**Citywide Affordable Housing Loan Committee**

**Small Sites Program Loan Evaluation**

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

2168-2198 Cayuga Avenue & 3073 Alemany Boulevard

Up to $3,525,000 Permanent Financing Request

| | |
|---|---|
| Evaluation of Request for: | Permanent Financing |
| Loan Committee Date: | April 19, 2024 |
| Prepared By: | Amanda Fukutome-Lopez, Project Manager |
| Recommended Funding Sources and Amounts: | Up to $3,525,000 SSP Soft Debt<br>$3,525,000 Housing Stability Fund |
| Total Funds Requested | Up to $3,525,000 total |
| NOFA/PROGRAM/RFP: | 2019 Acquisition and Rehabilitation Financing for Small Sites Program Properties |
| Applicant/Sponsor(s) Name: | Unity Care Group |
| Project Address (with cross street): | 2168-2198 Cayuga Ave. and 3073 Alemany Blvd. (Between Lawrence Ave. and Sickles Ave.) |
| Supervisor/District: | Supervisor Ahsha Safai/District 11 |
| Number of Units with Unit Mix: | 1 two-bedroom units<br>2 four-bedroom units |

**Project Summary:**

- Located in District 11, 2168-2198 Cayuga Avenue & 3073 Alemany Boulevard is a three-story residential building housing 10 Transition-Aged Youth (TAY) across one two-bedroom unit and two four-bedroom units with a commercial unit used by Unity Care staff as an office for their Transitional Housing Program and other onsite services.

- Unity Care acquired the site from MAC's Children and Family Services, Inc. in 2018. To address a high-cost first position loan and rehabilitation needs, the Sponsor received a loan from the San Francisco Housing Accelerator Fund.

- The original rehabilitation scope included roof replacement, common area improvements, new flooring, unit renovations, HVAC work, and sewer lateral replacement. In Fall 2023, the Sponsor was made aware that the building needed partial exterior siding replacement. The SFHAF loan was upsized and extended in February 2024. Construction will be complete by the end of April 2024. See **Section 2 and Section 6.5** for more on the extension and upsize.

- All units will house TAY youth. TAY youth do not have leases and do not have a monthly rent obligation. Unity Care receives monthly payments from HSA for each placement at the Project.

- The Project has been vacant throughout the rehabilitation period. The Project will begin client move-ins in May 2024, with move-ins anticipated to be complete by the end of June 2024. See **Section 6.8** for more on move-ins.

- The Project advances MOHCD's racial equity goals by advancing opportunities and improving programmatic outcomes for TAY youth, many of whom are multiracial, Black, or Brown.

- The Project is requesting $3,525,000 in Small Sites soft debt.

- MOHCD staff is recommending Loan Committee approval for 2198 Cayuga Avenue's permanent financing, which provides three units (10 bedrooms) of TAY housing in the City's Outer Mission neighborhood.

## 1. SUMMARY/BRIEF PROJECT UPDATE

Unity Care Group (“Unity Care” or “Sponsor”) requests up to $3,525,000 in Small Sites Program (“SSP”) funding from the Mayor’s Office of Housing and Community Development (“MOHCD”) for the permanent financing of the property located at 2168-2198 Cayuga Avenue and 3073 Alemany Boulevard in the Outer Mission neighborhood of San Francisco (the “Project” or “Site”). The Project provides Transition-Aged Youth (“TAY”) services and is state-licensed as a Transitional Housing Placement Program Facility, allowing it to provide transitional housing placement program services to children ages 16 through 17 and transitional housing placement plus foster care services to non-minor dependents. Unity Care has owned the Project since 2018, when it acquired tit from Mac’s Children and Family Services, Inc. (“MAC’s”). TAY are young adults, ages 18-24, that are transitioning from public systems, like foster care, and need support to successfully transition to adulthood.

On March 15, 2023, MOHCD issued a soft commitment letter for the Project, which obtained approximately $3,237,472 in financing through the San Francisco Housing Accelerator Fund (“SFHAF”) to pay off a high-cost first position loan and to support its rehabilitation. An updated soft commitment was issued on February 1, 2024, to support a SFHAF loan upsize and extension. As of April 2024, the Project’s rehabilitation is complete. The requested permanent financing from MOHCD will pay off the existing SFHAF loan, fund replacement and operating reserves, fund developer fee, and cover additional closing costs. The Sponsor will record a Declaration of Restrictions that will protect the affordability of all units for at least 99 years.

**Background**

The Project was built and acquired in 1999 by MAC’s, with support from the San Francisco Redevelopment Agency (“SFRA”), which is the predecessor agency to the Office of Community Investment and Infrastructure. On July 27, 1999, MAC’s entered into a Regulatory and Grant Agreement with the SFRA, in which the Agency provided a grant of $200K in Tax Increment Low and Moderate Income Housing Funds, in exchange for covenants and affordability restrictions on the Project for the term of 50 years. Without any extensions, those covenants and affordability restrictions are set to expire in 2049.

