

Citywide Affordable Housing Loan Committee

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

Hayes Valley North
\$9,945,099 Gap Financing Request

Evaluation of Request for:	Gap Loan
Loan Committee Date:	November 20, 2020
Prepared By:	Anne Romero
Source of Funds Recommended:	LMIHAF Asset Fund
NOFA/PROGRAM/RFP:	N/A (Re-syndication)
Total Previous City Funds Committed:	\$2,969,567 (Condo Conversion Funds)
Applicant/Sponsor Name:	McCormack Baron Salazar (MBS) & San Francisco Housing Development Corporation (SFHDC)

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	Hayes Valley North	Sponsor(s):	MBS & SFHDC
Project Address (w/ cross St):	667 Linden St, San Francisco, CA 94102 (@ Webster St)	Ultimate Borrower Entity:	Hayes Valley III, LP

Project Summary:

Hayes Valley III, LP, a partnership between McCormack Baron Salazar (MBS) and San Francisco Housing Development Corporation (SFHDC), requests a gap commitment in the amount of \$6,975,532 for a total City commitment of \$9,945,099 (\$118K/unit) to support the rehabilitation of the 84-unit family Hayes Valley North for a December 2020 construction loan closing. Hayes Valley North is a HOPE VI public housing redevelopment project built in 1999. It was developed and is owned by McCormack Baron Salazar, Related California, and San Francisco Housing Authority-affiliated entities and managed by the John Stewart Company (JSCo). The Project, along with the City's five other HOPE VI projects, is part of San Francisco's 4,575-unit RAD portfolio award. The RAD conversion of the City's HOPE VI projects is a key part of implementing the City's Re-envisioning Plan for public housing. The sponsor has made significant progress since the preliminary gap commitment approval for their California Debt Limit Allocation Committee (CDLAC) application earlier this year, having obtained a bond allocation, a tax credit allocation, as well as HUD- and SFHA- financing approvals. The sponsor has pursued value engineering and arrived at the final General Contractor Guaranteed Maximum Price (GMP) on October 23rd.

In 2017, SFHA requested McCormack Baron Salazar (MBS) commence plans for a RAD conversion and re-syndication at Hayes Valley North and South, with the goal of extending the life of the projects and of bringing them into the City's RAD portfolio, including funding of on-site services and implementation of all RAD operational policies. Hayes Valley South closed construction in Summer 2020, and is undergoing a phased relocation and rehabilitation. Hayes Valley North is planned to close construction financing in December 2020 and start construction in January 2021.

The existing pre-development loan in the amount of \$2,969,567 would be amended and restated to become part of the proposed permanent gap loan in the amount of \$9,945,099. The estimated full completion date is June 2022. MBS/SFHDC will use 4% low income housing tax credits with CalHFA-issued tax-exempt bonds in order to take advantage of a new CalHFA permanent debt product with a 40-year amortization. Other financing sources are the SFHA Seller Note, building reserves, GP equity and the requested MOHCD permanent financing. The project will rely on a mix of RAD Project Based Vouchers (PBVs) and non-RAD PBVs (as was the case in earlier RAD phases) to support hard debt through a mortgage with Citibank. The Project will be able to support tenant services for the first time in its history through its operating budget.

Project Description:

Construction Type:	Type 5	Project Type:	Rehab
Number of Stories:	3	Lot Size (acres and sf):	2 acres / 83,000 sf
Number of Units:	84	Architect:	Levy Design Partners
Total Residential Area:	100,376 sf	General Contractor:	BGI/Nibbi
Total Commercial Area:	0 sf	Property Manager:	John Stewart Company
Total Building Area:	100,376 sf	Supervisor and District:	Dean Preston (5)
Land Owner:	San Francisco Housing Authority		
Total Dev Cost (TDC):	\$91,307,050	Total Acquisition Cost:	\$30,387,921
Total Development Cost / unit:	\$1,086,989	TDC less Acquisition cost/unit:	\$725,228
Loan Amount Requested:	\$9,945,099 (inclusive of predevelopment loan)	Request Amount / unit:	\$118,394
HOME Funds:	No		

PRINCIPAL DEVELOPMENT ISSUES

- Mayor's Office of Housing and Community Development (MOHCD) has agreed to allow CalHFA to issue the bonds so that the project can take advantage of CalHFA's 40-year amortizing debt product.
- The high development cost for a family rehabilitation is due to the scope of work including significant soils remediation and large units.
- In addition, there are COVID cost and schedule impacts related to relocation and construction. These impacts include longer relocation phases due to the limitation of two moves per day, reduction in crew sizes, and restrictions in pre-packing households. In addition, there are PPE requirements and an increased level of advisory services required, noticing and outreach.
- The development team has been successful at meeting the multiple previous loan conditions which targeted project cost and gap loan amount.
- While the development is complex with phased relocation, it is on target to meet the City's goals of completing capital improvements, embedding social services into the project amenities and standardization of RAD operating policies. This is being done at a per unit cost to MOHCD that is around 1/3 of what new construction costs the City (only \$118k/unit for City.)

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
MOHCD	\$2,969,567	3%/Repayment at Construction Loan Closing	Funded
Total	\$2,969,567		

Permanent Sources	Amount	Terms	Status
MOHCD Perm Loan	\$9,945,099	55 yrs 3% Residual Receipts	This Request
Citi - First Mortgage	\$23,359,590	40 yrs @ 3.85% plus .25% cushion to get to closing	Committed
SFHA Seller Note	\$27,672,262	55 yrs @ 2.09% / Res Rec	Committed
Construction NOI	\$426,593	N/A	Committed
Deferred Developer Fee	\$1,800,000	15 years Res Rec	Committed
Acquired Reserves	\$826,921	N/A	This Request
Construction - Accrued Soft Interest	\$1,058,874	N/A	This Request
Tax Credit Equity	\$24,717,711	\$0.97	Committed
GP Contribution	\$1,500,000	N/A	Committee
Total	\$91,307,050		

Uses	Amount	Per Unit	Per SF
Acquisition	\$30,387,921	\$361,761	\$303
Hard Costs	\$42,248,048	\$502,953	\$421
Soft Costs/Reserves	\$13,171,081	\$156,799	\$131
Developer Fee	\$5,500,000	\$65,476	\$55
Total	\$91,307,050	\$1,086,989	\$910
Total without Acquisition	\$60,919,129	\$725,228	\$607

1.1. Project History Leading to this Request. The Project is an existing HOPE VI mixed income project that was built in 1999. It was developed and is owned by McCormack Baron Salazar (MBS), Related California, a San Francisco Housing Authority (SFHA)-affiliated entity, and a resident-affiliated entity and was managed by McCormack Baron Management (MBM) until April 1, 2020. As of April 1, 2020, John Stewart Company (JsCO) is providing onsite property management services. The Project, along with the City's five other HOPE VI projects, is part of San Francisco's 4,575-unit RAD portfolio award. The RAD conversion of the City's

HOPE VI projects is a key part of the shared local and federal goal of transitioning all remaining public housing units into the Housing Choice Voucher program to preserve and sustain this critical housing supply.

The Project lies in the heart of the Western Addition neighborhood. It is an approximately 2-acre site and includes 84 two-to four-bedroom townhouses and flats. Every home has an entrance directly from the street. It was built in conjunction with Hayes Valley South, a similar development two blocks away from the site, and both sites are converting to RAD within six months of each other. Hayes Valley North and Hayes Valley South share access to the community facilities building on the Hayes Valley South site through a shared use agreement.

In 2017, SFHA and MOHCD requested MBS commence plans for a RAD conversion and re-syndication at Hayes Valley and North South. The goals of the conversion/re-syndication 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, tenant screening, lease and house rules, and supporting tenant associations.

In early March 2020, the development team received cost estimates that were much higher than anticipated, as well as high insurance and other soft costs. Due to the volatility in the financial markets due to Covid-19, there was concern about potentially reduced investor pricing and a resulting MOHCD gap that was much higher than anticipated. In addition to value engineering, the developer successfully brought the MOHCD gap down by reducing insurance costs, obtaining better loan terms from their construction lender, Citibank, better pricing from their investor, RBC, and confirmation from SFHA that they can utilize the SFHA FMRs for the PBV units which allows the project to leverage more debt.

The Project currently includes 51 public housing units, 32 tax credit-only units, and one manager's unit. Upon conversion, the Project will include 17 RAD PBV units, 34 non-RAD PBV units (29 from local budget authority and 5 from Section 18), 32 tax credit-only units (of which 17 have tenant-based vouchers), and one manager's unit. The tax credit units will follow overall City policies on fair housing and will use DAHLIA for leasing up units upon vacancies.

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)

McCormack Baron Salazar (MBS) Founded in 1973, MBS's mission is to rebuild neighborhoods in central cities across the United States that have deteriorated through decades of neglect and disinvestment. MBS has completed a broad range of mixed-use, mixed-income development projects in over 26 cities nationwide, and has completed or has under construction over 17,000 housing units and over 1.3 million square feet of commercial uses across the country with development costs in excess

of \$2.2 billion. MBS is the lead developer.

San Francisco Housing Development Corporation (“SFHDC”) was formed in 1988 by a group of primarily African American, San Francisco residents and community leaders who wished to combat the widespread displacement of the ‘60s and ‘70s that disproportionately affected people of color. Over the past three decades, SFHDC has focused on serving the historically underserved—especially African Americans and other people of color, providing affordable housing and financial education in the Bayview and Western Addition neighborhoods. SFHDC has completed over 350 affordable homes, and is currently partnering to build or renovate more than 650 affordable homes in San Francisco. SFHDC is one of the service providers and has the lead on community outreach.

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

Site Description	
Zoning:	RM-2, Residential Mixed, Moderate Density and conforming use.
Maximum units allowed by current zoning (N/A if rehab):	N/A
Number of units added or removed (rehab only, if applicable):	0
Seismic (if applicable):	Seismic Zone 4, defined as an area with high probability of damaging ground motion
Soil type:	Urban Land. The soil surface texture is sandy to sandy-clay. The soil is in the Class D hydrologic group, meaning that it has very slow infiltration rates. Class D soils are generally clayey, have a high-water table, or are very shallow to an impervious layer.
Environmental Review:	<p>The 2019 Phase II Site Investigation indicates naturally occurring asbestos in concentrations exceeding 1%, localized elevated lead concentrations and localized elevated benzo(a)pyrene and associated chemicals. Thus, SFDPH required a Site Management Plan to address localized remediation of the soils which is included in the scope of work.</p> <p>An updated Phase 1 ESA and Asbestos Containing Material (“ACM”) Study are being finalized.</p>
Adjacent uses (North):	Residential properties
Adjacent uses (South):	Residential properties
Adjacent uses (East):	Residential properties and a park
Adjacent uses (West):	Commercial and residential properties

Neighborhood Amenities within 0.5 miles:	John Muir Pre-K and Elementary School, Ida B Wells High School, International High School of San Francisco, La Scuola International School, Alamo Square Park, Page Street Community Garden, Koshland Community Park, Hayes Market, Nick's Super Market, Whole Foods Market, Safeway, CVS Pharmacy, Walgreens, Charlie's Pharmacy, Hayes Convalescent Hospital, Wells Fargo, Chase Bank, Sterling Bank and Trust
Public Transportation within 0.5 miles:	Muni Bus/Trolley F, 1, 24
Article 34:	Exempt subject to final review
Article 38:	Exempt as rehab
Accessibility:	Across Hayes Valley North and South, 10% of units are required to be mobility units; Hayes Valley North will have 5 2-BR mobility units and 3 communication units. Combined with Hayes Valley South, both properties will have 20 mobility units and 8 communication units, meeting the accessibility requirements.
Green Building:	Green Point Rated with a score of 5
Recycled Water:	Exempt
Storm Water Management:	The SFPUC Utility Planning Division approved the Preliminary Stormwater Control Plan (SCP) on 4/13/2020. Per the Conditions of Approval: The Final SCP must be submitted to SFPUC during the DBI addenda permitting process to initiate SCP review.

