

**Citywide Affordable Housing Loan Committee**

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

**Ambassador Ritz 4%/9% Scattered Sites Hybrid**

**4%: PASS Program Loan: Up to \$12,900,000**

**4%: Existing Debt Forgiveness: Up to \$20,200,000**

Evaluation of Request for:	Permanent Financing and Debt Forgiveness
Loan Committee Date:	June 4, 2021
Prepared By:	Caroline McCormack
Source of Funds Recommended:	Preservation and Seismic Safety Program (Series 2020C)
NOFA/PROGRAM/RFP:	N/A
Total Previous City Funds Committed:	\$7,897,968 (Ambassador & Ritz) Total with accrued interest: \$52,735,778
Applicant/Sponsor Name:	Tenderloin Neighborhood Development Corporation

## EXECUTIVE SUMMARY

### Sponsor Information:

Project Name:	Ambassador Ritz 4% Scattered Sites Hybrid	Sponsor(s):	Tenderloin Neighborhood Development Corporation
Project Address (w/ cross St):	55 Mason St (at Eddy St) 216 Eddy Street (at Taylor Street)	Ultimate Borrower Entity:	Ambassador Ritz Four Percent, L.P.

### Project Summary:

Tenderloin Neighborhood Development Corporation (TNDC) requests funds for permanent financing and forgiveness of existing debt for the re-syndication and rehabilitation of the Ambassador Hotel and the Ritz Hotel. The Ambassador is a 134-unit Single Room Occupancy (SRO) building with one manager's unit and five ground floor commercial spaces located at 55 Mason Street. The Ritz Hotel is a 90-unit SRO hotel with two ground floor commercial spaces located at 216 Eddy Street. The Ambassador houses low-income and homeless individuals through a combination of referral programs and the general population earning less than 50% AMI. The Ritz is 100% Section 8 referrals and serves households primarily at 50% AMI. TNDC acquired the Ambassador in 1998, and the Project received a City and County of San Francisco 1999 Proposition A Loan totaling \$2,948,887. TNDC performed one major rehabilitation in 2002 leveraging 9% Low Income Housing Tax Credits. Originally constructed in 1917, the building is facing significant capital needs, including seismic/structural strengthening, life safety, accessibility, and quality-of-life upgrades. TNDC acquired the Ritz in 1991, and the building received several MOHCD loans totaling over \$4.9 MM (\$47.9 MM with accrued interest). The building underwent moderate rehabilitations in 1993 and 2008, but now its major systems require replacement and additional soft story seismic upgrade work is needed.

By August 2021, TNDC intends to leverage 4% tax credits and tax-exempt debt, 9% tax credits, historic tax credits, sponsor financing, and a Preservation and Seismic Safety (PASS) senior loan to undertake a major rehabilitation of both buildings utilizing a hybrid tax credit structure. The Ambassador Ritz will be TNDC's first 4%/9% tax credit hybrid project. The PASS loan and debt forgiveness request and evaluation pertains to the 4% component, although the overall project is presented below, when applicable.

### Project Description:

Construction Type:	Type II-N UMB / Type IIIA	Project Type:	Rehabilitation
Number of Stories:	Ambassador: 6 Ritz: 5	Lot Size (acres and sf):	Ambassador: 18,905 sf Ritz: .70 acres/30,701 sf
Number of Units:	4%: 187 (in 4%) 9%: 36 (in 9%) Total: 223	Architect:	Ambassador: Paulett Taggart Architects Ritz: Gelfand Partners
Total Residential Area:	4%: 33,137 sf 9%: 33,641 sf (9%)	General Contractor:	D&H Construction (Both)
Total Commercial Area:	4,775 sf (at the Ritz – Ambassador's 5	Property Manager:	TNDC

commercial spaces are on  
separate air rights parcel)

Land Owner: :	Ambassador: TNDC Ritz: Ritz Hotel, L.P.	Supervisor and District:	Matt Haney (6)
Total Development Cost (TDC):	4% :\$110,685,255 9%: \$21,697,729	Total Acquisition Cost:	4%: \$38,480,979 9%: \$5,138,063
TDC/unit:	4%: \$591,902 9%: \$602,715	TDC less land cost/unit:	4%: \$387,401 9%: \$448,916
Loan Amount Requested:	\$12,900,000 (PASS for 4%)	Request Amount / unit:	\$68,984
HOME Funds?	No	Parking:	No

### **PRINCIPAL DEVELOPMENT ISSUES**

- **Operating Expenses:** Per-unit per-annum (PUPA) operating expenses of \$14,648 for the 4% and \$13,143 for the 9% (including reserve deposits) are high. However, given the target populations at both buildings and the level of services and property management staffing that the sponsor is proposing, these costs may be warranted. Prior to construction loan closing, the Project Team will seek approval from MOHCD and HSH regarding the adequacy and appropriateness of the proposed services budget and plan including providing more detail on the staffing levels for both projects and their accompanying sources and uses. **See Section 8** for more information.
- **Project not currently meeting Small Business Entity (SBE) Goals:** CMD established a 20% SBE participation goal for the construction phase at both Ambassador and Ritz. Based on bids received, Ambassador is currently achieving a 16% SBE rate. The Ritz is currently tracking a 12% SBE rate. The Ambassador Project team has requested MOHCD staff assistance in seeking an adjustment to the 20% SBE requirement due to factors beyond the control of the Developer. In the case of The Ritz, this included a lack of SBE bidders in certain trades. However, where SBE qualified subs did bid, their bids were either the low or only bid and accepted. Therefore, effectively all SBE subs who bid were successful. The Ambassador initially had a lower SBE compliance level (14% SBE) until the Developer chose to incur an increase in cost of \$260,499 at the expense of eligible developer fee in order to accept the bid of the SBE qualified elevator subcontractor. This additional cost yielded a 2% increase in SBE compliance (to 16%) and the added cost is borne by the developer with a reduction in their fee. Despite this effort, the project remains 4% below the SBE goal. **See Section 5** for more information.
- **Expiration of CDLAC Bond Allocation:** The Sponsor was awarded an allocation of bonds from CDLAC on December 9, 2020, and per CDLAC requirements, is required to close on the bonds and start construction within 180 days of receiving the allocation, or June 7, 2021. Because the sponsor was delayed in selecting an investor and construction lender (largely due to market conditions), MOHCD submitted an allocation issuance extension request that was ultimately approved that grants the project an additional 90 days to close, or until September 7, 2021. The new timeline now leaves very little room for error, with an anticipated closing construction closing date of August 16, 2021. If the Project does not close in time, TNDC will lose its allocation and CDLAC performance deposit. However, TNDC has made significant progress on the Project in the interim and is on track to meet its City approvals schedule.

**SOURCES AND USES SUMMARY: 4% (This Loan Request)**

<b>Permanent Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD – PASS Loan Tranche A	\$5,854,000	15 years @2.07719%	This Request
MOHCD—PASS Loan Tranche B	\$5,889,000	28 years @ 2.44379%	This Request
CCSF Ritz Assumed Loans & Interest*	\$29,237,260	55 yrs @ AFR	This Request
CCSF Ambassador Assumed Loan & Interest *	\$3,658,281	55 yrs @ AFR	This Request
CCSF O’Farrell Towers Loan	\$442,706	55 yrs @ 0.00%	This Request
HCD Loan & Interest (Ritz)	\$5,101,332	55 yrs @ AFR	Not Committed
Assumed TNDC Ritz Loan & Interest	\$309,273	55 yrs @ AFR	Committed
Sponsor Loan (prior year Ritz cash flow, Alexander Reserves)	\$2,019,487	55 years @0.00%	Committed
FHLB AHP	\$1,000,000	N/A	March 2022 App
Project Existing Reserves	\$836,244	N/A	Committed
Income from Operations @50%	\$1,079,217	N/A	Committed
Deferred Developer Fee	\$3,163,679	N/A	This Request
GP Equity	\$1,127,120	N/A	This Request
Tax Credit Equity	\$50,968,138	\$0.94 (LIHTC)/\$0.85 (HTC) per credit	Committed
<b>Total</b>	<b>\$110,685,737</b>		

<b>Uses</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per SF</b>
Acquisition	\$38,480,979	\$205,781	\$836
Hard Costs	\$44,860,885	\$239,898	\$974
Soft Costs	\$18,244,685	\$97,565	\$396
Developer Fee	\$7,360,799	\$39,363	\$160
Reserves	\$1,738,389	\$9,296	\$38
<b>Total</b>	<b>\$110,685,737</b>	<b>\$591,902</b>	<b>\$2,404</b>

\*Assumes approval of the debt restructuring at both the Ambassador and Ritz, and the up to \$20.2 MM in debt forgiveness at the Ritz.

**SOURCES AND USES SUMMARY: 9%**

<b>Permanent Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
Assumed CCSF Loan & Interest	\$1,341,489	55 yrs @ AFR	This Request
Seller Carryback & Interest	\$3,928,790	55 yrs @ AFR	Committed
Existing Reserves	\$87,931	N/A	Committed
Income from 50% Operations	\$154,501	NA	Committed
Deferred Developer Fee	\$346,602	N/A	This Request
Tax Credit Equity	\$15,838,416	\$0.88	Committed
<b>Total</b>	<b>\$21,697,729</b>		

<b>Uses</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per SF</b>
Acquisition	\$5,138,063	\$142,724	\$153
Hard Costs	\$10,319,104	\$286,642	\$307
Soft Costs	\$3,981,044	\$110,585	\$118
Developer Fee	\$2,000,000	\$55,556	\$59
Reserves	\$259,518	\$7,209	\$8
<b>Total</b>	<b>\$21,697,729</b>	<b>\$602,715</b>	<b>\$645</b>

## 1. BACKGROUND

### 1.1. Project History Leading to This Request.

In 2018, TNDC undertook an analysis of its existing portfolio properties in order to identify the projects most in need of rehabilitation and develop financing strategies to address them. TNDC informed its analysis with a portfolio-wide seismic assessment, various property-specific reports, third party capital needs assessments, and its own internal remaining useful life analysis tool. Through this analysis, TNDC identified the Ambassador Hotel as the highest need property in the organization's portfolio. Constructed in 1917, it is at high risk in terms of life safety in a seismic event. TNDC's peer review structural engineer calculates that the Ambassador in its current condition has a 40% probability of collapse if the building experienced a Magnitude 7+ earthquake. Several of the building's systems are failing, despite the fact that the Project was rehabilitated in 2002 using 9% tax credits. The 2002 rehab was essentially a gut rehab of the building interior in order to make the Ambassador habitable; it included replacing all building systems, windows, finishes, adding braced frames at the soft story, expansion and restoration of the lobby, exterior façade restoration, new signage, and sidewalk replacement. The seismic upgrade carried out in 2001 brought the building up to the unreinforced masonry code at the time.

The Ritz Hotel is an existing 5-story building comprised of 90 single room occupancy (SRO) units. The Ritz Hotel has common area kitchens on each residential floor and there are two shared bathrooms, two shared toilet rooms, and one shared shower room available on each residential floor. Thirty units have their own bathrooms. The Ritz Hotel has received modest repairs and replacement to the fire alarm system, roof and solar, and an elevator. As such, TNDC has identified the Ritz Hotel as one of TNDC's top five properties requiring a comprehensive rehab, as most of its major building systems have reached or are approaching the end of their expected useful lives and require replacement. In addition, seismic codes have evolved since the last renovation, and further soft story work is now needed.

The proposed project will utilize a hybrid tax credit structure, including both 4% rehabilitation and acquisition credits and a 9% allocation (\$1.8MM total) from the City and County of San Francisco geographic set aside. The project team decided upon this approach because the 9% allocation does not fully fund the level of rehabilitation required, and a hybrid structure allows the project to also leverage 4% equity to cover the full cost.

The proposed source of funding for this loan is up to \$12,900,000 in Series 2020C Preservation and Seismic Safety Program Funds. In addition, TNDC is requesting that MOHCD forgive up to \$20,200,000 in existing CDBG debt. The PASS Loan and Debt forgiveness request contained within this evaluation pertains only to the 4% portion of the project. The 9% component is being presented to demonstrate project feasibility and to provide clarity regarding how existing MOHCD debt will be recast and reassigned between the 9% and 4% components. No additional gap financing is being provided to either the 9% or 4% project.

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)

The land at Ambassador is currently owned by Tenderloin Neighborhood Development Corporation and the improvements at Ambassador are currently owned by Ambassador SRO Associates, L.P. The Ritz land and improvements are currently owned in fee by Ritz Hotel, L.P. Ambassador Ritz Four Percent, L.P. will be the borrowing limited partnership entity for this loan. The L.P. general partner is Ambassador Ritz Four Percent GP LLC, a California limited liability company with Turk Street, Inc. as the sole member and manager.

TNDC has 40 years of experience developing both family and supportive housing in San Francisco. TNDC has developed 40 buildings with more buildings in the pipeline.

Senior Project Manager Emily Van Loon, who brings six years of project management experience to the team, leads project management for Ambassador, with assistance from Assistant Project Manager Adrian Napolitano. Emily and Adrian spend 50% of their time on the Project. In June 2021, Emily will transition lead project management responsibilities for the Ambassador Hotel to Alberto Benejam, Senior Project Manager.

Assistant Project Manager Nicole Guzman, along with project management consultant Mike Rogers, will lead project management for the Ritz. Associate Director Tom Lauderbach will provide project management oversight. Nicole and Mike will each spend 30% of their time dedicated to the Ritz.

Chris Cummings, Associate Director, will provide general oversight to both projects, acting as a bridge between the two teams.

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

Site Description	
Zoning:	Ambassador: currently zoned "R-C-4-Residential-Commercial, High Density" Lot 01/Block 0340 Ritz: currently zoned " R-C-4-Residential-Commercial, High Density" Lot 003/Block 0332
Maximum units allowed by current zoning (N/A if rehab):	N/A
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Zone 4
Soil type:	Ambassador: Basement slab underlain with 0 to 2 feet of sand fill, some of which contains rubble. Below this is very



	<p>stiff sandy clay and medium dense clayey sand that extends to depths ranging from 6-10 feet below the slab.</p> <p>Ritz: The soil conditions at the Ritz consist of artificial fill over dune sand deposits. The fill is generally described as loose to medium dense sand and was encountered at depths that ranged from about 5 to 15 feet below the ground surface. Native soils beneath the fill generally consisted of loose to medium dense sand and stiff to very stiff sandy clay to depths of about 16 to 24 feet below the ground surface, which was generally underlain by dense to very dense sand and clayey sand.</p>
Environmental Review:	Both Projects are categorically exempt from CEQA, and the Project Team has confirmed the project is not subject to NEPA. See <b>Section 2.4</b> below for more information.
Adjacent uses (North):	<p>Ambassador: Eddy Street is adjacent to the north of the site.</p> <p>Ritz: Residential and office buildings located North</p>
Adjacent uses (South):	<p>Ambassador: The Metropolis, a market rate hotel, is adjacent to the south of the site.</p> <p>Ritz: Eddy Street is adjacent to the South of the Ritz.</p>
Adjacent uses (East):	<p>Ambassador: Mason Street is adjacent to the East of the site.</p> <p>Ritz: Taylor Street is adjacent to the East of the site.</p>
Adjacent uses (West):	<p>Ambassador: The West Hotel, an affordable housing project, is to the West of the site.</p> <p>Ritz: The Alexander Residence, an affordable housing project owned and managed by TNDC, is to the West of the Ritz.</p>
Neighborhood Amenities within 0.5 miles:	<p>Ambassador: Trader Joe's is a 30,000 sf full-service grocery store located within ¼ mile walk; the Civic Center Farmer's Market also serves the neighborhood on Wednesdays and Fridays. The San Francisco Main Library is located ½ a mile west of the property as is the UC Hastings Law Library, which is open to the public. There are numerous parks in the neighborhood.</p> <p>Ritz: The Ritz Hotel is within a ½ mile of a public park (Boeddeker Park) and public library (San Francisco Main Library). The Civic Center Farmer's Market is within a ½ mile for residents at the Ritz.</p>
Public Transportation within 0.5 miles:	<p>Ambassador: 1-block from Powell Street BART &amp; MUNI Station, in addition to bus routes along Market Street.</p> <p>Ritz: is located 0.3 miles away from Powell Street BART &amp; MUNI Station, and approximately a 5 minute walk</p>
Article 34:	Article 34 was submitted for the Ambassador and the project was determined to be exempt. It is anticipated that the Ritz will also be exempt. Sponsor should submit a request for determination to MOHCD

Article 38:	Exempt
Accessibility:	<p>Ambassador: At least 10% of the Ambassador 4% units will be mobility featured post-rehab, and 4% will be Hearing and Visual Aid (HVI). See <b>Section 2.3</b> below for more information. (10% of the Ambassador 9% units will also be mobility featured post-rehab, as well as 4% HVI).</p> <p>Ritz: The Ritz shall provide a minimum of 10% of the units with mobility features and 4% HVI. .</p>
Green Building:	<p>Ambassador: Green Point Rated to GPR Multifamily standards.</p> <p>Ritz:: will be Green Pointed Rated to GPR multifamily standards</p>
Recycled Water:	Exempt
Storm Water Management:	N/A

2.1. Zoning. Zoning for both the Ambassador and Ritz is “R-C-4-Residential-Commercial, High Density,” and there is no proposed change-in-use.

PML/SEL. The Ambassador’s structural system was developed over three different periods of construction, consisting of a combination of structural seismic force resisting systems, including several structural irregularities. The work performed in 2002 was only designed to meet the “Bolts Plus” level of mandatory strengthening for unreinforced masonry buildings. The current structural engineer, DCI, has determined that the building has Scenario of Expected Loss (SEL) of 35%. Typically, an SEL above 20% is considered an unacceptable level. Due to the complexities of the building’s structural issues, TNDC has also hired Forell/Elsesser, a secondary structural engineering firm, to peer review DCI’s evaluation of Ambassador. Forell estimates that the Ambassador in its current condition has a 40% probability of collapse if the building experienced a Magnitude 7+ earthquake. The Ambassador’s comprehensive structural upgrade will bring the SEL below 20 and will also bring the building’s probability of collapse during an M7 earthquake down to 2%. Pre-retrofit SEL/SUL is 35%/61% and post retrofit SEL/SUL will be 16%/29%. Probability of collapse post-retrofit will be 2%.

The Ritz Hotel requires structural upgrades to address soft story issues along the ground floor. The project’s structural engineer is Tipping and TNDC has also engaged Forell/Elsesser as a consulting engineer. Forell/Elsesser has confirmed the Ritz pre-retrofit SEL/SUL at 26%/45% and post retrofit SEL/SUL at 18%/32%.

