

Citywide Affordable Housing Loan Committee

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

MEMORANDUM

DATE: May 21, 2021
TO: CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE
FROM: VIVIANA LOPEZ AND ANNE ROMERO, PROJECT MANAGERS
RE: **SFHA SCATTERED SITES – PRELIMINARY GAP LOAN COMMITMENT
FOR CDLAC ROUND 2 / TCAC FUNDING APPLICATIONS**

TOTAL PREVIOUS COMMITMENTS **\$2,500,000 HOUSING TRUST
FUND**

PRELIMINARY GAP REQUEST
MOHCD \$2,500,000.00

Total MOHCD Preliminary Gap Request: \$2,500,000.00

New Funding Requested: **\$0**

1. Summary of Request

Mission Housing Development Corporation (“MHDC” or the “Sponsor”) requests that the Mayor’s Office of Housing and Community Development (“MOHCD”) modify its existing predevelopment loan to support MHDC’s joint California Debt Limit Allocation Committee (“CDLAC”) and Tax Credit Allocation Committee (“TCAC”) applications for the San Francisco Housing Authority’s (“SFHA”) Scattered Sites project, a proposed occupied rehab of five scattered site public housing developments located in four neighborhoods. On December 20, 2019, Loan Committee approved a predevelopment loan in the amount of \$2,500,000 to conduct necessary due diligence and development planning to bring these projects to start of rehabilitation. MHDC has made significant progress in predevelopment, and rather than repay the loan to MOHCD at construction closing, the Sponsor requests Loan Committee approval to convert the predevelopment loan to a gap loan for the Project.

SFHA Scattered Sites is a proposed occupied-rehab project of five (5) scattered site public housing developments consisting of 5 buildings with 69 residential units, located in four diverse San Francisco neighborhoods (and together, the “Project”):

- 4101 Noriega and 2206-2268 Great Highway are located in the Outer Sunset (District 4);
- 200 Randolph/409 Head is in Ingleside (District 11);
- 363 Noe is in the Castro (District 8); and
- 1353-1367 Eddy is in the Fillmore (District 5)

All five developments serve large families, with the exception of 363 Noe, which is a senior project. MHDC proposes the project to include 66 affordable units and three (3) manager units, one at each site that has 16 or more units.

CURRENT			PROPOSED							
Development	Pop.	Units	Studio	1-BR	2-BR	3-BR	4-BR	Mgr. Unit	Type	
4101 Noriega	Family	8			3	3	2	0		
2206-2268 Great Hwy	Family	16			6	10		1	3-BR	
200 Randolph/409 Head	Family	16			8	6	2	1	2-BR	
363 Noe	Senior	21	19	2				1	1-BR	
1353 - 1367 Eddy	Family	8				8		0		
TOTAL:		69	19	2	17	27	4	3	69	

The five sites were originally developed between 1900 and 1970, and were acquired by the San Francisco Housing Authority (SFHA) in the 1970’s. Over time, the developments have severely deteriorated and need substantial rehabilitation. The land and buildings are currently owned and managed by SFHA. Through a Request for Qualifications (RFQ), SFHA announced its intentions to dispose of the sites through HUD’s Section 18 Demolition/Disposition Program, transfer ownership to a non-profit affiliate, and convert the public housing units to Project Based Vouchers (PBV’s). MHDC was selected as the developer through the RFQ process. More information about the disposition process by SFHA and the MHDC acquisition is in **Section 2**.

MHDC’s proposed scope of work will focus on health and life safety improvements, including replacement of exterior siding, roofing, and water heaters; extensive dry rot repairs; seismic upgrades; replacement of exterior walkways, balconies, and stairways; electric and plumbing upgrades; hazardous material abatement; and accessibility improvements. See **Section 4** for details about the anticipated rehab work that will be completed.

MHDC proposes to finance the re-capitalization as a scattered site 4% tax credit and tax-exempt bond project. As a HUD Section 18 Disposition, the resulting PBV’s will leverage the large conventional mortgage. If approved by Loan Committee, the existing \$2.5M MOHCD predevelopment loan will be rolled into the construction and permanent periods, with a 55-year term from the close of permanent financing. If awarded bonds and credits in August 2021, MHDC will make a final gap loan request with final bid costs in Fall/Winter 2021 for a construction loan closing in early 2022.

Staff recommends approval of the preliminary gap request.

2. Update on Project Status

BACKGROUND

SFHA executed a Public Housing Authority Recovery and Sustainability (PHARS) Agreement and Corrective Action Plan with the United States Department of Housing and Urban Development (HUD) on July 7, 2017. The PHARS Agreement and Corrective Action Plan requires SFHA to dispose of or convert its remaining public housing portfolio by the end of June 2021. Given the challenges of conducting resident engagement and predevelopment activities during the COVID pandemic, SFHA and HUD have approved the construction loan closing to be pushed to 2022.

On March 15, 2018, SFHA issued a Request for Qualifications (RFQ) for the rehabilitation and transfer of ownership of the Scattered Sites to an affordable housing developer to convert the public housing units to PBV's, recapitalize the project, and rehabilitate and manage all five sites. SFHA held pre-bid meetings, site walks, and released RFQ addenda. After several extensions, the final responses were due July 20, 2018. Two development teams responded to the RFQ.

Simultaneously, SFHA submitted a Section 18 Demolition and Disposition application to HUD for the Scattered Sites project on February 2, 2018, which was approved on May 8, 2019.

On September 18, 2018, SFHA selected MHDC to develop the Scattered Sites project. MHDC's proposed development team includes Caritas Management Corporation (property manager), MHDC (services provider), and Levy Design Partners (architect). SFHA began negotiating with MHDC to enter into an Exclusive Negotiating Rights Agreement (ENRA), which was approved by the SFHA Commission on November 21, 2019.

Since being awarded predevelopment financing at the end of 2019, MHDC has worked closely with Levy Design Partners to conduct preconstruction due diligence and develop a scope of work for each site. 50% CD sets were recently issued for Noe, Eddy, & Randolph, with CD sets for Noriega and Great Highway currently being drawn. If the project receives a CDLAC allocation in August, MHDC will move quickly to prepare the project so that it can be formally released for subcontractor bidding by the beginning of September 2021.

The conversion of the Scattered Sites out of public housing is a high priority of the Office of the Mayor and MOHCD, and it aligns with the City's SFHA Re-envisioning Initiative. MOHCD has provided, and will continue to provide, technical assistance to facilitate the rehabilitation of the Scattered Sites, including project management, construction management, and services support. MOHCD previously committed support to the Project in 2019 by extending \$2.5 million in below market rate pre-development financing.

3. Tenant Population, Resident Engagement, and Relocation Updates

Four of the five sites serve large families, and 363 Noe is restricted to serving seniors. The average household income at the Project is currently 24% MOHCD AMI. The Project will not employ income averaging to ensure competitiveness for lender investment, and therefore will restrict all units to a maximum of 60% TCAC AMI. Currently, three (3) households report incomes above 60% TCAC AMI, and so because of the Section 18 tenant protections, those units will be leased to qualifying households at turnover. Two households are currently over the income limits of the tax credit program (i.e. 80% TCAC AMI) at 127% and 131% MOHCD AMI, and a third household is over the TCAC limit but will qualify for a PBV with income under 80% AMI. At conversion, however, all units will be further restricted at 50% MOHCD AMI to meet the requirements of the SFHA ground lease.