- 2.1.Zoning. Current zoning is RM-2, Residential Mixed, Moderate Density and conforming use.
- 2.2.Probable Maximum Loss. A PML was completed January 2020; RBC is updating for closing.
- 2.3.Local/Federal Environmental Review. NEPA was completed and the project received the Authority to Use Grant Funds (AUGF) on September 21, 2020.
- 2.4.Environmental Issues. Existing soil across the site was sampled during a 2019 Phase II Site Investigation in accordance with Maher protocols and under a work plan approved by the San Francisco Department of Public Health (SFPDH). The results indicated that the following chemicals exceeded the Regional Water Quality Control Board's (RWQCB) residential health-based standards (environmental screening levels [ESL]):
- Naturally-occurring asbestos (NOA) in concentrations exceeding 1%
 - Localized elevated lead concentrations
 - Localized elevated benzo(a)pyrene, benzo(a)anthracene, and benzo(b)fluoranthene

Based on these findings, SFPDH required a Site Management Plan (SMP) be prepared to address localized remediation of the soils and mitigate risks to human

health and the environment. In addition, due to the presence of naturally-occurring asbestos in soils, an Asbestos Dust Mitigation Plan (ADMP) was prepared to comply with the California Air Resources Board (CARB's) 2002-07-29 Asbestos ATCM for Construction, Grading, Quarrying, and Surface Mining.

Two to four feet of over-excavation is required to remove soil from all areas of potential exposure to families (green scape) where lead and benzo(a)pyrene, benzo(a)anthracene, and benzo(b)fluoranthene (polycyclic aromatic hydrocarbons [PAHs]) were detected above residential ESLs. A witness barrier marker and clean soil backfill must be placed to a depth of 12 inches minimum to create a protective cover/cap. Various general grounds improvements will occur at the site as part of planned renovations, including removal of soil small front yards and common courtyard areas prior to landscaping.

Because naturally-occurring asbestos (NOA) was measured in soil at concentrations exceeding 1%, all site work involving disturbance of soils must be performed in accordance with the requirements of CalOSHA Class II Work Procedures (8 CCR 1529). To ensure no occupant exposure, third-party oversight and periodic monitoring is required.

A Phase 1 ESA was conducted during predevelopment and is being updated now prior to closing.

2.5. Adjacent uses and neighborhood amenities. Hayes Valley North is a square city block bounded by Hayes Street to the north, Webster Street to the West, Buchanan Street to the east, and Fell Street to the south. Linden Street runs east to west in the middle of the block, splitting the two parcels. The property is located near Koshland Community Park and surrounded by both commercial and residential properties. Amenities within 0.5 miles of the site include John Muir Pre-K and Elementary School, Ida B Wells High School, International High School of San Francisco, CVS Pharmacy, Hayes Convalescent Hospital, and Whole Foods.

2.6. Green Building. The project will comply with TCAC and CDLAC "minimum construction standards" which require hiring a green consultant/energy analyst to determine potential energy efficiency improvements, and meet at least a 10% post rehabilitation energy efficiency improvement over existing conditions.

2.7. Community Support. The resident community is supportive of the project and was engaged in the design process. Pre-COVID, monthly community meetings were held and the development team provided regular updates. During shelter in place, SFHDC Resident Services has coordinated a monthly newsletter, and recently had their first Zoom community meeting which was simultaneously translated in four languages.

3. DEVELOPMENT PLAN

3.1. Site Control. The property improvements are currently owned by Hayes Valley Apartments, L.P., a California limited partnership. Hayes Valley

Apartments, L.P. consists of a SFHA nonprofit affiliate (Hayes Valley Housing Corporation) with .05% ownership, an affiliate of MBS (MBA Urban Development Company) with 2.89% ownership, and the Related Companies of California with .05% ownership serving as general partners. The limited partner is Sun America Housing Fund 293 with 96.96% ownership. The Hayes Valley North and South Resident Management Corporation, an entity made up of resident members, is a Special Limited Partner with .05% ownership. The Authority owns the land and entered into a long-term ground lease with the Limited Partnership, which own the improvements in fee.

3.2. Proposed Property Ownership Structure. The new Limited Partnership, Hayes Valley III, LP, will buy out the existing interests and become the owner (“Owner”) of the improvements at the construction closing. SFHA will ground lease the land to the Owner for 99 years. Ground Lease payments to the SFHA will include a \$15,000 annual base rent payment and a residual rent payment that is 10% of the appraised value of the land, the latter to be paid only if surplus cash is available. Unpaid rent does not accrue, and is only subject to available cashflow to make a payment.

3.3. Proposed Design and Rehab Scope. The Hayes Valley North rehabilitation will include much needed upgrades to its interior, exterior, site work, mechanical, plumbing, roof, and major redesign of the site to address security, fire and life safety and issues.

The proposed scope of work follows the RAD program priorities. This prioritizes needed repairs to unit interiors (predominantly kitchen remodels and flooring replacement), ADA upgrades (including structural revisions and a significant amount of exterior paving replacement across the moderately hilly site), Title 24 required energy upgrades (including windows and MEP upgrades), and life safety. New roofing and PV system are also necessary scope items, as both are at the end of their useful life. While the buildings are not particularly old, there has been significant water infiltration issues, particularly at windows. After on-site testing, the team has chosen to follow the recommendations of the waterproofing consultant and proceed with a complete replacement of the nail-fin windows, rather than the cheaper, retrofit style. This in turn requires more work on exterior siding and dry rot repair. The selected windows are anticipated to last for at least 30 years. Sitework is further complicated by naturally occurring asbestos in the serpentine soil and mandatory excavation of soil at areas of exposure to residents (ie. greenways).

The development team explored and implemented value engineering items, while ensuring that the RAD rehab priorities were met, and the final GMP represents a hard cost of \$6.7 million less than the hard cost estimate at the previous CDLAC preliminary gap commitment approval.

Avg. Unit SF by type:	2-brdm avg sf: 982 sf 3-brdm avg sf: 1,411 sf 4-brdm avg. sf: 1,588 sf
Residential SF:	119,589 sf
Street and Onsite Parking SF:	25 parking spaces = 3.4:1 ratio
Resident, Management, and Services Space	0 sf
Building Total SF:	100,376

3.4. Construction Supervisor/Construction Specialist's Evaluation.

Hayes Valley North (HVN) comprises 84 residential units of 2, 3 and 4 bedroom town homes. The project team has undertaken a thorough VE analysis to identify cost savings and efficiencies. The scope of work (SOW) prioritizes needed repairs to unit interiors (predominately kitchen remodels and flooring replacement), ADA upgrades (including structural revisions and a significant amount of exterior paving replacement across the moderately hilly site), Title 24 required energy upgrades (including window replacement and MEP upgrades), and life safety. New roofing and PV are also necessary scope items, as both are at the end of their useful life. While the buildings are not particularly old, the prevailing waterproofing techniques of the era have not aged well, leading to significant water infiltration issues, particularly at windows. After on-site testing, the team has chosen to follow the recommendations of the waterproofing consultant and proceed with a complete replacement of the nail-fin windows, rather than the retrofit style that was assumed in earlier pricing exercises. This in turn requires more work on exterior siding and dry rot repair. Sitework is further complicated by naturally occurring asbestos in the serpentine soil which requires soil excavation at all greenways and dust control mitigation measures.

There are multiple groups of buildings which necessitates that the scope of work be executed in phases. The design team has clearly outlined the sequence in their phasing plan.

Hard costs per unit increased dramatically since the initial scope of work at the predevelopment request, due to site-specific due diligence. The Guaranteed Maximum Price (GMP) is \$37,582,931, as well as a standard rehab hard cost contingency of 15%. The estimated all-in hard cost number with contingency for this project is \$42,248,048, or \$503K/unit and \$421/sf. While the hard cost per unit number is well above the average hard cost per unit number for comparable RAD Phase II projects (see the Family Rehab Cost Comparison Chart in Attachment D), the hard cost *per square foot number* is right on target with the average at \$421 / sf, and slightly below the average construction cost per bedroom. This can largely be explained by the unit mix, which is heavily weighted to larger unit sizes: there are no 1BRs, 47 2BRs, 31 3BRs, and 6 4BRs. Additionally, the units by type are larger than similar type units that are built today: 982sf (2BR), 1,411sf (3BR), and 1,588sf (4BR). The low density, townhome construction type also contributes to this outcome. Due to

the larger size units, the project has significantly fewer total units than other projects in the cost comp chart, with a total of 84 units as costs are spread out among a fewer number of units.

3.5.Commercial Space. N/A

3.6.Service Space. A general resident services space, property management office and community room are located at Hayes Valley South for all residents. In addition, there is a 2-BR “Community Room / Office” being created at Hayes Valley North.

3.7.Target Population. 40% of the units will be LIHTC-only and the remaining 60% will have either a RAD PBV or non-RAD PBV subsidy, where residents pay 30% of income and the subsidy pays the difference. The site is currently restricted with 33 units at 50% AMI, 50 at 60% AMI, and one manager’s unit. The RAD PBV units will be restricted to 50% AMI, the non-RAD PBV units will be a mix of 50% and 60% AMI, and the LIHTC-only units will be restricted at 60% AMI. The project will keep existing restrictions and the MOHCD restrictions will restrict at the City AMI equivalent.

3.8.Marketing & Occupancy Preferences. The property is currently occupied by low and very low-income households, with 60% receiving federal public housing subsidies. As a RAD conversion site, the project will be required to meet RAD marketing and occupancy requirements. Current households will be allowed to continue their residence without rescreening, as required by the RAD program. If any vacancy occurs after the RAD conversion, the Project will seek new qualified households from the San Francisco Housing Authority (SFHA) site-based waiting list for Hayes Valley North after construction is complete. This referral process will apply for RAD PBV and non-RAD PBV vacant units. For the LIHTC-only units, working with MOCHD, JSCo maintains its own site-based waitlist and will follow applicable city preferences and marketing protocols, including the use of DAHLIA.

