,044	295,749	165,294	140,806	306,100	171,079	145,734	316,813	
Maintenance & Repair													
Payroll	3.5%	3.5%		176,043	149,962	326,005	182,204	155,211	337,415	188,581	160,643	349,225	
Supplies	3.5%	3.5%		18,649	15,886	34,536	19,302	16,443	35,745	19,978	17,018	36,996	
Contracts	3.5%	3.5%		228,061	194,274	422,335	236,043	201,074	437,116	244,304	208,111	452,415	
Garbage and Trash Removal	3.5%	3.5%		78,178	66,596	144,774	80,914	68,927	149,841	83,746	71,339	155,085	
Security Payroll/Contract	3.5%	3.5%		238,125	199,375	437,500	246,460	206,153	452,613	255,086	210,529	465,615	
HVAC Repairs and Maintenance	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		29,497	25,127	54,625	30,530	26,007	56,537	31,598	26,917	58,516	
Sub-total Maintenance & Repair Expenses				768,553	635,221	1,402,775	795,453	649,814	1,345,267	823,294	669,058	1,392,351	
Supportive Services	3.5%	3.5%		67,108	57,166	124,274	69,457	59,167	128,624	71,888	61,238	133,126	
Commercial Expenses													
TOTAL OPERATING EXPENSES				1,891,691	1,487,968	3,379,660	1,957,901	1,540,047	3,497,948	2,026,427	1,593,949	3,620,376	
Reserves/Ground Lease Base Rent/Bond Fees													
Ground Lease Base Rent				8,100	6,900	15,000	8,100	6,900	15,000	8,100	6,900	15,000	
Bond Monitoring Fee				7,521	6,407	13,928	7,392	6,296	13,688	7,255	6,180	13,435	
Replacement Reserve Deposit				59,670	50,830	110,500	59,670	50,830	110,500	59,670	50,830	110,500	
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-	
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-	
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-	
Required Reserve Deposit/s, Commercial				-	-	-	-	-	-	-	-	-	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				75,291	64,137	139,428	75,162	64,026	139,188	75,025	63,910	138,935	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				1,966,982	1,552,105	3,519,088	2,033,062	1,604,074	3,637,136	2,101,452	1,657,859	3,759,311	
NET OPERATING INCOME (INCOME minus OP EXPENSES)				22,375	913,658	936,033	23,125	923,334	946,459	23,909	932,734	956,643	
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)													
Hard Debt - First Lender				-	761,567	761,567	-	761,567	761,567	-	761,567	761,567	
Hard Debt - Second Lender (HCD Program 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				-	761,567	761,567	-	761,567	761,567	-	761,567	761,567	
CASH FLOW (NOI minus DEBT SERVICE)				22,375	152,091	174,466	23,125	161,767	184,892	23,909	171,167	195,076	
Commercial Only Cash Flow				-	-	(3,358)	-	-	(3,589)	-	-	(3,842)	
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				(1,813)	(1,545)	-	(1,938)	(1,651)	-	(2,075)	(1,767)	-	
AVAILABLE CASH FLOW				20,562	150,547	174,466	21,187	160,116	184,892	21,834	169,399		

600 7th Street

Total # Units:	LOSP Units		Non-LOSP Units		Year 13 2036			Year 14 2037			Year 15 2038			
	221	120	101	54.00%	46.00%									
	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%		486,788	2,786,986	3,273,775	491,656	2,856,661	3,348,317	496,573	2,928,077	3,424,650		
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-		
Residential - LOSP Tenant Assistance Payments	n/a	n/a		1,725,448	-	1,725,448	1,794,708	-	1,794,708	1,866,516	-	1,866,516		
Commercial Space	n/a	3.0%	From Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-		
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-		
Miscellaneous Rent Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-		
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-		
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-		
Laundry and Vending	2.5%	2.5%		9,063	7,721	16,784	9,290	7,914	17,204	9,522	8,112	17,634		
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-		
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-		
Other Commercial Income	n/a	2.5%	From Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%; Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-		
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-		
Gross Potential Income				2,221,300	2,794,707	5,016,007	2,295,655	2,864,575	5,160,229	2,372,611	2,936,189	5,308,800		
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(24,339)	(139,349)	(163,689)	(24,583)	(142,833)	(167,416)	(24,829)	(146,404)	(171,233)		
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-		
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-		
EFFECTIVE GROSS INCOME				2,196,961	2,655,358	4,852,318	2,271,072	2,721,742	4,992,813	2,347,782	2,789,785	5,137,568		
OPERATING EXPENSES														
Management														
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	151,478	129,037	280,515	156,780	133,553	290,333	162,267	138,227	300,494		
Asset Management Fee	3.5%	3.5%	per MOHCD policy	19,812	16,877	36,689	20,505	17,468	37,973	21,223	18,079	39,302		
Sub-total Management Expenses				171,290	145,914	317,204	177,285	151,021	328,306	183,490	156,306	339,796		
Salaries/Benefits														
Office Salaries	3.5%	3.5%		113,094	96,340	209,434	117,053	99,712	216,764	121,150	103,201	224,351		
Manager's Salary	3.5%	3.5%		65,278	55,607	120,885	67,563	57,554	125,116	69,928	59,568	129,496		
Health Insurance and Other Benefits	3.5%	3.5%		104,595	89,100	193,695	108,256	92,218	200,474	112,045	95,446	207,491		
Other Salaries/Benefits	3.5%	3.5%		2,448	2,085	4,533	2,534	2,158	4,692	2,622	2,234	4,856		
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Sub-total Salaries/Benefits				285,416	243,132	528,548	295,405	251,642	547,047	305,744	260,449	566,193		
Administration														
Advertising and Marketing	3.5%	3.5%		6,773	5,769	12,542	7,010	5,971	12,981	7,255	6,180	13,435		
Office Expenses	3.5%	3.5%		43,573	37,118	80,691	45,098	38,417	83,515	46,677	39,762	86,438		
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Legal Expense - Property	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Audit Expense	3.5%	3.5%		18,714	15,942	34,656	19,369	16,500	35,869	20,047	17,077	37,125		
Bookkeeping/Accounting Services	3.5%	3.5%		45,695	38,925	84,620	47,294	40,288	87,582	48,949	41,698	90,647		
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Miscellaneous	3.5%	3.5%		151,445	129,009	280,454	156,746	133,524	290,270	162,232	138,198	300,430		
Sub-total Administration Expenses				266,200	226,763	492,963	275,517	234,700	510,217	285,160	242,914	528,075		
Utilities														
Electricity	3.5%	3.5%		128,747	109,674	238,421	133,253	113,512	246,766	137,917	117,485	255,402		
Water	3.5%	3.5%		98,366	83,793	182,159	101,809	86,726	188,535	105,372	89,761	195,134		
Gas	3.5%	3.5%		37,225	31,710	68,935	38,528	32,820	71,348	39,876	33,969	73,845		
Sewer	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Sub-total Utilities				264,338	225,177	489,515	273,590	233,058	506,648	283,166	241,215	524,381		
Taxes and Licenses														
Real Estate Taxes	3.5%	3.5%		6,528	5,561	12,089	6,756	5,755	12,512	6,993	5,957	12,950		
Payroll Taxes	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Sub-total Taxes and Licenses				6,528	5,561	12,089	6,756	5,755	12,512	6,993	5,957	12,950		
Insurance														
Property and Liability Insurance	3.5%	3.5%		177,067	150,835	327,902	183,264	156,114	339,378	189,679	161,578	351,257		
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Worker's Compensation	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Sub-total Insurance				177,067	150,835	327,902	183,264	156,114	339,378	189,679	161,578	351,257		
Maintenance & Repair														
Payroll	3.5%	3.5%		195,182	166,266	361,448	202,013	172,085	374,098	209,084	178,108	387,192		
Supplies	3.5%	3.5%		20,677	17,614	38,290	21,401	18,230	39,631	22,150	18,868	41,018		
Contracts	3.5%	3.5%		252,855	215,395	468,250	261,705	222,934	484,639	270,865	230,736	501,601		
Garbage and Trash Removal	3.5%	3.5%		86,677	73,836	160,513	89,711	76,420	166,131	92,851	79,095	171,946		
Security Payroll/Contract	3.5%	3.5%		264,014	225,391	489,405	273,254	233,517	496,771	253,117	216,612	469,729		
HVAC Repairs and Maintenance	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		32,704	27,859	60,564	33,849	28,834	62,683	35,034	29,844	64,877		
Sub-total Maintenance & Repair Expenses				852,109	730,759	1,582,867	884,133	760,326	1,628,769	898,337	770,398	1,609,725		
Supportive Services	3.5%	3.5%		74,404	63,381	137,785	77,008	65,600	142,608	79,703	67,896	147,599		
Commercial Expenses														
TOTAL OPERATING EXPENSES				2,097,352	1,649,737	3,747,089	2,170,759	1,707,478	3,878,237	2,246,736	1,767,240	4,013,976		
Reserves/Ground Lease Base Rent/Bond Fees														
Ground Lease Base Rent				8,100	6,900	15,000	8,100	6,900	15,000	8,100	6,900	15,000		
Bond Monitoring Fee				7,111	6,058	13,169	6,960	5,928	12,888	6,800	5,793	12,593		
Replacement Reserve Deposit				59,670	50,830	110,500	59,670	50,830	110,500	59,670	50,830	110,500		
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-		
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-		
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-		
Required Reserve Deposit/s, Commercial				-	-	-	-	-	-	-	-	-		
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				74,881	63,788	138,669	74,730	63,658	138,388	74,570	63,523	138,093		
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				2,172,233	1,713,525	3,885,758	2,245,489	1,771,136	4,016,625	2,321,306	1,830,763	4,152,069		
NET OPERATING INCOME (INCOME minus OP EXPENSES)				24,728	941,833	966,560	25,583	950,605	976,188	26,476	959,023	985,499		
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender				-	761,567	761,567	-	761,567	761,567	-	761,567	761,567		
Hard Debt - Second Lender (HCD Program 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				-	761,567	761,567	-	761,567	761,567	-	761,567	761,567		
CASH FLOW (NOI minus DEBT SERVICE)				24,728	180,266	204,993	25,583	189,038	214,621	26,476	197,456	223,932		
Commercial Only Cash Flow						(4,118)			(4,419)			(4,745)		
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				(2,224)	(1,894)	-	(2,386)	(2,033)	-	(2,562)	(2,182)	-		
AVAILABLE CASH FLOW				22,504	178,371	204,993	23,197	187,006	214,621	23,914	195,273	223,932		
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)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-		
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	19,804	16,870	36,674	20,497	17,460	37,957	21,214	18,071	39,286		
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	2,700	2,300	5,000								

600 7th Street

	Total # Units:	LOSP Units	Non-LOSP Units	Year 16 2039			Year 17 2040			Year 18 2041		
	221	120	101									
		54.00%	46.00%									
INCOME	inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Residential - Tenant Rents	1.0%	2.5%		501,539	3,001,279	3,502,818	506,554	3,076,311	3,582,865	511,620	3,153,219	3,664,839
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		1,934,329	-	1,934,329	2,011,683	-	2,011,683	2,091,875	-	2,091,875
Commercial Space	n/a	3.0%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		9,760	8,314	18,075	10,004	8,522	18,526	10,254	8,735	18,990
Tenant Charges	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%; Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		-	-	-	-	-	-	-	-	-
Gross Potential Income				2,445,628	3,009,594	5,455,222	2,528,241	3,084,833	5,613,075	2,613,748	3,161,954	5,775,703
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(25,077)	(150,064)	(175,141)	(25,328)	(153,816)	(179,143)	(25,581)	(157,661)	(183,242)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME				2,420,551	2,859,530	5,280,081	2,502,914	2,931,018	5,433,931	2,588,168	3,004,293	5,592,461
OPERATING EXPENSES												
Management												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	167,946	143,065	311,012	173,824	148,073	321,897	179,908	153,255	333,164
Asset Management Fee	3.5%	3.5%	per MOHCD policy	21,966	18,712	40,677	22,735	19,367	42,101	23,530	20,044	43,575
Sub-total Management Expenses				189,912	161,777	351,689	196,559	167,439	363,998	203,439	173,300	376,738
Salaries/Benefits												
Office Salaries	3.5%	3.5%		125,390	106,814	232,203	129,778	110,552	240,330	134,321	114,421	248,742
Manager's Salary	3.5%	3.5%		72,375	61,653	134,028	74,908	63,811	138,719	77,530	66,044	143,574
Health Insurance and Other Benefits	3.5%	3.5%		115,967	98,786	214,753	120,025	102,244	222,269	124,226	105,822	230,049
Other Salaries/Benefits	3.5%	3.5%		2,714	2,312	5,026	2,809	2,393	5,202	2,907	2,477	5,384
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits				316,446	269,565	586,010	327,521	278,999	606,521	338,984	288,764	627,749
Administration												
Advertising and Marketing	3.5%	3.5%		7,509	6,396	13,905	7,772	6,620	14,392	8,044	6,852	14,896
Office Expenses	3.5%	3.5%		48,310	41,153	89,464	50,001	42,594	92,595	51,751	44,084	95,836
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Audit Expense	3.5%	3.5%		20,749	17,675	38,424	21,475	18,294	39,769	22,227	18,934	41,161
Bookkeeping/Accounting Services	3.5%	3.5%		50,663	43,157	93,820	52,436	44,667	97,103	54,271	46,231	100,502
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		167,910	143,035	310,945	173,787	148,041	321,828	179,870	153,222	333,092
Sub-total Administration Expenses				295,141	251,416	546,557	305,471	260,216	565,687	316,162	269,324	585,486
Utilities												
Electricity	3.5%	3.5%		142,744	121,597	264,342	147,741	125,853	273,594	152,911	130,258	283,169
Water	3.5%	3.5%		109,060	92,903	201,963	112,877	96,155	209,032	116,828	99,520	216,348
Gas	3.5%	3.5%		41,272	35,158	76,429	42,716	36,388	79,104	44,211	37,662	81,873
Sewer	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Utilities				293,077	249,658	542,734	303,334	258,396	561,730	313,951	267,440	581,391
Taxes and Licenses												
Real Estate Taxes	3.5%	3.5%		7,238	6,165	13,403	7,491	6,381	13,872	7,753	6,604	14,357
Payroll Taxes	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Taxes and Licenses				7,238	6,165	13,403	7,491	6,381	13,872	7,753	6,604	14,357
Insurance												
Property and Liability Insurance	3.5%	3.5%		196,317	167,233	363,551	203,188	173,086	376,275	210,300	179,145	389,445
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance				196,317	167,233	363,551	203,188	173,086	376,275	210,300	179,145	389,445
Maintenance & Repair												
Payroll	3.5%	3.5%		216,401	184,342	400,743	223,976	190,794	414,769	231,815	197,472	429,286
Supplies	3.5%	3.5%		22,926	19,529	42,453	23,727	20,212	43,939	24,558	20,919	45,477
Contracts	3.5%	3.5%		280,345	238,812	519,157	290,157	247,171	537,328	300,312	255,822	556,134
Garbage and Trash Removal	3.5%	3.5%		96,101	81,863	177,964	99,464	84,729	184,193	102,945	87,894	190,639
Security Payroll/Contract	3.5%	3.5%		292,717	97,572	390,289	302,962	100,987	403,949	313,566	104,522	418,088
HVAC Repairs and Maintenance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		36,260	30,888	67,148	37,529	31,969	69,498	38,843	33,088	71,931
Sub-total Maintenance & Repair Expenses				944,748	853,007	1,597,755	977,815	825,862	1,653,676	1,012,038	828,917	1,711,555
Supportive Services	3.5%	3.5%		82,493	70,272	152,765	85,380	72,731	158,112	88,369	75,277	163,646
Commercial Expenses			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES				2,325,372	1,829,093	4,154,465	2,406,760	1,893,111	4,299,871	2,490,996	1,959,370	4,450,366
Reserves/Ground Lease Base Rent/Bond Fees												
Ground Lease Base Rent				8,100	6,900	15,000	8,100	6,900	15,000	8,100	6,900	15,000
Bond Monitoring Fee				-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit				59,670	50,830	110,500	59,670	50,830	110,500	59,670	50,830	110,500
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial				-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				67,770	57,730	125,500	67,770	57,730	125,500	67,770	57,730	125,500
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				2,393,142	1,886,823	4,279,965	2,474,530	1,950,841	4,425,371	2,558,766	2,017,100	4,575,866
NET OPERATING INCOME (INCOME minus OP EXPENSES)				27,409	972,707	1,000,116	28,384	980,177	1,008,560	29,401	987,193	1,016,594
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	761,567	761,567	-	761,567	761,567	-	761,567	761,567
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
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: 0%	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				-	761,567	761,567	-	761,567	761,567	-	761,567	761,567
CASH FLOW (NOI minus DEBT SERVICE)				27,409	211,140	238,549	28,384	218,610	246,993	29,401	225,626	255,027
Commercial Only Cash Flow						(5,098)			(5,479)			(5,890)
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				(2,753)	(2,345)		(2,959)	(2,520)		(3,181)	(2,709)	
AVAILABLE CASH FLOW				24,657	208,795	238,549	25,425	216,089	246,993	26,221	222,917	255,027
USES OF CASH FLOW BELOW (This row also shows DSCR.)				DSCR:		1.313			1.324		1.335	
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL												
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	21,957	18,704	40,661	22,725	19,359	42,084	23,521	20,036	43,557
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	2,700	2,300	5,000	2,700	2,300	5,000	2,700		