In 2018 Unity Care acquired 2198 Cayuga Avenue and assumed the liabilities of MAC’s Children and Family Services, Inc. which was serving youth at the Site with funding from the City and County of San Francisco Human Services Agency (“HSA” or the “County”). A tenyear mortgage loan in the amount of $1,950,000 was provided by Heritage Bank at 5.65% with payments of $12,248 per month. The debt service on this mortgage, the operating costs for the property, and the services provided to TAY who had aged out of the foster care system exceeded the HSA contract funding, and Unity Care had to raise funds every year to support the program. Additionally, the building was not well-maintained and had deferred needs, including roofing, HVAC, interior and unit improvements. To address the unsustainable Heritage Bank loan and the rehabilitation needs, Unity Care secured a SFHAF loan for the repayment of the Heritage Bank loan and the Project's rehabilitation and a soft commitment from MOHCD for the permanent financing for 2198 Cayuga.

Built in 1999, 2198 Cayuga is a 4,468-square foot mixed-use property consisting of a three-story building with one two-bedroom and two four-bedroom residential units and one commercial unit. The Project provides 10 TAY beds in total. Each residential unit has a shared kitchen and communal living space. The four-bedroom units each have two bathrooms, and the two-bedroom unit has one and a half bathroom. The commercial unit is 915 square feet and is used by Unity Care as their regional program office for the Bay Area Transitional Housing Placement ("THP") program and a clinical office/therapy room for their mental health program.

At SFHAF loan closing, the Project was in fair condition. The rehabilitation scope included roof replacement, common area improvements, new flooring, unit renovations, exterior siding replacement, HVAC work, and sewer lateral replacement. For more on the completed rehabilitation scope, please see **Section 6.5**.

Since 2018, Unity Care has operated the Project as a TAY site and will continue to do so for the foreseeable future. The Project is currently awaiting construction to be closed out to begin moving residents into the building. In May 2024, Unity Care expects to move back one returning resident and four to five new clients. The new clients will be undergoing interviews in April 2024 and are on-track to be approved for enrollment in the program by May 2024. The other four to five vacant bedrooms are projected to be filled by the end of June 2024. Clients are referred by the County and are evaluated by Unity Care for appropriateness to be in their care. Due to the high need for TAY housing, the typical lease up timeline for identifying and vetting a new resident is approximately two weeks. Current underwriting does not assume any contribution in tenant rent and instead models the HSA contract amount that Unity Care receives for each TAY placement.

**Total Project Costs and Sources**

| Funding Source | Initial Soft Commitment<br><br>(March 15, 2023) | Updated Soft Commitment<br><br>(Feb 1, 2024) | Current Request |
|---|---|---|---|
| **SSP** | up to $3,252,000 ($325,200/bed) | up to $3,550,000 ($355,000/bed) | Up to $3,525,000 ($352,500/bed) |
| **Total Funding Request** | up to $3,252,000 ($325,200/bed) | up to $3,550,000 ($355,000/bed) | Up to $3,525,000 ($352,500/bed) |

The total development cost ("TDC") for the Project is $3,525,000. The total SSP funding request is $25,000 lower than the updated soft commitment.

**2. PRINCIPAL DEVELOPMENT ISSUES**

**Increased Rehabilitation Costs.**

MOHCD provided the Project with a soft commitment in March 2023 for $3.25M. The soft commitment was based upon a $3,018,134 HAF loan amount, which was sized to cover the repayment of an existing first position mortgage from Heritage Bank and a discrete rehabilitation scope that included unit renovations, common area improvements, HVAC work, and sewer lateral replacement. During rehabilitation, in October 2023, the Sponsor became aware that a portion of the exterior siding was damaged and would require immediate repair. From November 2023 through January 2024, the Sponsor, HAF, and MOHCD worked together to determine the appropriate path forward for the Project, based on the scope of needed repairs. Ultimately, the Project moved forward with an additional scope of rehab work, including partial exterior siding replacement and the addition of a wall in the basement, totaling $208K in hard costs. The added work resulted in an upsized HAF loan totaling $3.24M.

**Alignment with Small Sites Program model.**

The Project does not fit the typical structure of an SSP project, which preserves 5-40 unit buildings and restricts them at an average of 80% AMI for low to moderate-income permanent households. The Project is preserving a three-unit, 10-bedroom building that serves TAY clients who do not hold a lease or have a monthly rent obligation. Unity Care receives a monthly payment for each TAY client in their care. So long as 2198 Cayuga operates as a TAY housing site, the Sponsor requests exemptions from SSP guidelines relating to income certification, rent restrictions, and marketing and leasing restrictions to provide TAY housing. If the Project ceases to operate as a TAY housing site or ceases to operate a substantially similar program at the site, the Project will immediately fall under the regulations of the Small Sites Program. The Project will record an amended Declaration of Restrictions at the time of loan closing, which will extend affordability restrictions on the Project for 99 years.

MOHCD does operate a Cooperative Living for Mental Health ("CLMH") program in partnership with the San Francisco Department of Public Health ("DPH") with the goal of providing long-term housing security to people living with mental illness or substance abuse disorders that were deemed capable of living in communal, non-institutional, neighborhood-based settings. Because 2198 Cayuga has program participants, program subsidy, and referrals, it is similar to the set-up of a CLMH project. However, the current program structure does not contemplate transactions that do not: 1) incorporate DPH-related CLMH contracts or 2) serve residents with mental illness and/or substance abuse disorders. MOHCD's Preservation Team is currently revising the CLMH program regulations in an effort to broaden its reach. Under the revised program, any project providing long-term housing security to persons that is funded by an eligible City Department will be eligible for funding, as long as residents can live independently and safely in neighborhood-based supportive living with appropriate on-site or on-call services. These proposed modifications to the CLMH program are expected to be complete by the end of Summer 2024 and will not be in effect by the time the Project is ready for takeout. Therefore, the Project is being acquired under SSP with requested exceptions.