3.9. Relocation. Overland, Pacific & Cutler (OPC) has been hired to manage the relocation process. Planned relocation will require that all households vacate their units for improvements inside and outside the units, in accordance with the Uniform Relocation act (URA), RAD guidelines, and the Citywide RAD Conversion program. Hayes Valley North will be completed in five phases with an average of 17 units per phase for the 191 residents and 79 households to be relocated. For relocation, OPC intends to utilize housing units at Park Merced and potentially at the Fillmore Center. Overland, Pacific & Cutler (OPC) has been hired to manage the relocation process. Budgeted at \$2.79 million, or \$33K / unit, relocation costs appear high for a project with relatively short phases but are not outside of the range of RAD projects with predominantly off-site relocation. RAD Phase II projects, which commenced

construction in Fall 2016, had an average per unit relocation budget of \$17,000 with three projects in the \$30,000+/unit range. Overland Pacific and Cutler (OPC) increased their budget to take into account their experience to date at the Bernal Dwellings HOPE VI RAD occupied-rehab project, which commenced at the beginning of 2020, and Hayes Valley South where the initial relocation budget is insufficient. In addition, Covid-19 restrictions and safety regulations must be met which increases cost and timelines. Currently there are 5 vacancies which will be used for phased relocation, and most families will be relocated offsite.

4. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Levy Design Partners	Y	No
Landscape Architect	Sub to Architect	N	No
JV/other Architect	N/A	N/A	No
General Contractor	BGI/Nibbi	Y	No
Owner's Rep/Construction Manager	Waypoint Consulting, MBS Representative	N	No
Ower Legal	Bocarsly Emden, and Klein Hornig	N	No
Relocation	Overland, Pacific and Cutler	N	No

5. FINANCING PLAN

5.1 Prior MOHCD Funding. MOHCD provided a predevelopment loan in the amount of \$2,969,567. This loan will be incorporated into Gap Loan as an Amended and Restated Loan.

5.1. Disbursement Status. \$76,940 remaining as of 11/01/20

5.2. Fulfillment of Loan Conditions. The previous loan approval had multiple conditions given the projected significant increase in cost and resulting increase in projected MOHCD gap loan.

- Borrower shall work with Nibbi and MOHCD to identify the most advantageous time to go out to bid given the current economic environment by April 30, 2020.
 - Status: Complete. Project went out to bid mid-July to end of August.
- Borrower shall aggressively pursue and identify value engineering opportunities and construction-related economies of scale with the Hayes Valley South project. MOHCD staff shall provide guidance on how to align this effort with the RAD rehab priorities. This extensive and detailed list shall be submitted to MOHCD staff by May 31, 2020 and/or before going out to bid, at the sole discretion of MOHCD staff.

- **Status: Complete.** Multiple conversations have occurred between MOHCD staff, development team staff, and Nibbi (the General Contractor) and identified value engineering items were implemented.
- Borrower shall aggressively pursue and identify soft cost savings opportunities and related economies of scale with the Hayes Valley South project. These shall include, but are not limited to, the following:
 - Construction management services
 - Financing transaction costs
 - Developer fee
 - Relocation
 - Project consultants
 - Legal fees
 - Construction period insurance and security costs
 - Marketing/rent-up costs

This extensive and detailed list shall be submitted to MOHCD staff by August 30, 2020.

Status: Complete. Sponsor submitted a memo on September 1, 2020 which detailed significant soft cost savings and cost updates on the listed items.

- Borrower shall aggressively pursue and identify operating budget savings opportunities and economies of scale with the Hayes Valley South project so that the operating budget PUPA is comparable to RAD Phase II projects. This extensive and detailed list shall be submitted to MOHCD staff by June 30, 2020.
 - **Status: Complete.** The Project team reduced the very high property insurance quote it received for this Project which lowered operating expense as reflected in the operating budget.
- Borrower shall provide lender and investor RFP for MOHCD review and approval.
 - **Status: Complete.**
- Borrower shall provide lender and investor bids for MOHCD review and approval.
 - **Status: Complete.**
- Borrower shall provide construction bids for MOHCD review and approval prior to executing the GMP contract.
 - **Status: Complete.**

- Borrower shall remove or reduce development budget cushion and contingencies, as is reasonable at the time and approved by MOHCD, including but not limited to the following:
 - Permanent and construction loan interest rates
 - Construction loan term
 - Relocation
 - Tax credit rate
 - Hard cost contingencies

Status: Complete.

5.3. Proposed Permanent Financing. The overall financing structure includes CalHFA as tax exempt bond issuer with Chase as the construction lender 4% tax credits with RBC as the investor, permanent mortgage with Citibank, SFHA seller note, GP equity contribution from the sponsor, deferred developer fee from the sponsor and MOHCD gap loan.

MOHCD gap financing. The total estimate of MOHCD's contribution is \$9,945,099 or \$118K / unit.

Residential Mortgage. Citibank will provide a conventional, permanent loan of \$23,359,590 with a 40-year amortization, and a fixed rate equal to 20 year LIBOR swap index plus a spread of 2.60%, current indicative rate of 3.85%. The budget includes a .25% cushion as the project is one month out from closing, and recently rates have been trending up.

SFHA Seller Note. The appraised value increased significantly since this project was last at Loan Committee and is based on the final appraisal report, dated March 30, 2020, conducted by Valbridge Property Advisors. This generates additional equity for the project. The value of the note is structured as follows:

- Appraised value - \$28,700,000
- Existing project-held reserves - \$826,921
- Acquired SFHA-held reserves - \$765,256
- Limited partner buy out – (\$1,125,000)
- Repayment of existing FHA mortgage – (\$1,404,900)
- Seller note - \$27,700,873

The SFHA Seller Note has a 55-year term and an interest rate at AFR, and will be repaid proportionately through the project's residual receipts cashflow.

Existing Project-Held Reserves. Sources include cash reserves from the existing project, including replacement reserves and debt service reserves in the amount of \$826,921.

Construction NOI. The pro forma assumes \$426,593 in construction period Net Operating Income since the project does not have to pay debt service during construction and will continue collecting rent that exceeds operational costs prior to permanent loan closing.

Tax credit equity. The pro forma assume \$0.97 per credit in 4% equity from RBC, which is very favorable in the current tax credit pricing environment.

Accrued Interest. The pro forma shows accrued interest during construction from the Seller Note and the MOHCD gap loan in the amount of \$1,058,874, which would generate additional tax credit equity for the project.

GP Equity. The pro forma shows a GP Equity contribution of \$1,500,000, which would generate additional tax credit equity for the project.

Deferred Developer Fee. The pro forma shows a deferred fee of \$1,800,000 that will be paid from 50% of surplus cash before Year 15 and would generate additional tax credit equity for the project.

5.3.1. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit are within standards	N	Total hard costs, including hard cost contingency of \$503K / unit is higher than average comparable to completed family occupied-rehab projects. However, the per sf hard cost - \$353/sf is lower than average and City contribution is well below average.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 15%
Architecture and Engineering Fees are within standards	Y	A/E fees have been approved by MOHCD.
Bid Contingency is at least 5% of total hard costs	N/A	Has been removed from budget since general contractor contract is in process for execution.
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	N/A	Has been removed from budget since general contractor contract is in process for execution.
Construction Management Fees are within standards	Y	Construction management fees are \$125,000 for one year of pre-construction services and 1.5 years of construction services.
Developer Fee is within standards, see also disbursement chart below	Y	\$2,200,000 – cash fee \$1,800,000 – deferred fee \$1,500,000 – GP equity
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 6%, as it was reduced to provide an adequate buffer on the perm mortgage rate. If the rate is locked in lower than budgeted, the soft costs contingency will be restored up to 10%
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months.

Developer Fee Disbursement Schedule		
Payment Milestone	% of Project Mgmt or At-Risk Fee	Amount
Pre-development	45%	\$500,000
At construction close	22%	\$242,000
During or at end of construction	22%	\$237,000
At project close out	11%	\$121,000
<i>Total Project Management Fee</i>	<i>100%</i>	<i>\$1,100,000</i>
At 95% lease up and draft cost certification	20%	\$220,000
At permanent conversion	50%	\$550,000
At project close out	30%	\$330,000
<i>Total At-Risk Fee</i>	<i>100%</i>	<i>\$1,100,000</i>
Total Cash Developer Fee		\$2,200,000
Deferred Fee		\$1,800,000
GP Equity		\$1,500,000
Total Developer Fee		\$5,500,000

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

6.1. Annual Operating Budget. John Stewart Company (JSCo) replaced McCormack Baron Management (MBM) as the property management company in April 2020. Since then, JSCo has reviewed and provided feedback on the operating budget. Proposed operating expenses are \$1,126,276, or \$13,400 per unit per annum, including \$81,820 for supportive services. The staffing model is 3 FTE property management staff and 3 FTE maintenance staff split across Hayes Valley North and Hayes Valley South. The two projects are paying their pro rata share (by number of units) for staff expenses.

On the income side, the project benefits from confirmed FMR rents for the non-RAD PBV units. 32 tax credit only units have CTCAC 60% AMI as their max rent limit, and 17 of these have tenants with tenant-based Housing Choice Vouchers. The rents on these units are currently well below the 2019 CTCAC 60% AMI max rent, and SFHA has agreed to increase the contract rents to the CTCAC max so that the project can maximize the income on these units. Current tenants in the non-subsidized TCAC only units will continue to pay their current rent plus allowable annual increases. If any of these households move out, the unit will be leased to a 60% TCAC AMI qualified household and charged that rent level.

7.3. Income. Existing income restrictions will be maintained, but the MOHCD restrictions will reflect City AMI equivalents of the CTCAC restrictions.

			RAD Units	PBV Units (16 at 50% TCAC)	PBV (18 at 60% TCAC)	LIHTC Only (60% TCAC)	Manager
			50% AMI HUD	50% TCAC	60% TCAC	60% TCAC	
Unit Type	No. of Units	Square footage	50% AMI City	68 - 73% City	81-88% City	81-88% City	
2 BR	47	982	17	7	6	17	
3 BR	31	1,411	0	7	10	13	1
4 BR	6	1,588	0	2	2	2	
total:	84		17	16	18	32	1

Unit Size	Number of Units	City AMI	TCAC AMI	HUD AMI
2 BR	7	68%	50%	
2 BR	6	81%	60%	
2 BR	17	50%	50%	50%
2 BR	17	81%	60%	
3 BR	7	71%	50%	
3 BR	10	85%	60%	
3 BR	13	85%	60%	
4 BR	2	73%	50%	
4 BR	2	88%	60%	
4 BR	2	88%	60%	
Mgr Unit- 3 BR	1			
TOTAL:	84			

7.4. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is at least 1.1:1 in Year 1 and stays above 1:1 through Year 17	Y	DSC is 1.14:1 in year 1 and stays above 1:1 through year 20
Vacancy meets TCAC Standards	Y	Vacancy is 5%
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5%
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are reasonable at \$13,400 per unit per annum, and \$14,126

		per unit per annum including ground lease base rent, bond monitoring fee and replacement reserve deposits.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$58,262 per year or \$58 PUPM
Property Management staffing level is reasonable per comparables	Y	Staffing appears reasonable. 3 FTE for onsite property management and 3 FTE maintenance staff across both Hayes Valley North and South.
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$20,440/yr Annual PM Fee is \$23,350/yr
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$450 per unit per year
Limited Partnership Asset Management Fee meets standards	Y	Limited Partner annual asset management is \$5,000 and does not trend annually.

