Mayor's Office of Housing & Community Development
Housing Preservation Program
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DRAFT
HOUSING PRESERVATION~~SMALL SITES~~ PROGRAM
~~PROGRAM~~ GUIDELINES
Updated August 5, 2022

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The following guidelines apply to the Housing Preservation ~~Small Sites P~~Program ("HPP," and the "Program") financing administered by the San Francisco Mayor's Office of Housing and Community Development. ~~("SSP" or "Program")~~ HPP applications achieving a minimum score of **70 points** under the Project Scoring Rubric will be thoroughly underwritten according to these guidelines in order to further determine the project and project team's eligibility for HPP funding. These Guidelines will also be used by MOHCD staff for purposes of evaluating funding requests and presenting them to the Citywide Affordable Housing Loan Committee ("Loan Committee") for consideration. ~~The intent of these Guidelines is~~These Guidelines intend to support consistency of final loan terms across projects and to ensure long-term affordability and physical and financial sustainability throughout a project's loan term.

HPP projects are designed to be subordinate financing paired with senior debt such as the City's Preservation and Seismic Safety (PASS) Program, or ~~other first priority loan~~other first-position loans. The Loan Committee maintains the right to set final terms and conditions for a commitment of funds based on the actual circumstances of each project. MOHCD may review and approve any requests for a waiver to these Guidelines (see Section VII) ~~in~~at its sole and absolute discretion. HPP Underwriting Guidelines will be updated regularly in response to market conditions, MOHCD priorities, and to clarify ~~Program~~program policies and procedures.

Note: the income and rent limits referenced in these Guidelines are determined and published annually by MOHCD for all multifamily rental housing developments under MOHCD's purview, ~~included~~including ~~HPP funded~~HPP-funded projects. All income and rent limits are expressed in MOHCD Area Median Income (AMI).

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~~Program Guidelines were originally approved as "Underwriting Guidelines" by the San Francisco Citywide Affordable Housing Loan Committee on July 18, 2014 and subsequently revised on December 8, 2014, June 1, 2015, September 30, 2016 and December 1, 2017. These guidelines apply to all applications for Small Sites Program financing and other projects requiring conformance with the Small Sites Program. SSP applications will be reviewed in the order received and thoroughly underwritten according to these standards in order to determine the project and project team's eligibility for SSP funds. These Program Guidelines will be updated from time to time in response to market conditions and to clarify Program policies and procedures.~~

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I. ~~SITE~~ PROJECT ~~ELIGIBLITY~~ELIGIBILITY/SELECTION

Applications for HPP funding will be reviewed in the order received and responded to within five (5) business days. Sponsors must complete the HPP Application (see **Attachment A)** to be eligible for funding. In cases where a Project is receiving outside acquisition and rehabilitation financing, MOHCD must receive a completed HPP Application ~~prior to~~before issuing a Project Support Letter.

A. Building Type

1. 5-~~40~~25 unit ~~occupied~~ residential buildings will be~~are~~ prioritized for HPP funding. ~~Sites.~~ Sites with greater than 30 units and fewer than 5 units will be considered subject to achievement of the minimum scoring criteria~~; buildings with fewer than 5 residential units will be considered on a case-by-case basis~~.

2. Mixed-use buildings are eligible to receive SSP funds provided that the project meets at least two of the following three criteria:

   a) More than 50% of the Project square footage is residential space.
   b) More than 50% of the Project revenue is from residential income.
   c) More than 50% of the Project funding is for residential uses.

   ~~More than 50% of the Project square footage is residential space~~
   ~~More than 50% of the Project revenue is from residential income.~~
   ~~**a)**More than 50% of the Project funding is for residential uses. majority of the building is used for residential purposes.~~

~~2.~~3. R~~All r~~esidential units must meet the San Francisco Planning Department's definition of "dwelling unit" and fully conform with Planning Code requirements applicable to the site, including zoning, g~~G~~eneral Code compliance, and any relevant neighborhood plan controls. Legalization of unpermitted units ~~Where there are tenants living in unpermitted units and the unit~~ that meet~~s~~ minimum livability standards according to Chapter 5 of the 2019 San Francisco Housing Code may be eligible for HPP funding. The addition of Accessory Dwelling Units (ADUs) may also be eligible for HPP funding subject to project feasibility and ADU regulations ~~2016, legalization of such unit may be eligible for SSP funds.~~

~~3. Acquisition price must be substantiated by an appraisal and may not exceed purchase prices for comparable buildings in the area. MOHCD reserves the right to decline an application for funding due to an unreasonable acquisition price. All appraisals submitted with SSP applications must show both the fair market value and the restricted value. It is expected that once restrictions are in place, all future appraisals and refinances will be based on the restricted value.~~

B. Sponsor Threshold Qualifications

1. Nonprofit and for-profit affordable housing developers may participate in HPP.

2. Sponsors must meet the minimum experience requirements ~~outline~~outlined in **Attachment B**. A sponsor that does not meet the minimum experience requirement must joint venture with a developer who does meet the requirements.

~~**B. Site Selection Criteria**~~
~~Applications will be reviewed in the order received; however, in the instance where two applications are received within 30 days of each other and there are not sufficient SSP funds available to finance both projects, applications will be prioritized according to scoring criteria contained in the SSP Notice of Funding Availability (NOFA), published on July 24, 2014, according to the following priority characteristics:~~

~~1. Building is at immediate risk for Ellis Act eviction or in the process of an Ellis Act eviction. At-risk buildings include those where tenants are enduring harassment, threats of eviction, and have received offers to buy-out their tenancies, among other indicators.~~

~~2. Building is located in a neighborhood with a high level of Ellis Act evictions~~

~~3. Existing residents include vulnerable populations: families with minor children, elderly, disabled and catastrophically ill persons~~

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~~4. Buildings housing residents with the lowest incomes (assuming other program criteria are met)~~

~~5. Buildings which require the lowest amount of subsidy per unit~~

II. GENERAL CITY FINANCING TERMS

A. Maximum City Subsidy

~~Maximum City subsidy including acquisition and rehab/permanent financing is:~~
~~1. $300,000 per unit for buildings of 10-25 units~~
~~2. $375,000 per unit for buildings of 3-9 units~~
~~3. $175,000 per bedroom for group or single room occupancy (SRO) housing~~

~~In extreme cases, where eviction of vulnerable tenants, as defined in Section I(B)(3) above, is imminent, City will consider additional City subsidy on a case-by-case basis but in no case will City subsidy exceed $400,000 per unit. Such additional City subsidy may not be applied to units that are occupied by households earning more than 120% AMI.~~