600 7th Street

Total # Units:	LOSP Units		Non-LOSP Units		Year 19			Year 20		
	221	120	101		2042	2043	2044	2045	2046	2047
	54.00%	46.00%								
	inc LOSP	% annual increase	Comments (related to annual inc assumptions)		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME										
Residential - Tenant Rents	1.0%	2.5%			516,736	3,232,050	3,748,785	521,903	3,312,851	3,834,754
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a			-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a			2,175,005		2,175,005	2,324,534		2,324,534
Commercial Space	n/a	3.0%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%							
Residential Parking	2.5%	2.5%			-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	2.5%			-	-	-	-	-	-
Supportive Services Income	2.5%	2.5%			-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%			-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%			10,511	8,954	19,464	10,774	9,177	19,951
Tenant Charges	2.5%	2.5%			-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%			-	-	-	-	-	-
Other Commercial Income	n/a	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%; Link from Reserve Section below, as applicable							
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a			-	-	-	-	-	-
Gross Potential Income					2,702,251	3,241,003	5,943,255	2,857,210	3,322,028	6,179,239
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate		(25,837)	(161,602)	(187,439)	(26,095)	(165,643)	(191,738)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a			-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a			-	-	-	-	-	-
EFFECTIVE GROSS INCOME					2,676,415	3,079,401	5,755,815	2,831,115	3,156,386	5,987,501
OPERATING EXPENSES										
Management										
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.		186,205	158,619	344,824	192,722	164,171	356,893
Asset Management Fee	3.5%	3.5%	per MOHCD policy		24,354	20,746	45,100	25,206	21,472	46,678
Sub-total Management Expenses					210,559	179,365	389,924	217,929	185,643	403,571
Salaries/Benefits										
Office Salaries	3.5%	3.5%			139,022	118,426	257,448	143,888	122,571	266,459
Manager's Salary	3.5%	3.5%			80,244	68,356	148,599	83,052	70,748	153,800
Health Insurance and Other Benefits	3.5%	3.5%			128,574	109,526	238,100	133,074	113,360	246,434
Other Salaries/Benefits	3.5%	3.5%			3,009	2,563	5,572	3,114	2,653	5,768
Administrative Rent-Free Unit	3.5%	3.5%			-	-	-	-	-	-
Sub-total Salaries/Benefits					350,849	298,871	649,720	363,129	309,332	672,460
Administration										
Advertising and Marketing	3.5%	3.5%			8,325	7,092	15,417	8,617	7,340	15,957
Office Expenses	3.5%	3.5%			53,563	45,627	99,190	55,437	47,224	102,662
Office Rent	3.5%	3.5%			-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%			-	-	-	-	-	-
Audit Expense	3.5%	3.5%			23,005	19,597	42,602	23,810	20,283	44,093
Bookkeeping/Accounting Services	3.5%	3.5%			56,170	47,849	104,019	58,136	49,524	107,660
Bad Debts	3.5%	3.5%			-	-	-	-	-	-
Miscellaneous	3.5%	3.5%			186,165	158,585	344,750	192,681	164,135	356,816
Sub-total Administration Expenses					327,228	278,750	605,978	338,681	288,506	627,187
Utilities										
Electricity	3.5%	3.5%			158,263	134,817	293,080	163,803	139,535	303,338
Water	3.5%	3.5%			120,917	103,003	223,920	125,149	106,608	231,758
Gas	3.5%	3.5%			45,759	38,980	84,739	47,360	40,344	87,705
Sewer	3.5%	3.5%			-	-	-	-	-	-
Sub-total Utilities					324,939	276,800	601,739	336,312	286,488	622,800
Taxes and Licenses										
Real Estate Taxes	3.5%	3.5%			8,024	6,836	14,860	8,305	7,075	15,380
Payroll Taxes	3.5%	3.5%			-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%			-	-	-	-	-	-
Sub-total Taxes and Licenses					8,024	6,836	14,860	8,305	7,075	15,380
Insurance										
Property and Liability Insurance	3.5%	3.5%			217,661	185,415	403,075	225,279	191,904	417,183
Fidelity Bond Insurance	3.5%	3.5%			-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%			-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%	3.5%			-	-	-	-	-	-
Sub-total Insurance					217,661	185,415	403,075	225,279	191,904	417,183
Maintenance & Repair										
Payroll	3.5%	3.5%			239,928	204,383	444,311	248,326	211,537	459,862
Supplies	3.5%	3.5%			25,417	21,652	47,069	26,307	22,409	48,716
Contracts	3.5%	3.5%			310,823	264,775	575,599	321,702	274,043	595,745
Garbage and Trash Removal	3.5%	3.5%			106,548	90,763	197,312	110,278	93,940	204,218
Security Payroll/Contract	3.5%	3.5%			324,541	108,180	432,721	335,899	111,966	447,866
HVAC Repairs and Maintenance	3.5%	3.5%			-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%			-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%			40,202	34,246	74,448	41,609	35,445	77,054
Sub-total Maintenance & Repair Expenses					1,047,460	724,000	1,771,460	1,084,121	749,340	1,833,461
Supportive Services	3.5%	3.5%			91,462	77,912	169,373	94,663	80,639	175,301
Commercial Expenses			from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%		-	-	-	-	-	-
TOTAL OPERATING EXPENSES					2,578,181	2,027,948	4,606,129	2,668,417	2,098,926	4,767,344
Reserves/Ground Lease Base Rent/Bond Fees										
PUPA (w/o Reserves/GL Base Rent/Bond Fees)										
Ground Lease Base Rent					8,100	6,900	15,000	8,100	6,900	15,000
Bond Monitoring Fee					-	-	-	-	-	-
Replacement Reserve Deposit					59,670	50,830	110,500	59,670	50,830	110,500
Operating Reserve Deposit					-	-	-	-	-	-
Other Required Reserve 1 Deposit					-	-	-	-	-	-
Other Required Reserve 2 Deposit					-	-	-	-	-	-
Required Reserve Deposit/s, Commercial					-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					67,770	57,730	125,500	67,770	57,730	125,500
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)					2,645,951	2,085,678	4,731,629	2,736,187	2,156,656	4,892,844
PUPA (w/ Reserves/GL Base Rent/Bond Fees)										
NET OPERATING INCOME (INCOME minus OP EXPENSES)					30,463	993,723	1,024,186	94,928	999,729	1,094,657
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)										
Hard Debt - First Lender			Enter comments re: annual increase, etc.		-	761,567	761,567	-	761,567	761,567
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.		-	-	-	-	-	-
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: 0%		-	-	-	-	-	-
TOTAL HARD DEBT SERVICE					-	761,567	761,567	-	761,567	761,567
CASH FLOW (NOI minus DEBT SERVICE)					30,463	232,156	262,619	94,928	238,162	333,090
Commercial Only Cash Flow							(6,332)			(124,133)
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)					(3,420)	(2,913)		(67,032)	(57,101)	
AVAILABLE CASH FLOW					27,044	229,243	262,619	27,896	181,061	333,090
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)	3.5%	3.5%	per MOHCD policy		-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy		24,344	20,737	45,081	25,196	21,463	46,659
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase		2,700	2,300	5,000	2,700	2,300	5,000
Other Payments					-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			Enter comments re: annual increase, etc.		-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2			Enter comments re: annual increase, etc.		-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)					-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD					27,044	23,037	50,081	27,896	23,763	51,659
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)					(0)	206,205	212,538	0	157,298	281,431
Does Project have a MOHCD Residual Receipt Obligation?	Yes				Year 15 is year indicated below:					
Will Project Defer Developer Fee?	Yes				2038					
1st Residual Receipts Split - Lender/Deferred Developer Fee	50% / 50%				2nd Residual Receipts Split Begins:					
2nd Residual Receipts Split - Lender/Owner	67% / 33%				2039					
Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):										
Dist. Soft Debt Loans										
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										
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)										
REPLACEMENT RESERVE - RUNNING BALANCE										
Replacement Reserve Starting Balance										
Replacement Reserve Deposits										
Replacement Reserve Withdrawals (ideally tied to CNA)										
Replacement Reserve Interest										
RR Running Balance										
OPERATING RESERVE - RUNNING BALANCE										
Operating Reserve Starting Balance										
Operating Reserve Deposits										
Operating Reserve Withdrawals										
Operating Reserve Interest										
OR Running Balance										
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE										
Other Reserve 1 Starting Balance										
Other Reserve 1 Deposits										
Other Reserve 1 Withdrawals										
Other Reserve 1 Interest										

Attachment D – Updated Commercial Operating Proforma

See attached.

Attachment E: Updated New Construction Cost Comparison Chart

See attached.

Affordable Multifamily Housing New Construction Cost Comparison

Updated 6/15/2021

PROJECTS COMPLETED						Building Square Footage			Total Project Costs					Notes on Financing	Comments	
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost ³	Constr. Cost ⁴	Soft Cost	Total Dev. Cost w/land	Local Subsidy ⁵			Total Dev. Cost w/o land
Transbay 7 - Natalie Gubb Comm	222 Beale Street	29,209	Oct-18	120	208	118,251	5,000	123,251	\$ 35,000	\$ 63,208,038	\$ 16,314,468	\$ 79,557,506	\$ 25,560,000	\$ 79,522,506	HCD AHSC Loan	3 Buildings - Type I Podium, 4-8 stories (Pueblo structural system), plus Childcare shell
Mission Family Housing	1036 Mission	15,200	Oct-18	88	134	92,462	6,955	99,417	\$ 5,551,029	\$ 42,712,350	\$ 6,583,453	\$ 54,846,832	\$ 17,704,400	\$ 49,295,803	2 HCD Loans (MHP & TOD)	Type IB - 9 story
Potrero Block X (Vertical)	25th and Connecticut	30,000	Sep-19	72	139	86,569	28,952	115,521	\$ 20,700	\$ 62,677,784	\$ 12,766,230	\$ 75,464,714	\$ 17,693,093	\$ 75,444,014		Type IIIA & V over Type I Podium (4-6 stories) stepped w/ topography. No infrast. Cost
Eddy and Taylor Family Housing	222 Taylor	22,344	Jun-19	113	211	108,440	21,086	129,526	\$ 9,300,000	\$ 58,950,242	\$ 14,837,459	\$ 83,087,701	\$ 22,187,436	\$ 73,787,701	2 HCD Loans (MHP & TOD)	Type IB - 8 story, extensive PG&E regional switch required
490 South Van Ness	490 S. Van Ness Avenue	14,250	Apr-21	81	121	51,639	28,985	80,624	\$ 18,500,000	\$ 48,776,515	\$ 13,393,811	\$ 80,670,326	\$ 28,892,030	\$ 62,170,326		Type IA - 7 stories over partial basement
1950 Mission Street	1950 Mission Street	36,590	Mar-21	157	262	113,432	48,142	161,574	\$ 9,775,000	\$ 94,030,994	\$ 15,171,496	\$ 118,977,490	\$ 44,945,740	\$ 109,202,490	HCD AHSC Loan	Type IA - 9 stories with significant (30% of sf) art and PDR spaces and Paseo Des Artes
2060 Folsom Street	2060 Folsom	29,075	May-21	127	252	155,648	11,810	167,458	\$ 134,931	\$ 75,625,466	\$ 20,100,172	\$ 95,860,569	\$ 31,697,110	\$ 95,725,638	HCD AHSC Loan	9 Story Type IB - TAY, Childcare, Community Hub w/AHSC Improvements of \$6MM
Completed Projects:	Average:	25,238		108	190	103,777	21,561	125,339	\$ 6,188,094	\$ 63,711,627	\$ 14,166,727	\$ 84,066,448	\$ 26,954,258	\$ 77,878,354		

PROJECTS UNDER CONSTRUCTION						Building Square Footage			Total Project Costs					Notes on Financing	Comments	
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost ³	Constr. Cost ⁴	Soft Cost	Total Dev. Cost w/land	Local Subsidy ⁵			Total Dev. Cost w/o land
500 Turk Street (555 Larkin)	500 Turk Street	18,906	Dec-21	108	186	82,805	26,586	109,391	\$ 1,853,895	\$ 54,251,461	\$ 29,815,020	\$ 85,920,376	\$ 32,400,000	\$ 84,066,481	HCD AHSC Loan	Type I 8 stories on constrained site
681 Florida	681 Florida Street	19,000	Jun-22	130	199	82,830	9,250	92,080	\$ 125,091	\$ 69,184,293	\$ 20,545,793	\$ 89,855,177	\$ 33,826,507	\$ 89,730,086	HCD MHP Loan	Type IB - 8 story, extensive PG&E regional switch required
921 Howard	921 Howard Street	28,893	Apr-21	203	259	235,680	1,970	237,650	\$ 14,081,129	\$ 111,260,260	\$ 36,248,774	\$ 161,590,163	\$ 46,468,120	\$ 147,509,034	CalHfa MIP/ 4% LIHTC	Type IA, 18 stories, 3 parking spaces & retail (Contract GMP 4/19/21)
Under Construction:	Average:	22,266		147	215	148,438	12,602	161,040	\$ 5,353,372	\$ 78,232,005	\$ 28,869,862	\$ 112,455,239	\$ 37,564,876	\$ 107,101,867		

PROJECTS IN PREDEVELOPMENT						Building Square Footage			Total Project Costs					Notes on Financing	Comments	
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost ³	Constr. Cost ⁴	Soft Cost	Total Dev. Cost w/land	Local Subsidy			Total Dev. Cost w/o land
Mission Bay S. Bl. 9A (Homeowner)	350 China Basin Street	29,939	Feb-22	140	280	136,165	50,611	186,776	\$ -	\$ 110,040,000	\$ 22,053,737	\$ 132,093,737	\$ 79,200,000	\$ 132,093,737	Not LIHTC eligible; Homeownership	Type I
BPUY	2430 San Jose Ave	30,699	Apr-21	131	217	164,636	10,741	175,377	\$ -	\$ 91,871,410	\$ 25,523,152	\$ 117,394,562	\$ 30,493,722	\$ 117,394,562	4% Credits; HCD IIG & AHSC	Type IB - 8-9 story adjacent to BART. Early Childhood Ed Center. MOHCD Land not incl. (GMP Dr.
HPSY Block 56	11 Innes Court	28,792	Aug-21	73	145	55,172	35,021	90,193	\$ -	\$ 49,263,904	\$ 13,914,818	\$ 63,178,722	\$ 25,000,000	\$ 63,178,722	Bonds, 4% LIHTC Infill incentive grant, AHP	Type I (podium level) - Type V (levels 2-5)
730 Stanyan	730 Stanyan Street	37,813	Dec-21	120	217	125,042	19,728	144,770	\$ -	\$ 83,997,083	\$ 13,958,549	\$ 98,121,310	\$ 34,325,853	\$ 98,121,310	4% Credits; HCD MHP	Type IB 6 stories, passive house design, multiple services spaces, urban farm (100% SD pricing
2550 Irving	2550 Irving Street	19,125	Apr-23	98	177	105,390	2,228	107,618	\$ 9,426,500	\$ 62,022,139	\$ 15,972,611	\$ 94,019,992	\$ 25,573,912	\$ 84,593,492	MOHCD; 4% LIHTC; HCD - IIG, MHP, AHP	Type I, 7 stories, TI space, 11 parking spaces
In Predevelopment	Average:	29,274		112	207	117,281	23,666	140,947	\$ 11,753,815	\$ 79,438,907	\$ 18,284,573	\$ 100,961,665	\$ 38,918,697	\$ 99,076,365		

ALL PROJECTS	Average:	25,593		123	204	123,166	19,276	142,442	\$ 7,765,093	\$ 73,794,180	\$ 20,440,388	\$ 99,161,117	\$ 34,479,277	\$ 94,685,528		
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600 7th Street	600 7th Street	37,800	Mar-22	221	334	181,534	4,223	185,757	\$ 10,000	\$ 118,229,595	\$ 29,117,734	\$ 147,357,329	\$ 72,050,000	\$ 147,347,329	4% Credits; HCD IIG & NPLH	Type I, 8 stories (100% DD pricing updated 5/21)
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PROJECTS COMPLETED	Project Name	Compl. Date	Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
			Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
	Natalie Gubb Commons (TB7)	Oct-18	292	168	1	\$ 526,734	\$ 303,885	\$ 513	\$ 135,954	\$ 78,435	\$ 132	\$ 662,979	\$ 382,488	\$ 645	\$ 213,000	67.9%
	Mission Family Housing	Oct-18	63,080	41,426	365	\$ 485,368	\$ 318,749	\$ 430	\$ 74,812	\$ 49,130	\$ 66	\$ 623,259	\$ 409,305	\$ 552	\$ 201,186	67.7%
	Potrero Block X (Vertical)	Sep-19	288	149	1	\$ 870,525	\$ 450,919	\$ 543	\$ 177,309	\$ 91,843	\$ 111	\$ 1,048,121	\$ 542,912	\$ 653	\$ 245,737	76.6%
	Eddy & Taylor Family Housing	Jun-19	82,301	44,076	416	\$ 521,684	\$ 279,385	\$ 455	\$ 131,305	\$ 70,320	\$ 115	\$ 735,289	\$ 393,781	\$ 641	\$ 196,349	73.3%
	490 South Van Ness	Apr-21	228,395	152,893	1,298	\$ 602,179	\$ 403,112	\$ 605	\$ 165,356	\$ 110,693	\$ 560	\$ 995,930	\$ 666,697	\$ 1,001	\$ 356,692	64.2%
	1950 Mission Street	Mar-21	62,261	37,309	267	\$ 598,924	\$ 358,897	\$ 582	\$ 96,634	\$ 57,906	\$ 396	\$ 757,818	\$ 454,113	\$ 736	\$ 286,279	62.2%
	2060 Folsom Street	May-21	1,062	535	5	\$ 595,476	\$ 300,101	\$ 452	\$ 158,269	\$ 79,763	\$ 204	\$ 754,808	\$ 380,399	\$ 572	\$ 249,584	66.9%
Completed Projects:	Average:	62,526	39,508	336	\$ 600,127	\$ 345,007	\$ 511	\$ 134,234	\$ 76,870	\$ 226	\$ 796,886	\$ 461,385	\$ 686	\$ 249,832	68%	

PROJECTS UNDER CONSTRUCTION	Project Name	Compl. Date	Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
			Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
	500 Turk Street (555 Larkin)	Dec-21	17,166	9,967	98	\$ 502,328	\$ 291,675	\$ 496	\$ 276,065	\$ 160,296	\$ 273	\$ 795,559	\$ 461,938	\$ 785	\$ 300,000	62.3%
	681 Florida	Jun-22	962	629	7	\$ 532,187	\$ 347,660	\$ 508	\$ 158,045	\$ 103,245	\$ 151	\$ 691,194	\$ 451,534	\$ 660	\$ 260,204	62.4%
	921 Howard Street	Apr-21	69,365	54,367	487	\$ 548,080	\$ 429,576	\$ 468	\$ 178,565	\$ 139,957	\$ 153	\$ 796,011	\$ 623,900	\$ 680	\$ 228,907	71.2%
Under Construction:	Average:	29,164	21,654	197	\$ 527,532	\$ 356,304	\$ 491	\$ 204,225	\$ 134,499	\$ 192	\$ 760,921	\$ 512,457	\$ 709	\$ 263,037	65%	

PROJECTS IN PREDEVELOPMENT	Project Name	Start Date (anticipated)	Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
			Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
	Mission Bay S. Block 9A (ownership)	Feb-22	-	-	-	\$ 786,000	\$ 393,000	\$ 589	\$ 157,527	\$ 78,763	\$ 118	\$ 943,527	\$ 471,763	\$ 707	\$ 565,714	40.0%
	BPUY	Apr-21	-	-	-	\$ 701,308	\$ 423,371	\$ 524	\$ 194,833	\$ 117,618	\$ 146	\$ 896,142	\$ 540,989	\$ 669	\$ 232,777	74.0%
	HPSY Block 56	Aug-21	-	-	-	\$ 674,848	\$ 339,751	\$ 546	\$ 190,614	\$ 95,964	\$ 154	\$ 865,462	\$ 435,715	\$ 700	\$ 342,466	60.4%
	730 Stanyan	Dec-21	-	-	-	\$ 699,976	\$ 387,083	\$ 580	\$ 116,321	\$ 64,325	\$ 96	\$ 817,678	\$ 452,172	\$ 678	\$ 286,049	65.0%
	2550 Irving	Apr-23	96,189	53,257	493	\$ 632,879	\$ 350,408	\$ 576	\$ 162,986	\$ 90,241	\$ 148	\$ 959,388	\$ 531,186	\$ 874	\$ 260,958	72.8%
In Predevelopment	Average:	96,189	53,257	493	\$ 699,002	\$ 378,723	\$ 563	\$ 164,456	\$ 89,382	\$ 133	\$ 896,439	\$ 486,365	\$ 726	\$ 337,593	62%	

All Projects:	AVERAGE	62,626	38,140	342	\$ 608,887	\$ 360,011	\$ 522	\$ 167,638	\$ 100,251	\$ 184	\$ 818,082	\$ 486,736	\$ 707	\$ 283,487	65.4%
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Attachment F: November 15, 2019 Predevelopment Loan Evaluation

See attached.

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

600 7th Street

\$3,500,000

Predevelopment Request

Evaluation of Request for:	\$3,500,000
Loan Committee Date:	November 15, 2019
Prepared By:	Joyce Slen
Source of Funds Recommended:	\$3,133,341 – ERAF \$400,000 – EN SOMA
NOFA/PROGRAM/RFP:	600 7 th St Request for Qualifications issued on May 17, 2019
Total Previous City Funds Committed:	\$0
Applicant/Sponsor Name:	Mercy Housing Calwest (MHC)

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	600 7 th Street	Sponsor(s):	Mercy Housing Calwest (MHC)
Project Address (w/ cross St):	600 7 th Street (7 th Street and Brannan Street)	Ultimate Borrower Entity:	Mercy Housing California 97, L.P.

Project Summary:

Mercy Housing Calwest (“MHC”) requests \$3.5 million to finance predevelopment costs for a proposed new construction affordable rental housing development located at 600 7th Street (“the Site”), a city-owned corner parcel at the intersection of 7th Street and Brannan Street. Through the 600 7th Street Request for Qualifications (“RFQ”) issued on May 17, 2019, MHC was selected to develop the Site, with Episcopal Community Services (“ECS”) to provide the supportive services for the formerly homeless households. 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 current concept for 600 7th Street is an 8-story building with approximately 200 units built on the large, 37,800 square foot (“sf”) lot. The proposed mix of units includes 100 studios and 100 family units (one- to three-bedroom units), and one manager’s unit. These will include 79 units for family households with incomes ranging between 50%-80% Area Median Income (“MOHCD AMI”), averaging to no more than 60% MOHCD AMI, and all 100 studio units and 20 family units set-aside for formerly homeless adults and families (60% of total units), to be subsidized by the City’s Local Operating Subsidy Program (“LOSP”). Proposed permanent financing includes tax-exempt bonds, 4% Low-Income Housing Tax Credits, State Low Income Housing Tax Credits, Federal Home Loan Bank Affordable Housing Program (AHP) funds, a permanent mortgage, Deferred Developer Fee, General Partner Equity, a MOHCD gap loan, a City and County of San Francisco allocation of the State’s No Place Like Home (NPLH) loan, and a State of California Infill Infrastructure Grant (IIG). Construction start is expected in April 2022, with construction completion in March 2024.