**City Subsidy Amount.**

The Project is requesting $3,525,000 ($352,500/bed) in SSP subsidy, which is higher than the maximum allowable SSP subsidy of $275,000 per SRO or bedroom (without any scoring multiplier). Though the Project is using SSP funding, it is structured more like a Cooperative Living for Mental Health Program project, where housing is provided on a per bed basis and utilizes smaller scale properties with larger unit types (i.e. 3- and 4-bedroom properties), resulting in higher per unit acquisition costs. Similar to 2198 Cayuga, the CLMH projects do not support hard debt service, which also contributes to the higher subsidy request. And though it costs more than a typical SSP project per unit, the cost per unit is on par with other Cooperative Living for Mental Health Program projects.

| Address | Total Development Cost (TDC) | # Beds | TDC/Bed |
|---|---|---|---|
| 1140-1142 Florida St. | $6,016,341 | 18 | $334,241 |

| | | | |
|---|---|---|---|
| 139 Dore St. | $3,072,441 | 8 | $384,055 |
| 2153-2157 Grove St. | $3,940,000 | 9 | $437,778 |
| *2198 Cayuga (request)* | *$3,525,000* | *10* | *$352,500* |

Importantly, the higher subsidy request is justified because 2198 Cayuga is a critical resource for San Francisco's Transitional-Aged Youth. MOHCD Staff recommend the requested amount of SSP subsidy for the Project.

## 3. BORROWER/GRANTEE PROFILE

Unity Care Group is a Black-led, 501(c)(3) non-profit organization founded in 1993 with the mission to "Transform the lives of young people in and emerging from foster care by providing stable housing, caring connections, and life skills that build a foundation to achieve their potential." The agency primarily serves youth ages 16-24 throughout Alameda, Santa Clara, San Mateo, San Francisco, Solano, Nevada, Placer, Sacramento, and El Dorado counties. Unity Care's core values of service, diversity, and equity have made the agency a home to youth with complex and varied needs who have not been a good fit for traditional transitional housing programs. Since its inception, the organization's role has been: 1) To deliver direct services that make a positive impact on underserved and vulnerable foster and former foster youth in California, and 2) to advocate for communities of color, lead in efforts to reduce inequities, and effect systems and policy change. Unity Care is overseen by a multicultural board comprised of nine individuals from a wide variety of backgrounds, including those affiliated with the criminal justice system, corporations, legal services companies, and banking.

### 3.1 <u>Racial Equity Vision</u>

Unity Care is a strengths-based, family-focused, and culturally proficient agency rooted in a dedication to social justice. Unity Care's primary objectives revolve around empowering youth to attain self-sufficiency and holistic well-being through comprehensive support systems encompassing education, employment, social integration, mental health, and stable housing. Unity Care prioritizes serving transition age youth and their families, particularly those involved in the child welfare, mental health, and juvenile justice systems, as well as foster and emancipating youth, homeless youth, and those at risk for mental illness and/or substance use disorders.

### 3.2 <u>Asset Management Performance & Capacity</u>

<u>Board of Directors</u>

Unity Care currently has seven Board Members:

- Elizabeth Pappy, Chairman, Partner at Burke Williams & Sorensen LLP
- Cedric Martin, Secretary, Claims Supervisor at AmTrust Financial Services, Inc.

- Jeff Cherniss, Treasurer, CEO at MV Advanced
- Carl Agers, Board Member, Managing Partner at Velocity Digital
- David Hershfield, Board Member, Managing Partner at Hershfield Consulting
- Anthea Louie, Board Member, Vice President at Digital Demand Center, Pure Storage
- Kathy O'Connell, Board Member, Vice President of Corporate Marketing and Communications at Stage 2 Capital

For more detailed experience of key staff, see **Appendix A.**
For recent development activity, see **Appendix B.**

### 3.3 Asset Management Performance & Capacity

2198 Cayuga is Unity Care's only property located in San Francisco. There have been no MOHCD audits or compliance issues since the property was acquired and the existing Regulatory and Grant Agreement was assumed by Unity Care in 2018. In 2020, a car crashed into the side of 2198 Cayuga. The crash required repairs and relocation related to the incident. Though the financial and physical damage from the accident was resolved prior to the current funding request, the incident spurred Unity Care to identify opportunities to make the building more financially sustainable and to support its rehabilitation needs.

Unity Care owns other properties in San Jose (10-unit building and a 3-unit building), South San Francisco (3-bedroom house), Oakland (9-bedroom house), and Rocklin (4-bedroom house). The Sponsor also master-leases properties in Daly City, San Leandro, Rocklin, and Sacramento. The Sponsor has a Facility Maintenance Manager on staff that oversees maintenance and repair issues for the homes owned or leased by Unity Care in the Bay Area. The Manager and their staff receive and address all requests from the staff, and Unity Care uses a system to keep track of all the requests.