The level of proposed structural upgrades do not meet investor requirements without the addition of approximately \$1.4MM in earthquake insurance; TNDC is including this cost in the development budget. The investor requires that the EQ insurance remain in place until both building SELs are below 20%, which

project teams have confirmed will be achieved very near the end of the construction period at both buildings

- 2.2. Accessibility. At least 10% percent of the units at the Ambassador and Ritz will be made ADA compliant. On the plans from the Ambassador's 2003 rehabilitation, a handful of units are labeled "SRO accessible" but do not meet today's accessibility standards, and they will be upgraded during the rehabilitation. Paulett Taggart Architects performed the analysis of required upgrades. The Ritz will be upgrading 10 existing mobility units and in-unit bathrooms to current mobility standards. Accessible mail boxes will be installed to comply with USPS standards on the ground floor of the Ritz.
- 2.3. Local/Federal Environmental Review. Both the Ambassador Hotel and Ritz Hotel are on the National Register of Historic Places. Both buildings have approved Part II Historic Tax Credit applications in hand for construction closing, as the Ambassador Ritz 4% will use historic tax credits. While this does not include local environmental review under California Environmental Quality Act (CEQA), it will be subject to approval and oversight from the State Historic Preservation Officer (SHPO), as well as from the federal Department of the Interior. TNDC has hired Knapp Architects for historic preservation/historic tax credits services. TNDC's previous experience with historic tax credits includes the rehabilitation of Kelly Cullen Community in 2013.
- 2.4. Environmental Issues.

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

##### **Ambassador:**

A Phase I assessment at the Ambassador was completed in June 2019 by AEW Engineering, Inc., and found the following Recognized Environmental Conditions:

- **Lead and asbestos-containing materials:** The Phase I identified lead and asbestos containing materials at Ambassador, which is common for a building of this age. TNDC will produce an O&M Plan for the property for these hazardous materials and ensure that the contractor is informed.
- **Presence of chromium and lead:** The Phase I indicated that a 2001 soil sample found the presence of Chromium and Lead in soil at the Site at levels greater than ten times the California soluble threshold limit concentration, indicating that additional testing may be required, if excavation and disposal of soil is anticipated during the rehabilitation.

Subsequently, a Phase II report by AEW Engineering, Inc. was completed for the Ambassador and submitted as part of the site's Maher Application with SFDPW, which was approved by SFDPW on October 9, 2020.

### **Ritz:**

- An Asbestos and Lead-Based paint survey report was completed in December 2019 at the Ritz Hotel, and results found the following:
- **Lead and asbestos-containing materials:** Located in the basement boiler room, in the steam pipe insulation material. During the planned renovation work, should insulated pipe systems be encountered, these should either be sampled for the presence of asbestos or assumed as containing asbestos.
- **Presence of Lead-Based paint:** Paint chip samples were identified as containing lead-based paint, the removal of lead-based paint should be performed by a qualified lead certified contractor.

The Project team was delayed in commissioning a Phase 1 for the Ritz; completion of this report and review of its findings by a MOHCD CR team member is being included as a condition precedent to the construction loan closing.

2.5. Adjacent uses and neighborhood amenities. The immediate neighborhood is comprised of mixed-use buildings with upper floor residential units and ground floor commercial uses. A number of small businesses including restaurants, hotels, and clothing stores are nearby. The Ritz is surrounded by neighboring buildings to the north and west. Father Alfred E. Boeddeker Park is within 500 feet, and several small businesses, office spaces, and residential buildings are nearby.

2.6. Green Building. Ambassador post-construction will demonstrate a 10% energy reduction, per TCAC threshold requirements. This improvement will be achieved through a 5-year look back to include previously installed green building features, such as 100% LED lighting at the property, as well as additional measures that will be installed during the rehabilitation. The Ritz post-construction will demonstrate a 10% energy reduction, per TCAC threshold requirements. This improvement will be achieved through window upgrades, additional insulation, and previously installed appliance upgrades and lighting upgrades that installed 100% LED lighting in units and common areas. The project will be Green Point Rated by Existing Home MultiFamily (EHMF) standards.

### 3. OTHER ENTITLEMENTS ISSUES

#### 3.1. Community Support.

TNDC's Relocation team has met individually with each tenant and engaged them regarding the construction and relocation timeline. Due to COVID, the last large community meeting held at the Ambassador was on February 21, 2020. In lieu of holding in-person meetings, TNDC will hold a virtual community meeting – by renting and loaning tablets out to Ambassador residents – prior to the construction period. Housing development staff have also put up bulletin boards in the Ambassador's Pavilion where they post construction related updates. Project Managers also plan to hold "drop-in hours" at the Ambassador in June/July.

#### 4. DEVELOPMENT PLAN

##### 4.1. Site Control.

4.1.1. Proposed Property Ownership Structure. TNDC has a final map under review with DPW to perform an air rights subdivision on the Ambassador, described below. TNDC developed the split based on the optimal use of the \$1.8 million in 9% geographic tax credit allocation, and after receiving feedback from TCAC and lenders and investors regarding hybrid deal structuring, the air rights subdivision will be split as follows:

- **Block 0340/001 – LAND:** Will be owned in fee by TNDC which will grant an Easement and Joint Use Agreement to each of the Ambassador 9 Percent Associates, L.P. and the Ambassador Ritz Four Percent, L.P. through which Ambassador 9 Percent Associates, L.P. and the Ambassador Ritz Four Percent, L.P. and their respective tenants will have the legal right to access the land.
- **Block 0340/002 – 9% PROJECT (36 UNITS);** Will be owned in fee by Ambassador 9 Percent Associates, L.P.
- **Block 0340/003 – COMMERCIAL;** Will be owned in fee by Tenderloin Neighborhood Development Corporation (TNDC) and leased to individual commercial tenants. TNDC will grant an Easement and Joint Use Agreement to each of the Ambassador 9 Percent Associates, L.P. and the Ambassador Ritz Four Percent, L.P. through which Ambassador 9 Percent Associates, L.P. and the Ambassador Ritz Four Percent, L.P. and their respective tenants will have the legal right to access the shared spaces and amenities with the commercial space, such as elevators, stairwells, HVAC systems, etc.
- **Block 0340/004, 0340/005, 0340/006, 0340/007 – 4% PROJECT (98 UNITS);** Will be owned in fee by Ambassador Ritz Four Percent, L.P.

Key considerations for the hybrid structure at the Ambassador Hotel include the following:

- Per tax-exempt bond financing regulations, common areas for the 4% component cannot directly benefit the 9% project; TNDC structured the project to avoid violating this regulation. TNDC worked with legal counsel to determine that all Ambassador common areas are in the 9%.
- Project costs, including soft costs, hard costs, and operation costs will be bifurcated between the two components according to the unit split. The joint use agreement will provide that the 9% owner will be primarily responsible for the repair and maintenance of common areas located in its portion of the building, but the 4% owner will have an obligation to contribute its proportional share of the costs. The 4% owner will also have the ability to step in and make repairs in the event of an emergency or if the 9% owner fails to make required repairs to common areas in the 9% portion of the building (and vice versa). The

language will also be crafted in a way that makes tax counsel comfortable that ongoing repairs are not sourced from bond proceeds. This approach has been confirmed by the project's auditors at Lindquist von Husen Joyce.

See **Attachment B** and **Attachment C** for Borrower Org Charts for the 9% and 4%.

4.2. Proposed Design. See section 4.3 below.

4.3. Proposed Rehab Scope. The Project Team has prioritized the rehabilitation of the Ambassador and Ritz in the order described below. The cost estimates reflect actual bids received by TNDC for both buildings in late 2020 (The project team is currently in the process of refreshing these bids to incorporate changes since bidding):

**Priority 1: Code, Life Safety, and Accessibility**

- **Seismic:**
  - **Ambassador:** A complete seismic upgrade at the Ambassador is estimated at \$16MM, which covers all work related to providing steel reinforcement throughout the building and movement of existing plumbing and vents to accommodate steel.
  - **Ritz:** Seismic upgrades at the Ritz will cover approximately \$3.4MM additional soft story work on the ground floor and basement.
- **Life Safety:**
  - **Ambassador:** The project requires additional fire sprinklers to the building's attic, and an upgrade to the fire alarm panel and devices in order to meet the mandatory SFFD 2021 code. The estimated cost is \$1MM.
  - **Ritz:** The Ritz requires approximately \$700,000 in upgrades, including updating the fire sprinkler system and bringing fire alarms up to 2021 Code.
- **Accessibility upgrades:**
  - **Ambassador:** The Project Team will perform in-unit accessibility improvements in compliance with TCAC standards at the Ambassador for a cost of approximately \$900,000.
  - **Ritz:** Upgrades to ADA units at the Ritz will cost approximately \$320,000.

**Priority 2: Immediate Needs (deferred maintenance, end-of-useful life)**

- **Exterior Improvements**
  - **Ambassador:** The windows and roof at the Ambassador are in need of repair and spot replacement, and the building requires brickpointing and cornice repair. Additionally, the Project's concrete roof deck (replaced in 2002), is failing and exhibits significant cracking and water infiltration issues. The Project Team is working with an architect and waterproofing consultant to correct the design issues. In addition, the Project Team will be

repairing and replacing windows, adding exterior cameras and lights, and replacing exterior and main lobby doors. The anticipated cost of exterior improvements is approximately \$2.5MM.

- **Ritz:** Exterior improvements at the Ritz including window replacement and repairs, exterior painting and roof plumbing, with an anticipated cost of \$1 M.
- **Major systems/Common Area Improvements:**
  - **Ambassador:** The Ambassador will received an elevator refurbishment, new hallway and lobby finishings and a property management office reconfiguration. The Ambassador also suffers from significant pest management issues which require property-wide, targeted capital improvements. The total of these system and common area improvements are approximately \$1.7 MM.
  - **Ritz:** Major systems and common area improvements at the Ritz include plumbing, electrical, boiler replacement, space heating, HVAC, Smoke/CO detector replacements, common area bathroom upgrades, common area kitchen upgrades, dry wall in common areas and units, and painting common areas. The total cost is approximately \$4.6 MM.
- **In-unit upgrades:**
  - **Ambassador:** It is anticipated that units at Ambassador will receive installation of exhaust fans in all bathrooms, bathroom upgrades, new kitchen appliances and cabinetry, new flooring, and door replacement and keying. The total cost is estimated at \$3.2 M:  
**Ritz:** Units at the Ritz will receive upgrades to bathrooms and improvements to cabinets and countertops, totaling approximately \$830,000.

### **Priority 3: Upgrades Benefiting Operations**

- **Ambassador:** The Project Team is prioritizing the installation of a Wifi system, replacing the community kitchen appliances, greening the courtyard, and upgrading the laundry room at a cost of approximately \$300,000.
- **Ritz:** The Project team will add community room and storage to the basement at a cost of approximately \$160,000.

#### 4.4. Construction Supervisor/Construction Specialist's Evaluation.

The Ambassador is a mixed-use 6-story building, containing 134 Single Room Occupancy units and commercial spaces and is listed on the National Register of Historic places. Built circa 1911, it was rehabilitated in 2003. New construction which also occurred in 2003 includes the 1- story administrative offices on the 2<sup>nd</sup> level. The Ritz is a 5-story building containing 89 Single Room Occupancy units of which 53 units are included in Ambassador 4% component. This evaluation examines the costs related to the 187 units assigned to the 4% component of this project.

The current cost assumptions are based on analysis of the Ambassador Ritz 4% Hard Cost budget in the MOHCD pro forma and of comparable projects. The per square foot construction cost at \$974/SF is 40% higher than the average comparable projects completed, in construction and in predevelopment which is currently \$562/SF. The estimated per unit construction cost comes in at \$239,898/unit (4% Allocation) which is 42% lower than the average of other comparable projects at \$566,373/unit. The comparable projects reviewed had similar scope and construction type however, the number of units on average were 56% less than the subject property. Another difference between the comparable projects is the unit mix. The Ambassador and Ritz are comprised of all SROs of generally the same size, while comparable projects illustrate a more diverse mix of unit types and sizes. A definitive explanation of the higher per square foot construction costs and lower per unit construction cost is challenging. The quantity and homogenous nature of the unit mix for this project may offer some economy of means and thus a lower per unit cost. The extensive major building work, particularly at the Ambassador as outlined in the scope priorities in section 4.3 above, drives the higher per square foot cost for this project.

The Ambassador and Ritz have separate permit submittal and review tracks. The Ambassador building permit was filed in October 2020. Comments from DBI were received in March 2021. The project team submitted responses to the comments in April 2021 and are currently under review at DBI. The project team anticipates issuance of the permit in June. The Ritz hotel has 2 permits associated with the project. The permit for the replacement of the fire alarm system was issued in March of 2020. The building permit for the overall rehabilitation project was submitted in August of 2020 and is currently under review at DBI. The project team is also anticipating a late June 2021 issuance of the permit

In conclusion, after review of the information provided in combination with analysis of comparable projects, the CR recommends approval of this loan request.

See **Attachment H** for a comparison of city investment in similar housing developments.

4.5. Commercial Space. There are five commercial spaces at the Ambassador Hotel that generate approximately \$400,000 annually. The commercial space is currently owned by Ambassador SRO Associates, L.P and leased to TNDC. Each of the spaces are rented by long-term commercial tenants, including the following businesses:

- S.F. City Parking, LLC (51 Mason Street) – 22,700 sq. ft.
- Mason Street Deli (39 Mason Street) – 435 sq. ft.
- NY Pizza Kitchen (127 Eddy Street) – 806 sq. ft.
- California Grocery (123 Eddy Street) – 1,750 sq. ft.
- Punjab Kabab House (101 Eddy Street) – 1,200 sq. ft.

The Ambassador commercial component is structured as a master lease between Ambassador SRO Associates, L.P, and leased to TNDC. The current lease has a



60-year term, executed in November 2001, with rent for the entire term set at \$1. Currently, excess cash flow from the commercial spaces is used to fully cover the cost of social services staffing and programming at the property. The Ambassador commercial space will be separated from the residential 4% and 9% properties via air rights subdivision, and commercial income will continue to fund services at the Ambassador.

TNDC has recently provided MOHCD staff with a more detailed budget showing how the commercial revenue is allocated to supportive services at the project. As a condition prior to construction closing, TNDC will receive MOHCD approval of the services plan and budget (See closing conditions in **Section 11.1**)

There are two commercial spaces at the Ritz Hotel. One commercial space is located on the ground floor at the corner of Eddy and Taylor Street (200 Eddy Street). It was previously the Dalda's Grocery Store and it is now vacant. The Ritz team will leave the space vacant and re-market it after the rehabilitation is complete. The ground floor and basement of this commercial space is approximately 4,372 sf.

The second commercial space located at the ground floor is the TNDC office spaces located at 215 Taylor Street. This space is approximately 2,849 sf. The Ritz commercial component is structured as a lease between Ritz Hotel, L.P. (Landlord) and TNDC (Tenant). The current lease has a 60-month term, executed in November 2018, with renewal for consecutive terms of 5 years each, and the base rent is set at \$2,106.

- 4.6. Service Space. The service space at Ambassador is housed in a small building on the 2<sup>nd</sup> floor called the Pavilion. This structure was added during the 2002 rehab and sits on top of the parking garage. It contains five office spaces and a conference room used by TNDC staff. There are two full-time TNDC tenant services employees who work exclusively with the Ambassador residents. TNDC's social workers provide housing retention and eviction prevention support, organize and facilitate community events, and provide tenants with ongoing individualized support plans. The remainder of the offices in the Pavilion are those of TNDC's Associate Director of Tenant Services and two supportive service managers.

At the Ritz, the social worker's office is located on the 1<sup>st</sup> residential floor, and the ground floor lobby is used for community events. The planned rehab will provide a new community space on the ground floor to further accommodate programming space for Property Management and Tenant and Community Services for residents at the Ritz.

- 4.7. Target Population. The current target population for both projects are low-income individuals.

At the Ambassador, 62 units are set aside for homeless individuals; 53 units are referred under a Continuum of Care contract (50 under a contract specific to the Ambassador and 3 under a Franciscan Towers scattered site contract), and nine units are reserved for Direct Access to Housing.

Additionally, there are currently five units that house residents with Veterans Affairs Supportive Housing tenant based vouchers. The remainder of the units are available to the general population.

The Ambassador CoC units (and Franciscan Towers Scattered Site CoC units at the Ambassador) receive referrals from HSH via this process:

- The property's general manager sends an email to HSH when a vacancy occurs.
- HSH sends a referral to TNDC's services team
- TNDC services team processes applicant and refers their application to the property's general manager
- The general manager processes the applicant for the unit

The Ambassador DAH units receive referrals as outlined:

- A vacancy is posted in the property's Vacancy Tracker
- Applicants are referred directly to the property's general manager
- The general manager processes the application
- The applicant's case worker is involved in the intake process

The tenant-based VASH units at the Ambassador are General Population units occupied with tenants who hold portable vouchers. These units, as well as the General Population units, fill via the property-maintained waiting list.

The only subsidy present at the Ritz is a Section 8 contract that covers 88 of the 89 units at the property. The Ritz underwent a Section 8 RAD for MOD Rehab in 2018 and the Section 8 contract went into place.

- 4.8. Marketing & Occupancy Preferences. TNDC's property supervisor is the team leader for marketing and outreach at the Project. The property supervisor is responsible for planning and organizing informational and application workshops, and will continue the role of liaison with MOHCD and SFHA regarding lease-up of the Section 8 and VASH units.

Units that are not referred via HSH or SFHA will be marketed and offered to qualified households through MOHCD's SF Housing Portal (DAHLIA), with preferences observed in the following order: 1) Certificate of Preference, 2) Displaced Tenant Housing Preference (DTHP) Certificate Holders, and 3) Live or Work in San Francisco.

Sponsor will provide initial draft marketing plan within 12 months of anticipated rolling TCO, outlining the affirmative steps TNDC will take to market the project to the City's preference program participants, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.

- 4.9. Relocation.

Offsite temporary relocation of the majority of residents will be necessary during the construction period, although relocation will be phased. Ambassador Ritz Four Percent, L.P. (and Ambassador Nine Percent, L.P.) will contract with

TNDC’s Relocation department for their services. TNDC’s Relocation team will manage the planning and execution of a multiple phased relocation plan. Ambassador residents will relocate for 9-10 months. The Ambassador’s rehab will take place in two large phases – Phase 1 encompassing the Mason Street wing of the building (76 residential units) and Phase 2 encompassing the Eddy Street wing of the building (58 residential units). Temporary relocation of all residents at the Ritz Hotel will be required during the construction period. Residents will be relocated for up to 9-10 weeks per phase (total of 3 relocation phases).

The Project Team is budgeting approximately \$6.0MM between the 9% and 4% for relocation. Much of this expense is from the Ambassador’s relocation plan, whose structural upgrade requires the building empty by “wing” during the construction period.