While no services space is currently provided, a number of the properties have community rooms, and the sponsor and architect have identified areas of the building that will be redesigned to accommodate resident services programming. Per the public housing-conversion service model, 1 FTE will serve the 69 households through the provision of the following services:

- Information and referral including warm hand off to other CBO's
- Educational workshops (budgeting, job readiness, life skills, etc.) sponsored by other CBO's
- Service connection (short term goals setting/crisis management) focused on housing stability
- Community buildings activities (cultural events, movie nights, food pantries, games, arts and crafts, recreation, field trips, etc.)

As currently planned, the staffing plan, including projected estimated salaries for 4 FTE's is as follows:

- Property manager @ 1.0 FTE (\$53,560) per year, plus staff unit (3 BR @ Great Highway)
- Assistant manager/ compliance backup @ 1 FTE (\$42,848)
- Janitor/ groundskeeper @ 1 FTE (\$53,560), plus staff unit (1 BR @ Noe)
- Maintenance tech @ 1 FTE (\$53,560), plus staff unit (2 BR @ Randolph)
- Services coordinator @ 1 FTE (\$70,000).
- Vehicle allowance for 4 staff people @ (\$8,400 each for Property manager, maintenance tech, janitor, services coordinator)

Temporary relocation of 100% of the households will be required as a result of the rehabilitation activities, which will be simultaneously phased beginning in January 2022. The development budget assumes \$43,000/household in relocation expenses, which is comparable to RAD off-site relocation costs, including escalation. Overland, Pacific, & Cutler (OPC), the relocation consultant firm hired by the Sponsor, submitted a relocation plan that was approved by the SFHA Commission on April 22, 2021.

The Sponsor started preliminary outreach to residents in January 2021, holding meetings online for each of the properties as well as one-on-one interviews with households to better understand household composition, special needs, and specific concerns around relocation. Since only three units are vacant across all the sites, it is expected that the vast majority of households will be

relocated off-site for the duration of their relocation, with the exception of Noe, where the three vacancies may facilitate some on-site relocation. The longest relocation duration is expected to be 11 months. Most or all households will be relocated to master-leased apartment units, with expenses to be paid by the project. Relocation will follow the MOHCD guidelines for relocation during the COVID-19 pandemic, and relocation assistance will be provided in compliance with all applicable Federal, State, and Local laws.

4. **Financing Plan**

Updated Sources and Uses Summary

Predevelopment Sources	Amount	Terms	Status
MOHCD	\$ 2,500,000	3 yrs @ 3%; repayment due at close of construction. Matures Sep. 1, 2021. Will require extension (see below).	Approved
Total	\$ 2,500,000		

Permanent Sources	Amount	Terms	Status
MOHCD	\$ 2,500,000	3% simple interest to mature 55 years after close of permanent financing. (Rollover from predev funding already approved, see above.)	This Request
Tax Credit Equity	\$ 30,200,046	\$ 0.91	TCAC application Due 5/25/2021
Deferred Developer Fee	\$ 1,954,984	n/a	To be committed @ closing
Seller Carryback Loan	\$ 22,400,000	55 yrs @ AFR, currently assumed at 2.41%	Purchase & Sale Agreement Executed
Permanent Loan	\$ 23,889,677	35 yrs @ 4.58%	Investor RFP to be released in June
GP Equity	\$ 500,000		To be committed @ closing
Total	\$ 81,444,707	\$1,180,358/unit	

Uses	Amount	Per Unit	Per SF	Per Bedroom
Acquisition	\$ 22,992,500	\$ 333,225	\$ 318	\$151,266
Hard Costs	\$ 40,718,850	\$ 590,128	\$ 562	\$267,887
Soft Costs	\$ 11,542,881	\$ 167,288	\$ 159	\$75,940
Developer Fee	\$ 4,654,984	\$ 67,464	\$ 64	\$30,625
Reserves	\$ 1,535,492	\$ 22,254	\$ 21	\$10,102
Total	81,444,707	\$ 1,180,358	\$1,125	\$535,820

Projected per unit total development costs (TDC) have increased since the preliminary predevelopment request, and are currently estimated at over \$1 million per unit due to cost escalation and the deteriorated unit conditions. The cost per unit without acquisition costs is \$847,133. Additional information about the expected rehab is included in **Section 5** below.

Proposed Permanent Financing

In its application for CDLAC and TCAC, the Sponsor proposes to use the following permanent sources for the scattered sites rehabilitation:

MOHCD Predev Financing – \$2,500,000: MOHCD provided predevelopment financing in the amount of \$2.5 million, with a loan maturity date of September 21, 2021.

MOHCD Gap Financing – This request proposes to keep the \$2.5 million in the Project at construction close, and the loan term to be extended to 55 years. No new MOHCD gap financing is projected at this time.

Conventional Financing - \$23,889,677: The Project Team is forecasting a tax-exempt permanent loan of \$23,889,677 with a 35-year amortization and a 4.58% interest rate, at 1.15 DSCR.

Tax Credit Equity - \$30,200,046: The investor has not been selected. MOHCD will require a review of the raw data received from the RFP respondents and must approve the selected investor. The tax credit equity in the proforma assumes \$30,200,046 based on an assumed equity pricing of \$0.910. The credit rate in the proforma is underwritten at 4.00%, while the actual current rate is estimated at 3.16%.

SFHA Seller Carryback Loan - \$22,400,000: The seller carryback loan will finance the acquisition of the buildings from the SFHA. The loan will be structured as a residual receipts loan with a 55-year term at the applicable federal rate. Repayment will be taken from surplus cash: 50% to the SFHA in years 1-15 and 2/3 to the SFHA from year 16 until it's paid off. More details about the Project's waterfall structure is below, after the Developer Fee table.

Deferred Developer Fee - \$1,954,984: The Sponsor will defer \$1,954,984 in developer fee.

Construction Loan - \$45,493,336: The tax-exempt bond request is up to \$60 million for bond inducement purposes. The 50% test is currently at 54.49%. The sizing allows for some cost escalation while being aggressive with bond competitiveness. The construction loan rate is

underwritten at 3.5% for the tax-exempt loan and 4.00% for the taxable tail. The construction loan will be paid off by the permanent loan and tax credit equity.

CDLAC Competitiveness

In CDLAC's recent staff recommendation for Round 1 allocation awards, 5 projects in the Preservation Pool were awarded with a point score between 105 to 119 points (out of 120 points), with a tie-breaker between \$153,450 to \$190,614. The Project's current request yields a CDLAC score of 119 points in the Preservation Pool, with a tie-breaker score of approximately \$347,664 with no State Credits requested. The Project meets CDLAC's definition of an "At-Risk project" due to its HUD Section 18 Demolition/Disposition authorization; and will receive the maximum 20 points in the Acquisition/Rehab Priority Preservation scoring section.