Project Description:

Construction Type:	Type I	Project Type:	New Construction
Number of Stories:	8	Lot Size (acres and sf):	0.87 acres / 37,800 sf
Number of Units:	200	Architect:	TBD
Total Residential Area:	107,000 sf	General Contractor:	TBD
Total Commercial Area:	5,000 sf	Property Manager:	MHC
Total Building Area:	152,857 sf	Supervisor and District:	Supervisor Haney (D6)
Land Owner:	City/County of San Francisco		
Total Development Cost (TDC):	\$149,056,461	Total Acquisition Cost:	\$10,000
TDC/unit:	\$745,282	TDC less land cost/unit:	\$745,232
Loan Amount Requested:	\$3,500,000	Request Amount / unit:	\$17,500
HOME Funds?	No	Parking?	None

PRINCIPAL DEVELOPMENT ISSUES

1. **Financing Plan** – The proposed financing plan assumes availability of state low income housing tax credits and successful competition for allocations of state bonds and 4% credits, plus current HCD policy regarding stacking of HCD funds. HCD does not permit multiple HCD sources to subsidize the same unit, except for HCD grants like IIG. Although MOHCD controls its allocation of No Place Like Home (NPLH) funds, the other state funding is competitive. See Section 6.4.1 - Permanent Sources Evaluation Narrative and Section 11.3 Recommended conditions prior to financing gap.
2. **High Cost to Develop** – Like its contemporary projects, the anticipated cost to develop 600 7th Street is high. The developer is encouraged to evaluate all strategies to reduce overall costs to the City and the project, including construction technology such as prefabricated structural systems. Please see Section 4.3 Construction Supervisor/Construction Specialist’s Evaluation and Section 11.3 Recommended conditions prior to financing gap.
3. **Community Outreach** - 600 7th Street is the first of at least 5 sites in the South of Market area (“SoMa”) that are result of land dedications and expected to generate at least 200 units for the neighborhood in the upcoming years. This neighborhood-wide opportunity to develop affordable housing in SoMa is therefore new and outreach especially important to successfully build bridges in this part of SoMa with limited affordable housing. See Section 3.1 Community Support, Section 4.4 Commercial Space, and Section 11.3 Recommended conditions prior to financing gap.
4. **Commercial Space** – Please see above regarding collective opportunity to develop in SoMa, inclusive of ground floor, community serving retail and other uses. See Section 3.1 Community Support, Section 4.4 Commercial Space, and Section 11.3 Recommended conditions prior to financing gap.
5. **Programming** – This building proposes a mix of homeless adults and families, potentially with different programmatic needs. The building is proposed to be designed with 2 wings, with a desk clerk covering the entrance to the adult wing. The design elements will need to be explored during the concept and schematic phases of the project. See Section 8.1 Services Plan and Section 11.3 Recommended conditions prior to financing gap.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
MOHCD	\$3,500,000	3 yrs @ 3% Res Rec	This Request
Total	\$3,500,000		

Predevelopment Uses	Amount	Per Unit	Per SF
Acquisition	\$10,000	\$50	\$0
Architecture & Engineering	\$2,088,000	\$10,440	\$14
Soft Cost	\$852,000	\$4,260	\$6
Developer Fee	\$550,000	\$2,750	\$4
Total	\$3,500,000		

Permanent Sources	Amount	Terms	Status
MOHCD - GAP	\$44,550,243	57 yrs @ 0-3% / Res Rec	Not Committed
Permanent Loan	\$8,726,612	15 yrs amortized over 35 yrs @ 5.25%	Not Committed
HCD NPLH / MOHCD	\$17,500,000	0%	Not Committed
HCD IIG	\$7,500,000	Grant	Not Committed
AHP	\$1,500,000	0%	Not Committed
Tax Credit Equity	\$54,962,189	\$0.98 per Federal Credit \$0.73 per State Credit	Not Committed
General Partner Equity	\$14,267,417		Not Committed
Deferred Developer Fee	\$50,000		Not Committed
Total	\$149,056,461		

Uses	Amount	Per Unit	Per SF
Acquisition	\$10,000	\$50	\$0.07
Hard Costs	\$113,057,596	\$565,288	\$740
Soft Costs	\$18,221,448	\$91,107	\$119
Developer Fee	\$17,767,417	\$88,837	\$116
Total	\$149,056,461	\$745,282	\$975

1. BACKGROUND

1.1. Project History Leading to This Request.

In 2014, pursuant to Resolution 475-14, the City and the developer of 801 Brannan Street (now known as 855 Brannan) and One Henry Adams Street reached an agreement in which the One Henry Adams Street project could satisfy its inclusionary housing requirements and a portion of the 801 Brannan project inclusionary housing requirements by conveying the Site to MOHCD.

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

MHC created Mercy Housing California 97, L.P., which will be the ultimate borrower and have leasehold interest to the Site. MHC will be the sole developer, acting as Sponsor and Managing General Partner of the eventual ownership partnership. MHC has developed over 50 properties in San Francisco over the past 35 years.

MHC’s in-house Property Management, Residential Services, and Asset Management teams will ensure the Project’s transition from development and construction into leasing and stabilized operations. ECS will provide residential services to all households referred from Coordinated Entry.

The following staff members assigned to 600 7th Street are:

- 1) William Ho (Senior Project Developer) - 40% of his workload.
- 2) Holly Ly (Project Assistant) - 25% of her workload.
- 3) Barbara Gualco (Director of Development) - 10% of her workload.
- 4) Sharon Christen (Associate Director of Supportive Housing) – 5% of her workload.
- 5) Amy Bayley (Vice President of Community Planning) – 10% of her workload.

2. SITE (See Attachment E for Site map with amenities)

Site Description	
Zoning:	The Site is located in the UMU – Urban Mixed Use zoning district (See Planning Code Section 843) and the 68-X Height and Bulk District. The UMU district is intended to promote a vibrant mix of uses while maintaining the characteristics of this formerly industrially-zoned area. Within the UMU, permitted uses include, but are not limited to retail, educational facilities, and housing, with family-sized dwelling units encouraged. Under UMU, at least 40% of all dwelling units must contain two or more bedrooms or 30% of all dwelling units must contain three or more bedrooms. However, this does not apply to the Project, as it is 100% affordable. Block 3783, Lot 010
Maximum units allowed by current zoning (N/A if rehab):	Maximum housing units is not controlled by the size of the lot, but form-based density—the controls for height, bulk, massing, and unit mix set the “density” of the Site.
Seismic (if applicable):	Seismic Zone 4; PML SUL N/A
Soil type:	Equity Residential, the developer of 801 Brannan had Langan Treadwell & Rollo (LTR) complete a geotechnical consultation report dated November 14, 2011 for the overall 801 Brannan parcel. The report indicates that the general subsurface profile beneath the site consists of: <ul style="list-style-type: none"> • Fill, loose to medium dense sand with varying amounts of silt, clay, gravel, concrete, brick, mortar and wood fragments at depths of 15 to 34 feet; • Bay Mud, a weak and compressible marine clay and silt deposit;

	<ul style="list-style-type: none"> • Old alluvium, relatively incompressible sand, stiff hard clay and silt; • Incompressible residual soil; and • Bedrock, at elevations ranging from 102 to 180 feet below the ground surface. <p>Around the site, groundwater was encountered at depths of 7.5 to 10 feet, with the groundwater level anticipated to fluctuate with the water level of the San Francisco Bay. Liquefaction analyses indicate loose to medium dense sandy fill below the design groundwater.</p> <p>LTR’s report stated that the developer should be prepared for dewatering, and that the foundation may require a more robust design e.g. drilled piers. This will be sorted out by the project’s engineer of record as the building’s design begins to advance. Piles are recommended to be the most appropriate foundation for supporting. To reduce water vapor transmission through the slab-on-grade areas where moisture is undesirable, LTR recommended installing a capillary moisture break and a water vapor retarder beneath the floor.</p> <p>In May 2015, as part of the land dedication and after the remediation of contaminated soils at the Site, Equity Residential agreed to remove the top 2-foot of fill soils at the Site and capped it with a temporary cap composed of crushed concrete grindings from the former Exhibition Hall that was demolished at 801 Brannan. LTR confirmed the crushed foundation grindings, would be suitable for use as a temporary cap as long as elevated metals and asbestos were not detected in the concrete. Since the material grade change between the underlying fill material and temporary cap are distinct colors, LTR determined a demarcation layer was not required. On November 10, 2017, the SF Department of Public Health (SFDPH) issued a letter approving LTR’s determination.</p> <p>The developer will need to remove the temporary cap and construct a permanent cap that may include the concrete foundations, concrete paved walkways, and/or a cap of two feet of cleaned soil underneath landscaping and areas covered with the permeable pavers. An updated geotechnical report and site mitigation plan will be prepared during predevelopment.</p>
<p>Environmental Review:</p>	<p>Stellar Environmental Solutions, Inc. (SES) completed a Phase I/II Environmental Report on October 28, 2011 for the 801 Brannan parcel. The report indicates soil samples with the highest levels lead concentration. However, Equity Residential remediated the contaminated soils as part of the land dedication in May 2015.</p> <p>An updated Phase I Environmental report will be prepared during predevelopment. In addition, to identifying locations of contaminated soil and informing pricing for excavation and soil off haul, further soils testing will be conducted.</p>
<p>Adjacent uses (North):</p>	<p>808 Brannan is an office building.</p>
<p>Adjacent uses (South):</p>	<p>650 7th Street is an office building for Airbnb.</p>
<p>Adjacent uses (East):</p>	<p>603 7th Street is a vacant lot fenced off with perimeter fencing.</p>
<p>Adjacent uses (West):</p>	<p>855 Brannan Apartments is 434-unit market rate building managed by Equity Apartments.</p>
<p>Neighborhood Amenities within 0.5 miles:</p>	<p>Trader Joe’s is 0.3 miles away, Victoria Manalo Draves Park and Bessie Carmichael Elementary School are 0.3 miles away.</p>

Public Transportation within 0.5 miles:	4 th Street Caltrain Station is 0.6 miles away. Muni lines within 0.5 miles are: 10, 14X 19, 27, 47, 83X
Article 34:	Required and will be obtained in December 2019.
Article 38:	Not exempt - The Site is located in an area with elevated pollutant concentrations. Sensitive use buildings, as defined in the Applicability section of the Ordinance, must comply with Health Code Article 38.
Accessibility:	Project will meet the minimum requirements of the California Building Code Chapter 11(B).
Green Building:	Project will meet the minimum TCAC Green Building requirements and the City's Green Building Code.
Recycled Water:	Exempt – see https://www.sfwater.org/index.aspx?page=687
Storm Water Management:	The Site is not located in the Storm Water Management Map, but is under the Maher Ordinance.

2.1. Zoning.

The proposed project would qualify for streamlined approvals under both SB35 and AB2162, and either Affordable Housing Density Bonus or State Density Bonus programs that will afford it expedited approvals for both CEQA (for which it is exempt) and land use entitlements.

MHC has successfully used SB35 for three projects thus far in San Francisco: Casa de la Mision, 1064 Mission, and 833 Bryant. Even with streamlined approvals, MHC acknowledges it is critical to engage the community in a thorough, respectful manner to get ahead of potential issues and gather the support to ultimately build successful communities. In other SoMa developments, both MHC and ECS have proven to be actively engaged neighbors involved in addressing community concerns.

2.2. Probable Maximum Loss.

N/A, new construction.

2.3. Local/Federal Environmental Review.

Exempt from CEQA Review, per the streamlining allowed by SB35. However, MHC will complete a NEPA, in anticipation of application to the Continuum of Care, a federally funded rental subsidy that will help subsidize the formerly homeless adults and families at the Site and supplant the LOSP subsidy, reducing the need for City subsidy.

2.4. Environmental Issues.

2.4.1 Phase I/II Site Assessment Status and Results.

SES's Phase I/II Environmental Report (completed on October 28, 2011) indicates soil samples with the highest concentration of lead concentration. However, Equity Residential remediated the contaminated soils as part of the land dedication in May 2015.

An updated Phase I Environmental report will be prepared during predevelopment. In addition, to identifying locations of contaminated soil and informing pricing for excavation and soil off haul, further soils testing will be conducted.

2.4.2 Potential/Known Hazards.

The 801 Brannan parcel was developed in the late 1890s as warehouses, occupied by the Western Pacific Railroad Freight Depot from 1913 to 1980, to then the Concourse Exhibition Hall that was demolished for the 801 Brannan development. Asbestos-containing building materials were likely to have been used and may be contained as part of the temporary cap on the Site.

2.5. Adjacent uses and neighborhood amenities.

The immediate neighborhood is comprised of mixture of industrial and commercial sites, including an auto repair, office buildings, and apartment buildings. A number of small businesses including

cafes are restaurants are near the Site. Specifically for the formerly homeless adults and families, St. Vincent De Paul Society, a non-profit organization providing direct services to people experiencing homelessness and domestic violence, is 0.5 miles away.

2.6. Green Building.

The current project design goal is for the building to have 100% electric power. MHC will continue to investigate this as an option. Green features will be determined during predevelopment, but meet the minimum TCAC Green Building Requirements and the City's Green Building Code.

3. OTHER ENTITLEMENTS ISSUES

3.1. Community Support.

600 7th Street is the first of at least 5 sites in SoMa that are result of land dedications and expected to generate at least 200 units at this site alone for the neighborhood in the upcoming years. This neighborhood-wide opportunity to develop affordable housing and community amenities in SoMa is therefore especially important. Additionally, since this particular site was designated for land dedication, the SOMA Pilipinas Cultural District was created, which presents opportunities for MHC to collaborate with existing community organizations. Nevertheless, the Site sits kitty corner from the southeastern border of the District, though is expected to play a supporting role in the District goals.

The overall community outreach process for 600 7th Street is fundamental to helping refine the building's program, particularly informing the ground floor neighborhood-serving commercial spaces and if in-unit childcare is desired.

MHC's philosophy for community outreach is to incorporate stakeholders early and regularly through an inclusive, iterative process. MHC has a dedicated staff member to lead the community outreach process for 600 7th Street, Amy Bayley, RSM, Vice President of Community Planning. Although the project will pursue SB35 for streamlined approvals for project entitlements, MHC will maintain relationships with key community stakeholders by communicating throughout key stages of the project and will continue to meet with the community as needed through operations.

Since the Site is in the Showplace Square/Potrero Area Plan and directly adjacent to Western SoMa, MHC will engage stakeholders from both areas, including surrounding residents, businesses, property owners, the Potrero Boosters Neighborhood Association, Potrero Hill Neighborhood House, South of Market Community Action Network, SOMA Pilipinas, Bayanihan Community Center, Bill Sorro Housing Program, South of Market Business Association, SoMa West Central Business District, United Playaz, and Friends of Bryant Street, in addition to the SOMA Community Stabilization Fund CAC, and Eastern Neighborhoods CAC.

The project will involve additional outreach to assess the community's desires for the neighborhood-serving commercial spaces, as the Site offers a particularly large amount of ground floor area for potential development of community use spaces. Furthermore, MHC's engagement strategy will not be limited to collaborating with existing community organizations, but will branch out to the broader SoMa neighborhood to cultivate new community partnerships.

As a condition of this loan, staff recommends MHC to provide a community outreach plan for the period of November 2019 through construction completion. The plan should identify key community stakeholders that will be outreached to, including families of Bessie Carmichael School as well as their Principal, School Site Coordinator, and the community based organizations (United Playaz and West Bay) that support the school, and should describe the team's community outreach strategy and overall timeline.

Chapter 79 of the City's Administrative Code requires public noticing (Prop I) for any new City construction project. MHC will need to complete the 30-day noticing process prior to executing the predevelopment loan.

4. DEVELOPMENT PLAN

4.1. Site Control.

The Site has been owned by the City since July 2018, when it was conveyed from Equity Residential, developer of 855 Brannan and One Henry Adams Street. The City issued a Request for Proposals on June 17, 2019 to select an interim user to maintain site activation in the period prior to construction of affordable housing.

4.1.1 Proposed Property Ownership Structure

At construction closing, MOHCD will transfer the property through a 75-year initial term ground lease agreement (with an option to extend up to 99-years) to the project’s limited partnership. The City’s execution of a long-term ground lease for the MOHCD Parcel is subject to approval by the City’s Board of Supervisors.

- Annual rent shall be set at 10% of the fair market appraised value, re-determined on the 15th anniversary date of ground lease and every 15 years thereafter.
- Payment shall consist of an annual Base Rent of \$15,000, collected annually regardless of cash flow and considered a project expense.
- Residual Rent of 10% of the appraised unrestricted value of the Site. Residual Rent will only be collected to the extent that cash flow is available and does not accrue.

4.2. Proposed Design.

The 600 7th Street design is envisioned to foster an inviting, integrated community that is efficient, safe and functional for all residents. Entry to the Site will be from Brannan or 7th Street into an entry court leading to two lobbies, one on each side of the entry court. The lobbies will lead to distinct family and studio “wings,” with units and amenity space for each target population. MHC proposes a 24/7 desk clerk in the studio lobby, located with a direct sightline into the family lobby. In the studio wing, there will be a lounge for residents to socialize and watch TV. In the family wing, there will be a youth room, with designated units designed and marketed for in-unit childcare to residents and neighboring families. The wings will come together at a ground-level “hub” with programming and office space and a shared community room. This room will open onto a multi-level courtyard with play spaces and areas for large gatherings. To best serve the differing needs of the households living in the studio versus the family units, MHC proposed separate entrances from either side of the hub to access property management offices and resident services program and meeting spaces. There will be separate property management and services staff and spaces for the studio and family households, and on-site staff will share a “back of the house” office area, allowing for efficient administrative and clinical support.

As a cost efficiency consideration, MHC proposes a Type I construction building of eight stories using the Pueblo system, a type of prefabricated structural steel. Using the Pueblo system, each floor can have ceiling heights of 8’-8” and floor assemblies of 9” thick, allowing a building of up to nine floors that remains within the mid-rise project definition. As steel is 50% lighter than a comparable structure of cast-in-place concrete, there could be significant savings in foundation costs and minimize the number of piles need given the soils conditions.

Avg Unit SF by type:	Studio - 350 sf 1-br - 500 sf 2-brdm - 750 sf 3-brdm - 950 sf
Residential SF:	107,000 sf
Circulation SF:	See Common Area
Parking Garage SF:	N/A
Common Area SF:	40,857 sf (assumed 30% efficiency rate for circulation/common areas/etc.)
Commercial Space SF:	5,000 sf
Building Total SF:	152,857 sf

4.3. Construction Supervisor/Construction Specialist's evaluation

Since a General Contractor or Architect have yet been hired and no drawings have yet been produced, the design and construction costs are highly speculative at this point, but appear to be broadly in line with comparable MOHCD projects that are either in construction or in predevelopment, while providing a reasonable allowance for escalation of construction costs over the next two years. In comparison to these other similar projects, 600 7th St has a larger number of units overall, which lead to a better than average cost per unit due to efficiencies of scale (particularly in light of the shared areas between the two buildings). However, its comparatively large number of studios and 1-bedrooms leads to a worse than average cost per bedroom. The overall cost per square foot seems higher than average, but this is likely due to an under-estimation in the overall building square footage.

Like its contemporary projects, the anticipated cost to develop 600 7th Street is high. As a loan condition, staff recommends the developer to evaluate all strategies to reduce overall costs to the City and the project, including construction technology such as prefabricated structural systems.

4.4. Commercial Space.

MHC is proposing 5,000 sf of ground floor commercial space that will be community serving as defined in MOHCD's Commercial Underwriting Guidelines ("UG").

During this concept development stage, the current proforma reflects a subdivided lease structure. The final commercial lease structure will be determined prior to construction closing. Base rent assumptions are based off MHC's recent commercial lease up experience and overall commercial portfolio. The housing project is not dependent on the commercial income.

Proposed community service commercial uses and estimated base rents are:

1. A grocery store (2,000 sf) at the corner at 7th and Brannan St paying \$2/sf/month;
2. Two artist studio and gallery spaces (total 1,400 sf) along either 7th or the Langton Way public mews paying \$1.74/sf/month; and a
3. restaurant (1,600 sf) for a potential employment training program graduate paying \$1.69/sf/month.

Local grocer, Qais Shuhtrah of Green Apple Market has indicated interest in the Site and has experience working with MHC at 455 Fell and in the area, at SoMa Supermarket at Howard and 6th Street. SFMade advised MHC that art spaces are a compelling use for the Site, particularly given the frequency of artist displacement in SoMa and other eastern neighborhoods. La Cocina would also be interested to access retail space for one of its program graduates. Kultivate Labs, a non-profit business accelerator based in SoMa also expressed interest in placing one of their pop-up restaurants from their UNDISCOVERED SF Filipino Night Market to a permanent brick and mortar location on Site.

The overall community outreach process for 600 7th Street is fundamental to informing the ground floor neighborhood-serving commercial spaces. The Site sits kitty corner from the southeastern border of the SOMA Pilipinas Cultural District and the community-serving commercial spaces are expected to play a supporting role in the District goals. As a condition of this loan, staff recommends MHC to provide a community outreach plan for the period of November 2019 through construction completion.

MOHCD staff recommends MHC provide a preliminary commercial space plan prior to the project's site permit submittal, an updated commercial space plan and tenant improvement plan prior to 100% design development and executed Letter of Intent (LOIs) with commercial tenants, a commercial development budget, a tenant improvement proforma for MOHCD review and approval, prior to gap funding request.

4.5. Service Space.

MHC is proposing separate resident services program and meeting spaces for the studio and family households on the ground floor.

4.6. Target Population.

The Site will offer a total of approximately 200 units, comprised of 100 studios and 100 family units (one- to three-bedroom units), and a manager’s unit. 120 units or 60% of total units are targeted to serve formerly homeless adults and families referred through the Coordinated Entry System administered by HSH; 100 studios for formerly homeless adults and 20 units in 3 unit types (1-3 brs) for formerly homeless families. 70 studio units will be targeted to people who were either chronically homeless, homeless, or at-risk of chronic homelessness under the definition of the No Place Like Home (NPLH) with appropriate services.