### 3.4 Development Experience.

Unity Care is not a traditional developer of commercial real estate. Unity Care acquires, improves, occupies, and manages all owned facilities in the delivery of housing services to TAY youth referred by county departments of social services to the care of the agency. A list of facilities appears in Appendix C.

| | Developed | Owned |
|---|---|---|
| No. Projects | 0 | 6 |

| | | |
|---|---|---|
| No. Units | 0 | 19 units (52 bedrooms) |

## 4. SELECTION PROCESS

### 4.1 Small Sites Program Funding

A Notice of Funding Availability ("NOFA") was published on July 24, 2014, to provide acquisition and rehabilitation financing for multi-family rental buildings of 5 to 25 units. The NOFA established a fund to help stabilize buildings occupied by low- to moderate-income tenants throughout San Francisco that are particularly susceptible to market pressure resulting in property sales, evictions, and rising tenant rents. Since the NOFA's publication and submission deadline, the Small Sites Program aims to fund projects on a first come first served basis according to funding availability.

This project is subject to the revised guidelines for the SSP program published in November 2022.

## 5. SITE

### 5.1 Brief Site Description.

Located in the Outer Mission Neighborhood between Sickles Avenue and Lexington Avenue, 2168-2198 Cayuga Avenue & 3073 Alemany Boulevard is a three-story, four-unit mixed-use building with three residential units and one commercial unit. There is no on-site parking, and no units were added or removed during rehabilitation.

### 5.2 Site Characteristics.

| | |
|---|---|
| Address: | 2168-2198 Cayuga Avenue & 3073 Alemany Boulevard, San Francisco, CA 94112 |
| Lot/Block: | Lot 057/Block 7140; Lot 058/Block 7140; Lot 059/Block 7140; Lot 060/Block 7140 |
| Lot Square footage: | 2,344sf |
| Building age: | 1999 |
| Number of buildings: | 1 |
| Number of floors: | 3 |
| Building typology: | 1 building (4 units condo mapped) |
| Unusual characteristics | n/a |

| | |
|---|---|
| (including surrounding uses): | |

**5.3 Commercial Space.**

The Project has one designated commercial space, which is used as the regional program office for the Bay Area THP program and will be used as a clinical office/therapy room for Unity Care's mental health program. The space is licensed through CCL and the SF DPH. The staff using this space includes the Director of THP, a regional manager, three case managers and a clinician. No rent is currently received for this space; however, Unity Care will explore income generating from the office space as a condition of this loan.

**5.4 Article 34 Authority.**

The MOHCD approval letter is pending and will be issued prior to close.

## 6. DEVELOPMENT PLAN

**6.1 Site Control.**

Purchase Price: $1,037,160

Status of Purchase & Sale Contract: Executed

P & S Contingencies: N/A

Closing Date and other deadlines: June 29, 2018

HAF loan maturation date: July 1, 2024

**6.2 Appraisal.**

The property was appraised by Watts, Cohn and Partners, Inc. on May 15, 2022. The value conclusions were:

| Market Values | |
|---|---|
| As-Is with Market Rents | $2,610,000 |
| Hypothetical Value at MOHCD Restricted Rents | $2,630,000 |

The building's appraisal is lower than the requested SSP loan amount; however, the appraised value considers already in-place affordability restrictions.

**6.3 Title Issues.**

No title issues were identified.

**6.4 Proposed Property Ownership Structure.**

Unity Care Group owns fee title to the land and the improvements of the subject property.

**6.5 Completed Rehabilitation Scope.**

Previous to rehab the building was in substandard condition: windows leaked; the flat roof had exceeded its useful life, and the elastomeric decking material leaked and drain was failing at the side balcony; siding had rot; back stairs and back yard fence needed repair; all unit cabinets and appliances were old, and bath fixtures were old and failing; hot water heaters and space HVAC systems were old and needed to be replaced; all unit and office/community space finishes needed replacing (paint, flooring). In addition, the building had a soft story and dry rot condition at the two garage openings.

The Capital Needs Assessment provided by BASIS, dated June 2021, evaluated the existing conditions and proposed repairs and upgrades to keep the building in above-average condition for at least 20 years. A5 Builders did an additional walkthrough for scope refinement in July 2022. Through the progress of the project, additional inspections and feedback from subcontractors revealed dry rot and termites at the parapet as well as subterranean termites at the footings. Further destructive testing identified which elevations of siding were in good condition and could be preserved and which had to be replaced. Further, after installing new framing at the garage openings, the roll up garage doors were judged to be insufficiently operable, warranting replacement. The sewer lateral, new appliances, and new furnaces were also added to the scope.

The scope of work included:

1. Electrical system: Kitchen outlets and fixtures upgraded; new LED lighting throughout.
2. Roof: Fully replaced with 20-year modified bitumen.
3. Exterior: Siding and waterproofing has been replaced at south and west walls, the most heavily damaged, to match the existing. The other elevations were found to be in very good condition and did not warrant replacements., Termites were discovered at the parapet and this area was abated and the area treated; rot conditions were removed and siding and waterproofing replaced at these locations. Exterior back deck and stairs were repaired and back yard fence replaced.
4. Flooring: Flooring replaced throughout; carpet replaced at the stairs from ground floor to units.
5. Common Area: The ground floor rooms and offices completely refurbished with new flooring, path and paint; new flooring, finishes, and fixtures at bathroom; stairwell patched, painted, new handrail. Rot was found at the threshold at the back door and this area was repaired.
6. HVAC: New furnace installed at the ground floor area to serve offices/common room; three other new gas-fired furnaces installed to serve the units. Three hot water heaters replaced with new.
7. Plumbing: Sewer later replaced. Fixtures replumbed at bathrooms and kitchens.
8. Unit Upgrades: The units have been completely upgraded with new flooring, windows, all new finishes, new appliances, kitchen cabinets and tops, new lighting, and new bathroom fixtures.
9. Structural: Garage openings were reframed.

