

**Citywide HOPE SF Affordable Housing Loan Committee**

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

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**MEMORANDUM**

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**DATE:** JUNE 4, 2021  
**TO:** CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE  
**FROM:** ANNE ROMERO, SENIOR PROJECT MANAGER  
**RE:** **BERNAL DWELLINGS REQUEST FOR BRIDGE LOAN FOR ADDITIONAL RELOCATION COSTS**

**TOTAL PREVIOUS CITY FUNDS COMMITTED:** \$2,779,061(repaid)  
**BRIDGE LOAN REQUEST:** UP TO \$2,500,000  
(HOUSING TRUST FUND)

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**SUMMARY OF REQUEST**

McCormack Baron Salazar (MBS) requests up to \$2,500,000 in a 2-year bridge loan for the Bernal Dwellings (the "Project") rehabilitation to cover unanticipated relocation costs that have been impacted by the COVID pandemic and various other unforeseen expenses. Bernal Dwellings is a HOPE VI public housing redevelopment project built in 2001, and along with the City's five other HOPE VI projects, is part of the San Francisco's RAD portfolio award from HUD. The Project repaid a City predevelopment loan of \$2.8 million at construction loan closing, so currently there are no MOHCD funds in the project, although MOHCD has long term restrictions in place and will continue to monitor the Project. The Project started rehabilitation in January 2020 and is on schedule to complete in September 2021, and convert its permanent loan by March 2022, with the final 8609 installment due in late 2022. The bridge loan would be repaid at project conversion with equity from the project's tax credit investor paid by March 2022. While it would be difficult and lengthy to get lender and HUD approval to secure the loan on the property, MBS proposes to secure the loan through a loan agreement wherein the required repayment of City funds will be qualified as a cost to the project and due at conversion. As such, MBS will be able to assign permanent sources to the repayment of City funds at conversion. In addition, MBS will pledge net operating income as available if needed, and / or their developer fee to ensure that the bridge loan is repaid at conversion. SFHA, the investor and the construction lender are aware of this proposed bridge loan and have approved it.

Staff recommends approval of the bridge loan request.

**1. BACKGROUND**

The Project is a HOPE VI public housing redevelopment project built in 2001. It was developed and was owned by San Francisco Housing Authority-affiliated entities and was managed by McCormack Baron Management (MBM). Subsequently, the John Stewart Company took over property management

responsibilities. The Project, along with the City's five other HOPE VI projects, is part of San Francisco's 4,575-unit Rental Assistance Demonstration (RAD) portfolio award.

The Project consists of 160 low income apartments in 3 (three) one-story buildings and 14 (fourteen) three-story buildings situated in the Mission neighborhood of San Francisco. The Project includes a community building that houses the leasing offices, maintenance shop, day care center and community center. The dwelling units include 3 one-bedroom units, 85 two-bedroom units, 70 three-bedroom units and 2 four-bedroom units. Parking is located along the surrounding streets and in the parking lot located between the buildings, which provide a total of 66 parking spaces, three of which are ADA accessible.

In 2017, SFHA issued an RFQ for development teams to carry out a RAD conversion and tax credit investor resyndication at Bernal Dwellings. The highest scoring respondent was a development team consisting of McCormack Baron Salazar (MBS) and San Francisco Housing Development Corporation (SFHDC). SFHDC's affiliate serves as Managing General Partner and the MBS affiliate serves as Administrative General Partner. Each entity will own .005% of the limited partnership that will own the improvements, pending investor requirements. SFHDC will receive 30% of the paid developer fee and 50% of any deferred fee for the project. The MBS affiliate will receive the balance. Each will receive a pro rata share of each installment of the developer fee when the fee is paid.

The goals of the conversion/resyndication are two-fold: 1) to rehabilitate and recapitalize the Project in a manner that will maintain its physical and economic viability for at least 20 years, as required by the RAD Program, and 2) to bring the Project into the City's RAD portfolio through the funding of on-site services and implementation of all RAD operational policies, including housing retention, RAD tenant screening, RAD lease and house rules, and supporting RAD tenant associations.

The Project started construction on January 1, 2020 and is anticipated to be complete by September 1, 2021. MBS/SFHDC used 4% low income housing tax credits with CalHFA-issued bonds in order to take advantage of a new CalHFA permanent debt product with a 40 year amortization. The Project currently consists of 100% Annual Contributions Contract (ACC) units, and upon conversion, the Project will have 98 RAD project based voucher (PBV) units and 62 non- RAD PBV units. John Stewart Corporation will continue to provide onsite property management services. For the first time in its history, the Project can support tenant services, which are being provided by Good Samaritan, a long time Mission based social services nonprofit.

While the MOHCD predevelopment loan was repaid at construction loan closing, MOHCD restricted the property beyond the initial term with a Regulatory Agreement and Declaration of Affordable Housing Restrictive Covenants for the 65-year (plus one 34 year option to extend) term of the SFHA ground lease. The Project is subject to MOHCD annual monitoring and the City charges \$2,500 / year for monitoring expenses. During construction, MOHCD construction representative staff have been tracking the Project's progress and MOHCD services staff have continued to stay involved with the project through City-funded services and workforce development contracts. The investor is RBC Capital Markets and the construction lender is US Bank.

The original project budget included significant hard cost contingency (18%) and construction loan interest reserve. The construction loan interest rate is floating at 1 month libor, and rates have come down so low that they are contributing to the savings. A cushion was built in to guard against rate increases but there has been no upward pressure. These line items effectively reduce the amount of the construction loan that can be disbursed. MBS currently projects that there will be more than \$2 million in savings in these line items by completion. Specifically, the budget for construction loan interest was originally sized at more than \$2.8 million, however current projections show only \$933k of loan interest will be accrued through the target conversion date, effectively freeing up permanent sources. Hard cost contingency has \$1,600,000 remaining.

