

Citywide Affordable Housing Loan Committee

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

Memo to Request Approval of: Cash-Out Policy Reinvestment Waiver

Prepared By: Omar Cortez

Loan Committee Date: May 21, 2021

Sponsor Name: Mission Housing Development Corporation (MHDC)

Proposal: Cash-Out Waiver for Reinvestment of 100% Excess Proceeds from the Refinance of Mariposa Gardens Apartments into Maria Alicia, 2800 Bryant, 3434 18th Street, 3019 23rd Street, and Dunleavy Plaza.

MOHCD Promissory Note: Not to exceed \$14,611,490 (Source is Excess Proceeds from Refinance)

SUMMARY

Mission Development Corporation ("MHDC," the "Sponsor") requests approval (this "Request") for a Reinvestment Waiver (the "Waiver") to the MOHCD Cash-Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy, effective June 19, 2020 – enclosed to this Memo as Attachment P (the "Policy"). The Waiver would allow the Sponsor to leverage the refinance of Mariposa Gardens Apartments (the "Resource Property") by investing 100% of the Excess Proceeds (as defined herein) from such refinance in five high-priority properties in need of significant rehabilitation, accessibility, and seismic upgrades: Maria Alicia Apartments, 3434 18th Street, 2800 Bryant Street, 3019 23rd Street, and Dunleavy Plaza (collectively, the "Receiver Properties"). Excess Proceeds are the funds remaining after paying off senior debt, paying transaction fees, funding reserves, and financing the rehabilitation costs of the Resource Property.

Pursuant to the Policy, the Citywide Affordable Housing Loan Committee (the "Committee") may recommend a waiver or modify any portion of the Policy for the purpose of ensuring

project long-term feasibility, maximizing affordability, and minimizing the use of scarce public resources. The Policy contemplates this Waiver, provided that the Request meet these goals and all the applicable City guidelines, including MOHCD underwriting guidelines. MOHCD staff has conducted the necessary due diligence and established conditions of approval for this Waiver in order to ensure adherence to this Policy and other City goals.

This is the second Reinvestment Waiver request MOHCD has processed since the adoption of the Policy in 2019. Assessment tools for and lessons learned during the successful implementation of the Policy for the previous waiver request (from a different sponsor) were applied to evaluate and process this Request. MHDC's selection of the same legal counsel, lender and other consultants from the previous request was also helpful in the processing of this Request.

If approved by the Committee, the Waiver will allow MHDC to reinvest 100% of the Excess Proceeds from the refinance (approximately \$14.6 million) to fill the financing gap for Receiver Properties that are unable to generate enough of their own income or support additional debt to pay for critical capital work. With the Waiver, MOHCD preserves long-term affordability and ensures improved living conditions for 156 low-income households.

The Excess Proceeds will be secured by a Promissory Note (the "Note") from MHDC, a Security Agreement, and a Deposit Account Control Agreement that, together, will ensure MOHCD's oversight of the Excess Proceeds held on a Deposit Account. The City Attorney's Office has reviewed these legal instruments and approved this form of security.

This Request addresses the Waiver for the Sponsor's Recapitalization and Reinvestment Project ("Reinvestment Project" or the "Project"). The Project incorporates the findings of the Sponsor's portfolio-wide analysis. With this analysis, the Sponsor has identified properties with the capacity to leverage financing and those properties with the largest immediate capital needs.

1. PRINCIPAL DEVELOPMENT ISSUES

1.1 Rehab construction risk

The construction market is unpredictable and the drawings and budgets for all the Reinvestment Project properties are not yet in their final state. However, MOHCD's Director of Construction Services has evaluated available construction-related documents and has preliminarily approved the scopes and budgets.

The Sponsor will provide a construction contract for Mariposa Gardens within ninety days of closing of the Refinance Loan (as defined in Section 3.3) for approval by the

Construction Representatives Team (the “CR Team”) to ensure the highest possible quality of capital improvements for the property, the feasibility of the Project, and the efficient use of resources.

The Sponsor will also provide construction contracts for each Receiver Property as a condition for utilizing any Excess Proceeds on those properties. The MOHCD CR Team will review the construction contracts (for both the Resource and Receiver properties) to ensure that the scope of work and hard cost estimates meet MOHCD underwriting guidelines for contractor contingency, hard cost contingency, and allowances. The CR Team will also review the contracts to ensure that the final scope of work matches the CNA (as updated or clarified, if applicable) and that such scope, the construction estimate, and schedules are in conformance with one another. In particular, the CR Team will review the contracts to ensure that all life -safety items (seismic, haz mat, fire alarm, fire suppression, fire alarm and CO detection) are addressed within the scope in all instances and without exception.

In the event of increased costs with the final contracts, the Sponsor will not come back to the City for additional financing. To mitigate for potential cost increases, the construction projects have been underwritten with appropriate contingencies and escalation to allow for pricing increases (See Section 5: Construction Scopes, Budgets, and Schedules for details). The sum of current construction and soft cost contingencies throughout the six Project properties total close to 12% (\$2.3 million) out of \$19.8 million of construction costs.

If overall project costs increase, and contingencies do not cover those increases MHDC will continue to value engineer the projects and reduce, if necessary, the optional components of the scopes included in the construction estimates for the Receiver Properties. In the unlikely event that costs increase cause Mariposa Gardens to experience unfunded needs, MHDC has also agreed to utilize its distributions from Mariposa Gardens to cover those costs. The proforma projections show that the Receiver Property will continue to generate significant surplus cash distributions to the Sponsor after payment of hard debt and the City’s ground lease rent (see Section 3.3 and Attachment B, Mariposa Gardens – 20-Year Proforma). The Freddie Mac loan underwriting and approval of the scope of work by a consultant for Walker and Dunlop (Freddie Mac’s loan servicer) provides additional assurances of the appropriateness of that scope of work and the property’s long-term feasibility illustrated in the projections.

MHDC is also applying for several programs that provide assistance and incentives for the installation of solar photovoltaic (PV) systems and for energy-efficiency upgrades on multifamily affordable housing. Funds, rebates, incentives, and assistance from all

these programs could offset both ongoing operating costs and construction hard costs budgeted for the Receiver Properties that qualify.

The MOHCD CR Team will be reviewing the ongoing construction work to ensure delivery according to contracts and schedules. Further, the Note will be structured to address specific line items in the Receiver Properties' construction contracts and will be written down only upon completion of these portions of the work. This will serve to mitigate the risk that construction is not completed as agreed.

1.2 Financial and timing implications of COVID-19

MHDC and MOHCD staffs anticipate minimal impacts to the Project timeline due to COVID-19 as the construction of affordable housing was deemed an essential activity since the beginning of the local Shelter in Place Ordinance. Additionally, in coordination with relocation experts, contractors and consultants, and in conformance with the joint MOHCD-DPH protocols for occupied rehabilitation, the MHDC team has built contingencies and COVID-related mitigations into the plans and timelines of the Reinvestment Project properties, particularly those involving relocation. The Sponsor is also confident that the contractors it has engaged will be able to carry out the rehabs within health guidelines and without delays that would impact the construction schedules and budget. In the event the costs of the updated plans exceed the original budget, the contingency funds will be utilized to cover any resulting gap.

1.3 Sponsor capacity

The Reinvestment Project involves six properties. With an approximately \$27 million refinance loan with Walker & Dunlop, an experienced Freddie Mac lender, and MOHCD, as a funding partner, this will be one of the most complex projects in the MHDC portfolio. To leverage the in-house staff financial and staff capacity to manage the complexities and potential financial risks, MHDC has retained a team of experts in their fields: Goldfarb & Lipman LLP, as legal counsel, VMS ASSET MGMT LLC (VMS), for project management, and John M. Barber Associates, as lead construction services manager. These consultants were engaged early in the process to work out the details of the financing structure. MOHCD staff recognizes these consultants as experts in their respective fields, which will minimize risks.

In terms of project management and construction management, MHDC will draw from previous lessons learned managing large-scale occupied rehabs simultaneously such as the South Park scattered-site project. For example, informed by this experience, MHDC has committed to engage residents and surrounding neighbors with its Resident Services and Property Management teams to support the pre-construction

planning early on in the process. MHDC also acknowledges the importance of a partnership with MOHCD staff in the planning of pre-construction and construction activities to meet life safety building system requirements. In addition to the life and safety building systems, MHDC staff intends to create additional meeting areas that benefit the residents and the neighboring communities that proved to be helpful during South Park rehab.

MHDC is devoting expert internal staff and significant portions of their time to this Project (see Attachment O: Sponsor Qualifications and Assignments). These staff have been involved with the Reinvestment Project properties for several years. MOHCD staff has experience working with this MHDC team and is confident that the Sponsor has allocated the appropriate staffing levels to the Project. Additionally, for this Project MHDC is using architects and general contractors they have worked with on other major renovation projects. These include Plant Construction, Nibbi Brothers, and Gonzales Architects. The design consultants and general contractors have deep experience with affordable housing rehabilitations that involve occupied buildings and phased resident relocation plans.

Notwithstanding the outstanding staffing plans and assignments described above, MOHCD staff recognizes that, as a multi-dimensional, large-scale development, this Project presents unique scoping and management-related challenges for the Sponsor. Some of these risks are partially mitigated by the relative proximity of the properties, and the Sponsor's familiarity with the sites, as most of them have been in its portfolio since the 1980's. MHDC also benefits from having scattered-site projects in its portfolio, but its capacity to handle several rehabs simultaneously will be closely monitored. To this end, the MOHCD CR Team will be reviewing the work as it progresses to ensure timely delivery of the completed scope of work. In addition, as a condition of approval of this Waiver, MHDC will agree to meet with MOHCD AM staff on a quarterly basis, or as often as needed, to provide an update on the progress of the rehabilitation of each property encompassed by this Reinvestment Project.

The latest fiscal and compliance-monitoring audit conducted by MOHCD verifies that MHDC has satisfied fiscal and governance compliance requirements (see Attachment Q: MOHCD Fiscal and Compliance Monitoring Letter dated May 14, 2019).

2. STRUCTURE OF PROPOSED TRANSACTIONS

2.1 Portfolio-wide analysis – Reinvestment Project

Informed by seismic and third-party capital needs assessments, which have been submitted for review by MOHCD CR and AM teams, MHDC has made an analysis of

its existing portfolio to identify Receiver Properties with the greatest capital needs and to develop financing strategies to address those needs by utilizing a Resource Property with the most capacity to leverage financing. The resulting Reinvestment Project encompasses six properties (one Resource and five Receivers) which are the subject of this Request.

2.2 The Refinance Loan and the Excess Proceeds

Mariposa Gardens, the Resource Property, is being refinanced with an approximately \$27 million Freddie Mac/Refinance Loan (see Section 3.3). After repaying the existing senior loan, financing costs, capitalizing its reserves, paying for its own rehabilitation costs, and paying off a Sponsor Operating Deficit Loan (see Section 3.1.5), Mariposa Gardens will generate Excess Proceeds of approximately \$14.6 million. These funds will be allocated to fill the financing gap for capital needs at the Receiver Properties.

2.3 Securing Excess Proceeds

Upon close of Mariposa Gardens' refinance, MOHCD and MHDC will execute a Security Agreement and the Note, the latter in the amount of the Excess Proceeds. Pursuant to the Policy, the Note will establish a five-year timeline for the completion of the rehab of both the Resource and the Receiver Properties. If the Project is not completed and funds are not drawn down within that five-year period, MOHCD may exercise its authority to designate funds to gap financing for other properties in the Sponsor's portfolio or otherwise recapture the remaining funds for other lending.

The outstanding balance of the Note shall be reduced proportionately upon the completion of rehabilitation of each Receiver Property. The Note will then be canceled and the Security Agreement terminated with completion of all of the work and approval by the CR Team.

In addition to the above-mentioned instruments, MHDC, MOHCD and the bank where MHDC chose to deposit the Excess Proceeds will enter into a Deposit Account Control Agreement. This agreement will establish that the City will have the right to authorize or withhold approval of withdrawals, disbursements, or transfers from a "Deposit Account" – the segregated bank account where the Excess Proceeds will be held. The City Attorney's Office has approved this form of security and will work with MOHCD staff to oversee the mechanics of writing down and cancelling the Note and terminating the Security and the Deposit Account Control agreements.

3. MARIPOSA GARDENS – THE RESOURCE PROPERTY

3.1 Background and Description

3.1.1 *The Resource Property.* Mariposa Gardens is a three-building property consisting of sixty-three (63) apartments affordable to very low-income families, located at 2445 Mariposa Street in supervisorial district 10. One of the units in the property is set aside for the manager as unrestricted. Nineteen (19) and forty-three (43) units are restricted to 50% and 60% of MOHCD Unadjusted Area Median Income households, respectively. However, due to the PB S.8 contract that covers all the affordable units, Mariposa Gardens effectively serves extremely low-income tenants. This property was built in 1983 and underwent a major rehabilitation in 2004.

3.1.2 *The Original Lease and the Amended Ground Lease.* As part of the 2004 rehab, the former San Francisco Redevelopment Agency (the “Agency”) forgave a \$4 million Tax Increment (TI) loan that the Committee had approved for Mariposa Gardens two years before, on October 18, 2002, in return for the transfer of the Land to the Agency. The Agency then ground leased the Land back to Mariposa Gardens II Affordable Housing, a California Limited Partnership (“MGII”, an affiliate of MHDC) through a 55-year ground lease (the “Original Lease”). In 2004, the Agency also forgave \$600,000 of CDBG funds the Agency previously loaned to MHDC in 1982 for the acquisition of the site.

In early 2021, MOHCD’s AM staff worked with the City Attorney’s Office and the Real Estate Division to seek approval by the Board of Supervisors (the “BOS”) of an amendment to the Original Lease (the “Amended Ground Lease”) in order to incorporate certain senior lender protection provisions required by Freddie Mac, the proposed new refinance lender. The BOS approved a resolution to approve the amendment on March 16, 2021. The City and the Sponsor will execute the Amended Ground Lease at closing of the Refinance Loan scheduled for May 2021.

In compliance with Section 4.01 of the Original Lease, which requires that the ground lease rent shall be redetermined every fifteen years and set at 10% of the unrestricted fair-market value of the property as determined by an appraisal, the land was reappraised as a condition of MOHCD approval of the transfer of the leasehold interest (see Section 3.1.3). The new appraisal, dated May 2020, concluded that the value of the land was \$28.9 million. Thus, the new ground lease rent effective on January 1, 2021 is \$2.89 million, consisting of \$20,000 of base rent and up to \$2.87 million of residual rent.

Therefore, in addition to incorporating the Freddie Mac-required senior lender protection provisions, the Amended Ground Lease memorializes the \$2.8 million new

ground lease rent, and requires, in compliance with MOHCD residual receipts policy, that two-thirds of residual receipts be used to pay the City's annual *residual* ground lease rent. (The rest, or one-third of the residual receipts, is a distribution to the owner). The Amended Ground Lease also incorporates all material terms and conditions of the Original Lease and provisions that are consistent with MOHCD's current policies.

3.1.3 The limited partner exit and transfer of the leasehold interest. With the end of the fifteen-year tax-credit compliance period in 2019, Union Bank, the tax credit investor for the 2004 syndication, exited the partnership. Concurrently, MG II transferred the ground leasehold interest to MHDC Mariposa Gardens LLC (MHDC MG), whose sole member and manager is an affiliate of MHDC (a 501(c) 3).

Upon submittal of the required application materials, at the request of MHDC, MOHCD approved the transfer of leasehold interest from MG II to MHDC MG. This transaction closed on May 8, 2020. The purchase price paid by MHDC MG was the assumption of the conventional debt on the property at the time - approximately \$3.4 million, the sum of two mortgage loans from Berkadia, the current senior lender.

3.1.4 Accrued Rent. In 2019, MHDC conducted urgent repairs of the pedestrian bridgeways and other much-needed physical improvements including dry rot and waterproofing wall repairs (the "2019 Repairs" – see Section 3.2). To pay for these critical repairs and improvements, MHDC utilized all the surplus cash from operations, operating funds, and available reserves from 2019. As a result, the property no longer had the surplus cash to pay the 2019 ground lease base and residual rent to the City (the sponsor had, however, made all rent payments in previous years). This 2019 unpaid rent accrued, pursuant to the Original Lease.

Per the Policy, payment of accrued ground lease rent is a condition of approval of the Waiver. The accrued base and residual ground lease rent to-date include the 2019 payment, mentioned above, and the 2020 payment, which together total \$358,400 (\$179,200, the Original Lease rent for each year). Based on the history of Mariposa Gardens' operating revenue, the proforma submitted with this Request (Attachment B), assumes payment of this accrued rent from 2020 surplus cash.

3.1.5 The Operating Deficit Loan. In order to fully fund the 2019 Repairs, MHDC also retained the 2019 distribution owed to the investor, Union Bank. As a result, Union Bank conditioned its exit from the partnership in 2020 (see Section 3.1.3) on the payment of the distributions it did not receive in 2019.

To pay Union Bank, MHDC obtained a \$2.24 million unsecured “Operating Deficit Loan” through a line of credit. If approved, the Waiver will also authorize MHDC to utilize Excess Proceeds to pay the Operating Deficit Loan principal balance.

3.1.6 2020 surplus cash. Pursuant to the Original Lease provisions, Mariposa Gardens’ surplus cash from operations must be used to pay the City’s residual ground lease rent. The rest of the surplus cash is to be distributed to the Sponsor not to exceed \$50,000 as an incentive management fee (IMF) and to the investor, if any. Due to the steady income from the PB S. 8 contract subsidy on all the units, since 2017, the year HUD updated the contract rents, Mariposa Gardens has generated income beyond the cash flow necessary to fund operations to pay the City’s ground lease rent, and to allow the Sponsor to keep its \$50,000 IMF. The excess of surplus cash was, therefore, paid as distribution to Union Bank, until 2019.

As explained in Section 3.1.3, with the transfer of the leasehold interest, when Union Bank exited the former tax credit limited partnership, the excess of surplus cash no longer had to be distributed to another entity (i.e., an investor). Since the original ground lease only established a maximum residual rent and an IMF cap to the Sponsor, MHDC requested that MOHCD allow the use of the 2020 surplus cash in excess of the ground lease rent and Sponsor IMF payments to cover predevelopment expenses and due diligence costs necessary for the implementation of the Reinvestment Project. MOHCD agreed, on the condition that the Sponsor provide full documentation of the predevelopment costs paid for with those funds within ninety days of the Refinance Loan closing. MHDC anticipates that that amount will be approximately \$572,000 and has included this as a source in the Reinvestment Project’s financial projections.

3.2 Physical needs of the Resource Property and the 2019 Repairs

The most recent Capital Needs Assessment (“CNA”) for Mariposa Gardens updated on June 3, 2019, identified \$5,372,447 in immediate physical repair needs. Additional capital needs expenses projected over the 20-year replacement reserve study of the CNA total approximately \$1.7 million.

As mentioned in Section 3.1.5, in 2019 MHDC utilized an unsecured \$2.24 million Operating Deficit Loan to pay for the 2019 Repairs, which consisted of repairs to address urgent needs, including repairs of walls and the bridges that connect the buildings. The costs of the 2019 Repairs conducted to date total approximately \$3.5 million.

With the 2019 Repairs complete, MHDC plans to address the immediate needs items identified in the CNA. This work includes completing the rest of the building exterior/structure repairs, plumbing, electrical and mechanical upgrades, common interior and exterior site improvements and unit repairs and upgrades.

Mariposa Gardens' parking structures are built with a podium that supports residential living units on both Hampshire and Mariposa Streets. To prevent the potential for a collapse during a major earthquake, MHDC is also taking precautionary measures to reinforce the structures as recommended by a structural engineer report. The proforma contemplates a budget for these soft-story, retrofit-related improvements.

The rehab and soft-story retrofit work has been scoped by MHDC construction management staff and budgeted by a general contractor. MOHCD's CR Team has reviewed and preliminarily approved the budget and the general contractor's assessment and budget for the work. The CR Team found the costs to be comparable to similarly-scaled projects in the MOHCD portfolio. Nevertheless, within ninety days of closing of the Refinance Loan (scheduled for May 2021), the Sponsor will provide updated materials and final construction contract for Mariposa Gardens, which the CR Team will review again for feasibility (see Attachment M: Comparison of City Investment in Other Housing Developments).

The rehab work is scheduled to start soon after closing of the Refinance Loan and is expected to be completed within a year. Table G, Rehab Scope of Work of Reinvestment Project and Schedule, contains an estimate construction timetable for both the Resource and Receiver Properties.

3.3 The Freddie Mac Loan and the total Reinvestment Project sources

The Resource property is being refinanced with a 3.86% interest Freddie Mac loan, with proposed principal of approximately \$27 million, for a term of 15 years and a 30-year amortization schedule (the "Refinance Loan"). This loan is scheduled to close in May 2021. After paying off the existing \$3.4 million Berkadia loan balance (see Section 3.1.3), reimbursing MHDC for the Operating Deficit Loan, capitalizing reserves, and paying for the rest of the Mariposa Gardens rehabilitation costs, the Refinance Loan will provide Excess Proceeds of up to \$14.6 million for allocation to the Receiver Properties (see Table A, Mariposa Gardens Reinvestment Project – Sources and Uses).