### 6.6 <u>MOHCD Construction Representative Evaluation</u>

This project is complete and is requesting permanent financing from MOHCD, therefore, the scope of work is not being reviewed for approval. However, the project has been reviewed by the MOHCD CR through several stages, and the CR assessed proposed change orders as work was added to the scope. The MOHCD CR has evaluated the final stages of the work and found it complete and of excellent quality with the expectation that the property will withstand normal wear and tear well and will have no major upgrades for 20 years. The $1.05M budget for the work was appropriate for this project that was originally built over 30 years ago and has suffered from deferred maintenance, and the funds were used efficiently.

### 6.7 <u>Population to Be Served</u>

The property accommodates youths (18-21) who have reached the age of 18 and cannot continue to receive needed assistance from the foster care system.

### 6.8 <u>Unit Mix & Affordability</u>

All units at the Project are currently vacant as construction is being completed. Construction is estimated to be complete in April 2024. In May 2024, after the Project's construction is complete, one returning client and four to five new clients will move into the Project. The remaining four to five tenants are estimated to move in by the end of June 2024. Residents do not have leases and do not have a monthly rent obligation. The current underwriting does not assume any contribution in tenant rent, and instead models the HSA contract amount that Unity Care receives per TAY placement and is intended to fund the building's operation and services, including groceries, clothing, and other household expenses. Since Unity Care started operating the site in 2018, the funding has been consistent, and the volume of potential referrals from HSA indicates that there is a high need for TAY housing in San Francisco. Over the past two years, funding has increased by an average of 6% per year; however, Unity Care anticipates an increase of 3% for 2025. If the Project ceases to operate as a TAY site, or operate a substantially similar program at the site, the Project will be regulated by SSP Guidelines, which require the Project to achieve an average of 80% AMI rents.

### 6.9 <u>Marketing & Occupancy Preferences.</u>

As long as the Project operates as a TAY housing site, or operates substantially similar program at the site, the Project is not subject to MOHCD's marketing procedures. Vacancies will be filled through HSA referrals, in coordination with Unity Care. If the Project ceases to be used as a TAY housing site, or operate a substantially similar program at the site, the Project will be immediately subject to MOHCD's marketing procedures and future vacant units will be marketed according to multifamily marketing procedures. These units will be subject to the Certificate of Preference Program and the Live/Work in San Francisco Preference.

## 7. FINANCING PLAN

### 7.1 <u>Sources and Uses.</u> See **Exhibit A**

### 7.2 Loan Terms

| | |
|---|---|
| **Program** | **SSP** |
| **Term** | **40 years** |
| **Note Type** | **Soft debt Loan** |
| **Loan Amount**<br><br>**Per bed** | **$3,525,000**<br><br>**$352,500** |
| **Rate** | **3% simple** |
| **Repayment type** | residual receipts |
| **Loan Priority** | Subordinate to the City's Declaration of Restrictions |

### 7.3 Underwriting Requirements & Refinancing Assumptions

The following underwriting requirements and refinancing assumptions have been applied to determine the size of the respective loans, in accordance with the current Small Sites Program Guidelines.

| | |
|---|---|
| Residential Vacancy | 10% to ensure project stability |
| Commercial Vacancy | n/a |
| Replacement and Operating Reserves | Projected to be funded through Year 20 of the Project's lifecycle to ensure that refinancing will not be required until at least that time. See more on reserves in **Section 7.3** below. |

### 7.4 Development Budget

Development Budget Analysis/Comments. All fees are sized based on the current SSP Guidelines.

1. Sufficiency of Reserves

   Replacement Reserves: Capitalized replacement reserves in the amount of $20,000 satisfy the SSP Guidelines that require the higher of $2,000 per unit or the amount necessary to pay replacement costs for the next 20 years, as specified in an approved 20-year CNA study.

In addition to the capitalized replacement reserve deposit of $20,000, the Project will contribute 2/3 of its residual receipts to the replacement reserves in years where the Project maintains less than 1.5 times the required original capitalized replacement reserve of $20,000.

Operating Reserves: Capitalized operating reserves in the amount of $120,464 (25% of the first-year operating budget) are budgeted to support unanticipated operating costs for at least 20 years, in line with SSP Guidelines. Because of the high operating expenses, the Operating Reserve requires an annual deposit of $1,500 PUPY to maintain the required balance of 25% of the previous year's operating expense budget through Year 20.