As a condition precedent to construction closing TNDC will seek approval of the Project’s relocation plans from MOHCD Resident Services staff and HSH.

## 5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Paulett Taggart Architect	Yes	No
Civil Engineer	Luk & Associates	Yes	No
Landscape Architect	TS Studio	Yes	No
Historic Architect	Knapp Architects	Yes	No
Geotechnical Engineer	Rockridge Geotechnical	Yes	No
MEP	Engineering 350	Yes	No
Green Building	AEA	No	No
General Contractor	D&H Construction	No	No
Owner’s Rep/Construction Manager	Chris Rivera	Yes	No
Financial Consultant	CHPC	No	No
Lighting Consultant	Auerback Glasgow	No	No
Water Proofing	Steelhead Engineers	No	No
Elevator	VDA	No	No
Legal	Gubb & Barshay	No	No
Hazmat Surveyor	SCA	Yes	No

### 5.1 Outstanding Procurement Issues.

CMD established a 20% SBE participation goal for the construction phase at both Ambassador and Ritz. Based on bids received, Ambassador is currently achieving a 16% SBE rate. The Ritz is currently tracking a 11.5% SBE rate. The Project team has requested MOHCD staff assistance in seeking an adjustment to the 20% SBE requirement due to factors beyond the control of the Developer. In the case of The Ritz, this included a lack of SBE bidders in certain trades. However, where SBE qualified subs did bid, their bids were either the low or only bid and therefore accepted. Therefore, effectively all SBE subs who bid were successful. The

Ambassador initially had a lower SBE compliance level (14% SBE) until the developer chose to incur an increase in cost of \$260,499 in order to accept the bid of the SBE qualified elevator subcontractor. This additional cost yielded a 2% increase in SBE compliance, to 16% and the added cost is borne by the developer with a reduction in their fee. Despite this effort, the project remains 4% below the SBE goal. Given the market conditions and the efforts made by the Contractor and the Developer to meet the SBE goals for this project, MOHCD Construction Representative would support the Developers’ request for an adjustment to the goals and are available to discuss this matter with Contract Monitoring Division in their consideration of this request.

6. FINANCING PLAN (See **Attachment I and J** for Sources and Uses)

A combined development budget, operating budget, and 20-year cash flow are included as **Attachments K, M, and O**.

6.1. Prior MOHCD/OCII Funding (this project and historical for the project):

The total outstanding principal and interest associated with historical MOHCD CDBG loans at the Ritz are high given their interest rates (12% and 10%) and present a constraint in making the syndication underwriting work: the total principal and accrued interest cannot exceed the total building value included in the project’s eligible basis, meaning that TNDC is unable to include all existing soft debt from the Ritz as part of the project’s underwriting. Additionally, the total outstanding debt and accrued interest for the Ritz, if included in the project, may pose issues with the true debt test for the projects’ funders. MOHCD staff have reviewed the project’s true debt test and are in agreement with TNDC’s estimates of the debt forgiveness required. See chart below for proposed restructuring of existing debt.

Note: Existing debt numbers have been calculated assuming a 10/1/2021 closing date in order to provide sufficient buffer should the construction closing deadline extend.

**Ambassador**

Loan Type	Origination	Repayment	Maturity	Interest	Loan	Outstanding	Recast to 9%	Recast to 4%
Type	Date	Terms	Date	Rate	Amount	Loan Amount	26.87%	73.13%
CCSF Prop A	3/31/1999	Res. Rec	March 2049	3.0%	2,948,887	4,760,928.88	1,279,055.52	3,481,873.36

In conjunction with the execution of the tax credit syndication, the Project team is requesting that MOHCD lower the interest rate to AFR and restructure and assign the loan on a pro rata basis between the 9% and 4% components of the project. It is anticipated that that Project will assume the entire outstanding loan amount for the CCSF Prop A Loan. The term of the new loans will be 55 years.

**Ritz**

	Origination	Repayment	Interest	Loan	Outstanding	Amount	Forgiveness
Loan Type	Date	Terms	Rate	Amount	Loan Amount	to be recast	Request
CDBG	10/29/1991	Res. Rec	10.0%	636,381	9,855,538.27	9,855,538.27	0.00
HOME	7/24/2009	Res. Rec	0.0%	1,179,510	1,179,510.00	1,179,510.00	0.00
CDBG	8/31/2011	Grant	0.0%	620,603	326,306.00	326,306.00	0.00
CDBG/Site Acquisition	10/29/1991	Forgivable	12.0%	1,487,577	4,527,929.18	4,527,929.18	0.00
CDBG/UDAG	10/29/1991	Forgivable	12.0%	1,025,010	32,085,566.56	11,938,111.00	20,147,455.56

The Project team is requesting a significant restructuring of existing debt at the Ritz, including consolidating all existing debt and lowering the interest rate. In addition, in order to make the project feasible, the Project team is requesting approximately \$20.2MM in debt forgiveness for the 1991 CDBG/UDAG loan, which has accrued significant interest since its 1991 origination. The term of the new loan will be 55 years. MOHCD staff recommend approving the Sponsor’s interest forgiveness request.

6.2. Disbursement Status.

The entirety of the existing loans for the Project have been disbursed to the Sponsor. The PASS funds will be dispersed in conjunction with the permanent conversion of the project which is anticipated to take place in February 2024.

6.3. Fulfillment of Loan Conditions.

In 2019, MOHD staff brought the project to MOHCD Loan Committee to approve the use of excess proceeds from the O’Farrell Towers syndication as a predevelopment source for the Ambassador. At that time MOHCD included the following loan conditions:

- TNDC will work with MOHCD construction team to refine rehabilitation scope as the predevelopment period progresses, with a focus on addressing the building’s significant seismic needs.
  - **Status: Fulfilled.** Throughout the predevelopment period, the project team has worked in partnership with assigned MOHCD staff to hone in on the Project’s rehabilitation needs and troubleshoot scoping issues as they arose.
- TNDC will keep MOHCD staff updated on the progress of the Section 8 PBV transfer authority, and status of conversations with HUD and SFHA.
  - **Status: No longer relevant.** The Project Team decided to forgo the transferring of Section 8 PBV from the Ritz to the Ambassador to the project, and instead combined the two buildings into one 4% project.
- TNDC must provide MOHCD with a clearer plan regarding the proposed legal structure of the commercial component of the Project, and its desired use of commercial cash flow.

- **Status: Partially Fulfilled.** TNDC has provided MOHCD with clear plans regarding the air rights subdivision for the project, and followed up with a more detailed budget regarding how commercial cash flow is contributed to the Ambassador's services budget. MOHCD staff have recently received the budgets; approval of the services plan and budget is a condition that must be fulfilled prior to construction closing.
- TNDC will provide ongoing updates to MOHCD staff regarding the Ambassador's evolving financing structure, including whether changes affect the organization's overall portfolio recapitalization plan.
  - **Status: Fulfilled.** TNDC staff have been in regular communication with MOHCD regarding the evolving financing structure and its implications on the execution of both rehabilitations.

6.4. Proposed Permanent Financing Note: *This section reflects both the 4% and 9% components of the project, although this Loan Committee request only pertains to the 4%. The 9% is being presented for project feasibility only.*

6.4.1. Permanent Sources Evaluation Narrative

**The Project Team expects permanent sources for the 4% project to be as follows:**

- MOHCD PASS Permanent Mortgage: The Project Team is forecasting the use of two permanent PASS loans. The Tranche A PASS loan has a 15 year term and supports a \$5,854,000 mortgage at a blended interest rate of 2.07719%. The Tranche B has a 28 year term and supports a \$5,889,000 mortgage at a blended interest rate of 2.44379% (see loan terms at the end of the evaluation for specific loan split between the market rate, below market rate, and deferred PASS loans). The source is the MOHCD-administered Preservation and Seismic Safety Loan Program (PASS), a taxable general obligation bond funded program that provides senior loans for the acquisition, improvement, and rehabilitation of at-risk multifamily buildings. The second series of bonds was issued in December 2020 (2020C), and the Project is currently in the PASS pipeline. The current underwriting supports \$11,743,000 in total PASS. MOHCD staff is requesting that Loan Committee approve an additional 10% of PASS authority on the project for an up to amount of \$12,900,000. This buffer ensures that in the event that the projected rental income increases by the time of permanent conversion in February 2024, the project has the option to support more PASS debt.
- Assumed Ritz CCSF Loans: The Project will assume \$29,237,260 of principal and interest associated with historical Ritz loans. This amount assumes that Loan Committee will approve the forgiveness of approximately \$20.2MM in debt from accrued interest. The proposed interest rate for this loan will then be set to AFR (2.12%) and the term will be extended to 55 years.

- Assumed Ambassador CCSF Loans: MOHCD's existing Prop A loan in the amount of \$3,481,873 will be assigned to the 4% component of the project. The interest rate will be set at AFR (2.12%) and the loan term will be extended to 55 years.
- 4% Tax Credit Equity. The pro forma estimates \$0.94 per 4% LIHTC and \$0.85 per Historic Tax Credit, which is based on an LOI TNDC received from US Bank in April 2021. The pro forma assumes \$50,968,138 in funding for the 4%.
- HCD Loan and Interest. The Ritz has an existing HCD CHRP loan from 1991. The project will assume the \$5,101,332 in principal and interest for this loan. The interest rate will be set at AFR and the term extended to 55 years. HCD has provided preliminary approval for the debt restructure, and sponsor's request is being formalized via HCD's Loan Portfolio Restructuring Process (LPR).
- FHLB AHP. The project is assuming an AHP award of \$1,000,000. The project was not competitive for AHP this year, but the Project Team's preliminary scoring for next year (2022), when they will have building permits in hand, puts the project in a more competitive position. If TNDC does not receive an AHP award, they will make up the difference with a sponsor gap loan.
- O'Farrell Towers Proceeds. In 2019, MOHCD authorized the release of \$442,706 in excess proceeds in the form of a residual receipts loan. The Project team is requesting that this 3% residual receipts loan be lowered to 0.00% interest, which is allowed, per the terms of the 2019 note.
- Sponsor Loan (Prior Year Ritz Cash Flow; Alexander Reserves): The Project team is also assuming a sponsor loan to the project of \$2,019,487 which is comprised of an outside reserve from the Alexander Residence (another TNDC project), and excess cash flow at the Ritz from 2020. This loan will be set at 0.00% with a term of 55 years.
- Income from Operations at 50%: During construction, TNDC anticipates generating more net operating income than usual since the building will be partially vacant and operating expenses should theoretically be lower. This \$1,079,217 source for the 4% represents 50% of all cash flow between closing and conversion. The team is conservatively estimating using 50% of all cash flow (as opposed to 75% or 100% for example), but in the event that this income is not available, the team will use Turk/Eddy proceeds in its place. In September 2020, MOHCD approved TNDC's use of \$5.5MM in Turk/Eddy proceeds for Ambassador Ritz, and due to higher investor pricing than anticipated, the project team is currently showing \$0 Turk/Eddy proceeds in the latest set of projections.
- Withdrawal of Existing Reserves. The project team is proposing to withdraw \$836,244 in existing reserves at the Ritz and Ambassador to use as a project equity source.
- General Partner Equity: The pro forma shows a GP equity contribution of \$1,127,120.

- Deferred Fee: To further support the project, the current project financing includes a deferred developer fee in the amount of \$3,163,679 over a 15-year period for the 4%.

**The Project Team expects permanent sources for the 9% project to be as follows:**

- Assumed Ambassador CCSF Loans: \$1,341,489 of the existing Prop A loan will be assigned to the 9% component of the project. The interest rate will be set at AFR (2.12%) and the loan term will be extended to 55 years.
- 9% Tax Credit Equity: The pro forma estimates \$0.88 per 9% LIHTC, which is based on an LOI TNDC received from US Bank in April 2021. The pro forma assumes \$15,838,416 in funding for the 9%.
- Seller Carryback financing. The Partnership will purchase the 9% improvements from TNDC in the form of a loan estimated at \$3,745,944, with interest accrual estimated at \$182,846 for the 4%, loaned at AFR with a 55-year term.
- Income from Operations at 50%: During construction, TNDC anticipates generating more net operating income than usual since the building will be partially vacant and operating expenses should theoretically be lower. This \$154,501 source for the 9% represents 50% of all cash flow between closing and conversion (see above explanation for 4% for more information)
- Withdrawal of Existing Reserves. The project team is proposing to withdraw \$87,931 in existing reserves at the Ambassador to use as a project source
- Deferred Fee: To further support the project, the current project financing includes a deferred developer fee in the amount of \$346,602 over an 8-year period for the 9%.

6.4.2. HOME Funds Narrative: N/A.

6.4.3. Permanent Uses Evaluation: *Note: This section reflects both the 4% and 9% components of the project, although this Loan Committee request only pertains to the 4%.*

Ambassador Ritz 4%

<b>Development Budget</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Hard Cost per unit are within standards	Yes	The project Hard costs are \$239,898 per unit, which is an acceptable range, according to the MOHCD construction representative team. See <b>Section 4.3 and 4.4</b> above for further explanation.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Yes	Hard Cost Contingency is 14.7%



Architecture and Engineering Fees are within standards	Yes	Current total architecture and engineering fee estimate of \$3,316,831 appears reasonable for the scope and complexity of the project.
Construction Management Fees are within standards	Yes	Total construction management fee for the project is \$296,269 which is high when compared to other projects, but the complexity of the rehab warrants the additional cost
Developer Fee is within standards	No	Total cash Developer fee for the 4% is not in line with 2020 Policy, but conforms with previous policy (see below)
Soft Cost Contingency is 10% per standards	No	Soft cost contingency is 5.1%.
Capitalized Operating Reserves are a minimum of 3 months of operating expenses	Yes	\$1,551,389 or approximately 6 months of operating expenses, as required by the Project's investor.
Capitalized Replacement Reserves are a minimum of \$1,000 per unit (Rehab only)	Yes	Capitalized replacement reserve deposit is \$187,000 or \$1,000/unit.

Ambassador 9%

<b>Development Budget</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Hard Cost per unit are within standards	Yes	The project Hard costs are \$286,642 per unit, which is an acceptable range, according to the MOHCD construction representative team. See <b>Section 4.3 and 4.4</b> above for further explanation.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Yes	Hard Cost Contingency is 14.7%.
Architecture and Engineering Fees are within standards	Yes	Current total architecture and engineering fee estimate is \$584,160 appears reasonable for the scope and complexity of the project.
Construction Management Fees are within standards	Yes	Total construction management fee for the project is \$53,731 which is on the high end when compared to other projects, but the complexity of the rehab warrants the additional cost.
Developer Fee is within standards	No	Total cash Developer fee for the 9% is not in line with 2020 Policy, but conforms with previous policy (see below).
Soft Cost Contingency is 10% per standards	No	Soft cost contingency at perm is 3.6%.

Capitalized Operating Reserves are a minimum of 3 months of operating expenses	Yes	\$223,518 or approximately 6 months of operating expenses, as required by the Project's investor.
Capitalized Replacement Reserves are a minimum of \$1,000 per unit (Rehab only)	Yes	Capitalized replacement reserve deposit is \$36,000 or \$1,000/unit.

The following 4% developer fee schedule assumes the maximum allowable new construction cash-out fee of a \$2.2 million base plus \$10,000 per unit over 100 units allowed under the 2020 MOHCD developer fee policy. The project team is requesting MOHCD's approval to assume this fee structure because the previous MOHCD developer fee policy (2016 and 2018 technical update) allowed substantial rehabilitations with no new city funds to claim the new construction maximum, and the predevelopment loan for the project was approved assuming the higher developer fee. Although the project team is now leveraging a PASS loan and seeking significant restructuring and forgiveness of City debt, staff still recommends the use of the new construction maximum for this project. Given the complexity of executing on a scattered site hybrid transaction and the level of rehabilitation being performed at both buildings, staff is supportive of TNDC's request.

The milestones for payment for 4% are specified in the chart below.

<b>Total Developer Fee:</b>	<b>\$7,360,799</b>	
Project Management Fee Paid to Date:	\$550,000	
Amount of Remaining Project Management Fee:	\$550,000	
Amount of Fee at Risk (the "At Risk Fee"):	\$1,970,000	
Amount of Fee Deferred (the "Deferred Fee"):	\$3,163,679	
Amount of General Partner Equity Contribution (the "GP Equity"):	\$1,127,120	
<b>Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management</b>	<b>Amount Paid at Milestone</b>	<b>Percentage Project Management Fee</b>
Construction close	\$220,000	20%
During Construction (disbursed upon request depending on percent construction completion) or completion of construction	\$220,000	20%
Project close-out – Placed-in-service; 100% lease up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification	\$110,000	10%
<b>Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee</b>		<b>Percentage At Risk Fee</b>

95% lease up and draft cost certification	\$394,000	20%
Permanent conversion	\$985,000	50%
Project close-out	\$591,000	30%

The following 9% developer fee schedule for the Ambassador assumes the allowable TCAC maximum for a rehabilitation project which is the lesser of 15% of the project's unadjusted eligible basis, or \$2,000,000. Fifteen percent of the Project's eligible basis is \$2,789,218.

The milestones for payment for 4% are specified in the chart below.