With the rehabilitation approaching 75% completion in April, MBS requested the ability to reduce these line items and reallocate funds to relocation costs. However, the construction lender, US Bank, has declined this request, citing its internal underwriting requirements. US Bank also didn't approve a short-term loan, saying that they didn't have a loan product to deliver this financing. Other lenders had an interest rate of 5% and would require loan security, and it would be difficult to obtain permission from HUD and other lenders to record another deed of trust associated with a bridge loan during the construction period. As a result, MBS has heretofore covered the additional relocation costs itself, with its own funds. MBS projects that its construction loan limit will be reached around the time of final contractor retention payment and wants to avoid a shortage of funds at that critical time in the project. MBS has calculated the 50% test with 51.78%, which is a cushion of around \$3.7 million. The MOHCD bridge loan will solve for both the current soft cost cash flow issue (\$1.9 million) as well as the future retention payment issue (up to \$600K). Repayment of the City loan would occur at permanent conversion anticipated in March 2022 and would be sourced by the \$9 million tax credit equity installment due at that time. No new permanent sources are needed to accommodate repayment of the City loan.

## 2. RELOCATION AND ENVIRONMENTAL COST OVERRUNS

The project has experienced significant increases to its relocation costs as a result of COVID-19. This has caused the project to draw on all of its soft cost contingency, as well as allocate available budget line items from other soft costs, which has compounded the issue of construction loan availability described in the preceding section. COVID impacts included increased cleaning and PPE supplies for movers, staff and residents, longer moving phases to accommodate COVID protocols (reduce unnecessary contact with those outside household) resulting in fewer moves each day, longer hours with fewer staff to accommodate COVID protocols (same as above) which resulted in higher packing and moving costs, inability to do on site pre-inspections and standard spring cleaning to purge items ahead of temporary moves, and longer off site relocation to accommodate COVID risk, quarantine or illness. Additionally, the off-site property being used to temporarily house tenants, Park Merced, opted to increase their rents above the original leased values in order to account for increased safety measures and their own expenses. A schedule of relocation costs per phase and the resulting increases is shown below.

Relocation Scope	Original Budget	Current Budget	Delta
Phase 1	\$877,955	\$1,821,579	\$943,624
Phase 2	\$568,035	\$1,340,324	\$772,289
Phase 3	\$987,368	\$1,203,696	\$216,328
Phase 4	\$915,070	\$1,172,783	\$257,713
Total	\$3,348,428	\$5,538,382	\$2,189,954

The Project has also faced unforeseen environmental costs for radon mitigation, which includes hard cost mitigation, reporting and consultant costs, in the amount of around \$300,000 over budget. The scope of work requires indoor air quality testing in all ground floor units. Testing is conducted following vacancy and completion of rehab, including a deep cleaning of the interior. The scope includes installation of top-of-slab Vapor Intrusion Mitigation System in residential buildings that have at least one failed test. Then the contractor must do post-construction radon testing in each building. While the hard costs were covered by the construction line item, the soft cost contingency is depleted due to increased relocation costs and can't cover the increases in monitoring, reporting and consultants.

### 3. FINANCING PLAN

Permanent Sources	Amount	Terms	Status
CalHFA Mortgage	\$22,937,000	4.02%, 35 Y Amo	Committed, pending conversion
CalHFA Gap Loan	\$3,500,000	1.78%, 55 Y Term, residual receipts payment	Committed, pending conversion
NOI during construction	\$536,170	Provided by Partnership	Committed, pending conversion
Deferred Developer Fee	\$1,200,000	Repaid by Y 15, priority cash flow payment	Committed, pending conversion
SFHA Seller Note	\$42,364,364	2.09%, 55 Y Term, residual receipt payment	Committed, funded at construction closing
SFHA Capital Funds Loan	\$1,434,748	1.78%, 55 Y Term, residual receipt payment	Committed, pending conversion
SFHDC MGP Loan (GP equity structured as a loan)	\$1,500,000	0%, 55 Y Term, residual receipt payment	Committed, partially funded to date, full funding by completion
LP Tax Credit Equity	\$40,173,403	\$1.05 per credit, subject to adjusters at conversion	Committed, partially funded, remaining installments due at completion, conversion and receipt of 8609
Accrued Soft Interest	\$1,504,262	Capitalized at conversion	Committed, pending conversion
Acquired Reserves	\$859,181	Cash	Committed, funded at construction closing
General Partner Capital	\$220	Cash	Committed, funded at construction closing
<b>Total</b>	<b>\$116,009,348</b>		

Uses	Original Budget	Revised Budget	Variance
Land	\$5,470,000	\$5,470,000	
Building Acquisition	\$36,459,181	\$36,459,181	
Hard Costs	\$50,494,954	\$50,509,004	\$14,050
Soft Costs	\$9,516,882	\$11,128,799	\$1,611,917
Financing Interest / Fees	\$6,525,537	\$4,936,264	-\$1,589,273
Reserves	\$2,006,100	\$2,006,100	
Developer Fee	\$5,500,000	\$5,500,000	
<b>Total</b>	<b>\$115,972,654</b>	<b>\$116,009,348</b>	<b>\$36,694</b>

### Permanent Financing.

#### - CalHFA Funding

CalHFA is providing a permanent mortgage with a 17-year term and 35-year amortization at 4.02% interest, requiring annual debt service, as well as a subsidy loan with a 55-year term at 1.78% interest, due to be repaid via residual receipts. MBS has provided their analysis of the project still meeting the 50% test at 51.78%. Both loans will be funded at conversion as takeout sources for the construction loan.

#### - NOI during construction

The limited partnership owner will contribute a minimum of \$499,476 in funds derived for operating cash flow during construction. These funds will be contributed as needed during construction, with any remaining balance due at conversion. The owner also has some capacity to provide more NOI funds than originally committed and anticipates contributing the \$36,694 shown in the budget variance above in order to balance final sources and uses.

#### - Deferred Developer Fee

The project will generate a total developer fee of \$5.5 million. \$1.2 million will be deferred and repaid over the course of the 15-year compliance period following conversion. Of the remaining \$4.3 million, \$1.5 million will be earned by the general partner and reinvested in the project as a GP equity loan. The resulting \$2.8 million will be earned by MBS and SFHDC and paid by conversion.

#### - SFHA Funding

The San Francisco Housing Authority is leasing the land to the limited partnership through a long-term ground lease. The initial term is for 55 years plus an option to extend another 44 years for a maximum term of 99 years. A seller note is provided for a matching term and is comprised of the value of the building, the leasehold value of the land, and acquired reserves, for a total loan of \$42,364,364. This loan, as well as the acquired reserves, was funded at construction closing. SFHA is also providing a capital loan with a 55 year term at 1.78% interest, due to be repaid via residual receipts and funded at conversion.