The remaining 79 units (1-3brs) will be for family households earning a range between 50%-80% MOHCD AMI, averaging to no more than 60% MOHCD AMI. The income average affordability for the overall project is 44% MOHCD AMI and 66% MOHCD AMI for the 79 unsubsidized (lottery) units.

As a condition to MOHCD gap financing, MHC will reduce the average AMI for the unsubsidized units to 60% MOHCD.

4.7. Marketing & Occupancy Preferences

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. MHC will conduct outreach to neighborhood-based, non-profit housing corporations, agencies and other low-income housing advocacy organizations that maintain waiting lists. Units that are not subsidized by LOSP, will be entered in a lottery and subject to San Francisco preferences. Among all eligible applicants, additional preference will be observed in the following order:

1. San Francisco Redevelopment Agency Certificate of Preference Holders,
2. Displaced Tenant Housing Preference (Ellis Act/OMI) Certificate Holders,
3. Neighborhood Resident Preference¹, and
4. Live or Work in San Francisco.

Marketing materials will be printed in Chinese, English, Spanish and Tagalog, and published in a variety of publications that represent a broad range of non-English speaking populations.

4.8. Relocation.

Not applicable as this project is new construction.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	TBD	TBD	TBD
JV/other Architect	TBD	SBE	TBD
General Contractor	TBD	TBD	TBD
Owner’s Rep/Construction Manager	TBD	TBD	TBD
Financial Consultant	California Housing Partnership Corporation	N	N

MHC will need to meet with the Contract Monitoring Division (CMD) to establish the professional services goals for the project.

5.1. Outstanding Procurement Issues.

N/A, further procurement will be in the forthcoming months.

¹ A City ordinance requires 40% of Lottery units to be set-aside for Neighborhood Preference. However, HCD will allow 25% of the units included in the City Lottery to be set-aside for Neighborhood Preference.

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 (this project and historical for the project):

None. Project costs reimbursable under this loan will be allowed starting from the RFQ selection date of September 3, 2019.

6.3.1 Predevelopment Sources Evaluation Narrative

The predevelopment budget is sized to take the project through construction closing, totaling \$3,500,000.

6.3.2 Predevelopment Uses Evaluation:

Predevelopment Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Acquisition Cost is based on appraisal	Y	\$10,000 of acquisition cost in the budget are for title, escrow, and legal costs associated with the land transfer (long-term ground lease) at construction closing to the LP.
Architecture and Design Fees are within standards	Y	Total Predev Architectural & Design fees are \$1,873,000, which is within Underwriting Guidelines (“UG”).
Bid Contingency is at least 5% of total hard costs	N/A	Not included.
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	N/A	Not included.
Construction Management Fees are within standards	Y	CM fee sized at \$60,000 for the estimated 26-month predevelopment period complies with UG.
Developer Fee is within standards	Y	Total Dev Fee during predevelopment of \$550,000 complies with MOHCD Developer Fee Policy.
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 10.2%.
Financing Costs are reasonable	Y	\$55,000 are budgeted for the TCAC application, monitoring and reservation fees.

6.4 Potential Proposed Permanent Financing

This request is for predevelopment. The permanent financing being presented is to demonstrate the project’s overall feasibility and not intended for Loan Committee approval at this time.

6.4.1 Permanent Sources Evaluation Narrative MHC is proposing the following permanent financing:

- 1) MOHCD Loan (\$44,550,243)** – The estimated amount for MOHCD’s gap loan on this project is \$44,550,243 or \$222,751 per unit. This is within the target (\$250,000 per unit), and assumes use of two sources of state funding, NPLH and IIG.

- 2) **No Place Like Home (NPLH) – MOHCD administered (17,500,000)** – Through a county allocation from the State of California NPLH program, MOHCD will administer \$17.5MM or \$250,000 per unit to pay for 70 studio units, which make up 35% of total units. The regulatory limit for units to be subsidized by NPLH is 49% of total units.
- 3) **Private Mortgage (\$8,726,612)** – A private long-term permanent mortgage is included in the financing plan. MHC is assuming a 15-year term amortized over 35 years at 5.25%. This loan meets HCD requirements, as long as HCD's regulatory agreement is in senior position. The mortgage is underwritten on income from the non-LOSP units only.
- 4) **Infill Infrastructure Grant Program (IIG) (\$7,500,000)** – This State of California program seeks to promote infill housing developments associated with infrastructure improvements required to complete the new infill housing. Based off the Site's soil condition, substantial foundation work is expected, and is a qualifying scope of work under the IIG program, allowing the project to maximize the full \$7.5MM or \$37,500 per unit.

HCD does not permit multiple HCD sources to subsidize the same unit, except for HCD grants like IIG. Stacking of the two HCD funding sources, IIG and NPLH are permitted under current HCD policy. State funding sources have recently become highly competitive. MHC will need to obtain site permit approval before submission of the application to maximize project readiness points for the competitive application.

Should MHC not receive an IIG award, the project will have an estimated \$7.5MM or \$37,500 per unit gap. As a loan condition, staff recommends MHC research alternate funding sources and provide the analysis to MOHCD for review to reduce MOHCD's gap. See Section 11.3 Recommended conditions prior to financing gap.

- 5) **Federal Home Loan Bank of San Francisco (FHLB-SF) Affordable Housing Program (AHP) (\$1,500,000)** – MHC believes the project will be competitive based on the unit mix and timing of submitting the application to maximize project readiness points, for a request of \$1.5MM or \$7,500 per unit. MHC will apply for AHP financing in 2021 and if not awarded, will apply again in 2022.
- 6) **Federal and State Tax Credit Equity (\$54,962,189)** – MHC is assuming \$0.98 per federal credit pricing and \$0.73 per state credit pricing, which is consistent with the current credit market for projects with significant amounts of LOSP funding. It is not certain that state credits will be available in 2021 when this project is expected to apply to TCAC for an allocation. Bonds and 4% credits are expected to be competitive, and therefore the project must meet both minimum score and have a qualifying score for those programs.

As a loan condition, staff recommends MHC research alternate funding sources and provide the analysis to MOHCD for review to reduce MOHCD's gap. See Section 11.3 Recommended conditions prior to financing gap.

- 7) **General Partner Equity (\$14,267,417)** – The General Partner Equity is consistent and exceeds MOHCD Developer Fee Policy of \$500,000.
- 8) **Deferred Developer Fee (\$50,000)** – MHC will take the maximum MOHCD allowable deferred developer fee generated through the 15 years on the non-LOSP units and contribute the fee to the Project.

6.4.2 HOME Funds Narrative
N/A, no HOME funds.

6.4.3 Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit are within standards	Y	\$565,288/unit
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5%
Architecture and Engineering Fees are within standards	Y	Total Architectural & Design fees is \$3,603,000, which is within UG.
Construction Management Fees are within standards	Y	CM is sized at \$190,000 (26 months for predev and 22 months for construction) and meets UG standard for predev and construction period.
Developer Fee is within standards, see also disbursement chart below	Y	PM Fee: \$1,100,000 At Risk: \$2,100,000 Commercial Developer Fee: \$250,000 Deferred Developer Fee: \$50,000 GP Equity: \$14,267,417 Total Developer Fee: \$17,767,417 Total developer fee is consistent with HCD's 2017 UMR and MOHCD Developer Fee Policy. HCD allows a max cash-out fee of \$3.5MM.
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 9.9%
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is a minimum of 3 months.

Per TCAC regulations, the maximum base developer fee allowed in the project is \$17,767,417. The below meets MOHCD's proposed Developer Fee Policy. Below is the breakdown of the total residential and commercial development fee in the Project:

Residential and Commercial Developer Fee		
Amount of Developer Fee allocated as Project Management (PM) Fee available during predevelopment and construction:	\$1,100,000	
Amount of Developer Fee allocated as Project Management Fee available at risk (the "At-Risk Fee"):	\$2,100,000	This amount includes +\$10,000 per unit over 100 units, totaling an additional \$1MM to the

		\$1.1MM At-Risk fee allowed under MOHCD Developer Fee Policy.
Commercial Space Developer Fee	\$250,000	This amount is the maximum under MOHCD Commercial Space UG for a community-serving commercial use.
General Partner Equity	\$14,267,417	This amount exceeds MOHCD minimum general partner equity requirement of \$500K to be recontributed to the Project.
Deferred Developer Fee	\$50,000	This amount is equal to the deferred developer fee shown on the 20-year cash flow.
Total Residential & Commercial Developer Fee		\$17,767,417

Residential and Commercial Developer Fee Disbursement Schedule		
Payment Milestone	% of Project Mgmt Fee	Amount
PM Fee: At closing of initial pre-development financing	15%	\$165,000
PM Fee: Predevelopment	35%	\$385,000
Site Permit Approval	33%	\$127,050
Submission of HCD funding application	33%	\$127,050
Submission of joint CDLAC and TCAC application	34%	\$130,900
PM Fee: Construction Close	20%	\$220,000
PM Fee: During or at End of Construction	20%	\$220,000
PM Fee: At Project Close Out	10%	\$110,000
Total Project Management Fee	100%	\$1,100,000
At Risk: 95% Leased up and Draft Cost Certification	20%	\$420,000
At Risk: Permanent Loan Closing/Conversion (Final Cost Certification Audit)	50%	\$1,050,000
At Risk: Project Close Out (Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.)	30%	\$630,000
Total At Risk	100%	\$2,100,000
Total Commercial Space Developer Fee		\$250,000
Deferred Developer Fee		\$50,000
Total Cash-Out Fee		\$3,500,000
GP Equity		\$14,267,417
Total Developer Fee		\$17,767,417

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 not intended for Loan Committee approval at this time.

7.2. Income.

The income average affordability for the overall project is 44% MOHCD AMI. It is 66% MOHCD AMI for the 79 unsubsidized (lottery) units.

Unit Mix Count	Unit Type	SF	Tenant Paid Max. Rent	MOHCD Rent Limits	MOHCD Max % AMI	Subsidy
6	1	500	\$1,901	\$1,970	80%	
21	2	750	\$2,121	\$2,218	80%	
3	3	950	\$2,334	\$2,463	80%	
8	1	500	\$1,409	\$1,478	60%	
28	2	750	\$1,566	\$1,663	60%	
4	3	950	\$1,719	\$1,848	60%	
2	1	500	\$1,162	\$1,231	50%	
6	2	750	\$1,289	\$1,386	50%	
1	3	950	\$1,411	\$1,540	50%	
100	Studio	350	\$250		30%	LOSP
4	1	500	\$300		30%	LOSP
14	2	750	\$300		30%	LOSP
2	3	950	\$300		30%	LOSP
1	2	750				Mgr. Unit
200						

The overall average AMI restriction for the unsubsidized units is 66% MOHCD AMI, which is higher than the stated goal in the RFQ of an average of no more than 60% MOHCD AMI. A condition of this loan will be to reduce the average of the unsubsidized units to the 60% goal by including non-homeless units affordable to ELI households prior to gap request.

The proposed 200-unit formerly homeless adult and family development will include:

- 100 studios
- 20 one-bedrooms
- 70 two-bedrooms (including a manager’s unit)
- 10 three-bedrooms

MHC proposes 70 units or 35% of total units to be 2-bedroom units. HCD’s minimum occupancy restrictions require a minimum of 2 people in 2-bedroom units and 4 people in 3-bedroom units. In MHC’s recent leasing experience with HCD funded family projects, there was a higher demand for 2-bedroom units than 3-bedroom units because households were only able to meet the minimum occupancy restriction for 2-bedroom units.

As a loan condition, staff recommends MHC explore adding more 3-bedroom units and provide MOHCD with the financing and design analysis prior to submitting the project’s site permit at 100% Schematic Design.

7.3. Annual Operating Expenses Evaluation.

MHC’s operating budget is compliant with MOHCD policies. MHC proposes a staffing plan that is comparable to other MHC buildings of size and target population. 1180 4th Street and 10th and Mission are over 130 units, with a formerly homeless household component, and has a staffing pattern that are comparable or exceed the proposed staffing plan for the project.

The preliminary operating budget includes a staffing plan of the following:

Position	Compensation (Base Rate/Salary)	# of Positions
Desk Clerk	\$35,360 (\$17/hour)	3.5 FTE
Lead Desk Clerk	\$46,800 (\$22.5/hour)	1.0 FTE
Senior Property Manager	\$80,000 (Salary)	1.0 FTE
Assistant Property Manager	\$46,800 (\$22.5/hour)	2.0 FTE
Maintenance Manager	\$62,400 (\$30/hour)	1.0 FTE
Maintenance Technician	\$46,800 (\$22.5/hour)	2.0 FTE
Janitors	\$41,600 (\$20/hour)	2.0 FTE
TOTAL		12.5 FTE

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio stays above 1:1 through Year 17	Y	DSCR is 1.12 in Year 1 and stays above 1.0 at 1.31 DSCR in Year 17. TCAC regulations dated October 28, 2019, requires at least a 1.15 DSCR in at least one of the project's first 3 years. The DSCR in Year 3 is 1.15.
Vacancy meets TCAC Standards	Y	Vacancy is 5.0%.
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5%
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are \$11,181 per unit, which are high due to the 24-hour desk clerk for homeless adult units, with 83% of the desk clerk paid by the 100 LOSP studio units.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$168,000 or \$840 PUPA.
Property Management staffing level is reasonable per comparables	Y	See above staffing chart. Staffing includes total of 12.5 FTE staff.
Asset Management and Partnership Management Fees meet standards	Y	Reflects a 2024 operating start Annual AM Fee is \$24,280/yr Annual PM Fee is \$24,270/yr Maximum Total Project Sponsor AM and PM fee in 2023 (2024 is not out yet) is \$48,550, per MOHCD's Operating Fees Policy.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 PUPA, per HCD standard.
Limited Partnership Asset Management Fee meets standards	Y	\$5,000 per year.

8. SUPPORT SERVICES

8.1. Services Plan.

ECS will be the service provider for the permanent supportive housing units and will enter into a services contract funded by HSH. ECS and MHC are proposing the following on-site support services staff:

Staff Position	Employed	FTE	Residents Served	Staff to Resident Ratio	Funding Source
Case Manager III	ECS	3.0 FTE	100 formerly homeless households (studio)	1:25	HSH
Case Manager III (Bilingual)	ECS	1.0 FTE	100 formerly homeless households (studio)	1:25	HSH
Case Manager III (Bilingual)	ECS	1.0 FTE	20 formerly homeless households (family units)	1:20	HSH
Supportive Services Manager	ECS	1.0 FTE	120 formerly homeless households (studio and family units)	1:20	HSH
Resident Services Coordinator	MHC	1.0 FTE	80 family units	1:80	Operating Budget

\$97,463 in the operating budget will fund a 1.0 FTE MHC Resident Services Coordinator serving the 80 family households. This is a staffing ratio of 1:80, more service-enriched than MOHCD’s 1:100 service coordination guidelines. MOHCD staff recommends approving a 1.0 FTE MHC Resident Services Coordinator for the project, which is 0.2 FTE higher than the project size would allow.

This building proposes a mix of homeless adults and families, potentially with different programmatic needs. The building is proposed to be designed with 2 wings, with a desk clerk covering the entrance to the adult wing. The design elements will need to be explored during the concept and schematic phases of the project. Completion and a services plan and budget will be a condition of the Site Permit milestone approval by MOHCD.

8.2. Service Budget.

The Services Budget is not yet developed. Approval of a preliminary services budget will be a condition of Site Permit milestone approval by MOHCD.

8.3. HSH Assessment of Service Plan and Budget.

Two HSH staff were part of the developer RFQ selection panel. HSH will review and assess the Services Plan and Budget once submitted, and will remain involved during the predevelopment phase while the homeless resident programming and model are being developed.

9. THRESHOLD ELIGIBILITY REQUIREMENTS

Minimum threshold eligibility requirements were defined in the competitive developer RFQ issued on May 17, 2019:

Minimum experience must be demonstrated by identifying specific **Qualifying Projects** in which team members have participated, as further described below.

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

- new construction (not a requirement for Minimum Service Provision Experience) 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
- mixed-use including residential (not a requirement for Minimum Service Provision Experience)
- affordable to low- and very low-income households²
- formerly homeless residents
- financed by use of 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. The definition of “completed” of a Qualifying Project means having received 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 I building. In such a case, the proposed Developer must provide evidence of having completed a partially Type 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 families and formerly homeless residents within a Qualifying Project.

10. RANKING CRITERIA

The developer met the minimum threshold eligibility requirements and was selected as the highest scoring team from the competitive RFQ process. The table below demonstrates the scoring from the selection panel and ranking criteria for selection:

Category	Possible Points	MHC & ECS
EXPERIENCE (subtotal):	50	49
Developer	15	15
Owner	5	5
Property Manager	15	14
Service Provider/s	15	15
VISION (subtotal):	50	46
Program Concept	15	13
Community Engagement Strategy	10	9
Services Delivery Strategy	15	14
Finance and Cost Containment Approach	10	10
TOTAL POSSIBLE POINTS	100	95

^{2 2} “Low Income” is defined as 60% MOHCD AMI and below. “Very Low Income” is defined as 30% MOHCD AMI and below.

11. STAFF RECOMMENDATIONS

11.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$3,500,000
Loan Term:	3 Years (rolled into 57 year loan at construction closing)
Loan Maturity Date:	2023
Loan Repayment Type:	Deferred interest
Loan Interest Rate:	0-3% at a rate that may be adjusted at the discretion of the MOHCD Director to attain financial feasibility for the project (pending true debt analysis).

11.2. Recommended disbursement conditions/schedule

Prior to initial predevelopment disbursement:

- Sponsor must provide evidence of Limited Partnership formation.
- Sponsor must provide evidence of Prop I sign posting.

11.3. Recommended conditions prior to financing gap

By April 30, 2020:

- Sponsor must provide a community outreach plan for the period of November 2019 through construction completion. The plan should identify key community stakeholders that will be outreached to, including families of Bessie Carmichael School as well as their Principal, School Site Coordinator, and the community based organizations (United Playaz and West Bay) that support the school, describe the team's community outreach strategy, and overall timeline.
- Sponsor must provide the Architect RFQ for MOHCD review and approval.
- Sponsor must provide the Subconsultants RFQ for MOHCD review and approval.
- Sponsor must provide the construction manager RFQ for MOHCD review and approval.
- Sponsor must provide the general contractor RFQ for MOHCD review and approval.
- Sponsor must provide the contract for Construction Management for MOHCD review and approval.

By July 31, 2020 (100% Schematic Design & prior to Site Permit Submittal):

- Sponsor must provide analysis of different construction types like the Pueblo Structural System, which could potentially provide cost savings and provide overall analysis to MOHCD for review.
- Sponsor must submit a preliminary services plan and budget covering the formerly homeless households for HSH and MOHCD review and approval.
- Sponsor must submit application to the Planning Department for SB35 and Site Permit review.
- Sponsor must research alternate funding sources, such as Housing for Healthy California (HHC), and provide analysis to MOHCD for review to reduce MOHCD's gap.
- Sponsor must explore adding more 3-bedroom units, provide the financing, and design analysis for MOHCD review and approval.
- Sponsor must submit a preliminary commercial space plan, commercial financial assumptions, and commercial development timeline for MOHCD review and approval.

By November 30, 2020 (100% Design Development):

- Sponsor must submit an updated commercial space plan, commercial financial assumptions, and commercial development timeline for MOHCD review and approval.

- Sponsor must submit a tenant improvement plan for MOHCD review and approval.

Prior to Gap Loan Request:

- Sponsor will reduce the overall average AMI for the unsubsidized units to 60% MOHCD.
- Sponsor must submit an updated services plan and budget for HSH and MOHCD Review and approval.
- Sponsor must provide the equity investor Request for Proposal (RFP) for MOHCD review and approval before finalizing and releasing the RFP.
- Sponsor must provide all lender and investor RFP responses prior to selections for MOHCD review and approval.
- Sponsor must notify MOHCD of the developer's lender and investor selection for MOHCD review and approval.
- Sponsor must provide raw financial data from the developer or financial consultant prior to the selected lender and investors for MOHCD review and approval.
- Sponsor must provide executed Letter of Intent (LOIs) with neighborhood serving commercial tenants, a commercial development budget, a tenant improvement proforma for MOHCD review and approval.
- Sponsor to implement cost containment strategies that meets the goal of the total development costs excluding land to be less than \$700K per unit. Sponsor must identify and implement cost containment strategies for construction and present them at the various cost estimates with narrative analysis of the pricing from the general contractor.

12. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

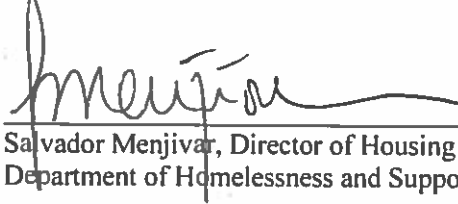
APPROVE. [] DISAPPROVE. [] TAKE NO ACTION.



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

Date: 11/15/19

APPROVE. [] DISAPPROVE. [] TAKE NO ACTION.