<b>Total Developer Fee:</b>	<b>\$2,000,000</b>	
Project Management Fee Paid to Date:	\$0	
Amount of Remaining Project Management Fee:	\$1,000,000	
Amount of Fee at Risk (the "At Risk Fee"):	\$653,398	
Amount of Fee Deferred (the "Deferred Fee"):	\$346,602	
Amount of General Partner Equity Contribution (the "GP Equity"):	\$0	
<b>Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management</b>	<b>Amount Paid at Milestone</b>	<b>Percentage Project Management Fee</b>
Construction close	\$500,000	50%
During Construction (disbursed upon request depending on percent construction completion) or completion of construction	\$400,000	40%
Project close-out – Placed-in-service; 100% lease up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification	\$100,000	10%
<b>Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee</b>		<b>Percentage At Risk Fee</b>
95% lease up and draft cost certification	\$130,680	20%
Permanent conversion	\$326,699	50%
Project close-out	\$196,019	30%

7. PROJECT OPERATIONS (See **Attachment I and K** for Operating Budget and 20-Year Proforma)

7.1. Annual Operating Budget. *This section reflects both the 4% and 9% components of the project, although this Loan Committee request only pertains to the 4%.*

7.2. Income Restrictions.

Ambassador Ritz 4%

<u>NON-LOTTERY</u>	No. of Units	MOHCD	TCAC
SRO-CoC	25	60% MOHCD AMI	45% TCAC AMI
SRO-CoC	3	60% MOHCD AMI	50% TCAC AMI
SRO-Section 8 PBV	88	60% MOHCD AMI	50% TCAC AMI
SRO-CoC	3	60% MOHCD AMI	60% TCAC AMI
<u>LOTTERY</u>			
SRO	5	60% MOHCD AMI	45% TCAC AMI
SRO	60	60% MOHCD AMI	50% TCAC AMI
SRO	3	60% MOHCD AMI	60% TCAC AMI
<b>TOTAL</b>	<b>187</b>		

Ambassador 9%

<u>NON-LOTTERY</u>	No. of Units	MOHCD	TCAC
SRO-CoC	4	60% MOHCD AMI	30% TCAC AMI
SRO-DAH	7	60% MOHCD AMI	30% TCAC AMI
SRO-DAH	2	60% MOHCD AMI	45% TCAC AMI
SRO-CoC	15	60% MOHCD AMI	45% TCAC AMI
SRO-DAH	3	60% MOHCD AMI	50% TCAC AMI
<u>LOTTERY</u>			
SRO	4	60% MOHCD AMI	30% TCAC AMI
<u>STAFF UNITS</u>			
SRO	1	N/A	N/A
<b>TOTAL</b>	<b>36</b>		

7.3. Annual Operating Expenses Evaluation.

Ambassador Ritz 4%

<b>Operating Proforma</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Debt Service Coverage Ratio is a minimum of 1.1:1 and stays 1:1 through year 17	No	No, project dips to 1.09 in year 14, and then to 1.066 in year 15, but then remains relatively stable the rest of the period.
Vacancy meets TCAC Standards	Yes	Vacancy is 5%.
Annual Income Growth is increased at 2.5% per year	Yes	Income escalation factor is 2.5%.
Annual Operating Expenses are increased at 3.5% per year	Yes	Expenses escalation factor is 3.5%.
Base year operating expenses per unit are reasonable per comparables	No	Total Operating Expenses are \$14,648 PUPA including replacement reserve deposits is high
Property Management Fee is at allowable HUD Maximum	Yes	Total Property Management Fee is requesting a \$141,814 fee per year
Property Management staffing level is reasonable per comparables	Yes	Ambassador: 6.0 FTEs: 1 General Manager, 1 Assistant General Manager, 2 maintenance supervisors, 2 custodians. Expenses split between 9% and 4%.  Ritz: 6 FTEs: 1 General Manager, 1 Assistant General Manager, 2 maintenance supervisors, 2 custodians. Expenses all included in 4% budget.
Asset Management and Partnership Management Fees meet standards	No	Annual AM Fee is \$30,144, which is above allowable amount. Annual PM Fee is \$20,763/yr.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Yes	Replacement Reserve Deposits are \$500 PUPA for Ambassador, and \$400 PUPA for Ritz, or \$84,600, per TNDC's historical assessment of the Project's needs.
Limited Partnership Asset Management Fee meets standards	Yes	Currently, Project Team has allocated \$5,000 for in LP AM fee.

Ambassador 9%

<b>Operating Proforma</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Debt Service Coverage Ratio is a minimum of 1.1:1 and stays 1:1 through year 17	No	9% is not leveraging any debt.
Vacancy meets TCAC Standards	Yes	Vacancy is 5%.
Annual Income Growth is increased at 2.5% per year	No	Income escalation factor is 2%, as required by investors
Annual Operating Expenses are increased at 3.5% per year	No	Expenses escalation factor is 3.0%, as required by investors
Base year operating expenses per unit are reasonable per comparables	No	Total Operating Expenses are \$13,143 PUPA including replacement reserve deposits appear high.
Property Management Fee is at allowable HUD Maximum	Yes	Total Property Management Fee is requesting a \$26,124 fee per year, which is the HUD maximum.
Property Management staffing level is reasonable per comparables	Yes	6.0 FTEs total for Ambassador building (cost split pro rata between the 9% and 4%): 1 General Manager, 1 Assistant General Manager, 2 maintenance supervisors, 2 custodians.
Asset Management and Partnership Management Fees meet standards	Yes	Annual AM Fee is \$25,811 Annual Partnership Management Fee is \$22,650/yr.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Yes	Replacement Reserve Deposits are \$500 PUPA for Ambassador or \$18,000, per TNDC's historical assessment of the Project's needs.
Limited Partnership Asset Management Fee meets standards	Yes	Currently, Project Team has allocated \$5,000 for in LP AM fee.

1.1. Capital Needs Assessment & Replacement Reserve Analysis. The Project assumes an initial replacement reserve starting balance of \$187,000 for the combined project (\$1,000 per unit) and annual deposits of \$400/unit for the Ritz and \$500/unit for the Ambassador, based on the Project Sponsor's Capital Needs and Replacement Reserve Analysis report performed by On-site Insight in August 2018.

## 8. SUPPORT SERVICES

### 8.1. Services Plan.

There are two full time tenant services employees at the Ambassador. These staff members have offices in the Ambassador's Pavilion and their services are available to all Ambassador residents.

TNDC's social workers provide housing retention and eviction prevention support, organize and facilitate community events, and provide tenants with ongoing individualized support plans. The remainder of the offices in the Pavilion are those of TNDC's Associate Director of Tenant Services and two supportive service managers. The service plan and budget will not change when the financing structure changes.

There is one full time social worker at the Ritz hotel. The social worker's office is located on the 1<sup>st</sup> residential floor of the Ritz in Unit 103. The service plan and budget will not change when the financing structure changes.

### 8.2. Service Budget.

All staffing at Ambassador with the exception of Tenant & Community Services (TCS) staff are paid through the property budget. At the Ambassador, the TCS staff are paid via commercial cash flow in the approximate amount of \$260,000 per year. Staffing at the Ritz is paid through a combination of the property budget and \$134,000 in annual funding received from HSH CoC funding (\$120,000) the DAH program (\$14,000). TNDC staff have recently submitted a services budget for both the Ambassador and Ritz; MOHCD staff will evaluate the adequacy and funding for services prior to construction closing, and its approval is being added as a condition that must be met prior to construction closing.

8.3. DPH/HSH Assessment of Service Plan and Budget. TNDC has not yet vetted the Project's services plan and budget with HSH; approval by HSH is also being included as a condition that must be met prior to construction closing.

## 9. THRESHOLD ELIGIBILITY REQUIREMENTS

N/A

## 10. RANKING CRITERIA

N/A

## 11. STAFF RECOMMENDATIONS

### Proposed PASS Loan Terms

Financial Description of Proposed Loan	
Loan Amounts:	Tranche A: \$5,854,000 <ul style="list-style-type: none"><li>• Market Rate Loan: \$3,565,086</li><li>• BMR Loan: \$1,966,944</li><li>• Deferred Loan: \$321,970</li></ul>

	Tranche B: \$5,889,000 <ul style="list-style-type: none"> <li>• Market Rate Loan: \$3,586,401</li> <li>• BMR Loan: \$1,978,704</li> <li>• Deferred Loan: \$323,895</li> </ul>
Loan Term:	Tranche A 15 years Tranche B: 28 Years Deferred portion of each tranche: 40 years.
Loan Maturity Date:	Tranche A: 2039 Tranche B: 2054 Deferred: 2064
Loan Repayment Type:	Market Rate and BMR loans: fully amortizing monthly payments Deferred Loans: deferred; balloon payment due at maturity
Loan Interest Rate:	Market Rate Loans: 3.87289% BMR Loans: 0.95763% Deferred Loans: 0.95763%

Proposed Debt Restructure Loan Terms: 4%

<b>Financial Description of Proposed Loan</b>	
Loan Amount:	\$31,309,267
Loan Term:	55 years
Loan Maturity Date:	2076
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	AFR for historical debt, 0% for OFT Loan

Proposed Debt Restructure Loan Terms: 9%

<b>Financial Description of Proposed Loan</b>	
Loan Amount:	\$1,279,056
Loan Term:	55 years
Loan Maturity Date:	2076
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	AFR

11.1. Recommended conditions prior to construction closing:

- TNDC must produce a Phase 1 for the Ritz Hotel and submit to the MOHCD CR team member for review.



- As a condition prior to construction closing, TNDC will receive MOHCD and HSH approval of the services plan and budget.
- As a condition precedent to construction closing, TNDC will seek approval of the Project's relocation plans from MOHCD Resident Services staff and HSH.

## 12. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

Date: \_\_\_\_\_

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

Date: \_\_\_\_\_

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Sally Oerth, 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: \_\_\_\_\_

## **Chavez, Rosanna (MYR)**

---

**From:** Shaw, Eric (MYR)  
**Sent:** Friday, June 4, 2021 11:38 AM  
**To:** Chavez, Rosanna (MYR)  
**Subject:** Ambassador Ritz Scattered Sites

I 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:** Tuesday, June 15, 2021 4:18 PM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR)  
**Subject:** Ambassador Hotel and the Ritz Hotel.

I approve the Tenderloin Neighborhood Development Corporation (TNDC) requests for up to \$12.9 million in Preservation and Seismic Safety (PASS) program financing and up to \$20.2 million in forgiveness of existing debt for the Ambassador Hotel and the Ritz Hotel.

Best,

salvador



Salvador Menjivar  
Director of Housing  
*Pronouns: He/Him*  
San Francisco Department of Homelessness and Supportive Housing  
[salvador.menjivar1@sfgov.org](mailto:salvador.menjivar1@sfgov.org) | 415-308-2843

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## Chavez, Rosanna (MYR)

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**From:** Oerth, Sally (CII)  
**Sent:** Friday, June 4, 2021 11:36 AM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR); McCormack, Caroline (MYR)  
**Subject:** Ambassador/Ritz - 6.4.21 Loan Committee

I approve the permanent financing and debt forgiveness request for the Ambassador/Ritz scattered site project, as presented at the 6/4/21 Loan Committee



**Sally Oerth**  
**Interim Executive Director**

---

📍 One South Van Ness Avenue, 5th Floor  
San Francisco, CA 94103  
☎ 415.749.2588  
🏠 [www.sfocii.org](http://www.sfocii.org)

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## Chavez, Rosanna (MYR)

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**From:** Pereira Tully, Marisa (CON)  
**Sent:** Friday, June 4, 2021 11:50 AM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR)  
**Subject:** Ambassador Ritz scattered sites

Approve

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

- Attachments:
- A. Project Milestones/Schedule
  - B. Borrower Org Chart:4%
  - C. Borrower Org Chart: 9%
  - D. Developer Resume
  - E. Asset Management Analysis of Sponsor
  - F. Site Map with amenities
  - G. Elevations and Floor Plans, if available
  - H. Comparison of City Investment in Other Housing Developments
  - I. Development Budget: 4%
  - J. Development Budget: 9%
  - K. 1<sup>st</sup> Year Operating Budget: 4%
  - L. 1<sup>st</sup> Year Operating Budget: 9%
  - M. 20-Year Operating Pro Forma: 4%
  - N. 20 Year Operating Pro Forma: 9%

**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>10/18/19</u>	
2.	Site Acquisition	_____	_____
3.	Development Team Selection		
a.	Architect	<u>8/1/18</u>	
b.	General Contractor	<u>2/1/19</u>	
c.	Owner's Representative	<u>10/1/18</u>	
d.	Property Manager	<u>8/1/18</u>	
e.	Service Provider	<u>8/1/18</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>Design: 12/17/19</u> <u>CE: 2/11/20</u>	_____
b.	Submittal of Design Development & Cost Estimate	_____	
c.	Submittal of 50% CD Set & Cost Estimate	<u>Set:4/14/20</u> <u>Cost estimate:</u> <u>5/19/20</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>Set: 10/1/20</u> <u>CE: 10/1/20</u>	
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	_____	
b.	NEPA Environ Review Submission	_____	
c.	CUP/PUD/Variances Submission	_____	
6.	Permits		
a.	Building / Site Permit Application Submitted	<u>10/2/2020 (Amb)</u> <u>08/06/20 (Ritz)</u>	_____
b.	Addendum #1 Submitted	_____	
c.	Addendum #2 Submitted	_____	



7.	Request for Bids Issued	<u>November 2020</u> <u>(Amb)</u>	
8.	Service Plan Submission		
a.	Preliminary	_____	
b.	Interim	_____	
c.	Update	_____	
9.	Additional City Financing		
a.	Predevelopment Financing Application #2	_____	
b.	Gap Financing Application	_____	
10.	Other Financing		
a.	MHP Application	_____	
b.	Construction Financing RFP		
c.	AHP Application	<u>3/1/22</u>	
d.	CDLAC Application	<u>7/1/20</u>	
e.	TCAC Application	<u>7/1/20</u>	
f.	HUD 202 or 811 Application	_____	
g.	Other Financing Application	_____	
11.	Closing		
a.	Construction Closing	<u>8/18/21</u>	
b.	Permanent Financing Closing	<u>Feb. 2024</u>	
12.	Construction		
a.	Notice to Proceed	<u>8/17/21</u>	_____
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>March 23 (Amb)</u> <u>August 22 (Ritz)</u>	_____
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	_____	_____
b.	Commence Marketing	_____	
c.	95% Occupancy	<u>July 23 (Amb)</u> <u>Nov. 22 (Ritz)</u>	_____
14.	Cost Certification/8609	<u>Aug. 2024</u>	

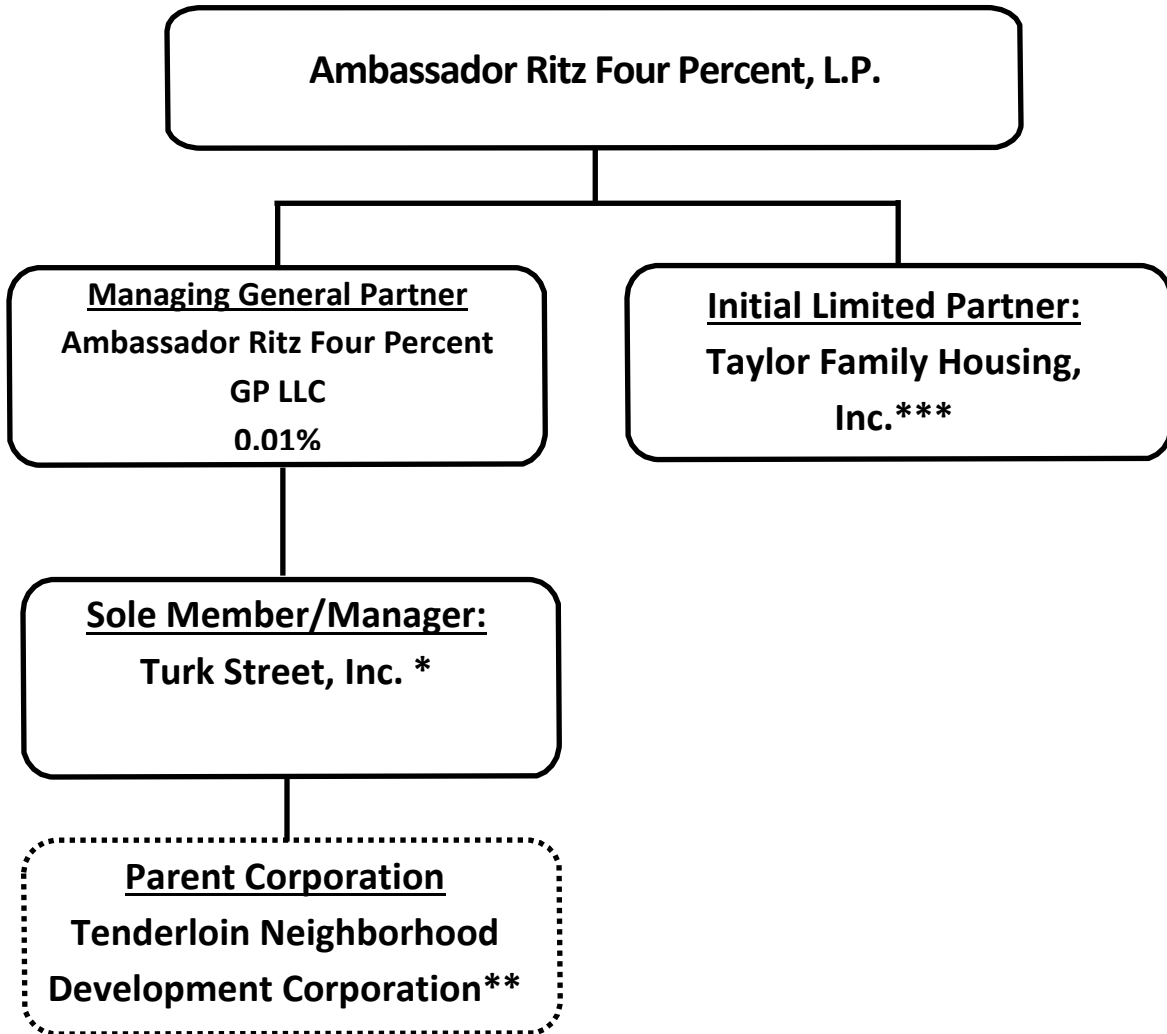
15.	Close Out MOH/OCII Loan(s)	<u>          </u>	
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**Attachment B: Borrower Org Chart: 4%**

See attached.