8. SUPPORT SERVICES

8.1.Services Plan. Working in conjunction with the Hayes Valley South services staff, this services staff will build upon the engagement activities of predevelopment and move into focusing on housing stability activities (including SFHA and property management processes) in order for the households to remain in good standing and meet the lease obligations. Additional activities will be conducted to support temporary relocation and the requirements of the occupied rehabilitation construction period. In general the specific scope of work activities includes family assessments, intake and referral, service linkage and referrals, weekly educational workshops and classes, monthly community building activities, and outreach. The services team is supervised by an MSW who will facilitate the more complex household needs. Services staff and property management staff formally meet weekly to discuss needs of tenants and to coordinate resources in addition to daily communication if needed. San Francisco Housing Development Corporation (SHDC) is the on-site service provider.

8.2.Service Budget. The two Service Connection staff will be employed by SFHDC and assigned full time to the Hayes Valley North and South sites. The project's budget for services will be prorated per unit between the two Hayes Valley properties. At construction closing and ongoing, the operating budget for Hayes Valley North includes \$81,820/year for services. Project Operating budget pays for staff salaries and fringe. The City intends to provide a supplemental services contract for both Hayes Valley North and South in the amount of \$134,627 which pays for staff supervision, program costs (\$250/unit) and indirect costs.

8.3.Workforce Plan. SFHDC will enter into a subcontract with a City authorized neighborhood based agency, Center for Equity and Success (Success Center) to provide Workforce Development Services at Hayes Valley North and South. Their

goal is to inform residents and assist in their ability to prepare for and participate in as many temporary and permanent employment opportunities as possible, both for the renovation and operation of the project itself and for off-site opportunities. Workforce Development is one means of supporting residents in achieving economic self-sufficiency, housing retention and moving into other types of housing. Specific scope of work activities include tenant engagement and outreach, job readiness activities, individual employment plans, ongoing case management and coordination, peer to peer support, job placement, and barrier removal.

8.4. Workforce Budget. The budget will be prorated per unit between the Hayes Valley North and South sites. The overall budget includes \$150,000 per year which generally breaks down to \$80,000 for 1 FTE service staff, \$50,000 for barrier removal, and \$20,000 for organizational expenses. This contract operates as a MOHCD grant.

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan Conditions

1. Borrower shall develop a housing retention plan according to the RAD-Specific Resident Housing Retention Framework and submit to MOHCD 30 days before closing.
2. Borrower shall remove or reduce development budget cushion and contingencies, as is reasonable and approved by MOHCD, and appropriately decrease the MOHCD gap loan amount prior to closing.
3. Borrower shall develop a tenant selection plan based on the Form RAD-Specific Tenant Selection Plan and submit to MOHCD no later than 90 days before the first lease up.
4. Borrower shall collaborate with the City to execute a memorandum of understanding with the tenant association based on the DRAFT Memorandum of Understanding RAD Tenant Associations no later than 30 days after closing.
5. Borrower shall submit RAD monthly reports during the construction process.
6. Borrower shall submit additional information to MOHCD Asset Management over a three-year period of time, including documenting rent increases and other to-be-determined metrics, to ensure property and asset management shortcomings of the past have been remedied. The goal of this reporting is to ensure that:
 - a) rents are increased annually
 - b) sponsor implements the City's priority marketing preferences on re-rental, including use of DAHLIA and the lottery for the tax credit units
 - c) sponsor must do CNAs every 3-5 years

9.2. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$9,945,099
Loan Term:	55 years
Loan Maturity Date:	2072
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%

10. LOAN COMMITTEE MODIFICATIONS

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Friday, November 20, 2020 11:13 AM
To: Chavez, Rosanna (MYR)
Subject: Hayes Valley North

I approve

Eric D. Shaw
Director

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, November 24, 2020 5:06 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: approval of Hayes Valley loan

I approve of the loan to Hayes Valley III, L in the amount of \$6,975,532 to support the rehabilitation of the 84 units at Hayes Valley North.

Salvador



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

Learn: hsh.sfgov.org | **Follow:** [@SF_HSH](https://twitter.com/SF_HSH) | **Like:** [@SanFranciscoHSH](https://www.facebook.com/SanFranciscoHSH)

-mail is intended for the recipient only. If you receive this e-mail in error, notify the sender and destroy the e-mail immediately. Disclosure of the Personal Health Information (PHI) contained herein may subject the discloser to civil or criminal penalties under state and federal privacy laws.

Chavez, Rosanna (MYR)

From: Oerth, Sally (CII)
Sent: Friday, November 20, 2020 11:12 AM
To: Chavez, Rosanna (MYR); Shaw, Eric (MYR)
Cc: Romero, Anne (MYR)
Subject: 11/20/20 Loan Committee: Hayes Valley North

On behalf of Nadia Sesay, I approve the Hayes Valley North Gap Financing Request presented at the 11/20/20 Loan Committee

.



Sally Oerth
Deputy Director

Chavez, Rosanna (MYR)

From: Tonia Lediju, PhD <ledijut@SFHA.ORG>
Sent: Friday, November 20, 2020 11:29 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Item 1

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

Approved

Respectfully,

Tonia Lediju, PhD

SF Housing Authority Transition Lead

Acting Executive Director

Office of the Mayor

(415) 715-3276

(415) 619-1936

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

Chavez, Rosanna (MYR)

From: Van Degna, Anna (CON)
Sent: Friday, November 20, 2020 11:10 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Bob (TTX)
Subject: Hayes valley north

Approve

Anna Van Degna

Director, Controller's Office of Public Finance
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place
City Hall, Room 336
San Francisco, CA 94102
Phone: (415) 554-5956
Email: anna.vandegna@sfgov.org

LOAN COMMITTEE RECOMMENDATION

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

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

Nadia Sesay, Executive Director
Office of Community Investment and Infrastructure

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)	<u>N/A</u>	
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>7/1/2018</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>11/30/2018</u>	
b.	Submittal of Design Development & Cost Estimate	<u>2/28/2019</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>4/30/2019</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>7/1/2019</u>	
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	<u>N/A</u>	
b.	NEPA Environ Review Submission	<u>Submission: 6/30/2020</u> <u>AUGF: 9/21/2020</u>	
c.	CUP/PUD/Variances Submission	<u>N/A</u>	
6.	Permits		
a.	Building / Site Permit Application Submitted	<u>N/A</u>	
b.	Addendum #1 Submitted	<u>12/15/2019</u>	
c.	Addendum #2 Submitted	<u>TBD if needed</u>	
7.	Request for Bids Issued	<u>7/15/2020</u>	
8.	Service Plan Submission		
a.	Preliminary	<u>6/1/2018</u>	
b.	Interim	<u>7/31/2018</u>	
c.	Update	<u>8/15/2018</u>	
9.	Additional City Financing	<u>N/A</u>	

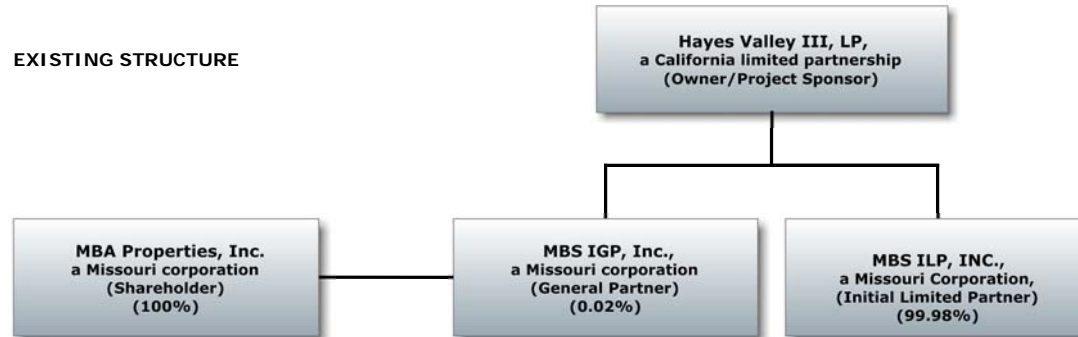
a.	Predevelopment Financing Application #2	<u>N/A</u>	
b.	Gap Financing Application	<u>3/11/2020</u>	
10.	Other Financing		
a.	CAL HFA Application – Conduit Application	<u>3/30/2020</u>	
b.	Construction Financing RFP	<u>N/A</u>	
c.	AHP Application	<u>N/A</u>	
d.	CDLAC Application	<u>Submission: 6/11/2020</u> <u>Award: 9/16/2020</u>	
e.	TCAC Application	<u>Submission: 6/11/2020</u> <u>Award: 9/16/2020</u>	
f.	HUD 202 or 811 Application	<u>N/A</u>	
g.	Other Financing Application - SFHA Ground Lease Option And Lease Option Amendment	<u>1/1/2019</u> <u>3/15/2020</u>	
h.	\ Exclusive Right to Negotiate Agreement Approval	<u>N/A</u>	
11.	Closing		
a.	Construction Closing	<u>12/31/2020</u>	<u>4/1/21</u>
b.	Permanent Financing Closing	<u>12/31/2022</u>	<u>4/1/23</u>
12.	Construction		
a.	Notice to Proceed	<u>1/5/2020</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion – Rolling Rehab	<u>5/15/2021 – 6/14/22</u>	
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>3/1/2022</u>	
b.	Commence Marketing	<u>6/1/2022</u>	
c.	95% Occupancy	<u>10/1/2022</u>	
14.	Cost Certification/8609	<u>1/1/2023</u>	
15.	Close Out MOH/OCII Loan(s)	<u>1/1/2023</u>	<u>7/1/23</u>

Attachment B: Borrower Org Chart

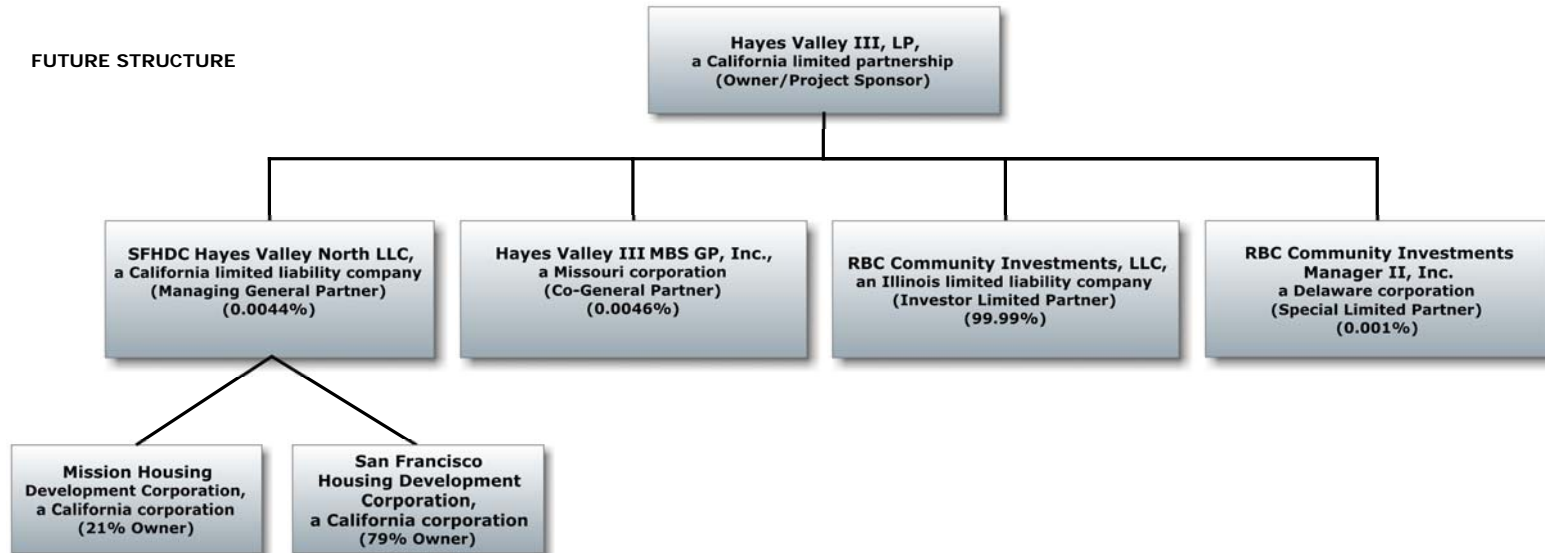
See attached.