#### - SFHDC GP Equity Loan

SFHDC is the general partner in the limited partnership and will contribute the \$1.5 million of developer fee they will earn on the project as a GP equity loan. SFHDC's net position is \$0, since the amounts offset, but the project is able to generate tax credits and equity from the \$1.5 MM being included in basis.

#### - Tax Credit Equity

RBC is the tax credit investor for the project and will contribute a total of \$40,173,403 of equity by receipt of 8609, with the predominant portion being funded by conversion. Pricing of equity is based on \$1.05 per tax credit. The equity is subject to certain pricing adjusters as outlined in the Limited Partnership Agreement, however MBS does not anticipate material changes to the total figure.

#### - Accrued Soft Interest

Interest earned on the Seller Note will be deferred until conversion and capitalized at that date as part of the total Seller Note principal.

### Uses Evaluation.

The project expects a minor variance in the overall uses, which can be sufficiently funded with additional operating income at conversion. The two notable variances in permanent uses are a reduction in anticipated construction loan interest (due to the construction loan being sized at 1 month libor floating rate with a cushion) and an increase in total relocation costs. The increase in relocation costs caused the project to reallocate funds from other soft cost uses, leaving a need to fund future soft costs during the construction period, but without line item budget to do so. At the same time, the construction lender has declined to allow a reallocation from the construction loan interest reserve to help pay for relocation

costs. This has caused a shortage in available construction loan proceeds and resulted in the MBS request for bridge financing. MBS can only make smaller advances up to \$20,000, and can't meet the deficit during construction.

While it would be complex and lengthy to get lender and HUD approval to secure the loan on the property, MBS proposes to secure the loan through a loan agreement wherein the required repayment of City funds will be qualified as a cost to the project and due at conversion. As such, MBS will be able to assign permanent sources to the repayment of City funds.

**4. STAFF RECOMMENDATIONS**

4.1. Proposed Loan Terms

MBS is requesting loan approval for up to \$2.5 million in bridge funding, with a term of 24 months and a rate of 3% simple. Anticipated uses of the loan proceeds are provided in the application workbook and are predominantly shown to pay for soft costs through completion.

<b>Financial Description of Proposed Loan</b>	
Loan Amount:	\$2,500,000
Loan Term:	2 years
Loan Maturity Date:	Earlier of Project Conversion or June 1, 2023
Loan Repayment Type:	Full loan repayment due at end of term
Loan Interest Rate:	3% Simple
Date Loan Committee approves prior expenses can be paid:	January 1, 2020

4.2. Recommended Loan Conditions

1. MBS will provide monthly project financials to track the use of City loan proceeds and update conversion projections for final sources and uses as needed.
2. Conditions for funding and compliance with loan requirements will be established in a Loan Agreement between MOHCD and the limited partnership, and will be subject to review by the project's permanent lender and tax credit investor.
3. Sponsor to repay loan upon receipt of the tax credit equity installment due upon permanent loan conversion. Should those funds be insufficient for repayment, sponsor to identify other sources such as cash from operations or deferred developer fee, payment due upon receipt of those funds until the loan is fully repaid.

**4. LOAN COMMITTEE MODIFICATIONS**

**CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE RECOMMENDATION**

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Eric. D. Shaw, Director  
Mayor’s Office of Housing and Community Development

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Tonia Lediju, Executive Director  
Housing Authority of the City and County of San Francisco

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Anna Van Degna, Director  
Controller’s Office of Public Finance

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

- Attachments:    A. Development Schedule  
                      B. MOHCD OCII Family Cost Comparison chart – N/A  
                      C. Development Budget  
                      D. Operating Budget  
                      E. 20 Year Cashflow

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

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**From:** Shaw, Eric (MYR)  
**Sent:** Friday, June 4, 2021 12:09 PM  
**To:** Chavez, Rosanna (MYR)  
**Subject:** Bernal Dwellings Bridge Loan

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)

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**From:** Oerth, Sally (CII)  
**Sent:** Friday, June 4, 2021 11:58 AM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR); Romero, Anne (MYR)  
**Subject:** Bernal Dwellings bridge loan, 6.4.21 Loan Committee

I approve the Bernal Dwellings bridge loan request, as presented at the 6.4.21 Loan Committee.



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

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📍 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:** Menjivar, Salvador (HOM)  
**Sent:** Tuesday, June 15, 2021 4:14 PM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR)  
**Subject:** Bridge loan for the Bernal Dwellings

With some reservations I approve the request by McCormack Baron Salazar (MBS) requests up to \$2,500,000 in a 2-year bridge loan for the Bernal Dwellings (the "Project") rehabilitation to cover unanticipated relocation costs that have been impacted by the COVID pandemic and various other unforeseen expenses.



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:** Tonia Lediju, PhD <ledijut@SFHA.ORG>  
**Sent:** Saturday, June 5, 2021 7:47 AM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR)  
**Subject:** Bernal Dwelling Bridge Loan

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Approved

Respectfully,

*Tonia Lediju, PhD*

Chief Executive Officer  
Housing Authority of the City & County of San Francisco  
(650) 356-8401  
(415) 619-1936

*Clear is kind. Unclear is unkind -- Brene' Brown, PhD*

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**From:** Chavez, Rosanna (MYR) <rosanna.chavez@sfgov.org>  
**Sent:** Friday, June 4, 2021 11:23 AM  
**To:** Tonia Lediju, PhD <ledijut@SFHA.ORG>  
**Subject:** FW: Citywide Affordable Housing Loan Committee - Friday, June 4, 2021 11:15 a.m.

Hello Tonia,

Will you be able to attend today's meeting for voting on the Bernal Dwellings Bridge Financing Loan Memo? We have placed it go second.