~~To calculate the maximum per-unit subsidy, income generating commercial space may be counted as a unit. Leased parking spaces may not be counted as a unit for the purpose of establishing the City subsidy cap. City subsidy includes all sources of funds available through MOHCD for the residential project, including but not limited to SoMa Stabilization funds, Rehab/Lead funds, and CDBG Housing Development Grants (HDG). If the project includes a commercial component, the project sponsor may access additional funds from City sources to pay for the cost of commercial tenant improvements. The SSP will not pay for commercial tenant improvements.~~

The per project City subsidy request will be one of many factors in determining a project's ~~eligibility, as~~eligibility, as described in the HPP scoring criteria included **in Attachment A**. However, the ~~per unit~~per-unit City subsidy request must be substantiated by several key underwriting inputs such as the acquisition cost (as substantiated by an appraisal), the anticipated construction costs (as substantiated by the required due diligence reports and CNA, plus the sponsor and MOHCD's construction management teams' assessment of the project's rehabilitation needs in the short and long term), the anticipated soft costs, and an operating budget in conformance with MOHCD's underwriting standards.

~~Project~~The Project must achieve a minimum score of **70 points** ~~in order to~~to be eligible for HPP Funding. The HPP scoring rubric will be updated regularly, based ~~upon~~on the San Francisco Planning Department's Housing Balance bi-annual Report, and to reflect changes in market conditions as they relate to the increases in acquisition, rehab, and financing costs, and MOHCD's housing priorities.

To calculate the maximum per-unit subsidy, ~~income generating~~income-generating commercial space may be counted as a unit. Leased parking spaces may not be counted as a unit. City subsidy includes all sources of funds available through MOHCD for the residential project, including but not limited to SoMa Stabilization funds, Rehab/Lead funds, and CDBG Housing Development Grants (HDG). If the project includes a commercial component, the project sponsor may access additional funds from other City sources to pay for the cost of commercial tenant improvements. Commercial tenant improvements beyond City-required life safety upgrades (e.g. seismic or electrical upgrades) are not eligible for HPP funding.

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B. Appraisal Requirements

An appraisal must substantiate the acquisition price and cannot exceed the purchase price for comparable buildings in the area. MOHCD reserves the right to decline any application for funding due to an unreasonable acquisition price. Appraisals must be dated within 12 months of the anticipated closing on MOHCD financing and must show:

a) the "as is" fair market value
b) the "~~as completed~~as completed" fair market value
c) the "~~as completed~~as completed" restricted value

~~B.~~C. Term

1. Loan Term: 4~~3~~0 years ("Loan Term")

2. Restriction Term:
   a) Declaration of Restrictions Term: The longer of the ~~For the~~ life of the project~~,~~ or 75 years, surviving expiration of the Loan Term, default, foreclosure, and/or loan repayment. All units must be restricted for the ~~restrictive~~ term of the Declaration of Restrictions.

   b) Declaration of Restrictions must be recorded in the first position on title and is senior to all deeds of trust.

~~C.~~D. ~~Loan~~ Interest Rate

3% annual simple interest. Loan repayments shall be applied first to interest and second to principal. However, if, in any given year, an HPP~~SSP~~ p~~P~~roject~~building~~ generates insufficient cash flow to repay all interest due, unpaid interest due for that year ~~shall~~ may be forgiven at the sole discretion of MOHCD on a project-by-project basis.

E. ~~D.~~ Repayment, Refinance, and Subordinate Financing

1. Full Loan Repayment: Loan to be repaid in full at the conclusion of the Loan Term or upon any transfer of title that results in loss of affordability.

2. Residual Receipts Payments:
   a) For any year when the replacement reserve balance is less than 1.5 times the original capitalized replacement reserve required in Section IV(B)(3), below: 1/3 of residual receipts may be retained by the project sponsor and the remaining 2/3 must be deposited into the project's replacement reserve account.

   b) For any year when the replacement reserve balance exceeds 1.5 times the original capitalized replacement reserve required in Section IV(B)(3), below: 1/3 of residual receipts may be retained by the project sponsor and the remaining 2/3 must be distributed to MOHCD for debt repayment.

3. Refinancing of Senior Debt:
   a) MOHCD encourages sponsors to seek the longest ~~term~~ first mortgage term possible. To the extent that the first mortgage includes a balloon payment, refinancing of senior debt is acceptable. Refinanced senior debt terms are subject to MOHCD's approval. Once approved, MOHCD will subordinate its loan, but ~~no~~will not subordinate the Declaration of Restrictions, to the new loan.~~to the new loan, accordingly.~~

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b) MOHCD may extend the term of its loan at the time of ~~a~~ ~~refinance~~refinancing for the purpose of preserving affordability.

c) Cash-out Refinances must comply with MOHCD Cash Out Acquisition/Rehabilitation, Resyndication, and Refinancing Policy or its successor.~~:~~

~~i. Cash-out refinances are allowable only for the purpose of improving and rehabilitating the same building for which debt is being financed.~~

~~ii. In general, 100% of the cash-out amount must be deposited into the building's replacement reserve or be utilized for an immediate capital project. However, if the project sponsor can demonstrate that reserves are adequately funded for a 20 year period and if hard rehab costs exceed $20,000 per unit, then the reserves may be used to pay for construction management and project management fees associated with the rehab, provided that the sum of the two fees does not exceed 10% of hard costs.~~

~~iii. Where reserves are fully-funded and there is excess cash-flow available for debt service, MOHCD will require that the remaining portion of the cash-out equity be used to repay the City's loan which can then be made available to support new SSP projects.~~

d) At no time may ~~t~~she ~~project s~~Sponsor borrow hard debt against the property that exceeds the supportable mortgage according to the appraised restricted value of the property and/or the restricted rental income.

4. Subordinate Financing:
Financing subordinate to the City's loan and lines of credit secured against the property ~~are~~ is prohibited, except for the purpose of acquiring the site when sufficient other financing sources are not available or when necessary to finance capital projects that benefit the health, safety, or efficiency of the building, such as seismic or energy efficiency improvements. All subordinate financing must be approved in writing by MOHCD. ~~Sponso~~Sponsor~~r~~ must be able to demonstrate adequate cash flow for payment of subordinate debt and the ability to refinance or otherwise repay subordinate debt in a timely manner without additional resources from the City.