The proforma projections for the Resource Property reflect the Refinance Loan transaction costs. MHDC considered other loans, but chose a Freddie Mac loan because of the competitiveness of Freddie Mac's loan product, the lender's flexibility to work

with MHDC, and, most importantly, because Freddie Mac was the lender used by the sponsor in the previous Waiver approved by the City, which also involved a ground lease amendment. Thus given the familiarity of Freddie Mac's loan servicer with the City's ground lease provisions, the Policy, and the City's requirements, choosing Freddie was administratively efficient.

It is likely that the Refinance Loan interest rate will be lower than the rate assumed in the projections, but because Freddie Mac's final loan approval is conditioned upon the Committee approval of the Waiver, as of the date of this Memorandum, the Refinance Loan rate has not yet been locked. To address this, one of the recommended conditions of approval is that in case additional Excess Proceeds are available, they will be used, in order of priority, to increase contingencies, address the needs of the Resource Property, and address the needs of Receiver Properties.

The Refinance Loan, plus the 2019 operating reserves and surplus cash from operations (totaling approximately \$1.26 million) used to pay for the 2019 Repairs, plus the almost \$572,000 2020 surplus cash in excess of mandated distributions (see Section 3.1.7), bring the total Project sources to approximately \$28.8 million (see Table A). This total does not include the approximately \$1.7 million and \$707,000 from Preservation and Seismic Safety (PASS) gap loans for 3434 18th Street and Maria Alicia Apartments, respectively, that the Sponsor anticipates applying for. With these loans factored in, the Reinvestment Project sources total approximately \$31.2 million.

Mariposa Gardens will continue to deliver residual rent payments on the Amended Ground Lease (see Section 3.1.2) after the refinancing. The 20-year cash flow anticipates positive cash flow with positive replacement reserve running balances throughout the projection period and above \$1,000 per unit through year nineteen (see Attachment B: Mariposa Gardens 20-Year Proforma).

3.4 The Resource Property – Operating and Replacement Reserves

Table C, Replacement and Operating Reserves, in the next section, reflects replacement and operating reserves balances as of the date of submittal of the Waiver application. The proformas for the Resource Property and for Maria Alicia Apartments, included as attachments to this Memorandum, assume adding the capitalized replacement reserves to the current balance to bring their replacement reserve account balances to the level recommended by the respective CNAs.

MHDC is aware that the projection of the initial operating reserve balance for the Resource Property does not reach the level required by MOHCD reserves policy (25% of prior year's operating expenses and debt) but has requested to utilize the Excess Proceeds, that would otherwise be used to capitalize operating reserves, to pay for

rehab costs. However, as illustrated by Attachment B, Mariposa Gardens Proforma, the operating reserve balance will reach the required level at year two of the projection period and will remain at or above that level. Except for this, projections show that both Resource and Receiver properties comply or will comply with MOHCD operating and replacement reserves standards with the implementation of the Reinvestment Project.

3.5 Sources and Uses for the Rehabilitation of the Resource Property

Table A below summarizes the sources and uses for the entire Reinvestment Project. This includes the sources and uses for the rehabilitation of the Resource Property, the Excess Proceeds available for allocation to Receiver Properties, the 2019 surplus cash from operations the Sponsor used to pay for the 2019 Repairs and the 2020 surplus cash the sponsor will utilize to pay for predevelopment and due diligence costs in connection with the Project. More detailed sources and uses tables are included as attachments to this Memorandum. Table F contains a breakdown of the \$14.6 million Excess Proceeds allocations to Receiver Properties.

Table A: Mariposa Gardens Reinvestment Project – Sources and Uses

Sources	Acquisition Costs (Existing Loan Repayment)	Hard Costs	Soft Costs	Dev. Costs (PM Fee)	Capitalized Reserves	Excess Proceeds to Receiver Properties**	Total Sources
Freddie Mac Loan - Rehab		\$ 5,811,958	\$ 322,420	\$ 113,644	\$ 475,887		\$ 6,723,909
Freddie Mac Loan - Acq. and Excess Proceeds	\$ 3,381,317					\$ 14,611,490	\$17,992,807
Freddie Mac Loan - Reimb. of Operating Deficit Loan		\$ 1,806,330	\$ 434,653				\$ 2,240,983
Operating Reserves 2019 Mariposa		\$ 224,431					\$ 224,431
Mariposa Surplus Cash (2019 & 2020)		\$ 1,032,601	\$ 560,033	\$ 11,876			\$ 1,604,510
3434 18th St. - PASS Gap Loan		\$ 1,655,170					\$ 1,655,170
Maria Alicia - PASS Gap Loan		\$ 706,636					\$ 706,636
Total Uses/TDC*	\$ 3,381,317	\$11,237,126	\$1,317,106	\$ 125,520	\$ 475,887	\$ 14,611,490	\$31,148,446

*TDC: Total Development Costs

** For specific allocations to each Receiver Property, see Table F

4. RECEIVER PROPERTIES

4.1 Five Receiver Properties

MHDC has conducted a portfolio-wide analysis to identify Receiver Properties with the most immediate unfunded capital needs and their capacity to leverage conventional financing. Informed by this analysis, MHDC has identified five Receiver Properties, all serving low and very low-income families: Maria Alicia Apartments, 3434 18th Street, 2800 Bryant Street, 3019 23rd Street and Dunleavy Plaza. These five properties have significant immediate repairs needs, as evidenced by CNA's, that cannot be funded by utilizing existing reserve balances or other conventional sources, with the exception of 3434 18th Street and Maria Alicia Apartments. These two properties will apply for PASS gap financing soon after closing of the Refinance Loan to benefit from a lower interest rate and a longer repayment term (see Section 4.4). The rest of the Receiver Properties cannot leverage additional debt. Therefore, MHDC has requested that Excess Proceeds from the Refinancing of 2800 Bryant, 3019 23rd Street, and Dunleavy Plaza be used to finance all of the immediate or urgent physical needs of these properties. Table B below, contains basic information about the Receiver Properties.

*Table B: The Receiver Properties – Basic Information**

Property	Resource Property	Receiver Properties				
	Mariposa Gardens	Maria Alicia Apts.	3434 18th	2800 Bryant	3019 23rd	Dunleavy Plaza
Address	2445 Mariposa St.	3090 16th St.	3434 18th St.	2800 Bryant St.	3019 23rd St.	36 Hoff St.
Year Built	1983	1988	1924	1907	1906-1907	1985
No. of units	63	20	11	7	6	49
No. of Buildings.	4	1	1	1	1	1
No. of Floors	3	4	3	3	3	4
MOHCD Ground Lease	Yes	No	No	No	No	No
Supervisory District	10	9	9	9	9	9
PB S. 8	Yes	No	Yes	Yes - 5 units	No	No

* The table includes information about the Resource Property for comparison purposes and to supplement the information provided in Section 3.

4.2 Reserves – Current Levels, Capitalization, and Recommended Annual Deposits

MHDC proposal has budgeted for the CNA-recommended annual replacement reserve deposits for each Receiver Property as illustrated in Table C, Replacement and Operating Reserves, below. Pursuant to the Policy, MHDC has also budgeted for the capitalization of replacement reserves recommended by the most recent CNA for each property. As mentioned in Section 3.4, the proforma for Maria Alicia Apartments (see Attachment D, Maria Alicia Apartments – 20-Year Proforma) assumes adding the

capitalized replacement reserves to its current balance to bring the account balance to the level recommended by the CNA.

MOHCD has also approved the capitalization of additional operating reserves from the Excess Proceeds for Dunleavy Plaza given the property's low levels of projected cash flow. Table C illustrates: a) updated replacement and operating reserve balances; b) the CNA-recommended capitalized and annual replacement reserve deposits; c) actual deposits to conform with the CNA-recommended replacement reserves capitalization; and d) the deposits to bring the operating reserve balances to the MOHCD policy-required balance, all this in connection with the Resource and the Receiver Properties.

Table C: Replacement and Operating Reserves

Property	Resource Property	Receiver Properties				
	Mariposa Gardens	Maria Alicia	3434 18th	2800 Bryant	3019 23rd	Dunleavy Plaza
Recomm. Annual RR Deposit (CNA)	\$ 63,000	\$ 36,000	\$ 9,600	\$ 21,000	\$ 8,400	\$ 44,100
Recomm. Capitalized RR Deposit (CNA)	\$ 450,000	\$ 250,000	\$ 50,000	\$ 75,000	\$ -	\$ 250,000
RR Balance	\$ 146,266	\$ 129,242	\$ 118,413	\$ 82,183	\$ 83,830	\$ 1,932
Capitalized RR Deposit	\$ 213,781	\$ 120,758	\$ -	\$ -	\$ -	\$ 248,068
Balance + Capitalized RR Deposit	\$ 360,047	\$ 250,000	\$ 118,413	\$ 82,183	\$ 83,830	\$ 250,000
<i>Repl. Reserves/Unit</i>	<i>\$ 5,715</i>	<i>\$ 12,500</i>	<i>\$ 10,765</i>	<i>\$ 11,740</i>	<i>\$ 13,972</i>	<i>\$ 5,102</i>
OR Balance	\$ -	\$ 108,395	\$ 103,240	\$ 64,852	\$ 32,291	\$ 1,821
Capitalized OR Deposit	\$ 262,106	\$ -	\$ -	\$ -	\$ -	\$ 162,192
Balance + Capitalized OR Deposit	\$ 262,106	\$ 108,395	\$ 103,240	\$ 64,852	\$ 32,291	\$ 164,013
Operating Expenses + Debt	\$ 2,621,058	\$ 490,711	\$ 202,121	\$ 224,782	\$ 108,003	\$ 665,484
<i>OR Balance as % of Op. Exp. & Debt</i>	<i>10%</i>	<i>22%</i>	<i>51%</i>	<i>29%</i>	<i>30%</i>	<i>25%</i>

** Balance will increase to 25% % of Prior Year's Operating Expenses & Debt by year two of the 20-year projection period (see Attachment B)*

4.3. Existing City Loans and Extension of Affordability Restrictions

In compliance with the Policy, the affordability restrictions on each Reinvestment Project property will be extended for an additional fifty-five year period through the recordation of amended or, when necessary, new Declaration of Restrictions.

Consistently, the City financing on four Receiver Properties (see Table D, Outstanding MOHCD Debt on Reinvestment Project Properties), except for the CDBG loan for 3434 18th Street (see more below), will be extended to align with the new fifty-five year affordability term. Proceeds from the Refinance Loan will not be utilized to pay off these MOHCD loans.

At the request of the Sponsor, the two CDBG loans for Maria Alicia Apartments will be combined and the HODAG loan, which is currently a loan with a zero percent interest rate requiring periodic payments, will be restructured as a three percent simple interest residual receipt loan. The interest rate for the 2800 Bryant CDBG loan will be reduced from six to three percent.

No amendment to the existing declarations of restrictions or any loan document will be required for the 3434 18th CDBG loan as a condition of the Waiver approval; that loan was amended and extended in 2017 when the property received a \$767,075 grant of Tax-Exempt Bonds program funding that paid for mandated soft-story seismic retrofit improvements, replacement of the roof, and upgrades to the heating, ventilation, and air conditioning (HVAC) systems. That loan matures in 2072.

Table D: Outstanding MOHCD Debt on Reinvestment Project Properties

Property	Loan Source	Orig. Loan Amount	Loan Balance*	Loan Date	Interest Rate	Repayment Terms	Year Due
Maria Alicia	HODAG	\$ 1,377,690	\$ 510,791	11/3/1998	3%	Periodic	2019
	CDBG/Acq.	\$ 324,211	\$ 324,211	11/1/1998	0%	Deferred	2019
	CDBG/Acq.	\$ 145,970	\$ 145,970	11/1/1998	0%	Deferred	2030
3434 18th St.	CDBG/CHRP	\$ 140,000	\$ 140,000	1/10/1983	0%	Deferred	2072
2800 Bryant St.	CDBG/CHRP	\$ 122,660		10/13/1982	6%	Deferred	1999
3019 23rd St.	CDBG/CHRP	\$ 122,714	\$ 122,714	10/11/1992	0%	Deferred	2001

*Includes principal and, when applicable, accrued interest.

Note: Except for Maria Alicia, no other Receiver Property has outstanding senior debt and a corresponding hard loan payment; 2800 Bryant has a current senior HCD deferred loan.

4.4 Supportable Debt/Gap Loan

MOHCD and MHDC conducted a gap analysis to determine each Receiver Property's debt leverage capacity. The loan terms used for the analysis are the PASS program terms assuming that all the Receiver Properties are eligible for this source of financing. Those terms are a 2.58% interest rate with a forty-year term, forty-year amortization period, and a 1:10x debt service coverage ratio (DSCR).

Given the high level of maintenance expense costs caused by the Receiver Properties' extensive capital needs and their impact on cash flow, the analysis indicates that only Maria Alicia Apartments and 3434 18th Street could leverage additional debt. However, due to a declining NOI during the 20-year projection period for 3434 18th Street, a 1.75x

DSCR is assumed for this property. This keeps DSCR above the MOHCD-required level (1.10x) throughout the projection period ensuring that the property will be able to meet its PASS debt service obligation.

Based on the budget and gap analysis, 3434 18th Street could leverage approximately \$1.65 million of additional debt while Maria Alicia could leverage almost \$707,000. Therefore, in addition to Excess Proceeds, MHDC anticipates utilizing PASS loans to pay for the rehabilitation costs of these two properties. Table E shows the Receiver Properties' information utilized to determine their supportable debt.

Table E: NOI and Receiver Properties' Potential Supportable Debt

Property	Receiver Properties				
	Maria Alicia	3434 18th St.	2800 Bryant St.	3019 23rd St.	Dunleavy Plaza
Effective Gross Income	\$ 494,030	\$ 254,049	\$ 229,261	\$ 108,003	\$ 665,484
OP. Exp	\$ 462,856	\$ 137,883	\$ 224,782	\$ 99,603	\$ 665,484
Hard Debt Service*	\$ -	\$ -	\$ -	\$ -	\$ -
NOI	\$ 31,174	\$ 116,166	\$ 4,479	\$ 8,400	\$ -
Cash Flow	\$ 31,174	\$ 116,166	\$ 4,479	\$ 8,400	\$ (10,498)
NOI (Assume 1.1 PASS DSCR)	\$ 28,340	\$ 66,381	\$ 4,072	\$ 7,636	\$ -
Potential Supportable Debt**	\$ 706,636	\$ 1,655,170	\$ -	\$ -	\$ -

* The financing for Maria Alicia this assumes repayment of the existing loan, thus no debt service is shown.

** See the note at the beginning of this section 4.4 about the assumed loan terms.

4.5 Project Management (PM) Fee and Construction Management (CM) Fee

MHDC's projections show a PM/Developer Fee equivalent to approximately 1.88% of the total development costs for each rehab project. This fee is based on MOHCD's developer fee policy for non-tax credits recapitalization projects: 25% of 7.5% of total development costs.

MHDC utilizes an in-house CM services team in partnership with John M. Barber Associates to provide CM services prior to and during the rehabilitation of the Project properties. Thus, MHDC proformas also contain CM Fees consistent with both MOHCD's underwriting guidelines and the size and estimated duration of each contract with an average of \$2,500 and \$3,500 per month during preconstruction and construction, respectively. This assumes a twelve-month construction period. Table F includes all the Reinvestment Project development costs, including the PM and CM fees, shows TDC and construction costs per unit and the allocation of Excess Proceeds

to each Receiver Property. Attachment R, Flow of Funds, provides a visual summary of the Project and the flow/allocation of Excess Proceeds to each Receiver Property.

Table F: Reinvestment Project Costs Summary and Allocation of Excess Proceeds

Property	Resource	Receiver Properties				
	Mariposa Gardens	Maria Alicia Apts.	3434 18th	2800 Bryant	3019 23rd	Dunleavy Plaza
Total Constr. Costs	\$ 8,875,320	\$ 3,695,200	\$3,615,241	\$1,569,633	\$3,117,409	\$ 2,005,641
<i>Constr. Costs/Unit</i>	<i>140,878</i>	<i>184,760</i>	<i>328,658</i>	<i>224,233</i>	<i>519,568</i>	<i>40,931</i>
Cap. Repl. Reserves	213,781	120,758	-	-	-	248,068
Cap. Op. Reserves	262,106	-	-	-	-	162,192
Relocation Costs	309,237	-	200,000	-	154,800	-
Soft Costs	912,869	264,214	354,614	180,773	162,885	48,399
Constr. Mgmt. Fee	95,000	83,500	71,000	81,500	88,500	75,500
Developer Fee	125,520	75,805	79,516	34,912	66,067	39,929
Total Dev. Costs (A)	\$ 10,793,833	\$ 4,239,477	\$4,320,371	\$1,866,818	\$3,589,661	\$ 2,579,729
<i>TDC/Unit</i>	<i>171,331</i>	<i>211,974</i>	<i>392,761</i>	<i>266,688</i>	<i>598,277</i>	<i>52,648</i>
Excess Proceeds Allocation (B)	n/a	3,910,083	2,665,201	1,866,818	3,589,661	2,579,729
Existing Loan Payoff (C)	3,381,317	377,242	-	-	-	-
TDC + Loan Payoff (A+C)	14,175,150	4,616,719	4,320,371	1,866,818	3,589,661	2,579,729
Gap (A+C-B)/PASS Loan	n/a	706,636	1,655,170	-	-	-

4.6 Temporary Relocation

No permanent relocation of any Project property resident will be necessary. As illustrated in Table F, MHDC assumes temporary relocation of residents at 3434 18th Street and 3019 23rd Street only. MHDC determined that temporary relocation cannot be avoided at these properties due to unit renovations. The relocation budgets for these properties reflect per unit costs of recently-implemented relocations by MHDC, including costs in connection with the 2019 Repairs at the Resource Property described in Section 3.2 and included in Table F.

The MOHCD CR Team has preliminarily reviewed and approved the relocation budget for 3019 23rd Street and 3434 18th Street. However, prior to utilizing Excess Proceeds on these properties, MHDC will submit third-party relocation plans, including resident outreach plans, from a qualified relocation consultant that meets Department of Public Health guidelines and includes all planning-related expenses, off-site unit rental costs (if applicable), moving costs, resident benefits costs, and other related administrative expenses.

MHDC plans to utilize its in-house relocation team to handle the resident interviews, planning, and execution of the relocation prior to and during construction. Residents may be relocated to off-site units on the private market (in some cases, short-term residency in hotels), off-site units in MHDC's buildings, and/or on-site in vacant units as part of a phased construction plan.

5. CONSTRUCTION SCOPES, BUDGETS AND SCHEDULES

MHDC has designated the portions of Excess Proceeds to Receiver Properties based on current due diligence findings and budget projections. The Sponsor will provide final general contractor budgets as a condition of using any Excess Proceeds. Table G, at the end of this Section, summarizes the rehabilitation scope of work for each Reinvestment Project property and notes the estimated construction schedule.

5.1. Scopes and schedule

The construction has been scoped by a general contractor for all the Reinvestment Project properties. The Sponsor has provided third-party CNAs for each property with replacement reserve running balances. The MOHCD CR Team has reviewed and approved the scopes and budgets at this stage and endorses the approval of the MHDC Request. However, as a post-closing requirement of the Refinance Loan, the Sponsor will provide final construction contracts including a schedule of values for each Reinvestment Project property with the recommended critical and life-safety capital repairs outlined in the CNAs, and final relocation plans for 3019 23rd Street and 3434 18th Street for the MOHCD CR Team review and approval.

The MOHCD CR Team's preliminary review confirms that the properties' construction costs compare favorably to substantial rehabs and seismic retrofits of similar scale recently funded in the MOHCD portfolio (see Attachment M: Comparison of City Investment in Other Housing Developments). However, due to some elements of the scope of work (see Table G), both development and construction costs per unit do not perfectly compare to the costs of other properties in the MOHCD portfolio rehabbed recently or in the pipeline. Those elements include: a) the addition of three Accessory Dwelling Units (ADUs) at 3434 18th Street on six existing parking garages; b) the preparation of the cold shell for an existing commercial space for 2800 Bryant Street; and c) the targeted rehabilitation of Dunleavy Plaza to address immediate, health and safety-related repairs until the property undergoes a substantial redevelopment planned in partnership with MOHCD, the Metropolitan Transportation Commission, and HCD (collectively, the "Stakeholders"). Furthermore, although there is no new direct financial subsidy from MOHCD on any of the Project properties, Attachment M shows a City subsidy for each Receiver Property. These are equal to 50% of the Excess

Proceeds allocated to the properties or the share of proceeds the City would receive if MHDC had chosen a 50/50 split with the City, an option also contemplated by the Policy. By foregoing its share of the proceeds, the City is effectively investing them in the Project.