HAYES VALLEY III, LP OWNER/PROJECT SPONSOR ORGANIZATIONAL CHART

EXISTING STRUCTURE



FUTURE STRUCTURE



Attachment C: Developer Resume

McCormack Baron Salazar (MBS). Founded in 1973, MBS's mission is to rebuild neighborhoods in central cities across the United States that have deteriorated through decades of neglect and disinvestment. McCormack Baron Salazar has completed a broad range of mixed-use, mixed-income development projects in over 26 cities nationwide, and has completed or has under construction over 17,000 housing units and over 1.3 million square feet of commercial uses across the country with development costs in excess of \$2.2 billion.

Senior Vice President, Finance. Daniela Greville. Daniela will serve as the project finance lead. Daniela has been with MBS since 2009 and has been involved in the financing and project management of a number of projects including five phases of Alice Griffith, Carroll Avenue Senior, and a number of projects in Texas and Southern California. Daniela began her affordable housing career working for AEGON USA Realty Advisors' Community Investments Group.

Project Manager. Pauline will work on all implementation activities associated with Hayes Valley North and South including design and construction coordination, working with public and private partners, and securing project financing. Prior to joining MBS in 2016, Pauline worked at Christian Church Homes, a Non-profit developer in Oakland, CA.

San Francisco Housing Development Corporation (SFHDC). Over its 30-year history, SFHDC has developed or co-developed eleven residential or mixed-use projects in San Francisco, and currently has four, major developments in predevelopment or construction, comprising over 750 housing units and nearly 30,000 square feet of commercial space. Our completed projects include over 650 housing units and 30,000 square feet of neighborhood retail space. SFHDC serves as Managing General Partner for seven completed or under construction Low Income Housing Tax Credit developments.

CEO / Executive Director. David Sobel joined SFHDC in June 2013 and has over 20 years' experience in housing and community development. He has served as Director of Real Estate Development at two large, well respected nonprofit organizations in New York and was an award-winning planner and project manager for the New York City Department of Housing Preservation and Development. Before joining SFHDC, he was a manager in the housing division of the San Francisco Redevelopment Agency for nearly 10 years, where he supervised the production of more than 1,000 units of housing and numerous mixed-use projects.

Director of Real Estate Development. Deven Richardson, is a native of the Bayview, and has held several key positions in his long career in San Francisco. He served as Habitat for Humanity Greater San Francisco's Director of Real Estate for over 6 years, and was Deputy Director of Homeless Services in Mayor Willie Brown's administration. He is a licensed real estate broker. .

Real Estate Manager. Tom Kostosky, who joined SFHDC in 2016, has worked in the development, construction and operation of housing for over 20 years, with an emphasis on the development of tax credit and senior housing projects. He has been involved in site selection, rezoning, site plan approval, and financing for portfolio of over 1,800 total units.

Project Manager. Renata Robles, the newest member of SFHDC's real estate development team, will assist in development activities Hayes Valley North and South. Prior to joining SFHDC, she was the Community Development Manager and Grants Administrator for the City of Central Falls in Rhode Island, where she managed all CDBG activities for the City and oversaw all grant-related activities. She holds a BA in Environmental and Urban Studies from Brown University and recently completed a Commercial Real Estate certificate program at Boston University.

Attachment D: Asset Management Evaluation of Project Sponsor

McCormack Baron Companies – Asset Management Overview

Number of projects and average number of units per project currently in sponsor's asset management portfolio:

McCormack Baron Asset Management (MBAM) was created in 2003 to oversee and provide asset management services for McCormack Baron Salazar's national affordable housing portfolio—now consisting of 124 projects (with an average of 102 units per project). In addition, MBAM currently serves as a substitute general partner in over 200 LIHTC multifamily properties throughout the country, and has also launched a program targeted at the acquisition and re-capitalization of existing assets.

Sponsor's current asset management staffing – job titles, FTEs, org chart, and status of each position (filled/vacant):

McCormack Baron Asset Management personnel work across the entire portfolio throughout the country to manage financial performance, financial reporting, and compliance (such as property tax filings). The financial team consists of a CFO, Vice President, and Assistant Vice President with years of experience in real estate finance, investing, and asset management, plus a Debt and Finance Associate and administrative support staff. The legal team consists of a President / General Counsel with over 30 years of experience in real estate transactions / real estate law (28 years with the company), as well as a paralegal and Asset Management Coordinator. See attached org chart.

McCormack Baron Management has property management staff across all of its San Francisco properties: Hayes Valley, Bernal Dwellings, Plaza East, the Dr. George Davis Senior Residence and Senior Center, and Alice Griffith, overseen by two regional Area Managers and a Vice President. The staffing at Hayes Valley North and South will include:

- 1 Property Manager;
- 1 Leasing Clerks/Occupancy Specialists;
- 2 Maintenance Techs, Custodians, Groundskeepers

Additionally, the project will support 2 Community Services Liaisons which is an addition from Hayes Valley North and South today.

Description of scope and range of duties of sponsor's asset management team:

Over the past 40 years, McCormack Baron Salazar has learned that simply building affordable housing is not enough to rebuild urban neighborhoods. MBS has an active ownership interest in the majority of its developments, meaning the firm's investment is for the long-term. Through MBS' property management affiliate, McCormack Baron Management (MBM), and MBS' asset management affiliate, McCormack Baron Asset Management, MBS is able to ensure that the level of care, quality and commitment that went into the development of the property is maintained over time.

Compliance: In many of our developments, we are charged with specific performance and compliance requirements in accordance with our funding sources. As a result, we have developed the skills, tools and expertise to meet these complex compliance and reporting requirements. We have experience working with combinations of local public housing agencies (including Public Housing Assessment System (PHAS) requirements), the Code of Federal Regulations, Community and Supportive Services (CSS) and the integration of these programs and requirements with Low-Income Housing Tax Credits.

Regular reports are produced by the company's integrated property management software program (Yardi©) with on-site staff review and monitoring by corporate Operations headed by a division Vice President as well as the Accounting and Compliance Department, headed by a Certified Public Accountant.

Budgets: Budgets are prepared prior to the commencement of each fiscal year and are reviewed in the context of the property's community, and against industry standards nationwide. Upon approval, the annual budgets define property operations and are an integral part of the monthly financial reports. Financial statements and budgets are monitored on a monthly basis.

Training: We use a variety of web-based and on-site training programs for our employees who work in our communities. We actively provide hands-on training and encourage attendance at professional seminars to ensure our teams keep abreast of property management guidelines and new techniques. In addition, to ensure that we comply with any requirements of the project, site staff is trained in eligibility requirements, fair housing and certification procedures, resident and management relationships, and linkages to human service programs.

Systems: MBM and MBAM remain informed of site-based activity through their use of the web-based software, Yardi©, with "real-time" information provided to the sites and corporate office. Site income and expense activities are overseen by the a structure that includes a division Vice President review combined with a staff accountant in the central Accounting Department in order to provide the checks and balances needs to produce custom reporting to owners, housing authorities, state agencies and financial institutions on a regular basis.

Maintenance: We manage our developments to market rate standards. The maintenance of a neighborhood is almost more important than the quality of the original construction when it comes to creating a sense of place. Our management teams are diligent about upholding the quality of our communities through maintaining landscaping, sustaining buildings and units in the best state of repair (both inside and out), and having a highly developed maintenance and improvement schedule that prevents the "little things" like weeds, litter, and broken downspouts, from becoming harbingers of further deterioration. A vital part of the management effort is the development and reinforcement of community expectations about community standards; these standards, once established, are typically reflected in the lease.

Safety and Security: MBM has extensive experience in working with cities and residents to address security issues through design, property management procedures and community-wide involvement and input.

Description of sponsor's coordination between asset management and other functional teams, including property management, accounting, compliance, facilities management, etc.:

McCormack Baron Asset Management acts as the hub between McCormack Baron Salazar (the development company) and McCormack Baron Management (the property management company) for both owned and fee-managed properties. MBAM's primary function is to evaluate and monitor the financial performance, profitability, and position of the multifamily properties under its umbrella. A detailed description of the scope of the services provided by MBAM can be found in the attached MBAM statement of qualifications.

Number of projects expected to be in sponsor's asset management portfolio in 5 years and, if applicable, plans to augment staffing to manage the growing portfolio:

Across the country MBS projects to close at least 6 new development deals each year for the next 5 years. To support this work, it anticipates adding 3-5 new full-time Project Managers over the 5 years, with appropriate support staff. These Project Managers will include both senior-level and junior-level professionals, to ensure continuity of training and development. In addition, we anticipate adding 2 new full-time Asset Managers to MBAM over the 5 years, plus 1-2 Analysts, with appropriate support staff to manage the growing portfolio.

In San Francisco specifically, the company currently owns and manages/or constructs 9 LIHTC partnerships, and manages Hayes Valley North and South (some of which will be rehabilitated and re-syndicated in the next 4 years). The company is actively responding to other San Francisco RFPs to develop properties and manage for third parties. The company also owns, manages, and builds other projects in the region (Richmond, Sacramento). Currently there are 4 project management/business development staff based in San Francisco. Locally based staff will be added as necessary as the portfolio grows.

Attachment E: Site Map with amenities



Attachment F: Elevations and Floor Plans

N/A

Attachment G: Comparison of City Investment in Other Housing Developments

See attached.