Approximately \$104 million of volume cap will be available in the Round 2 Preservation Pool, with the Project's \$38.7MM bond request reflecting 38% of the total funds available in the Preservation Pool. While previously CDLAC had excess bond volume and obtaining 4% bonds was non-competitive, bonds are now oversubscribed by approximately 2-to-1. Because of the limited tax-exempt volume cap, an allocation of tax exempt bonds no longer is a given. If bonds are not allocated to the project in the second round of 2021, the Sponsor will reapply in the 3rd round in September 2021 for a December allocation, or until it has a competitive development.

Uses Evaluation

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Costs per unit are within standards	Y	\$590,128/unit is higher than the average family occupied-rehab in MOHCD's portfolio but is reasonable given the condition of the sites, and the fact that the units are scattered.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	N	Hard Cost Contingency is 10%.
Architecture and Engineering Fees are within standards	Y	Proposed fees are reasonable and will be further evaluated by MOHCD as part of the

		architecture contract approval process.
Construction Management Fees are within standards	Y	Proposed fees are \$250,000, which is allowable under MOHCD's guidelines based on the duration of the pre-development and construction periods.
Developer Fee is within standards, see also disbursement chart below	Y	Developer fee is proposed at \$2.2 million in cash fee plus a deferred developer fee in the amount of \$1,954,984
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10%.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 25% of operating expenses.
Capitalized Replacement Reserves are a minimum of a) \$2,000/unit or b) the amount necessary to pay all replacement costs for the 10 years following Closing, as specified in an approved PNA.	Y	Replacement reserves have been capitalized at over \$6,000/unit, but the Sponsor team will update according to PNA reserves study.
Capitalized Transition Reserve	N	The budget includes \$458,628 in Section 8 transition reserves, which may or may not ultimately be required by the lender/investor. MHDC should instead evaluate the need for a construction period rent reserve.

Relocation Budget	Y	The relocation budget is \$42,857/unit, which is comparable to RAD projects, including escalation.
Debt Service Coverage Ratio	Y	The Sponsor has underwritten to a 1.15 DSCR, as required by TCAC
LTV Ratio must not exceed the lesser of a) 90% appraised value or b) 80% of total development costs.	Y	The LTV is 61% of the appraised value of \$39,200,000 (not including the appraisal's deductions for capital needs).

Developer Fee

The developer fee is proposed at \$2.2 million plus \$1,954,984 in deferred developer fee. MHDC has only drawn down \$150,000 of the \$500,000 total approved fee, and has reallocated the remainder to ensure they have adequate predevelopment funds to carry the project through until start of construction. MHDC will take the remaining \$275,000 from the predevelopment period at construction loan closing. See the table below for the status of the payment milestones.

Payment Milestone	% of Project Mgmt. Fee	Total Amount	Paid to Date	Status
<i>Predevelopment Project Management Fee</i>				
At closing of predev financing	12%	\$ 150,000	\$ 150,000	
Submission of joint TCAC & CDLAC Application	6%	\$ 75,000		
<i>Total Predevelopment Project Management Developer Fee</i>	18%	\$ 225,000	\$ 150,000	
PM Fee: Construction Close	32%	\$ 352,000		

PM Fee: During or at End of Construction	40%	\$	440,000
PM Fee: At Project Closeout	10%	\$	110,000
TOTAL PROJECT MANAGEMENT FEE	100%	\$	1,100,000
At Risk: 95% Lease Up and Draft Cost Certification	20%	\$	220,000
At Risk: Perm Loan Closing / Conversion (Final Cost Certification Audit)	50%	\$	550,000
At Risk: Project Close Out (Placed-In Service application, 100% Lease up; City approval of sponsors' project completion report and documents, and City acceptance of Final Cost Cert	30%	\$	330,000
TOTAL AT RISK FEE	100%	\$	1,100,000
TOTAL CASH OUT FEE		\$	2,200,000
Total GP Equity		\$	500,000
Total Deferred Developer Fee		\$	1,954,984
TOTAL DEVELOPER FEE		\$	4,654,984

The proforma shows the developer fee taking 50% of surplus cash, in the 4th position, after partnership management fee, investor service fee, and ground lease base rent. After the deferred developer fee, surplus cash is evenly split between the general partner and the SFHA as repayment of the seller carryback loan for the first 15 years. From year 16 onwards it is split 1/3 to the general partner and 2/3 to the SFHA as repayment of the seller carryback loan.

5. Construction Supervisor/Construction Specialist's Evaluation.

The sponsor is presenting five sites for significant rehabilitation. The sites are being estimated by two different General Contractors:

- Guzman Construction Group: 200 Randolph with a 50% CD Cost Estimate; 2006 Great Highway with a 100 DD% Cost Estimate and 4101 Noriega Avenue with a 100% DD Cost Estimate.
- AmOne is providing a 50% CD estimate for 363 Noe Street and 1357-1371 Eddy Street.

The architect for all five sites is Levy Design Partners.

Proposed scope of work by project:

200 Randolph/ 401-409 Head is a three- and four-story development consisting of sixteen (16) units in two buildings. There are 8 two- bedroom units, 2 three-bedroom units, and 6 four-bedroom units. The site is located on a corner lot, with gated pedestrian access to an interior courtyard from both Randolph and Head Streets. There is a pronounced slope upwards from the south boundary. The interior courtyard consists of two separate terraces at different grades. All the units are garden style “walk ups”, with access to units provided by exterior stairways from the courtyard. There is no elevator. A detached community room building is located in the northwest corner of the courtyard. Unit floorplans are relatively small by industry standards, with

a typical two-bedroom floorplan at less than 700 square feet. The typical four-bedroom floorplan is approximately 1,200 square feet with only a single bathroom. Washer hook-ups are located in the kitchen of the units. The building contains 16 parking spaces in “tuck under” garages facing the street. There is no management or services office on site.

The scope of work for 200 Randolph included the construction rehabilitation of 16 public housing units, the community room, as well as an addition of services and community space at the community room level. The cement plaster cladding (stucco) is to be replaced. New windows (approx. 78) and roofing will be installed. The entry and courtyard will be brought into compliance with the Americans with Disabilities Act, including the addition of a series of new wheelchair ramps to the new community space. New landscaping will also be included. The project will have nearly all new plumbing and electrical installation including new sewer laterals. The current plan calls for near total kitchen and bathroom remodels within the units. The 50% CD Estimate for this site totals \$8,013,161, which is \$309 per square foot, or \$500,823 per affordable unit. The total hard cost per bedroom is \$190,790.

2206-2268 Great Highway is a two-story development consisting of sixteen (16) units. There are 6 two-bedroom units and 10 three-bedroom units. The units are arranged as two clusters of attached townhomes along a long, narrow lot. There are three covered carports providing 16 parking spots for residents. Each unit has a private patio area. There are no common amenities or management offices. Washer and dryer hook-ups are provided in units.

The scope of work for 2006 Great Highway is a gut rehab that includes extensive replacement of the exterior façade, window and door replacement throughout, mold and water intrusion mitigation, steel stair replacement, new plumbing and electrical throughout, and a large amount of framing replacement due to aforementioned water intrusion issues. The 100% DD estimate for this site totals \$11,306,003, which is \$739 per square foot, or \$706,625 per unit. The total hard cost per bedroom is \$269,191.