Thank you,

Rosie Chavez

Assistant Housing Loan Administrator  
Mayor's Office of Housing and Community Development  
1 South Van Ness, 5th Floor, San Francisco, CA 94103

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**From:** Chavez, Rosanna (MYR)  
**Sent:** Friday, May 28, 2021 2:37 PM  
**To:** Taylor, Rommel (MYR) <[Rommel.Taylor@sfgov.org](mailto:Rommel.Taylor@sfgov.org)>; Wong, Harry (MYR) <[harry.i.wong@sfgov.org](mailto:harry.i.wong@sfgov.org)>; Defiesta, Agnes (MYR) <[agnes.defiesta@sfgov.org](mailto:agnes.defiesta@sfgov.org)>; Travis, Paul (MYR) <[paul.travis@sfgov.org](mailto:paul.travis@sfgov.org)>; Blitzer, Mara (MYR) <[mara.blitzer@sfgov.org](mailto:mara.blitzer@sfgov.org)>; Lee, Jonah (MYR) <[jonah.lee@sfgov.org](mailto:jonah.lee@sfgov.org)>; Carson, Erin (MYR) <[erin.carson@sfgov.org](mailto:erin.carson@sfgov.org)>; Ely,

Lydia (MYR) <[lydia.ely@sfgov.org](mailto:lydia.ely@sfgov.org)>; Obstfeld, Kimberly (CII) <[kimberly.obstfeld@sfgov.org](mailto:kimberly.obstfeld@sfgov.org)>; Wong, Annie (CII) <[annie.h.wong@sfgov.org](mailto:annie.h.wong@sfgov.org)>; Colomello, Elizabeth (CII) <[elizabeth.colomello@sfgov.org](mailto:elizabeth.colomello@sfgov.org)>; Sims, Pamela (CII) <[pam.sims@sfgov.org](mailto:pam.sims@sfgov.org)>; Romero, Anne (MYR) <[anne.romero@sfgov.org](mailto:anne.romero@sfgov.org)>; Gagen, Jonathan (MYR) <[jonathan.gagen@sfgov.org](mailto:jonathan.gagen@sfgov.org)>; Slen, Joyce (MYR) <[joyce.slen@sfgov.org](mailto:joyce.slen@sfgov.org)>; McCormack, Caroline (MYR) <[caroline.mccormack@sfgov.org](mailto:caroline.mccormack@sfgov.org)>; Lopez, Viviana (MYR) <[viviana.lopez@sfgov.org](mailto:viviana.lopez@sfgov.org)>; Heavens, Cindy (MYR) <[cindy.heavens@sfgov.org](mailto:cindy.heavens@sfgov.org)>; Amaral, Sara (MYR) <[sara.amaral@sfgov.org](mailto:sara.amaral@sfgov.org)>; Van Degna, Anna (CON) <[anna.vandegna@sfgov.org](mailto:anna.vandegna@sfgov.org)>; Menjivar, Salvador (HOM) <[salvador.menjivar1@sfgov.org](mailto:salvador.menjivar1@sfgov.org)>; 'White, Jeffrey (CII)' <[jeffrey.white@sfgov.org](mailto:jeffrey.white@sfgov.org)>; Oerth, Sally (CII) <[sally.oerth@sfgov.org](mailto:sally.oerth@sfgov.org)>; Gotthelf, Felicia (MYR) <[felicia.gotthelf@sfgov.org](mailto:felicia.gotthelf@sfgov.org)>; Shaw, Eric (MYR) <[eric.shaw@sfgov.org](mailto:eric.shaw@sfgov.org)>; Tonia Lediju, PhD <[ledijut@sfha.org](mailto:ledijut@sfha.org)>; Kitchingham, Kevin (MYR) <[kevin.kitchingham@sfgov.org](mailto:kevin.kitchingham@sfgov.org)>; Benioff, Martha (HOM) <[Martha.Benioff@sfgov.org](mailto:Martha.Benioff@sfgov.org)>; Barnes, Maximilian (MYR) <[maximilian.l.barnes@sfgov.org](mailto:maximilian.l.barnes@sfgov.org)>; Baca, Robert (MYR) <[robert.baca@sfgov.org](mailto:robert.baca@sfgov.org)>; Cortez, Omar (MYR) <[omar.cortez@sfgov.org](mailto:omar.cortez@sfgov.org)>; Faust, Holly (MYR) <[holly.faust@sfgov.org](mailto:holly.faust@sfgov.org)>; Noonan, Jacob (MYR) <[jacob.noonan@sfgov.org](mailto:jacob.noonan@sfgov.org)>; 'Brendan Dwyer (MYR) ([brendan.dwyer@sfgov.org](mailto:brendan.dwyer@sfgov.org))' <[brendan.dwyer@sfgov.org](mailto:brendan.dwyer@sfgov.org)>; Ausman, Bao-Tran (MYR) <[BaoTran.Ausman@sfgov.org](mailto:BaoTran.Ausman@sfgov.org)>; Madden, Scott (MYR) <[scott.madden@sfgov.org](mailto:scott.madden@sfgov.org)>; McLoone, Michael (MYR) <[michael.mcloone@sfgov.org](mailto:michael.mcloone@sfgov.org)>; Pereira Tully, Marisa (CON) <[marisa.pereira.tully@sfgov.org](mailto:marisa.pereira.tully@sfgov.org)>; Nusser, Sarah (MYR) <[sarah.nusser@sfgov.org](mailto:sarah.nusser@sfgov.org)>; Leatutufu, Saidah (MYR) <[saidah.leadutufu@sfgov.org](mailto:saidah.leadutufu@sfgov.org)>; Vanzuylen, Ryan (MYR) <[ryan.vanzuylen@sfgov.org](mailto:ryan.vanzuylen@sfgov.org)>

**Subject:** Citywide Affordable Housing Loan Committee - Friday, June 4, 2021 11:15 a.m.

Dear Loan Committee, MOHCD staff and community partners,

Attached are the agenda and materials for next week's meeting, which **will be held Friday, June 4, 2021 at 11:15 am via Microsoft Teams.**

You can join via the link or the phone number below. Within Teams you will have the option to mute your microphone and hide your video. If this will be your first time using Teams, please sign into the meeting a few minutes early.