2. Developer Fee

Developer fee in the amount of $110,000 meets the SSP Guidelines and includes $80,000 paid at acquisition by the SFHAF and broken down as follows:

- $80,000 standard cash-out at acquisition
- An additional $30,000 payable at the end of rehabilitation and broken down as follows:
    - $30,000 standard fee ($10,000/unit) at conversion

### 7.5 <u>Disbursement</u>

Acquisition, predevelopment, and construction funds will be released at escrow in the form of a payoff of the SFHAF loan. Additionally, the MOHCD SSP loan will cover operating and replacement reserves, the remainder of the developer fee and closing costs. Legal costs may be drawn down after the closing draw.

Unity Care may submit draws for reimbursement of invoices related to the Project dated on or after April 19, 2024.

## 8. PROJECT OPERATIONS

### 8.1 <u>Annual Operating Budget:</u> see Exhibit B

### 8.2 <u>Annual Operating Budget Analysis/Comments.</u>

The Project's Annual Operating Budget includes the following:

| | |
|---|---|
| PUPY Operating Expense: (w/out reserves): | $46,999 per bedroom per year<br>$156,665 per residential unit per year<br>The per bedroom per year operating expense for the Project is higher than a typical SSP project, which ranges from $10/$15K PUPY. However, the Project's operating budget supports building and resident expenses (including grocery, household, and closing expenses) |
| Annual Reserve Deposits: | Replacement Reserve: $7,363 per SSP Underwriting Guidelines of the greater of $400/PUPY or the amount needed according to an approved 20-year CNA.<br>Operating Reserve: $4,500 ($1,500 PUPY) to meet SSP Underwriting Guidelines requiring the balance of the Operating Reserve to be at least 25% of the prior year's operating expenses. |
| Property Taxes: | The Project was determined to be welfare tax exempt when it was acquired by MAC's, and Unity Care received the exemption in 2018 after their acquisition of the property. The Project receives the exemption for both the commercial and residential units. |
| Surplus Cash: | $45,939 in Year 1 |
| Annual Monitoring Fees: | N/A |

### 8.3 <u>20-year Cash Flow & Debt Service Coverage Ratio (DSCR)</u>

As required by the SSP Guidelines, the cash flow remains positive for 20 years even with the following assumptions: 2.5% escalation of income per year and 3.5% escalation in expense assumptions.

## 9. RECOMMENDED CLOSING CONDITIONS

1. All reserve accounts must be established in separate FDIC insured, interest-bearing accounts prior to close.
2. Any outstanding permits must be closed out before loan closing.
3. A MOCHD Construction Representative must approve the Sponsor's Construction Conversion checklist before loan closing.

## 10. RECOMMENDED LOAN CONDITIONS

1. The Sponsor must submit an Operations and Maintenance (O&M) Program to MOHCD for review and approval within 60 days of closing for any known and existing lead and asbestos onsite.
2. The Sponsor must submit a Property Management Plan to MOHCD for review and approval within 30 days of closing.

3. The Sponsor will explore income generating from the office space.

Attachments:

| | |
|---|---|
| Appendix A | Development and Asset Management Teams |
| Appendix B | Recent Development Activity |
| Appendix C | SFHAF Appendix |
| Exhibit A | Sources and Uses |
| Exhibit B | Annual Operating Budget |
| Exhibit C | 20-Year Cash Flow |

**LOAN APPROVAL RECOMMENDATION**

[ ] APPROVE. [ ] DISAPPROVE.

_________________________________________ Date: ____________________

Daniel Adams, Director
Mayor's Office of Housing and Community Development

[ ] APPROVE. [ ] DISAPPROVE.

_________________________________________ Date: ____________________

Thor Kaslofsky, Executive Director
Office of Community Investment and Infrastructure

[ ] APPROVE. [ ] DISAPPROVE.

_________________________________________ Date: ____________________

Salvador Menjivar, Housing Director
Department of Homelessness and Supportive Housing

[ ] APPROVE. [ ] DISAPPROVE.

_________________________________________ Date: ____________________

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

# FW: Request for Permanent Financing for 2168 - 2198 Cayuga Avenue & 3073 Alemany Boulevard

Adams, Dan (MYR) <Dan.Adams@sfgov.org>

Sun 4/21/2024 12:27 PM

To:Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

I also approve the above-referenced request.

Daniel Adams
Director
Mayor's Office of Housing and Community Development
City and County of San Francisco

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**From:** Slutzkin, Marc (CII) <marc.slutzkin@sfgov.org>
**Sent:** Friday, April 19, 2024 12:12 PM
**To:** Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>
**Cc:** Ely, Lydia (MYR) <lydia.ely@sfgov.org>; Kaslofsky, Thor (CII) <Thor.Kaslofsky@sfgov.org>; Colomello, Elizabeth (CII) <elizabeth.colomello@sfgov.org>; Adams, Dan (MYR) <Dan.Adams@sfgov.org>
**Subject:** Request for Permanent Financing for 2168 - 2198 Cayuga Avenue & 3073 Alemany Boulevard

Hi Vanessa,

I approve the above request on behalf of OCII.

Thanks

Marc

OCII office of COMMUNITY INVESTMENT and INFRASTRUCTURE

**Marc Slutzkin**
**Deputy Director**

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

## 2168-2198 Cayuga Ave. & 3073 Alemany Blvd.

Menjivar, Salvador (HOM) <salvador.menjivar1@sfgov.org>

Fri 4/19/2024 1:48 PM

To:Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

I support Unity Care Group requests of up to $3,525,000 in Small Sites Program funding for the permanent financing of the property located at 2168-2198 Cayuga Avenue and 3073 Alemany Boulevard.