4101 Noriega Street is a three- and four-story development consisting of eight (8) units in two buildings. There are 3 two-bedroom units, 3 three-bedroom units, and 2 four-bedroom units. All the units are flats or garden style units with “walk up” style entries from an interior courtyard. There is no elevator. Eight (8) garage parking stalls and a small community room are located on the ground floor. Washer hook-ups are located in the kitchen of the units.

The scope of work for 4101 Noriega will be a gut rehab, that includes extensive demolition and site clearing, new plumbing and electrical, window replacement and full kitchen and bath replacement. The exterior façade, stairways, windows, balconies and fire escapes have been subject to severe corrosion due to site’s close proximity to the Pacific Ocean. Balconies and fire escapes are currently supported with emergency shoring. The units have considerable mold and water intrusion issues. The entire building skin will need to be replaced. The 100% DD estimate for this site totals \$8,609,280 \$785.02 per square foot, \$978,327.25 per unit. The total hard cost per bedroom is \$474,317.

363 Noe Street is a three-story development consisting of 22 units in one building. There are nineteen (19) studio units and 3 one-bedroom units. The units are arranged along a single corridor, with each floor serviced by an elevator. A management and administrative office are located on the ground floor, in the front of the building. The ground floor has a small community room that opens out onto a common patio in the back of a building. A small parking lot with a few parking spaces for residents and staff is located behind the building, accessible by a public alleyway. A small community laundry facility is provided on the ground floor.

The scope of work for 363 Noe Street includes rehabilitation that will focus on health and life safety improvements, including replacement of exterior siding, roofing, and water heaters; extensive dry rot repairs; seismic upgrades; replacement of exterior walkways, balconies and stairways; electric and plumbing upgrades; hazardous material abatement; and accessibility improvements. The project should be considered a gut rehab. The 100% DD estimate for this site totals \$4,637,085, \$342 per square foot, \$220,814 per unit& bedroom.

1357 Eddy Street is a two-story apartment building consisting of 8 units in one building. All 8 units are three-bedrooms. The unit floorplans are long, narrow flats, each with its own private entryway to the street. There is no on-site parking. A shared laundry room is provided in a partial basement, though some units also have washer and dryers. There is no management office on site.

The scope of work for 1357 Eddy Street includes sewer upgrades and repair, all new unit interiors, electrical and plumbing upgrades and fire alarm installation. There is also substantial dry rot and water intrusion remediation that will be part of the rehab. The 50% CD estimate totals \$2,993,359, \$309 per square foot, or \$374,170 per unit. The total cost per bedroom is \$124,769.

Combined as a single scattered site transaction, estimated hard costs are \$40,718,850, \$590,128 per unit, \$562 per square foot. The developer is carrying full contingencies as this point. Design contingency will be reduced as plan check comments are completed. Value engineering will be conducted at the 50% CD numbers, and the value engineering list is in process.

The buildings are in very poor condition and require substantial rehab. A challenge with obtaining accurate pricing correct is the inability to do destructive testing during the COVID pandemic given that the properties are occupied. The General Contractors have assumed worst case scenarios based on the Physical Needs Assessments reports. MHDC is scheduling some investigations and wants to bring down the estimate as those scopes of work become better defined. The project is on track to begin construction in February of 2022. Permits are currently under review. The estimate include 3.5% escalation until the start of construction. The entire scattered site project is expected to take up to 20 months: 12-14 months to complete rehab work, plus up to six months to stabilize occupancy once complete.

6. PROJECT OPERATIONS

(See Attachments C and D for Operating Budget and Proforma)

The proposed annual operating budget is being presented to demonstrate the project's overall feasibility and will be refined prior to the final gap request. It assumes the FMR payment

standard of 96%-98% of 2021 HUD FMR's. Only the units at Great Highway and Eddy Street will include a SFHA utility allowance of \$188 for 2-BR units and \$235 for the 3-BR units. The other sites are master-metered, and the Owner will be responsible for utilities.

1.1. Income

Noriega

Unit Size	# of units	Average sq.ft.	Subsidy
2 BR	3	673	PBVs
3 BR	3	1,065	PBVs
4 BR	2	1,515	PBVs

Noe

Unit Size	# of units	Average sq.ft.	Subsidy
Studio	19	420	PBVs
1 BR	1	594	PBVs
1 BR - MGRs	1	594	

Randolph/Head

Unit Size	# of units	Average sq.ft.	Subsidy
2 BR	7	777	PBVs
2 BR - MGRs	1	777	
3 BR	6	962	PBVs
4 BR	2	1,073	PBVs

Great Highway

Unit Size	# of units	Average sq.ft.	Subsidy
2 BR	6	800	PBVs
3 BR	9	1,000	PBVs
3 BR - MGRs	1	1,000	

Eddy

Unit Size	# of units	Average sq.ft.	Subsidy
3 BR	8	1,022	PBVs

All non-managers units will generate income in the amount of the current SFHA payment standard. These units will be restricted by MOHCD at 50% MOHCD AMI after unit turn-over.

1.2. Annual Operating Expenses Evaluation and Cashflow.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is at least 1.1:1 in Year 1 and stays above 1:1 through Year 17	Y	DSCR is currently 1.15:1 in Year 1 and increases to 1.588 by Year 20.
Vacancy meets TCAC Standards	Y	Vacancy is 5%.
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor 2.5%/year.
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%.
Base year operating expenses per unit are reasonable per comparables	N	Total projected operating expenses are \$17,830 PUPA prior to reserves and ground lease payment. This number is an early estimate and will need more refinement during predevelopment. The high operating

		cost is due to the scattered site model which duplicates costs across sites, and is therefore less efficient than a standalone site of the same size. The SFHA operating expenses for these sites in FY 18-19 were \$21,388 PUPA.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$63,872 or \$77.14 PUPM. This fee is high, and MHDC will need to demonstrate that this fee is within the HUD maximum allowable fee.
Property Management staffing level is reasonable per comparables	Y	2.3 FTE for management, admin & supervision, 1.5 FTE for maintenance.
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$24,280/yr Annual Partnership Management Fee is \$24,280/yr Based on 2021 schedule.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$600/unit. Numbers will be refined once PNA is received.
Limited Partnership Asset Management Fee meets standards	Y	\$5,000.

Proposed Loan Conditions

- The Sponsor must receive an SFHA commitment of the Section 8 subsidies to maximize scoring for the CDLAC application prior to applying to CDLAC.
- Sponsor must reapply to CDLAC in Round 3 if not awarded in Round 2.
- Sponsor must successfully apply to CDLAC/TCAC to satisfy the outstanding predevelopment developer fee milestone prior to closing.
- Sponsor will review operations budget and provide evidence to support expenses, and fees will not exceed HUD-approved limits.
- Sponsor will submit services plan for all projects, to be approved by MOHCD.
- Sponsor will continue to value engineer, refine scope of work, and mitigate costs.
- Sponsor will provide for MOHCD review any Request for Proposals (RFPs) for equity investors before it is finalized and released for investors.

- Sponsor will provide for MOHCD review all raw financial data from developer or financial consultant prior to selection.
- Sponsor will provide for MOHCD review and approval all selected investors.

LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

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

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Friday, May 21, 2021 11:39 AM
To: Chavez, Rosanna (MYR)
Subject: CONVERT PREDEVELOPMENT LOAN INTO GAP LOAN FOR SFHA SCATTERED SITES PROJECT

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: Oerth, Sally (CII)
Sent: Friday, May 21, 2021 11:25 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR); Lopez, Viviana (MYR)
Subject: Gap Loan for SFHA Scattered Sites Projects - 5.21.21 Loan Committee

I approve the gap loan request for the SFHA scattered sites projects, 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: Menjivar, Salvador (HOM)
Sent: Friday, May 21, 2021 3:31 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: REQUEST TO CONVERT PREDEVELOPMENT LOAN INTO GAP LOAN FOR SFHA SCATTERED SITES PROJECT

I approve the request by MHDC to convert a \$2.5 million of MOHCD predevelopment loan into a permanent loan.

Best,

salvador



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

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Chavez, Rosanna (MYR)

From: Pereira Tully, Marisa (CON)
Sent: Friday, May 21, 2021 11:24 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Gap Loan for SFHA Scattered Site Projects

Approve

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

Attachments A

Development Schedule

See attached.

Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)	<u>N/A</u>	
1	Acquisition/Predev Financing Commitment	<u>December 2019</u>	
2.	Site Acquisition	<u>January 2022</u>	_____
3.	Development Team Selection		
a.	Architect	<u>September 2018</u>	
b.	General Contractor	<u>February 2020</u>	
c.	Owner's Representative	<u>February 2020</u>	
d.	Property Manager	<u>September 2018</u>	
e.	Service Provider	<u>September 2018</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>April 2020</u>	_____
b.	Submittal of Design Development & Cost Estimate	<u>October 2020</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>March 2021</u>	
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	<u>N/A</u>	

b.	NEPA Environ Review Submission	<u>November, 2017</u>	
c.	CUP/PUD/Variances Submission	<u>N/A</u>	
6.	Permits		
a.	Building / Site Permit Application Submitted	<u>February 2021</u>	_____
b.	Addendum #1 Submitted	<u>July 2021</u>	
c.	Addendum #2 Submitted	<u>August 2021</u>	
7.	Request for Bids Issued	<u>August 2021</u>	
8.	Service Plan Submission		
a.	Preliminary	<u>September 2021</u>	
b.	Interim	<u>December 2021</u>	
c.	Update	<u>July 2023</u>	
9.	Additional City Financing		
a.	Predevelopment Financing Application #2	<u>N/A</u>	
b.	Gap Financing Application	<u>September 2021</u>	
10.	Other Financing		
a.	MHP Application	<u>N/A</u>	
b.	Construction Financing RFP	<u>June 2021</u>	
c.	AHP Application	<u>N/A</u>	
d.	CDLAC Application	<u>May 2021</u>	
e.	TCAC Application	<u>May 2021</u>	

f.	HUD 202 or 811 Application	<u>N/A</u>	
g.	Other Financing Application	<u>N/A</u>	
11.	Closing		
a.	Construction Closing	<u>December 2021</u>	
b.	Permanent Financing Closing	<u>July 2023</u>	
12.	Construction		
a.	Notice to Proceed	<u>December 2021</u>	_____
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>April 2023</u>	_____
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>August 2022</u>	_____
b.	Commence Marketing	<u>January 2023</u>	
c.	95% Occupancy	<u>May 2023</u>	_____
14.	Cost Certification/8609	<u>August 2023</u>	
15.	Close Out MOH/OCII Loan(s)	<u>August 2023</u>	

Attachment B

MOHCD OCII Family Cost Comparison chart

See attached.

REHABILITATION COST COMPARISON (25 Units and Larger or Scattered)

Updated		5/14/2021										
PROJECTS COMPLETED						Square Footage	DEVELOPMENT COSTS					
Project Name	Address	Contract Date	Population Type	# of Units	# of BR ¹	Total	Acq. Cost ³	Constr. Cost ⁴	Soft Cost ⁵	Local Subsidy ⁶	Total Dev. Cost	Comments
Robert B Pitts	1150 Scott Street	Dec-17	Family	203	543	80,251	36,224,828	\$ 40,783,828	\$ 10,376,138	\$ -	\$ 87,384,794	RAD Phase I - significant rehab
Westside Courts	2501 Sutter Street	Dec-18	Family	136	224	106,953	26,920,000	49,837,238	\$ 19,151,649	\$ 10,189,576	\$ 95,908,887	RAD Phase II - significant rehab
Hunters Point East and West	1068 Palou	Jun-18	Family	213	532	258,406	47,300,000	\$ 61,904,282	\$ 24,680,753	\$ 845,790	\$ 133,885,035	RAD Phase I - significant rehab
Westbrook Apartments	40 Harbor Road	Jul-19	Family	223	656	233,493	42,570,000	\$ 99,183,000	\$ 10,653,563	\$ 16,705,632	\$ 152,406,563	RAD Phase II - significant rehab
Ping Yuen	655, 711, 895 Pacific	Mar-19	Family	234	539	238,081	67,240,000	\$ 68,014,830	\$ 37,663,965	\$ 5,787,522	\$ 172,918,795	RAD Phase II - significant rehab
Alemany Apartments	951 Ellsworth	Nov-19	Family	150	340	137,852	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						Square Footage	DEVELOPMENT COSTS					
Project Name	Address	Compl. Date	Population Type	# of Units	# of BR ¹	Total	Acq. Cost ³	Constr. Cost ⁴	Soft Cost ⁵	Local Subsidy ⁶	Total Dev. Cost	Comments
Bernal Dwellings	3138 Kamille Court	Sep-21	Family	160	391	170,280	\$ 41,929,181	50,124,996	\$ 21,330,207	0	\$ 113,384,384	RAD Phase IV - significant rehab large site, 2 story townhomes
Hayes Valley South	401 Rose	Dec-21	Family	110	236	132,658	\$ 35,344,033	\$ 45,312,032	\$ 19,355,350	\$ 7,207,832	\$ 100,011,415	RAD Phase IV - significant rehab large site, 2 story townhomes
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 trhnms (predev LE 4/20)
Gran Oriente	106 South Park	May-21	Senior	24	24	32,049	\$ 21,050,000	\$ 22,906,291	\$ 12,946,956	\$ 10,300,000	\$ 56,903,247	3 Story over basement, SRO major rehab & seismic
Park View	102 South Park	Jan-21	Senior	39	39							4 Story partial basement, SRO modest rehab & seismic
Hotel Madrid	22 South Park	Sep-21	Senior	44	44							3 Story over basement, SRO modest rehab & seismic
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						Square Footage	DEVELOPMENT COSTS					
Project Name	Address	Start Date (anticipated)	Population Type	# of Units	# of BR ¹	Total	Acq. Cost ³	Constr. Cost ⁴	Soft Cost ⁵	Local Subsidy ⁶	Total Dev. Cost	Comments
San Cristina	1000 Market Street	Jan-21	Senior	58	58	34,500	\$ 17,400,000	\$ 16,245,728	\$ 18,862,448	\$ 2,566,506	\$ 52,508,176	4 story, type III UMB (CHPC, proforma 4/26/20)
Throughline Scattered Sites	777 Bdwy, 1204 Mason, 1525 Grant	Apr-21	Mixed	88	88	49,870	\$ 19,187,433	\$ 21,506,475	\$ 16,841,074	\$ 14,152,435	\$ 57,534,982	Bayside: 3-story over 1-story CMU garage building; Consorcia: 4-story with part
480 Eddy Street - Yosemite		Apr-21	Mixed	32	32	20,178	\$ 5,619,999	\$ 15,166,293	\$ 9,429,056	\$ 1,800,000	\$ 30,215,348	6 story masonry and steel bldg., significant rehab with seismic
Mariposa Gardens	2425 Mariposa		Family	63	150	56,163	\$ -	\$ 8,875,320			\$ 8,875,320	3 Buildings, 3-4 stories plus 59 pkg Community Rm Playground
2800 Bryant Street	2800 Bryant Street		Family	7	16	7,350	\$ -	\$ 1,482,086			\$ 1,482,086	3 story wood framed wood siding + comml
3019 23rd Street	3019 23rd Street		Family	6	10	4,780	\$ -	\$ 3,212,038			\$ 3,212,038	3 story wood framed mixed siding
3434 18th Street	3434 18th Street		Family	11	11	4,202	\$ -	\$ 3,639,756			\$ 3,639,756	3 story wood framed. 8 Units + 3 ADU
Dunleavy Plaza	36 Hoff St		Family	49	81	29,000	\$ -	\$ 1,669,405			\$ 1,669,405	4 story wood framed 49 units + 22 parking
Maria Alicia Apts	3092 16th Street		Family	20	157	17,857	\$ -	\$ 3,420,592			\$ 3,420,592	4 story wood framed
In Predevelopment	Average:			37	67	24,878	4,689,715	8,357,521	15,044,193	6,172,980	18,061,967	
ALL PROJECTS	Average:			102	232	103,175	27,359,323	37,643,864	18,350,405	7,062,190	69,942,316	
Subject Project	SFHA Scattered Sites	Jan-22	family	69	152	68915	\$ 22,992,500	\$ 40,718,850	\$ 11,542,881	\$ 2,500,000	\$ 81,434,928	Scattered Sites various ages, types and size properties