## [Join Microsoft Teams Meeting](#)

[+1 415-906-4659](tel:+14159064659) United States, San Francisco

Phone Conference ID: 985 935 179#

Thank you,

Rosie Chavez

Assistant Housing Loan Administrator  
Mayor's Office of Housing and Community Development  
1 South Van Ness, 5th Floor, San Francisco, CA 94103

## Chavez, Rosanna (MYR)

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**From:** Pereira Tully, Marisa (CON)  
**Sent:** Friday, June 4, 2021 11:57 AM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR)  
**Subject:** Bernal dwellings bridge loan

Approve

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

**Attachment A: Project Milestones and Schedule**

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)		
1	Acquisition/Predev Financing Commitment		
2.	Site Acquisition	<u>N/A</u>	
3.	Development Team Selection		
a.	Architect	<u>Complete</u>	
b.	General Contractor	<u>Complete</u>	
c.	Owner's Representative	<u>Complete</u>	
d.	Property Manager	<u>Complete</u>	
e.	Service Provider	<u>Complete</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>Complete</u>	
b.	Submittal of Design Development & Cost Estimate	<u>Complete</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>Complete</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>Complete</u>	
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	<u>N/A</u>	
b.	NEPA Environ Review Submission	<u>Complete</u>	
c.	CUP/PUD/Variances Submission	<u>N/A</u>	

6.	Permits		
a.	Building / Site Permit Application Submitted	<u>Complete</u>	
b.	Addendum #1 Submitted	<u>Complete</u>	
c.	Addendum #2 Submitted	<u>N/A</u>	
7.	Request for Bids Issued	<u>Complete</u>	
8.	Service Plan Submission		
a.	Preliminary	<u>Completed</u>	
b.	Interim	<u>Complete</u>	
c.	Update	<u>N/A</u>	
9.	Additional City Financing	<u>N/A</u>	
a.	Predevelopment Financing Application #2	<u>N/A</u>	
b.	Gap Financing Application	<u>N/A</u>	
10.	Other Financing		
a.	CAL HFA Application	<u>Complete</u>	
b.	Construction Financing RFP	<u>Complete</u>	
c.	AHP Application	<u>N/A</u>	
d.	CDLAC Application	<u>Complete</u>	
e.	TCAC Application	<u>Complete</u>	
f.	HUD 202 or 811 Application	<u>N/A</u>	
g.	Other Financing Application - SFHA Ground Lease Option	<u>Complete</u>	

h.	SFHA Ground Lease Full Approval	<u>Complete</u>	
i.	Bernal Housing Associates Exclusive Right to Negotiate Agreement Approval	<u>Complete</u>	
11.	Closing		
a.	Construction Closing	<u>Complete</u>	
b.	Permanent Financing Closing	<u>3/1/2022</u>	<u>3/1/2022</u>
12.	Construction		
a.	Notice to Proceed	<u>Complete</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>10/1/2021</u>	<u>1/1/2022</u>
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>Complete</u>	
b.	Commence Marketing	<u>Complete</u>	
c.	95% Occupancy	<u>10/1/2022</u>	<u>1/1/22</u>
14.	Cost Certification/8609	<u>6/1/2022</u>	<u>6/1/2022</u>
15.	Close Out MOH/OCII Loan(s)	<u>3/1/2022</u>	<u>3/1/2022</u>



**Attachment B**

MOHCD OCII Family Cost Comparison chart

N/A given that total development budget has not changed

**Attachment C**

Development Budget

See attached.

Application Date: 5/7/21 # Units: 160  
 Project Name: Bernal Dwellings # Bedrooms: 391  
 Project Address: 3138 Kamille Ct # Beds: 391  
 Project Sponsor: McCormack Baron Salazar / SFHDC

SOURCES	Total Sources										Comments	
	22,937,000	3,500,000	42,364,364	1,434,748	859,181	40,173,623	1,200,000	1,504,262	536,170	1,500,000		116,009,348
	Cal HFA Permanent Loan	Cal HFA Subordinate Debt	Seller Note	SFHA Subordinate Debt	MOHCD Bridge Loan	Existing Reserves	Tax Credit Equity + GP Equity	Deferred Developer Fee	Accrued Interest	NCI	GP Loan	

**ACQUISITION**

Acquisition cost or value												
Legal / Closing costs / Broker's Fee				41,929,181								41,929,181
Holding Costs												0
Transfer Tax												1,232,100
<b>TOTAL ACQUISITION</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41,929,181</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,232,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>43,161,281</b>

**CONSTRUCTION (HARD COSTS)**

Unit Construction/Rehab	22,937,000	3,500,000	1,434,748	12,195,954	40,067,742	Include FF&E						
Commercial Shell Construction												
Demolition												
Environmental Remediation					2,216,180							
Drainage Improvements/Landscaping												
Offsite Improvements												
Infrastructure Improvements						HOPE SF/OCH costs for streets etc.						
Finishing												
GC Bond Premium/GC Insurance/GC Taxes				1,031,637								
GC Overhead & Profit				2,203,221								
SG General Conditions				2,997,740								
Sub-total Construction Costs	0	22,937,000	3,500,000	0	1,434,748	0	0	0	0	0	46,576,920	
Design Contingency (remove at DD)												5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)												5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)												4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency												5% new construction / 15% rehab
Sub-total Construction Contingencies	0	0	0	0	0	0	0	908,434	0	0	0	908,434
<b>TOTAL CONSTRUCTION COSTS</b>	<b>0</b>	<b>22,937,000</b>	<b>3,500,000</b>	<b>0</b>	<b>1,434,748</b>	<b>0</b>	<b>0</b>	<b>21,553,266</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48,424,954</b>

Construction fee item costs as a % of hard costs  
 2.1%  
 4.5%  
 6.2%

**SOFT COSTS**

**Architecture & Design**

Architect design fees												1,627,416
Design Subconsultants to the Architect (incl. Fees)												0
Architect Construction Admin												0
Reimbursables												0
Additional Services												0
Sub-total Architect Contract	0	0	0	0	0	0	0	1,627,416	0	0	0	1,627,416
Other Third Party design consultants (not included under Architect contract)												487,985
<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>2,115,081</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,115,081</b>

**Engineering & Environmental Studies**

Survey												0
Geotechnical studies												0
Phase I & II Reports												414,050
CEQA / Environmental Review consultants												641,630
NEPA / IIR Review												0
CNA/PNA (rehab only)												0
Other environmental consultants												310,046
<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>1,153,692</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,463,738</b>

**Financing Costs**

<b>Construction Financing Costs</b>												
Construction Loan Origination Fee												461,304
Construction Loan Interest												933,425
Title & Recording												67,500
CRUC & COMD fees												0
Bond Issuer Fees												0
Other Bond Cost of Issuance												280,900
Accrued Soft Interest												1,504,262
Sub-total Const. Financing Costs	0	0	0	0	0	0	0	1,743,129	0	1,504,262	0	3,247,391
<b>Permanent Financing Costs</b>												
Permanent Loan Origination Fee												229,370
Credit Enhance. & Appl. Fee												0
Title & Recording												20,660
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0	250,039	0	0	0	250,039
<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>1,993,169</b>	<b>0</b>	<b>1,504,262</b>	<b>0</b>	<b>3,497,421</b>