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

Date: 11/15/19

APPROVE. [] DISAPPROVE. [] TAKE NO ACTION.



for _____
Nadia Sesay, Executive Director
Office of Community Investment and Infrastructure

Date: 11/15/19

- Attachments:
- A. Project Milestones/Schedule
 - B. Borrower Org Chart
 - C. Developer Resumes
 - D. Asset Management Analysis of Sponsor
 - E. Site Map with amenities
 - F. Elevations and Floor Plans, if available
 - G. Comparison of City Investment in Other Housing Developments
 - H. Sources and Uses
 - I. Development Budget
 - J. 1st Year Operating Budget
 - K. Commercial Operating Pro Forma
 - L. 20-year Operating Pro Forma

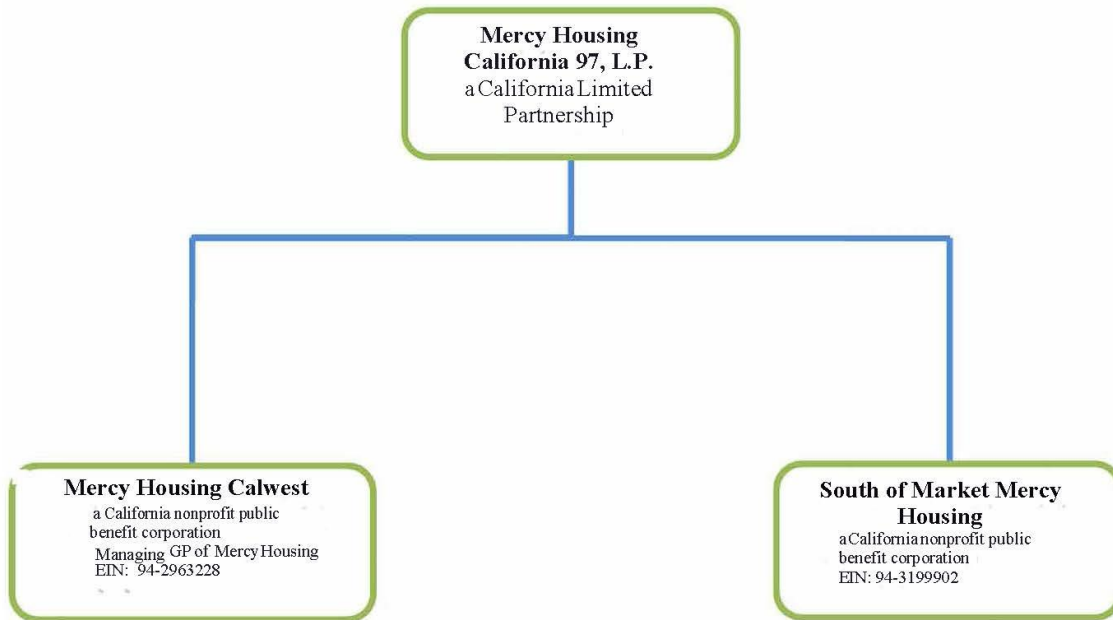
Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)		
1	Acquisition/Predev Financing Commitment	<u>November 2019</u>	
2.	Site Acquisition	<u>March 2022</u>	<u>June 2022</u>
3.	Development Team Selection		
a.	Architect	<u>December 2019</u>	
b.	General Contractor	<u>April 2020</u>	
c.	Owner's Representative	<u>February 2020</u>	
d.	Property Manager	<u>September 2019</u>	
e.	Service Provider	<u>September 2019</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>July 2020</u>	<u>October 2020</u>
b.	Submittal of Design Development & Cost Estimate	<u>November 2020</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>March 2021</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>July 2021</u>	
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	<u>N/A</u>	
b.	NEPA Environ Review Submission	<u>N/A</u>	
c.	CUP/PUD/Variances Submission	<u>March 2020</u>	
6.	Permits		
a.	Building / Site Permit Application Submitted	<u>July 2020</u>	<u>August 2020</u>
b.	Addendum #1 Submitted	<u>January 2021</u>	
c.	Addendum #2 Submitted	<u>July 2021</u>	
7.	Request for Bids Issued	<u>August 2021</u>	
8.	Service Plan Submission		
a.	Preliminary	<u>August 2022</u>	
b.	Interim	<u>April 2023</u>	
c.	Update	<u>October 2023</u>	
9.	Additional City Financing		
a.	Predevelopment Financing Application #2	<u>N/A</u>	
b.	Gap Financing Application	<u>November 2021</u>	
10.	Other Financing		

a.	MHP Application	<u>N/A</u>	
b.	IIG Application	<u>January 2021</u>	
c.	AHP Application	<u>March 2021</u>	
d.	CDLAC Application	<u>July 2021</u>	
e.	TCAC Application	<u>July 2021</u>	
f.	Construction Financing RFP	<u>October 2021</u>	
g.	Other Financing Application	_____	
11.	Closing		
a.	Construction Closing	<u>April 2022</u>	
b.	Permanent Financing Closing	<u>December 2024</u>	
12.	Construction		
a.	Notice to Proceed	<u>April 2022</u>	<u>July 2022</u>
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>February 2024</u>	<u>May 2024</u>
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>May 2023</u>	<u>August 2023</u>
b.	Commence Marketing	<u>August 2023</u>	
c.	95% Occupancy	<u>July 2024</u>	<u>October 2024</u>
14.	Cost Certification/8609	<u>May 2024</u>	
15.	Close Out MOH/OCII Loan(s)	<u>December 2024</u>	

Attachment B: Borrower Org Chart

600 7th - Borrower Org Chart



Attachment C: Developer Resume

DEVELOPER RESUME

Mercy Housing California (MHC) will be the sole Developer, acting as Sponsor and Managing General Partner of the eventual ownership partnership. MHC has developed over 50 properties in San Francisco over the past 35 years. Many of these properties were the result of strong affordable housing expertise, commitment and perseverance to combine unique financing sources to create innovative housing models. Additionally, MHC has a long track record in developing, leasing, and managing commercial space, with a current portfolio of approximately 117,000 sq ft of community- serving retail or service spaces in San Francisco. See below for details of our experience that make MHC particularly qualified to develop the 600 7th Street site.

Completing projects on time and on budget: MHC has a well-established track record of moving projects quickly through development within established budget parameters. For example, at 280 Beale, MHC was tasked with delivering 70 units in a standalone Type I building for \$200k per unit in OCII subsidy. This was achieved by creating an efficient, affordable building program and exterior treatment. The project's schedule was tied to the schedule of the neighboring market-rate tower, requiring the affordable project to break ground within 18 months from the start of predevelopment in order to coordinate the concrete pours of both projects to maximize efficiencies. MHC achieved this by working with the same contractor as the tower and working effectively with the architect and OCII to design an efficient, contextual exterior treatment. Another example is 95 Laguna, where MHC delivered 79 units of senior housing on-time and on-budget through an efficient exterior treatment and by increasing the unit count by seven within the existing building envelope by developing a more efficient interior layout. The TDC is \$554k per unit including the 7,600 sq ft commercial shell but excluding land.

Obtaining competitive financing terms: MHC's success at obtaining competitive funding is evidenced by over 50 HCD loans or commitments and its strong track record in obtaining competitive 9% tax credits, AHP, and HUD 202/811. MHC accesses very competitive tax credit pricing terms due to our extensive experience and relationships with limited partners. The size and success of our portfolio assures investors that MHC has the expertise needed to ensure that their credits will not be jeopardized. MHC has a breadth of experience across California, with multiple tax credit deals a year, and is backed by the national strength of Mercy Housing, Inc. This allows us to negotiate for better terms, and MHC has received better than average pricing in numerous projects, most recently receiving \$1.03 on three active deals in San Francisco.

Developing Type V/I, III/I, I construction: MHC has strong experience developing a wide range of construction types, including the following: *Type V/I:* 1100 Ocean, Columbia Park, 1028 Howard, 1101 Howard, School House Station (Daly City), Vista Grande (Daly City). *Type III/I:* 1180 Fourth, 95 Laguna, 455 Fell (under construction), Mission Bay 6W (under construction). *Type V/I:* Bill Sorro Community, Vera Haile Senior Housing, Edith Witt Senior Community, 280 Beale, 10th and Mission Family, Mission Creek, 111 Jones, Presentation Senior.

Developing for low-income families and formerly homeless households: MHC has decades of experience developing for low-income families and formerly homeless households. In San Francisco, MHC has developed 18 properties (1,493 units) for families and 11 properties (748 units) for formerly homeless households. Total in California, MHC has developed 74 properties (4,857 units) for families and 22 properties (1,414 units) for formerly homeless households. MHC has experience working with LOSP, Shelter + Care, VASH, and Project-Based Section 8 subsidies, among others,

and wide range of funding sources including HCD (MHP, NPLH, AHSC, IIG), HUD, AHP, and state and federal low-income housing tax credits.

Working in SoMa neighborhood: MHC has a strong history of providing family and supportive housing in SoMa. MHC has successfully developed 14 properties (1,214 units) in SoMa over the past 20 years. MHC's pipeline includes two large projects in SoMa serving formerly homeless households: 1064 Mission (258 units) and 833 Bryant (146 units). MHC has a special relationship working with ECS in SoMa, collaborating on the development of Canon Kip Senior and Canon Barcus Community House and currently working together on 1064 Mission.

Community outreach: MHC works closely and collaboratively with the community for input and support. For example, MHC led outreach for the Richardson Apartments, Essex Hotel, BayView Hill Gardens, Arlington Hotel, and Rose Hotel, all of which are 100% permanent supportive housing. Of these, only Richardson Apartments experienced opposition and MHC worked closely with partner CHP to convene extensive community meetings to describe the services and property management approach. With this information, neighbors came to accept the proposed program. MHC formed a neighborhood advisory committee to work with those who remained concerned about the site's use and operations. MHC worked with this group to identify a strategy for two retail spaces, resulting in an affordable eatery and a frame shop.

Staffing: MHC maintains development offices in San Francisco (headquarters), Sacramento, and Los Angeles. The San Francisco office presently has over 2,622 units in development, from feasibility to project closeout, with a staff of 14 people solely devoted to new development. This project would be led William Ho, Senior Project Developer, with supervision by Barbara Gualco, Director of Development, and input from Sharon Christen, Associate Director of Supportive Housing Development.

Attachment D: Asset Management Evaluation of Project Sponsor

Mercy Housing California's California Asset Management staff will provide asset management staff for the asset management duties. Mercy's Denver compliance and accounting staff would continue to perform compliance and accounting duties for the 600 7th Street project during operations.

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

MHI's Asset management department currently oversees 126 buildings with 8,398 units in the state of California.

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

Mercy Housing Inc. (MHI)'s Asset management department currently has a staff of 10 people. Four (4 FTEs) Asset Managers oversee the entire California portfolio. Four (4 FTEs) Asset Management Analysts provide support to the Asset managers. There is a Director of Portfolio Analysis (1 FTE) that oversees all of the analysts. The department head is the Senior Vice President of Portfolio Management (1 FTE) that oversees the entire department. All positions are currently filled and they are all full time. The breakdown of MHI's asset management staff positions is as follows:

- (1) Senior Vice President of Portfolio management
- (1) Director of Portfolio Analysis
- (4) Asset Managers
- (4) Asset Management Analysts

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

MHI's Asset Management staff has oversight over all operations of the properties in the portfolio. All of the Asset Management staff mentioned above fall under the umbrella of the property management department. Asset Management reviews financials, approves budgets, approves substantial capital initiatives, is a part of the team that determines long term capital projects. The asset management staff oversee build out for all existing commercial spaces and do all of the reporting and communication to all of financial partners. Asset management approves all annual budgets for the properties and approve all operating reserve draws or internal line of credit requests when a property is short of cash and needs a temporary funding to meet property operations costs. Asset management submits grants and loan applications for the properties to secure or continue operating funding.

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 constant 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 for SF Projects

Asset Management staffing budget is \$1,585,000.

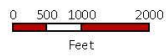
Number of Projects Expected to be in Developer's Asset Management Portfolio in 5 Years and, If Applicable, Plans to Augment Staffing to Manage Growing Portfolio

MHI anticipates that the portfolio will grow from 126 buildings to approximately 136 buildings in the next 5 years.

MOHCD Asset Management Staff's Final Assessment of Developers Asset Management Capacity

The Developer's description of their asset management functions, duties and coordination with related teams within the organization demonstrates an adequate asset management operation for their existing portfolio. With 4 FTE asset managers and a portfolio of 126 projects in California, the projects/AM staff ratio is 32, which is considered high based on the industry standard of 20-25 taught by NeighborWorks America; however, the Developer's asset management staff also includes 4 FTE asset management analysts who support the asset managers. Assuming that the full range of asset management responsibilities are covered by the asset managers and the asset management analysts, a total of 8 FTEs provides asset management services at a ratio of 16 projects per staff person, not including staff supervision and oversight. With an increase of 10 projects in the Developer's portfolio anticipated over the next 5 years, the ratio will increase to 17 and remain within the industry standard.

Attachment E: Site Map with amenities



SITE AMENITIES MAP - 600 7th Street



Attachment F: Elevations and Floor Plans

N/A

Attachment G: Comparison of City Investment in Other Housing Developments

Affordable Multifamily Housing New Construction Cost Comparison

Updated 11/8/2019

PROJECTS COMPLETED						Building Square Footage			Total Project Costs						Notes on Financing	Comments
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		
Transbay 7 - Natalie Gubb Comm	222 Beale Street	29,209	Oct-18	120	208	118,251	5,000	123,251	\$ 35,000	\$ 58,968,761	\$ 16,314,468	\$ 75,318,229	\$ 25,560,000	\$ 75,283,229		
Mission Family Housing	1036 Mission	15,200	Oct-18	88	134	92,462	6,955	99,417	\$ 5,551,029	\$ 39,847,691	\$ 6,583,453	\$ 51,982,173	\$ 17,704,400	\$ 46,431,144		
Completed Projects:		Average:		104	171	105,357	5,978	111,334	\$ 2,793,015	\$ 49,408,226	\$ 11,448,961	\$ 63,650,201	\$ 21,632,200	\$ 60,857,186		

PROJECTS UNDER CONSTRUCTION						Building Square Footage			Total Project Costs						Notes on Financing	Comments
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		
Eddy and Taylor Family Housing	222 Taylor	22,344	Jun-19	113	211	108,440	21,086	129,526	\$ 9,300,000	\$ 52,187,291	\$ 14,837,459	\$ 76,324,750	\$ 23,052,146	\$ 67,024,750		
490 South Van Ness	490 S. Van Ness Avenue	14,250	Apr-20	81	121	51,639	28,985	80,624	\$ 18,500,000	\$ 43,647,993	\$ 13,393,811	\$ 75,541,804	\$ 28,892,030	\$ 57,041,804		
2060 Folsom Street	2060 Folsom	29,075	Nov-20	127	252	155,648	11,810	167,458	\$ 134,931	\$ 71,655,660	\$ 20,100,172	\$ 91,890,763	\$ 31,697,110	\$ 91,755,832		
1950 Mission Street	1950 Mission Street	36,590	Nov-20	157	262	113,432	48,142	161,574	\$ 9,775,000	\$ 85,644,853	\$ 15,171,496	\$ 110,591,349	\$ 44,945,740	\$ 100,816,349		
Under Construction:		Average:		120	212	107,290	27,506	134,796	\$ 9,427,483	\$ 63,283,949	\$ 15,875,735	\$ 88,587,167	\$ 32,146,757	\$ 79,159,684		

PROJECTS IN PREDEVELOPMENT						Building Square Footage			Total Project Costs						Notes on Financing	Comments
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 Subsidy5	Total Dev. Cost w/o land		
500 Turk Street	500 Turk Street	18,906	Jan-20	108	186	82,805	26,586	109,391	\$ 1,853,895	\$ 54,288,491	\$ 29,815,020	\$ 85,957,406	\$ 32,400,000	\$ 84,103,511		
681 Florida	681 Florida Street	19,000	Sep-20	130	199	89,770	58,530	148,300	-	\$ 74,425,394	\$ 24,032,716	\$ 98,458,110	\$ 36,923,181	\$ 98,458,110		
Balboa Park Upper Yard	2340 San Jose Ave	30,750	Mar-21	131	214	175,335	10,741	174,618	\$ 6,150,000	\$ 87,810,144	\$ 20,150,966	\$ 114,111,110	\$ 32,743,700	\$ 114,111,110		
266 4th Steet	266 4th Street	8,400	Dec-21	70	99	58,663	1,580	60,500	\$ 133,100	\$ 42,600,330	\$ 17,001,667	\$ 58,984,284	\$ 9,393,118	\$ 59,117,384		
Sunnydale Block 6	242 Hahn Street	95,213	Jan-20	167	375	167,065	76,656	243,721	-	\$ 107,749,928	\$ 28,898,989	\$ 136,646,917	\$ 28,109,924	\$ 136,646,917		
In Predevelopment		Average:		121	215	114,728	34,819	147,306	\$ 1,627,399	\$ 73,374,857	\$ 23,979,872	\$ 98,831,565	\$ 27,913,985	\$ 98,487,406		

ALL PROJECTS	Average:	27,408	115	199	109,125	22,767	131,145	\$ 4,615,965	\$ 62,022,344	\$ 17,101,522	\$ 83,689,644	\$ 27,230,980	\$ 79,501,426
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600 7th Street	600 7th Street	37,800	Apr-22	200	290	107,000	45,857	152,857	\$ 10,000	\$ 113,057,596	\$ 35,988,865	\$ 149,056,461	\$ 44,550,243	\$ 149,046,461	Fed & State Credits; HCD IIG Grant	Type I, 8 stories
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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.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
Natalie Gubb Commons (TB7)	Oct-18	292	168	1	491,406	283,504	478	135,954	\$ 78,435	\$ 132	\$ 627,652	\$ 362,107	\$ 611	\$ 213,000	66.1%
Mission Family Housing	Oct-18	63,080	41,426	365	452,815	297,371	401	74,812	\$ 49,130	\$ 66	\$ 590,707	\$ 387,927	\$ 523	\$ 201,186	65.9%
Completed Projects:		Average:	31,686	20,797	183	472,111	290,437	440	\$ 105,383	\$ 99	\$ 609,179	\$ 375,017	\$ 567	\$ 207,093	66%

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.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
Eddy & Taylor Family Housing	Jun-19	82,301	44,076	416	461,834	247,333	403	131,305	\$ 70,320	\$ 115	\$ 675,440	\$ 361,729	\$ 589	\$ 204,001	69.8%
490 South Van Ness	Apr-20	228,395	152,893	1,298	538,864	360,727	541	165,356	\$ 110,693	\$ 166	\$ 932,615	\$ 624,312	\$ 937	\$ 356,692	61.8%
2060 Folsom Street	Nov-20	1,062	535	5	564,218	284,348	428	158,269	\$ 79,763	\$ 120	\$ 723,549	\$ 364,646	\$ 549	\$ 249,584	65.5%
1950 Mission Street	Nov-20	62,261	37,309	267	545,509	326,889	530	96,634	\$ 57,906	\$ 94	\$ 704,403	\$ 422,104	\$ 684	\$ 286,279	59.4%
Under Construction:		Average:	93,505	58,703	497	527,606	304,824	476	\$ 137,891	\$ 79,670	\$ 759,002	\$ 443,198	\$ 690	\$ 274,139	63.88%

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.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
500 Turk Street	Jan-20	17,166	9,967	98	502,671	291,874	496	276,065	\$ 160,296	\$ 273	\$ 795,902	\$ 462,137	\$ 786	\$ 300,000	62.3%
681 Florida	Sep-20	-	-	-	572,503	373,997	502	184,867	\$ 120,767	\$ 162	\$ 757,370	\$ 494,764	\$ 664	\$ 284,024	#REF!
Balboa Park Upper Yard	Mar-21	-	-	-	670,306	410,328	503	153,824	\$ 94,163	\$ 115	\$ 824,131	\$ 504,491	\$ 618	\$ 249,952	69.7%
4th and Folsom	Dec-21	1,901	1,344	16	608,576	430,306	704	242,881	\$ 171,734	\$ 281	\$ 842,633	\$ 595,801	\$ 975	\$ 134,187	84.1%
Sunnydale Block 6	Jan-20	-	-	-	645,209	287,333	442	173,048	\$ 77,064	\$ 119	\$ 818,245	\$ 364,392	\$ 561	\$ 168,323	79.4%
In Predevelopment		Average:	3,813	2,262	23	599,853	358,768	529	\$ 206,137	\$ 124,805	\$ 807,656	\$ 484,317	\$ 721	\$ 227,297	71.9%

All Projects:	AVERAGE	43,001	27,254	234	533,190	318,010	482	149,804	\$ 89,419	\$ 138	\$ 725,279	\$ 434,177	\$ 659	\$ 236,176	67.2%
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600 7th Street	Apr-22	50	34	0	565,288	389,854	740	179,944	\$ 124,100	\$ 235	\$ 745,282	\$ 513,987.80	\$ 975	\$ 222,751	70.1%
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Attachment H: Sources and Uses