# Ambassador Ritz

## Project Ownership Structure



**Ambassador Ritz Four Percent, L.P.**

EIN: 37-1964107

Formation Date: 8/15/2019

**Ambassador Ritz Four Percent GP LLC**

EIN: 94-3297381

Formation Date: 8/15/2019

**Taylor Family Housing, Inc.**

EIN: 94-3403318

Formation Date: 6/25/2001

**Turk Street, Inc.**

EIN: 94-3297381

Formation Date: 3/26/1998

**TNDC**

EIN: 94-2761808

Formation Date: 6/16/1981

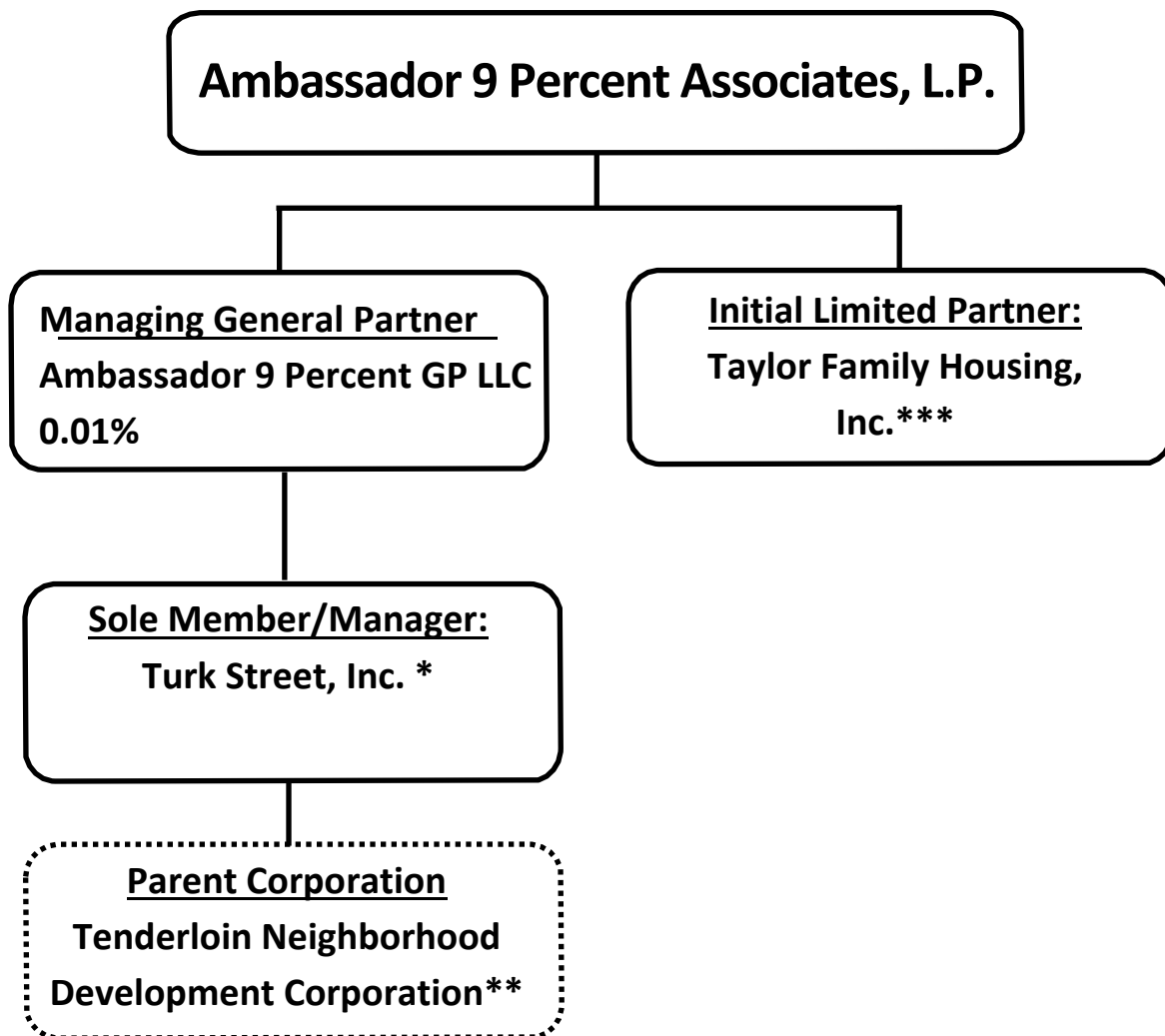
\*Turk Street, Inc., a California nonprofit public benefit corporation is a 501(c)(3) tax exempt “support corporation” of Tenderloin Neighborhood Development Corporation (TNDC). Among its tax exempt purposes is “to benefit and support Tenderloin Neighborhood Development Corporation in carrying out its purposes, in accordance with Section 509(a)(3) of the Internal Revenue code, . . . and by serving as a general partner in a limited partnership which owns and operates housing for the benefit of low income persons . . .” According to the bylaws of Turk Street, Inc., its board officers are automatically congruent with those of TNDC, and as such is deemed to be under the control of TNDC.

**Attachment C: Borrower Org Chart: 9%**

See attached.

# Ambassador 9%

## Project Ownership Structure



<b>Ambassador 9 Percent Associates, L.P.</b>	EIN: 38-4137856	Formation Date: 8/15/2019
<b>Ambassador 9 Percent GP LLC</b>	EIN: 94-3297381	Formation Date: TBD (pending SOS approval)
<b>Taylor Family Housing, Inc.</b>	EIN: 94-3403318	Formation Date: 6/25/2001
<b>Turk Street, Inc.</b>	EIN: 94-3297381	Formation Date: 3/26/1998
<b>TNDC</b>	EIN: 94-2761808	Formation Date: 6/16/1981

\*Turk Street, Inc., a California nonprofit public benefit corporation is a 501(c)(3) tax exempt “support corporation” of Tenderloin Neighborhood Development Corporation (TNDC). Among its tax exempt purposes is “to benefit and support Tenderloin Neighborhood Development Corporation in carrying out its purposes, in accordance with Section 509(a)(3) of the Internal Revenue code, . . . and by serving as a general partner in a limited partnership which owns and operates housing for the benefit of low income persons . . .” According to the bylaws of Turk

### **Attachment D: Developer Resume**

The Tenderloin Neighborhood Development Corporation (TNDC) provides services for more than 4,700 low-income residents in six San Francisco neighborhoods, building community and promoting equitable access to opportunity and resources. Founded in 1981, TNDC now employs 410 people, some who live in TNDC affordable housing buildings. In addition to housing development, TNDC focuses on community organizing, urban food growth and land use, and its after-school program with the idea that everyone should have good quality housing and good quality of life in the city they love.

#### ***Housing Development:***

TNDC has developed 41 buildings with eleven more currently in the pipeline. These developments provide over 3,700 affordable homes to the San Francisco community. TNDC's experience includes all the major financing sources used in the production of low-income housing as well as challenging tenant-occupied rehabilitations and new construction on tight, in-fill sites in San Francisco. In its 37 years of providing housing for the poorest of San Francisco's residents, TNDC has developed an acute knowledge of the development, operations and services needs of supportive housing projects. In addition, TNDC considers itself a community development organization as well and is experienced in community-building in the neighborhoods in which it works.

TNDC's Housing Development department creates high-quality, permanently affordable housing for low-income individuals, families, and seniors. Our team of seventeen development professionals is responsible for managing the acquisition, finance, design development and construction of affordable rental housing projects. TNDC expects to grow its portfolio to more than 5,500 homes in the coming 5 years.

TNDC has completed numerous other 100% affordable developments of at least 75 units funded by LIHTC, including:

- Eddy & Taylor, 113 units of family housing, with 30 units for formerly homeless families and 5 for adults with developmental disabilities or exiting long-term care institutions. 5,360 square feet of community serving retail.
- Willie B. Kennedy Apartments, 98 units of senior housing, 20 units for formerly homeless seniors.
- Ellis Gardens, RAD project, 96 units of housing for seniors and adults with disabilities.
- Sala Burton Manor, RAD project, 89 units of housing for seniors and adults with disabilities.

TNDC also has three new construction developments. These are:

1. 1990 Folsom Street, 143 units of family housing, with 36 units of Section 8 housing through HOPE SF; 9,000 square feet of community serving commercial

- space and 5,000 square feet of affordable childcare space. Construction is complete and currently in the lease-up period.
2. 555 Larkin (formerly known as 500 Turk Street), 108 units of family housing, with 27 units of Section 8 housing through HOPE SF and 2,600 square feet of ground floor commercial space. Under Construction.
  3. 681 Florida Street, 130 units of family housing, with 39 units for formerly homeless families and individuals; 9,250 square feet of community serving commercial space. Under Construction.

***Property Management:***

Since its inception, TNDC has been managing affordable housing to the highest standard of quality, care and compliance. TNDC's Property Management Department is comprised of more than 200 employees and manages the 41 buildings housing 4,700 residents as well as 42 commercial spaces totaling over 215,000 square feet. We use our award-winning approach to create safe and secure environments while operating as efficiently as possible. A key element of our management practice is that building management staff work closely with the building's on-site support services staff to ensure residents retain their housing. TNDC knows that collaboration, through regular meetings between management and services, not only keeps people in their homes, but also reduces vacancy rates, increases rent receipts, and decreases property damage. Management and services jointly coordinate activities and events that bring residents and staff together, thus engendering a community atmosphere with the building.

The TNDC Property Management department has extensive experience managing complex regulatory and compliance requirements of the various local, state and federal agencies. Property Management staff has worked with and is knowledgeable about funding sources such as Low Income Housing Tax Credits (LIHTC), CDBG, HOME, San Francisco Mayor's Office of Housing, San Francisco Redevelopment Agency, California Department of Housing and Community Development, California Housing Finance Agency Mental Health Services Act, Federal Home Loan Bank Affordable Housing Program, and Housing Opportunities for Persons With AIDS (HOPWA). In addition, Property Management has experience working with many rental and operating subsidies such as the City of San Francisco Local Operating Subsidy Program, San Francisco Housing Authority and HUD Project-Based Voucher Section 8, McKinney Shelter Plus Care, CALHFA Mental Health Services Act, San Francisco Department of Public Health, and the San Francisco Human Services Agency.

In addition, TNDC has a Property Supervisor dedicated to managing our retail spaces in coordination with our contracted commercial property management agent Ventura Partners.

***Supportive Services***

Since 1996, TNDC's Tenant and Community Services social workers have been providing culturally responsive support services to its tenants. TNDC's tenant services team, made



up of 35 social workers, understand the service needs of low-income seniors and the formerly homeless. Our unique approach to supportive housing combines safe, affordable home environments with free, voluntary, on-site, culturally relevant, and confidential services. TNDC tenant services has over 23 years of experience serving diverse populations within TNDC's housing portfolio, including over 2,000 units that serve formerly homeless seniors. Our social workers meet with more than 2,000 TNDC tenants annually to provide one-on-one individualized support services. These services include, for example: Intakes and Assessments, Case Management, Supportive Counselling, Individualized Service Planning, Crisis Intervention, Mediation, Housing Stabilization and Eviction Prevention.

TNDC values equity and believes that equal access to resources and services is a cornerstone to social justice and remains wholly committed to delivering high quality services to all of its tenants.

TNDC's Tenant Services and Property Management staff work closely together to promote the growth and development of supportive communities. Social Workers use an integrated model of services to achieve the following goals:

- Assist tenants in the stabilization and maintenance of housing.
- Provide tenants with ongoing individualized support services that promote the development and growth of their self-esteem, independence and self-sufficiency.
- Assist tenants to retain their housing by providing housing retention and eviction prevention support services.
- Promote the growth and development of safe and supportive communities through the organization and facilitation of community events, activities and informational workshops.

Supporting the overall health and well-being of the community is of high priority for TNDC. In addition to individualized services, TNDC Social Workers support the growth and development of a safe and supportive community through community events and activities.

### **Attachment E: Asset Management Evaluation of Project Sponsor**

TNDC has 40 projects in its portfolio, with an additional projects in the pipeline. The average units per project ranges from 75-100.

There are three full-time employees. The department is headed by the Director of Asset Management with two Asset Managers reporting to the Director.

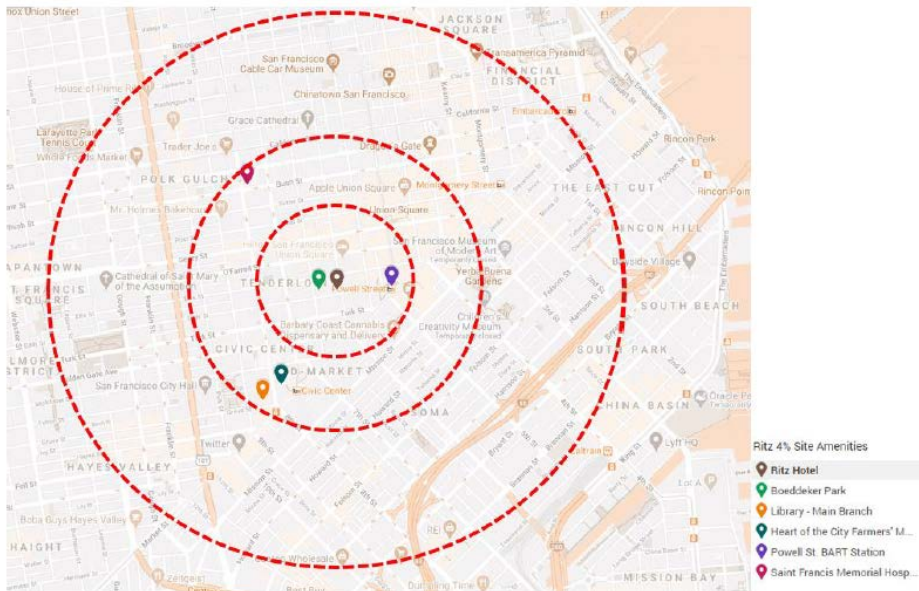
Each of the three employees in the Asset Management Department have a set number of projects in the portfolio. Each is responsible for developing asset management plans for each property, as well as managing the needs and requests of the partner and/or lender in each of the properties, examining opportunities related to the rental structure/operating subsidies, and developing, when necessary, partner exit strategies and/or resyndication and refinancing strategies for those projects that are approaching Year 15.

Members of the Asset Management Department work closely with other TNDC departments. Each project in development in the Housing Development Department has a multidisciplinary “interdepartmental team” to help inform rehab or new construction scopes in which one or more members of asset management participates. Additionally, TNDC has a Recapitalization Workgroup, in which all members of the Asset Management Department attend in order to update senior staff members and the Housing Development Department about asset management plans, partner exit strategies and other asset management related activities, challenges and opportunities.

**Attachment F: Site Map with amenities**



**Ritz Site Amenities Map**



Note: Red dotted lines refer to 1/4 mile, 1/2 mile, and 1 mile distances from site (Ritz Hotel), respectively.

**LOCATIONAL AMENITIES**

Service or Amenity	Distance from Subject (Crow)
Powell St. BART Station	0.1 miles
Father Alfred Boedekker Park	0.06 miles
San Francisco Public Library – Main Branch	0.5 miles
Heart of the City Farmers' Market	0.5 miles
St. Francis Memorial Hospital	0.7 miles

**Attachment G: Elevations and Floor Plans**

N/A

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

See attached.

**REHABILITATION COST COMPARISON (25 Units and Larger or Scattered)**

Updated 5/27/2021

PROJECTS COMPLETED						Square Footage	DEVELOPMENT COSTS					Comments
Project Name	Address	Contract Date	Population Type	# of Units	# of BR <sup>1</sup>	Total	Acq. Cost <sup>2</sup>	Constr. Cost <sup>4</sup>	Soft Cost <sup>5</sup>	Local Subsidy <sup>6</sup>	Total Dev. Cost	
Robert B Pitts	1150 Scott Street	Dec-17	Family	203	543	80,251	36,224,828	\$ 40,783,828	\$ 10,376,138	\$ -	\$ 87,384,794	RAD Phase I - significant rehab
Westside Courts	2501 Sutter Street	Dec-18	Family	136	224	106,953	26,920,000	\$ 49,837,238	\$ 19,151,649	\$ 10,189,576	\$ 95,908,887	RAD Phase II - significant rehab
Hunters Point East and West	1068 Palou	Jun-18	Family	213	532	258,406	47,300,000	\$ 61,904,282	\$ 24,680,753	\$ 845,790	\$ 133,885,035	RAD Phase I - significant rehab
Westbrook Apartments	40 Harbor Road	Jul-19	Family	223	656	233,493	42,570,000	\$ 99,183,000	\$ 10,653,563	\$ 16,705,632	\$ 152,406,563	RAD Phase II - significant rehab
Ping Yuen	655, 711, 895 Pacific	Mar-19	Family	234	539	238,081	67,240,000	\$ 68,014,830	\$ 37,663,965	\$ 5,787,522	\$ 172,918,795	RAD Phase II - significant rehab
Alemany Apartments	951 Ellsworth	Nov-19	Family	150	340	137,652	51,008,000	\$ 66,834,198	\$ 27,791,190	\$ 3,828,778	\$ 145,633,388	RAD Phase II - significant rehab
<b>Completed Projects:</b>	<b>Average:</b>			<b>193</b>	<b>472</b>	<b>175,806</b>	<b>\$ 45,210,471</b>	<b>\$ 64,426,229</b>	<b>\$ 21,719,543</b>	<b>\$ 6,226,216</b>	<b>\$ 131,356,244</b>	

PROJECTS UNDER CONSTRUCTION						Square Footage	DEVELOPMENT COSTS					Comments
Project Name	Address	Compl. Date	Population Type	# of Units	# of BR <sup>1</sup>	Total	Acq. Cost <sup>2</sup>	Constr. Cost <sup>4</sup>	Soft Cost <sup>5</sup>	Local Subsidy <sup>6</sup>	Total Dev. Cost	
Gran Oriente	106 South Park	May-21	Senior	24	24	32,049	\$ 21,050,000	\$ 22,906,291	\$ 12,946,956	\$ 10,300,000	\$ 56,903,247	3 Story over basement, SRO major rehab & seismic
Park View	102 South Park	Jan-21	Senior	39	39							4 Story partial basement, SRO modest rehab & seismic
Hotel Madrid	22 South Park	Sep-21	Senior	44	44							3 Story over basement, SRO modest rehab & seismic
<b>Under Construction:</b>	<b>Average:</b>			<b>36</b>	<b>36</b>	<b>32,049</b>	<b>21,050,000</b>	<b>22,906,291</b>	<b>12,946,956</b>	<b>10,300,000</b>	<b>18,967,749</b>	

PROJECTS IN PREDEVELOPMENT						Square Footage	DEVELOPMENT COSTS					Comments
Project Name	Address	Start Date (anticipated)	Population Type	# of Units	# of BR <sup>1</sup>	Total	Acq. Cost <sup>2</sup>	Constr. Cost <sup>4</sup>	Soft Cost <sup>5</sup>	Local Subsidy <sup>6</sup>	Total Dev. Cost	
San Cristina	1000 Market Street	Jan-21	Senior	58	58	34,500	\$ 17,400,000	\$ 16,245,728	\$ 18,862,448	\$ 2,566,506	\$ 52,508,176	4 story, type III UMB (CHPC proforma 4/26/20)
Throughline Scattered Sites	777 Bdwy, 1204 Mason, 1525 Grant	Apr-21	Mixed	88	88	49,870	\$ 19,187,433	\$ 21,506,475	\$ 16,841,074	\$ 14,152,435	\$ 57,534,982	Bayside: 3-story over 1-story CMU garage building; Consorcia: 4-story with
480 Eddy Street - Yosemite	200 Randolph St., 2006 Great Highway	Apr-21	Mixed	32	32	20,178	\$ 5,619,999	\$ 15,166,293	\$ 9,429,056	\$ 1,800,000	\$ 30,215,348	6 story masonry and steel bldg., significant rehab with seismic
SFHA Scattered Sites		Jan-22	Family	70	67	68,915	\$ 17,592,500.00	\$ 43,470,283	\$ 17,140,072.00	\$ 31,377,832.00	\$ 78,202,855	5 Scattered Sites various ages, types and size properties
<b>In Predevelopment</b>	<b>Average:</b>			<b>62</b>	<b>61</b>	<b>43,366</b>	<b>14,949,983</b>	<b>24,097,195</b>	<b>15,044,193</b>	<b>6,172,980</b>	<b>54,615,340</b>	