For Dunleavy Plaza, the Sponsor proposes to complete the work without the use of general contracting services and plans to self-perform repairs outlined in the CNA report through a competitive bid process. The proposed scope of work anticipates addressing only life-safety requirements for the current residents. Given the estimated \$17 million of deferred maintenance estimated by the contractor, cash flow challenges stemming from the original, 1984 financing structure of the property, and the sunset of HCD's RHCP-O annuity contract, the Sponsor plans to restructure the financing of Dunleavy Plaza, increase soft funding sources, and raise tax credit equity to finance the property's deferred maintenance.

The Sponsor has been actively working with third-party consultants to create a comprehensive financing and design proposal that outlines the objectives of the redevelopment of the property and addresses the estimated \$17 million of deferred maintenance. MHDC expects to submit a proposal for the redevelopment of Dunleavy Plaza to the Stakeholders in the next two years.

Table G: Rehab Scope of Work of Reinvestment Project and Schedule

Property		Excess Proceeds Allocation	Scope of Work	Construction Start	Construction Completion
Resource Property	Mariposa Gardens (built in 1983, rehabbed in 2004)	n/a	<i>Exterior/Common Areas:</i> Demolition, exterior stucco and 3rd floor underside of entry landings and balconies, insulation, and flashing/sheet metal repairs on buildings, exterior paint, refurbishment of gate entry hardware and intercom systems, dry rot repairs, waterproofing on exterior balcony decks and podium deck, seismic/soft story upgrades on garage area, improved common area accessibility signage, new exterior LED site lighting, security systems allowances, fire detection and alarm for all buildings, and waterproofing the building envelope. <i>Unit Interiors:</i> Subpanel electrical upgrades on all units.	8/2/2021	5/23/2022
Receiver Properties	Maria Alicia Apts. (built in 1988)	3,910,083	<i>Exterior/Common Areas:</i> Common area accessibility upgrades. Fire, life & safety upgrades. Replacement of roofing & assemblies. Strengthening the roof structure with PV panels installed, as an alternate. New waterproof finishes on walkways & unit balconies. New lights in common spaces. New retrofit windows, as an alternate. New waterproofing and finishes on courtyard with new children playground. Installing soundproofing on units above commercial space & garages. New ventilation system at garage. New bike storage. New energy efficient water heaters. New security camera system. Elevator cab replacement.	6/30/2021	12/27/2021
	3434 18th (built in 1924)	2,665,201	Additional 3 Accessible ADU units on existing garages. Building electrification includes new electric stoves, HVAC & central water heater systems on all of the units. Haz-Mat abatement for upper existing units. Replacing the kitchen cabinets. Energy upgrades, new appliances and fixtures. New retrofit windows. Fire, life & safety upgrades. Improvements for the upper units requires six months of temporary re-location.	8/1/2021	1/28/2022

2800 Bryant (built in 1907)	1,866,818	<i>Exterior/Common Areas:</i> Haz-Mat abatement. Soft story retrofit. Prepare "Cold Shell" space for commercial space. Upgrading the electrical service. Ground floor storefront and exterior siding repairs & painting. Fire, life & safety upgrades. Strengthening the roof structure, replacement of the roof & assemblies with PV panels installed.	6/30/2021	10/28/2021
3019 23 rd (built in 1907)	3,589,661	<i>Common Areas:</i> Soft story, lead paint stabilization, structural reinforcements, stucco/siding repairs, exterior door entry and hardware, mold remediation, concrete flat work, new fence, life & safety systems, new wiring in interiors, PV allowance, plumbing & HVAC, relocate wiring, main sewer line and old plumbing lines, dry rot allowance, scaffolding, temporary relocation.	12/1/2021	6/30/2022
Dunleavy Plaza (built in 1985)	2,579,729	<i>Common Areas:</i> ADA accessibility site access and restrooms, life & safety repairs, exterior stucco siding, traffic coating and waterproofing on balcony decks and patios, window & slider replacements as needed, parapet walls, roof repairs, exterior lighting, security cameras, entry call system, elevator mechanical and cabinet upgrades. <i>Unit Interiors:</i> Bathroom exhaust fans, fire alarm and sprinkler systems, plumbing allowance for repairs, trash chute and door upgrades, door entry systems, flooring, cabinets, stoves, refrigerators, range hoods, bathroom vanity, tubs, interior paint, bath accessories, and interior doors limited to five (5) units.	10/1/2021	12/30/2021
Total:	\$ 14,611,490			

5.2 MOHCD Construction Monitoring

The CR Team will monitor progress of the full scopes of work for construction at the Receiver Properties as part of compliance for the use of Excess Proceeds, to ensure construction and relocation are on track for timely completion and in alignment with the CNAs and the construction contracts. The CR Team will also focus their review on the specific line items identified in the construction budgets that pertain to the specific allocations of the Excess Proceeds as described by the Note. The City Attorney has approved this mechanism for monitoring the work by portions of the scope and writing down the Note.

The Sponsor will provide new CNA's at completion of the full scope of both Resource and the Receiver Properties' construction projects. The Sponsor will also deliver approved project pay apps/draws as evidence of the completed work and final permits as a condition of the cancellation of the Note and Security Agreement.

6. CONCLUSIONS AND RECOMMENDATIONS

Subject to the conditions in the following section, staff recommends that the Committee approve MHDC's Request for the Reinvestment Waiver of the Policy for the Project. MHDC has done an analysis of its portfolio to identify the properties most able to support additional debt and leverage resources to provide funding for properties in the portfolio with the most unfunded immediate capital needs.

The Waiver serves to significantly extend the useful life of both the Resource and Receiver Properties. It allows for the efficient administration and effective use of funds without placing additional burden on MOHCD to tap limited public resources to fund essential rehabilitation projects. This is precisely what the Waiver was intended to do.

The Project and this Waiver provide the framework to extend and, whenever applicable, restructure the existing City debt on the Receiver Properties. The amendment of the Mariposa Gardens Original Ground Lease and extension of the City loans on the Receiver Properties will ensure extended long-term affordability for 156 low-income households with the recordation of amended or new declarations of restrictions.

The Sponsor has provided the due diligence documentation required by the Policy. MOHCD staff has done extensive analysis to assess these materials and verify the feasibility of the Reinvestment Project. The Sponsor has formed a project team of asset managers, construction managers, and third-party consultants, all led by VMS, to ensure the viability of the Project and mitigate risks, solidify the financing sources, and deliver the seismic upgrades and rehabs on schedule.

MOHCD staff recognizes that the Project will require additional adjustments. In coordination with MOHCD staff, including the CR and AM teams, and the City Attorney, the MHDC team will continue to finalize the Excess Proceeds allocations post Refinance Loan closing. However, the Sponsor will provide final construction documents and contracts for Mariposa Gardens within ninety days of closing of the Refinance Loan and prior to using Excess Proceeds.

The Sponsor will also provide final relocation plans, as applicable, and construction documents and contracts for the Receiver Properties prior to withdrawing any funds from the Deposit Account. MOHCD staff will further evaluate the budget and proforma of 3434 18th Street and Maria Alicia Apartments when MHDC submits an application for PASS gap financing. Finally, to ensure full compliance and delivery of complete rehab projects, the Sponsor will provide all pay apps/draws and final permits before cancellation of the Note.

7. RECOMMENDED CONDITIONS

- Prior to and as a condition of closing of the Refinance Loan, the Sponsor will:
 - Pay the Resource Property's accrued ground lease rent due to MOHCD. As of the date of this Memo, the accrued ground lease rent due from the Sponsor, including the 2019 and 2020 rent, is \$358,400.
 - Record an amendment to the existing Mariposa Gardens' Declaration of Restrictions to extend the affordability restrictions for at least fifty-five years, as required by the Policy.
- Within sixty days of closing of the Refinance Loan, the Sponsor will provide a detailed critical path/Project Schedule Gantt Chart that shows the overlap of the work and relocation and highlights the potential friction points to the Sponsor.

- Within ninety days of closing of the Refinance Loan , and in connection with Mariposa Gardens, the Sponsor will provide or obtain:
 - Final construction contract for the substantial rehab and soft story retrofit for approval by the CR Team.
 - Provide complete documentation of the predevelopment costs paid for with the 2020 surplus cash after payment of the City’s accrued ground lease rent and the Original Ground Lease-mandated distributions, if any (see Section 3.1.6).
- As a condition of the Note write down and cancellation and the termination of the Security and Deposit Account Control Agreements, the Sponsor will deliver post-rehab CNAs and approved project pay apps/draws and final permits as evidence of the completed work.
- As a condition for utilizing Excess Proceeds on any Reinvestment Project property, the Sponsor will:
 - Provide final construction contracts for approval by the CR team. The Sponsor must ensure that the contract’s scope of work and hard cost estimates for the rehabilitation of Reinvestment Project properties:
 - a) meet MOHCD underwriting guidelines for contractor contingency, hard cost contingency, and allowances,
 - b) match the CNAs (as updated or clarified, if applicable),
 - c) are in conformance with the construction estimate, and schedules, and
 - d) address all life -safety items (seismic, haz mat, fire alarm, fire suppression, fire alarm and CO detection) in all instances and without exception.
 - Provide final relocation plans, including resident outreach plans, from qualified third-party consultants for 3019 23rd Street and 3434 18th Street for approval by the CR Team and MOHCD’s Director of Residential and Community Services.
 - Record new or amended (as applicable) Declarations of Restrictions to extend the affordability restrictions for at least fifty-five years, as required by the Policy.
- MHDC will provide rehabilitation progress reports to the CR Team and meet with MOHCD staff on a quarterly basis, or as often as needed, to discuss the progress of the rehabilitation of each property encompassed by the Reinvestment Project.
- In the event there is a change in the amount of Excess Proceeds, due to, i.e., a change in the Refinance Loan, MOHCD (AM and CR Team) staff will have the authority to

review and approve reallocations of the Excess Proceeds to Reinvestment Project properties ensuring that the needs of the Resource Property are addressed first. In case additional Excess Proceeds are available, they will be used, in order of priority, to increase contingencies, address the needs of the Resource Property, and address the needs of Receiver Properties.

8. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

_____ Date: _____

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

_____ Date: _____

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

_____ Date: _____

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

_____ Date: _____

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

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Friday, May 21, 2021 5:47 PM
To: Chavez, Rosanna (MYR)
Subject: MOHCD Cash Out Reinvestment Waiver

I approve

Eric D. Shaw
Director/ Interim Director HopeSF

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

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Friday, May 21, 2021 3:37 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: MOHCD CASH-OUT POLICY REINVESTMENT WAIVER

I approve MHDC request of a Reinvestment Waiver of MOHCD Cash-Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy to allow MHDC to leverage 100% of the excess proceeds from the refinance of Mariposa Gardens Apartments by investing those proceeds (approximately \$14.6 million) in five high-priority properties in need of significant rehabilitation, accessibility, and seismic upgrades: Maria Alicia Apartments, 3434 18th Street, 2800 Bryant Street, 3019 23rd Street, and Dunleavy Plaza.

Salvador



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

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Chavez, Rosanna (MYR)

From: Oerth, Sally (CII)
Sent: Friday, May 21, 2021 3:42 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR); Cortez, Omar (MYR)
Subject: MOHCD Cash Out Reinvestment Waiver ,5.21.21 Loan Committee

I approve the MOHCD Cash Out Reinvestment Waiver, as presented at the 5.21.21 Loan Committee



Sally Oerth
Interim Executive Director

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

Chavez, Rosanna (MYR)

From: Pereira Tully, Marisa (CON)
Sent: Friday, May 21, 2021 11:49 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: MOHCD Cash-out Policy Reinvestment Waiver

Approve

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

- Attachments:
- A. Mariposa Gardens Apartments – 1st Year Operating Budget
 - B. Mariposa Gardens Apartments – 20-Year Proforma
 - C. Maria Alicia Apartments – 1st Year Operating Budget
 - D. Maria Alicia Apartments – 20-Year Proforma
 - E. 3434 18th Street – 1st Year Operating Budget
 - F. 3434 18th Street – 20-Year Proforma
 - G. 2800 Bryant Street – 1st Year Operating Budget
 - H. 2800 Bryant Street – 20-Year Proforma
 - I. 3019 23rd Street – 1st Year Operating Budget
 - J. 3019 23rd Street – 20-Year Proforma
 - K. Dunleavy Plaza Apartments – 1st Year Operating Budget
 - L. Dunleavy Plaza Apartments – 20-Year Proforma
 - M. Comparison of City Investment in Other Housing Developments
 - N. Borrower Org Chart
 - O. Sponsor Qualifications and Staff Assignments
 - P. MOHCD Cash-Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy (effective June 19, 2020)
 - Q. MOHCD Audit Letter, dated May 14, 2019.
 - R. Reinvestment Project – Flow of Funds

Application Date: 9/8/2020 **Project Name:** Mariposa Gardens
Total # Units: 63 **Project Address:** 2445 Mariposa Street
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): **2021** **Project Sponsor:** Mission Housing Development Corporation

INCOME	Total	Comments
Residential - Tenant Rents	530,976	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	2,633,172	Links from 'Existing Proj - Rent Info' Worksheet
Commercial Space	0	0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	7,200	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	3,171,348	
Vacancy Loss - Residential - Tenant Rents	(2,655)	Vacancy loss is 0.5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(13,166)	Vacancy loss is 0.5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	3,155,527	PUPA: 50,088
OPERATING EXPENSES		
Management		
Management Fee	58,288	1st Year to be set according to HUD schedule.
Asset Management Fee	22,670	Source: Operating Fees Policy Maximum AMF Chart
Sub-total Management Expenses	80,958	PUPA: 1,285
Salaries/Benefits		
Office Salaries	15,750	Part-time floating assistant manager
Manager's Salary	51,051	
Health Insurance and Other Benefits	35,700	
Other Salaries/Benefits	0	
Administrative Rent-Free Unit	30,384	
Sub-total Salaries/Benefits	132,885	PUPA: 2,109
Administration		
Advertising and Marketing	21,168	
Office Expenses	14,605	
Office Rent	0	
Legal Expense - Property	6,365	
Audit Expense	8,900	
Bookkeeping/Accounting Services	12,978	
Bad Debts	0	
Miscellaneous	42,316	Occupancy Specialist
Sub-total Administration Expenses	106,332	PUPA: 1,688
Utilities		
Electricity	12,840	
Water	56,239	
Gas	19,200	
Sewer	77,760	
Sub-total Utilities	166,039	PUPA: 2,636
Taxes and Licenses		
Real Estate Taxes	1,000	
Payroll Taxes	15,346	
Miscellaneous Taxes, Licenses and Permits	2,000	
Sub-total Taxes and Licenses	18,346	PUPA: 291
Insurance		
Property and Liability Insurance	37,200	
Fidelity Bond Insurance	0	
Worker's Compensation	12,936	
Director's & Officers' Liability Insurance	0	
Sub-total Insurance	50,136	PUPA: 796
Maintenance & Repair		
Payroll	100,464	Maintenance and Repairs Payroll
Supplies	33,287	Maintenance and Grounds Supplies, Repair, and Decorating Materials
Contracts	89,225	Maintenance and Grounds Contracts, Repair, and Decorating Contracts
Garbage and Trash Removal	69,846	
Security Payroll/Contract	12,000	
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses	742	
Sub-total Maintenance & Repair Expenses	305,564	PUPA: 4,850
Supportive Services	163,963	Resident Services
Commercial Expenses	0	Links from 'Commercial Op. Budget' Worksheet
TOTAL OPERATING EXPENSES	1,024,223	PUPA: 16,258
Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	20,000	Ground lease with MOHCD Base Rent due each year
Bond Monitoring Fee		
Replacement Reserve Deposit	63,000	Recommended by PCNA Report dated March 9, 2021
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	83,000	PUPA: 1,317
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	1,107,223	PUPA: 17,575
NET OPERATING INCOME (INCOME minus OP EXPENSES)	2,048,304	PUPA: 32,513
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	1,513,835	W&D 1st Mortgage Subject to change relative to market interest rates
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd)	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	1,513,835	PUPA: 24,029
CASH FLOW (NOI minus DEBT SERVICE)	534,469	
USES OF CASH FLOW BELOW (This row also shows DSCR.)	1.35	
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		
Partnership Management Fee (see policy for limits)		
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		
Other Payments		
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	0	Def. Develop. Fee split: 0% Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	0	PUPA: 0
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	534,469	
Residual Receipts Calculation		
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease? Yes
Will Project Defer Developer Fee?	No	
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr	33%	
% of Residual Receipts available for distribution to soft debt lenders	67%	
Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. recs.	\$0
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$28,900,000
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	356,313	67% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	356,313	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lea	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE	178,156	
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	178,156	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	
Final Balance (should be zero)	0	

Mariposa Gardens

Total # Units: 63

Table with 12 columns for years (2021-2030) and multiple rows for income, operating expenses, reserves, and cash flow. Includes sub-totals and percentages.

Mariposa Gardens

Total # Units: 63

	% annual increase	Comments (related to annual inc assumptions)	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
			2021	2022	2023	2024	2025	2026	2027	2028	2029	2040
INCOME												
Residential - Tenant Rents	2.5%		679,694	696,687	714,104	731,956	750,255	769,012	788,237	807,943	828,141	848,845
Residential - Tenant Assistance Payments (Non-LOSP)	1.5%	Subject to HUD Rental Increases Each Year	3,055,904	3,101,742	3,148,266	3,195,492	3,243,425	3,292,076	3,341,457	3,391,579	3,442,453	3,494,090
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%		9,217	9,447	9,683	9,925	10,173	10,428	10,688	10,956	11,230	11,510
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			3,744,814	3,807,876	3,872,055	3,937,374	4,003,853	4,071,515	4,140,383	4,210,478	4,281,824	4,354,445
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(6,797)	(6,967)	(7,141)	(7,320)	(7,503)	(7,690)	(7,882)	(8,079)	(8,281)	(8,488)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(30,559)	(31,017)	(31,483)	(31,955)	(32,434)	(32,921)	(33,415)	(33,916)	(34,425)	(34,941)
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			3,707,458	3,769,891	3,833,431	3,898,099	3,963,917	4,030,905	4,099,086	4,168,482	4,239,118	4,311,015
OPERATING EXPENSES												
Management												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	82,221	85,099	88,077	91,160	94,350	97,653	101,071	104,608	108,269	112,059
Asset Management Fee	3.5%	per MOHCD policy	31,978	33,098	34,256	35,455	36,696	37,980	39,309	40,685	42,109	43,583
Sub-total Management Expenses			114,199	118,196	122,333	126,615	131,046	135,633	140,380	145,293	150,379	155,642
Salaries/Benefits												
Office Salaries	3.5%		22,217	22,995	23,799	24,632	25,494	26,387	27,310	28,266	29,255	30,279
Manager's Salary	3.5%		72,012	74,533	77,142	79,842	82,636	85,528	88,522	91,620	94,827	98,146
Health Insurance and Other Benefits	3.5%		50,358	52,121	53,945	55,833	57,787	59,810	61,903	64,070	66,312	68,633
Other Salaries/Benefits	3.5%		-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%		42,860	44,360	45,912	47,519	49,182	50,904	52,685	54,529	56,438	58,413
Sub-total Salaries/Benefits			187,447	194,006	200,798	207,826	215,100	222,629	230,421	238,465	246,832	255,472
Administration												
Advertising and Marketing	3.5%		29,860	30,905	31,986	33,106	34,265	35,464	36,705	37,990	39,319	40,696
Office Expenses	3.5%		20,802	21,323	22,069	22,842	23,641	24,468	25,325	26,211	27,129	28,078
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		8,978	9,293	9,618	9,955	10,303	10,664	11,037	11,423	11,823	12,237
Audit Expense	3.5%		12,554	12,994	13,449	13,919	14,406	14,911	15,432	15,973	16,532	17,110
Bookkeeping/Accounting Services	3.5%		18,307	18,947	19,611	20,297	21,007	21,743	22,504	23,291	24,106	24,950
Bad Debts	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%		59,691	61,780	63,942	66,180	68,497	70,894	73,375	75,943	78,602	81,353
Sub-total Administration Expenses			149,992	155,241	160,675	166,299	172,119	178,143	184,378	190,831	197,511	204,423
Utilities												
Electricity	3.5%		18,112	18,746	19,402	20,081	20,784	21,511	22,264	23,044	23,850	24,685
Water	3.5%		79,331	82,107	84,981	87,955	91,034	94,220	97,518	100,931	104,463	108,120
Gas	3.5%		27,083	28,031	29,013	30,028	31,079	32,167	33,293	34,458	35,664	36,912
Sewer	3.5%		109,688	113,527	117,501	121,613	125,870	130,275	134,835	139,554	144,438	149,494
Sub-total Utilities			234,214	242,412	250,896	259,678	268,766	278,173	287,909	297,986	308,416	319,210
Taxes and Licenses												
Real Estate Taxes	3.5%		1,411	1,460	1,511	1,564	1,619	1,675	1,734	1,795	1,857	1,923
Payroll Taxes	3.5%		21,647	22,405	23,189	24,000	24,840	25,710	26,610	27,541	28,503	29,500
Miscellaneous Taxes, Licenses and Permits	3.5%		2,821	2,920	3,022	3,128	3,237	3,351	3,468	3,589	3,715	3,845
Sub-total Taxes and Licenses			25,879	26,785	27,722	28,692	29,697	30,736	31,812	32,925	34,077	35,270
Insurance												
Property and Liability Insurance	3.5%		52,474	54,311	56,212	58,179	60,215	62,323	64,504	66,762	69,099	71,517
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		18,248	18,886	19,547	20,231	20,939	21,672	22,431	23,216	24,028	24,869
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			70,722	73,197	75,759	78,411	81,155	83,995	86,935	89,978	93,127	96,387
Maintenance & Repair												
Payroll	3.5%		141,714	146,674	151,808	157,121	162,621	168,312	174,203	180,300	186,611	193,142
Supplies	3.5%		46,955	48,598	50,299	52,059	53,881	55,767	57,719	59,739	61,830	63,994
Contracts	3.5%		125,861	130,266	134,825	139,544	144,428	149,483	154,715	160,130	165,734	171,535
Garbage and Trash Removal	3.5%		98,525	101,973	105,542	109,236	113,059	117,016	121,112	125,351	129,738	134,279
Security Payroll/Contract	3.5%		16,927	17,520	18,133	18,767	19,424	20,104	20,808	21,536	22,290	23,070
HVAC Repairs and Maintenance	3.5%		-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%		1,047	1,083	1,121	1,160	1,201	1,243	1,287	1,332	1,378	1,426
Sub-total Maintenance & Repair Expenses			431,028	446,114	461,728	477,889	494,615	511,926	529,844	548,388	567,582	587,447
Supportive Services	3.5%		231,286	239,381	247,759	256,431	265,406	274,695	284,310	294,260	304,560	315,219
Commercial Expenses			-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES			1,444,768	1,495,335	1,547,671	1,601,840	1,657,904	1,715,931	1,775,988	1,838,148	1,902,483	1,969,070
Reserves/Ground Lease Base Rent/Bond Fees												
Ground Lease Base Rent		Multiple cells.	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Bond Monitoring Fee			-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit			63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	111,000
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			1,527,768	1,578,335	1,630,671	1,684,840	1,740,904	1,798,931	1,858,988	1,921,148	1,985,483	2,080,070
NET OPERATING INCOME (INCOME minus OP EXPENSES)			2,179,691	2,191,557	2,202,760	2,213,260	2,223,012	2,231,974	2,240,097	2,247,334	2,253,635	2,230,945
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender		Multiple cells.	1,513,835	1,513,835	1,513,835	1,513,835	1,513,835	1,513,835	1,513,835	1,513,835	1,513,835	1,513,835
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			1,513,835	1,513,835	1,513,835	1,513,835	1,513,835	1,513,835	1,513,835	1,513,835	1,513,835	1,513,835
CASH FLOW (NOI minus DEBT SERVICE)			665,855	677,72								