**Legal Costs**

Borrower Legal fees												470,000
Lend Use / CEQA Attorney fees												0
Tax Credit Counsel												0
Bond Counsel												50,000
Construction Lender Counsel												0
Permanent Lender Counsel												0
Professional Reports												219,970
<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>739,970</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>739,970</b>

**Other Development Costs**

Appraisal												0
Market Study												0
Insurance												0
Property Taxes												0
Accounting / Audit												0
Organizational Costs												0
Entitlement / Permit Fees												1,084,050
Marketing / Rent-up												229,846
Furnishings												311,801
PSE / Utility Fees												107,814
TCAC App / Alloc / Monitor Fees												0
Financial Consultant fees												0
Construction Management fees / Owner's Rep												0
Security during Construction												0
Relocation												2,189,954
Tenant Services												3,348,428
Repayment of MOHCD Bridge Loan												452,740
Other (specify)												2,500,000
<b>Total Other Development Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-310,046</b>	<b>0</b>	<b>7,874,679</b>	<b>0</b>	<b>8,100,803</b>

**Soft Cost Contingency**

Contingency (Arch, Eng, Fin, Legal & Other Dev)												0
<b>TOTAL SOFT COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,876,581</b>	<b>0</b>	<b>1,504,262</b>	<b>536,170</b>	<b>15,917,013</b>

Total Soft Cost Contingency as % of Total Soft Costs  
 8.0%

**RESERVES**

Operating Reserves				435,183	0	859,181	286,636					1,591,000
Replacement Reserves												415,100
Tenant Improvements Reserves												0
Other (specify)												0
Other (specify)												0
<b>TOTAL RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>435,183</b>	<b>0</b>	<b>859,181</b>	<b>711,736</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,006,100</b>

**DEVELOPER COSTS**

Developer Fee - Cash-out Paid at Milestones												2,800,000
Developer Fee - Cash-out At Risk												0
Commercial Developer Fee												0
Developer Fee - GP Equity (also show as source)												1,500,000
Developer Fee - Deferred (also show as source)												1,200,000
Development Consultant Fees												0
Other (specify)												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>2,800,000</b>	<b>1,200,000</b>	<b>0</b>	<b>0</b>	<b>1,500,000</b>	<b>5,500,000</b>

**TOTAL DEVELOPMENT COST**

Development Cost/Unit by Source	0	22,937,000	3,500,000	42,364,364	1,434,748	0	859,181	40,173,623	1,200,000	1,504,262	536,170	1,500,000	116,009,348
Development Cost/Unit as % of TDC by Source	0.0%	19.8%	3.0%	36.5%	1.2%	0.0%	0.7%	34.6%	1.0%	1.3%	0.5%	1.3%	100.0%

**Acquisition Cost/Unit by Source**

	0	0	0	262,057	0	0	0	0	0	0	0	0	262,057
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**Construction Cost (inc. Const Contingency)/Unit By Source**

	0	143,356	21,875	0	8,967	0	5,370	134,708	0	0	0	0	308,906
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**Construction Cost (inc. Const Contingency)/SF**

	0.00	128.71	19.64	0.00	8.05	0.00	0.00	120.94	0.00	0.00	0.00	0.00	277.34
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\*Possible non-eligible GO Bond/CDP Amount:  
 City Subsidy/Unit

Tax Credit Equity Pacing:	1,050
Construction Bond Amount:	58,425,000
Construction Loan Term (in months):	30 months
Construction Loan Interest Rate (as %):	3.30%

**Attachment C**

Operating Budget

See attached.

Application Date: 5/7/2021 Project Name: Bernal Dwellings  
 Total # Units: 160 Project Address: 3138 Kamille Ct.  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021 Project Sponsor: McCormack Baron Salazar / SFHDC

INCOME	Total	Comments
Residential - Tenant Rents	2,319,528	Links from New Proj - Rent & Unit Mix Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	1,218,672	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	0	Links from Utilities & Other Income Worksheet
Tenant Charges	0	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>3,538,200</b>	

Vacancy Loss - Residential - Tenant Rents	(115,976)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(60,934)	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>3,361,290</b>	<b>PUPA: 21,008</b>

**OPERATING EXPENSES**

Management		
Management Fee	110,976	1st Year to be set according to HUD schedule.
Asset Management Fee	21,160	
<b>Sub-total Management Expenses</b>	<b>132,136</b>	<b>PUPA: 826</b>

Salaries/Benefits		
Office Salaries	87,360	Occupancy specialist and Assistant
Manager's Salary	75,000	1 FTE Manager
Health Insurance and Other Benefits	83,205	
Other Salaries/Benefits	0	
Administrative Rent-Free Unit	0	
<b>Sub-total Salaries/Benefits</b>	<b>245,565</b>	<b>PUPA: 1,538</b>

Administration		
Advertising and Marketing	4,000	
Office Expenses	53,000	
Office Rent	0	
Legal Expense - Property	20,000	
Audit Expense	10,000	
Bookkeeping/Accounting Services	7,000	
Bad Debts	0	
Miscellaneous	14,200	Community Meeting and Translation (10,200) + Resident Tenant Council Funding (4k)
<b>Sub-total Administration Expenses</b>	<b>108,200</b>	<b>PUPA: 676</b>

Utilities		
Electricity	16,228	
Water	160,000	
Gas	3,116	
Sewer	211,772	
<b>Sub-total Utilities</b>	<b>391,116</b>	<b>PUPA: 2,444</b>

Taxes and Licenses		
Real Estate Taxes	0	
Payroll Taxes	0	
Miscellaneous Taxes, Licenses and Permits	5,000	Annual Licenses
<b>Sub-total Taxes and Licenses</b>	<b>5,000</b>	<b>PUPA: 31</b>

Insurance		
Property and Liability Insurance	196,376	
Fidelity Bond Insurance	0	
Worker's Compensation	0	
Director's & Officers' Liability Insurance	0	
<b>Sub-total Insurance</b>	<b>196,376</b>	<b>PUPA: 1,227</b>

Maintenance & Repair		
Payroll	100,000	2 FTE Maintenance staff
Supplies	38,400	
Contracts	103,720	
Garbage and Trash Removal	103,320	
Security Payroll/Contract	147,600	
HVAC Repairs and Maintenance	131,520	
Vehicle and Maintenance Equipment Operation and Repairs	0	
Miscellaneous Operating and Maintenance Expenses	23,000	Pest Control
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>647,560</b>	<b>PUPA: 4,047</b>