<b>ALL PROJECTS</b>	<b>Average:</b>			<b>97</b>	<b>190</b>	<b>83,740</b>	<b>27,070,151</b>	<b>37,143,238</b>	<b>16,570,231</b>	<b>7,566,399</b>	<b>68,313,111</b>	
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<b>Ambassador/Ritz (4% Allocation)</b>	<b>55 Mason/216 Eddy Streets</b>	<b>Aug-21</b>	<b>SRO</b>	<b>187</b>	<b>187</b>	<b>33,137</b>	<b>38,480,979</b>	<b>44,860,884</b>	<b>18,244,685</b>	<b>-</b>	<b>110,685,737</b>	<b>Ambassador -6 STRY Type II/ Ritz-5 STRY Type II</b>
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PROJECTS COMPLETED		Construction Costs			Total Dev Costs by Unit / Bed / SF			Subsidy
Project Name	Contract Date	Const/unit	Const/Bedroom	Const / SF	Gross TDC / unit	TDC/Bedroom	Gross TDC/sq.ft <sup>2</sup>	Subsidy / unit
Robert B Pitts	Dec-17	\$ 200,906	\$ 75,108	\$ 508	\$ 430,467	\$ 160,930	\$ 1,089	\$ -
Westside Courts	Dec-18	\$ 366,450	\$ 222,488	\$ 466	\$ 705,212	\$ 428,165	\$ 897	\$ 74,923
Hunters Point East and West	Jun-18	\$ 290,630	\$ 116,361	\$ 240	\$ 628,568	\$ 251,664	\$ 518	\$ 3,971
Westbrook Apartments	Jul-19	\$ 444,767	\$ 151,194	\$ 425	\$ 683,438	\$ 232,327	\$ 653	\$ 74,913
Ping Yuen	Mar-19	\$ 290,662	\$ 126,187	\$ 286	\$ 738,969	\$ 320,814	\$ 726	\$ 24,733
Alemany Apartments	Nov-19	\$ 445,561	\$ 196,571	\$ 486	\$ 970,889	\$ 428,333	\$ 1,058	\$ 25,525
<b>Completed Projects:</b>	<b>Average:</b>	<b>\$ 339,829</b>	<b>\$ 147,985</b>	<b>\$ 402</b>	<b>\$ 692,924</b>	<b>\$ 303,705</b>	<b>\$ 823</b>	<b>\$ 34,011</b>

PROJECTS UNDER CONSTRUCTION		Construction Costs			Total Dev Costs by Unit / Bed / SF			Subsidy
Project Name	Contract Date	Const/unit	Const/Bedroom	Const / SF	Gross TDC / unit	TDC/Bedroom	Gross TDC/sq.ft <sup>2</sup>	Subsidy / unit
Gran Oriente		\$ 954,429	\$ 954,429	\$ 715	\$ 2,370,969	\$ 2,370,969	\$ 1,776	\$ 429,167
Park View								
Hotel Madrid								
<b>Under Construction:</b>	<b>Average:</b>	<b>954,429</b>	<b>954,429</b>	<b>715</b>	<b>2,370,969</b>	<b>2,370,969</b>	<b>1,776</b>	<b>429,167</b>

PROJECTS IN PREDEVELOPMENT		Construction Costs			Total Dev Costs by Unit / Bed / SF			Subsidy
Project Name	Start Date (anticipated)	Const/unit	Const/Bedroom	Const / SF	Gross TDC / unit	TDC/Bedroom	Gross TDC/sq.ft <sup>2</sup>	Subsidy / unit
San Cristina	Jan-22	\$ 280,099	\$ 280,099	\$ 471	\$ 905,313	\$ 905,313	\$ 1,522	\$ 44,250
Throughline (Grant, Mason, Bdwy)	Apr-21	\$ 244,392	\$ 244,392	\$ 431	\$ 653,807	\$ 653,807	\$ 1,154	\$ 160,823
480 Eddy Street - Yosemite	Apr-21	\$ 473,947	\$ 473,947	\$ 752	\$ 944,230	\$ 944,230	\$ 1,497	\$ 56,250
SFHA Scattered Sites	Jan-22	\$ 621,004	\$ 648,810	\$ 631	\$ 1,117,184	\$ 1,167,207	\$ 1,135	\$ 448,255
<b>In Predevelopment</b>	<b>Average:</b>	<b>404,860</b>	<b>411,812</b>	<b>571</b>	<b>905,133</b>	<b>917,639</b>	<b>1,327</b>	<b>177,394</b>

<b>All Projects:</b>	<b>AVERAGE</b>	<b>566,373</b>	<b>504,742</b>	<b>562</b>	<b>1,323,009</b>	<b>1,197,438</b>	<b>1,309</b>	<b>213,524</b>
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<b>Ambassador/Ritz (4% Allocation)</b>	<b>Aug-21</b>	<b>\$ 239,898</b>	<b>\$ 239,898</b>	<b>\$ 1,354</b>	<b>\$ 591,902</b>	<b>\$ 591,902</b>	<b>\$ 3,340</b>	<b>-</b>
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<sup>1</sup> Items highlighted in yellow represent gaps in information  
<sup>2</sup> Includes studios as 1BRs  
<sup>3</sup> Residential sq. ft. includes circulation, recreation, parking, office space and common areas; excludes day care centers, and commercial (non-res.)  
<sup>4</sup> Acquisition includes cost of buying land/building including costs if City buys site; excludes demolition of existing building  
<sup>5</sup> Construction includes unit construction, site preparation/demolition (if applicable), site improvements, environmental remediation and hard cost contingency for Predev & During Construction. Completed projects include used Contingency and are escalated per ENR CCI data  
<sup>6</sup> Soft Cost = TDC less Acquisition and Hard Costs  
<sup>7</sup> All non-amortized local funds  
<sup>8</sup> Total square footage

**Attachment J: Development Budget: 4%**

See attached.

Application Date: 4/1/21  
 Project Name: Ambassador Ritz  
 Project Address: 55 & 216 Mason & Eddy Street  
 Project Sponsor: Tenderloin Neighborhood Development Corporation

# Units: 187  
 # Bedrooms: 187  
 # Beds:

N/A

SOURCES	Total Sources										Comments
	5,532,030	5,565,105	645,865	29,237,260	3,658,281	5,101,332	3,771,466	6,206,260	50,968,138	110,685,737	
	PASS LOAN- A Tranche	PASS LOAN- B Tranche	PASS Deferred Tranche A & B	CCSF Ritz Assumed Loans & Interest	CCSF Ambassador Loans & Interest	HCD Loan & Interest (RIZ)	AHP & OFT Proceeds & Prior Years Ritz Cashflow & Alexander Reserves & TNDCC Ritz Loan & Interest	Sponsor Cap Loan	Reserves & Income from Ops & Deferred Fee & GP Equity	Limited Partner Equity	

USES

ACQUISITION	5,532,030	5,565,105	645,865	17,827,393	4,855,338	2,033,233				36,458,964	
Acquisition cost or value											
Legal / Closing costs / Broker's Fee									16,772	16,772	
Holding Costs										0	
Transfer Tax						1,733,319			281,924	2,005,243	
<b>TOTAL ACQUISITION</b>	<b>0</b>	<b>5,532,030</b>	<b>5,565,105</b>	<b>645,865</b>	<b>17,827,393</b>	<b>0</b>	<b>4,855,338</b>	<b>3,736,552</b>	<b>0</b>	<b>296,696</b>	<b>38,480,979</b>

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab				10,000,000	3,481,873			364,072	20,868,924	34,714,868	Hard costs, GC contingency, Pre-con, Direct Contracts, Construction NIC
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									665,797	665,797	
GC Overhead & Profit									1,672,304	1,672,304	HOPE SF/OCH costs for streets etc.
CG General Conditions									2,062,669	2,062,669	1.7%
Design Contingency (remove at DD)	0	0	0	10,000,000	3,481,873	0	0	364,072	25,269,694	0	3.3%
Bid Contingency (remove at bid)										0	0.0%
Plan Check Contingency (remove/reduce during Plan Review)										0	0.0%
Hard Cost Construction Contingency									5,745,246	5,745,246	5% new construction / 15% rehab
Sub-total Construction Contingencies	0	0	0	0	0	0	0	0	0	5,745,246	14.7%
<b>TOTAL CONSTRUCTION COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,000,000</b>	<b>3,481,873</b>	<b>0</b>	<b>0</b>	<b>364,072</b>	<b>31,014,940</b>	<b>44,860,885</b>	

SOFT COSTS

Architecture & Design											
Architect design fees									1,510,981	1,510,981	See MOHCD A&E Fee Guidelines: <a href="http://slmohcd.org/documents-reports-and-forms">http://slmohcd.org/documents-reports-and-forms</a>
Design Subcontractors to the Architect (incl. Fees)											
Architect Construction Admin									674,774	674,774	
Reimbursables									26,109	26,109	
Additional Services									206,245	206,245	
Sub-total Architect Contract	0	0	0	0	0	0	0	0	2,420,109	2,420,109	
Other Third Party design consultants (not included under Architect contract)										701,216	Expeditor, Historic Architect, Green Consultant, PML, EBMS, Peer Review, Other, Special Inspections
<b>Total Architecture &amp; Design</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,121,324</b>	<b>3,121,324</b>	
<b>Engineering &amp; Environmental Studies</b>											
Survey									54,440	54,440	
Geotechnical studies									54,254	54,254	
Phase I & II Reports									60,597	60,597	
CEQA / Environmental Review consultants										0	
NEPA / 106 Review										0	
CNA/PNA (rehab only)									26,216	26,216	
Other environmental consultants										0	Name consultants & contract amounts
<b>Total Engineering &amp; Environmental Studies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>195,507</b>	<b>195,507</b>	
<b>Financing Costs</b>											
<b>Construction Financing Costs</b>											
Construction Loan Origination Fee										0	
Construction Loan Interest									2,500,779	2,500,779	
Title & Recording									76,194	76,194	
CDAC & CDAC fees										0	
Bond Issuer Fees										0	
Other Bond Cost of Issuance									1,192,762	1,192,762	
Other Lender Costs (specify)										0	
Sub-total Const. Financing Costs	0	0	0	0	0	0	0	0	3,769,735	3,769,735	
<b>Permanent Financing Costs</b>											
Permanent Loan Origination Fee									162,086	162,086	PASS Fees (\$6,336 compliance monitoring & servicing fees, \$15K City atty expenses, \$145,896 origination fee)
Credit Enhance. & Appl. Fee										0	
Title & Recording									27,313	27,313	
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0	0	189,399	189,399	
<b>Total Financing Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,959,134</b>	<b>3,959,134</b>	
<b>Legal Costs</b>											
Borrower Legal fees									119,627	119,627	
Lender / CDCA Attorney fees										0	
Tax Credit Counsel										0	
Bond Counsel										0	
Construction Lender Counsel										0	
Permanent Lender Counsel										0	
Other Legal (specify)										0	
<b>Total Legal Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>119,627</b>	<b>119,627</b>	
<b>Other Development Costs</b>											
Appraisal									25,970	25,970	
Market Study									26,970	26,970	
Insurance									1,886,738	1,886,738	
Property Taxes										0	
Accounting / Audit									56,200	56,200	
Organizational Costs									19,627	19,627	
Entitlement / Permit Fees									377,812	377,812	
Marketing / Rent-up									98,000	98,000	
Furnishings									174,851	174,851	\$2,000/unit: See MOHCD U/W Guidelines on: <a href="http://slmohcd.org/documents-reports-and-forms">http://slmohcd.org/documents-reports-and-forms</a>
PSE / Utility Fees									41,567	41,567	
TCAC App / Alloc / Monitor Fees									121,799	121,799	
Financial Consultant fees									80,000	80,000	
Construction Management fees / Owner's Rep									296,293	296,293	
Security during Construction										0	
Relocation									4,814,574	4,814,574	
Accrued Deferred Interest				1,409,867	176,408	245,994	14,914		0	1,847,183	
<b>Total Other Development Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,409,867</b>	<b>176,408</b>	<b>245,994</b>	<b>14,914</b>	<b>0</b>	<b>8,117,977</b>	<b>9,965,160</b>	Total Soft Cost Contingency as % of Total Soft Costs 5.1%
<b>Soft Cost Contingency</b>											
Contingency (Arch, Eng, Fin, Legal & Other Dev)	0	0	0	0	0	0	0	0	883,932	883,932	Should be either 10% or 5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,409,867</b>	<b>176,408</b>	<b>245,994</b>	<b>14,914</b>	<b>0</b>	<b>16,397,502</b>	<b>16,244,685</b>	

RESERVES

Operating Reserves									1,551,389	1,551,389
Replacement Reserves									187,000	187,000
Tenant Improvements Reserves									0	0
Other (specify)									0	0
Other (specify)									0	0
<b>TOTAL RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,551,389</b>	<b>1,738,389</b>

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones									1,100,000	1,100,000
Developer Fee - Cash-out At Risk									1,970,000	1,970,000
Commercial Developer Fee									0	0
Developer Fee - GP Equity (also show as source)									1,127,120	1,127,120
Developer Fee - Deferred (also show as source)									3,163,679	3,163,679
Development Consultant Fees									0	0
Other (specify)									0	0
<b>TOTAL DEVELOPER COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,230,799</b>	<b>4,230,799</b>

<b>TOTAL DEVELOPMENT COST</b>	<b>0</b>	<b>5,532,030</b>	<b>5,565,105</b>	<b>645,865</b>	<b>29,237,260</b>	<b>3,658,281</b>	<b>5,101,332</b>	<b>3,771,466</b>	<b>0</b>	<b>6,206,260</b>	<b>50,968,138</b>	<b>110,685,737</b>
Development Cost/Unit by Source	0.0%	5.0%	5.0%	0.6%	26.4%	3.3%	4.6%	3.4%	0.0%	5.6%	46.0%	100.0%
Acquisition Cost/Unit by Source	0	29,583	29,760	3,454	95,334	0	25,964	10,673	0	0	0	194,966
Construction Cost (inc Const Contingency)/Unit By Source	0	0	0	0	53,476	18,620	0	0	0	1,947	165,855	238,898
Construction Cost (inc Const Contingency)/SF	0.00	0.00	0.00	0.00	217.18	75.62	0.00	0.00	0.00	7.91	673.58	974.28

\*Possible non-eligible GO Bond/COP Amount: City Subsidy/Unit

Tax Credit Equity Pricing:	0.89%
Construction Bond Amount:	56,039,857
Construction Loan Term (in months):	28 months
Construction Loan Interest Rate (as %):	3.00%



**Attachment K: Development Budget: 9%**

See attached.

Application Date: 4/1/21  
 Project Name: Ambassador 9%  
 Project Address: 55 Mason St  
 Project Sponsor: Tenderloin Neighborhood Development Corporation

# Units: 36  
 # Bedrooms: 36  
 # Beds: 36

N/A

SOURCES	Total Sources									Comments	
		3,745,944	182,846	1,279,056	62,433	87,931	154,501	346,602	15,838,416		21,697,729
		Seller Carryback	Accrued Interest	Assumed CCSF Debt	Assumed CCSF Accrued Interest	Existing Reserves	Income from Ops	Deferred Developer Fee	LP Equity		
MOHCD/OCI											

USES

ACQUISITION		3,745,944									
Acquisition cost of value									1,279,056	5,025,000	
Legal / Closing costs / Broker's Fee										0	
Holding Costs										0	
Transfer Tax										113,063	113,063
<b>TOTAL ACQUISITION</b>		<b>3,745,944</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,392,119</b>	<b>5,138,063</b>

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab				1,279,056		87,931				6,730,641	8,097,628	Include FF&E
Commercial Shell Construction											0	
Demolition											0	
Environmental Remediation											0	
Onsite Improvements/Landscaping											0	
Offsite Improvements											0	
Infrastructure Improvements											0	HOPE SF/OCI costs for streets etc.
Parking											0	
GC Bond Premium/GC Insurance/GC Taxes										116,965	116,965	1.3%
GC Overhead & Profit										383,397	383,397	4.4%
CG General Conditions										398,798	398,798	
Sub-total Construction Costs	0	0	0	1,279,056	0	87,931	0	0	0	7,629,801	8,996,788	
Design Contingency (remove at DD)										0	0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)										0	0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)										0	0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency										1,322,317	1,322,317	5% new construction / 15% rehab
Sub-total Construction Contingencies	0	0	0	0	0	0	0	0	0	1,322,317	1,322,317	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,279,056</b>	<b>0</b>	<b>87,931</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,952,117</b>	<b>10,319,104</b>	

Construction line item costs as a % of hard costs

SOFT COSTS

<b>Architecture &amp; Design</b>												
Architect design fees										269,452	269,452	See MOHCD A&E Fee Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
Design Subconsultants to the Architect (incl. Fees)										0	0	
Architect Construction Admin										128,001	128,001	
Reimbursables										5,373	5,373	
Additional Services										57,326	57,326	
Sub-total Architect Contract	0	0	0	0	0	0	0	0	0	460,152	460,152	
Other Third Party design consultants (not included under Architect contract)												Consultants not covered under architect contract; name consultant type and contract amount
<b>Total Architecture &amp; Design</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>553,667</b>	<b>553,667</b>	
<b>Engineering &amp; Environmental Studies</b>												
Survey										8,060	8,060	
Geotechnical studies										10,746	10,746	
Phase I & II Reports										9,403	9,403	
CEQA / Environmental Review consultants										0	0	
NEPA / 106 Review										0	0	
CNA/PNA (rehab only)										2,284	2,284	
Other environmental consultants										0	0	Name consultants & contract amounts
<b>Total Engineering &amp; Environmental Studies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,493</b>	<b>30,493</b>	
<b>Financing Costs</b>												
<b>Construction Financing Costs</b>												
Construction Loan Origination Fee										221,676	221,676	
Construction Loan Interest										608,264	608,264	
Title & Recording										21,493	21,493	
CDLAC & CDIAC fees										0	0	
Bond Issue Fees										0	0	
Other Bond Cost of Issuance										0	0	
Other Lender Costs (specify)										0	0	
Sub-total Const. Financing Costs	0	0	0	0	0	0	0	0	0	851,433	851,433	
<b>Permanent Financing Costs</b>												
Permanent Loan Origination Fee										0	0	
Credit Enhance. & Appl. Fee										0	0	
Title & Recording										0	0	
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Financing Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>851,433</b>	<b>851,433</b>	
<b>Legal Costs</b>												
Borrower Legal fees										98,433	98,433	
Land Use / CEQA Attorney fees										0	0	
Tax Credit Counsel										0	0	
Bond Counsel										0	0	
Construction Lender Counsel										0	0	
Permanent Lender Counsel										0	0	
Other Legal (specify)										0	0	
<b>Total Legal Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>98,433</b>	<b>98,433</b>	
<b>Other Development Costs</b>												
Appraisal										4,030	4,030	
Market Study										4,030	4,030	
Insurance										480,227	480,227	
Property Taxes										0	0	
Accounting / Audit										55,000	55,000	
Organizational Costs										5,373	5,373	
Entitlement / Permit Fees										52,388	52,388	
Marketing / Rent-up										38,015	38,015	
Furnishings										20,149	20,149	\$2,000/unit: See MOHCD LWW Guidelines on: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
PGE / Utility Fees										13,433	13,433	
TCAC App / Alloc / Monitor Fees										88,760	88,760	
Financial Consultant fees										90,000	90,000	
Construction Management fees / Owner's Rep										53,731	53,731	
Security during Construction										0	0	
Relocation										1,158,663	1,158,663	
Net Operating Loss										0	0	
Accrued Deferred Interest			182,846		62,433					245,279	245,279	
Other (specify)										0	0	
<b>Total Other Development Costs</b>	<b>0</b>	<b>0</b>	<b>182,846</b>	<b>0</b>	<b>62,433</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,063,799</b>	<b>2,309,078</b>	
<b>Soft Cost Contingency</b>												
Contingency (Arch, Eng, Fin, Legal & Other Dev)										137,941	137,941	Should be either 10% or 5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>0</b>	<b>0</b>	<b>182,846</b>	<b>0</b>	<b>62,433</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,735,765</b>	<b>3,981,044</b>	<b>3.6%</b>