F. Tenant Intake Requirements~~Income and Rent Restrictions~~

1. Tenant Notification Requirements:

~~a)~~ 100% of households in tenant-occupied units ~~("households")~~ must be notified of the intention to acquire and restrict the building under the Housing Preservation Program. Such notification must include language indicating that the City's Rent Stabilization and Arbitration Ordinance will no longer apply as described in the sample lease agreement (Attachment C).

a)

b) **Executing HPP Leases for existing households:** Sponsors must execute new leases or provide binding written 30-day notice of change of terms in existing leases with tenants on month-to-month leases that clearly describe the HPP rent restrictions and clarify that the tenancy is no longer subject to the San

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Francisco Residential Rent Stabilization and Arbitration Ordinance. Tenant leases are subject to MOHCD review and approval.

~~1.~~2. Income Certification Requirements:~~Income and rent restrictions at~~At ~~acquisition:~~~~SSP Loan Closing:~~

a) **Income certification threshold:** For ~~the P~~a project to qualify for HPP funding, 2/3 of households must income certify and complete a Tenant Intake Package (**Attachment C)**. Households must be income certified prior to sponsor making a purchase deposit, and~~or~~ preferably before entering into any purchase contract.

b) For the remaining 1/3 of households, sponsor must demonstrate that household rents are the lesser of: (i) 100% AMI, or (ii) 20% below market rents of similar comparable units as evidenced by sponsor provided Market Study.

~~a)~~c) If the total HPP City subsidy per unit is equal to or less than $375,000~~275,000~~ for standard residential/mixed-use buildings of 5-40 units~~r~~ or $2~~1~~00,000 per unit for group housing/SRO buildings, the project sponsor may obtain an~~close an SSP~~ HPP loan without complying~~iance~~ with Income Certification Requirements described in Section II(F)(2) above. ~~this Section II(E)(1)(d-i).~~ In such cases, t~~T~~he p~~P~~project s~~S~~sponsor must still notify 100% of ~~all~~ tenants in the building and meet the lease requirements~~, as~~ described in ~~according to~~ Section II(F~~E~~)(1)(a) and (b) ~~)(c), below~~above, and ~~ensure that income certification occurs **within the first year of operation**. Unless project sponsor provides~~ adequate ~~evidence of eligibility for the welfare property tax exemption, it must~~ must assume 100% of property taxes will be due in its operating budget.

~~2.~~ Affordability Restrictions:~~Area Median Income (AMI) means area median income as published annually by MOHCD, derived from the Income Limits determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area, also referred to as "Unadjusted Median Income". Households occupying SSP buildings are considered within the income limits of the Program so long as their income is equal to or less than 120% AMI.~~

3.

~~b) **Tenant notification:** 100% of tenant-occupied units ("households") must be notified in writing of the intention to acquire and restrict the building under the HPP. Small Sites Program. Such notification must include language indicating that the City's Rent Stabilization and Arbitration Ordinance will no longer apply as described in the sample lease agreement (included in **Attachment C**).~~

~~c) **Income certification threshold:** In order for the Project to qualify for HPP funding, 2/3 of households must income certify and complete a Tenant Intake Package (**Attachment C)**. Households must be income certified prior to making a purchase deposit, and preferably prior to entering into any purchase contract.As an indication of general tenant approval of the proposed building purchase and the tenants' willingness to participate, a minimum of 75% of existing households must acknowledge their agreement and 66% of households must income certify for the building to be eligible for inclusion in the SSP. Up to 34% may be over income (above 120% AMI) or refuse to certify without rendering the property ineligible. Regardless of whether a unit's occupant(s) complete the income certification process or are over income at SSP loan closing, all units must be restricted for the life of the project.~~

~~For the remaining 1/3 of households, Sponsor must demonstrate that household rents are the lesser of: (i) 100% AMI, or (ii) 20% below market rents of similar comparable units as evidenced by Sponsor Market Study.~~

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a) ~~**Affordability restrictions:** Regardless~~Regardless of whether a unit's occupant(s) complete the Tenant Intake process, all units must be restricted for the term of the Declaration of Restrictions.

The

b) ~~**Average household income:** A~~average household income for ~~of~~ a minimum of 2/3~~66%~~ ~~of~~ households must not exceed 80% of AMI at the time of HPP~~SSP~~ loan closing. Project sponsors may include proposed rent levels for vacant units in this calculation.

~~d)~~4. Rent Burden Threshold for Existing Households:

20% Rent Burden Requirement:

~~e) **Rent Burden threshold for existing households:** If an existing household's rent is equal to or exceeds 30% of household's gross monthly income, the household's lease will be upheld at the then-current monthly rent level. At the next anniversary of the tenancy or the first anniversary of the HPPSSP loan closing, the household will be subject to rent increases according to Section II(E)(2) ("Ongoing Affordability").~~

a) If an existing household's rent is less than 20% of the household's gross monthly income, their rent will be increased to a minimum of 20% of the household's gross monthly income and, if required for project financial feasibility, up to a maximum of 30% of its~~household's~~ gross monthly income. The household's gross monthly income reported at acquisition will be used to determine such rent increases; an increase in households' income at recertification in subsequent years will not affect the original rent increase schedule. Such rent increase may be phased in over a period of years, with a maximum annual increase of 7%. In no event may the 20% rent burden requirement cause any household's rent to exceed the lesser of (i)100% AMI rent, or (ii) 20% below market rents of comparable units.

b) **Households with incomes exceeding welfare tax qualifying levels**: If an existing household's income, renders the unit ineligible for the welfare property tax exemption, then the pro-rata share of the property tax assessment shall be charged to the household in the form of increased rent. Such rent increase may be phased in over a period of years, with a maximum annual increase of 7%. In no event may the property tax rent increase cause any household's rent to exceed the lesser of (i)100% AMI rent, (ii) 20% below market rents of comparable units, or (iii) 30% of its gross household income. If the ~~such~~ household's income subsequently decreases and the unit becomes eligible for the welfare property tax exemption, the ~~such~~ tenant's rent will be reduced by the pro-rata share of the property taxes that are attributable to that unit.

c) **Household Noncompliance with Tenant Intake Process:** If an existing household opts out of the Tenant Intake process, rendering their unit ineligible for the welfare property tax exemption, then the pro-rata share of the property tax assessment shall be charged to the household in the form of increased rent. Such rent increase may be phased in over a period of years, with a maximum annual increase of 7%. In no event may the property tax rent increase cause any household's rent to exceed the lesser of (i)100% AMI rent, or (ii) 20% below market rents of comparable units. If the household elects to income certify in subsequent years and household income becomes eligible for the welfare property tax exemption, the tenant's rent will be reduced by the pro-rata share of the property taxes that are attributable to that unit.