Application Date: 9/14/2020 **Project Name:** Maria Alicia
Total # Units: 20 **Project Address:** 3090 16th Street
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): **2020** **Project Sponsor:** Mission Housing Development Corporation

INCOME	Total	Comments
Residential - Tenant Rents	386,808	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	0	Links from 'Existing Proj - Rent Info' Worksheet
Commercial Space	205,691	0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	6,000	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	598,499	
Vacancy Loss - Residential - Tenant Rents	(19,340)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	0	#DIV/0!
Vacancy Loss - Commercial	(85,129)	Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	494,030	PUPA: 24,701

OPERATING EXPENSES

Management		
Management Fee	27,260	1st Year to be set according to HUD schedule.
Asset Management Fee	21,900	Asset Management Fee Paid from Operations including a 3.5% escalator
Sub-total Management Expenses	49,160	PUPA: 2,458

Salaries/Benefits		
Office Salaries		
Manager's Salary	40,188	
Health Insurance and Other Benefits	10,788	
Other Salaries/Benefits		
Administrative Rent-Free Unit	17,688	
Sub-total Salaries/Benefits	68,664	PUPA: 3,433

Administration		
Advertising and Marketing	3,611	Occupancy Services
Office Expenses	4,500	
Office Rent	350	Misc Renting Expenses
Legal Expense - Property	4,000	
Audit Expense	9,600	
Bookkeeping/Accounting Services	5,400	
Bad Debts	1,500	
Miscellaneous	9,072	Telephone & Answering Services, Miscellaneous-Administrative
Sub-total Administration Expenses	38,033	PUPA: 1,902

Utilities		
Electricity	12,900	
Water	18,573	
Gas	5,597	
Sewer	24,840	
Sub-total Utilities	61,910	PUPA: 3,096

Taxes and Licenses		
Real Estate Taxes	3,500	
Payroll Taxes	3,996	
Miscellaneous Taxes, Licenses and Permits	2,000	
Sub-total Taxes and Licenses	9,496	PUPA: 475

Insurance		
Property and Liability Insurance	20,420	
Fidelity Bond Insurance		
Worker's Compensation	3,473	
Director's & Officers' Liability Insurance		
Sub-total Insurance	23,893	PUPA: 1,195

Maintenance & Repair		
Payroll	0	
Supplies	11,250	Janitorial/Cleaning, Grounds, Repair Materials, Decorating
Contracts	69,148	Janitorial/Cleaning, Exterminating, Grounds, Repairs, Elevator Maintenance, Decorating
Garbage and Trash Removal	28,700	
Security Payroll/Contract	17,945	
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses	1,500	
Sub-total Maintenance & Repair Expenses	128,543	PUPA: 6,427

Supportive Services	40,926	
Commercial Expenses	0	Links from 'Commercial Op. Budget' Worksheet

TOTAL OPERATING EXPENSES **420,625** **PUPA: 21,031**

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent	0	Provide additional comments here, if needed.
Bond Monitoring Fee	5,000	MOHCD PASS \$2,500 Compliance & \$2,500 Loan Servicing Fee due annually
Replacement Reserve Deposit	36,000	Recommended annual deposit to fully fund long-term capital plan.
Operating Reserve Deposit	1,231	25% of the prior year's project expenses up to \$135,000
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		0.060184228
Required Reserve Deposit/s, Commercial	0	Links from 'Commercial Op. Budget' Worksheet
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	42,231	PUPA: 2,112

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

462,856 PUPA: 23,143

Min DSCR: 1.1

Mortgage Rate: 2.58%

Term (Years): 40

NET OPERATING INCOME (INCOME minus OP EXPENSES)

31,174 PUPA: 1,559

Supportable 1st Mortgage Pmt: 28,340

Supportable 1st Mortgage Amt: \$706,636

Application Date: 9/14/2020 **Project Name:** Maria Alicia
Total # Units: 20 **Project Address:** 3090 16th Street
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): **2020** **Project Sponsor:** Mission Housing Development Corporation

Proposed 1st Mortgage Amt: \$377,242

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

Hard Debt - First Lender	28,279	MOHCD PASS Loan	New MOHCD Pass Loan
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Le	0		Expect to restructure debt to make loans zero percent
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		28,279	PUPA: 1,414

CASH FLOW (NOI minus DEBT SERVICE) **2,895**

USES OF CASH FLOW BELOW (This row also shows DSCR.) **1.10**

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			
Other Payments			
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)			Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)			Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)		Def. Develop. Fee split: 0%	Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD		0	PUPA: 0

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) **2,895**

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation? **Yes** Project has MOHCD ground lease? **No**
 Will Project Defer Developer Fee? **No**
 Max **Deferred Developer Fee/Borrower** % of Residual Receipts in Yr 1: **33%**
 % of Residual Receipts available for distribution to **soft debt lenders** in : **67%**

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	\$547,304	100.00%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value		0.00%
HCD (soft debt loan) - Lender 3			0.00%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due	1,930	67% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	1,930	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE **965**

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) **965**

Owner Distributions/Incentive Management Fee	965	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	
Final Balance (should be zero)	0	

Maria Alicia

Total # Units: 20

			Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
			2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
INCOME	% annual increase	Comments (related to annual inc assumptions)	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Residential - Tenant Rents	3.2%		530,020	546,981	564,484	582,548	601,189	620,427	640,281	660,770	681,915	703,736
Residential - Tenant Assistance Payments (Non-LOSP)	n/a											
Commercial Space	2.5%		263,302	263,302	263,302	263,302	263,302	297,902	297,902	297,902	297,902	297,902
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%		7,681	7,873	8,069	8,271	8,478	8,690	8,907	9,130	9,358	9,592
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			801,003	818,155	835,855	854,121	872,969	927,019	947,090	967,802	989,174	1,011,230
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual increasing usually not appropriate	(26,501)	(27,349)	(28,224)	(29,127)	(30,059)	(31,021)	(32,014)	(33,038)	(34,096)	(35,187)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a											
Vacancy Loss - Commercial	n/a		(13,165)	(13,165)	(13,165)	(13,165)	(13,165)	(14,895)	(14,895)	(14,895)	(14,895)	(14,895)
EFFECTIVE GROSS INCOME			761,336	777,641	794,466	811,828	829,744	881,103	900,181	919,868	940,184	961,148
OPERATING EXPENSES												
Management												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	38,453	39,799	41,192	42,633	44,126	45,670	47,268	48,923	50,635	52,407
Asset Management Fee	3.5%	per MOHCD policy	30,892	31,973	33,092	34,251	35,449	36,696	37,974	39,303	40,679	42,103
Sub-total Management Expenses			69,345	71,772	74,284	76,884	79,575	82,366	85,242	88,226	91,314	94,510
Salaries/Benefits												
Office Salaries	3.5%											
Manager's Salary	3.5%		56,689	58,673	60,727	62,852	65,052	67,329	69,685	72,124	74,649	77,261
Health Insurance and Other Benefits	3.5%		15,218	15,750	16,301	16,872	17,462	18,074	18,706	19,361	20,039	20,740
Other Salaries/Benefits	3.5%											
Administrative Rent-Free Unit	3.5%		24,951	25,824	26,728	27,663	28,631	29,634	30,671	31,744	32,855	34,005
Sub-total Salaries/Benefits			96,857	100,247	103,756	107,387	111,146	115,036	119,062	123,230	127,543	132,007
Administration												
Advertising and Marketing	3.5%		5,094	5,272	5,456	5,647	5,845	6,050	6,261	6,481	6,707	6,942
Office Expenses	3.5%		6,348	6,570	6,800	7,038	7,284	7,539	7,803	8,076	8,359	8,651
Office Rent	3.5%		494	511	529	547	567	586	607	628	650	673
Legal Expense - Property	3.5%		5,942	5,940	6,044	6,256	6,475	6,701	6,936	7,179	7,430	7,690
Audit Expense	3.5%		13,542	14,016	14,506	15,014	15,539	16,083	16,646	17,228	17,832	18,456
Bookkeeping/Accounting Services	3.5%		7,617	7,894	8,160	8,445	8,741	9,047	9,364	9,691	10,030	10,382
Bad Debts	3.5%		2,116	2,190	2,267	2,346	2,428	2,513	2,601	2,692	2,786	2,884
Miscellaneous	3.5%		12,797	13,245	13,708	14,188	14,685	15,199	15,731	16,281	16,851	17,441
Sub-total Administration Expenses			53,649	55,527	57,470	59,482	61,564	63,719	65,949	68,257	70,646	73,118
Utilities												
Electricity	3.5%		18,197	18,834	19,493	20,175	20,881	21,612	22,368	23,151	23,962	24,800
Water	3.5%		26,199	27,116	28,065	29,047	30,064	31,116	32,205	33,333	34,499	35,707
Gas	3.5%		7,895	8,171	8,457	8,753	9,060	9,377	9,705	10,045	10,396	10,760
Sewer	3.5%		35,039	36,266	37,535	38,849	40,208	41,612	43,072	44,580	46,140	47,755
Sub-total Utilities			87,330	90,387	93,550	96,825	100,213	103,721	107,351	111,108	114,997	119,022
Taxes and Licenses												
Real Estate Taxes	3.5%		4,337	5,110	5,289	5,474	5,665	5,864	6,069	6,281	6,501	6,729
Payroll Taxes	3.5%		5,637	5,834	6,038	6,250	6,468	6,695	6,929	7,172	7,423	7,682
Miscellaneous Taxes, Licenses and Permits	3.5%		2,821	2,920	3,022	3,128	3,237	3,351	3,468	3,589	3,715	3,845
Sub-total Taxes and Licenses			13,995	13,864	14,349	14,851	15,371	15,909	16,466	17,042	17,639	18,256
Insurance												
Property and Liability Insurance	3.5%		28,804	29,813	30,856	31,936	33,054	34,211	35,408	36,647	37,930	39,257
Fidelity Bond Insurance	3.5%											
Worker's Compensation	3.5%		4,899	5,070	5,248	5,432	5,622	5,818	6,022	6,233	6,451	6,677
Director's & Officers' Liability Insurance	3.5%											
Sub-total Insurance			33,703	34,883	36,104	37,368	38,675	40,029	41,430	42,880	44,381	45,934
Maintenance & Repair												
Payroll	3.5%											
Supplies	3.5%		15,869	16,425	17,000	17,595	18,210	18,848	19,507	20,190	20,897	21,628
Contracts	3.5%		97,540	100,954	104,487	108,144	111,929	115,847	119,902	124,098	128,442	132,937
Garbage and Trash Removal	3.5%		40,484	41,901	43,368	44,886	46,457	48,083	49,765	51,507	53,310	55,176
Security Payroll/Contract	3.5%		25,313	26,199	27,116	28,065	29,047	30,064	31,116	32,205	33,333	34,499
HVAC Repairs and Maintenance	3.5%											
Vehicle and Maintenance Equipment Operation and Repairs	3.5%											
Miscellaneous Operating and Maintenance Expenses	3.5%		2,116	2,190	2,267	2,346	2,428	2,513	2,601	2,692	2,786	2,884
Sub-total Maintenance & Repair Expenses			181,323	187,669	194,237	201,036	208,072	215,354	222,892	230,693	238,767	247,124
Supportive Services	3.5%		57,730	59,751	61,842	64,008	66,247	68,565	70,965	73,449	76,020	78,680
Commercial Expenses												
TOTAL OPERATING EXPENSES			593,333	614,100	635,593	657,839	680,863	704,694	729,358	754,885	781,306	808,652
Reserves/Ground Lease Base Rent/Bond Fees												
Ground Lease Base Rent												
Bond Monitoring Fee			5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Replacement Reserve Deposit			36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	47,250	35,000
Operating Reserve Deposit			3,319	3,440	3,567	3,696	3,823	3,963	4,108	4,257	4,412	7,385
Other Required Reserve 1 Deposit												
Other Required Reserve 2 Deposit												
Required Reserve Deposits, Commercial												
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			44,319	44,440	44,567	44,686	44,823	44,963	45,108	45,257	56,662	47,385
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)			637,652	658,540	680,150	702,525	725,686	749,657	774,466	800,143	837,969	856,038
NET OPERATING INCOME (INCOME minus OP EXPENSES)			123,684	119,101	114,316	109,304	104,059	131,446	125,715	119,725	102,215	105,110
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender												
Boston Private New Mortgage 9/1/2020			28,279	28,279	28,279	28,279	28,279	28,279	28,279	28,279	28,279	28,279
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)												
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)												
Hard Debt - Fourth Lender												
Commercial Hard Debt Service												
TOTAL HARD DEBT SERVICE			28,279	28,279	28,279	28,279	28,279	28,279	28,279	28,279	28,279	28,279
CASH FLOW (NOI minus DEBT SERVICE)												
			95,405	90,823	86,037	81,025	75,780	103,167	97,436	91,446	73,936	76,831
USES OF CASH FLOW BELOW (This row also shows DSCR.)			DSCR: 4.37	4.21	4.04	3.87	3.68	4.65	4.45	4.23	3.81	3.72
USES THAT PRECEED MOHCD DEBT SERVICE IN WATERFALL												
"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										
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase										
Other Payments												
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.										
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.										
Deferred Developer Fee (Enter amt <= Max Fee from row 131)												
TOTAL PAYMENTS PRECEDING MOHCD												
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)												
Does Project have a MOHCD Residual Receipt Obligation?			Yes		</							

Application Date: 9/8/2020 **Project Name:** 3434 18th Street
Total # Units: 11 **Project Address:** 3434 18th Street
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): **2021** **Project Sponsor:** Mission Housing Development Corporation

INCOME	Total	Comments
Residential - Tenant Rents	107,208	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	160,212	Links from 'Existing Proj - Rent Info' Worksheet
Commercial Space	0	0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
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 267,420

Vacancy Loss - Residential - Tenant Rents	(5,360)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(8,011)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	254,049	PUPA: 23,095

OPERATING EXPENSES

Management

Management Fee	6,099	1st Year to be set according to HUD schedule.
Asset Management Fee	22,670	2021 MOHCD Asset Management Fee
Sub-total Management Expenses	28,769	PUPA: 2,615

Salaries/Benefits

Office Salaries	5,999	Management Salaries
Manager's Salary		
Health Insurance and Other Benefits	2,456	
Other Salaries/Benefits	2,970	Activity Director
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	11,425	PUPA: 1,039

Administration

Advertising and Marketing	36	Employee Ads
Office Expenses	3,232	Office Equipment, Supplies, Telephone & Answering Services, Computer Expense,
Office Rent		
Legal Expense - Property	850	
Audit Expense	1,320	
Bookkeeping/Accounting Services		
Bad Debts		
Miscellaneous	281	Credit Reports, Meeting/Staff Development, Postage, Travel/Mileage, Training
Sub-total Administration Expenses	5,719	PUPA: 520

Utilities

Electricity	912	
Water	3,816	
Gas	0	
Sewer	5,268	
Sub-total Utilities	9,996	PUPA: 909

Taxes and Licenses

Real Estate Taxes	722	
Payroll Taxes	2,769	
Miscellaneous Taxes, Licenses and Permits	225	
Sub-total Taxes and Licenses	3,716	PUPA: 338

Insurance

Property and Liability Insurance	8,268	
Fidelity Bond Insurance		
Worker's Compensation	2,340	
Director's & Officers' Liability Insurance		
Sub-total Insurance	10,608	PUPA: 964

Maintenance & Repair

Payroll	10,918	Maintenance Technician, Cleaning Payroll
Supplies	5,175	Repairs Materials, Paint
Contracts	17,412	Cleaning, Carpet, Exterminating, Repairs, Interior Paint
Garbage and Trash Removal	5,412	
Security Payroll/Contract	3,700	Security Patrol Service, Alarm
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses	93	
Sub-total Maintenance & Repair Expenses	42,710	PUPA: 3,883

Supportive Services	10,340	Tenant Services Coordinator \$8,800 and Tenant Program expense \$1,320
Commercial Expenses	0	Links from 'Commercial Op. Budget' Worksheet

TOTAL OPERATING EXPENSES

123,283

PUPA: 11,208

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent	0	Provide additional comments here, if needed.
Bond Monitoring Fee	5,000	MOHCD PASS \$2,500 Compliance & \$2,500 Loan Servicing Fee due annually
Replacement Reserve Deposit	9,600	Increase Replacement Reserve deposit include \$9,600 per year PCNA recommendation
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
Required Reserve Deposit/s, Commercial	0	Links from 'Commercial Op. Budget' Worksheet
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	14,600	PUPA: 1,327

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

137,883 PUPA: 12,535

NET OPERATING INCOME (INCOME minus OP EXPENSES)

116,166 PUPA: 10,561

Min DSCR: 1.75
Mortgage Rate: 2.58%
Term (Years): 40
Supportable 1st Mortgage Pmt: 66,381
Supportable 1st Mortgage Amt: \$1,655,170
Proposed 1st Mortgage Amt: \$140,000

Application Date: 9/8/2020 **Project Name:** 3434 18th Street
Total # Units: 11 **Project Address:** 3434 18th Street
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): **2021** **Project Sponsor:** Mission Housing Development Corporation

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

Hard Debt - First Lender	69,238	MOHCD PASS Loan	Assumes 1.75 DSCR over 20 years due to negative cash
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	0		Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0		Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0		Provide additional comments here, if needed.
Commercial Hard Debt Service	0	Links from 'Commercial Op. Budget' Worksheet	
TOTAL HARD DEBT SERVICE	69,238	PUPA: 6,294	

CASH FLOW (NOI minus DEBT SERVICE) **46,928**

USES OF CASH FLOW BELOW (This row also shows DSCR.) **1.68**

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			
Other Payments			
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)			Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)			Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)		Def. Develop. Fee split: 0%	Provide additional comments here, if needed.