Salvador

# Re: REQUEST FOR PERMANENT FINANCING FOR 2168 - 2198 CAYUGA AVENUE & 3073 ALEMANY BOULEVARD

Trivedi, Vishal (CON) <vishal.trivedi@sfgov.org>

Fri 4/19/2024 11:42 AM

To:Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>
Cc:Adams, Dan (MYR) <Dan.Adams@sfgov.org>

I vote yes.

**Vishal Trivedi** | Financial Analyst
Office of Public Finance | City & County of San Francisco
Email | vishal.trivedi@sfgov.org

**Appendix A: Development and Asset Management Teams.**

- Larry A. Woodland, CEO, 5-10%
  Larry is a seasoned clinical leader with over two decades of experience in diverse settings, including child welfare, probation, psychiatric emergency services, and more. In his role as Interim CEO at Unity Care, Larry will focus on executing the agency's 5-year strategic plan, implementation of CalAims, and stakeholder engagement.

  His extensive experience, highlighted by roles such as Chief Program Officer and Interim CEO at Side by Side and Interim Chief Program Officer at Children's Institute, reflects a strong background in strategic planning, project management, and organizational leadership. Larry's common-sense leadership style emphasizes collaboration, staff development, and creating client-centered services. His commitment to diversity in behavioral health aligns seamlessly with Unity Care's values.

- Sanders Trent III, Vice President of Operations, 10-15%
  Sanders is a results-driven leader with a distinguished career in nonprofit management and program development. Returning to Unity Care, he brings a mission-focused approach to driving change for underserved populations with day-to-day program oversight and leadership.

  As the Senior Director of the Family Assistance Department at Sacred Heart Community Services, Sanders oversaw a $24M program budget, leading initiatives aligned with strategic plans. His previous roles at Unity Care, including Senior Director of Programs, showcased his commitment to high-quality services for youth and emerging adults. Sanders' expertise extends to education, where he served as the Director of School Operations at DNA Prep Academy.

- Jeffrey Jefferson, Division Director, Program Development, 20-30%
  Jeffrey oversees more than 10 housing facilities serving 85+ youth ages 18-25 who are transitioning out of the foster care system in 4 regions: Monterey, Sacramento/Placer, San Francisco, and San Jose areas.

  Jeffrey also oversees multiple grant programs from private and public funding that help youth ages 16-25 find paths towards educational, career and financial success. He builds partnerships with the community to access resources and opportunities for youth.

- Deandra Doyle, Regional Director of Bay Area Operations, 50%

Deandra provides oversight and supervision of TAY facilities and conducts weekly staff meetings with Case Managers, Clinicians, and Administration to discuss staffing concerns, weekly planning, and resident issues. Deandra also ensures continuous compliance with CCL and all regulations and external requirements.

**Appendix B: Recent Development Activity.**

| | Name/Location | Status/Year Completed | Total Units |
|---|---|---|---|
| 1 | 2198 Cayuga Avenue, San Francisco | Acquired/2018<br>Rehabilitation Complete/2024 | 3 units/10 bedrooms |
| 2 | 403 West Orange Avenue, South San Francisco | Acquired/2021 | 1 house/4 bedrooms |
| 3 | 6462 Cormorant Circle, Rocklin | Acquired/2021 | 1 house/4 bedrooms |
| 4 | 476 Wickson Avenue, Oakland | Acquired/2020 | 1 house/9 bedrooms |

**Appendix C: SFHAF Appendix.**

**1. Environmental Issues/Site Suitability.**

Phase I/II Site Assessment Status and Results**:** A Phase I Environmental Site Assessment Report was prepared by AEI Consulting on April 21, 2017. The Phase I found no Controlled Recognized Environmental Conditions (CRECs) or Historical Recognized Environmental Conditions (HRECs) during the course of the investigation. The Phase I did identify a Recognized Environmental Condition (REC):

- "According to historical sources and building records (discussed in Sections 3.2, 3.3, 3.4, and 4.3), the subject property was previously developed with a gasoline station from at least 1938 to 1972. The gasoline station was demolished in 1972. No further information was found during AEI's research, regarding the removal of USTs and associated equipment or whether subsurface sampling was conducted to determine if fuel leaks had impacted the subsurface. It is likely that any USTs associated with the former gasoline station were removed sometime prior to the construction of the current development beginning in 1997 and completed in 1999. The possibility exists that contamination may remain in the subsurface of the subject property. Based on the lack of subsurface sampling data to confirm the absence of residual contamination in the subsurface, the former presence of the gasoline station is a REC."

Other environmental considerations warranted discussion including historical resources that indicated that "the western adjacent property, across the intersection of Alemany Boulevard and Sickles Avenue, was developed with a former gasoline service station from at least 1950 to at least 1958. This site was not identified in the regulatory database report," and "Based on the historical presence of a UST(s) onsite associated with the former gasoline service station, the subject property appears to be located within a designated area defined by Article 22A of the San Francisco Health Code (Maher Ordinance). In accordance with the Maher ordinance, redevelopment activities involving the excavation of 50 cubic yards or more require submittal of site history information to the San Francisco Department of Public Health (SFDPH)."