REHABILITATION COST COMPARISON (25 Units and larger)

Updated 11/13/2020

PROJECTS COMPLETED						Square Footage	DEVELOPMENT COSTS						
Project Name	Address	Contract Date	Population Type	# of Units	# of BR ¹	Total	Acq. Cost ²	Constr. Cost ⁴	Soft Cost ⁵	Local Subsidy ⁶	Total Dev. Cost	Comments	
Robert B Pitts	1150 Scott Street	Dec-17	Family	203	543	80,251	36,224,828	\$ 40,879,600	\$ 10,280,366	-	\$ 87,384,794	RAD Phase I - significant rehab	
Westside Courts	2501 Sutter Street	Dec-18	Family	136	224	106,953	26,920,000	49,954,270	\$ 19,034,617	\$ 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	\$ 62,049,652	\$ 24,535,383	\$ 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	\$ 39,415,912	\$ 10,420,651	\$ 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	\$ 68,174,549	\$ 37,504,246	\$ 5,787,522	\$ 172,918,795	RAD Phase II - significant rehab	
Alemay Apartments	951 Ellsworth	Nov-19	Family	150	340	137,652	51,008,000	\$ 66,991,145	\$ 27,634,243	\$ 3,828,778	\$ 145,633,388	RAD Phase II - significant rehab	
Completed Projects:	Average:			193	472	175,806	\$ 45,210,471	\$ 64,577,522	\$ 21,568,251	\$ 6,226,216	\$ 131,356,244		

PROJECTS UNDER CONSTRUCTION						Square Footage	DEVELOPMENT COSTS						
Project Name	Address	Compl. Date	Population Type	# of Units	# of BR ¹	Total	Acq. Cost ²	Constr. Cost ⁴	Soft Cost ⁵	Local Subsidy ⁶	Total Dev. Cost	Comments	
Bernal Dwellings	3138 Kamille Court	Sep-21	Family	160	391	170,280	\$ 41,929,181	50,124,996	\$ 21,330,207	0	\$ 113,384,384	RAD Phase IV - significant rehab large site, 2 story townhomes	
Hayes Valley South	401 Rose	Dec-21	Family	110	236	132,658	\$ 35,344,033	\$ 45,312,032	\$ 19,355,350	\$ 7,207,832	\$ 100,011,415	RAD Phase IV - significant rehab large site, 2 story townhomes	
Under Construction:	Average:			135	314	151,469	38,636,607	47,718,514	20,342,779	7,207,832	106,697,899		

PROJECTS IN PREDEVELOPMENT						Square Footage	DEVELOPMENT COSTS						Comments
Project Name	Address	Start Date (anticipated)	Population Type	# of Units	# of BR ¹	Total	Acq. Cost ²	Constr. Cost ⁴	Soft Cost ⁵	Local Subsidy ⁶	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 LUMB (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; Consorcio: 4-story with	
480 Eddy Street - Yosemite		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	
In Predevelopment	Average:			59	59	34,849	14,069,144	17,639,499	15,044,193	6,172,980	46,752,835		

ALL PROJECTS	Average:			129	282	120,708	32,638,741	43,311,845	18,985,074	6,535,676	94,935,660		
--------------	----------	--	--	-----	-----	---------	------------	------------	------------	-----------	------------	--	--

Hayes Valley North	650 - 667 Linden	Jan-21	Family	84	211	100,376	\$ 30,387,921	\$ 42,248,048	\$18,671,081	\$ 9,945,099	\$ 91,307,050		RAD Phase IV - significant rehab large site, 3 story tnms (p
--------------------	------------------	--------	--------	----	-----	---------	---------------	---------------	--------------	--------------	---------------	--	--

Excluding Acquisition Cost:	\$ 42,248,048	\$ 18,671,081	\$ 9,945,099	\$ 60,919,129
-----------------------------	---------------	---------------	--------------	---------------

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 ⁷	Subsidy / unit
Robert B Pitts	Dec-17	\$ 201,377	\$ 75,285	\$ 509	\$ 430,467	\$ 160,930	\$ 1,089	\$ -
Westside Courts	Dec-18	\$ 367,311	\$ 223,010	\$ 467	\$ 705,212	\$ 428,165	\$ 897	\$ 74,923
Hunters Point East and West	Jun-18	\$ 291,313	\$ 116,635	\$ 240	\$ 628,568	\$ 251,664	\$ 518	\$ 3,971
Westbrook Apartments	Jul-19	\$ 445,811	\$ 151,549	\$ 426	\$ 683,438	\$ 232,327	\$ 653	\$ 74,913
Ping Yuen	Mar-19	\$ 291,344	\$ 126,483	\$ 286	\$ 738,969	\$ 320,814	\$ 726	\$ 24,733
Alemay Apartments	Nov-19	\$ 446,608	\$ 197,033	\$ 487	\$ 970,889	\$ 428,333	\$ 1,058	\$ 25,525
Completed Projects:	Average:	\$ 340,627	\$ 146,332	\$ 403	\$ 692,924	\$ 303,705	\$ 823	\$ 34,011

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 ⁷	Subsidy / unit
Bernal Dwellings	Sep-21	\$ 313,281	\$ 128,197	\$ 294	\$ 708,652	\$ 289,986	\$ 666	\$ -
Hayes Valley South	Dec-21	\$ 411,628	\$ 182,000	\$ 342	\$ 909,195	\$ 423,777	\$ 754	\$ 65,526
Under Construction:	Average:	\$ 362,604	\$ 160,099	\$ 318	\$ 808,924	\$ 356,881	\$ 710	\$ 65,526

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 ⁷	Subsidy / unit
San Cristina	Jan-21	\$ 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
In Predevelopment	Average:	\$ 332,812	\$ 332,812	\$ 551	\$ 834,450	\$ 834,450	\$ 1,391	\$ 87,108

All Projects:	AVERAGE	345,348	213,748	424	778,766	498,346	975	62,215
---------------	---------	---------	---------	-----	---------	---------	-----	--------

Hayes Valley North		\$ 502,953	\$ 200,228	\$ 421	\$ 1,086,989	\$ 432,735	\$ 910	\$ 118,394
--------------------	--	------------	------------	--------	--------------	------------	--------	------------

Excluding Acquisition Cost:		502,953	200,228	421	725,228	288,716	607	118,394
-----------------------------	--	---------	---------	-----	---------	---------	-----	---------

¹ Items highlighted in yellow represent gaps in information

² Includes studios as 1BRs

³ Residential sq. ft. includes circulation, recreation, parking, office space and common areas; excludes day care centers, and commercial (non-res.)

⁴ Acquisition includes cost of buying land/building including costs if City buys site; excludes demolition of existing building

⁵ 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

⁶ Soft Cost = TDC less Acquisition and Hard Costs

⁷ All non-amortized local funds

⁸ Total square footage

Attachment H: Sources and Uses

See attached.

Application Date: 11/3/20
Project Name: Hayes Valley North
Project Address: 650 Linden St
Project Sponsor: McCormack Baron Salazar, Inc.

Units: 84
Bedrooms: 211
Beds:

N/A

SOURCES	Total Sources									Comments
	9,945,099	23,359,590	27,672,262	1,800,000	24,717,711	1,058,874	826,921	426,593	1,500,000	
Name of Sources:	MOHCD/OICI	Citi - First Mortgage	SFHA - Seller Note	Deferred Developer Fee	LP - Tax Credit Equity	Construction Acquired Soft Interest	Acquired Reserves	Construction NOI	GP - Equity	

USE!

ACQUISITION											
Acquisition cost or value			27,672,262		1,854,659					29,526,921	
Legal / Closing costs / Broker's Fee										0	
Holding Costs										0	
Transfer Tax					861,000					861,000	
TOTAL ACQUISITION	0	0	27,672,262	0	2,715,659	0	0	0	0	30,387,921	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab		23,359,590			2,789,030					26,148,620	Include FF&E
Commercial Shell Construction										0	
Demolition										0	
Environmental Remediation										0	
Onsite Improvements/Landscaping	4,952,163									4,952,163	
Offsite Improvements										0	
Infrastructure Improvements										0	HOPE SF/OCIL costs for streets etc.
Parking										0	
GC Bond Premium/GC Insurance/GC Taxes	867,724									867,724	
GC Overhead & Profit	1,900,860									1,900,860	
CG General Conditions	2,224,352				1,489,212					3,713,564	
Sub-total Construction Costs	9,945,099	23,359,590	0	0	4,278,242	0	0	0	0	37,582,931	
Design Contingency (remove at DD)										0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)										0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)										0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency					4,665,117					4,665,117	5% new construction / 15% rehab
Sub-total Construction Contingencies	0	0	0	0	4,665,117	0	0	0	0	4,665,117	
TOTAL CONSTRUCTION COSTS	9,945,099	23,359,590	0	0	8,943,359	0	0	0	0	42,248,048	

SOFT COSTS

Architecture & Design											
Architect design fees					598,430					598,430	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)										0	
Architect Construction Admin					229,060					229,060	
Reimbursables					50,000					50,000	
Additional Services					200,000					200,000	
Sub-total Architect Contract	0	0	0	0	1,077,490	0	0	0	0	1,077,490	
Other Third Party design consultants (not included under Architect contract)					698,037					698,037	Consultants not covered under architect contract, name consultant type and contract amount
Total Architecture & Design	0	0	0	0	1,775,527	0	0	0	0	1,775,527	
Engineering & Environmental Studies											
Survey					96,960					96,960	
Geotechnical studies					80,000					80,000	
Phase I & II Reports					176,574					176,574	
CEQA / Environmental Review consultants										0	
NEPA / 106 Review										0	
CNAFNA (rehab only)					19,487					19,487	
Other environmental consultants					591,584					591,584	Name consultants & contract amounts
Total Engineering & Environmental Studies	0	0	0	0	964,605	0	0	0	0	964,605	
Financing Costs											
Construction Financing Costs											
Construction Loan Origination Fee					490,000					490,000	
Construction Loan Interest					1,138,607					1,138,607	
Title & Recording					50,000					50,000	
CDLAC & CDIAC fees					22,150					22,150	
Bond Issuer Fees					69,490					69,490	
Other Bond Cost of Issuance					40,000					40,000	
Other Lender Costs (Inspection & Diligence)					133,750					133,750	
Sub-total Const. Financing Costs	0	0	0	0	1,943,997	0	0	0	0	1,943,997	
Permanent Financing Costs											
Permanent Loan Origination Fee					233,596					233,596	
Credit Entrance & Appl. Fee										0	
Title & Recording					25,000					25,000	
Sub-total Perm. Financing Costs	0	0	0	0	258,596	0	0	0	0	258,596	
Total Financing Costs	0	0	0	0	2,202,593	0	0	0	0	2,202,593	
Legal Costs											
Borrower Legal fees					350,000					350,000	
Land Use / CEQA Attorney fees										0	
Tax Credit Counsel					50,000					50,000	
Bond Counsel					75,000					75,000	
Construction Lender Counsel					75,000					75,000	
Permanent Lender Counsel										0	
Other Legal (specify)										0	
Total Legal Costs	0	0	0	0	550,000	0	0	0	0	550,000	
Other Development Costs											
Appraisal					10,500					10,500	
Market Study					8,500					8,500	
Insurance					617,949					617,949	
Property Taxes										0	
Accounting / Audit					35,000					35,000	
Organizational Costs										0	
Entitlement / Permit Fees					513,612					513,612	
Marketing / Rent-Up								360,854		360,854	
Furnishings					168,000					168,000	\$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PCE / Utility Fees										0	
TCAC App / Alloc / Monitor Fees					156,030					156,030	
Financial Consultant fees										0	
Construction Management fees / Owner's Rep					152,500					152,500	
Security during Construction										0	
Relocation					1,963,970					2,790,891	
Construction Accrued Soft Interest						1,058,874	826,921			1,058,874	
Other (Tenant Services)					37,761			65,739		103,500	
Other (specify)										0	
Total Other Development Costs	0	0	0	0	3,663,822	1,058,874	826,921	426,593	0	5,976,210	Total Soft Cost Contingency as % of Total Soft Costs
Soft Cost Contingency											
Contingency (Arch, Eng, Fin, Legal & Other Dev)					743,926					743,926	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	0	0	0	0	9,900,473	1,058,874	826,921	426,593	0	12,212,861	6.5%