TOTAL PAYMENTS PRECEDING MOHCD **0** **PUPA: 0**

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) **46,928**

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation? **Yes** Project has MOHCD ground lease? **No**
 Will Project Defer Developer Fee? **No**
 Max **Deferred Developer Fee/Borrower** % of Residual Receipts in Yr 1 **33%**
 % of Residual Receipts available for distribution to **soft debt lenders** in **67%**

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	\$140,000	100.00%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value		0.00%
HCD (soft debt loan) - Lender 3			0.00%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due	31,285	67% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	31,285	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Leas	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE **15,643**

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) **15,643**

Owner Distributions/Incentive Management Fee	15,643	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	
Final Balance (should be zero)	0	

3434 18th Street

Total # Units: 11

		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										
Residential - Tenant Rents	2.5%	107,208	109,888	112,635	115,451	118,338	121,296	124,328	127,437	130,623	133,888
Residential - Tenant Assistance Payments (Non-LOSP)	0.5%	160,212	161,013	161,818	162,627	163,440	164,258	165,079	165,904	166,734	167,567
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	-	-	-	-	-	-	-	-	-	-
Gross Potential Income		267,420	270,901	274,454	278,079	281,778	285,554	289,407	293,341	297,356	301,456
Vacancy Loss - Residential - Tenant Rents	n/a	(5,360)	(5,494)	(5,632)	(5,773)	(5,917)	(6,065)	(6,216)	(6,372)	(6,531)	(6,694)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	(8,011)	(8,051)	(8,091)	(8,131)	(8,172)	(8,213)	(8,254)	(8,295)	(8,337)	(8,379)
Vacancy Loss - Commercial	n/a	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME		254,049	257,356	260,731	264,175	267,689	271,276	274,937	278,674	282,488	286,383
OPERATING EXPENSES											
Management											
Management Fee	3.5%	6,099	6,312	6,533	6,762	6,999	7,244	7,497	7,760	8,031	8,312
Asset Management Fee	3.5%	22,670	23,463	24,285	25,135	26,014	26,925	27,867	28,843	29,852	30,897
Sub-total Management Expenses		28,769	29,776	30,818	31,897	33,013	34,169	35,364	36,602	37,883	39,209
Salaries/Benefits											
Office Salaries	3.5%	5,999	6,209	6,426	6,651	6,884	7,125	7,374	7,632	7,900	8,176
Manager's Salary	3.5%	-	-	-	-	-	-	-	-	-	-
Health Insurance and Other Benefits	3.5%	2,456	2,542	2,631	2,723	2,818	2,917	3,019	3,125	3,234	3,347
Other Salaries/Benefits	3.5%	2,970	3,074	3,182	3,293	3,408	3,527	3,651	3,779	3,911	4,048
Administrative Rent-Free Unit	3.5%	-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits		11,425	11,825	12,239	12,667	13,110	13,569	14,044	14,536	15,045	15,571
Administration											
Advertising and Marketing	3.5%	36	37	39	40	41	43	44	46	47	49
Office Expenses	3.5%	3,232	3,345	3,462	3,583	3,709	3,839	3,973	4,112	4,256	4,405
Office Rent	3.5%	-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	850	880	911	942	975	1,010	1,046	1,081	1,119	1,158
Audit Expense	3.5%	1,320	1,366	1,414	1,464	1,515	1,568	1,623	1,679	1,738	1,799
Bookkeeping/Accounting Services	3.5%	-	-	-	-	-	-	-	-	-	-
Bad Debts	3.5%	-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	281	291	301	312	322	334	345	358	370	383
Sub-total Administration Expenses		5,719	5,919	6,126	6,341	6,563	6,792	7,030	7,276	7,531	7,794
Utilities											
Electricity	3.5%	912	944	977	1,011	1,047	1,083	1,121	1,160	1,201	1,243
Water	3.5%	3,816	3,950	4,088	4,231	4,379	4,532	4,691	4,855	5,025	5,201
Gas	3.5%	-	-	-	-	-	-	-	-	-	-
Sewer	3.5%	5,268	5,452	5,643	5,841	6,045	6,257	6,476	6,702	6,937	7,180
Sub-total Utilities		9,996	10,346	10,708	11,083	11,471	11,872	12,288	12,718	13,163	13,624
Taxes and Licenses											
Real Estate Taxes	3.5%	722	747	773	800	829	858	888	919	951	984
Payroll Taxes	3.5%	2,769	2,866	2,966	3,070	3,177	3,289	3,404	3,523	3,646	3,774
Miscellaneous Taxes, Licenses and Permits	3.5%	225	233	241	249	258	267	277	286	296	307
Sub-total Taxes and Licenses		3,716	3,846	3,981	4,120	4,264	4,413	4,568	4,728	4,893	5,065
Insurance											
Property and Liability Insurance	3.5%	8,268	8,557	8,857	9,167	9,488	9,820	10,163	10,519	10,887	11,268
Fidelity Bond Insurance	3.5%	-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	2,340	2,422	2,507	2,594	2,685	2,779	2,876	2,977	3,081	3,189
Director's & Officers' Liability Insurance	3.5%	-	-	-	-	-	-	-	-	-	-
Sub-total Insurance		10,608	10,979	11,364	11,761	12,173	12,599	13,040	13,496	13,969	14,458
Maintenance & Repair											
Payroll	3.5%	10,918	11,300	11,696	12,105	12,529	12,967	13,421	13,891	14,377	14,880
Supplies	3.5%	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814	7,053
Contracts	3.5%	17,412	18,021	18,652	19,305	19,981	20,680	21,404	22,153	22,928	23,731
Garbage and Trash Removal	3.5%	5,412	5,601	5,797	6,000	6,210	6,428	6,653	6,886	7,127	7,376
Security Payroll/Contract	3.5%	3,700	3,830	3,964	4,102	4,246	4,394	4,548	4,707	4,872	5,043
HVAC Repairs and Maintenance	3.5%	-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	93	96	100	103	107	110	114	118	122	127
Sub-total Maintenance & Repair Expenses		42,710	44,205	45,752	47,353	49,011	50,726	52,501	54,339	56,241	58,209
Supportive Services	3.5%	10,340	10,702	11,076	11,464	11,865	12,281	12,711	13,155	13,616	14,092
Commercial Expenses											
TOTAL OPERATING EXPENSES		123,283	127,598	132,064	136,686	141,470	146,422	151,546	156,850	162,340	168,022
Reserves/Ground Lease Base Rent/Bond Fees		11,208									
Ground Lease Base Rent		-	-	-	-	-	-	-	-	-	-
Bond Monitoring Fee		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Replacement Reserve Deposit		9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600
Operating Reserve Deposit		-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit		-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit		-	-	-	-	-	-	-	-	-	-
Required Reserve Deposits/Commercial		-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees		14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600	14,600
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		137,883	142,198	146,664	151,286	156,070	161,022	166,146	171,450	176,940	182,622
NET OPERATING INCOME (INCOME minus OP EXPENSES)		116,166	115,158	114,067	112,889	111,619	110,254	108,791	107,223	105,548	103,761
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)											
Hard Debt - First Lender		69,238	69,238	69,238	69,238	69,238	69,238	69,238	69,238	69,238	69,238
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE		69,238	69,238	69,238	69,238	69,238	69,238	69,238	69,238	69,238	69,238
CASH FLOW (NOI minus DEBT SERVICE)		46,928	45,920	44,829	43,651	42,381	41,016	39,553	37,985	36,310	34,523
USES OF CASH FLOW BELOW (This row also shows DSCR.)	DSCR:	1.68	1.66	1.65	1.63	1.61	1.59	1.57	1.55	1.52	1.5
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL											
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	-	-	-	-	-	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)	-	-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD		-	-	-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		46,928	45,920	44,829	43,651	42,381	41,016	39,553	37,985	36,310	34,523
Does Project have a MOHCD Residual Receipt Obligation?	Yes										

Application Date: 9/14/2020 Project Name: 2800 Bryant Street
 Total # Units: 7 Project Address: 2800-2818 Bryant Street
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2020 Project Sponsor: Mission Housing Development Corporation

INCOME	Total	Comments
Residential - Tenant Rents	59,832	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	174,108	Links from 'Existing Proj - Rent Info' Worksheet
Commercial Space	0	0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
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	233,940	
Vacancy Loss - Residential - Tenant Rents	(1,197)	Vacancy loss is 2% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(3,482)	Vacancy loss is 2% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	229,261	PUPA: 32,752

OPERATING EXPENSES

Management

Management Fee	11,446	1st Year to be set according to HUD schedule.
Asset Management Fee	21,900	Increased from \$4,786 to \$21,900 per year
Sub-total Management Expenses	33,346	PUPA: 4,764

Salaries/Benefits

Office Salaries		
Manager's Salary	5,454	
Health Insurance and Other Benefits	2,262	
Other Salaries/Benefits	2,700	Activity Director
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	10,416	PUPA: 1,488

Administration

Advertising and Marketing	33	Employee Ads
Office Expenses	2,303	Office Supplies, Telephone Answering Service, Staff Development, Postage, Computer,
Office Rent		
Legal Expense - Property	850	
Audit Expense	1,200	
Bookkeeping/Accounting Services		
Bad Debts		
Miscellaneous	276	Resident Functions, Credit Reports
Sub-total Administration Expenses	4,662	PUPA: 666

Utilities

Electricity	2,196	
Water	6,660	
Gas	4,452	
Sewer	9,144	
Sub-total Utilities	22,452	PUPA: 3,207

Taxes and Licenses

Real Estate Taxes	1,686	
Payroll Taxes	2,517	
Miscellaneous Taxes, Licenses and Permits	230	
Sub-total Taxes and Licenses	4,433	PUPA: 633

Insurance

Property and Liability Insurance	9,732	
Fidelity Bond Insurance		
Worker's Compensation	2,127	
Director's & Officers' Liability Insurance		
Sub-total Insurance	11,859	PUPA: 1,694

Maintenance & Repair

Payroll	9,925	Maintenance Tech, Cleaning Salary
Supplies	6,774	Cleaning, Repairs, Painting
Contracts	19,109	Cleaning, Carpet, Exterminating, Miscellaneous
Garbage and Trash Removal	6,948	
Security Payroll/Contract	2,700	Patrol Service
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses	202	
Sub-total Maintenance & Repair Expenses	45,658	PUPA: 6,523

Supportive Services	70,956	Tenant Services; recommend an increase supportive services for full-time service
Commercial Expenses	0	Links from 'Commercial Op. Budget' Worksheet

TOTAL OPERATING EXPENSES 203,782 PUPA: 29,112

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent	0	Provide additional comments here, if needed.
Bond Monitoring Fee		
Replacement Reserve Deposit	21,000	Per the March 4, 2021 PCNA, \$21,000; recommend higher deposit due to inflation.
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
Required Reserve Deposit/s, Commercial	0	Links from 'Commercial Op. Budget' Worksheet
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	21,000	PUPA: 3,000

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) 224,782 PUPA: 32,112

NET OPERATING INCOME (INCOME minus OP EXPENSES) 4,479 PUPA: 640

Min DSCR: 1.09
 Mortgage Rate: 5.00%
 Term (Years): 30
 Supportable 1st Mortgage Pmt: 4,109
 Supportable 1st Mortgage Amt: \$63,791
 Proposed 1st Mortgage Amt: \$122,660

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

Hard Debt - First Lender	0	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Le	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	0	PUPA: 0

CASH FLOW (NOI minus DEBT SERVICE) 4,479

Application Date: 9/14/2020 **Project Name:** 2800 Bryant Street
Total # Units: 7 **Project Address:** 2800-2818 Bryant Street
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): **2020** **Project Sponsor:** Mission Housing Development Corporation

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

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		
Partnership Management Fee (see policy for limits)		
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		
Other Payments		
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	Def. Develop. Fee split: 0%	Provide additional comments here, if needed.

TOTAL PAYMENTS PRECEDING MOHCD 0 **PUPA: 0**

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) **4,479**

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation? **No** Project has MOHCD ground lease? **No**
 Will Project Defer Developer Fee? **No**
 Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 100%
 % of Residual Receipts available for distribution to soft debt lenders in ' 0%

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	\$0	100.00%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value		0.00%
HCD (soft debt loan) - Lender 3			0.00%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

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

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE 4,479

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)

	4,479
Owner Distributions/Incentive Management Fee	(41,600)
Other Distributions/Uses	46,079
Final Balance (should be zero)	0

2800 Bryant Street

Total # Units: 7

	% annual increase	Comments (related to annual inc assumptions)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
			Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
INCOME												
Residential - Tenant Rents	2.5%		59,932	61,328	62,861	64,433	66,043	67,694	69,387	71,121	72,899	74,722
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%		174,108	178,461	182,922	187,485	192,153	196,927	201,812	206,800	212,134	217,437
Commercial Space	2.5%	Triple Net Lease for Commercial Tenant	-	-	32,430	32,430	32,430	36,692	36,692	36,692	36,692	36,692
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			233,940	239,789	278,213	284,358	290,656	301,373	307,990	314,773	321,725	328,851
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH	(1,197)	(1,227)	(3,143)	(3,222)	(3,302)	(3,385)	(3,469)	(3,556)	(3,645)	(3,736)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	policy; annual incrementing usually not	(3,482)	(3,569)	(9,146)	(9,375)	(9,609)	(9,849)	(10,096)	(10,348)	(10,607)	(10,872)
Vacancy Loss - Commercial	n/a	appropriate	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			229,261	234,993	265,924	271,761	277,745	288,139	294,425	300,869	307,473	314,243

OPERATING EXPENSES

Management

Management Fee	3.5%	1st Year to be set according to HUD schedule.	11,446	11,847	12,261	12,690	13,135	13,594	14,070	14,563	15,072	15,600
Asset Management Fee	3.5%	per MOHCD policy	21,900	22,667	23,460	24,281	25,131	26,010	26,920	27,861	28,833	29,847
Sub-total Management Expenses			33,346	34,513	35,721	36,971	38,266	39,605	40,991	42,425	43,910	45,447

Salaries/Benefits

Office Salaries	3.5%		-	-	-	-	-	-	-	-	-	-
Manager's Salary	3.5%		5,454	5,645	5,842	6,047	6,259	6,478	6,704	6,939	7,182	7,433
Health Insurance and Other Benefits	3.5%		2,262	2,341	2,423	2,508	2,596	2,687	2,781	2,878	2,979	3,083
Other Salaries/Benefits	3.5%		2,700	2,795	2,892	2,994	3,098	3,207	3,319	3,435	3,555	3,680
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			10,416	10,781	11,158	11,548	11,953	12,371	12,804	13,252	13,716	14,196

Administration

Advertising and Marketing	3.5%		33	34	35	37	38	39	41	42	43	45
Office Expenses	3.5%		2,303	2,384	2,467	2,553	2,643	2,735	2,831	2,930	3,033	3,139
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		850	880	911	942	975	1,010	1,046	1,081	1,119	1,158
Audit Expense	3.5%		1,200	1,242	1,285	1,330	1,377	1,425	1,475	1,527	1,580	1,635
Bookkeeping/Accounting Services	3.5%		-	-	-	-	-	-	-	-	-	-
Bad Debts	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%		276	286	296	306	317	328	339	351	363	376
Sub-total Administration Expenses			4,662	4,825	4,994	5,169	5,350	5,537	5,731	5,931	6,139	6,354

Utilities

Electricity	3.5%		2,196	2,273	2,352	2,435	2,520	2,608	2,699	2,794	2,892	2,993
Water	3.5%		6,660	6,893	7,134	7,384	7,643	7,910	8,187	8,473	8,770	9,077
Gas	3.5%		4,452	4,608	4,769	4,936	5,109	5,288	5,473	5,664	5,862	6,068
Sewer	3.5%		9,144	9,464	9,795	10,138	10,493	10,860	11,240	11,634	12,041	12,462
Sub-total Utilities			22,452	23,238	24,051	24,893	25,764	26,666	27,599	28,565	29,565	30,600

Taxes and Licenses

Real Estate Taxes	3.5%		1,686	1,745	1,806	1,869	1,935	2,002	2,073	2,145	2,220	2,298
Payroll Taxes	3.5%		2,517	2,605	2,696	2,791	2,888	2,989	3,094	3,202	3,314	3,430
Miscellaneous Taxes, Licenses and Permits	3.5%		230	238	246	255	264	273	283	293	303	313
Sub-total Taxes and Licenses			4,433	4,588	4,749	4,915	5,087	5,265	5,449	5,640	5,837	6,042

Insurance

Property and Liability Insurance	3.5%		9,732	10,073	10,425	10,790	11,168	11,559	11,963	12,382	12,815	13,264
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		2,127	2,201	2,278	2,358	2,441	2,526	2,615	2,706	2,801	2,899
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			11,859	12,274	12,704	13,148	13,608	14,085	14,578	15,088	15,616	16,163

Maintenance & Repair

Payroll	3.5%		9,925	10,272	10,632	11,004	11,389	11,788	12,200	12,627	13,069	13,527
Supplies	3.5%		6,774	7,011	7,256	7,510	7,773	8,045	8,327	8,618	8,920	9,232
Contracts	3.5%		19,108	19,778	20,470	21,186	21,928	22,695	23,490	24,312	25,163	26,044
Garbage and Trash Removal	3.5%		6,948	7,191	7,443	7,703	7,973	8,252	8,541	8,840	9,149	9,469
Security Payroll/Contract	3.5%		2,700	2,795	2,892	2,994	3,098	3,207	3,319	3,435	3,555	3,680
HVAC Repairs and Maintenance	3.5%		-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%		202	209	216	224	232	240	248	257	266	275
Sub-total Maintenance & Repair Expenses			45,658	47,256	48,910	50,622	52,394	54,227	56,125	58,090	60,123	62,227

Supportive Services

Commercial Expenses	0.0%	No increases to Supportive Services	70,956	70,956	70,956	70,956	70,956	70,956	70,956	70,956	70,956	70,956
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TOTAL OPERATING EXPENSES

TOTAL OPERATING EXPENSES			203,782	208,431	213,243	218,223	223,377	228,712	234,233	239,948	245,862	251,984
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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

Ground Lease Base Rent	-	-	-	-	-	-	-	-	-	-	-	-
Bond Monitoring Fee	-	-	-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve Deposit	-	-	-	-	-	-	-	-	-	-	-	-
Per the March 9, 2021 PCNA	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Other Required Reserve 1 Deposit	-	-	-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit	-	-	-	-	-	-	-	-	-	-	-	-
Required Reserve Deposits/Commercial	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000

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

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)	224,782	229,431	234,243	239,223	244,377	249,712	255,233	260,948	266,862	272,984
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NET OPERATING INCOME (INCOME minus OP EXPENSES)

NET OPERATING INCOME (INCOME minus OP EXPENSES)	4,479	5,562	31,682	32,539	33,368	38,428	39,192	39,921	40,611	41,258
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DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)

Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across multiple

Hard Debt - First Lender	Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-	-	-

CASH FLOW (NOI minus DEBT SERVICE)

CASH FLOW (NOI minus DEBT SERVICE)	4,479	5,562	31,682	32,539	33,368	38,428	39,192	39,921	40,611	41,258
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USES OF CASH FLOW BELOW (This row also shows DSCR.)