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	\$ 200,906	\$ 75,108	\$ 508	\$ 430,467	\$ 160,930	\$ 1,089	\$ -
Westside Courts	Dec-18	\$ 366,450	\$ 222,488	\$ 466	\$ 705,212	\$ 428,165	\$ 897	\$ 74,923
Hunters Point East and West	Jun-18	\$ 290,630	\$ 116,361	\$ 240	\$ 628,568	\$ 251,664	\$ 518	\$ 3,971
Westbrook Apartments	Jul-19	\$ 444,767	\$ 151,194	\$ 425	\$ 683,438	\$ 232,327	\$ 653	\$ 74,913
Ping Yuen	Mar-19	\$ 290,662	\$ 126,187	\$ 286	\$ 738,969	\$ 320,814	\$ 726	\$ 24,733
Alemany Apartments	Nov-19	\$ 445,561	\$ 196,571	\$ 486	\$ 970,889	\$ 428,333	\$ 1,058	\$ 25,525
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	\$ 182,000	\$ 342	\$ 909,195	\$ 423,777	\$ 754	\$ 65,526
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)		\$ 244,392	\$ 244,392	\$ 431	\$ 653,807	\$ 653,807	\$ 1,154	\$ 160,823
480 Eddy Street- Yosemite	Apr-21	\$ 473,947	\$ 473,947	\$ 752	\$ 944,230	\$ 944,230	\$ 1,497	\$ 56,250
Mariposa Gardens		\$ 140,878	\$ 59,169	\$ 158	\$ 140,878	\$ 59,169	\$ 158	\$ -
2800 Bryant Street		\$ 211,727	\$ 92,630	\$ 202	\$ 211,727	\$ 92,630	\$ 202	\$ -
3019 23rd Street		\$ 535,340	\$ 321,204	\$ 672	\$ 535,340	\$ 321,204	\$ 672	\$ -
3434 18th Street		\$ 330,887	\$ 330,887	\$ 866	\$ 330,887	\$ 330,887	\$ 866	\$ -
Dunleavy Pl. 36 Hoff Street		\$ 34,069	\$ 20,610	\$ 58	\$ 34,069	\$ 20,610	\$ 58	\$ -
Maria Alicia Apts 3092 16th St.		\$ 171,030	\$ 21,787	\$ 192	\$ 171,030	\$ 21,787	\$ 192	\$ -
In Predevelopment	Average:	269,152	204,969	422	436,364	372,182	702	29,036

All Projects:	AVERAGE	384,876	240,556	422	800,253	518,752	851	87,693
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		\$ 590,128	\$ 267,887	\$ 591	\$ 1,180,216	\$ 535,756.11	\$ 1,182	\$ 36,232
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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 Predev & During Construction. Completed projects include used Contingency and are escalated per ENR CCI data

⁶ Soft Cost = TDC less Acquisition and Hard Costs

⁷ All non-amortized local funds

⁸ Total / square footage

Attachment C

Development Budget

See attached.

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

5/7/2021
69
2023

Project Name:
Project Address:
Project Sponsor:

San Francisco Housing Authority Scattered Sites
Great Highway, Randolph, Noe, Eddy St., Ave.
Mission Housing Development Corporation

Correct errors noted in Col N!

INCOME	Total	Comments
Residential - Tenant Rents	384,060	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	2,431,968	Links from 'Existing Proj - Rent Info' Worksheet
Commercial Space	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income	35,000	
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	0	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	2,851,028	
Vacancy Loss - Residential - Tenant Rents	(19,203)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(121,598)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
EFFECTIVE GROSS INCOME	2,710,227	PUPA: 39,279

OPERATING EXPENSES

Management		
Management Fee	63,872	\$77.14 PUPM, per HUD's 2020 80 percentile schedule for San Francisco
Asset Management Fee	24,280	
Sub-total Management Expenses	88,152	PUPA: 1,278

Salaries/Benefits		
Office Salaries		
Manager's Salary	96,408	Property Manager; Assistant Manager / Compliance
Health Insurance and Other Benefits	36,000	Health Insurance @600 per month/ employee, 5 FTE
Other Salaries/Benefits		
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	132,408	PUPA: 1,919

Administration		
Advertising and Marketing	1,200	
Office Expenses	36,790	Training, office supplies, telephone, computer, internet, travel, credit reports, copier
Office Rent	0	
Legal Expense - Property	3,600	
Audit Expense	12,000	
Bookkeeping/Accounting Services	8,400	
Bad Debts	38,406	10% of tenant rent
Miscellaneous	0	
Sub-total Administration Expenses	100,396	PUPA: 1,455

Utilities		
Electricity	160,000	
Water	60,000	
Gas		
Sewer	75,000	
Sub-total Utilities	295,000	PUPA: 4,275

Taxes and Licenses		
Real Estate Taxes	12,000	
Payroll Taxes	19,827	
Miscellaneous Taxes, Licenses and Permits	5,100	
Sub-total Taxes and Licenses	36,927	PUPA: 535

Insurance		
Property and Liability Insurance	30,000	
Fidelity Bond Insurance	3,456	
Worker's Compensation	17,012	6% of payroll
Director's & Officers' Liability Insurance	8,400	
Sub-total Insurance	58,868	PUPA: 853