RESERVES

Operating Reserves					780,416					780,416	
Replacement Reserves					75,600					75,600	
Tenant Improvements Reserves										0	
Other (RAD Transition Reserve)					102,204					102,204	
Other (specify)										0	
Other (specify)										0	
TOTAL RESERVES	0	0	0	0	958,220	0	0	0	0	958,220	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones					1,100,000					1,100,000	
Developer Fee - Cash-out At Risk					1,100,000					1,100,000	
Commercial Developer Fee										0	
Developer Fee - GP Equity (also show as source)								1,500,000		1,500,000	
Developer Fee - Deferred (also show as source)				1,800,000						1,800,000	
Development Consultant Fees										0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)										0	
TOTAL DEVELOPER COSTS	0	0	0	1,800,000	2,200,000	0	0	0	1,500,000	5,500,000	

TOTAL DEVELOPMENT COST	9,945,099	23,359,590	27,672,262	1,800,000	24,717,711	1,058,874	826,921	426,593	1,500,000	91,307,050	
Development Cost/Unit by Source	118,394	278,090	329,432	21,429	294,258	12,606	9,844	5,078	17,857	1,086,988	
Development Cost/Unit as % of TDC by Source	10.9%	25.6%	30.3%	2.0%	27.1%	1.2%	0.9%	0.5%	1.6%	100.0%	

Acquisition Cost/Unit by Source	0	0	329,432	0	22,079	0	0	0	0	351,511	
---------------------------------	---	---	---------	---	--------	---	---	---	---	---------	--

Construction Cost (inc Const Contingency)/Unit By Source	118,394	278,090	0	0	106,469	0	0	0	0	502,953	
Construction Cost (inc Const Contingency)/SF	83.16	195.33	0.00	0.00	74.78	0.00	0.00	0.00	0.00	353.28	

*Possible non-eligible GO Bond/COP Amount:	4,952,163
City Subsidy/Unit	118,394

Tax Credit Equity Pricing:	0.970
Construction Bond Amount:	49,000,000
Construction Loan Term (in months):	25 months
Construction Loan Interest Rate (as %):	2.10%

Attachment I: 1st Year Operating Budget

See attached.

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

11/3/2020
84
2021

Project Name:
Project Address:
Project Sponsor:

Hayes Valley North
650 Linden St
McCormack Baron Salazar, Inc.

INCOME	Total	Comments
Residential - Tenant Rents	878,460	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	1,784,220	Links from 'Existing Proj - Rent Info' Worksheet
Commercial Space	0	Links from 'Utilities & Other Income' Worksheet
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income	0	Links from 'Utilities & Other Income' Worksheet
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	Links from 'Commercial Op. Budget' Worksheet
Withdrawal from Capitalized Reserve (deposit to operating account)		

Gross Potential Income	2,662,680	
Vacancy Loss - Residential - Tenant Rents	(43,923)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(89,211)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	2,529,546	PUPA: 30,114

OPERATING EXPENSES

Management		
Management Fee	58,262	1st Year to be set according to HUD schedule.
Asset Management Fee	20,440	
Sub-total Management Expenses	78,702	PUPA: 937

Salaries/Benefits		
Office Salaries	36,800	
Manager's Salary	41,100	
Health Insurance and Other Benefits	46,888	
Other Salaries/Benefits		
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	124,788	PUPA: 1,486

Administration		
Advertising and Marketing	4,200	
Office Expenses	25,000	
Office Rent		
Legal Expense - Property	20,000	
Audit Expense	20,000	
Bookkeeping/Accounting Services		
Bad Debts		
Miscellaneous	14,600	
Sub-total Administration Expenses	83,800	PUPA: 998

Utilities		
Electricity	19,000	
Water	118,364	
Gas	60,000	
Sewer	147,309	
Sub-total Utilities	344,673	PUPA: 4,103

Taxes and Licenses		
Real Estate Taxes	5,000	
Payroll Taxes		Included in "Health Insurance and Other Benefits"
Miscellaneous Taxes, Licenses and Permits		
Sub-total Taxes and Licenses	5,000	PUPA: 60

Insurance		
Property and Liability Insurance	89,694	
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
Sub-total Insurance	89,694	PUPA: 1,068

Maintenance & Repair		
Payroll	58,067	
Supplies	23,520	
Contracts	62,412	Pest Control, Grounds
Garbage and Trash Removal	70,000	
Security Payroll/Contract	68,840	
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses	36,960	
Sub-total Maintenance & Repair Expenses	317,799	PUPA: 3,783

Supportive Services	81,820	
Commercial Expenses	0	Links from 'Commercial Op. Budget' Worksheet

TOTAL OPERATING EXPENSES 1,126,276 PUPA: 13,408

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent	15,000	Authority of the City and	Provide additional comments here, if needed.
Bond Monitoring Fee	7,500		
Replacement Reserve Deposit	37,800		
Operating Reserve Deposit			
Other Required Reserve 1 Deposit			
Other Required Reserve 2 Deposit			
Required Reserve Deposits - Commercial	0	Links from 'Commercial Op. Budget' Worksheet	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	60,300	PUPA: 718	

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	1,186,576	PUPA: 14,126	
NET OPERATING INCOME ((INCOME minus OP EXPENSES)	1,342,970	PUPA: 15,988	

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

Hard Debt - First Lender	1,197,830	Citi - First Mortgage	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	Links from 'Commercial Op. Budget' Worksheet	
TOTAL HARD DEBT SERVICE	1,197,830	PUPA: 14,260	

CASH FLOW (NOI minus DEBT SERVICE)

USES OF CASH FLOW BELOW (This row also shows DSCR)		1.12
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		
Partnership Management Fee (see policy for limits)	23,350	2nd
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	1st
Other Payments		
Non-amortizing Loan Pmtt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmtt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	70,149	Def. Develop. Fee split: 60% Provide additional comments here, if needed.

TOTAL PAYMENTS PRECEDING MOHCD 98,499 PUPA: 1,173

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	46,641	
--	--------	--

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.):	58,395
% 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	\$9,945,099	26.44%
MOHCD/OClI - Ground Lease Value or Land Acq Cost	Acquisition Cost	\$27,672,262	73.56%
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	46,641	50% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	46,641	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	
Total Non-MOHCD Residual Receipts Debt Service	0	

REMAINDER (Should be zero unless there are distributions below)

Owner Distributions/Incentive Management Fee	0	
Other Distributions/Use	0	
Final Balance (should be zero)	0	

Attachment J: 20-year Operating Proforma

See attached.

Hayes Valley North

			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
INCOME	% annual increase	Comments (related to annual inc assumptions)	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Residential - Tenant Rents	2.5%		878,460	900,422	922,932	946,005	969,655	993,897	1,018,744	1,044,213	1,070,318	1,097,076
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%		1,784,220	1,828,826	1,874,546	1,921,410	1,969,445	2,018,681	2,069,148	2,120,877	2,173,899	2,228,246
Commercial Space	2.5%		-	-	-	-	-	-	-	-	-	-
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%		-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable	-									
Gross Potential Income			2,662,680	2,729,247	2,797,478	2,867,415	2,939,101	3,012,578	3,087,892	3,165,090	3,244,217	3,325,322
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(43,923)	(45,021)	(46,147)	(47,300)	(48,483)	(49,695)	(50,937)	(52,211)	(53,516)	(54,854)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(89,211)	(91,441)	(93,727)	(96,070)	(98,472)	(100,934)	(103,457)	(106,044)	(108,695)	(111,412)
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			2,529,546	2,592,785	2,657,604	2,724,044	2,792,145	2,861,949	2,933,498	3,006,835	3,082,006	3,159,056
OPERATING EXPENSES												
Management												
Management Fee	2.5%	1st Year to be set according to HUD schedule	58,262	59,719	61,212	62,742	64,311	65,919	67,567	69,256	70,987	72,762
Asset Management Fee	3.5%	per MOHCD policy	20,440	21,155	21,896	22,662	23,455	24,276	25,126	26,005	26,916	27,858
Sub-total Management Expenses			78,702	80,874	83,108	85,404	87,766	90,195	92,693	95,261	97,903	100,619
Salaries/Benefits												
Office Salaries	3.5%		36,800	38,088	39,421	40,801	42,229	43,707	45,237	46,820	48,459	50,155
Manager's Salary	3.5%		41,100	42,539	44,027	45,568	47,163	48,814	50,522	52,291	54,121	56,015
Health Insurance and Other Benefits	3.5%		46,888	48,529	50,228	51,986	53,805	55,688	57,637	59,655	61,743	63,904
Other Salaries/Benefits	3.5%		-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			124,788	129,156	133,676	138,355	143,197	148,209	153,396	158,765	164,322	170,073
Administration												
Advertising and Marketing	3.5%		4,200	4,347	4,499	4,657	4,820	4,988	5,163	5,344	5,531	5,724
Office Expenses	3.5%		25,000	25,875	26,781	27,718	28,688	29,692	30,731	31,807	32,920	34,072
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		20,000	20,700	21,425	22,174	22,950	23,754	24,585	25,446	26,336	27,258
Audit Expense	3.5%		20,000	20,700	21,425	22,174	22,950	23,754	24,585	25,446	26,336	27,258
Bookkeeping/Accounting Services	3.5%		-	-	-	-	-	-	-	-	-	-
Bad Debts	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%		14,600	15,111	15,640	16,187	16,754	17,340	17,947	18,575	19,225	19,898
Sub-total Administration Expenses			83,800	86,733	89,769	92,911	96,162	99,528	103,012	106,617	110,349	114,211
Utilities												
Electricity	3.5%		19,000	19,665	20,353	21,066	21,803	22,566	23,356	24,173	25,019	25,895
Water	3.5%		118,364	122,507	126,794	131,232	135,825	140,579	145,500	150,592	155,863	161,318
Gas	3.5%		60,000	62,100	64,274	66,523	68,851	71,261	73,755	76,337	79,009	81,774
Sewer	3.5%		147,309	152,465	157,801	163,324	169,040	174,957	181,080	187,418	193,978	200,767
Sub-total Utilities			344,673	356,737	369,222	382,145	395,520	409,363	423,691	438,520	453,869	469,754
Taxes and Licenses												
Real Estate Taxes	3.5%		5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814
Payroll Taxes	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Taxes and Licenses			5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814
Insurance												
Property and Liability Insurance	3.5%		89,694	92,833	96,082	99,445	102,926	106,528	110,257	114,116	118,110	122,244
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			89,694	92,833	96,082	99,445	102,926	106,528	110,257	114,116	118,110	122,244
Maintenance & Repair												
Payroll	3.5%		56,067	58,029	60,060	62,162	64,338	66,590	68,921	71,333	73,830	76,414
Supplies	3.5%		23,520	24,343	25,195	26,077	26,990	27,934	28,912	29,924	30,971	32,055
Contracts	3.5%		62,412	64,596	66,857	69,197	71,619	74,126	76,720	79,405	82,185	85,061
Garbage and Trash Removal	3.5%		70,000	72,450	74,986	77,610	80,327	83,138	86,048	89,060	92,177	95,403
Security Payroll/Contract	3.5%		68,840	71,249	73,743	76,324	78,995	81,760	84,622	87,584	90,649	93,822
HVAC Repairs and Maintenance	3.5%		-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%		36,960	38,254	39,592	40,978	42,412	43,897	45,433	47,023	48,669	50,373
Sub-total Maintenance & Repair Expenses			317,799	328,922	340,434	352,349	364,682	377,446	390,656	404,329	418,481	433,127
Supportive Services	3.5%		81,820	84,684	87,648	90,715	93,890	97,176	100,578	104,098	107,741	111,512
Commercial Expenses			-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES			1,126,276	1,165,113	1,205,295	1,246,868	1,289,881	1,334,384	1,380,428	1,428,068	1,477,358	1,528,355
PUPA (w/o Reserves/GL Base Rent/Bond Fees)			13,408									
Reserves/Ground Lease Base Rent/Bond Fees			Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.									
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			7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Replacement Reserve Deposit			37,800	37,800	37,800	37,800	37,800	37,800	37,800	37,800	37,800	37,800
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			60,300	60,300	60,300	60,300	60,300	60,300	60,300	60,300	60,300	60,300
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			1,186,576	1,225,413	1,265,595	1,307,168	1,350,181	1,394,684	1,440,728	1,488,368	1,537,658	1,588,655
PUPA (w/ Reserves/GL Base Rent/Bond Fees)			14,126									
NET OPERATING INCOME (INCOME minus OP EXPENSES)			1,342,970	1,367,371	1,392,009	1,416,876	1,441,964	1,467,265	1,492,769	1,518,468	1,544,349	1,570,401
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender		Enter comments re: annual increase, etc.	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830
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		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830
CASH FLOW (NOI minus DEBT SERVICE)			145,140	169,541	194,179	219,046	244,134	269,435	294,939	320,638	346,519	372,571
USES OF CASH FLOW BELOW (This row also shows DSCR.)			DSCR: 1.12	1.14	1.16	1.18	1.2	1.22	1.25	1.27	1.29	1.31
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL			Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across multiple cells.									
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	23,350	24,167	25,013	25,889	26,795	27,732	28,703	29,708	30,747	31,824
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Other Payments			-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			70,149	70,187	82,083	94,079	106,170	118,351	130,618	142,965	155,386	167,874
TOTAL PAYMENTS PRECEDING MOHCD			98,499	99,354	112,096	124,967	137,964	151,084	164,321	177,673	191,133	204,697
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			46,641	70,187	82,083	94,079	106,170	118,351	130,618	142,965	155,386	167,874
Does Project have												