<b>Supportive Services</b>	<b>162,000</b>	
<b>Commercial Expenses</b>	<b>0</b>	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%

**TOTAL OPERATING EXPENSES 1,887,953 PUPA: 11,800**

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	15,000	Francisco Housing Authority Provide additional comments here, if needed.
Bond Monitoring Fee	10,000	Bond issuer + MOHCD Monitoring fee
Replacement Reserve Deposit	64,000	
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>89,000</b>	<b>PUPA: 556</b>

<b>TOTAL OPERATING EXPENSES (w/ Reserves/Gl. Base Rent/ Bond Fees)</b>	<b>1,976,953</b>	<b>PUPA: 12,356</b>
<b>NET OPERATING INCOME ((INCOME minus OP EXPENSES)</b>	<b>1,384,337</b>	<b>PUPA: 8,652</b>

Mn DSCR:	1.15
Mortgage Rate:	4.02%
Term (Years):	35
Supportable 1st Mortgage Pmt:	1,203,771
Supportable 1st Mortgage Amt:	\$22,594,568
Proposed 1st Mortgage Amt:	\$22,937,000

DEBT SERVICE/MUST PAY PAYMENTS (Hard debt/amortized loans)			
Hard Debt - First Lender	1,222,020	Cal HFA Permanent Loan	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lend)	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>1,222,020</b>	<b>PUPA: 7,638</b>	

<b>CASH FLOW (NOI minus DEBT SERVICE)</b>	<b>162,317</b>		
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>	<b>1.13</b>		
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>			
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0		
Partnership Management Fee (see policy for limits)	21,160	2	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	1	
Other Payments	0		
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)	0		Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)	0		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from call 1130)	0	Def. Develop. Fee split: 0%	Provide additional comments here, if needed.
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>	<b>26,160</b>	<b>PUPA: 164</b>	

<b>RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)</b>	<b>136,157</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):	68,079
% 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/OCI - Soft Debt Loans	All MOHCD/OCI Loans payable from res. recs	\$1,434,748	3.41%
MOHCD/OCI - Ground Lease Value or Land Acq Cost	Acquisition Cost	\$35,600,000	84.68%
HCD (soft debt loan) - Lender 3			0.00%
Other Soft Debt Lender - Lender 4	Cal HFA Subordinate Debt	\$3,500,000	8.33%
Other Soft Debt Lender - Lender 5	Accrued Interest	\$1,504,262	3.58%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
MOHCD Residual Receipts Amount Due	119,949	50% of residual receipts, multiplied by 88.1% - MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	119,949	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 repymt.

<b>REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>	<b>16,208</b>	
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NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	0	
Lender 4 Residual Receipts Due	11,336	50% of residual receipts, multiplied by 8.33%, Cal HFA Subordinate Debt's pro rata share of all
Lender 5 Residual Receipts Due	4,872	50% of residual receipts, multiplied by 3.58%, Accrued Interest's pro rata share of all soft debt
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>16,208</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 D**

20-Year Cashflow

See attached.

Bernal Dwellings

Total # Units: 160

	% annual increase	Comments (related to annual inc assumptions)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>INCOME</b>												
Residential - Tenant Rents	2.0%		2,319,528	2,365,919	2,413,237	2,461,502	2,510,732	2,560,946	2,612,165	2,664,409	2,717,697	2,772,051
Residential - Tenant Assistance Payments (Non-LOSP)	2.0%		1,219,672	1,243,045	1,267,906	1,293,264	1,319,130	1,345,512	1,372,423	1,399,871	1,427,868	1,456,426
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%		-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		-	-	-	-	-	-	-	-	-	-
Tenant Charges	2.5%		-	-	-	-	-	-	-	-	-	-
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	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>			<b>3,538,200</b>	<b>3,608,964</b>	<b>3,681,143</b>	<b>3,754,766</b>	<b>3,829,861</b>	<b>3,906,459</b>	<b>3,984,588</b>	<b>4,064,280</b>	<b>4,145,565</b>	<b>4,228,477</b>
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(115,976)	(118,296)	(120,662)	(123,075)	(125,537)	(128,047)	(130,608)	(133,220)	(135,885)	(138,601)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(60,934)	(62,152)	(63,395)	(64,663)	(65,956)	(67,276)	(68,621)	(69,994)	(71,393)	(72,821)
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>			<b>3,361,290</b>	<b>3,428,516</b>	<b>3,497,086</b>	<b>3,567,028</b>	<b>3,638,368</b>	<b>3,711,136</b>	<b>3,785,358</b>	<b>3,861,066</b>	<b>3,938,287</b>	<b>4,017,053</b>