Maintenance & Repair		
Payroll	107,120	Janitorial / Grounds Payroll : 1 full-time on site; Maintenace Tech : 1 FTE
Supplies	31,364	Janitorial / cleaning / security supplies / repairs materials
Contracts	50,400	Repairs Contracts / Painting and decorating/ Exterminating/ fire alarm
Garbage and Trash Removal	52,800	Garbage and trash removal
Security Payroll/Contract	6,000	Security camera monitoring @ 2 properties, \$3,000 each
HVAC Repairs and Maintenance	15,000	
Vehicle and Maintenance Equipment Operation and Repairs	33,600	4 employee vehicles @ \$8,400 annually (property manager, maintenance tech, janitor,
Miscellaneous Operating and Maintenance Expenses	10,800	Elevator Maintenance (363 Noe)
Sub-total Maintenance & Repair Expenses	307,084	PUPA: 4,450

Supportive Services	120,000	Services Payroll, programming & supplies
Commercial Expenses	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%

TOTAL OPERATING EXPENSES1,138,835PUPA: 16,505

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent	0	Housing Authority	Provide additional comments here, if needed.
Bond Monitoring Fee			
Replacement Reserve Deposit	42,476		
Operating Reserve Deposit			
Other Required Reserve 1 Deposit			
Other Required Reserve 2 Deposit			
Required Reserve Deposits/, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	42,476	PUPA: 616	

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	1,181,311	PUPA: 17,120	Min DSCR: 1.15 Mortgage Rate: 4.58%
NET OPERATING INCOME (INCOME minus OP EXPENSES)	1,528,916	PUPA: 22,158	Term (Years): 35 Supportable 1st Mortgage Pmt: 1,329,492 Supportable 1st Mortgage Amt: \$23,167,211 Proposed 1st Mortgage Amt: \$23,889,677

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

Hard Debt - First Lender	1,370,952	1st Mortgage	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len	0		Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0		Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0		Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	
TOTAL HARD DEBT SERVICE	1,370,952	PUPA: 19,869	

CASH FLOW (NOI minus DEBT SERVICE)

157,964

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

1.12

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)	24,280	3	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	2	
Other Payments	15,000	1	SFHA Groundlease
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)			
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)	39,671		Incentive Mgmt Fee, 1/2 of surplus cash years 1-15, 1/3
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	79,342	4th	50% of remaining cash after prtmsp mgmg & instr. fee
TOTAL PAYMENTS PRECEDING MOHCD	163,293	PUPA: 2,367	

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS

PRECEDING MOHCD)

(5,329)

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?
Will Project Defer Developer Fee?
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:
% of Residual Receipts available for distribution to soft debt lenders in

Yes
Yes
50%
50%

Project has MOHCD ground lease?

Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):

No

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	\$2,500,000	10.04%
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	SFHA Seller Carryback	\$22,400,000	89.96%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due	0	50% of residual receipts, multiplied by 10.04% -- 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	50% of residual receipts, multiplied by 89.96%, SFHA Seller Carryback's pro rata share of all s
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	0	

REMAINDER (Should be zero unless there are distributions below)

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

Attachment C

Operating Budget

See attached.

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

5/7/2021
69
2023

Project Name:
Project Address:
Project Sponsor:

San Francisco Housing Authority Scattered Sites
Great Highway, Randolph, Noe, Eddy St., Ave.
Mission Housing Development Corporation

Correct errors noted in Col N!

INCOME	Total	Comments
Residential - Tenant Rents	384,060	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	2,431,968	Links from 'Existing Proj - Rent Info' Worksheet
Commercial Space	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income	35,000	
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	0	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	2,851,028	
Vacancy Loss - Residential - Tenant Rents	(19,203)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(121,598)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
EFFECTIVE GROSS INCOME	2,710,227	PUPA: 39,279

OPERATING EXPENSES

Management		
Management Fee	63,872	\$77.14 PUPM, per HUD's 2020 80 percentile schedule for San Francisco
Asset Management Fee	24,280	
Sub-total Management Expenses	88,152	PUPA: 1,278

Salaries/Benefits		
Office Salaries		
Manager's Salary	96,408	Property Manager; Assistant Manager / Compliance
Health Insurance and Other Benefits	36,000	Health Insurance @600 per month/ employee, 5 FTE
Other Salaries/Benefits		
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	132,408	PUPA: 1,919

Administration		
Advertising and Marketing	1,200	
Office Expenses	36,790	Training, office supplies, telephone, computer, internet, travel, credit reports, copier
Office Rent	0	
Legal Expense - Property	3,600	
Audit Expense	12,000	
Bookkeeping/Accounting Services	8,400	
Bad Debts	38,406	10% of tenant rent
Miscellaneous	0	
Sub-total Administration Expenses	100,396	PUPA: 1,455

Utilities		
Electricity	160,000	
Water	60,000	
Gas		
Sewer	75,000	
Sub-total Utilities	295,000	PUPA: 4,275

Taxes and Licenses		
Real Estate Taxes	12,000	
Payroll Taxes	19,827	
Miscellaneous Taxes, Licenses and Permits	5,100	
Sub-total Taxes and Licenses	36,927	PUPA: 535

Insurance		
Property and Liability Insurance	30,000	
Fidelity Bond Insurance	3,456	
Worker's Compensation	17,012	6% of payroll
Director's & Officers' Liability Insurance	8,400	
Sub-total Insurance	58,868	PUPA: 853

Maintenance & Repair		
Payroll	107,120	Janitorial / Grounds Payroll : 1 full-time on site; Maintenace Tech : 1 FTE
Supplies	31,364	Janitorial / cleaning / security supplies / repairs materials
Contracts	50,400	Repairs Contracts / Painting and decorating/ Exterminating/ fire alarm
Garbage and Trash Removal	52,800	Garbage and trash removal
Security Payroll/Contract	6,000	Security camera monitoring @ 2 properties, \$3,000 each
HVAC Repairs and Maintenance	15,000	
Vehicle and Maintenance Equipment Operation and Repairs	33,600	4 employee vehicles @ \$8,400 annually (property manager, maintenance tech, janitor,
Miscellaneous Operating and Maintenance Expenses	10,800	Elevator Maintenance (363 Noe)
Sub-total Maintenance & Repair Expenses	307,084	PUPA: 4,450

Supportive Services	120,000	Services Payroll, programming & supplies
Commercial Expenses	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%

TOTAL OPERATING EXPENSES1,138,835PUPA: 16,505

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent	0	Housing Authority	Provide additional comments here, if needed.
Bond Monitoring Fee			
Replacement Reserve Deposit	42,476		
Operating Reserve Deposit			
Other Required Reserve 1 Deposit			
Other Required Reserve 2 Deposit			
Required Reserve Deposits/, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	42,476	PUPA: 616	

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	1,181,311	PUPA: 17,120	Min DSCR: 1.15 Mortgage Rate: 4.58%
NET OPERATING INCOME (INCOME minus OP EXPENSES)	1,528,916	PUPA: 22,158	Term (Years): 35 Supportable 1st Mortgage Pmt: 1,329,492 Supportable 1st Mortgage Amt: \$23,167,211 Proposed 1st Mortgage Amt: \$23,889,677

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

Hard Debt - First Lender	1,370,952	1st Mortgage	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len	0		Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0		Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0		Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	
TOTAL HARD DEBT SERVICE	1,370,952	PUPA: 19,869	

CASH FLOW (NOI minus DEBT SERVICE)

157,964

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

1.12

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)	24,280	3	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	2	
Other Payments	15,000	1	SFHA Groundlease
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)			
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)	39,671		Incentive Mgmt Fee, 1/2 of surplus cash years 1-15, 1/3
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	79,342	4th	50% of remaining cash after prtmsp mgmg & instr. fee

TOTAL PAYMENTS PRECEDING MOHCD163,293PUPA: 2,367

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS

PRECEDING MOHCD)(5,329)

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?
Will Project Defer Developer Fee?
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:
% of Residual Receipts available for distribution to soft debt lenders in

Yes
Yes
50%
50%

Project has MOHCD ground lease?

Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):

No

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	\$2,500,000	10.04%
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	SFHA Seller Carryback	\$22,400,000	89.96%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due	0	50% of residual receipts, multiplied by 10.04% -- 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 SERVICE0

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due	0	
Lender 4 Residual Receipts Due	0	50% of residual receipts, multiplied by 89.96%, SFHA Seller Carryback's pro rata share of all s
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	0	

REMAINDER (Should be zero unless there are distributions below)

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

Attachment C

20-Year Cashflow

See attached.

San Francisco Housing Authority Scattered Sites

Total # Units: 69

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
			2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
	% annual increase	Comments (related to annual inc assumptions)	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
INCOME																						
Residential - Tenant Rents	2.5%		384,060	393,662	403,503	413,591	423,930	434,529	445,392	456,527	467,940	479,638	491,629	503,920	516,518	529,431	542,667	556,233	570,139	584,393	599,003	613,978
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%		2,431,968	2,492,767	2,555,086	2,618,964	2,684,438	2,751,549	2,820,337	2,890,846	2,963,117	3,037,195	3,113,125	3,190,953	3,270,727	3,352,495	3,436,307	3,522,215	3,610,270	3,700,527	3,793,040	3,887,866
Commercial Space	2.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%		35,000	35,875	36,772	37,691	38,633	39,599	40,589	41,604	42,644	43,710	44,803	45,923	47,071	48,248	49,454	50,690	51,958	53,257	54,588	55,953
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tenant Charges	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income			2,851,028	2,922,304	2,995,361	3,070,245	3,147,001	3,225,676	3,306,318	3,388,976	3,473,701	3,560,543	3,649,557	3,740,796	3,834,316	3,930,174	4,028,428	4,129,139	4,232,367	4,338,176	4,446,631	4,557,796
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(19,203)	(19,683)	(20,175)	(20,680)	(21,197)	(21,726)	(22,270)	(22,826)	(23,397)	(23,982)	(24,581)	(25,196)	(25,826)	(26,472)	(27,133)	(27,812)	(28,507)	(29,220)	(29,950)	(30,699)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(121,598)	(124,638)	(127,754)	(130,948)	(134,222)	(137,577)	(141,017)	(144,542)	(148,156)	(151,860)	(155,656)	(159,548)	(163,536)	(167,625)	(171,815)	(176,111)	(180,514)	(185,026)	(189,652)	(194,393)
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			2,710,227	2,777,982	2,847,432	2,918,618	2,991,583	3,066,373	3,143,032	3,221,608	3,302,148	3,384,702	3,469,319	3,556,052	3,644,953	3,736,077	3,829,479	3,925,216	4,023,347	4,123,930	4,227,029	4,332,704
OPERATING EXPENSES																						
Management																						
Management Fee	3.5%	1st Year to be set according to HUD schedule.	63,872	66,107	68,421	70,816	73,294	75,860	78,515	81,263	84,107	87,051	90,098	93,251	96,515	99,893	103,389	107,008	110,753	114,629	118,641	122,794
Asset Management Fee	3.5%	per MOHCD policy	24,280	25,130	26,009	26,920	27,862	28,837	29,846	30,891	31,972	33,091	34,249	35,448	36,689	37,973	39,302	40,677	42,101	43,575	45,100	46,678
Sub-total Management Expenses			88,152	91,237	94,431	97,736	101,156	104,697	108,361	112,154	116,079	120,142	124,347	128,699	133,204	137,866	142,691	147,685	152,854	158,204	163,741	169,472
Salaries/Benefits																						
Office Salaries	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manager's Salary	3.5%		96,408	99,782	103,275	106,889	110,630	114,502	118,510	122,658	126,951	131,394	135,993	140,753	145,679	150,778	156,055	161,517	167,170	173,021	179,077	185,345
Health Insurance and Other Benefits	3.5%		36,000	37,260	38,564	39,914	41,311	42,757	44,253	45,802	47,405	49,064	50,782	52,559	54,398	56,302	58,273	60,313	62,423	64,608	66,870	69,210
Other Salaries/Benefits	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			132,408	137,042	141,839	146,803	151,941	157,259	162,763	168,460	174,356	180,459	186,775	193,312	200,078	207,080	214,328	221,830	229,594	237,629	245,946	254,555
Administration																						
Advertising and Marketing	3.5%		1,200	1,242	1,285	1,330	1,377	1,425	1,475	1,527	1,580	1,635	1,693	1,752	1,813	1,877	1,942	2,010	2,081	2,154	2,229	2,307
Office Expenses	3.5%		36,790	38,078	39,410	40,790	42,217	43,695	45,224	46,807	48,445	50,141	51,896	53,712	55,592	57,538	59,552	61,636	63,793	66,026	68,337	70,729
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		3,600	3,726	3,856	3,991	4,131	4,276	4,425	4,580	4,741	4,906	5,078	5,256	5,440	5,630	5,827	6,031	6,242	6,461	6,687	6,921
Audit Expense	3.5%		12,000	12,420	12,855	13,305	13,770	14,252	14,751	15,267	15,802	16,355	16,927	17,520	18,133	18,767	19,424	20,104	20,808	21,536	22,290	23,070
Bookkeeping/Accounting Services	3.5%		8,400	8,694	8,998	9,313	9,639	9,977	10,326	10,687	11,061	11,448	11,849	12,264	12,693	13,137	13,597	14,073	14,565	15,075	15,603	16,149
Bad Debts	3.5%		38,406	39,750	41,141	42,581	44,072	45,614	47,211	48,863	50,573	52,343	54,175	56,072	58,034	60,065	62,168	64,343	66,595	68,926	71,339	73,836
Miscellaneous	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Administration Expenses			100,396	103,910	107,547	111,311	115,207	119,239	123,412	127,732	132,202	136,829	141,618	146,575	151,705	157,015	162,510	168,198	174,085	180,178	186,484	193,011
Utilities																						
Electricity	3.5%		160,000	165,600	171,396	177,395	183,604	190,030	196,681	203,565	210,689	218,064	225,696	233,595	241,771	250,233	258,991	268,056	277,438	287,148	297,198	307,600
Water	3.5%		60,000	62,100	64,274	66,523	68,851	71,261	73,755	76,337	79,009	81,774	84,636	87,598	90,664	93,837	97,122	100,521	104,039	107,681	111,449	115,350
Gas	3.5%		-	-	-	-</																