Total Soft Cost Contingency as % of Total Soft Costs

RESERVES

Operating Reserves									154,501	69,017	223,518	
Replacement Reserves										36,000	36,000	
Tenant Improvements Reserves										0	0	
Other (specify)										0	0	
Other (specify)										0	0	
<b>TOTAL RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>154,501</b>	<b>105,017</b>	<b>259,518</b>	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones										1,100,000	1,100,000	
Developer Fee - Cash-out At Risk										553,398	553,398	
Commercial Developer Fee										0	0	
Developer Fee - GP Equity (also show as source)										0	0	
Developer Fee - Deferred (also show as source)									346,602	346,602	346,602	Need MOHCD approval for this cost, N/A for most projects
Development Consultant Fees										0	0	
Other (specify)										0	0	
<b>TOTAL DEVELOPER COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>346,602</b>	<b>1,653,398</b>	<b>2,000,000</b>

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	0	3,745,944	182,846	1,279,056	62,433	87,931	154,501	346,602	15,838,416	21,697,729	
Development Cost/Unit as % of TDC by Source	0.0%	17.3%	0.8%	5.9%	0.3%	0.4%	0.7%	1.6%	73.0%	100.0%	

Acquisition Cost/Unit by Source

Acquisition Cost/Unit by Source	0	104,054	0	0	0	0	0	0	35,529	139,583	
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Construction Cost (inc Const Contingency)/Unit By Source

Construction Cost (inc Const Contingency)/Unit By Source	0.00	0.00	0.00	38.02	0.00	2.61	0.00	0.00	266.11	306.74	
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\*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit: 0

Tax Credit Equity Pricing: 0.880

Construction Bond Amount: 13,720,251

Construction Loan Term (in months): 27 months

Construction Loan Interest Rate (as %): 2.80%

**Attachment L: 1<sup>st</sup> Year Operating Budget: 4%**

See attached.

Application Date: 4/1/2021 Project Name: Ambassador Ritz  
 Total # Units: 187 Project Address: 55 & 216 Mason & Eddy Street  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2024 Project Sponsor: Tenderloin Neighborhood Development Corporation

**TCAC Income Limits In Use!**

INCOME	Total	Comments
Residential - Tenant Rents	1,487,604	Links from New Proj - Rent & Unit Mix Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	2,203,106	Links from New Proj - Rent & Unit Mix Worksheet
Commercial Space	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income	149,239	HSH & DAH funding at Ritz to cover support services
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	4,660	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	7,799	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)	0	
<b>Gross Potential Income</b>	<b>3,852,407</b>	
Vacancy Loss - Residential - Tenant Rents	(74,380)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(110,155)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%
<b>EFFECTIVE GROSS INCOME</b>	<b>3,667,872</b>	<b>PUPA: 19,614</b>

**OPERATING EXPENSES**

Management		
Management Fee	141,814	
Asset Management Fee	30,144	Includes \$26,670 for MOH Asst MGMT fee plus expense portion of TNDC asset MGMT fee
<b>Sub-total Management Expenses</b>	<b>171,958</b>	<b>PUPA: 920</b>
<b>Salaries/Benefits</b>		
Office Salaries	464,684	Office salaries, general, desk clerks, temp desk clerks
Manager's Salary	215,086	GM, AGM, Assistant FM (each site)
Health Insurance and Other Benefits	136,913	Health insurance
Other Salaries/Benefits	59,269	Rent free MGRs apartment, 403B match, HRA Expense account, Health care security
Administrative Rent-Free Unit	0	No MGR unit in 4%
<b>Sub-total Salaries/Benefits</b>	<b>875,951</b>	<b>PUPA: 4,684</b>
<b>Administration</b>		
Advertising and Marketing	5,137	Tenant screening
Office Expenses	59,312	Office supplies, equipmt lease, printing, incentives, computers/software, telephone/comm.
Office Rent	0	N/A
Legal Expense - Property	39,467	
Audit Expense	17,382	
Bookkeeping/Accounting Services	34,193	
Bad Debts	19,626	
Miscellaneous	35,476	Tech support/maint., professional fees, training
<b>Sub-total Administration Expenses</b>	<b>210,592</b>	<b>PUPA: 1,126</b>
<b>Utilities</b>		
Electricity	80,161	Includes cable
Water	141,820	Includes sewer
Gas	41,403	
Sewer	0	
<b>Sub-total Utilities</b>	<b>263,384</b>	<b>PUPA: 1,408</b>
<b>Taxes and Licenses</b>		
Real Estate Taxes	13,609	
Payroll Taxes	98,446	
Miscellaneous Taxes, Licenses and Permits	6,570	
<b>Sub-total Taxes and Licenses</b>	<b>118,624</b>	<b>PUPA: 634</b>
<b>Insurance</b>		
Property and Liability Insurance	90,230	
Fidelity Bond Insurance	0	
Worker's Compensation	99,357	
Director's & Officers' Liability Insurance	0	
<b>Sub-total Insurance</b>	<b>189,587</b>	<b>PUPA: 1,014</b>
<b>Maintenance &amp; Repair</b>		
Payroll	375,481	Ambassador 4% portion of 2 FTE Maintenance, 2 FTE Janitorial, Ritz 2 FTE Maintenance, 2
Supplies	0	
Contracts	78,519	Pest control, grounds, maintenance, elevator maintenance, fire systems
Garbage and Trash Removal	72,295	
Security Payroll/Contract	5,759	
HVAC Repairs and Maintenance	11,135	
Vehicle and Maintenance Equipment Operation and Repairs	240	
Miscellaneous Operating and Maintenance Expenses	103,192	Life safety eqpt, repair materials, carpet replacemt, staff work clothes, plumbing repairs.
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>646,620</b>	<b>PUPA: 3,458</b>
<b>Supportive Services</b>	170,307	\$19,002 in program costs, plus \$134K in Ritz support services costs. These are offset by an
<b>Commercial Expenses</b>	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%
<b>TOTAL OPERATING EXPENSES</b>	<b>2,647,024</b>	<b>PUPA: 14,155</b>

**Reserves/Ground Lease Base Rent/Bond Fees**

Ground Lease Base Rent	0	Neighborhood Development	Provide additional comments here, if needed.
Bond Monitoring Fee	7,500	PASS Compliance & Servicing Fees	
Replacement Reserve Deposit	84,600	\$500 PUPA Amb, \$400 PUPA Ritz	
Operating Reserve Deposit			
Other Required Reserve 1 Deposit			
Other Required Reserve 2 Deposit			
Required Reserve Deposits, Commercial	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>92,100</b>	<b>PUPA: 493</b>	

<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>	<b>2,739,124</b>	<b>PUPA: 14,648</b>	Min DSCR: 1.09 Mortgage Rate: 5.00%
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>	<b>928,748</b>	<b>PUPA: 4,967</b>	Term (Years): 30 Supportable 1st Mortgage Pmt: 852,062 Supportable 1st Mortgage Amt: \$13,226,964 Proposed 1st Mortgage Amt: \$5,532,030

**DEBT SERVICE/MUST PAY PAYMENTS** (\*hard debt/amortized loans)

Hard Debt - First Lender	378,794	PASS LOAN - A Tranche	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	242,190	PASS LOAN - B Tranche	Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	10,074	HCD Loan & Interest (Ritz CH)	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0		Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	
<b>TOTAL HARD DEBT SERVICE</b>	<b>631,058</b>	<b>PUPA: 3,375</b>	

**CASH FLOW (NOI minus DEBT SERVICE)**

**297,690**

**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)	20,763	First
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	Second
Other Payments		
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt = Max Fee from cell I130)	136,810	Def. Develop. Fee split: 50% Provide additional comments here, if needed.
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>	<b>162,573</b>	<b>PUPA: 869</b>

**RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)**

**135,117**

**Residual Receipts Calculation**

Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?	No
Will Project Defer Developer Fee?	Yes		
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	50%	Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):	135,964
% of Residual Receipts available for distribution to soft debt lenders in	50%		

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. recs	\$27,960,309	100.00%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value		0.00%
HCD (soft debt loan) - Lender 3			0.00%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

**MOHCD RESIDUAL RECEIPTS DEBT SERVICE**

MOHCD Residual Receipts Amount Due	135,117	50% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	135,117	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.

**REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE**

**0**

**NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE**

HCD Residual Receipts Amount Due	0
Lender 4 Residual Receipts Due	0
Lender 5 Residual Receipts Due	0
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>0</b>

**REMAINDER (Should be zero unless there are distributions below)**

Owner Distributions/Incentive Management Fee	0
Other Distributions/Uses	0
<b>Final Balance (should be zero)</b>	<b>0</b>

**Attachment M: 1<sup>st</sup> Year Operating Budget: 9%**

See attached.

Application Date: 4/1/2021 Project Name: Ambassador 9%  
 Total # Units: 36 Project Address: 55 Mason St  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2023 Project Sponsor: Tenderloin Neighborhood Development Corporation  
**TCAC Income Limits In Use!**

INCOME	Total	Comments
Residential - Tenant Rents	123,228	Links from New Proj - Rent & Unit Mix Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	429,696	Links from New Proj - Rent & Unit Mix Worksheet
Commercial Space	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income	0	
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	1,104	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	486	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	81,775	DAH/Prop 63 operating subsidy associated w/ 9 units, \$757.18/PUPM
Other Commercial Income	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)	0	
<b>Gross Potential Income</b>	<b>636,290</b>	
Vacancy Loss - Residential - Tenant Rents	(6,161)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(21,485)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%
<b>EFFECTIVE GROSS INCOME</b>	<b>608,644</b>	<b>PUPA: 16,907</b>

**OPERATING EXPENSES**

Management		
Management Fee	26,124	Adjusted to HUD max. \$57 PUPM.
Asset Management Fee	26,811	
<b>Sub-total Management Expenses</b>	<b>51,935</b>	<b>PUPA: 1,443</b>
<b>Salaries/Benefits</b>		
Office Salaries	68,569	Office salaries, general
Manager's Salary	35,677	GM, AGM, Assistant FM
Health Insurance and Other Benefits	22,089	Health insurance
Other Salaries/Benefits	9,960	403B match, HRA Expense account, Health care security program
Administrative Rent-Free Unit	0	Plus 6K, minus 6K
<b>Sub-total Salaries/Benefits</b>	<b>136,294</b>	<b>PUPA: 3,786</b>
<b>Administration</b>		
Advertising and Marketing	1,026	Tenant screening
Office Expenses	12,518	Office supplies, equipmt lease, printing, incentives, computers/software, telephone/comm.
Office Rent	0	
Legal Expense - Property	9,976	
Audit Expense	2,304	
Bookkeeping/Accounting Services	8,020	
Bad Debts	4,560	
Miscellaneous	5,645	Tech support/maint., professional fees, training
<b>Sub-total Administration Expenses</b>	<b>44,049</b>	<b>PUPA: 1,224</b>
<b>Utilities</b>		
Electricity	16,451	Includes cable
Water	31,144	Includes sewer
Gas	9,316	
Sewer	0	
<b>Sub-total Utilities</b>	<b>56,911</b>	<b>PUPA: 1,581</b>
<b>Taxes and Licenses</b>		
Real Estate Taxes	1,601	
Payroll Taxes	15,778	
Miscellaneous Taxes, Licenses and Permits	1,140	
<b>Sub-total Taxes and Licenses</b>	<b>18,519</b>	<b>PUPA: 514</b>
<b>Insurance</b>		
Property and Liability Insurance	10,108	
Fidelity Bond Insurance	0	
Worker's Compensation	15,444	
Director's & Officers' Liability Insurance	0	
<b>Sub-total Insurance</b>	<b>25,552</b>	<b>PUPA: 710</b>
<b>Maintenance &amp; Repair</b>		
Payroll	60,943	2 FTE Maintenance, 2 FTE Janitorial
Supplies	17,272	Pest control, grounds, maintenance, elevator maintenance, fire systems
Contracts	13,103	
Garbage and Trash Removal	855	
Security Payroll/Contract	2,394	
HVAC Repairs and Maintenance	57	
Vehicle and Maintenance Equipment Operation and Repairs	23,428	Life safety eqpt, repair materials, carpet replacemnt, staff work clothes, plumbing repairs.
Miscellaneous Operating and Maintenance Expenses	118,053	
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>118,053</b>	<b>PUPA: 3,279</b>
<b>Supportive Services</b>	<b>3,853</b>	
<b>Commercial Expenses</b>	<b>0</b>	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%
<b>TOTAL OPERATING EXPENSES</b>	<b>455,165</b>	<b>PUPA: 12,643</b>

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	0	Neighborhood Development Provide additional comments here, if needed.
Bond Monitoring Fee	0	
Replacement Reserve Deposit	18,000	
Operating Reserve Deposit	0	
Other Required Reserve 1 Deposit	0	
Other Required Reserve 2 Deposit	0	
Required Reserve Deposits, Commercial	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>18,000</b>	<b>PUPA: 500</b>

<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>	<b>473,165</b>	<b>PUPA: 13,143</b>	Min DSCR: 1.09 Mortgage Rate: 5.00%
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>	<b>135,478</b>	<b>PUPA: 3,763</b>	Term (Years): 30 Supportable 1st Mortgage Pmt: 124,282 Proposed 1st Mortgage Amt: \$1,929,445 Supportable 1st Mortgage Amt: \$3,745,944

DEBT SERVICE/MUST PAY PAYMENTS (hard debt/amortized loans)		
Hard Debt - First Lender	0	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%
<b>TOTAL HARD DEBT SERVICE</b>	<b>0</b>	<b>PUPA: 0</b>

**CASH FLOW (NOI minus DEBT SERVICE)** 135,478

**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)	22,650	First
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	Second
Other Payments		
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt => Max Fee from cell I130)	53,914	Def. Develop. Fee split: 50% Provide additional comments here, if needed.
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>	<b>81,564</b>	<b>PUPA: 2,266</b>

<b>RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)</b>	<b>53,914</b>	
<b>Residual Receipts Calculation</b>		
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease? No
Will Project Defer Developer Fee?	Yes	
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	50%	Max Deferred Developer Fee Amt (Use for data entry above. Do not link.): 53,914
% of Residual Receipts available for distribution to soft debt lenders in	50%	

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OClI - Soft Debt Loans	All MOHCD/OClI Loans payable from res. recs	\$1,279,056	25.45%
MOHCD/OClI - Ground Lease Value or Land Acq Cost	Ground Lease Value		0.00%
HCD (soft debt loan) - Lender 3			0.00%
Other Soft Debt Lender - Lender 4	Seller Carryback	\$3,745,944	74.55%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
MOHCD Residual Receipts Amount Due	13,723	50% of residual receipts, multiplied by 25.45% - MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	13,723	Enter/override amount of residual receipts proposed for loan repayment
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.

<b>REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>	<b>40,191</b>	
<b>NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>		
HCD Residual Receipts Amount Due	0	
Lender 4 Residual Receipts Due	40,191	50% of residual receipts, multiplied by 74.55%. Seller Carryback's pro rata share of all soft debt
Lender 5 Residual Receipts Due	0	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>40,191</b>	

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

**Attachment N: 20-year Operating Pro forma: 4%**

See attached.

Ambassador Ritz

Total # Units: 187

TCAC Income Limits in Use!