<b>OPERATING EXPENSES</b>												
<b>Management</b>												
Management Fee	3.0%	1st Year to be set according to HUD schedule	110,976	114,305	117,734	121,266	124,904	128,652	132,511	136,486	140,581	144,799
Asset Management Fee	3.0%	per MOHCD policy	21,160	21,795	22,449	23,122	23,816	24,530	25,266	26,024	26,805	27,609
<b>Sub-total Management Expenses</b>			<b>132,136</b>	<b>136,100</b>	<b>140,183</b>	<b>144,389</b>	<b>148,720</b>	<b>153,182</b>	<b>157,777</b>	<b>162,511</b>	<b>167,386</b>	<b>172,408</b>
<b>Salaries/Benefits</b>												
Office Salaries	3.0%		87,360	89,981	92,680	95,461	98,324	101,274	104,312	107,446	110,665	113,985
Manager's Salary	3.0%		75,000	77,250	79,568	81,955	84,413	86,946	89,554	92,241	95,008	97,858
Health Insurance and Other Benefits	3.0%		83,205	85,701	88,272	90,920	93,648	96,457	99,351	102,332	105,402	108,564
Other Salaries/Benefits	3.0%		-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.0%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>			<b>245,565</b>	<b>252,932</b>	<b>260,520</b>	<b>268,336</b>	<b>276,386</b>	<b>284,677</b>	<b>293,217</b>	<b>302,014</b>	<b>311,074</b>	<b>320,407</b>
<b>Administration</b>												
Advertising and Marketing	3.0%		4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,919	5,067	5,219
Office Expenses	3.0%		53,000	54,590	56,228	57,915	59,652	61,442	63,285	65,183	67,139	69,153
Office Rent	3.0%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.0%		20,000	20,600	21,218	21,855	22,510	23,185	23,879	24,592	25,335	26,095
Audit Expense	3.0%		10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
Bookkeeping/Accounting Services	3.0%		7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867	9,133
Bad Debts	3.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.0%		14,200	14,626	15,065	15,517	15,982	16,462	16,956	17,464	17,988	18,528
<b>Sub-total Administration Expenses</b>			<b>108,200</b>	<b>111,446</b>	<b>114,789</b>	<b>118,233</b>	<b>121,780</b>	<b>125,433</b>	<b>129,196</b>	<b>133,072</b>	<b>137,065</b>	<b>141,176</b>
<b>Utilities</b>												
Electricity	3.0%		16,228	16,715	17,216	17,733	18,265	18,813	19,377	19,958	20,557	21,174
Water	3.0%		160,000	164,800	169,744	174,836	180,081	185,484	191,048	196,780	202,683	208,764
Gas	3.0%		3,116	3,209	3,306	3,405	3,507	3,612	3,721	3,832	3,947	4,066
Sewer	3.0%		21,772	21,125	22,469	23,149	23,851	24,582	25,342	26,131	26,950	27,800
<b>Sub-total Utilities</b>			<b>391,116</b>	<b>402,849</b>	<b>414,935</b>	<b>427,383</b>	<b>440,205</b>	<b>453,411</b>	<b>467,013</b>	<b>481,023</b>	<b>495,454</b>	<b>510,318</b>
<b>Taxes and Licenses</b>												
Real Estate Taxes	3.0%		-	-	-	-	-	-	-	-	-	-
Payroll Taxes	3.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.0%		5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524
<b>Sub-total Taxes and Licenses</b>			<b>5,000</b>	<b>5,150</b>	<b>5,305</b>	<b>5,464</b>	<b>5,628</b>	<b>5,796</b>	<b>5,970</b>	<b>6,149</b>	<b>6,334</b>	<b>6,524</b>
<b>Insurance</b>												
Property and Liability Insurance	3.0%		196,376	202,267	208,335	214,585	221,023	227,654	234,483	241,518	248,763	256,226
Fidelity Bond Insurance	3.0%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.0%		-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.0%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>			<b>196,376</b>	<b>202,267</b>	<b>208,335</b>	<b>214,585</b>	<b>221,023</b>	<b>227,654</b>	<b>234,483</b>	<b>241,518</b>	<b>248,763</b>	<b>256,226</b>
<b>Maintenance &amp; Repair</b>												
Payroll	3.0%		100,000	103,000	106,090	109,273	112,551	115,927	119,405	122,987	126,677	130,477
Supplies	3.0%		38,400	39,852	40,739	41,861	43,220	44,816	46,552	47,227	48,644	50,103
Contracts	3.0%		103,720	106,832	110,037	113,338	116,738	120,240	123,847	127,563	131,389	135,331
Garbage and Trash Removal	3.0%		103,320	106,420	109,612	112,901	116,288	119,776	123,369	127,071	130,883	134,809
Security Payroll/Contract	3.0%		147,600	152,028	156,589	161,287	166,125	171,109	176,242	181,529	186,975	192,585
HVAC Repairs and Maintenance	3.0%		131,520	135,466	139,530	143,715	148,027	152,468	157,042	161,753	166,606	171,604
Vehicle and Maintenance Equipment Operation and Repairs	3.0%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.0%		23,000	23,690	24,401	25,133	25,887	26,663	27,463	28,287	29,136	30,010
<b>Sub-total Maintenance &amp; Repair Expenses</b>			<b>647,560</b>	<b>666,987</b>	<b>686,996</b>	<b>707,606</b>	<b>728,834</b>	<b>750,700</b>	<b>773,221</b>	<b>796,417</b>	<b>820,310</b>	<b>844,919</b>
<b>Supportive Services</b>	3.0%		162,000	166,860	171,866	177,022	182,332	187,802	193,436	199,240	205,217	211,373
<b>Commercial Expenses</b>												
<b>TOTAL OPERATING EXPENSES</b>			<b>1,887,953</b>	<b>1,944,592</b>	<b>2,002,929</b>	<b>2,063,017</b>	<b>2,124,908</b>	<b>2,188,655</b>	<b>2,254,315</b>	<b>2,321,944</b>	<b>2,391,602</b>	<b>2,463,350</b>

<b>RESERVES/GROUND LEASE BASE RENT/BOND FEES</b>												
PUPA (w/ Reserves/GL Base Rent/Bond Fees)												
Ground Lease Base Rent			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bond Monitoring Fee			10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Replacement Reserve Deposit			64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposits/Commercial			-	-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>			<b>89,000</b>	<b>89,000</b>	<b>89,000</b>	<b>89,000</b>	<b>89,000</b>	<b>89,000</b>	<b>89,000</b>	<b>89,000</b>	<b>89,000</b>	<b>89,000</b>

<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>			<b>1,976,953</b>	<b>2,033,592</b>	<b>2,091,929</b>	<b>2,152,017</b>	<b>2,213,908</b>	<b>2,277,655</b>	<b>2,343,315</b>	<b>2,410,944</b>	<b>2,480,602</b>	<b>2,552,350</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>			<b>1,384,337</b>	<b>1,394,924</b>	<b>1,405,157</b>	<b>1,415,011</b>	<b>1,424,461</b>	<b>1,433,481</b>	<b>1,442,044</b>	<b>1,450,122</b>	<b>1,457,685</b>	<b>1,464,702</b>

<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>												
Hard Debt - First Lender		Enter comments re: annual increase, etc.	1,222,020	1,222,020	1,222,020	1,222,020	1,222,020	1,222,020	1,222,020	1,222,020	1,222,020	1,222,020
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>			<b>1,222,020</b>	<b>1,222,020</b>	<b>1,222,020</b>	<b>1,222,020</b>	<b>1,222,020</b>	<b>1,222,020</b>	<b>1,222,020</b>	<b>1,222,020</b>	<b>1,222,020</b>	<b>1,222,020</b>

<b>CASH FLOW (NOI minus DEBT SERVICE)</b>												
			<b>162,31</b>									