Application Date: 10/23/19 # Units: 200
 Project Name: 600 7th Street # Bedrooms: 290
 Project Address: 600 7th Street # Beds:
 Project Sponsor: Mercy Housing Calwest LOSP Project

SOURCES	3,500,000						Total Sources	Comments
Name of Sources:	MOHCD/OCII						3,500,000	
	-	-	-	-	-			

USES

ACQUISITION

Acquisition cost or value								
Legal / Closing costs / Broker's Fee	10,000							10,000
Holding Costs								0
Transfer Tax								0
TOTAL ACQUISITION	10,000	0	0	0	0	0	0	10,000

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab								0
Commercial Shell Construction								0
Demolition								0
Environmental Remediation								0
Onsite Improvements/Landscaping								0
Offsite Improvements								0
Infrastructure Improvements								0
Parking								0
GC Bond Premium/GC Insurance/GC Taxes								0
GC Overhead & Profit								0
CG General Conditions								0
Sub-total Construction Costs	0	0	0	0	0	0	0	0
Design Contingency (remove at DD)								\$45MM+
Bid Contingency (remove at bid)								\$45MM+
Plan Check Contingency (remove/reduce during Plan Review)								\$45MM+
Hard Cost Construction Contingency								5% new construction / 15% rehab
Sub-total Construction Contingencies	0	0	0	0	0	0	0	0
TOTAL CONSTRUCTION COSTS	0	0	0	0	0	0	0	0

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

Architect design fees	1,700,000							1,700,000	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)								0	
Architect Construction Admin								0	
Reimbursables	45,000							45,000	
Additional Services	70,000							70,000	
Sub-total Architect Contract	1,815,000	0	0	0	0	0	0	1,815,000	
Other Third Party design consultants (not included under Architect contract)	58,000							58,000	
Total Architecture & Design	1,873,000	0	0	0	0	0	0	1,873,000	

Engineering & Environmental Studies

Survey	20,000							20,000	
Geotechnical studies	55,000							55,000	
Phase I & II Reports	60,000							60,000	
CEQA / Environmental Review consultants	40,000							40,000	
NEPA / 106 Review	25,000							25,000	
CNA/PNA (rehab only)								0	
Other environmental consultants	15,000							15,000	
Total Engineering & Environmental Studies	215,000	0	0	0	0	0	0	215,000	

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: PreDev Loan Interest	25,000							25,000	
Sub-total Const. Financing Costs	25,000	0	0	0	0	0	0	25,000	

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	0	
Total Financing Costs	25,000	0	0	0	0	0	0	25,000	

Legal Costs

Borrower Legal fees	5,000							5,000	
Land Use / CEQA Attorney fees	10,000							10,000	
Tax Credit Counsel								0	
Bond Counsel								0	
Construction Lender Counsel								0	
Permanent Lender Counsel								0	
Other Legal (specify)								0	
Total Legal Costs	15,000	0	0	0	0	0	0	15,000	

Other Development Costs

Appraisal	10,000							10,000	
Market Study	15,000							15,000	
Insurance								0	
Property Taxes								0	
Accounting / Audit								0	
Organizational Costs	5,000							5,000	
Entitlement / Permit Fees	350,000							350,000	
Marketing / Rent-up								0	
Furnishings								0	
PGE / Utility Fees								0	
TCAC App / Alloc / Monitor Fees	55,000							55,000	
Financial Consultant fees	45,000							45,000	
Construction Management fees / Owner's Rep	60,000							60,000	
Security during Construction								0	
Relocation								0	
Other (specify)								0	
Other (specify)								0	
Other (specify)								0	
Total Other Development Costs	540,000	0	0	0	0	0	0	540,000	

Total Soft Cost Contingency as % of Total Soft Costs 10.2%

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	272,000	0	0	0	0	0	0	272,000	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	2,940,000	0	0	0	0	0	0	2,940,000	

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	0	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	550,000							550,000	
Developer Fee - Cash-out At Risk								0	
Developer Fee - GP Equity (also show as source)								0	
Developer Fee - Deferred (also show as source)								0	
Development Consultant Fees								0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)								0	
TOTAL DEVELOPER COSTS	550,000	0	0	0	0	0	0	550,000	

TOTAL DEVELOPMENT COST

	3,500,000	0	0	0	0	0	0	3,500,000	
Development Cost/Unit by Source	17,500	0	0	0	0	0	0	17,500	
Development Cost/Unit as % of TDC by Source	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	

Acquisition Cost/Unit by Source

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

	0	0	0	0	0	0	0	0	
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Construction Cost (inc Const Contingency)/SF

	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
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City Subsidy/Unit

17,500

Tax Credit Equity Pricing:

F 0.98, S: 0.73

Construction Bond Amount:

120,888,632

Construction Loan Term (in months):

22 months

Construction Loan Interest Rate (as %):

4.00%

Attachment I: Development Budget

Application Date: 10/23/19 # Units: 200
 Project Name: 600 7th Street # Bedrooms: 290
 Project Address: 600 7th Street # Beds:
 Project Sponsor: Mercy Housing Calwest

LOSP Project

SOURCES	Total Sources								Comments
	44,550,243	8,726,612	7,500,000	17,500,000	1,500,000	54,962,189	14,267,417	50,000	
Name of Sources:	MOHCD/OCII	Tax Exempt Perm Loan	HCD IIG	HCD NPLH / MOHCD	AHP	Investor Equity	GP Equity	Deferred Dev Fee	

USES	MOHCD/OCII	Tax Exempt Perm Loan	HCD IIG	HCD NPLH / MOHCD	AHP	Investor Equity	GP Equity	Deferred Dev Fee	
ACQUISITION									
Acquisition cost or value									0
Legal / Closing costs / Broker's Fee	10,000								10,000
Holding Costs									0
Transfer Tax									0
TOTAL ACQUISITION	10,000	0	0	0	0	0	0	0	10,000

CONSTRUCTION (HARD COSTS)										
Unit Construction/Rehab	10,620,205	1,936,077	7,500,000	17,500,000	1,500,000	54,852,189			93,908,471	Includes 6% annual escalation
Commercial Shell Construction									0	
Demolition									0	
Environmental Remediation									0	
Onsite Improvements/Landscaping									0	
Offsite Improvements									0	
Infrastructure Improvements									0	
Parking									0	
GC Bond Premium/GC Insurance/GC Taxes	2,190,763								2,190,763	2.3%
GC Overhead & Profit	2,271,902								2,271,902	2.4%
CG General Conditions	2,596,460								2,596,460	2.8%
Sub-total Construction Costs	17,679,330	1,936,077	7,500,000	17,500,000	1,500,000	54,852,189	0	0	100,967,596	
Design Contingency (remove at DD)	2,790,000								2,790,000	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)	2,790,000								2,790,000	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Revi	1,860,000								1,860,000	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency	4,650,000								4,650,000	5% new construction / 15% rehab
Sub-total Construction Contingencies	12,090,000	0	0	0	0	0	0	0	12,090,000	
TOTAL CONSTRUCTION COSTS	29,769,330	1,936,077	7,500,000	17,500,000	1,500,000	54,852,189	0	0	113,057,596	

SOFT COSTS										
Architecture & Design										
Architect design fees	1,700,000								1,700,000	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	950,000								950,000	
Architect Construction Admin	700,000								700,000	
Reimbursables	60,000								60,000	
Additional Services	80,000								80,000	
Sub-total Architect Contract	3,490,000	0	0	0	0	0	0	0	3,490,000	
Other Third Party design consultants (not included under Architect contract)	113,000								113,000	
Total Architecture & Design	3,603,000	0	0	0	0	0	0	0	3,603,000	
Engineering & Environmental Studies										
Survey	30,000								30,000	
Geotechnical studies	160,000								160,000	
Phase I & II Reports	60,000								60,000	
CEQA / Environmental Review consultants	40,000								40,000	
NEPA / 106 Review	165,000								165,000	4478000
CNA/PNA (rehab only)									0	
Other environmental consultants	420,000								420,000	
Total Engineering & Environmental Studies	875,000	0	0	0	0	0	0	0	875,000	
Financing Costs										
Construction Financing Costs										
Construction Loan Origination Fee	906,665								906,665	
Construction Loan Interest		6,070,635							6,070,635	
Title & Recording	50,000								50,000	
CDLAC & CDIAC fees	30,000								30,000	
Bond Issuer Fees	367,099								367,099	
Other Bond Cost of Issuance	140,000								140,000	
Other Lender Costs: PreDev Loan Interest	25,000								25,000	
Sub-total Const. Financing Costs	1,518,764	6,070,635	0	0	0	0	0	0	7,589,399	
Permanent Financing Costs										
Permanent Loan Origination Fee	87,902								87,902	
Credit Enhance. & Appl. Fee									0	
Title & Recording		25,000							25,000	
Sub-total Perm. Financing Costs	87,902	25,000	0	0	0	0	0	0	112,902	
Total Financing Costs	1,606,666	6,095,635	0	0	0	0	0	0	7,702,301	
Legal Costs										
Borrower Legal fees	10,000								10,000	
Land Use / CEQA Attorney fees	10,000								10,000	
Tax Credit Counsel	30,000								30,000	
Bond Counsel	50,000								50,000	
Construction Lender Counsel	135,000								135,000	
Permanent Lender Counsel	65,000								65,000	
Other Legal (specify)									0	
Total Legal Costs	300,000	0	0	0	0	0	0	0	300,000	
Other Development Costs										
Appraisal	25,000								25,000	
Market Study	15,000								15,000	
Insurance	500,000								500,000	
Property Taxes									0	
Accounting / Audit	30,000								30,000	
Organizational Costs	5,000								5,000	
Entitlement / Permit Fees	900,000								900,000	
Marketing / Rent-up	300,000								300,000	
Furnishings	789,000								789,000	\$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	300,000								300,000	
TCAC App / Alloc / Monitor Fees	133,015								133,015	
Financial Consultant fees	45,000								45,000	
Construction Management fees / Owner's Rep	190,000								190,000	
Security during Construction	240,000								240,000	
Relocation									0	
Other (specify)									0	
Other (specify)									0	
Other (specify)									0	
Total Other Development Costs	3,472,015	0	0	0	0	0	0	0	3,472,015	
Soft Cost Contingency										
Contingency (Arch, Eng, Fin, Legal & Other Dev)	1,574,232	0	0	0	0	0	0	0	1,574,232	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	11,430,913	6,095,635	0	0	0	0	0	0	17,526,548	Total Soft Cost Contingency as % of Total Soft Costs 9.9%

RESERVES										
Operating Reserves		694,900							694,900	
Replacement Reserves									0	
Tenant Improvements Reserves									0	
Other (specify)									0	
Other (specify)									0	
Other (specify)									0	
TOTAL RESERVES	0	694,900	0	0	0	0	0	0	694,900	

DEVELOPER COSTS										
Developer Fee - Cash-out Paid at Milestones	1,100,000								1,100,000	
Developer Fee - Cash-out At Risk	2,240,000					110,000			2,350,000	includes \$250K commercial developer fee
Developer Fee - GP Equity (also show as source)							14,267,417	50,000	14,317,417	Only through year 15. Up to \$1.45M allowed
Developer Fee - Deferred (also show as source)									0	Need MOHCD approval for this cost, N/A for most projects
Development Consultant Fees									0	
Other (specify)									0	
TOTAL DEVELOPER COSTS	3,340,000	0	0	0	0	110,000	14,267,417	50,000	17,767,417	

TOTAL DEVELOPMENT COST										
	44,550,243	8,726,612	7,500,000	17,500,000	1,500,000	54,962,189	14,267,417	50,000	149,056,461	
Development Cost/Unit by Source	222,751	43,633	37,500	87,500	7,500	274,811	71,337	250	745,282	
Development Cost/Unit as % of TDC by Source	29.9%	5.9%	5.0%	11.7%	1.0%	36.9%	9.6%	0.0%	100.0%	

Acquisition Cost/Unit by Source										
	0	0	0	0	0	0	0	0	0	

Construction Cost (inc Const Contingency)/Unit By Source										
	148,847	9,680	37,500	87,500	7,500	274,261	0	0	565,288	
Construction Cost (inc Const Contingency)/SF										
	194.75	12.67	49.07	114.49	9.81	358.85	0.00	0.00	739.63	

City Subsidy/Unit										
	222,751									

Tax Credit Equity Pricing										
Construction Bond Amount:	F 0.98 S: 0.73									
Construction Loan Term (in months):	120,888,632									
Construction Loan Interest Rate (as %):	22 months									
	4.00%									

Attachment J: 1st Year Operating Budget

Application Date: 10/23/2019
Total # Units: 200
First Year of Operations: 2024
LOSP Units: 120
Non-LOSP Units: 80

Project Name: 600 7th Street
Project Address: 600 7th Street
Project Sponsor: Mercy Housing Calwest

Correct errors noted in Col N!

Table with columns: INCOME, LOSP, non-LOSP, Total, Comments, Alternative LOSP Split. Rows include Residential - Tenant Rents, Commercial Space, Supportive Services Income, etc.

Table with columns: OPERATING EXPENSES, Management, Management Fee, Asset Management Fee, Sub-total Management Expenses.

Table with columns: Salaries/Benefits, Office Salaries, Manager's Salary, Health Insurance and Other Benefits, etc.

Table with columns: Administration, Advertising and Marketing, Office Expenses, Office Rent, Legal Expense - Property, etc.

Table with columns: Utilities, Electricity, Water, Gas, Sewer, Sub-total Utilities.

Table with columns: Taxes and Licenses, Real Estate Taxes, Payroll Taxes, Miscellaneous Taxes, Licenses and Permits, Sub-total Taxes and Licenses.

Table with columns: Insurance, Property and Liability Insurance, Fidelity Bond Insurance, Worker's Compensation, Director's & Officers' Liability Insurance, Sub-total Insurance.

Table with columns: Maintenance & Repair, Payroll, Supplies, Contracts, Garbage and Trash Removal, Security Payroll/Contract, HVAC Repairs and Maintenance, etc.

Table with columns: Supportive Services, Commercial Expenses, Sub-total Supportive Services.

TOTAL OPERATING EXPENSES table with summary values.

Table with columns: Reserves/Ground Lease Base Rent/Bond Fees, Ground Lease Base Rent, Bond Monitoring Fee, Replacement Reserve Deposit, etc.

Table with columns: TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees), NET OPERATING INCOME (INCOME minus OP EXPENSES).

Table with columns: Min DSCR, Mortgage Rate, Term (Years), Supportable 1st Mortgage Amt, Proposed 1st Mortgage Amt.

Table with columns: DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans), Hard Debt - First Lender, Hard Debt - Second Lender, etc.

Table with columns: CASH FLOW (NOI minus DEBT SERVICE), Commercial Only Cash Flow, Allocation of Commercial Surplus to LOPS/non-LOSP (residual income).

Table with columns: AVAILABLE CASH FLOW, USES OF CASH FLOW BELOW, USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL.

Table with columns: TOTAL PAYMENTS PRECEDING MOHCD, RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD).

Table with columns: Residual Receipts Calculation, Does Project have a MOHCD Residual Receipt Obligation?, Will Project Deter Developer Fee?, etc.

Table with columns: Soft Debt Lenders with Residual Receipts Obligations, MOHCD/OCII - Soft Debt Loans, MOHCD/OCII - Ground Lease Value or Land Acq Cost, etc.

Table with columns: MOHCD RESIDUAL RECEIPTS DEBT SERVICE, MOHCD Residual Receipts Amount Due, Proposed MOHCD Residual Receipts Amount to Loan Repayment, etc.

Table with columns: REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE.

Table with columns: NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE, HCD Residual Receipts Amount Due, Lender 4 Residual Receipts Due, etc.

Table with columns: REMAINDER (Should be zero unless there are distributions below), Owner Distributions/Incentive Management Fee, Other Distributions/Uses, Final Balance (should be zero).

Application Date: 10/23/2019
 Total # Units: 200
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2024

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			
Miscellaneous Rent Income	LOSP	non-LOSP	Approved By (reqd)
Supportive Services Income			
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	60.00%	40.00%	
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			Approved By (reqd)
Asset Management Fee			
Sub-total Management Expenses			
Salaries/Benefits			
Office Salaries	83.00%	17.00%	Approved By (reqd)
Manager's Salary			
Health Insurance and Other Benefits			
Other Salaries/Benefits			
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	60.00%	40.00%	
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	60.00%	40.00%	
Gas			
Sewer			
Sub-total Utilities			

Taxes and Licenses			
Real Estate Taxes			
Payroll Taxes			
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	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Supplies	60.00%	40.00%	
Contracts			
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	0.00%	100.00%	Approved By (reqd)
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	0.00%	100.00%	Approved By (reqd)
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender 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 LOSP/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)	lender in comments field		
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)			
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	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 Deter Developer Fee?

Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 18.084

% of Residual Receipts available for distribution to soft debt lenders in 1.000016589

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: Commercial Operating Proforma

600 7th Street

LOSP Project

Total # Units: 200		Business Year	Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028	Year 6 2029	Year 7 2030	Year 8 2031	Year 9 2032	Year 10 2033	Year 11 2034	Year 12 2035	Year 13 2036	Year 14 2037	Year 15 2038	Year 16 2039	Year 17 2040	Year 18 2041	Year 19 2042	Year 20 2043
COMMERCIAL INCOME	% annual increase	Comments																				
Commercial Space 1	2.5%	Grocery	48,000	49,200	50,430	51,691	52,983	54,308	55,665	57,057	58,483	59,945	61,444	62,980	64,555	66,169	67,823	69,518	71,256	73,038	74,864	76,735
Commercial Space 2	2.5%	Restaurant	33,600	34,440	35,301	36,184	37,088	38,015	38,966	39,940	40,938	41,962	43,011	44,086	45,188	46,318	47,476	48,663	49,879	51,126	52,405	53,715
Commercial Space 3	2.5%	Art Space	14,196	14,551	14,915	15,288	15,670	16,061	16,463	16,875	17,296	17,729	18,172	18,626	19,092	19,569	20,059	20,560	21,074	21,601	22,141	22,694
Commercial Space 4	2.5%	Art Space	14,196	14,551	14,915	15,288	15,670	16,061	16,463	16,875	17,296	17,729	18,172	18,626	19,092	19,569	20,059	20,560	21,074	21,601	22,141	22,694
Commercial Space 5	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income			109,992	112,742	115,560	118,449	121,411	124,446	127,557	130,746	134,015	137,365	140,799	144,319	147,927	151,625	155,416	159,301	163,284	167,366	171,550	175,839
		Rent/SF/Month:	\$1.83	\$1.88	\$1.93	\$1.97	\$2.02	\$2.07	\$2.13	\$2.18	\$2.23	\$2.29	\$2.35	\$2.41	\$2.47	\$2.53	\$2.59	\$2.66	\$2.72	\$2.79	\$2.86	\$2.93
Vacancy Loss - Commercial	n/a	First Year assumes 50%; enter negative # if need to override. For out years, manually enter per MOHCD policy; annual incrementing usually not appropriate. Indicate if market study or other source if using "actual projected vacancy."	(109,992)	(112,742)	(115,560)	(118,449)	(121,411)	(124,446)	(127,557)	(130,746)	(134,015)	(137,365)	(140,799)	(144,319)	(147,927)	(151,625)	(155,416)	(159,301)	(163,284)	(167,366)	(171,550)	(175,839)
EFFECTIVE GROSS INCOME			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COMMERCIAL OPERATING EXPENSES																						
Management																						
Commercial Management Fee	3.5%	Fee to be based on recommendation of current market study.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Management Expenses			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities																						
Electricity	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewer	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Utilities			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes and Licenses																						
Real Estate Taxes	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll Taxes	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Taxes and Licenses			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance																						
Property and Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance & Repair																						
Payroll	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracts	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Garbage and Trash Removal	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Payroll/Contract	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HVAC Repairs and Maintenance	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Maintenance & Repair Expenses			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves/Ground Lease Base Rent/Bond Fees																						
Replacement Reserve Deposit			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMERCIAL OPERATING EXPENSES			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET OPERATING INCOME (INCOME minus OP EXPENSES)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																						
Hard Debt - First Lender			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE																						
Replacement Reserve Starting Balance			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposits			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replacement Reserve Withdrawals (ideally tied to CNA)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replacement Reserve Interest			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RR Running Balance			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OPERATING RESERVE - RUNNING BALANCE																						
Operating Reserve Starting Balance			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve Deposits			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve Withdrawals			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve Interest			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OR Running Balance			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE																						
Other Reserve 1 Starting Balance			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserve 1 Deposits			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserve 1 Withdrawals			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserve 1 Interest			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Running Balance			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER RESERVE 2 - RUNNING BALANCE																						
Other Reserve 2 Starting Balance			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserve 2 Deposits			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserve 2 Withdrawals			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserve 2 Interest			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Running Balance			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Attachment L: 20-year Operating Proforma