USES THAT PRECEED MOHCD DEBT SERVICE IN WATERFALL

2800 Bryant Street

Total # Units: 7

			Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
			2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
INCOME	% annual increase	Comments (related to annual inc assumptions)	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Residential - Tenant Rents	2.5%		76,590	78,505	80,467	82,479	84,541	86,655	88,821	91,041	93,318	95,650
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%		222,873	228,445	234,156	240,010	246,010	252,160	258,464	264,926	271,549	278,338
Commercial Space	2.5%	Triple Net Lease for Commercial Tenant	41,513	41,513	41,513	41,513	41,513	46,968	46,968	46,968	46,968	46,968
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			340,976	348,463	356,136	364,002	372,064	380,783	389,254	402,936	411,835	420,957
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual increasing usually not appropriate	(3,830)	(3,925)	(4,023)	(4,124)	(4,227)	(4,333)	(4,441)	(4,552)	(4,666)	(4,783)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(11,144)	(11,422)	(11,708)	(12,000)	(12,301)	(12,608)	(12,923)	(13,246)	(13,577)	(13,917)
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			326,003	333,115	340,405	347,878	355,537	368,842	376,889	385,137	393,592	402,257
OPERATING EXPENSES												
Management												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	16,146	16,711	17,296	17,901	18,528	19,176	19,847	20,542	21,261	22,005
Asset Management Fee	3.5%	per MOHCD policy	30,892	31,973	33,092	34,251	35,449	36,678	37,947	39,303	40,679	42,103
Sub-total Management Expenses			47,038	48,684	50,388	52,152	53,977	55,866	57,821	59,845	61,940	64,108
Salaries/Benefits												
Office Salaries	3.5%		-	-	-	-	-	-	-	-	-	-
Manager's Salary	3.5%		7,693	7,963	8,241	8,530	8,828	9,137	9,457	9,788	10,131	10,485
Health Insurance and Other Benefits	3.5%		3,191	3,302	3,418	3,538	3,661	3,790	3,922	4,060	4,202	4,349
Other Salaries/Benefits	3.5%		3,809	3,942	4,080	4,223	4,370	4,523	4,682	4,846	5,015	5,191
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			14,693	15,207	15,739	16,290	16,860	17,450	18,061	18,693	19,348	20,025
Administration												
Advertising and Marketing	3.5%		47	48	50	52	53	55	57	59	61	63
Office Expenses	3.5%		3,249	3,362	3,480	3,602	3,728	3,858	3,993	4,133	4,278	4,428
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		1,199	1,241	1,284	1,329	1,376	1,424	1,474	1,525	1,579	1,634
Audit Expense	3.5%		1,693	1,752	1,813	1,877	1,942	2,010	2,081	2,154	2,229	2,307
Bookkeeping/Accounting Services	3.5%		-	-	-	-	-	-	-	-	-	-
Bad Debts	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%		389	403	417	432	447	462	479	495	513	531
Sub-total Administration Expenses			6,576	6,806	7,045	7,291	7,546	7,810	8,084	8,367	8,660	8,963
Utilities												
Electricity	3.5%		3,098	3,206	3,318	3,434	3,555	3,679	3,808	3,941	4,079	4,222
Water	3.5%		9,395	9,723	10,064	10,416	10,781	11,158	11,548	11,953	12,371	12,804
Gas	3.5%		6,280	6,500	6,727	6,963	7,206	7,458	7,720	7,990	8,270	8,559
Sewer	3.5%		12,899	13,350	13,817	14,301	14,801	15,318	15,856	16,411	16,985	17,579
Sub-total Utilities			31,671	32,779	33,927	35,114	36,343	37,615	38,931	40,294	41,704	43,164
Taxes and Licenses												
Real Estate Taxes	3.5%		2,378	2,462	2,548	2,637	2,729	2,825	2,924	3,026	3,132	3,241
Payroll Taxes	3.5%		3,550	3,675	3,803	3,936	4,074	4,217	4,364	4,517	4,675	4,839
Miscellaneous Taxes, Licenses and Permits	3.5%		324	336	348	360	372	385	399	413	427	442
Sub-total Taxes and Licenses			6,252	6,472	6,699	6,933	7,176	7,427	7,687	7,956	8,234	8,522
Insurance												
Property and Liability Insurance	3.5%		13,728	14,208	14,706	15,220	15,753	16,304	16,875	17,466	18,077	18,710
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		3,000	3,105	3,214	3,327	3,443	3,563	3,688	3,817	3,951	4,089
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			16,728	17,314	17,920	18,547	19,196	19,868	20,563	21,283	22,028	22,799
Maintenance & Repair												
Payroll	3.5%		14,000	14,490	14,997	15,522	16,066	16,628	17,210	17,812	18,436	19,081
Supplies	3.5%		9,555	9,890	10,236	10,594	10,965	11,349	11,746	12,157	12,583	13,023
Contracts	3.5%		26,955	27,899	28,875	29,886	30,932	32,014	33,135	34,294	35,495	36,737
Garbage and Trash Removal	3.5%		9,801	10,144	10,499	10,866	11,247	11,640	12,046	12,467	12,903	13,356
Security Payroll/Contract	3.5%		3,809	3,942	4,080	4,223	4,370	4,523	4,682	4,846	5,015	5,191
HVAC Repairs and Maintenance	3.5%		-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%		285	295	305	316	327	338	350	363	375	388
Sub-total Maintenance & Repair Expenses			64,405	66,659	68,992	71,407	73,906	76,493	79,170	81,941	84,809	87,778
Supportive Services	0.0%	No increases to Supportive Services	70,956	70,956	70,956	70,956	70,956	70,956	70,956	70,956	70,956	70,956
Commercial Expenses			-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES			258,320	264,878	271,665	278,690	285,961	293,486	301,274	309,336	317,679	326,314
Reserves/Ground Lease Base Rent/Bond Fees												
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Ground Lease Base Rent			-	-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Operating Reserve Deposit			21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)			279,320	285,878	292,665	299,690	306,961	314,486	322,274	330,336	338,679	347,314
PUPA (w/ Reserves/GL Base Rent/Bond Fees)												
NET OPERATING INCOME (INCOME minus OP EXPENSES)			46,683	47,237	47,740	48,188	48,576	48,957	49,325	49,681	49,993	50,253
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
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			-	-	-	-	-	-	-	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)			46,683	47,237	47,740	48,188	48,576	48,957	49,325	49,681	49,993	50,253
USES OF CASH FLOW BELOW (This row also shows DSCR.)												
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	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase	-	-	-	-	-	-	-	-	-	-
Other Payments			-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD			-	-	-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			46,683	47,237	47,740	48,188	48,576	48,957	49,325	49,681	49,993	50,253
Does Project have a MOHCD Residual Receipt Obligation?	No		-									

Application Date: 9/8/2020 Project Name: 3019 23rd Street
 Total # Units: 6 Project Address: 3019-3021 23rd Street
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021 Project Sponsor: Mission Housing Development Corporation

INCOME	Total	Comments
Residential - Tenant Rents	69,456	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	0	Links from 'Existing Proj - Rent Info' Worksheet
Commercial Space	0	0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	42,020	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
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	111,476	
Vacancy Loss - Residential - Tenant Rents	(3,473)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	0	#DIV/0!
Vacancy Loss - Commercial	0	Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	108,003	PUPA: 18,001

OPERATING EXPENSES

Management	Total	Comments
Management Fee	3,823	1st Year to be set according to HUD schedule.
Asset Management Fee	21,900	Per MOHCD, Operating Fee Policy; previous budget of \$4,102
Sub-total Management Expenses	25,723	PUPA: 4,287

Salaries/Benefits	Total	Comments
Office Salaries	2,430	Activity Director
Manager's Salary	4,908	
Health Insurance and Other Benefits	2,036	
Other Salaries/Benefits		
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	9,374	PUPA: 1,562

Administration	Total	Comments
Advertising and Marketing	30	Employee Ads
Office Expenses	2,237	Telephone & Answering, Office Supplies, Computer Software, Training
Office Rent		
Legal Expense - Property	850	
Audit Expense	1,080	
Bookkeeping/Accounting Services		
Bad Debts		
Miscellaneous	364	Resident Functions, Credit Reports, Staff Development, Postage, Mileage
Sub-total Administration Expenses	4,561	PUPA: 760

Utilities	Total	Comments
Electricity	216	
Water	3,564	
Gas		
Sewer	5,004	
Sub-total Utilities	8,784	PUPA: 1,464

Taxes and Licenses	Total	Comments
Real Estate Taxes	679	
Payroll Taxes	2,266	
Miscellaneous Taxes, Licenses and Permits	175	
Sub-total Taxes and Licenses	3,120	PUPA: 520

Insurance	Total	Comments
Property and Liability Insurance	5,724	
Fidelity Bond Insurance		
Worker's Compensation	1,914	
Director's & Officers' Liability Insurance		
Sub-total Insurance	7,638	PUPA: 1,273

Maintenance & Repair	Total	Comments
Payroll	8,933	Maintenance, Cleaning
Supplies	3,186	Cleaning, Grounds, Repairs, Uniforms, Paint
Contracts	10,938	Cleaning, Carpet, Exterminating, Grounds, Repairs, Interior Paint
Garbage and Trash Removal	5,148	
Security Payroll/Contract	2,700	Patrol Services
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses	107	
Sub-total Maintenance & Repair Expenses	31,012	PUPA: 5,169

Supportive Services	9,391	Tenant Services
Commercial Expenses	0	Links from 'Commercial Op. Budget' Worksheet

TOTAL OPERATING EXPENSES 99,603 PUPA: 16,601

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent	0	Provide additional comments here, if needed.
Bond Monitoring Fee		
Replacement Reserve Deposit	8,400	Replacement reserve deposits recommended by the 2020 PCNA report
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
Required Reserve Deposit/s, Commercial	0	Links from 'Commercial Op. Budget' Worksheet
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	8,400	PUPA: 1,400

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) 108,003 PUPA: 18,001

NET OPERATING INCOME (INCOME minus OP EXPENSES) 0 PUPA:

Min DSCR:	1.09
Mortgage Rate:	5.00%
Term (Years):	30
Supportable 1st Mortgage Pmt:	0
Supportable 1st Mortgage Amt:	\$3
Proposed 1st Mortgage Amt:	\$122,714

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

Hard Debt - First Lender	0	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	Links from 'Commercial Op. Budget' Worksheet
TOTAL HARD DEBT SERVICE	0	PUPA: 0

CASH FLOW (NOI minus DEBT SERVICE) 0

Application Date: 9/8/2020 **Project Name:** 3019 23rd Street
Total # Units: 6 **Project Address:** 3019-3021 23rd Street
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021 **Project Sponsor:** Mission Housing Development Corporation

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

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			
Other Payments			
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)			Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)			Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)		Def. Develop. Fee split: 0%	Provide additional comments here, if needed.

TOTAL PAYMENTS PRECEDING MOHCD 0 **PUPA: 0**

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) 0

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation? **No** Project has MOHCD ground lease? **TBD**
 Will Project Defer Developer Fee? **No**
 Max **Deferred Developer Fee/Borrower** % of Residual Receipts in Yr 1: 100%
 % of Residual Receipts available for distribution to **soft debt lenders** in ` 0%

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	\$0	100.00%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value		0.00%
HCD (soft debt loan) - Lender 3			0.00%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

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

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) 0

Owner Distributions/Incentive Management Fee	0	100% of Borrower share of 100% of residual receipts
Other Distributions/Uses	0	
Final Balance (should be zero)	0	

3019 23rd Street

Total # Units: 6

			Year 1 2021	Year 2 2022	Year 3 2023	Year 4 2024	Year 5 2025	Year 6 2026	Year 7 2027	Year 8 2028	Year 9 2029	Year 10 2030
INCOME												
Residential - Tenant Rents	5.0%	Rent increases up to maximum allowed.	69,456	72,929	76,575	80,404	84,424	88,645	93,078	97,732	102,618	107,749
Residential - Tenant Assistance Payments (Non-LOSP)	n/a		-	-	-	-	-	-	-	-	-	-
Commercial Space	2.5%		-	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	0.2%	MHDC Sponsor Advances to Fund Breakeven Budget	42,020	42,104	42,188	42,273	42,357	42,442	42,527	42,612	42,697	42,782
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			111,476	115,033	118,763	122,677	126,781	131,087	135,604	140,343	145,315	150,531
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual increasing usually not appropriate	(3,473)	(3,646)	(3,829)	(4,020)	(4,221)	(4,432)	(4,654)	(4,887)	(5,131)	(5,387)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			108,003	111,386	114,935	118,656	122,560	126,655	130,951	135,457	140,184	145,144
OPERATING EXPENSES												
Management												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	3,823	3,957	4,095	4,239	4,387	4,541	4,699	4,864	5,034	5,210
Asset Management Fee	3.5%	per MOHCD policy	21,900	22,667	23,460	24,281	25,131	26,010	26,921	27,863	28,838	29,847
Sub-total Management Expenses			25,723	26,623	27,555	28,520	29,518	30,551	31,620	32,727	33,872	35,058
Salaries/Benefits												
Office Salaries	3.5%		2,430	2,515	2,603	2,694	2,788	2,886	2,987	3,092	3,200	3,312
Manager's Salary	3.5%		4,908	5,080	5,258	5,442	5,632	5,829	6,033	6,244	6,463	6,689
Health Insurance and Other Benefits	3.5%		2,036	2,107	2,181	2,257	2,336	2,418	2,503	2,590	2,681	2,775
Other Salaries/Benefits	3.5%		-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			9,374	9,702	10,042	10,393	10,757	11,133	11,523	11,926	12,344	12,776
Administration												
Advertising and Marketing	3.5%		30	31	32	33	34	36	37	38	40	41
Office Expenses	3.5%		2,237	2,315	2,396	2,480	2,567	2,657	2,750	2,846	2,946	3,049
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		850	880	911	942	975	1,010	1,045	1,081	1,119	1,158
Audit Expense	3.5%		1,080	1,118	1,157	1,197	1,239	1,283	1,328	1,374	1,422	1,472
Bookkeeping/Accounting Services	3.5%		-	-	-	-	-	-	-	-	-	-
Bad Debts	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%		364	377	390	404	418	432	447	463	479	496
Sub-total Administration Expenses			4,561	4,721	4,886	5,057	5,234	5,417	5,607	5,803	6,006	6,216
Utilities												
Electricity	3.5%		216	224	231	239	248	257	266	275	284	294
Water	3.5%		3,564	3,689	3,818	3,951	4,090	4,233	4,381	4,534	4,693	4,857
Gas	3.5%		-	-	-	-	-	-	-	-	-	-
Sewer	3.5%		5,004	5,179	5,360	5,548	5,742	5,943	6,151	6,366	6,589	6,820
Sub-total Utilities			8,784	9,091	9,410	9,739	10,080	10,433	10,798	11,176	11,567	11,972
Taxes and Licenses												
Real Estate Taxes	3.5%		679	703	727	753	779	806	835	864	894	925
Payroll Taxes	3.5%		2,266	2,345	2,427	2,512	2,600	2,691	2,785	2,883	2,984	3,088
Miscellaneous Taxes, Licenses and Permits	3.5%		175	181	187	194	201	208	215	223	230	239
Sub-total Taxes and Licenses			3,120	3,229	3,342	3,459	3,580	3,706	3,835	3,970	4,108	4,252
Insurance												
Property and Liability Insurance	3.5%		5,724	5,924	6,132	6,346	6,568	6,798	7,036	7,283	7,537	7,801
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		1,914	1,981	2,050	2,122	2,196	2,273	2,353	2,435	2,520	2,609
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			7,638	7,905	8,182	8,468	8,765	9,072	9,389	9,718	10,058	10,410
Maintenance & Repair												
Payroll	3.5%		8,933	9,246	9,569	9,904	10,251	10,610	10,981	11,365	11,763	12,175
Supplies	3.5%		3,186	3,298	3,413	3,532	3,656	3,784	3,916	4,053	4,195	4,342
Contracts	3.5%		10,938	11,321	11,717	12,127	12,552	12,991	13,446	13,916	14,403	14,907
Garbage and Trash Removal	3.5%		5,148	5,328	5,515	5,708	5,907	6,114	6,328	6,550	6,779	7,016
Security Payroll/Contract	3.5%		2,700	2,795	2,892	2,994	3,098	3,207	3,319	3,435	3,555	3,680
HVAC Repairs and Maintenance	3.5%		-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%		107	111	115	119	123	127	132	136	141	146
Sub-total Maintenance & Repair Expenses			31,012	32,097	33,221	34,384	35,587	36,833	38,122	39,456	40,837	42,266
Supportive Services	3.5%		9,391	9,720	10,060	10,412	10,776	11,154	11,544	11,948	12,366	12,799
Commercial Expenses			-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES			99,603	103,089	106,697	110,432	114,297	118,297	122,438	126,723	131,158	135,749
Reserves/Ground Lease Base Rent/Bond Fees												
Ground Lease Base Rent			-	-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit			8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposits/Commercial			-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			108,003	111,489	115,097	118,832	122,697	126,697	130,838	135,123	139,558	144,149
PUPA (w/ Reserves/GL Base Rent/Bond Fees)			16,601									
NET OPERATING INCOME (INCOME minus OP EXPENSES)			0	(103)	(162)	(175)	(137)	(42)	113	334	626	995
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender			-	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			0	(103)	(162)	(175)	(137)	(42)	113	334	626	995
CASH FLOW (NOI minus DEBT SERVICE)			0	(103)	(162)	(175)	(137)	(42)	113	334	626	995
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	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase	-	-	-	-	-	-	-	-	-	-
Other Payments			-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD			0	(103)	(162)	(175)	(137)	(42)	113	334	626	995
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			0	(103)	(162)	(175)	(137)	(42)	113	334	626	995
Does Project have a MOHCD Residual Receipt Obligation?	No											
Will Project Defer Developer Fee?	No											
Residual Receipts split for all years - Lender/Owner	0% / 0%											
MOHCD RESIDUAL RECEIPTS DEBT SERVICE												
MOHCD Residual Receipts Amount Due		Dist. Soft Debt Loans	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Loan Repayment	100.00%	Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease			-	-	-	-	-	-	-	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE												
HCD Residual Receipts Amount Due	0.00%	NOHCD Financing	-	-	-	-	-	-	-	-	-	-
Lender 4 Residual Receipts Due	0.00%		-	-	-	-	-	-	-	-	-	-
Lender 5 Residual Receipts Due	0.00%		-	-	-	-	-	-	-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service												

Application Date: 9/11/2020 Project Name: Dunleavy Plaza
 Total # Units: 49 Project Address: 36 Hoff Street
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021 Project Sponsor: Mission Housing Development Corporation

INCOME	Total	Comments
Residential - Tenant Rents	437,352	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	0	Links from 'Existing Proj - Rent Info' Worksheet
Commercial Space	0	0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	250,000	RHCP-O Grant Funds from HCD
Supportive Services Income		
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	687,352	
Vacancy Loss - Residential - Tenant Rents	(21,868)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	0	#DIV/0!
Vacancy Loss - Commercial	0	Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	665,484	PUPA: 13,581

OPERATING EXPENSES

Management	Total	Comments
Management Fee	39,168	1st Year to be set according to HUD schedule.
Asset Management Fee	21,900	Asset Management Fee Paid from Operations including a 3.5% escalator
Sub-total Management Expenses	61,068	PUPA: 1,246

Salaries/Benefits	Total	Comments
Office Salaries	16,988	
Manager's Salary	44,510	
Health Insurance and Other Benefits	24,750	
Other Salaries/Benefits		
Administrative Rent-Free Unit	23,760	
Sub-total Salaries/Benefits	110,008	PUPA: 2,245

Administration	Total	Comments
Advertising and Marketing		
Office Expenses	22,474	Office Supplies, Telephone and Answering Services
Office Rent		
Legal Expense - Property	8,321	
Audit Expense	6,100	
Bookkeeping/Accounting Services	14,832	
Bad Debts		
Miscellaneous	9,756	Other renting expenses; Misc. Admin Expenses
Sub-total Administration Expenses	61,483	PUPA: 1,255

Utilities	Total	Comments
Electricity	11,854	
Water	28,453	
Gas	11,595	
Sewer	40,331	
Sub-total Utilities	92,233	PUPA: 1,882

Taxes and Licenses	Total	Comments
Real Estate Taxes		
Payroll Taxes	9,026	
Miscellaneous Taxes, Licenses and Permits		
Sub-total Taxes and Licenses	9,026	PUPA: 184

Insurance	Total	Comments
Property and Liability Insurance		
Fidelity Bond Insurance		
Worker's Compensation	6,927	
Director's & Officers' Liability Insurance		
Sub-total Insurance	6,927	PUPA: 141

Maintenance & Repair	Total	Comments
Payroll	115,200	Janitorial and Cleaning Payroll, Repairs
Supplies	2,055	Janitorial and Cleaning Supplies, Decorator
Contracts	120,600	Janitorial and Cleaning Contracts, Exterminating Contract, Repairs
Garbage and Trash Removal	26,683	
Security Payroll/Contract	15,141	
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses	960	
Sub-total Maintenance & Repair Expenses	280,639	PUPA: 5,727

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

TOTAL OPERATING EXPENSES 621,384 PUPA: 12,681

Reserves/Ground Lease Base Rent/Bond Fees	Total	Comments
Ground Lease Base Rent	0	Provide additional comments here, if needed.
Bond Monitoring Fee		
Replacement Reserve Deposit	44,100	Replacement reserves deposits recommended by PCNA
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
Required Reserve Deposit/s, Commercial	0	Links from 'Commercial Op. Budget' Worksheet
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	44,100	PUPA: 900

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) 665,484 PUPA: 13,581

NET OPERATING INCOME (INCOME minus OP EXPENSES) 0 PUPA:

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)	Total	Comments
Hard Debt - First Lender	0	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	Links from 'Commercial Op. Budget' Worksheet
TOTAL HARD DEBT SERVICE	0	PUPA: 0

Min DSCR: 1.09
 Mortgage Rate: 5.00%
 Term (Years): 30
 Supportable 1st Mortgage Pmt: 0
 Supportable 1st Mortgage Amt: \$6
 Proposed 1st Mortgage Amt: \$2,858,100

Application Date: 9/11/2020 **Project Name:** Dunleavy Plaza
Total # Units: 49 **Project Address:** 36 Hoff Street
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021 **Project Sponsor:** Mission Housing Development Corporation

CASH FLOW (NOI minus DEBT SERVICE) **0**

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

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			
Other Payments			
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	10,498	HCD 16-LPR-0026	Admin Fee Payable to extent there is surplus cash flow.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)			Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)		Def. Develop. Fee split: 0%	Provide additional comments here, if needed.