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d) **HPP Project Support letters:** Project Support Letters will only be issued subject to MOHCD review and approval of a completed Tenant Takeout Package, a market rent study of comparable units, and an operating budget reflecting agreed upon rent levels and assumed property tax burden. ~~However, rents may not increase by more than 7% per year. As necessary, such rent increases may be phased in over a period of up to 5 years. The household's gross monthly income reported at acquisition will be used to determine such rent increases; an increase in households income at recertification in subsequent years will not affect the original rent increase schedule.~~

~~f) Households with incomes exceeding welfare tax qualifying levels: If an existing household's income is greater than State "Low Income" or 80% of median family income (MFI), as published annually by the Department of Housing and Community Development (HCD), therefore rendersing the unit ineligible for the welfare property tax exemption, then the pro rata share of the property tax assessment shall be charged to the household in the form of increased rent. Such rent increase may be phased in over a period of up to 5 years, but in no event may the property tax rent increase cause any household's rent to exceed the lesser of (i) 30% of its gross household income, or (ii)100% AMI rent, or (iii) 20% below market rents of comparable units, whichever is less.~~

~~g) Household noncompliance with Tenant Intake Process: If an existing household does not comply with the Tenant Intake process income certification and to the extent that the household is not currently paying less than more than 100% AMI rent, such household's rent will be increased, at a minimum, by the lesser of (i) 30% of its gross household income,(ii)100% AMI rent, or (iii) 20% below market rents of comparable units, amount of the unit's pro rata share of property taxes up to a maximum of 120% AMI rent, as long as the overall average rents do not exceed 80% AMI.~~

5. Right-S~~s~~izing U~~u~~nits:

~~h)~~ ~~:~~MOHCD policy for all units is that tenant households be housed in units with a bedroom count that matches the household size. The following guidelines ~~shall~~ apply in cases where households are under-housed or over-housed.

a) **Under-Housed Households:** Given the challenges of relocating under-housed households, MOHCD will allow the acquisition of buildings ~~where~~ in which no more than one ~~1~~ unit is occupied by a household defined as overcrowded according to Section 503 of the San Francisco Housing Code only in the event that a relocation strategy is identified and approved for the household by MOHCD prior to loan closing. Under-housed~~Overcrowded~~ households ~~shall~~ must be relocated into an appropriately sized unit within the property or another non-Low Income Housing Tax Credit funded property in ~~sthe~~ Sponsor's portfolio (assuming no lottery, as a reasonable accommodation) within one year, if possible, and, if not, when one becomes available. ~~Overcrowded households shall also be relocated to non-Low Income Housing Tax Credit funded properties within the sponsor's SSP portfolio without a lottery as a reasonable accommodation.~~ The unit that becomes vacant will, therefore, become available for lease to another ~~low- to moderate- income~~ household through MOHCD's standard marketing and lottery process. The ~~underhoused~~under-housed~~overcrowded~~ household will not have priority on ~~may not supersede~~ an active HPP ~~Small Sites Program~~ waitlist in order to be relocated.

~~i.~~

~~ii.~~b) **Over-Housed Households:** Following project rehabilitation, if HPP~~SSP~~ households are over-housed (i.e., residing in a unit with a bedroom count that exceeds the household size), the household's existing living arrangement will be allowed until such time that another appropriately sized unit in the building

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becomes available, at which time the household will be required ~~, subject to the waiver language below,~~ to move into the appropriately-sized unit. If s~~the S~~ponsor can demonstrate project feasibility, r~~R~~ent for that household will be reduced~~shall decrease~~ to reflect the smaller unit size, adjusted to match the AMI rent level that the household paid in its original unit. S~~Project s~~ponsor~~s~~ may request a hardship waiver from MOHCD if such a transfer is unduly burdensome to the tenant (e.g., a senior household aging in place).

~~**Executing: HPP Leases for existing households:** Project sSponsors must execute new leases or provide written 30-day notice of change of terms in existing leases with tenants that clearly describedelineate the HPP Small Sites Program rent restrictions in conformance with Section II(E)(2) and clarify that the tenancy is no longer subjectnot subject to the San Francisco Residential Rent Stabilization and Arbitration Ordinance. Tenant leases are subject to MOHCD review and approval.~~

~~i) **HPP Project Support letters:** If the Project is pursuing HPP funding as a permanent takeout source (as is common for Housing Accelerator Fund HPP projects), Project Support Letters will only be issued subject to MOHCD review and approval of the Tenant Takeout Package, a market rent study of comparable units, and an operating budget reflecting agreed upon rent levels and assumed property tax burden.~~

~~2.~~6. Ongoing Affordability:

a) **80% AMI average:** To the extent feasible, HPP~~SSP~~ buildings will aim to ~~must~~ achieve an average of 80% AMI rents over time as the building experiences turnover. However, MOHCD may make exceptions to the 80% AMI average rent requirement on a case-by-case basis when a unit becomes vacant, subject to a ~~will also rely on s~~Sponsor analysis of ~~r~~ rental market comparables, ~~for the building type and location,~~ ~~and~~ and the leveraging of other resources such as operating subsidies, or if ~~it is~~MOHCD determines~~d~~ that an 80% average is not feasible. ~~, and will make exceptions to the 80% AMI average rent requirement accordingly.~~

b) ~~Average rents in the building are evaluated by MOHCD only at vacancy, as described in Section II(E)(2)(b), below. In a fully occupied building, average rents will fluctuate year-to-year due to mandatory annual rent increases and/or changes in the published AMI levels, without falling out of compliance with the program. Additionally, O~~once a tenant household has qualified to rent a unit, changes in the household's income will not disqualify the household from continuing to reside in an HPP~~SSP~~ project~~perty~~ or benefit from restricted rent.