Hayes Valley North

Total # Units: 84			Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
			2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
INCOME	% annual increase	Comments (related to annual inc assumptions)	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Residential - Tenant Rents	2.5%		1,124,503	1,152,816	1,181,431	1,210,967	1,241,241	1,272,272	1,304,079	1,336,681	1,370,988	1,404,350
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%		2,283,362	2,341,051	2,399,578	2,459,567	2,521,056	2,584,083	2,648,685	2,714,902	2,782,774	2,852,344
Commercial Space	2.5%		-	-	-	-	-	-	-	-	-	-
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%		-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	-
Gross Potential Income			3,408,456	3,493,667	3,581,009	3,670,534	3,762,297	3,856,355	3,952,763	4,051,583	4,152,872	4,256,694
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(56,225)	(57,631)	(59,072)	(60,548)	(62,062)	(63,614)	(65,204)	(66,834)	(68,505)	(70,218)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(114,198)	(117,053)	(119,979)	(122,978)	(126,053)	(129,204)	(132,434)	(135,745)	(139,139)	(142,617)
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			3,238,033	3,318,984	3,401,958	3,487,007	3,574,182	3,663,537	3,755,125	3,849,003	3,945,228	4,043,859
OPERATING EXPENSES												
Management												
Management Fee	2.5%	1st Year to be set according to HUD schedule	74,581	76,445	78,356	80,315	82,323	84,381	86,491	88,653	90,869	93,141
Asset Management Fee	3.5%	per MOHCD policy	28,833	29,842	30,896	31,967	33,086	34,244	35,443	36,683	37,967	39,296
Sub-total Management Expenses			103,413	106,287	109,243	112,283	115,409	118,625	121,934	125,336	128,837	132,437
Salaries/Benefits												
Office Salaries	3.5%		51,910	53,727	55,607	57,554	59,568	61,653	63,811	66,044	68,356	70,748
Manager's Salary	3.5%		57,976	60,005	62,105	64,279	66,528	68,857	71,267	73,761	76,343	79,015
Health Insurance and Other Benefits	3.5%		66,140	68,455	70,851	73,331	75,897	78,554	81,303	84,149	87,094	90,142
Other Salaries/Benefits	3.5%		-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			176,026	182,187	188,563	195,163	201,994	209,063	216,381	223,954	231,792	239,905
Administration												
Advertising and Marketing	3.5%		5,925	6,132	6,346	6,569	6,799	7,036	7,283	7,538	7,801	8,075
Office Expenses	3.5%		35,265	36,499	37,777	39,099	40,467	41,884	43,350	44,867	46,437	48,063
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		28,212	29,199	30,221	31,279	32,374	33,507	34,680	35,894	37,150	38,450
Audit Expense	3.5%		28,212	29,199	30,221	31,279	32,374	33,507	34,680	35,894	37,150	38,450
Bookkeeping/Accounting Services	3.5%		-	-	-	-	-	-	-	-	-	-
Bad Debts	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%		20,595	21,316	22,062	22,834	23,633	24,460	25,316	26,202	27,119	28,069
Sub-total Administration Expenses			118,208	122,345	126,628	131,060	135,647	140,394	145,308	150,394	155,658	161,106
Utilities												
Electricity	3.5%		26,801	27,739	28,710	29,715	30,755	31,832	32,946	34,099	35,292	36,528
Water	3.5%		166,964	172,808	178,856	185,116	191,595	198,301	205,242	212,425	219,860	227,555
Gas	3.5%		84,636	87,598	90,684	93,837	97,122	100,521	104,039	107,681	111,449	115,350
Sewer	3.5%		207,794	215,067	222,594	230,385	238,448	246,794	255,432	264,372	273,625	283,202
Sub-total Utilities			486,195	503,212	520,825	539,053	557,920	577,448	597,658	618,576	640,226	662,634
Taxes and Licenses												
Real Estate Taxes	3.5%		7,063	7,300	7,555	7,820	8,093	8,377	8,670	8,973	9,287	9,613
Payroll Taxes	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Taxes and Licenses			7,063	7,300	7,555	7,820	8,093	8,377	8,670	8,973	9,287	9,613
Insurance												
Property and Liability Insurance	3.5%		126,522	130,951	135,534	140,277	145,187	150,269	155,528	160,972	166,606	172,437
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			126,522	130,951	135,534	140,277	145,187	150,269	155,528	160,972	166,606	172,437
Maintenance & Repair												
Payroll	3.5%		79,088	81,856	84,721	87,686	90,755	93,932	97,219	100,622	104,144	107,789
Supplies	3.5%		33,177	34,339	35,540	36,784	38,072	39,404	40,783	42,211	43,688	45,217
Contracts	3.5%		88,038	91,120	94,309	97,610	101,026	104,562	108,222	112,009	115,930	119,987
Garbage and Trash Removal	3.5%		98,742	102,198	105,775	109,477	113,309	117,274	121,379	125,627	130,024	134,575
Security Payroll/Contract	3.5%		97,106	100,504	104,022	107,663	111,431	115,331	119,368	123,545	127,870	132,345
HVAC Repairs and Maintenance	3.5%		-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%		52,136	53,960	55,849	57,804	59,827	61,921	64,088	66,331	68,653	71,056
Sub-total Maintenance & Repair Expenses			448,287	463,977	480,216	497,024	514,420	532,424	551,059	570,346	590,308	610,969
Supportive Services	3.5%		115,415	119,455	123,636	127,963	132,442	137,077	141,875	146,840	151,980	157,299
Commercial Expenses												
TOTAL OPERATING EXPENSES			1,581,120	1,635,713	1,692,199	1,750,642	1,811,112	1,873,677	1,938,412	2,005,392	2,074,694	2,146,400
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Reserves/Ground Lease 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			7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Replacement Reserve Deposit			37,800	37,800	37,800	37,800	37,800	37,800	37,800	37,800	37,800	37,800
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial			-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			60,300	60,300	60,300	60,300	60,300	60,300	60,300	60,300	60,300	60,300
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			1,641,420	1,696,013	1,752,499	1,810,942	1,871,412	1,933,977	1,998,712	2,065,692	2,134,994	2,206,700
PUPA (w/ Reserves/GL Base Rent/Bond Fees)												
NET OPERATING INCOME (INCOME minus OP EXPENSES)			1,596,613	1,622,970	1,649,459	1,676,065	1,702,771	1,729,560	1,756,413	1,783,312	1,810,235	1,837,160
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender		Enter comments re: annual increase, etc.	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830	1,197,830
CASH FLOW (NOI minus DEBT SERVICE)			398,783	425,140	451,629	478,235	504,941	531,730	558,583	585,482	612,405	639,330
USES OF CASH FLOW BELOW (This row also shows DSCR.)												
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL												
Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy	32,937	34,090	35,283	36,518	37,797	39,119	40,489	41,908	43,372	44,890
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase	-	-	-	-	-	-	-	-	-	-
Other Payments			-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pymt - Lender 1		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pymt - Lender 2		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			180,423	193,025	208,692	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD			218,360	232,115	248,975	41,518	42,797	44,119	45,489	46,906	48,372	49,890
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			180,423	193,025	451,629	436,716	462,144	487,610	513,094	538,576	564,032	589,439
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Year 15 is year indicated below:										
Will Project Defer Developer Fee?	Yes	2035										
1st Residual Receipts Split - Lender/Deferred Developer Fee	50% / 50%	2nd Residual Receipts Split Begins:										
2nd Residual Receipts Split - Lender/Owner	67% / 33%	2034										
Max Deferred Developer Fee Amt (Use for data entry above. Do not link.)			180,423	193,025	205,673	-	-	-	-	-	-	-
MOHCD RESIDUAL RECEIPTS DEBT SERVICE												
MOHCD Residual Receipts Amount Due	100.00%	Dist. Soft Debt Loans	180,423	193,025	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Proposed MOHCD Residual Receipts Amount to Loan Repayment		Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	180,423	193,025	122,654	291,144	308,096	325,073	342,063	359,051	376,021	392,960
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease			180,423	193,025	122,654	291,144	308,096	325,073	342,063	359,051		