TOTAL PAYMENTS PRECEDING MOHCD **10,498** **PUPA: 214**

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) **(10,498)**

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation? **No** Project has MOHCD ground lease? **No**
 Will Project Defer Developer Fee? **No**
 Max **Deferred Developer Fee/Borrower** % of Residual Receipts in Yr 1: 100%
 % of Residual Receipts available for distribution to **soft debt lenders** in \ 0%

Soft Debt Lenders with Residual Receipts Obligations	<i>(Select lender name/program from drop down)</i>	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	\$0	0.00%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value		0.00%
HCD (soft debt loan) - Lender 3	HCD 16-LPR-0026	\$2,858,100	100.00%
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	0	0% of residual receipts, multiplied by 0% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	0	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE **0**

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due	0	0% of residual receipts, multiplied by 100% -- HCD 16-LPR-0026's pro rata share of all soft d
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) **0**

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

REHABILITATION COST COMPARISON (25 Units and Larger or Scattered)

Updated 5/4/2021

PROJECTS COMPLETED												
Project Name	Address	Contract Date	Population Type	# of Units	# of BR ¹	Square Footage Total	Acq. Cost ²	Constr. Cost ³	Soft Cost ⁴	Local Subsidy ⁵	Total Dev. Cost	Comments
Robert B Pitts	1150 Scott Street	Dec-17	Family	203	543	80,251	36,224,828	\$ 40,783,828	\$ 10,376,138	\$ -	\$ 87,384,794	RAD Phase I - significant rehab
Westside Courts	2501 Sutter Street	Dec-18	Family	136	224	106,953	26,920,000	\$ 49,837,238	\$ 19,151,649	\$ 10,189,576	\$ 95,908,887	RAD Phase II - significant rehab
Hunters Point East and West	1068 Patou	Jun-18	Family	213	532	258,406	47,300,000	\$ 61,904,262	\$ 24,680,753	\$ 845,790	\$ 133,865,035	RAD Phase I - significant rehab
Westbrook Apartments	40 Harbor Road	Jul-19	Family	223	656	233,493	42,570,000	\$ 99,183,000	\$ 10,653,563	\$ 16,705,632	\$ 152,406,563	RAD Phase II - significant rehab
Ping Yuen	655, 711, 895 Pacific	Mar-19	Family	234	539	238,081	67,240,000	\$ 68,014,830	\$ 37,663,965	\$ 5,787,522	\$ 172,918,795	RAD Phase II - significant rehab
Alemany Apartments	951 Ellisworth	Nov-19	Family	150	340	137,652	51,008,000	\$ 66,834,198	\$ 27,791,190	\$ 3,828,778	\$ 145,633,388	RAD Phase II - significant rehab
Completed Projects:		Average:		193	472	175,806	\$ 45,210,471	\$ 64,426,229	\$ 21,719,543	\$ 6,226,216	\$ 131,356,244	

PROJECTS UNDER CONSTRUCTION												
Project Name	Address	Compl. Date	Population Type	# of Units	# of BR ¹	Square Footage Total	Acq. Cost ²	Constr. Cost ³	Soft Cost ⁴	Local Subsidy ⁵	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
Hayes Valley North	650 - 667 Linden	Jan-21	Family	84	211	100,376	\$ 30,387,921	\$ 42,248,048	\$ 19,517,405	\$ 8,854,288	\$ 92,153,374	RAD Phase IV - significant rehab large site, 3 story /trhms (prevdev LE 4/20)
Gran Oriente	106 South Park	May-21	Senior	24	24							3 Story over basement, SRO major rehab & seismic
Park View	102 South Park	Jan-21	Senior	39	39	32,049	\$ 21,050,000	\$ 22,906,291	\$ 12,946,956	\$ 10,300,000	\$ 56,903,247	4 Story partial basement, SRO modest rehab & seismic
Hotel Madrid	22 South Park	Sep-21	Senior	44	44							3 Story over basement, SRO modest rehab & seismic
Under Construction:		Average:		77	158	108,841	\$ 32,177,784	\$ 40,147,842	\$ 18,287,480	\$ 8,787,373	\$ 60,408,737	

PROJECTS IN PREDEVELOPMENT												
Project Name	Address	Start Date (anticipated)	Population Type	# of Units	# of BR ¹	Square Footage Total	Acq. Cost ²	Constr. Cost ³	Soft Cost ⁴	Local Subsidy ⁵	Total Dev. Cost	Comments
San Cristina	1000 Market Street	Jan-21	Senior	58	58	34,500	\$ 17,400,000	\$ 18,245,728	\$ 18,862,448	\$ 2,566,506	\$ 52,508,176	4 story, type III UMB (CHPC proforma 4/26/20)
Throughline Scattered Sites	777 Bdwy, 1204 Mason, 1525 Grant	Apr-21	Mixed	88	88	49,870	\$ 19,187,433	\$ 21,506,475	\$ 16,841,074	\$ 14,152,435	\$ 57,534,982	Bayside- 3-story over 1-story CMU garage building, Consorcia- 4-story with
480 Eddy Street- Yosemite		Apr-21	Mixed	32	32	20,178	\$ 5,619,999	\$ 15,168,293	\$ 9,429,056	\$ 1,800,000	\$ 30,215,348	5 story masonry and steel bldg., significant rehab with seismic
Mariposa Gardens	2425 Mariposa	Aug-21	Family	63	150	58,163	\$ -	\$ 8,875,320	\$ 1,918,513.00	\$ -	\$ 10,793,833	3 Buildings, 3-4 stories plus 58 pkg Community Rm Playground
2800 Bryant Street	2800 Bryant Street	Jun-21	Family	7	16	7,350	\$ -	\$ 1,589,633	\$ 297,185.00	\$ 1,955,041.50	\$ 1,866,818	3 story wood framed wood siding + comtl
3019 23rd Street	3019 23rd Street	Dec-21	Family	6	10	4,780	\$ -	\$ 3,117,409	\$ 472,252.00	\$ 1,794,830.50	\$ 3,589,661	3 story wood framed mixed siding
3434 18th Street	3434 18th Street	Aug-21	Family	11	11	4,202	\$ -	\$ 3,615,241	\$ 705,130.00	\$ 1,332,600.50	\$ 4,320,371	3 story wood framed, 8 Units + 3 ADU
Dunleavy Plaza	36 Hoff St	Oct-21	Family	49	81	29,000	\$ -	\$ 2,005,641	\$ 574,088.00	\$ 1,289,964.50	\$ 2,579,729	4 story wood framed 49 units + 22 parking
Maria Alicia Apts	3092 18th Street	Jun-21	Family	20	157	17,857	\$ -	\$ 3,685,200	\$ 444,277.00	\$ 1,955,041.50	\$ 4,239,477	4 story wood framed
SFHA Scattered Sites	200 Randolph St, 206 Great Highway	Jan-22	Family	70	67	68,915	\$ 17,592,500.00	\$ 43,470,283	\$ 17,140,072.00	\$ 31,377,832.00	\$ 78,202,855	5 Scattered Sites various ages, types and size properties
In Predevelopment		Average:		40	67	29,282	\$ 5,979,993	\$ 11,926,722	\$ 5,516,003	\$ 3,355,790	\$ 24,585,125	

ALL PROJECTS	Average:			103	232	104,643	27,789,416	38,833,598	15,174,342	6,123,127	72,116,702
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Subject Project											
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PROJECTS COMPLETED		Construction Costs			Total Dev Costs by Unit / Bed / SF			Subsidy
Project Name	Contract Date	Const/Unit	Const/Bedroom	Const / SF	Gross TDC / unit	TDC/Bedroom	Gross TDC/sq.ft ⁷	Subsidy / unit
Robert B Pitts	Dec-17	\$ 200,908	\$ 75,108	\$ 508	\$ 430,467	\$ 160,930	\$ 1,089	\$ -
Westside Courts	Dec-18	\$ 366,450	\$ 222,488	\$ 466	\$ 705,212	\$ 428,165	\$ 897	\$ 74,923
Hunters Point East and West	Jun-18	\$ 290,630	\$ 116,361	\$ 240	\$ 628,568	\$ 251,664	\$ 518	\$ 3,971
Westbrook Apartments	Jul-19	\$ 444,767	\$ 151,194	\$ 425	\$ 683,438	\$ 232,327	\$ 653	\$ 74,913
Ping Yuen	Mar-19	\$ 290,662	\$ 128,187	\$ 289	\$ 738,969	\$ 320,814	\$ 726	\$ 24,733
Alemany Apartments	Nov-19	\$ 445,561	\$ 196,571	\$ 486	\$ 970,889	\$ 428,333	\$ 1,058	\$ 25,525
Completed Projects:	Average:	\$ 339,829	\$ 147,985	\$ 402	\$ 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	\$ 411,928	\$ 192,000	\$ 342	\$ 909,195	\$ 423,777	\$ 754	\$ 65,626
Hayes Valley North	Jan-21	\$ 502,953	\$ 200,228	\$ 421	\$ 1,097,064	\$ 436,746	\$ 918	\$ 105,408
Gran Oriente								
Park View		\$ 954,429	\$ 954,429	\$ 715	\$ 2,370,969	\$ 2,370,969	\$ 1,776	\$ 429,167
Hotel Madrid								
Under Construction:	Average:	\$ 545,648	\$ 368,713	\$ 443	\$ 1,271,470	\$ 880,369	\$ 1,028	\$ 200,034

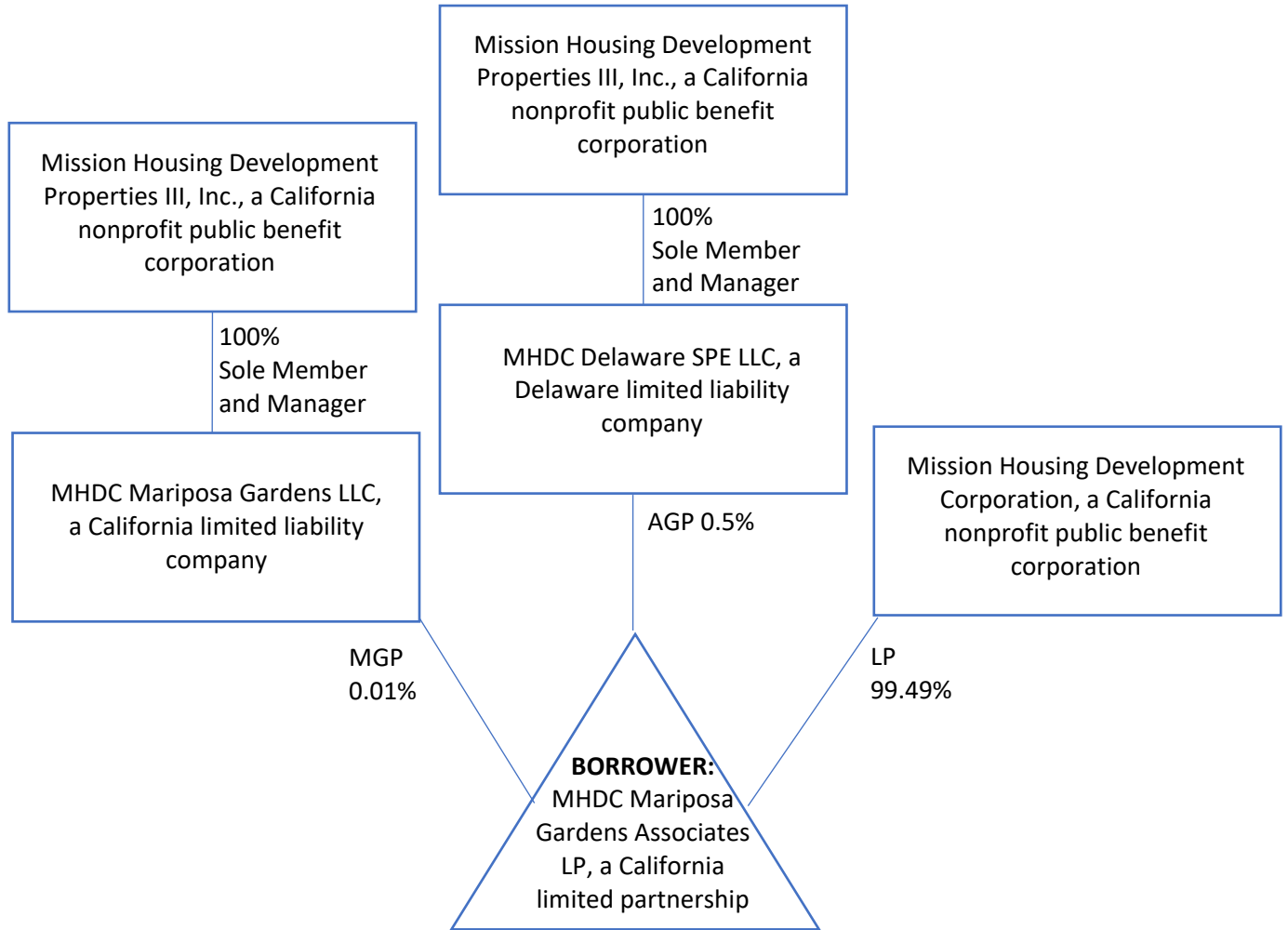
PROJECTS IN PREDEVELOPMENT		Construction Costs			Total Dev Costs by Unit / Bed / SF			Subsidy
Project Name	Start Date (anticipated)	Const/Unit	Const/Bedroom	Const / SF	Gross TDC / unit	TDC/Bedroom	Gross TDC/sq.ft ⁷	Subsidy / unit
San Cristina	Jan-22	\$ 280,099	\$ 280,099	\$ 471	\$ 905,313	\$ 905,313	\$ 1,522	\$ 44,250
Throughline (Grant, Mason, Bdwy)	Apr-21	\$ 244,892	\$ 244,392	\$ 431	\$ 693,807	\$ 693,807	\$ 1,154	\$ 160,000
480 Eddy Street- Yosemite	Apr-21	\$ 473,947	\$ 473,947	\$ 752	\$ 944,230	\$ 944,230	\$ 1,497	\$ 56,250
Mariposa Gardens	Aug-21	\$ 140,878	\$ 59,169	\$ 158	\$ 171,331	\$ 71,959	\$ 192	\$ -
2800 Bryant Street	Jun-21	\$ 224,233	\$ 98,102	\$ 214	\$ 266,688	\$ 116,676	\$ 254	\$ 279,292
3019 23rd Street	Dec-21	\$ 519,568	\$ 311,741	\$ 652	\$ 598,277	\$ 358,966	\$ 751	\$ 299,138
3434 18th Street	Aug-21	\$ 328,658	\$ 328,658	\$ 860	\$ 392,761	\$ 392,761	\$ 1,028	\$ 121,146
Dunleavy Pl. 36 Hoff Street	Oct-21	\$ 40,931	\$ 24,761	\$ 69	\$ 52,648	\$ 31,849	\$ 89	\$ 26,324
Maria Alicia Apts 3092 18th St.	Jun-21	\$ 184,760	\$ 23,536	\$ 207	\$ 211,974	\$ 27,003	\$ 237	\$ 97,752
SFHA Scattered Sites	Jan-22	\$ 621,004	\$ 648,810	\$ 631	\$ 1,117,184	\$ 1,167,207	\$ 1,135	\$ 448,255
In Predevelopment	Average:	\$ 305,847	\$ 249,321	\$ 444	\$ 531,421	\$ 466,977	\$ 786	\$ 153,323

All Projects:	AVERAGE	397,108	255,340	430	831,938	550,351	879	129,122
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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 Prevdev & 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

Mariposa Gardens Ownership Structure



SPONSOR CAPACITY

Track record

As one of San Francisco's experienced affordable housing developers, Mission Housing Development Corporation was originally created in 1971, as a product of the Mission Coalition Organization, for the purpose of addressing one of the Mission District's key concerns: the need to provide affordable housing that preserves the neighborhood's economic, cultural and ethnic diversity. In its 45+ year history, Mission Housing has owned and/or developed 44 projects, consisting of over 1,600 units of affordable housing. As a 501(c)(3) community-based developer with deep roots in the Mission District, Mission Housing possesses the right balance of technical expertise and community presence that has made it possible for the organization to serve for over four decades as a real estate developer, owner, and community services provider in a neighborhood that is well known for its bold and distinct sense of civic identity. The organization's approach to resident services, community development, and outreach is a fundamentally collaborative one that leverages its long-established presence in the Mission District to create strong and enduring partnerships.

Mission Housing is a long-term owner that will guide the design and rehabilitation scope of work for Mariposa Gardens and the six (6) Receiver Properties (collectively, "The Reinvestment Project"). As a Community Housing Development Corporation (CHDO) for over 40 years, Mission Housing has maintained a long-term commitment to be responsible steward of its assets. Its Asset Management team oversees their residential and commercial portfolio to ensure that properties are being managed per budget and regulatory requirements and meet the expectations of its partners, ensure proper and timely maintenance, and has adequate reserves. Their existing developments include 14 new construction projects, 17 acquisition and rehabilitation projects, and 12 scattered site developments, as well as four new joint-venture projects that are currently in development.

The Reinvestment Project involves six properties. With a \$29M refinance with Walker & Dunlop, an experienced Freddie Mac lender, and MOHCD as a funding partner in this cash out refinancing, this will be one of the most complex projects in the MHDC portfolio. MHDC demonstrates that it has the financial and staff capacity to manage the complexities and potential financial risks. MHDC utilizes a seasoned team of third-party financial consultants to create its financing plans. In this case, MHDC has engaged VMS ASSET MGMT LLC and their attorney, Goldfarb & Lipman, early to work out the details of the financing structure.

Financial

MHDC has a strong balance sheet and consistently utilizes its own working capital line to fund predevelopment activities across its pipeline. MHDC is being particularly creative in its approach to financing the Reinvestment Project, including use of 2020 Surplus Cash from Mariposa Gardens as a predevelopment bridge source, and use of other MHDC project resources (surplus cash receipts and Sponsor reserves).

MHDC has recognized the limited new funding sources for portfolio recapitalization projects at both the local and state level, so it has sought out funding via leveraging its own portfolio assets and resources during a historically low interest rate mortgage environment. In addition to the use of working capital and other project funding sources (reserves, etc.), MHDC has also successfully leveraged additional HCD grant funds and extended and increased rental subsidy contract rents for The Reinvestment Project with HUD and San Francisco Housing Authority, as needed. MHDC uses its strong relationships with funding partners such as HUD, HCD, and San Francisco Housing Authority to successfully negotiate and leverage more funding sources for these assets.

MHDC has a healthy balance sheet position, strong governance, and the ability to leverage its assets. The MHDC team has engaged consultants, all familiar to MOHCD staff as experts in their respective fields, to support their assumptions and financing plans.

Project and Construction Management

In terms of project management and construction management, MHDC has demonstrated its capacity to manage large-scale occupied rehabs simultaneously to the South Park Project. MHDC is devoting expert internal staff and significant portions of their time. These staff are familiar with the Reinvestment Project properties and have several years of experience.

MHDC has hired the services of VMS ASSET MGMT LLC to design and plan the Reinvestment Plan and coordinate the work of MHDC staff, consultants and contractors involved in its implementation.

All assigned MHDC staff have been intimately familiar with these properties for at least two years and have been actively engaged with MOHCD staff in developing the Reinvestment Project plan. All MHDC staff have been integrally involved in occupied rehabs financed through City gap financing.

In terms of relocation, MHDC has learned from its South Park rehab experience and has worked with qualified third-party relocation consultants. MHDC Staff is expected to manage any relocation effectively and successfully with a qualified and experienced relocation consultant at 3434 18th Street and 3019 23rd Street. The remaining rehab work is planning to keep all current tenants in place with careful coordination and planning from MHDC staff.

Mariposa Gardens Excess Loan Proceeds
The Reinvestment Project
Sponsor Capacity



MHDC is also using architects and general contractors for these projects that they have worked with on the other major renovation projects. The design consultants and general contractors have deep experience with affordable housing rehabilitations that involve occupied buildings and phased resident relocation plans.

MHDC has an in-house Construction Management (CM) Services team in partnership with John M. Barber & Associates, an experienced construction manager that has worked exclusively with Mission Housing since 2011 in the position of Owner's Representative and Construction Manager to support MHDC's major rehab projects. With over combined 35 years in the field and significant experience with multiple MHDC rehab projects including Abel Gonzalez and South Park, between 2016 and 2020, Mission Housing has started and completed as string of difficult and successful major renovation projects. MHDC's Construction Management Services team will provide CM Services prior to and during the rehabilitation of the Source and Receiver Rehab Projects.

**Mariposa Gardens Excess Loan Proceeds
The Reinvestment Project
Staffing Plan**



Sam Moss, Executive Director: 5% of Time - Supervision

Mr. Moss has served as Mission Housing Development Corporation's Executive Director since September 2013. Mr. Moss has worked in real estate for 11 years, with a focus in real estate development and asset management from both a nonprofit & for-profit perspective. He joined Mission Housing in early 2012; initially serving as MHDC's asset manager and eventually as Director of Asset Management, overseeing its 35-building portfolio.

Prior to joining MHDC Sam worked for WhiteStar Advisors, where he directed real estate investment ownership entities on behalf of union pension funds, the majority of which were building trades' unions, throughout the western United States. During his tenure at Mission Housing, Mr. Moss has focused on crafting working policies that earn MHDC the resources required to provide sustainable economic & real estate developments while maintaining an equitable balance of housing programs, the majority of which are supported through MHDC's own portfolio operations rather than public funds. Mr. Moss holds a B.A. in Political Science, Education & Public Policy from Bucknell University, and sits on the City-Wide Energy Efficiency Coordinating Committee, as an appointee of the San Francisco Board of Supervisors.