~~a)~~c) ~~At each vacancy, aSSP building sSponsors isare required to ensure that the building achieves 80% AMI average rents, unless MOHCD agrees that this is not feasible for the Project. For each unit that becomes vacant, prior to re-occupancy, the rent for such unit shall be set at the amount necessary to bring the Project's Site's combined average rents as close as is possible to 80% AMI.~~ Rent for any single unit may be set up to a maximum of 100~~20~~% AMI ~~in order to comply with the preceding sentence~~; however, HPP~~SSP~~ maximum rents also ~~shall~~ must be capped at 20% below the market rate for the building's immediate neighborhood, as substantiated by rental comparables. ~~Notwithstanding the foregoing, if an existing tenant has become severely rent burdened (see Subsection (e), below) during tenancy, upon vacancy of a unit in the building, and to the extent that the building has adequate cash flow, such tenant may apply to the building sponsor to reduce rent to as low as 30% of tenant's gross monthly income, resulting in a higher rent on the vacant unit. If more than one tenant is severely rent burdened, such rent reduction will be equally distributed among the parties.~~

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d) **On-going rent increases:** Rents will ~~must~~ increase annually by the greater of 2% or the change in annual operating expenses, up to a maximum of 3.5%. If~~,~~ in any given year, s~~the S~~sponsor requires a rent increase greater than 3.5% ~~in order to~~to maintain financial feasibility, s~~the S~~sponsor may petition MOHCD for such an increase. Any a~~e, which a~~pproval ~~shall~~will be ~~subject to~~made in the Director's sole discretion and in compliance with ~~MOHCD's~~ loan documents and MOHCD's Hold Harmless Policy.

e) Sponsor shall accept rental assistance (such as Section 8 and VASH, or any successor or similar rent subsidy program) to the extent that rent charged for the unit complies with such program regulations and that the tenant who submits rental assistance has been selected through the City's standard marketing process and is otherwise qualified for the unit. Sponsor shall request and make best efforts on an annual basis to receive an increase in contract rent equivalent to the percentage change in Fair Market Rent (FMR) or equivalent payment standard, whichever is greater.

~~b) For those households that hold rent subsidy vouchers, such as Section 8 and VASH, the Ssponsor willshall request and make best efforts on an annual basis to receive an increase in contract rent equivalent to the percentage change in Fair Market Rent (FMR) or equivalent payment standard, whichever is greater. Annual rent increases are required even if the average rents for the building increase above 80% AMI due to annual rent increases and/or changes in the published AMI levels.~~

~~c) Household income increase render welfare tax exemption ineligibility:If a household's income increases during tenancy such thatto greater than State "Low Income" or 80% of median family income (MFI), as published annually by the Department of Housing and Community Development (HCD), therefore rendering the unit is ineligible for California'sthe welfare property tax exemption, then the pro rata share of the property tax assessment may be charged to the tenant in the form of increased rent up the lesser of (i) 30% of its gross household income,(ii)100% AMI rent, or (iii) 20% below market rents of comparable units. Such rent increase may be phased in over a period of up to five years. If such household's income subsequently decreases and the unit becomes eligible for the welfare property tax exemption, such tenant's rent will be reduced by the pro-rata share of the property taxes that are attributable to that unit.~~

~~d)~~f) **Severely rent burdened households:** If ~~the s~~S~~s~~ponsor's application of a required rent increase ~~in the manner described in this section~~ results in any individual household's rent rising above 50% of that household's gross annual income (i.e., "severely ~~rent burdened~~rent-burdened"), s~~the S~~sponsor may freeze the rent of the severely ~~rent burdened~~rent-burdened household for the year, provided that:

i. ~~The S~~Sponsor ~~must~~ demonstrates to the satisfaction of MOHCD that the property maintains short- and long-term financial sustainability in the form of positive cash flow, adequately funded reserves, and other indicators as MOHCD may reasonably request; and,

ii. At each annual income recertification, the ability of all households to pay required rent increases will be reassessed, as will s~~the S~~sponsor's requirement to demonstrate short- and long-term financial sustainability if s~~the S~~sponsor requests a continued rent freeze for any severely rent-burdened household.

~~ii.~~iii. Upon vacancy of another unit in the building, and to the extent that the building has adequate cash flow, ~~such~~a severely rent-burdened household may apply to the~~s building~~ Sponsor to reduce the rent to as low as 30% of ~~the household's~~its gross monthly income, resulting in a higher rent on the vacant unit. If more than one household is severely ~~rent burdened~~rent-burdened, such rent reduction will be equally distributed among ~~such tenants~~those households.

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~~e)~~g) Rents may increase no more than once per year, ~~, according to the inflation factor described above,~~ regardless of whether the tenant is on a month-to-month lease.

~~f)a) Sponsor shall accept rental assistance (such as Section 8 and VASH, or any successor or similar rent subsidy program) to the extent that rent charged for the unit complies with such program regulations and that the tenant who submits rental assistance has been selected through the City's standard marketing process and is otherwise qualified for the unit. Sponsor shall request and make best efforts on an annual basis to receive an increase in contract rent equivalent to the percentage change in Fair Market Rent (FMR) or equivalent payment standard, whichever is greater.~~

~~g)~~h) If a s~~S~~sponsor increases rents or offers a vacant unit for rent at a rate that exceeds program rules, the resulting excess cash flow will be due to the tenants who were overcharged and s~~the S~~sponsor will be in default of the terms of its loan.

III. FIRST LOAN TERMS

A. Preferred Lenders

Projects that leverage the City's Preservation and Seismic Safety Loan Program ("PASS") first mortgage product will be prioritized for HPP funding to the extent that PASS funding is available. All HPP applicants must leverage ~~City~~ HPP funding with a first mortgage. Applicants are subject to the underwriting requirements of PASS or the senior lender for approval of the first mortgage.~~All SSP applicants must leverage City soft debt with a first mortgage. A list of preferred lenders who are familiar with the Small Sites Program is on MOHCD's website; however, applicants are free to select a lender who is not on the preferred lender list if the applicant is able to find better terms elsewhere and the lender is able to comply with program requirements. Applicants are subject to the underwriting requirements of the senior lender for approval of the first mortgage.~~

B. Preferred ~~Suggested~~ First Loan Terms

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~~Understanding the need for a range of loan terms that are dependent on underwriting standards by outside lenders,~~ MOHCD has established the following suggested loan terms for the HPP~~SSP~~. While it is MOHCD's strong preference for ~~SSP~~ HPP applicants to obtain loans with the combination of all terms listed, certain terms may be omitted or refined ~~in~~at MOHCD's sole discretion based on the senior lender's underwriting requirements and based ~~upon~~ on whether the project includes commercial space. MOHCD's loan approval is subject to its review of all underlying third-party financing terms and determination that such terms are not in conflict with the terms of MOHCD's loan agreement and ancillary documents.

1. Acquisition loans that automatically convert to permanent financing with a 10-year minimum term
2. 30-year amortization schedule
3. 1.15~~0~~ to 1.20~~15~~ Debt Service Coverage Ratio
4. Nonrecourse to the borrower
5. ~~Low inter~~Lowest rates
6. ~~Maximim~~Maximum~~No more than~~ 1.5% lender loan fees
7. No cross-collateralization

IV. RESIDENTIAL DEVELOPMENT PROFORMA ASSUMPTIONS

A. Debt Service Coverage Ratio (DSCR)

1. Minimum: 1.15~~0~~:1

2. Maximum: 1.20:1

3. Calculation Method: DSCR should be calculated after accounting for reserve deposits. DSCR should be calculated by dividing Net Operating Income (NOI), defined as revenue minus expenses minus replacement reserve deposits, by first mortgage payments (NOI/first mortgage payments). The goal in all cases is to maximize the amount of leveraged debt.