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>INCOME</b>	% annual increase	Comments (related to annual inc assumptions)	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Residential - Tenant Rents	2.5%		1,487,604	1,524,794	1,562,914	1,601,987	1,642,036	1,683,087	1,725,165	1,768,294	1,812,501	1,857,814
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%		2,203,106	2,258,184	2,314,638	2,372,504	2,431,871	2,492,612	2,554,927	2,618,801	2,684,271	2,751,377
Commercial Space	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		-	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%		149,239	152,970	156,794	160,714	164,732	168,850	173,071	177,398	181,833	186,379
Interest Income - Project Operations	2.5%		4,680	4,776	4,896	5,018	5,143	5,272	5,404	5,539	5,677	5,819
Laundry and Vending	2.5%		7,799	7,994	8,194	8,398	8,608	8,824	9,044	9,270	9,502	9,740
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	This is not a withdrawal from reserve - income from operations during construction, seen on p. 14 of CHPC budget. Only Y1-4. Reserved & released at perm conversion.	-	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>			<b>3,852,407</b>	<b>3,948,718</b>	<b>4,047,436</b>	<b>4,148,621</b>	<b>4,252,337</b>	<b>4,358,645</b>	<b>4,467,612</b>	<b>4,579,302</b>	<b>4,693,784</b>	<b>4,811,129</b>
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy, annual incrementing usually not appropriate	(74,380)	(76,240)	(78,146)	(80,099)	(82,102)	(84,154)	(86,258)	(88,415)	(90,625)	(92,891)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(110,155)	(112,809)	(115,732)	(118,825)	(121,591)	(124,631)	(127,746)	(130,940)	(134,214)	(137,569)
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>			<b>3,667,872</b>	<b>3,759,569</b>	<b>3,853,558</b>	<b>3,949,897</b>	<b>4,046,644</b>	<b>4,149,860</b>	<b>4,253,607</b>	<b>4,359,947</b>	<b>4,468,946</b>	<b>4,580,669</b>
<b>OPERATING EXPENSES</b>												
<b>Management</b>												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	141,814	146,777	151,915	157,232	162,735	168,430	174,325	180,427	186,742	193,278
Asset Management Fee	3.5%	per MOHCD policy	30,144	31,199	32,291	33,421	34,591	35,802	37,055	38,352	39,694	41,083
<b>Sub-total Management Expenses</b>			<b>171,958</b>	<b>177,977</b>	<b>184,206</b>	<b>190,653</b>	<b>197,326</b>	<b>204,232</b>	<b>211,380</b>	<b>218,779</b>	<b>226,436</b>	<b>234,361</b>
<b>Salaries/Benefits</b>												
Office Salaries	3.5%		464,684	480,948	497,781	515,203	533,235	551,899	571,215	591,208	611,900	633,316
Manager's Salary	3.5%		215,086	222,814	230,405	238,470	246,816	255,455	264,396	273,649	283,227	293,140
Health Insurance and Other Benefits	3.5%		136,913	141,705	146,664	151,797	157,110	162,609	168,301	174,191	180,288	186,598
Other Salaries/Benefits	3.5%		59,269	61,343	63,490	65,713	68,012	70,393	72,857	75,407	78,046	80,778
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>			<b>875,951</b>	<b>906,610</b>	<b>938,341</b>	<b>971,183</b>	<b>1,005,174</b>	<b>1,040,355</b>	<b>1,076,768</b>	<b>1,114,455</b>	<b>1,153,461</b>	<b>1,193,832</b>
<b>Administration</b>												
Advertising and Marketing	3.5%		5,137	5,316	5,502	5,695	5,894	6,101	6,314	6,535	6,764	7,001
Office Expenses	3.5%		59,312	61,387	63,536	65,760	68,061	70,443	72,909	75,461	78,102	80,835
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		39,467	40,848	42,278	43,758	45,289	46,874	48,515	50,213	51,971	53,790
Audit Expense	3.5%		17,382	17,991	18,620	19,272	19,947	20,645	21,367	22,115	22,889	23,690
Bookkeeping/Accounting Services	3.5%		34,193	35,390	36,628	37,910	39,237	40,610	42,032	43,503	45,025	46,601
Bad Debts	3.5%		19,626	20,313	21,024	21,760	22,521	23,309	24,125	24,970	25,844	26,748
Miscellaneous	3.5%		35,478	36,717	38,002	39,332	40,709	42,134	43,609	45,135	46,715	48,350
<b>Sub-total Administration Expenses</b>			<b>210,592</b>	<b>217,963</b>	<b>225,591</b>	<b>233,487</b>	<b>241,659</b>	<b>250,117</b>	<b>258,871</b>	<b>267,932</b>	<b>277,309</b>	<b>287,015</b>
<b>Utilities</b>												
Electricity	3.5%		80,161	82,967	85,871	88,876	91,987	95,207	98,539	101,988	105,557	109,252
Water	3.5%		141,820	146,783	151,921	157,238	162,741	168,430	174,325	180,427	186,742	193,278
Gas	3.5%		41,403	42,852	44,352	45,905	47,511	49,174	50,895	52,677	54,520	56,429
Sewer	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Utilities</b>			<b>263,384</b>	<b>272,603</b>	<b>282,144</b>	<b>292,019</b>	<b>302,240</b>	<b>312,818</b>	<b>323,767</b>	<b>335,098</b>	<b>346,827</b>	<b>358,966</b>
<b>Taxes and Licenses</b>												
Real Estate Taxes	3.5%		13,609	14,085	14,578	15,088	15,616	16,163	16,728	17,314	17,920	18,547
Payroll Taxes	3.5%		98,446	101,892	105,458	109,149	112,969	116,923	121,015	125,251	129,635	134,172
Miscellaneous Taxes, Licenses and Permits	3.5%		6,570	6,800	7,037	7,284	7,539	7,803	8,076	8,358	8,651	8,954
<b>Sub-total Taxes and Licenses</b>			<b>118,624</b>	<b>122,776</b>	<b>127,073</b>	<b>131,521</b>	<b>136,124</b>	<b>140,888</b>	<b>145,820</b>	<b>150,923</b>	<b>156,206</b>	<b>161,673</b>
<b>Insurance</b>												
Property and Liability Insurance	3.5%		90,230	93,388	96,656	100,039	103,541	107,185	110,916	114,798	118,816	122,974
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		99,357	102,835	106,434	110,159	114,015	118,005	122,135	126,410	130,835	135,414
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>			<b>189,587</b>	<b>196,223</b>	<b>203,090</b>	<b>210,199</b>	<b>217,556</b>	<b>225,170</b>	<b>233,051</b>	<b>241,208</b>	<b>249,650</b>	<b>258,388</b>
<b>Maintenance &amp; Repair</b>												
Payroll	3.5%		375,481	388,623	402,224	416,302	430,873	445,953	461,562	477,716	494,436	511,742
Supplies	3.5%		-	-	-	-	-	-	-	-	-	-
Contracts	3.5%		78,519	81,267	84,111	87,055	90,102	93,256	96,520	99,898	103,394	107,013
Garbage and Trash Removal	3.5%		72,295	74,825	77,444	80,154	82,960	85,868	88,878	91,979	95,198	98,530
Security Payroll/Contract	3.5%		5,759	5,960	6,169	6,385	6,608	6,840	7,079	7,327	7,583	7,849
HVAC Repairs and Maintenance	3.5%		11,135	11,525	11,928	12,346	12,778	13,225	13,688	14,167	14,663	15,176
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		240	248	257	266	275	285	295	305	316	327
Miscellaneous Operating and Maintenance Expenses	3.5%		103,192	106,804	110,542	114,411	118,415	122,560	126,850	131,289	135,884	140,640
<b>Sub-total Maintenance &amp; Repair Expenses</b>			<b>646,620</b>	<b>669,251</b>	<b>692,675</b>	<b>716,919</b>	<b>742,011</b>	<b>767,981</b>	<b>794,861</b>	<b>822,681</b>	<b>851,475</b>	<b>881,276</b>
<b>Supportive Services</b>	3.5%		170,307	176,268	182,437	188,823	195,431	202,272	209,351	216,678	224,262	232,111
<b>Commercial Expenses</b>		from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>			<b>2,647,024</b>	<b>2,739,670</b>	<b>2,835,558</b>	<b>2,934,803</b>	<b>3,037,521</b>	<b>3,143,834</b>	<b>3,253,868</b>	<b>3,367,754</b>	<b>3,485,625</b>	<b>3,607,622</b>
<b>PUPA (w/o Reserves/GL Base Rent/Bond Fees)</b>			<b>14,155</b>									
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>												
Ground Lease Base Rent			-	-	-	-	-	-	-	-	-	-
Bond Monitoring Fee		Added Bond issuer monitoring & PASS annual monitoring fee here.	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Replacement Reserve Deposit			84,600	84,600	84,600	84,600	84,600	84,600	84,600	84,600	84,600	84,600
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial		from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>			<b>92,100</b>	<b>92,100</b>	<b>92,100</b>	<b>92,100</b>	<b>92,100</b>	<b>92,100</b>	<b>92,100</b>	<b>92,100</b>	<b>92,100</b>	<b>92,100</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)</b>			<b>2,739,124</b>	<b>2,831,770</b>	<b>2,927,658</b>	<b>3,026,903</b>	<b>3,129,621</b>	<b>3,235,934</b>	<b>3,345,968</b>	<b>3,459,854</b>	<b>3,577,725</b>	<b>3,699,722</b>
<b>PUPA (w/ Reserves/GL Base Rent/Bond Fees)</b>			<b>14,648</b>									
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>			<b>928,748</b>	<b>927,799</b>	<b>925,900</b>	<b>922,994</b>	<b>919,024</b>	<b>913,926</b>	<b>907,639</b>	<b>900,094</b>	<b>891,221</b>	<b>880,948</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>												
Hard Debt - First Lender		PASS LOAN - A Tranche	378,794	454,553	454,553	454,553	454,553	454,553	454,553	454,553	454,553	454,553
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		PASS LOAN - B Tranche	242,190	290,628	290,628	290,628	290,628	290,628	290,628	290,628	290,628	290,628
Hard Debt - Third Lender (Other HCD Program												



		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	% annual increase	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
INCOME	Comments (related to annual inc assumptions)	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Other Reserve 2 Interest		-	-	-	-	-	-	-	-	-	-
<i>Other Required Reserve 2 Running Balance</i>		-	-	-	-	-	-	-	-	-	-

**Ambassador Ritz**

**Total # Units: 187**

			Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
			2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>INCOME</b>	<b>% annual increase</b>	<b>Comments (related to annual inc assumptions)</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
Residential - Tenant Rents	2.5%		1,904,259	1,951,865	2,000,682	2,050,679	2,101,946	2,154,494	2,208,356	2,263,565	2,320,155	2,378,158
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%		2,820,162	2,890,666	2,962,933	3,037,006	3,112,931	3,190,754	3,270,523	3,352,286	3,436,093	3,521,996
Commercial Space	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		-	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%		191,039	195,815	200,710	205,728	210,871	216,143	221,546	227,085	232,762	238,581
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		5,965	6,114	6,267	6,423	6,584	6,749	6,917	7,090	7,268	7,449
Tenant Charges	2.5%		9,983	10,233	10,489	10,751	11,020	11,295	11,577	11,867	12,163	12,468
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	This is not a withdrawal from reserve - income from operations during construction, seen on p. 14 of CHPC budget. Only Y1-4. Reserved & released at perm conversion.	-	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>			<b>4,931,407</b>	<b>5,054,692</b>	<b>5,181,060</b>	<b>5,310,586</b>	<b>5,443,351</b>	<b>5,579,435</b>	<b>5,718,920</b>	<b>5,861,893</b>	<b>6,008,441</b>	<b>6,158,652</b>
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy, annual incrementing usually not appropriate	(95,213)	(97,593)	(100,033)	(102,534)	(105,097)	(107,725)	(110,418)	(113,178)	(116,008)	(118,908)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(141,008)	(144,533)	(148,147)	(151,850)	(155,647)	(159,538)	(163,526)	(167,614)	(171,805)	(176,100)
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>			<b>4,695,186</b>	<b>4,812,566</b>	<b>4,932,880</b>	<b>5,056,202</b>	<b>5,182,607</b>	<b>5,312,172</b>	<b>5,444,976</b>	<b>5,581,101</b>	<b>5,720,628</b>	<b>5,863,644</b>
<b>OPERATING EXPENSES</b>												
<b>Management</b>												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	200,042	207,044	214,291	221,791	229,553	237,588	245,903	254,510	263,418	272,637
Asset Management Fee	3.5%	per MOHCD policy	42,521	44,009	45,550	47,144	48,794	50,502	52,269	54,099	55,982	57,922
<b>Sub-total Management Expenses</b>			<b>242,564</b>	<b>251,053</b>	<b>259,840</b>	<b>268,935</b>	<b>278,347</b>	<b>288,090</b>	<b>298,173</b>	<b>308,609</b>	<b>319,410</b>	<b>330,559</b>
<b>Salaries/Benefits</b>												
Office Salaries	3.5%		655,482	678,424	702,169	726,745	752,181	778,507	805,755	833,957	863,145	893,355
Manager's Salary	3.5%		303,400	314,019	325,010	336,385	348,158	360,344	372,956	386,009	399,520	413,503
Health Insurance and Other Benefits	3.5%		193,129	199,888	206,884	214,125	221,620	229,376	237,405	245,714	254,314	263,215
Other Salaries/Benefits	3.5%		83,605	86,531	89,559	92,694	95,938	99,296	102,772	106,369	110,091	113,945
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>			<b>1,235,616</b>	<b>1,278,862</b>	<b>1,323,623</b>	<b>1,369,949</b>	<b>1,417,898</b>	<b>1,467,524</b>	<b>1,518,887</b>	<b>1,572,048</b>	<b>1,627,070</b>	<b>1,684,018</b>
<b>Administration</b>												
Advertising and Marketing	3.5%		7,246	7,499	7,762	8,033	8,314	8,605	8,907	9,218	9,541	9,875
Office Expenses	3.5%		83,665	86,593	89,624	92,761	96,007	99,367	102,845	106,445	110,170	114,026
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		55,672	57,621	59,637	61,725	63,885	66,121	68,435	70,831	73,310	75,875
Audit Expense	3.5%		24,520	25,378	26,266	27,185	28,137	29,122	30,141	31,196	32,288	33,418
Bookkeeping/Accounting Services	3.5%		48,232	49,921	51,669	53,476	55,348	57,285	59,290	61,365	63,513	65,736
Bad Debts	3.5%		27,684	28,653	29,656	30,694	31,768	32,880	34,031	35,222	36,455	37,731
Miscellaneous	3.5%		50,042	51,793	53,636	55,482	57,424	59,434	61,514	63,667	65,896	68,202
<b>Sub-total Administration Expenses</b>			<b>297,061</b>	<b>307,458</b>	<b>318,219</b>	<b>329,356</b>	<b>340,884</b>	<b>352,815</b>	<b>365,163</b>	<b>377,944</b>	<b>391,172</b>	<b>404,863</b>
<b>Utilities</b>												
Electricity	3.5%		113,075	117,033	121,129	125,369	129,757	134,298	138,999	143,864	148,899	154,110
Water	3.5%		200,051	207,052	214,299	221,800	229,553	237,567	245,910	254,520	263,428	272,648
Gas	3.5%		58,404	60,448	62,563	64,753	67,019	69,365	71,793	74,306	76,906	79,598
Sewer	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Utilities</b>			<b>371,530</b>	<b>384,533</b>	<b>397,992</b>	<b>411,921</b>	<b>426,339</b>	<b>441,261</b>	<b>456,705</b>	<b>472,689</b>	<b>489,233</b>	<b>506,357</b>
<b>Taxes and Licenses</b>												
Real Estate Taxes	3.5%		19,196	19,868	20,563	21,283	22,028	22,799	23,597	24,423	25,278	26,163
Payroll Taxes	3.5%		138,868	143,728	148,759	153,965	159,354	164,932	170,704	176,679	182,863	189,263
Miscellaneous Taxes, Licenses and Permits	3.5%		9,267	9,591	9,927	10,275	10,634	11,006	11,392	11,790	12,203	12,630
<b>Sub-total Taxes and Licenses</b>			<b>167,331</b>	<b>173,188</b>	<b>179,249</b>	<b>185,523</b>	<b>192,016</b>	<b>198,737</b>	<b>205,693</b>	<b>212,892</b>	<b>220,343</b>	<b>228,055</b>
<b>Insurance</b>												
Property and Liability Insurance	3.5%		127,278	131,733	136,344	141,116	146,055	151,167	156,457	161,933	167,601	173,467
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		140,153	145,059	150,136	155,390	160,829	166,458	172,284	178,314	184,555	191,015
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>			<b>267,431</b>	<b>276,792</b>	<b>286,479</b>	<b>296,506</b>	<b>306,884</b>	<b>317,625</b>	<b>328,741</b>	<b>340,247</b>	<b>352,156</b>	<b>364,482</b>
<b>Maintenance &amp; Repair</b>												
Payroll	3.5%		529,653	548,191	567,377	587,235	607,789	629,061	651,078	673,866	697,451	721,862
Supplies	3.5%		-	-	-	-	-	-	-	-	-	-
Contracts	3.5%		110,758	114,635	118,647	122,800	127,098	131,546	136,150	140,916	145,848	150,952
Garbage and Trash Removal	3.5%		101,979	105,548	109,242	113,065	117,023	121,119	125,358	129,745	134,286	138,986
Security Payroll/Contract	3.5%		8,123	8,408	8,702	9,006	9,322	9,648	9,986	10,335	10,697	11,071
HVAC Repairs and Maintenance	3.5%		15,707	16,257	16,826	17,415	18,024	18,655	19,308	19,984	20,683	21,407
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		338	350	362	375	388	402	416	430	445	461
Miscellaneous Operating and Maintenance Expenses	3.5%		145,363	150,657	156,190	161,968	167,937	174,193	180,734	187,569	194,708	202,157
<b>Sub-total Maintenance &amp; Repair Expenses</b>			<b>912,121</b>	<b>944,045</b>	<b>977,087</b>	<b>1,011,285</b>	<b>1,046,680</b>	<b>1,083,314</b>	<b>1,121,230</b>	<b>1,160,473</b>	<b>1,201,089</b>	<b>1,243,127</b>
<b>Supportive Services</b>	3.5%		240,235	248,643	257,346	266,353	275,675	285,324	295,310	305,646	316,344	327,416
<b>Commercial Expenses</b>		from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>			<b>3,733,889</b>	<b>3,864,575</b>	<b>3,999,835</b>	<b>4,139,829</b>	<b>4,284,723</b>	<b>4,434,688</b>	<b>4,589,902</b>	<b>4,750,549</b>	<b>4,916,818</b>	<b>5,088,907</b>
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>												
Ground Lease Base Rent		cells.	-	-	-	-	-	-	-	-	-	-
Bond Monitoring Fee		Added Bond issuer monitoring & PASS annual monitoring fee here.	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Replacement Reserve Deposit			84,600	84,600	84,600	84,600	84,600	84,600	84,600	84,600	84,600	84,600
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial		from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>			<b>92,100</b>	<b>92,100</b>	<b>92,100</b>	<b>92,100</b>	<b>92,100</b>	<b>92,100</b>	<b>92,100</b>	<b>92,100</b>	<b>92,100</b>	<b>92,100</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>			<b>3,825,989</b>	<b>3,956,675</b>	<b>4,091,935</b>	<b>4,231,929</b>	<b>4,376,823</b>	<b>4,526,788</b>	<b>4,682,002</b>	<b>4,842,649</b>	<b>5,008,918</b>	<b>5,181,007</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>			<b>869,198</b>	<b>855,891</b>	<b>840,945</b>	<b>824,273</b>	<b>805,784</b>	<b>785,384</b>	<b>762,974</b>	<b>738,452</b>	<b>711,710</b>	<b>682,637</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>												
Hard Debt - First Lender		cells.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		PASS LOAN - A Tranche	454,553	454,553	454,553	454,553	454,553	454,553	454,553	454,553	454,553	454,553
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		PASS LOAN - B Tranche	290,628	290,628	290,628	290,628						

		Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
	% annual increase	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
INCOME	Comments (related to annual inc assumptions)	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Other Reserve 2 Interest		-	-	-	-	-	-	-	-	-	-
<i>Other Required Reserve 2 Running Balance</i>		-	-	-	-	-	-	-	-	-	-

**Attachment O: 20-year Operating Proforma: 9%**

See attached.



		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
INCOME	% annual increase										
	Comments (related to annual inc assumptions)										
	<i>Other Required Reserve 2 Running Balance</i>	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total



		Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
		2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
INCOME	% annual increase	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
	Comments (related to annual inc assumptions)										
	<i>Other Required Reserve 2 Running Balance</i>	-	-	-	-	-	-	-	-	-	-