600 7th Street

	Total # Units: 200	LOSP Units 120 60.00%		Non-LOSP Units 80 40.00%		Year 1 2024			Year 2 2025			Year 3 2026		
		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%		432,000	1,576,968	2,008,968	436,320	1,616,392	2,052,712	440,683	1,656,802	2,097,485		
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-		
Residential - LO SP Tenant Assistance Payments	n/a	n/a		919,187	-	919,187	959,162	-	959,162	1,000,642	-	1,000,642		
Commercial Space	n/a	2.5%		-	-	-	-	-	-	-	-	-		
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-		
Miscellaneous Rent Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-		
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-		
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-		
Laundry and Vending	2.5%	2.5%		7,761	5,174	12,935	7,955	5,303	13,258	8,154	5,436	13,590		
Tenant Charges	2.5%	2.5%		3,838	2,558	6,396	3,934	2,622	6,556	4,032	2,688	6,720		
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-		
Other Commercial Income	n/a	2.5%		-	-	-	-	-	-	-	-	-		
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-		
Gross Potential Income				1,362,786	1,584,700	3,057,478	1,407,371	1,624,318	3,144,430	1,453,511	1,664,926	3,233,997		
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(21,600)	(78,849)	(100,449)	(21,816)	(80,820)	(102,636)	(22,034)	(82,840)	(104,874)		
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-		
Vacancy Loss - Commercial	n/a	n/a		-	(109,992)	-	-	(112,742)	-	-	-	(115,560)		
EFFECTIVE GROSS INCOME				1,341,186	1,505,852	2,847,038	1,385,555	1,543,498	2,929,053	1,431,477	1,582,086	3,013,562		
OPERATING EXPENSES														
Management														
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	100,800	67,200	168,000	104,328	69,552	173,880	107,979	71,986	179,966		
Asset Management Fee	3.5%	3.5%	per MOHCD policy	14,568	9,712	24,280	15,078	10,052	25,130	15,606	10,404	26,009		
Sub-total Management Expenses				115,368	76,912	192,280	119,406	79,604	199,010	123,585	82,390	205,975		
Salaries/Benefits														
Office Salaries	3.5%	3.5%		145,549	29,811	175,360	150,643	30,855	181,498	155,916	31,935	187,850		
Manager's Salary	3.5%	3.5%		107,040	71,360	178,400	110,786	73,858	184,644	114,664	76,443	191,107		
Health Insurance and Other Benefits	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Other Salaries/Benefits	3.5%	3.5%		3,720	2,480	6,200	3,850	2,567	6,417	3,985	2,657	6,642		
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Sub-total Salaries/Benefits				256,309	103,651	359,960	265,280	107,279	372,559	274,564	111,034	385,598		
Administration														
Advertising and Marketing	3.5%	3.5%		1,200	800	2,000	1,242	828	2,070	1,285	857	2,142		
Office Expenses	3.5%	3.5%		24,019	16,012	40,031	24,859	16,573	41,432	25,729	17,153	42,882		
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Legal Expense - Property	3.5%	3.5%		7,500	5,000	12,500	7,763	5,175	12,938	8,034	5,356	13,390		
Audit Expense	3.5%	3.5%		9,522	6,348	15,870	9,855	6,570	16,425	10,200	6,800	17,000		
Bookkeeping/Accounting Services	3.5%	3.5%		18,000	12,000	30,000	18,630	12,420	31,050	19,282	12,855	32,137		
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Miscellaneous	3.5%	3.5%		8,077	5,384	13,461	8,359	5,573	13,932	8,652	5,768	14,420		
Sub-total Administration Expenses				68,317	45,545	113,862	70,708	47,139	117,847	73,183	48,789	121,972		
Utilities														
Electricity	3.5%	3.5%		89,507	59,671	149,178	92,640	61,760	154,399	95,882	63,921	159,803		
Water	3.5%	3.5%		42,421	28,280	70,701	43,905	29,270	73,176	45,442	30,295	75,737		
Gas	3.5%	3.5%		26,106	17,404	43,510	27,020	18,013	45,033	27,965	18,644	46,609		
Sewer	3.5%	3.5%		28,839	19,226	48,065	29,848	19,899	49,747	30,893	20,595	51,488		
Sub-total Utilities				186,872	124,582	311,454	193,413	128,942	322,355	200,182	133,455	333,637		
Taxes and Licenses														
Real Estate Taxes	3.5%	3.5%		4,800	3,200	8,000	4,968	3,312	8,280	5,142	3,428	8,570		
Payroll Taxes	3.5%	3.5%		118,594	79,063	197,657	122,745	81,830	204,575	127,041	84,694	211,735		
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		9,480	6,320	15,800	9,812	6,541	16,353	10,155	6,770	16,925		
Sub-total Taxes and Licenses				132,874	88,583	221,457	137,525	91,683	229,208	142,338	94,892	237,230		
Insurance														
Property and Liability Insurance	3.5%	3.5%		130,200	86,800	217,000	134,757	89,838	224,595	139,473	92,982	232,456		
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Worker's Compensation	3.5%	3.5%		13,800	9,200	23,000	14,283	9,522	23,805	14,783	9,855	24,638		
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Sub-total Insurance				144,000	96,000	240,000	149,040	99,360	248,400	154,256	102,838	257,094		
Maintenance & Repair														
Payroll	3.5%	3.5%		147,120	98,080	245,200	152,269	101,513	253,782	157,599	105,066	262,664		
Supplies	3.5%	3.5%		23,100	15,400	38,500	23,909	15,939	39,848	24,745	16,497	41,242		
Contracts	3.5%	3.5%		48,204	32,136	80,340	49,891	33,261	83,152	51,637	34,425	86,062		
Garbage and Trash Removal	3.5%	3.5%		63,735	42,490	106,225	65,966	43,977	109,943	68,275	45,516	113,791		
Security Payroll/Contract	3.5%	3.5%		7,200	4,800	12,000	7,452	4,968	12,420	7,713	5,142	12,855		
HVAC Repairs and Maintenance	3.5%	3.5%		50,700	33,800	84,500	52,475	34,983	87,458	54,311	36,207	90,519		
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		9,324	6,216	15,540	9,650	6,434	16,084	9,988	6,659	16,647		
Sub-total Maintenance & Repair Expenses				349,383	232,922	582,305	361,611	241,074	602,686	374,268	249,512	623,780		
Supportive Services	3.5%	3.5%		-	97,463	97,463	-	100,874	100,874	-	104,405	104,405		
Commercial Expenses				-	-	-	-	-	-	-	-	-		
TOTAL OPERATING EXPENSES				1,253,124	865,657	2,118,781	1,296,983	895,955	2,192,938	1,342,377	927,314	2,269,691		
PUPA (w/o Reserves/GL Base Rent/Bond Fees)				10,594										
Reserves/Ground Lease Base Rent/Bond Fees														
Ground Lease Base Rent				9,000	6,000	15,000	9,000	6,000	15,000	9,000	6,000	15,000		
Bond Monitoring Fee				1,500	1,000	2,500	1,500	1,000	2,500	1,500	1,000	2,500		
Replacement Reserve Deposit				60,000	40,000	100,000	60,000	40,000	100,000	60,000	40,000	100,000		
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-		
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-		
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-		
Required Reserve Deposit/s, Commercial				-	-	-	-	-	-	-	-	-		
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				70,500	47,000	117,500	70,500	47,000	117,500	70,500	47,000	117,500		
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				1,323,624	912,657	2,236,281	1,367,483	942,955	2,310,438	1,412,877	974,314	2,387,191		
PUPA (w/ Reserves/GL Base Rent/Bond Fees)				11,181										
NET OPERATING INCOME (INCOME minus OP EXPENSES)				17,562	593,195	610,757	18,072	600,543	618,615	18,599	607,772	626,371		
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender					545,318	545,318		545,318	545,318		545,318	545,318		
Hard Debt - Second Lender (HCD Program 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					545,318	545,318		545,318	545,318		545,318	545,318		
CASH FLOW (NOI minus DEBT SERVICE)				17,562	47,877	65,439	18,072	55,225	73,297	18,599	62,454	81,053		
Commercial Only Cash Flow				-	-	-	-	-	-	-	-	-		
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				-	-	-	-	-	-	-	-	-		
AVAILABLE CASH FLOW				17,562	47,877	65,439	18,072	55,225	73,297	18,599	62,454	81,053		
USES OF CASH FLOW BELOW (This row also shows DSCR.)				DSCR:			1.12	1.13			1.15			
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL														
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-		
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	14,562	9,708	24,270	15,072	10,048	25,119	15,599	10,399	25,999		
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	3,000	2,000	5,000	3,000	2,000	5,000	3,000	2,000	5,000		
Other Payments				-	-	-	-	-	-	-	-	-		
Non-amortizing Loan Pmnt - Lender 1			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-		
Non-amortizing Loan Pmnt - Lender 2			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-		
Deferred Developer Fee (Enter amt <= Max Fee from row 131)				-	18,084	18,084	-	21,589	21,589	-	10,327	10,327		
TOTAL PAYMENTS PRECEDING MOHCD				17,562	29,792	47,354	18,072	33,637	51,708	18,599	22,726	41,326		
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)				-	18,085	18,085	(0)							

600 7th Street

INCOME	inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 4 2027			Year 5 2028			Year 6 2029		
				LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Residential - Tenant Rents	1.0%	2.5%		445,090	1,698,222	2,143,312	449,541	1,740,678	2,190,219	454,036	1,784,195	2,238,231
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		1,043,680	-	1,043,680	1,088,332	-	1,088,332	1,134,656	-	1,134,656
Commercial Space	n/a	2.5%		-	-	118,449	-	-	121,411	-	-	124,446
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		8,358	5,572	13,930	8,567	5,711	14,278	8,781	5,854	14,635
Tenant Charges	2.5%	2.5%		4,133	2,755	6,888	4,236	2,824	7,060	4,342	2,895	7,236
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%		-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-
Gross Potential Income				1,501,260	1,706,549	3,326,259	1,550,675	1,749,213	3,421,299	1,601,815	1,792,943	3,519,204
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(22,255)	(84,911)	(107,166)	(22,477)	(87,034)	(109,511)	(22,702)	(89,210)	(111,912)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a		-	-	(118,449)	-	-	-	-	-	(124,446)
EFFECTIVE GROSS INCOME				1,479,006	1,621,638	3,100,644	1,528,198	1,662,179	3,190,377	1,579,113	1,703,733	3,282,846
OPERATING EXPENSES												
Management												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	111,759	74,506	186,265	115,670	77,114	192,784	119,719	79,813	199,531
Asset Management Fee	3.5%	3.5%	per MOHCD policy	16,152	10,768	26,920	16,717	11,145	27,862	17,302	11,535	28,837
Sub-total Management Expenses				127,911	85,274	213,184	132,387	88,258	220,646	137,021	91,347	228,368
Salaries/Benefits												
Office Salaries	3.5%	3.5%		161,373	33,052	194,425	167,021	34,209	201,230	172,866	35,406	208,273
Manager's Salary	3.5%	3.5%		118,677	79,118	197,795	122,831	81,887	204,718	127,130	84,753	211,883
Health Insurance and Other Benefits	3.5%	3.5%		-	-	-	-	-	-	-	-	
Other Salaries/Benefits	3.5%	3.5%		4,124	2,750	6,874	4,269	2,846	7,115	4,418	2,945	7,364
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	
Sub-total Salaries/Benefits				284,174	114,920	399,094	294,120	118,942	413,062	304,414	123,105	427,520
Administration												
Advertising and Marketing	3.5%	3.5%		1,330	887	2,217	1,377	918	2,295	1,425	950	2,375
Office Expenses	3.5%	3.5%		26,630	17,753	44,383	27,562	18,375	45,936	28,527	19,018	47,544
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	
Legal Expense - Property	3.5%	3.5%		8,315	5,544	13,859	8,606	5,738	14,344	8,908	5,938	14,846
Audit Expense	3.5%	3.5%		10,557	7,038	17,595	10,927	7,284	18,211	11,309	7,539	18,849
Bookkeeping/Accounting Services	3.5%	3.5%		19,957	13,305	33,262	20,655	13,770	34,426	21,378	14,252	35,631
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	
Miscellaneous	3.5%	3.5%		8,955	5,970	14,924	9,268	6,179	15,447	9,592	6,395	15,987
Sub-total Administration Expenses				75,745	50,496	126,241	78,396	52,264	130,659	81,139	54,093	135,232
Utilities												
Electricity	3.5%	3.5%		99,238	66,159	165,396	102,711	68,474	171,185	106,306	70,871	177,177
Water	3.5%	3.5%		47,032	31,355	78,387	48,679	32,452	81,131	50,382	33,588	83,971
Gas	3.5%	3.5%		28,944	19,296	48,240	29,957	19,971	49,929	31,006	20,670	51,676
Sewer	3.5%	3.5%		31,974	21,316	53,291	33,093	22,062	55,156	34,252	22,834	57,086
Sub-total Utilities				207,189	138,126	345,315	214,440	142,960	357,401	221,946	147,964	369,910
Taxes and Licenses												
Real Estate Taxes	3.5%	3.5%		5,322	3,548	8,870	5,508	3,672	9,180	5,701	3,961	9,501
Payroll Taxes	3.5%	3.5%		131,488	87,658	219,146	136,090	90,726	226,816	140,853	93,902	234,755
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		10,511	7,007	17,518	10,879	7,252	18,131	11,259	7,506	18,765
Sub-total Taxes and Licenses				147,320	98,213	245,533	152,476	101,651	254,127	157,813	105,209	263,021
Insurance												
Property and Liability Insurance	3.5%	3.5%		144,355	96,237	240,592	149,407	99,605	249,012	154,637	103,091	257,728
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	
Worker's Compensation	3.5%	3.5%		15,300	10,200	25,501	15,836	10,557	26,393	16,390	10,927	27,317
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	
Sub-total Insurance				159,655	106,437	266,092	165,243	110,162	275,406	171,027	114,018	285,045
Maintenance & Repair												
Payroll	3.5%	3.5%		163,115	108,743	271,858	168,824	112,549	281,373	174,732	116,468	291,221
Supplies	3.5%	3.5%		25,611	17,074	42,686	26,508	17,672	44,180	27,436	18,290	45,726
Contracts	3.5%	3.5%		53,445	35,630	89,074	55,315	36,877	92,192	57,251	38,167	95,419
Garbage and Trash Removal	3.5%	3.5%		70,664	47,109	117,774	73,137	48,758	121,896	75,697	50,465	126,162
Security Payroll/Contract	3.5%	3.5%		7,983	5,322	13,305	8,262	5,508	13,770	8,551	5,701	14,252
HVAC Repairs and Maintenance	3.5%	3.5%		56,212	37,475	93,687	58,179	38,786	96,966	60,216	40,144	100,359
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		10,338	6,892	17,229	10,700	7,133	17,833	11,074	7,383	18,457
Sub-total Maintenance & Repair Expenses				387,367	258,245	645,612	400,925	267,283	668,208	414,957	276,638	691,596
Supportive Services	3.5%	3.5%		-	108,059	108,059	-	111,841	111,841	-	115,755	115,755
Commercial Expenses				-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES				1,389,361	959,770	2,349,130	1,437,988	993,362	2,431,350	1,488,318	1,028,129	2,516,447
RESERVES/GROUND LEASE BASE RENT/BOND FEES												
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Ground Lease Base Rent				9,000	6,000	15,000	9,000	6,000	15,000	9,000	6,000	15,000
Bond Monitoring Fee				1,500	1,000	2,500	1,500	1,000	2,500	1,500	1,000	2,500
Replacement Reserve Deposit				60,000	40,000	100,000	60,000	40,000	100,000	60,000	40,000	100,000
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial				-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				70,500	47,000	117,500	70,500	47,000	117,500	70,500	47,000	117,500
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				1,459,861	1,006,770	2,466,630	1,508,488	1,040,362	2,548,850	1,558,818	1,075,129	2,633,947
PUPA (w/ Reserves/GL Base Rent/Bond Fees)												
NET OPERATING INCOME (INCOME minus OP EXPENSES)				19,145	614,868	634,013	19,710	621,817	641,527	20,295	628,604	648,899
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender				-	545,318	545,318	-	545,318	545,318	-	545,318	545,318
Hard Debt - Second Lender (HCD Program 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				-	545,318	545,318	-	545,318	545,318	-	545,318	545,318
CASH FLOW (NOI minus DEBT SERVICE)				19,145	69,550	88,695	19,710	76,499	96,209	20,295	83,286	103,581
USES OF CASH FLOW BELOW (This row also shows DSCR.)												
Commercial Only Cash Flow												
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)												
AVAILABLE CASH FLOW				19,145	69,550	88,695	19,710	76,499	96,209	20,295	83,286	103,581
USES OF CASH FLOW BELOW (This row also shows DSCR.)												
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL				<i>e/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.</i>								
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	16,145	10,763	26,909	16,710	11,140	27,850	17,295	11,530	28,825
Investor Service Fee												

600 7th Street

INCOME	Total # Units:	inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 7 2030			Year 8 2031			Year 9 2032		
					LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
					Units	Units		Units	Units		Units	Units	
	200	120	80										
	60.00%	40.00%											
Residential - Tenant Rents	1.0%	2.5%			458,577	1,828,799	2,287,376	463,162	1,874,519	2,337,682	467,794	1,921,382	2,389,176
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a			-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a			1,182,711	-	1,182,711	1,232,559	-	1,232,559	1,284,264	-	1,284,264
Commercial Space	n/a	2.5%			-	-	127,557	-	-	130,746	-	-	134,015
Residential Parking	2.5%	2.5%			-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%			-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%			9,000	6,000	15,001	9,225	6,150	15,376	9,456	6,304	15,760
Tenant Charges	2.5%	2.5%			4,450	2,967	7,417	4,562	3,041	7,603	4,676	3,117	7,793
Miscellaneous Residential Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%			-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-
Gross Potential Income					1,654,738	1,837,767	3,620,062	1,709,508	1,883,711	3,723,965	1,766,190	1,930,804	3,831,008
Vacancy Loss - Residential - Tenant Rents	n/a	n/a		Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(22,929)	(91,440)	(114,369)	(23,158)	(93,726)	(116,884)	(23,390)	(96,069)	(119,459)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a			-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a			-	-	(127,557)	-	-	(130,746)	-	-	(134,015)
EFFECTIVE GROSS INCOME					1,631,809	1,746,327	3,378,136	1,686,350	1,789,985	3,476,335	1,742,800	1,834,734	3,577,534

OPERATING EXPENSES		Management											
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	123,909	82,606	206,515	128,246	85,497	213,743	132,734	88,490	221,224	
Asset Management Fee	3.5%	3.5%	per MOHCD policy	17,908	11,939	29,846	18,535	12,356	30,891	19,183	12,789	31,972	
Sub-total Management Expenses				141,817	94,544	236,361	146,780	97,854	244,634	151,918	101,278	253,196	
Salaries/Benefits													
Office Salaries	3.5%	3.5%		178,917	36,646	215,562	185,179	37,928	223,107	191,660	39,256	230,916	
Manager's Salary	3.5%	3.5%		131,579	87,720	219,299	136,185	90,790	226,975	140,951	93,967	234,919	
Health Insurance and Other Benefits	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Other Salaries/Benefits	3.5%	3.5%		4,573	3,049	7,621	4,733	3,155	7,888	4,899	3,266	8,164	
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Sub-total Salaries/Benefits				315,069	127,414	442,483	326,096	131,873	457,970	337,510	136,489	473,999	
Administration													
Advertising and Marketing	3.5%	3.5%		1,475	983	2,459	1,527	1,018	2,545	1,580	1,053	2,634	
Office Expenses	3.5%	3.5%		29,525	19,683	49,208	30,558	20,372	50,931	31,628	21,085	52,713	
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Legal Expense - Property	3.5%	3.5%		9,219	6,146	15,366	9,542	6,361	15,903	9,876	6,584	16,460	
Audit Expense	3.5%	3.5%		11,705	7,803	19,508	12,115	8,076	20,191	12,539	8,359	20,898	
Bookkeeping/Accounting Services	3.5%	3.5%		22,127	14,751	36,878	22,901	15,267	38,168	23,703	15,802	39,504	
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Miscellaneous	3.5%	3.5%		9,928	6,619	16,547	10,276	6,850	17,126	10,635	7,090	17,726	
Sub-total Administration Expenses				83,979	55,986	139,965	86,919	57,946	144,864	89,961	59,974	149,935	
Utilities													
Electricity	3.5%	3.5%		110,027	73,351	183,378	113,878	75,918	189,796	117,863	78,576	196,439	
Water	3.5%	3.5%		52,146	34,764	86,910	53,971	35,981	89,951	55,860	37,240	93,100	
Gas	3.5%	3.5%		32,091	21,394	53,485	33,214	22,143	55,357	34,377	22,918	57,294	
Sewer	3.5%	3.5%		35,450	23,634	59,084	36,691	24,461	61,152	37,975	25,317	63,292	
Sub-total Utilities				229,714	153,143	382,856	237,754	158,503	396,256	246,075	164,500	410,125	
Taxes and Licenses													
Real Estate Taxes	3.5%	3.5%		5,900	3,934	9,834	6,107	4,071	10,178	6,321	4,214	10,534	
Payroll Taxes	3.5%	3.5%		145,783	97,188	242,971	150,885	100,590	251,475	156,166	104,111	260,277	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		11,653	7,769	19,422	12,061	8,041	20,102	12,483	8,322	20,806	
Sub-total Taxes and Licenses				163,336	108,891	272,227	169,053	112,702	281,755	174,970	116,647	291,617	
Insurance													
Property and Liability Insurance	3.5%	3.5%		160,049	106,699	266,748	165,651	110,434	276,085	171,449	114,299	285,748	
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Worker's Compensation	3.5%	3.5%		16,964	11,309	28,273	17,557	11,705	29,262	18,172	12,115	30,287	
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Sub-total Insurance				177,013	118,009	295,021	183,208	122,139	305,347	189,621	126,414	316,034	
Maintenance & Repair													
Payroll	3.5%	3.5%		180,848	120,565	301,413	187,178	124,785	311,963	193,729	129,153	322,882	
Supplies	3.5%	3.5%		28,396	18,931	47,326	29,390	19,593	48,983	30,418	20,279	50,697	
Contracts	3.5%	3.5%		59,255	39,503	98,758	61,329	40,886	102,215	63,475	42,317	105,792	
Garbage and Trash Removal	3.5%	3.5%		78,347	52,231	130,578	81,089	54,059	135,148	83,927	55,951	139,878	
Security Payroll/Contract	3.5%	3.5%		8,851	5,900	14,751	9,160	6,107	15,267	9,481	6,321	15,802	
HVAC Repairs and Maintenance	3.5%	3.5%		62,323	41,549	103,872	64,505	43,003	107,508	66,762	44,508	111,270	
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-	
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		11,462	7,641	19,103	11,863	7,908	19,771	12,278	8,185	20,463	
Sub-total Maintenance & Repair Expenses				429,481	286,321	715,802	444,513	296,342	740,855	460,071	306,714	766,784	
Supportive Services	3.5%	3.5%		-	119,807	119,807	-	124,000	124,000	-	128,340	128,340	
Commercial Expenses													
TOTAL OPERATING EXPENSES				1,540,409	1,064,114	2,604,523	1,594,323	1,101,358	2,695,681	1,650,124	1,139,905	2,790,030	