B. Reserves

1. Capitalized Operating Reserves: 25% of budgeted 1st ~~full year~~full-year operating expenses (including hard debt service) in an interest-bearing account.

2. Operating Reserve Deposits: None unless the balance of the Operating Reserve Account drops below 25% of the prior year's operating expenses (including hard debt service). Any such required payments would be made from cash flow that remains after all other required payments are made and prior to any distributions (e.g. HPP soft~~hard~~ debt service, other reserve payments, etc.).

3. Capitalized Replacement Reserves: The higher of (i) $2,000 per unit for projects with fewer than 30 units, and $1,000 per unit for projects with 30 and greater ~~units, or~~units, or (ii) the amount necessary to pay replacement costs for at least the next 2~~1~~0 years, as specified in an approved CNA and taking into account any renovation. ~~achieved through the Small Sites Program that cannot be supported by replacement reserve deposits due to inadequate operating income.~~ Replacement reserves must be deposited into an interest-bearing account.

4. Replacement Reserve Deposits: The higher of (i) the amount needed according to an approved 20-year CNA or, (ii) the amounts listed in the table below as permitted by available cash flow. May be updated every seven (7) years based on a revised CNA acceptable to the City. In addition to the deposits listed below, all property taxes that were included in the project's development budget and later refunded by the City's tax collector and 50% of the balance of unused construction contingency must be deposited into the project's replacement reserve account.

Number of units, including commercial units	Replacement reserve deposits PUPY, including commercial units
<10	400
>11-~~25~~	350

5. Capitalized Vacancy Reserves: The monthly rent for commercial and residential units that are vacant at acquisition multiplied by the number of months the unit will remain vacant during predevelopment, rehabilitation, and marketing/lease-up.

C. Fees

1. Developer Fee: A flat developer fee will be calculated as the sum of $105~~80~~,000, payable at acquisition plus ~~and~~ $10,000 per unit, payable at the end of rehabilitation, if rehabilitation is applicable, up to a maximum of 5% of the total development cost (excluding the developer fee). Projects may be eligible for additional developer fee where the scope includes the~~des~~ creation of accessory dwelling units. In ~~addition~~addition,~~,~~ projects that achieve a p~~P~~roject r~~R~~ubric score greater tha~~a~~n [90], and are therefore deemed High Impact Sites, will be eligible for an additional $25,000 per project, payable at ~~The~~construction completion subject to the project completing its scope of work **on time and within budget**~~acquisition~~. The -portion of developer fee

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that is payable at the end of rehabilitation will be at-risk for costs exceeding final approved budget at commitment of financing by MOHCD. If the project's development budget is unable to support the level of developer fee indicated, ~~the project~~ sponsor may request that the remaining fee be deferred over a maximum 10-year period, payable after all other required expenses are paid but before the residual receipts split.

2. Supplemental Fee for CBO Collaboration: Sponsors who collaborate with a community-based organization~~s~~ to perform outreach and support for existing residents may claim an additional $1,500 per unit per year (PUPY) fee during the period of predevelopment, acquisition, and construction. Approval of ~~the~~such ~~S~~supplemental ~~f~~Fee for CBO collaboration is subject to ~~the~~MOHCD's review and approval of s~~S~~ponsor's agreement ~~MOU~~ with ~~participating~~the collaborating community-based organization regarding outreach activities.

3. Construction Management Fees: Sponsor is expected to negotiate the most competitive fee possible with the construction manager. Construction management fees may not exceed $30,000 per project. Projects may be eligible for additional construction management fees where the scope includes creation of accessory dwelling units.

~~2. Asset Management and Property Management Fees: Monthly asset management and property management fees to be calculated as of the calendar year that the property receives SSP funding, according to the following tables:~~

~~Maximum Asset Management Fee ("Maximum AMF")~~

~~2017~~	~~2018~~	~~2019~~	~~2020~~	~~2021~~	~~2022~~	~~2023~~	~~2024~~
~~$80~~	~~$83~~	~~$86~~	~~$89~~	~~$92~~	~~$95~~	~~$98~~	~~$102~~

~~Maximum Property Management Fee ("Maximum PMF")~~

~~2017~~	~~2018~~	~~2019~~	~~2020~~	~~2021~~	~~2022~~	~~2023~~	~~2024~~
~~$80~~	~~$83~~	~~$86~~	~~$89~~	~~$92~~	~~$95~~	~~$98~~	~~$102~~

~~The Maximum AMF and PMF is expected to cover all costs of managing an SSP property. Project sponsors may, on a case-by-case basis, request additional documented costs be incorporated in the operating budget, subject to MOHCD review and approval.~~

~~3. Construction Incentive Fee: 50% of remaining construction contingency may be retained by the project sponsor as an incentive fee at construction completion. See Section IV(D) below.~~

D. Contingencies

1. Construction Contingency
   - 18~~5~~% of construction costs
   - Purpose: Contingency for unforeseen conditions, minor errors and omissions. ~~50% of any contingency funds remaining after sponsor's receipt of a certificate of completion from the San Francisco Building Department may be retained by the sponsor as an incentive fee. The remaining 50% must be deposited into the building's replacement reserve account.~~

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Mayor's Office of Housing & Community Development
Housing Preservation Program
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
415.701.5500 • 415.701.5501 fax

~~1.~~ Soft Cost Contingency: 15% of soft costs, excluding developer and administrative fees, construction loan interest, and reserves. Unspent funds allocated to soft costs shall be deposited into the project's operating reserve upon completion of p~~P~~roject rehabilitation. ~~return to MOHCD as excess proceeds.~~

~~2.~~

E. Relocation:

~~HPP~~~~SSP~~S ~~s~~ponsors are required to submit a relocation plan to MOHCD prior to HPP loan closing; or in the case of projects receiving bridge financing, a relocation plan must be ~~shared with~~approved by MOHCD prior to ~~receipts~~issuance of a MOHCD Letter of Support. ~~within 60 days after SSP loan closing.~~ At a minimum, such plan must include the following provisions ~~and is subject to MOHCD approval~~.