John Barber, Construction Manager: 25% of Time - Supervision

Mr. Barber has represented Mission Housing on a number of large portfolio recapitalizations including Esperanza Apartments, a 39-unit senior housing community built in 1976, the Colosimo Apartments, an 11-unit family housing community built in 1982, and the Betel Apartments, a 50-unit family housing community built in 1976. Improvements included new building siding, exterior and interior flooring, exterior & interior doors, windows, heating systems, lighting throughout, exterior & interior painting, signage, computer lab for residents, all new appliances, new bathrooms, fire, life & safety systems, and a solar thermal installation on the three roofs at Betel. All three buildings were awarded a 97 Green Point Rating for Sustainability.

Mehmet Alademir, Construction Project Manager: 50% of Time - Project Management

Construction management of the renovation work at Mariposa Gardens, 3434 18th Street, 3019 23rd Street, 2800 Bryant Street, Maria Alicia, and Dunleavy Plaza will be primarily managed by Mehmet Alademir. Since 2000, Mr. Alademir has worked with the Department of Building Inspection, Mayor's Office of Disability, and Division of the State Architect in completing a variety renovation projects. Mr. Alademir holds both Master's and Bachelor's degrees in architecture. His background includes Commercial, Residential, Institutional and Affordable Housing projects, knowledge of building codes and accessibility.

Lisa Mendoza, Senior Asset Manager: 25% of Time - Supervision

Lisa Mendoza has a unique mix of executive experience in managing a diverse portfolio of urban developments over the last 20 years. Her strength in asset management, operations, project management, construction and financing has allowed her to wear multiple hats, bringing her talents and skills into all aspects of developments. Working for non-profits and for-profits developers has enhanced her knowledge as an initiative thinker and dedicated professional.

A graduate of San Diego State University; Lisa relocated to San Francisco after revitalizing the Little Italy and East Village neighborhoods in San Diego with a series of infill affordable and market rate housing, historic renovation, hotels and mixed-use developments totaling more than \$250 million in affordable & market rate housing, including five historic Single Room Occupancy communities.

Lisa currently leads the Asset Management team of Mission Housing while working closely with the property management teams that oversee Mission Housing communities. Her deep family roots hail from the Mission District, where she spent much of her time as a child and is now proud to work and serve in this community.

Paul Leone Jr, Asset Manager: 50% of Time - Project Management

After graduating from the University of Massachusetts with Honors in Accounting and Economics, Paul Leone Jr dived right into the affordable housing industry. He started his career at MidPen Housing Development Corporation as a Development Accountant and worked closely with public and private lenders in ensuring timely and accurate delivery of loan draws and budgets. After 2 years in accounting Paul was asked to join MidPen's development team as a Project Associate and assisted on several new construction projects.

Since Paul has joined Mission Housing's Asset Management Team in December 2018, where he has helped to manage and finance MHDC's innovative ADU project, managed MHDC's commercial portfolio, and managed several properties currently in operation. Paul's blend of experience in the affordable housing industry uniquely positions him to manage a project through development and into operations.

VMS ASSET MGMT LLC: 25% of Time - Project Management

VMS ASSET MGMT LLC is a professional third-party asset management consulting firm focused on the preservation of affordable rental housing in the United States. Co-Founder and Manager, Peter Villareal, established VMS ASSET MGMT LLC leveraging his over 20 years of experience in real estate finance, real estate asset management, and real estate development in construction lending and affordable rental multifamily housing for for-profit and nonprofit real estate owners and developers.

**Mariposa Gardens Excess Loan Proceeds
The Reinvestment Project
Staffing Plan**



VMS ASSET MGMT LLC has recapitalized and renovated over 33 existing affordable and at-risk multifamily housing projects totaling nearly 2,500 units investing over \$159 million of U.S. federal low-income housing tax credits (LIHTC) investor equity, FHA, bank debt, tax exempt bond financing, and other soft loan funding sources. Mission Housing has hired VMS ASSET MGMT LLC as the project and financial consultant to coordinate pre-construction work with Mission Housing's Construction Management Team and manage ongoing compliance with Mission Housing's Asset Management Team for the Resource community, Mariposa Gardens, and the other Receiver Properties identified with MOHCD staff for long-term strategic stabilization and healthy home design for the low-income individuals.

VMS ASSET MGMT LLC is expected to provide ongoing technical asset management and financial consulting through completion of the refinancing of Mariposa Gardens and construction completion on the Receiver Property communities with Mission Housing staff.

**MOHCD CASH OUT ACQUISITION/REHABILITATION,
RESYNDICATION, AND REFINANCING POLICY**

Update: June 19, 2020

I. BACKGROUND:

This MOHCD Cash Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy (this “**Policy**”) governs the conditions under which a sponsor may take cash out from a MOHCD-regulated affordable housing development (“**Projects**”) through an acquisition/rehabilitation, resyndication, or refinancing that is subject to MOHCD’s consent under a City and County of San Francisco (“**City**”) ground lease, financial agreement, and/or other subsidy agreement (collectively, “**City Documents**”).

Between 2017-2020, the City, through MOHCD, will have contributed approximately \$1.2 billion in subsidies to build or preserve over 6,000 affordable housing units. MOHCD’s substantial subsidies (including “soft” predevelopment and gap loans at zero or below market interest rates repaid through surplus cash, grants, operating subsidies, land write-down, below market ground lease rent, forgiveness of residual rent, forgiveness of loans, subordination, and others) strengthen the social, physical, and economic infrastructure of San Francisco’s low-income neighborhoods and communities in need. Working with community-based organizations and affordable housing developers (collectively, “**Sponsor**”), MOHCD’s contribution of public resources has created an affordable housing portfolio (“**MOHCD Portfolio**”) exceeding 22,000 units.

In general, MOHCD allows a Sponsor to secure new loans for financing or refinancing the acquisition/rehabilitation of a Project, but only if MOHCD determines in its sole discretion that such financing/refinancing is necessary to ensure the viability of the Project. Under City Documents, a Sponsor must obtain MOHCD’s prior written consent for such new financing/refinancing, encumbrance of a leasehold estate, subordination of MOHCD’s existing liens, and/or prepayment of existing debt. Therefore, to ensure the financial viability and sustainability of a Project, a Sponsor is generally **not permitted** to obtain a loan in an amount that exceeds the amount necessary to acquire/rehabilitate a Project, which is commonly known as a “**Cash Out**.”

But for the City’s substantial contributions of public resources, and ongoing stewardship, the MOHCD Portfolio would not exist today, nor would individual projects within the MOHCD Portfolio support a cash out through an acquisition/rehabilitation, resyndication, or refinancing. In light of the City’s substantial prior subsidies and funding, and to support the preservation of properties in the MOHCD Portfolio, effective June 7, 2019 (“**Effective Date**”), MOHCD approved the Policy to establish criteria for a Sponsor to obtain MOHCD’s consent to waive the prohibition on a cash out. This Policy updates and replaces the Policy adopted on June 7, 2019 in its entirety.

II. POLICY ON CASH OUT (UPDATED):

This Policy applies to Projects subject to a City Ground Lease, or where the City has provided funding (i.e. Loans, Grants, LOSP, or other funding) of at least \$50,000 per restricted unit. This

MOHCD Cash Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy

includes Projects where MOHCD has been assigned such agreements, as the successor housing agency, from the former Redevelopment Agency of the City and County of San Francisco.

If a Sponsor is obtaining a new loan for conducting an acquisition/rehabilitation, resyndication, or refinancing, and desires withdrawal of Cash Out from the loan proceeds (equity or acquisition Excess Proceeds as defined below), MOHCD will waive the prohibition of such Cash Out under the following conditions:

- (i) Sponsor complies with the general conditions set forth in Section IV below.
- (ii) Excess Proceeds is subject to a 50-50 split between the Sponsor and MOHCD to be paid on a pari passu basis. MOHCD's share of Excess Proceeds (MOHCD Payment as defined below) shall partially recapture the City's previous subsidy to the Project.

"Excess Proceeds" is defined as the remaining funds available after paying off and/or funding, as applicable, the senior financing, all MOHCD financing and ground rent, buying out the limited partner, rehabilitation/improvements, seller carry-back loan (if any), reserves, and other costs (such as transaction costs) approved by MOHCD. MOHCD will not restrict the Sponsor's use of its share of Excess Proceeds approved pursuant to this Policy. Notwithstanding the foregoing, this Policy does not modify any restrictions imposed by other government funding that govern a Sponsor's use of project income, program income, or cash out equity or acquisition proceeds, or in any way modify a Sponsor's obligation to comply with such restrictions. A Sponsor is solely responsible for ensuring compliance with any other government requirements and this Policy.

"MOHCD Payment" is defined as MOHCD's share of Excess Proceeds pursuant to this Policy. Such amount shall be paid at the close of escrow and documented through a consent agreement.

MOHCD's share of Excess Proceeds will be restricted to affordable housing purposes, utilized to provide critical funding to support the City's existing investments in affordable housing, and ensure the long-term viability of San Francisco's affordable housing stock. The MOHCD Payment shall be deployed across MOHCD's existing and successor financing programs that prioritize the preservation of the City's existing affordable housing portfolio (e.g. Existing Non-Profit Owned Rental Housing Capital Repairs).

III. GOVERNING DOCUMENTS, POLICY AND REGULATIONS:

Cash out withdrawals of equity or acquisition proceeds from properties in MOHCD's Portfolio are highly regulated through various mechanisms, including, but not limited to:

- Transaction Documents:
 - Long-term affordability covenants which keep project income low and reduce available equity
 - Long-term asset management requirements requiring regular reinvestment into the physical needs of the properties
 - Loan Agreement provisions regarding property transfer rights

MOHCD Cash Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy

- Secured Promissory Note provisions regarding prepayment privileges
- Contracts providing rental assistance
- Restrictions related to other funding sources (e.g. HCD, CDBG Program Income)
- Policy & Regulations:
 - Cash Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy
 - Subordination Policy
 - Ground Lease Policy
 - Residual Receipts Policy
 - Operating Fee Policy
 - Developer Fee Policy for Tax Credit Projects
 - Multifamily Securities Program Manual
 - Other third-party restrictions (e.g. HCD, CDLAC & CTCAC Regulations)

IV. GENERAL CONDITIONS:

MOHCD consent to waive the prohibition on Cash Out is subject to the Sponsor complying with the following general conditions:

- i. Long-term extension of the compliance term and affordability restrictions for a minimum of 55 years.
- ii. Demonstration to MOHCD's reasonable satisfaction that the proposed financing does not threaten the viability of the Project through the extended compliance term.
- iii. Demonstration of compliance with asset management requirements, including either completion of all capital repair needs or a capital repair expenditure plan that meets the building's physical needs.
- iv. Fully funded operating and replacement reserves.
- v. Full repayment of MOHCD financing (including principal and accrued interest), as applicable.
- vi. Full repayment of MOHCD accrued ground rent, as applicable; and
- vii. No event of default exists under the City Documents.

V. WAIVERS:

Subject to MOHCD's review of supporting documentation, the Citywide Affordable Housing Loan Committee ("**Loan Committee**") may recommend to waive or modify any portion of the Policy for the purpose of ensuring project feasibility, maximizing affordability, and minimizing the use of public resources.

A Sponsor may also request an alternative to the 50-50 split of Excess Proceeds as follows:

A. Proportionality Waiver

MOHCD may consider a waiver to a 50-50 split of Excess Proceeds if the Sponsor can demonstrate that the Sponsor's equity investment (including cash contributions and parent company loans, "**Sponsor Funding**") in the Project is greater than 50% of the sum of i) total equity (excluding tax credit investment), and ii) subsidy contributed by the City (collectively, "**Total Funding**"). In the event the Sponsor has invested more than 50% of the Total Funding,

MOHCD Cash Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy

the Sponsor may retain the percentage of the Excess Proceeds in proportion to the Sponsor's Funding, as illustrated below. Approval of the Proportionality Waiver is subject to MOHCD verification of the original development budget and additional documentation (e.g. final underwriting, audited financial statements, bank statements, loan documents, etc.) related to Sponsor Funding.

50-50 Split with Sponsor Funding equal to less than 50% of Total Funding

Sponsor Funding	MOHCD subsidy	Total Funding	Sponsor Funding %	Excess Proceeds	MOHCD Share of Excess Proceeds	Sponsor Share of Excess Proceeds
\$3,000,000	\$7,000,000	\$10,000,000	30%	\$6,000,000	\$3,000,000	\$3,000,000

Proportional Waiver for Sponsor Funding equal to greater than 50% of Total Funding

Sponsor Funding	MOHCD subsidy	Total Funding	Sponsor Funding %	Excess Proceeds	MOHCD Share of Excess Proceeds	Sponsor Share of Excess Proceeds
\$7,000,000	\$3,000,000	\$10,000,000	70%	\$6,000,000	\$1,800,000	\$4,200,000

B. Reinvestment Waiver

MOHCD may also consider waivers, subject to MOHCD's review of supporting documentation (described in **EXHIBIT A**), and approval of the Loan Committee, that result in an increased net public benefit (example in table below) to MOHCD's Portfolio, whereby a Sponsor commits to reinvest all Excess Proceeds into MOHCD-regulated properties within the Sponsor's affordable housing portfolio. Such requests must demonstrate that the proposed uses are strategically optimal investments, and be justified by recent Capital Needs Assessments ("**CNA**") approved by MOHCD, feasible underwriting, Sponsor capacity, and long-term cash flow projections.

Additional conditions and requirements for Reinvestment Waiver requests:

- i. Waiver requests approved by the Loan Committee may require additional City approvals.
- ii. Projects generating Excess Proceeds ("**Resource Properties**") and Projects where Excess Proceeds are reinvested ("**Receiver Properties**") must be specified. The proposed reinvestment plan, and any changes related to such Resource Properties or Receiver Properties is subject to MOHCD's approval.
- iii. Excess Proceeds may only be used at MOHCD approved Receiver Properties for actual rehab expenses (as opposed to refinancing, for example), with a minimum threshold cost of \$50,000 per unit. Eligible uses include hard costs, and certain soft costs, as applicable.
- iv. Sponsor must report the use of all Excess Proceeds to MOHCD annually, and MOHCD shall have the authority to monitor the use of Excess Proceeds on a more frequent basis.

MOHCD Cash Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy

- v. Sponsor must execute a Promissory Note, or Notes, payable in five (5) years to MOHCD for 100% of the Excess Proceeds to be reinvested in Receiver Properties; each Promissory Note must be secured with a deed of trust against the Resource Property. The outstanding balance of the Promissory Note shall be reduced proportionately to the completion of the rehabilitation/improvements, and the deed of trust will be reconveyed after all the rehabilitation/improvements have been completed.
- vi. Rehabilitation/Improvements funded by Excess Proceeds must be completed within five (5) years of the execution of the Promissory Note, or unused Excess Proceeds will be due and payable upon maturity of the Note.
- vii. Sponsor’s Reinvestment Waiver request must include all the materials listed in **EXHIBIT A**.

EXAMPLE REINVESTMENT WAIVER			50/50 Split	Waiver
Sources				
New Senior Loan			7,000,000	7,000,000
Total Sources			7,000,000	7,000,000
Uses				
Rehab			1,200,000	1,200,000
Repay Existing Senior Debt			1,450,000	1,450,000
Paydown MOHCD Accrued Ground Lease Rent			1,965,000	1,965,000
Payoff MOHCD debt			875,000	875,000
Excess Proceeds			1,510,000	1,510,000
Total Uses			7,000,000	7,000,000
MOHCD share of Excess Proceeds	50%	755,000	0%	-
Sponsor share of Excess Proceeds	50%	755,000	100%	1,510,000
Paydown MOHCD Accrued Ground Lease Rent		1,965,000		1,965,000
Payoff MOHCD debt		875,000		875,000
MOHCD Share of Excess Proceeds		755,000		-
Total due to MOHCD		3,595,000		2,840,000
Amount of Promissory Note to MOHCD		-		1,510,000
Net public benefit to MOHCD Portfolio		3,595,000		4,350,000

VI. IMPLEMENTATION AND EFFECTIVE DATE:

This Policy applies to any development in MOHCD’s Portfolio that is seeking a Cash Out on or after the Effective Date.

EXHIBIT A

Additional Materials Related to Reinvestment Waiver Requests

- Detailed recapitalization project narrative/proposal
- Portfolio-wide preservation strategy with rationale for the Resource Properties and Receiver Properties selected for the waiver request
- [Proposal Review Request Form](#) for each property
- Resource Properties-to-Receiver Properties flow chart
- Third-party CNAs for each property
- Preliminary title reports for each property
- [MOHCD Proformas](#) for each property – including 20-year cash flow analyses before and after use of Excess Proceeds
- Sources and uses chart including MOHCD debt/obligations on each property
- Refinancing debt and equity term sheets or letters of intent, as applicable
- Seismic report and rehab budgets for each property, as appropriate
- Project schedule for each property as well as for the overall multi-project plan
- Sponsor and staff capacity/assignments for each aspect of the proposed project(s)

MOHCD reserves the right to request additional materials as needed to evaluate waiver requests.



**Mayor's Office of Housing
& Community Development
(MOHCD)**

London N. Breed
Mayor

Kate Hartley
Director

May 14, 2019

Sam Moss
Executive Director
Mission Housing Development Corporation
474 Valencia Street, Suite 280
San Francisco, CA 94103

Subject: Citywide Fiscal and Compliance Monitoring of Current Contracts/Grants for Mission Housing Development Corporation for Fiscal Year 2018-19.

List of Contracts Reviewed:

HOM	2524 Mission St - Property Management / Operating Services
HOM	HUD ISN Renewal
MOHCD	Mission District Tenant Empowerment

Dear Sam Moss:

This letter conveys the results of the Citywide fiscal and compliance monitoring conducted on 3/1/2019.

The fiscal monitoring included the review of the following documents:

1. Agency-wide budget and cost allocation plan
2. Board minutes
3. Recent 990 form
4. Recent DE 9, DE 9C, and 941 reports
5. Most recent audited financial statements
6. Financial reports, balance sheets, and profit loss statements

The compliance monitoring included the review of the following documents:

1. Board roster, bylaws, meeting minutes

We are pleased to report that there were no findings identified in our fiscal and compliance monitoring.

Monitoring staff also reviewed governance practices (based on Section 3 of the Standard Monitoring Form: Board of Director Best Practices). While governance best practice results are not classified as "findings" for the purposes of this Monitoring Report Letter, they are important indicators of healthy

nonprofit agencies. We are pleased to report that your agency is also in conformance with all governance best practices.

Please extend our appreciation to your staff for their preparation in advance of the monitoring and assistance during the process. We thank you for your work in serving the San Francisco community.

If you have any questions regarding this monitoring, please contact me at (415) 701-5665.

Sincerely,

A handwritten signature in blue ink that reads "Dolly Sithounnolat". The signature is written in a cursive style with a light blue background behind it.

Dolly Sithounnolat
MOHCD Fiscal and Compliance

cc: Board of Directors, Mission Housing Development Corporation
Mike King, Mayor's Office of Housing and Community Development
Rachael Mcnamara, Department of Homelessness and Supportive Housing

Resource Property

Mariposa Gardens
 Owner: MHDC Mariposa Gardens Associates, L.P.
 Managing General Partner: MHDC Mariposa Gardens LLC
 Ground Lease: MOHCD
 Lender: Walker & Dunlop/Freddie Mac
 Loan Proceeds: +\$26,957,700
 Mariposa 2020 Surplus Cash: +\$571,910
 Citibank Loan Repayment: -\$3,381,317
 MHDC Line of Credit: -\$2,240,983
 MOHCD Ground Lease: -\$358,400
 Rehab: -\$8,875,320
 Capitalized Replacement Reserves: -\$213,781
 Capitalized Operating Reserves: -\$262,106
 Rehab Completion Date: May 2022
 Capitalized Sponsor Reserves: \$712,106

3434 18th Street
 Owner: Mission Housing Development Corporation
 Financing Plan: Excess Proceeds, MOHCD PASS Loan
 Construction Costs: \$4,320,731
 Rehab Completion Date: January 2022

3019 23rd Street
 Owner: Mission Housing Development Corporation
 Financing Plan: Excess Proceeds
 Construction Costs: \$3,589,661
 Rehab Completion Date: June 2022

2800 Bryant Street
 Owner: Mission Housing Development Corporation
 Financing Plan: Excess Proceeds
 Construction Costs: \$1,866,817
 Rehab Completion Date: October 2021

Maria Alicia
 Owner: Maria Alicia Associates
 Ground Lease: Mission Housing Development Corporation
 Financing Plan: Excess Proceeds, MOHCD PASS Loan
 Construction Costs: \$4,616,719
 Capitalized Replacement Reserves: \$120,758
 Rehab Completion Date: December 2021

Dunleavy Plaza
 Owner: Mission Housing Development Corporation
 Financing Plan: Excess Proceeds
 Construction Costs: \$2,579,728
 Capitalized Replacement Reserves: \$248,068
 Capitalized Operating Reserves: \$162,192
 Rehab Completion Date: December 2021