RESERVES/GROUND LEASE BASE RENT/BOND FEES													
PUPA (w/o Reserves/GL Base Rent/Bond Fees)													
Ground Lease Base Rent				9,000	6,000	15,000	9,000	6,000	15,000	9,000	6,000	15,000	
Bond Monitoring Fee				1,500	1,000	2,500	1,500	1,000	2,500	1,500	1,000	2,500	
Replacement Reserve Deposit				60,000	40,000	100,000	60,000	40,000	100,000	60,000	40,000	100,000	
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-	
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-	
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-	
Required Reserve Deposit/s, Commercial				-	-	-	-	-	-	-	-	-	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				70,500	47,000	117,500	70,500	47,000	117,500	70,500	47,000	117,500	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				1,610,909	1,111,114	2,722,023	1,664,823	1,148,358	2,813,181	1,720,624	1,186,905	2,907,530	
PUPA (w/ Reserves/GL Base Rent/Bond Fees)													
NET OPERATING INCOME (INCOME minus OP EXPENSES)				20,900	635,213	656,113	21,527	641,627	663,154	22,175	647,829	670,004	
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)													
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	545,318	545,318	-	545,318	545,318	-	545,318	545,318	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	
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				-	-	-	-	-	-	-	-	-	
TOTAL HARD DEBT SERVICE				-	545,318	545,318	-	545,318	545,318	-	545,318	<	

600 7th Street

Total # Units:	LOSP Units		Non-LOSP Units		Year 10 2033			Year 11 2034			Year 12 2035			
	200	120	80	40.00%	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
INCOME					inc	% annual	Comments							
					LOSP	increase	(related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
Residential - Tenant Rents		1.0%	2.5%		472,472	1,969,417	2,441,889	477,197	2,018,652	2,495,849	481,969	2,069,119	2,551,087	
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a		-	-	-	-	-	-	-	-	-	
Residential - LOSP Tenant Assistance Payments		n/a	n/a		1,337,892	-	1,337,892	1,393,512	-	1,393,512	1,451,194	-	1,451,194	
Commercial Space		n/a	2.5%		-	-	137,365	-	-	140,799	-	-	144,319	
Residential Parking		2.5%	2.5%		-	-	-	-	-	-	-	-	-	
Miscellaneous Rent Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-	
Supportive Services Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-	
Interest Income - Project Operations		2.5%	2.5%		-	-	-	-	-	-	-	-	-	
Laundry and Vending		2.5%	2.5%		9,692	6,462	16,154	9,935	6,623	16,558	10,183	6,789	16,972	
Tenant Charges		2.5%	2.5%		4,793	3,195	7,988	4,912	3,275	8,187	5,035	3,357	8,392	
Miscellaneous Residential Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-	
Other Commercial Income		n/a	2.5%		-	-	-	-	-	-	-	-	-	
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	
Gross Potential Income					1,824,849	1,979,074	3,941,288	1,885,556	2,028,550	4,054,905	1,948,381	2,079,264	4,171,964	
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(23,624)	(98,471)	(122,094)	(23,860)	(100,933)	(124,792)	(24,098)	(103,456)	(127,554)	
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a		-	-	-	-	-	-	-	-	-	
Vacancy Loss - Commercial		n/a	n/a		-	-	(137,365)	-	-	(140,799)	-	-	(144,319)	
EFFECTIVE GROSS INCOME					1,801,225	1,880,603	3,819,194	1,861,696	1,927,617	3,789,314	1,924,283	1,975,808	3,900,091	
OPERATING EXPENSES														
Management														
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	137,380	91,587	228,967	142,188	94,792	236,981	147,165	98,110	245,275		
Asset Management Fee	3.5%	3.5%	per MOHCD policy	19,855	13,236	33,091	20,550	13,700	34,249	21,269	14,179	35,448		
Sub-total Management Expenses					157,235	104,823	262,058	162,738	108,492	271,230	168,434	112,289	280,723	
Salaries/Benefits														
Office Salaries	3.5%	3.5%		198,368	40,630	238,998	205,311	42,052	247,363	212,497	43,523	256,020		
Manager's Salary	3.5%	3.5%		145,885	97,256	243,141	150,990	100,660	251,651	156,275	104,183	260,459		
Health Insurance and Other Benefits	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Other Salaries/Benefits	3.5%	3.5%		5,070	3,380	8,450	5,247	3,498	8,746	5,431	3,621	9,052		
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Sub-total Salaries/Benefits					349,323	141,266	490,589	361,549	146,210	507,759	374,203	151,328	525,531	
Administration														
Advertising and Marketing	3.5%	3.5%		1,635	1,090	2,726	1,693	1,128	2,821	1,752	1,168	2,920		
Office Expenses	3.5%	3.5%		32,735	21,823	54,558	33,881	22,587	56,468	35,066	23,378	58,444		
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Legal Expense - Property	3.5%	3.5%		10,222	6,814	17,036	10,579	7,053	17,632	10,950	7,300	18,250		
Audit Expense	3.5%	3.5%		12,978	8,652	21,629	13,432	8,954	22,386	13,902	9,268	23,170		
Bookkeeping/Accounting Services	3.5%	3.5%		24,532	16,355	40,887	25,391	16,927	42,318	26,279	17,520	43,799		
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Miscellaneous	3.5%	3.5%		11,008	7,338	18,346	11,393	7,595	18,988	11,792	7,861	19,653		
Sub-total Administration Expenses					93,109	62,073	155,182	96,368	64,245	160,614	99,741	66,494	166,235	
Utilities														
Electricity	3.5%	3.5%		121,989	81,326	203,314	126,258	84,172	210,430	130,677	87,118	217,795		
Water	3.5%	3.5%		57,815	38,543	96,358	59,838	39,892	99,731	61,933	41,289	103,221		
Gas	3.5%	3.5%		35,580	23,720	59,300	36,825	24,550	61,375	38,114	25,409	63,523		
Sewer	3.5%	3.5%		39,305	26,203	65,508	40,680	27,120	67,800	42,104	28,069	70,173		
Sub-total Utilities					254,689	169,792	424,480	263,602	176,735	439,337	272,828	181,885	454,713	
Taxes and Licenses														
Real Estate Taxes	3.5%	3.5%		6,542	4,361	10,903	6,771	4,514	11,285	7,008	4,672	11,680		
Payroll Taxes	3.5%	3.5%		161,632	107,754	269,386	167,289	111,526	278,815	173,144	115,429	288,573		
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		12,920	8,614	21,534	13,372	8,915	22,287	13,841	9,227	23,068		
Sub-total Taxes and Licenses					181,094	120,729	301,823	187,432	124,955	312,387	193,992	129,328	323,321	
Insurance														
Property and Liability Insurance	3.5%	3.5%		177,449	118,299	295,749	183,660	122,440	306,100	190,088	126,725	316,813		
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Worker's Compensation	3.5%	3.5%		18,808	12,539	31,347	19,466	12,978	32,444	20,148	13,432	33,579		
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Sub-total Insurance					196,257	130,838	327,095	203,126	135,417	338,544	210,236	140,157	350,393	
Maintenance & Repair														
Payroll	3.5%	3.5%		200,509	133,673	334,182	207,527	138,352	345,879	214,791	143,194	357,985		
Supplies	3.5%	3.5%		31,483	20,989	52,472	32,585	21,723	54,308	33,725	22,484	56,209		
Contracts	3.5%	3.5%		65,697	43,798	109,495	67,997	45,331	113,328	70,376	46,918	117,294		
Garbage and Trash Removal	3.5%	3.5%		86,864	57,910	144,774	89,905	59,936	149,841	93,051	62,034	155,085		
Security Payroll/Contract	3.5%	3.5%		9,813	6,542	16,355	10,156	6,771	16,927	10,512	7,008	17,520		
HVAC Repairs and Maintenance	3.5%	3.5%		69,099	46,066	115,165	71,517	47,678	119,196	74,020	49,347	123,367		
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-		
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		12,708	8,472	21,179	13,152	8,768	21,921	13,613	9,075	22,688		
Sub-total Maintenance & Repair Expenses					476,173	317,449	793,622	492,839	328,559	821,399	510,689	340,059	850,148	
Supportive Services	3.5%	3.5%		-	132,832	132,832	-	137,481	137,481	-	142,293	142,293		
Commercial Expenses				-	-	-	-	-	-	-	-	-		
TOTAL OPERATING EXPENSES					1,707,879	1,179,802	2,887,681	1,767,655	1,221,095	2,988,750	1,829,523	1,263,834	3,093,356	
RESERVES/GROUND LEASE BASE RENT/BOND FEES														
Ground Lease Base Rent				9,000	6,000	15,000	9,000	6,000	15,000	9,000	6,000	15,000		
Bond Monitoring Fee				1,500	1,000	2,500	1,500	1,000	2,500	1,500	1,000	2,500		
Replacement Reserve Deposit				60,000	40,000	100,000	60,000	40,000	100,000	60,000	40,000	100,000		
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-		
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-		
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-		
Required Reserve Deposit/s, Commercial				-	-	-	-	-	-	-	-	-		
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					70,500	47,000	117,500	70,500	47,000	117,500	70,500	47,000	117,500	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)					1,778,379	1,226,802	3,005,181	1,838,155	1,268,095	3,106,250	1,900,023	1,310,834	3,210,856	
NET OPERATING INCOME (INCOME minus OP EXPENSES)					22,847	653,801	676,647	23,541	659,523	683,064	24,260	664,975	689,235	
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender				-	545,318	545,318	-	545,318	545,318	-	545,318	545,318		
Hard Debt - Second Lender (HCD Program 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					-	545,318	545,318	-	545,318	545,318	-	545,318	545,318	
CASH FLOW (NOI minus DEBT SERVICE)					22,847	108,483	131,329	23,541	114,205	137,746	24,260	119,657	143,917	
Commercial Only Cash Flow														
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)				-	-	-	-	-	-	-	-	-		
AVAILABLE CASH FLOW					22,847	108,483	131,329	23,541	114,205	137,746	24,260	119,657	143,917	
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)	3.5%	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-		
Partnership Management Fee (see policy for limits)	3.5%	3.5%	per MOHCD policy	19,847	13,231	33,078	20,541	13,694	34,235	21,260	14,173	35,433		
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			per MOHCD policy no annual increase	3,000	2,000	5,000	3,000	2,000	5,000	3,000	2,000	5,000		
Other Payments				-	-	-	-	-	-	-	-	-		
Non-amortizing Loan Pmnt - Lender 1			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-		
Non-amortizing Loan Pmnt - Lender 2			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-		
Deferred Developer Fee (Enter amt <= Max Fee from row 131)				-	-	-	-	-	-	-	-	-		
TOTAL PAYMENTS PRECEDING MOHCD					22,847	15,231	38,078	23,541	15,694	39,235	24,260	16,173	40,433	
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)					-	93,252	93,252	0	98,511	98,511	(0)	103,483	103,483	
Does Project have a MOHCD Residual Receipt Obligation? Yes Year 15 is year indicated below: 2038														
Will Project Defer Developer Fee? Yes														
1st Residual Receipts Split - Lender/Deferred Developer Fee 50% / 50% 2nd Residual Receipts Split Begins: 2027														
2nd Residual Receipts Split - Lender/Owner														

600 7th Street

Total # Units:	LOSP	Non-LOSP	Year 16			Year 17			Year 18			
	200	120	2039	2040	2041	2039	2040	2041	2039	2040	2041	
	60.00%	40.00%										
INCOME	inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Residential - Tenant Rents	1.0%	2.5%		501,539	2,283,920	2,785,458	506,554	2,341,018	2,847,572	511,620	2,399,543	2,911,163
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments	n/a	n/a		1,704,056	-	1,704,056	1,773,205	-	1,773,205	1,844,897	-	1,844,897
Commercial Space	n/a	2.5%		-	159,301	159,301	-	-	163,284	-	-	163,284
Residential Parking	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%		11,240	7,493	18,734	11,521	7,681	19,202	11,809	7,873	19,682
Tenant Charges	2.5%	2.5%		5,558	3,705	9,263	5,697	3,798	9,495	5,839	3,893	9,732
Miscellaneous Residential Income	2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%		-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-
Gross Potential Income				2,222,393	2,295,119	4,676,812	2,296,977	2,352,497	4,812,757	2,374,165	2,411,309	4,952,840
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH	(25,077)	(114,196)	(139,273)	(25,328)	(117,051)	(142,379)	(25,581)	(119,977)	(145,558)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a	policy; annual incrementing usually not	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a	appropriate	-	(159,301)	(159,301)	-	-	(163,284)	-	-	(167,366)
EFFECTIVE GROSS INCOME				2,197,316	2,180,923	4,378,238	2,271,649	2,235,446	4,507,095	2,348,584	2,291,332	4,639,916
OPERATING EXPENSES												
Management												
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule.	168,875	112,583	281,459	174,786	116,524	291,310	180,903	120,602	301,505
Asset Management Fee	3.5%	3.5%	per MOHCD policy	24,406	16,271	40,677	25,261	16,840	42,101	26,145	17,430	43,575
Sub-total Management Expenses				193,282	128,854	322,136	200,047	133,364	333,411	207,048	138,032	345,080
Salaries/Benefits												
Office Salaries	3.5%	3.5%		243,845	49,944	293,789	252,380	51,692	304,072	261,213	53,501	314,714
Manager's Salary	3.5%	3.5%		179,329	119,553	298,882	185,606	123,737	309,343	192,102	128,068	320,170
Health Insurance and Other Benefits	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Other Salaries/Benefits	3.5%	3.5%		6,232	4,155	10,387	6,450	4,300	10,751	6,676	4,451	11,127
Administrative Rent-Free Unit	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits				429,407	173,652	603,059	444,436	179,730	624,166	459,991	186,020	646,011
Administration												
Advertising and Marketing	3.5%	3.5%		2,010	1,340	3,351	2,081	1,387	3,468	2,154	1,436	3,589
Office Expenses	3.5%	3.5%		40,240	26,826	67,066	41,648	27,765	69,413	43,106	28,737	71,843
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		12,565	8,377	20,942	13,005	8,670	21,675	13,460	8,973	22,433
Audit Expense	3.5%	3.5%		15,953	10,635	26,588	16,511	11,007	27,518	17,089	11,393	28,482
Bookkeeping/Accounting Services	3.5%	3.5%		30,156	20,104	50,260	31,212	20,808	52,020	32,304	21,536	53,840
Bad Debts	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%		13,531	9,021	22,552	14,005	9,336	23,341	14,495	9,663	24,158
Sub-total Administration Expenses				114,455	76,303	190,759	118,461	78,974	197,435	122,607	81,738	204,345
Utilities												
Electricity	3.5%	3.5%		149,955	99,970	249,925	155,204	103,469	258,673	160,636	107,090	267,726
Water	3.5%	3.5%		71,069	47,380	118,449	73,557	49,038	122,595	76,131	50,754	126,885
Gas	3.5%	3.5%		43,737	29,158	72,894	45,267	30,178	75,446	46,852	31,235	78,086
Sewer	3.5%	3.5%		48,315	32,210	80,526	50,006	33,338	83,344	51,757	34,504	86,261
Sub-total Utilities				313,076	208,718	521,794	324,034	216,023	540,057	335,375	223,584	558,959
Taxes and Licenses												
Real Estate Taxes	3.5%	3.5%		8,042	5,361	13,403	8,323	5,549	13,872	8,614	5,743	14,357
Payroll Taxes	3.5%	3.5%		198,687	132,458	331,144	205,641	137,094	342,734	212,838	141,892	354,730
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		15,882	10,588	26,471	16,438	10,959	27,397	17,014	11,342	28,356
Sub-total Taxes and Licenses				222,611	148,407	371,018	230,402	153,601	384,003	238,466	158,977	397,443
Insurance												
Property and Liability Insurance	3.5%	3.5%		218,130	145,420	363,551	225,765	150,510	376,275	233,667	155,778	389,445
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		23,120	15,413	38,533	23,929	15,953	39,882	24,767	16,511	41,278
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance				241,250	160,833	402,084	249,694	166,463	416,157	258,433	172,289	430,722
Maintenance & Repair												
Payroll	3.5%	3.5%		246,477	164,318	410,796	255,104	170,069	425,173	264,033	176,022	440,054
Supplies	3.5%	3.5%		38,701	25,800	64,501	40,055	26,703	66,758	41,457	27,638	69,095
Contracts	3.5%	3.5%		80,759	53,839	134,598	83,585	55,723	139,308	86,511	57,674	144,184
Garbage and Trash Removal	3.5%	3.5%		106,778	71,186	177,964	110,516	73,677	184,193	114,384	76,256	190,639
Security Payroll/Contract	3.5%	3.5%		12,063	8,042	20,104	12,485	8,323	20,808	12,922	8,614	21,536
HVAC Repairs and Maintenance	3.5%	3.5%		84,940	56,627	141,567	87,913	58,609	146,522	90,990	60,660	151,650
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		15,621	10,414	26,035	16,168	10,778	26,946	16,734	11,156	27,889
Sub-total Maintenance & Repair Expenses				585,338	390,226	975,564	605,825	403,883	1,009,709	627,029	418,019	1,045,049
Supportive Services	3.5%	3.5%		-	163,285	163,285	-	168,999	168,999	-	174,914	174,914
Commercial Expenses				-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES				2,099,419	1,450,278	3,549,697	2,172,899	1,501,038	3,673,937	2,248,950	1,553,574	3,802,524
Reserves/Ground Lease Base Rent/Bond Fees												
Ground Lease Base Rent				9,000	6,000	15,000	9,000	6,000	15,000	9,000	6,000	15,000
Bond Monitoring Fee				1,500	1,000	2,500	1,500	1,000	2,500	1,500	1,000	2,500
Replacement Reserve Deposit				60,000	40,000	100,000	60,000	40,000	100,000	60,000	40,000	100,000
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial				-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				70,500	47,000	117,500	70,500	47,000	117,500	70,500	47,000	117,500
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				2,169,919	1,497,278	3,667,197	2,243,399	1,548,038	3,791,437	2,319,450	1,600,574	3,920,024
NET OPERATING INCOME (INCOME minus OP EXPENSES)				27,396	683,645	711,041	28,250	687,408	715,658	29,134	690,758	719,892
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	545,318	545,318	-	545,318	545,318	-	545,318	545,318
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
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				-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				-	545,318	545,318	-	545,318	545,318	-	545,318	545,318
CASH FLOW (NOI minus DEBT SERVICE)				27,396	138,327	165,723	28,250	142,090	170,340	29,134	145,440	174,574
Commercial Only Cash Flow				-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW				27,396	138,327	165,723	28,250	142,090	170,340	29,134	145,440	174,574
USES OF CASH FLOW BELOW (This row also shows DSCR.)			DSCR:									
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL												