~~1.~~ A

a) ~~A~~ detailed relocation ~~budget~~budget
~~a)~~
b) Relocation of tenants ~~shall~~ must be temporary, not to exceed 90 days
~~b)~~
c) Tenants may~~shall~~ not incur costs related to relocation but will continue to pay rent for their original unit
~~c)~~
d) A relocation consultant or other similar staffing will~~to~~ provide advisory services to tenants
~~d)~~
e) Notice will be given to tenants 90 days and 30 days prior to commencement of relocation
~~e)~~
f) Adequate temporary housing will be provided that is in decent, safe, and sanitary condition and of comparable size

g) HPP tenants may be temporarily relocated to non-~~Low Income~~Low-Income Housing Tax Credit funded properties within s~~the S~~ponsor's HPP portfolio without a lottery. Non-HPP tenants are not permitted to temporarily relocate~~d~~ to HPP p~~P~~rojects.
~~f)~~
~~g)~~ It is the City's intent that HPP ~~the Small Sites Program~~ enhance stability for small business and commercial tenants. Relocation of commercial tenants should be kept to a minimum and not cause the commercial tenant unnecessary~~due~~ burden. Commercial relocation will~~shall~~ be offered to commercial tenants in the form of a temporary suspension of rent due plus a negotiated lump sum to ensure that the business is able to withstand the relocation period. Relocation agreements must be documented and signed by the applicable parties and attached to the SNDA executed at the time of ~~.~~acquisition. To the extent possible, s~~S~~ponsors should coordinate with the City's Office of Economic and Workforce Development to support small businesses in preparing for relocation and to potentially leverage additional funding for commercial improvements.
h)

~~2. SSP tenants may be temporarily relocated to non-Low Income Housing Tax Credit funded properties within the sponsor's SSP portfolio without a lottery. Non-SSP tenants are not permitted to temporarily relocate to SSP properties.~~

V. OPERATING PROFORMA ASSUMPTIONS

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A. **Vacancy Allowance**:
- 10~~5~~% of annual residential rent income
- 20% of annual commercial rent income. This percentage may be reduced, subject to MOHCD approval, to as low as 10~~5~~% upon evidence~~demonstration~~ of a ~~long term~~long-term stable tenant and/or strong market conditions that would facilitate rapid lease-up, should the commercial space become vacant. This percentage ~~may~~ also may be increased if weak market conditions exist.

B. **Increases in Gross Income**
- 2.5% annually

C. **Increases in Operating Expenses**
- 3.5% annually

D. **Operating Fees: Asset Management and Property Management**

Monthly per-unit asset management and property management fees to be calculated as of the calendar year that the property receives HPP funding, according to the following tables:

Maximum Asset Management Fee ("Maximum AMF")

2022	2023	2024	2025	2026	2027	2028	2029
$105	$108	$111	$114	$117	$120	$123	$126

Maximum Property Management Fee ("Maximum PMF")

2022	2023	2024	2025	2026	2027	2028	2029
$105	$108	$111	$114	$117	$120	$123	$126

The Maximum Asset Management and Property Management Fees are expected to cover all costs of managing an HPP property. Sponsor may, on a case-by-case basis, request additional documented costs be incorporated in the operating budget, subject to MOHCD review and approval.

VI. OTHER UNDERWRITING GUIDELINES

A. **Architect and Engineering Fees**: If the scope of rehab requires architectural drawings (as opposed, e.g., to hiring a design/build contractor), then MOHCD's "Guidelines for Architect and Engineering Basic Services," including fees, will ~~shall~~ apply. All architectural contracts should be full-service and include all necessary consultants. They should also use standard AIA forms (or approved equivalent). Sponsor addenda are encouraged, including requiring the architect to design to a specified construction budget. Contracts must be signed prior to the commencement of any design work. Additional fees~~services~~ will be allowed, subject to MOHCD approval, if there are significant changes in the Architecture/Engineering services contract scope~~A/E scope~~. ~~Fees for Architecture/Engineering services should follow the schedule set forth in the Guidelines for Architect and Engineering Basic Services.~~

~~B.~~ **Construction Management Guidelines~~Fees~~**: Sponsor must identify specific staff or consultant(s) who will provide construction management functions on behalf of ~~the~~ s~~S~~sponsor, including permit applications and expediting, cost analysis, completion evaluations, change order evaluations, scope analysis and schedule analysis. It is ~~the~~ s~~S~~sponsor's responsibility to ensure its construction management staff/consultant has

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adequate experience and availability to carry out the job; however, MOHCD may request additional information about the construction manager to establish capacity. Sponsors ~~is~~ are expected to negotiate the most competitive fee possible with the construction manager. Sponsors should seek further guidance regarding construction management in the HPP Construction Manual. ~~Construction management fees may not exceed $25,500 per project: $2,500 per month for up to 6 months of pre-construction and $3,500 per month for up to 3 months of construction. Projects may be eligible for additional construction management fee where the scope includes creation of accessory dwelling units.~~

B.

C. **General Contractor Fees/Price**

1. Selection of contractor by RFP: When ~~the s~~Sponsor selects a contractor through a negotiated bid process, ~~the s~~Sponsor's RFP should require competitive cost proposals that specify Overhead and Profit (OH&P) percentages and General Conditions (GC) costs as separate line-items. Values for specific trade work, subcontractor work, and all other costs under the purview of the general contractor should be listed separately and exclude OH&P and GC mark-ups. The fee is a criterion, but not the sole criterion for selection. Selection process and selection results must be approved by the City with respect to LBE/SBE participation, wage requirements and proposed contract price.

2. Overhead and Profit: May not exceed 15% of the contract price.

3. General Conditions: These costs must be documented and reasonable given the conditions at the site.

4. Contractor's Contingency: If applicable, contractor's contingency must be tracked and documented as a separate line item.

5. Subcontractor Pricing: General contractors ~~shall~~ must submit ~~submit for the City's review~~ a schedule of values for the City's review that lists: 1) all proposed subcontractor pricing, without any general contractor markup; 2) clearly identified general contractor fees, as separate line-items, including overhead, profit, and general conditions; and 3) a final contract price. Subcontractor and sub-tier mark-up may~~shall~~ not exceed 15% in the aggregate, including on change orders. The City reserves the right to review all bids.

6. Change Orders: All change orders must ~~shall~~ be reviewed and approved by the City. Mark-up on change orders must~~shall~~ be limited to 15% in the aggregate, inclusive of any general contractor's mark-up.

~~D. **Project Management Capacity**: Sponsor's project manager must have experience with at least one comparable, successfully completed project or be assisted by a consultant or other staff person with greater experience and adequate time to commit. When using a consultant, the consultant's resume should demonstrate that the consultant has successfully completed managing all aspects of at least two (2) comparable development projects in the recent past.~~

~~E. **Asset Management Capacity**: Development teams must provide information requested by MOHCD to describe asset management staffing plans and show how they manage the financial performance and capital needs of their existing and future assets. MOHCD will use the information provided to verify that their approach to asset management meets the City's stewardship expectations particularly with regard to timely performance of capital needs assessments, maintaining adequate replacement reserves and timely collection of tenant rents.~~

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~~F. **Excess Proceeds**: Following issuance by the San Francisco Department of Building Inspection of a Notice of Completion or similar document signifying full completion of the MOHCD-approved rehabilitation program, up to $100,000 of MOHCD loan proceeds remaining after payment of all approved rehabilitation expenses may be retained by borrower for deposit into the project's reserves. Any amount above $100,000 shall be returned to MOHCD and loan documents shall be amended to reflect the lower loan amount.~~

~~G.~~

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VII. CITY OPTION TO PURCHASE

A City Option to Purchase Agreement will be recorded in second position on title after the Declaration of Restrictions and will be senior to all deeds of trust. In addition, sponsors will enter into a recordable Memorandum of Option to Purchase with the City at loan closing.

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VIII. EXCEPTIONS

MOHCD reserves the right to waive any portion of -these Guidelines~~MOHCD's Small Sites Program Guidelines~~, or to make exceptions on a case-by-case basis, for the purpose of preserving at-risk buildings as permanently affordable housing. If granted, ~~sSuch~~such waiver~~s~~ and/or exception~~s~~ ~~shall be granted through the~~ will be made with the written approval of the Director of MOHCD, in his/her sole discretion, in consultation with the senior lender. Waivers and exceptions will not apply to the senior debt unless approved by the senior lender.

Mayor's Office of Housing & Community Development
Housing Preservation Program
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San Francisco, CA 94103
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ATTACHMENT A:
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2022 HOUSING PRESERVATION PROGRAM PROJECT SCORING RUBRIC

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Project Name:	
Community Stabilization (max 35 points)	
Long Term San Francisco Residents >50% of households have lived in their units for 10+ YRS: **15 points** >33% of households have lived in their units for 10+ YRS: **10 points** >25% of households have lived in their units for 10+ YRS: **5 points**	15
Documented Displacement risk Households in building are at documented immediate risk of eviction or in the process of eviction. At risk buildings include those where tenants are enduring documented harassment, threats of eviction, and have received offers to buy out tenancy, among other indicators: **15 points**	15
Vulnerable Populations >33% of households are very low income seniors, persons with disabilities, transitional aged youth, very low-income families with children, veterans, re-entry populations, domestic violence survivors, persons living with HIV/AIDs, Transgender persons, Low Income LBGTQ: **5 points**	5

Geographic Equity (max 25 points)	
Underserved BoS Districts Per Expanded Cumulative Housing Balance Report: Rank districts from lowest to highest Expanded Cumulative Housing Balance score and assign 10-0 score (see tab 2): **10 points**	10
Units removed from Protected Status Per Housing Balance Report Table 8: Rank Districts from highest to lowest and assign 10-0 score (see tab 2): **10 points**	10
Site is located in one of the top five districts underserved by the Housing Preservation Program: **5 points**	5

Housing Affordability (max 15 points)	
Project serves Low or Very Low-Income Households 66% of households < 100% AMI**: 15 points**	15

50% of households < 100% AMI: **10 points** 33% of households < 100% AMI: **5 points**	

Maximizing City Impact (max 25 points)	
Per unit project MOHCD subsidy < $375,000: **25 points** < $400,000: **20 points** < $425,000: **15 points** < $450,000: **10 points** < $475,000: **5 points**	25

Total Possible Points	100

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ATTACHMENT B:
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SPONSOR MINIMUM QUALIFICATIONS

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Only applicants who meet all of the following criteria will be considered eligible for HPP funding.

1. Must be a duly formed non-profit or for-profit corporation.
2. Must demonstrate the technical capacity and experience to successfully acquire, own, rehabilitate and manage affordable housing, either through staff, contracted services, or in collaboration/joint venture with other organizations, including:
    a. **Acquisition Experience:** The applicant must have acquired at least one "Qualifying Project" in the past 5 years, or acted as part of a joint venture with another organization on an acquisition of a Qualifying Project. A "Qualifying Project" means a rental housing property that includes at least five units of housing regulated as affordable to low- and moderate-income households.
    b. **Property Management Experience:** The applicant or the applicant's management agent must have managed at least one Qualifying Project for at least 24 months and have received satisfactory performance reviews by any City agency from which the project received funding.
    c. **Project Management Experience:** The applicant's project manager must have experience with at least one Qualifying Project or be assisted by a consultant or other staff person with such experience and the demonstrated capacity to oversee the project. When using a consultant, the consultant's resume should demonstrate that the consultant has successfully managed all aspects of at least two (2) comparable development projects in the recent past.
    d. **Construction Management Experience:** Applicant must identify specific staff or consultant(s) who will provide construction management functions on behalf of the applicant, including permit applications and expediting, cost analysis, completion evaluations, change order evaluations, scope analysis and schedule analysis. The applicant's construction manager must have demonstrated experience with at least one Qualifying Project.
    e. **Asset Management Capacity:** Development teams must provide the information requested by MOHCD to describe asset management staffing plans and show how they manage the financial performance and capital needs of their existing and future assets. MOHCD will use the information provided to verify that their approach to asset management meets the City's stewardship expectations, particularly with regard to timely performance of capital needs assessments, maintaining adequate replacement reserves and timely collection of tenant rents.
    f. **Financial Capacity**: Sponsor must demonstrate financial capacity and controls as they relate to existing or past portfolio projects. Financial capacity and controls will include:
        i. Narrative of financial capacity and qualifications of directors, staff and/or consultants, and implemented accounting technology platforms.
        ii. Narrative of financial standing of at least one Qualifying Project.
        iii. Recent certified annual audited financials reflecting revenue and expenses of at least one Qualifying Project".
        iv. Recent certified annual audited financials of applicant organization.

Narrative of any pending legal action or written notices of default on any project applicant pursued in the past 10 years

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ATTACHMENT C:
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TENANT INTAKE PACKAGE

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Form C.1. 2021-22 MOHCD Client Intake Form Instructions

[Insert Client Intake Form Instructions]

Form C.2. 2021-22 MOHCD Client Intake Form

[Insert Client Intake Form]

Form C.3. 2021-22 MOHCD Income Certification Instructions

[Insert Income Certification Instructions]

Form C.4. 2021-22 MOHCD Income Certification Form(s)

[Insert Income Certification Form(s)]

Form C.5. HPP Sample Lease Agreement

[Insert Sample Lease Agreement]