A Limited Phase II Subsurface Investigation was recommended and completed by AEI Consultants, Environmental and Engineering Services, on June 21, 2017, to assess whether subsurface conditions were impacted by the former onsite gasoline service station or the western adjacent property. “Based upon the results of this investigation, in conjunction with the VOC soil gas concentrations not exceeding applicable RWQCB ESLs, no further investigation or remedial action is recommended.”

Essel Environmental prepared a Limited Lead and Asbestos Survey on October 25, 2021. Essel conducted asbestos bulk material sampling and concluded that none of the survey samples contained asbestos content. However, inaccessible items, including ceramic bedding and grout in the kitchens and bathrooms and pipe insulation, were not tested, and are listed as assumed asbestos-containing items. Lead was detected in individual painted surface and surface coatings in concentrations greater than 1mg of lead per square cm lead by XFR testing in the main office, but a detailed inventory of paints was not conducted for the Project.

As a condition of this loan, an O&M Program for management of any known remaining lead-based paint or asbestos-containing materials must be delivered to MOHCD within 60 days of closing.

**2. <u>ENTITLEMENTS</u>**

**2.1 <u>Zoning.</u>**

2168-2198 Cayuga Avenue & 3073 Alemany Boulevard is zoned NC-1 – Neighborhood Commercial, Cluster. It’s located in a 40-X Height & Bulk District. The completed rehabilitation scope did not change the use, height, or bulk of the building.

**2.2 <u>Local/Federal Environmental Review.</u>**

The Project fell into Categorical Exemption 1 - Existing Facilities under CEQA.

**3. <u>Relocation.</u>** The Borrower did not incur any expenses related to relocation for this rehabilitation.

**4. Completed <u>Performance Schedule.</u>**

| No. | Performance Milestone | Estimated or Actual Date |
|---|---|---|
| **1** | SSP Financing Commitment | 3/15/2023 |
| 2. | Site Acquisition | 6/29/2018 |
| 3. | Development Team Selection | |
| a. | General Contractor Selection | 3/15/2023 |
| 4. | Design | |
| a. | Submit Bid Package for MOHCD Approval | N/A |
| 5. | Permits | |
| a. | Building Permit Application Submitted | 6/1/2023 |
| 6. | Construction | |
| a. | Notice to Proceed | 7/17/2023 |
| b. | Complete Construction | 4/15/2024 |
| 7. | Marketing & Lease-up | |
| a. | Rent All Vacant Units | 6/30/2024 |
| 8. | Close Out MOHCD Loan(s) | 7/1/2024 |

## 5. DEVELOPMENT TEAM DURING SFHAF PERIOD

### 5.1 Project Manager.

Name: Kevin Sharps and Gary Rummelhoff

Percentage Time Spent on Project: 25%

### 5.2 Architect.

Firm: N/A

Fee/Hours: N/A

**5.3 Contractor.**

Firm: A-5 Construction

Procurement Requirements: N/A

**5.4 Other Consultants.**

**Structural Engineer:**

Firm: N/A

Fee/Hours: N/A

**5.5 Property Manager.**

Firm: Unity Care

(Has property manager participated in the Small Site program previously? No)

6. **Construction Management Fee:** $26,509

# Exhibit A: Sources and Uses



| | | | | |
|---|---|---|---|---|
| **Application Date:** | 1/29/24 | **# Units:** | **10** | **Small Sites Project** |
| **Project Name:** | Unity Care - Cayuga | ***# Bedrooms:*** | **10** | |
| **Project Address:** | 2198 Cayuga Avenue | **# Beds:** | | |
| **Project Sponsor:** | The Unity Care Group | | | |

**Don't forget to fill in D135:D138!**

| | | | | | | | Total Sources | Comments | |
|---|---|---|---|---|---|---|---|---|---|
| **SOURCES** | - | **3,237,472** | **59,680** | **208,964** | - | - | **3,506,116** | | |
| **Name of Sources:** | MOHCD/OCII | SFHAF | Unity Care Equity | Deferred to Perm | | | | | |
| **USES** Is source a bridge loan? (select Yes/No) | | | | | | | | | |
| Bridge loans total: | - | | | | | | | | |
| **ACQUISITION** | | | | | | | | | |
| Acquisition cost or value | | 1,743,897 | 59,680 | | | | 1,803,577 | | |
| Legal / Closing costs / Broker's Fee | | 17,700 | | 0 | | | 17,700 | | |
| Holding Costs | | | | 0 | | | 0 | | |
| Transfer Tax | | | | 0 | | | 0 | | |
| **TOTAL ACQUISITION** | **0** | **1,761,597** | **59,680** | **0** | **0** | **0** | **1,821,277** | | |
| **CONSTRUCTION (HARD COSTS)** | | | | | | | | | |
| Unit Construction/Rehab | | 808,172 | | 0 | | | 808,172 | Include FF&E | |
| Commercial Shell Construction | | | | 0 | | | 0 | | |
| Demolition | | | | 0 | | | 0 | | |
| Environmental Remediation | | | | 0 | | | 0 | | |
| Onsight Improvements/Landscaping | | | | 0 | | | 0 | | |
| Offsite Improvements | | | | 0 | | | 0 | | Construction line item costs as a % of hard costs |
| Infrastructure Improvements | | | | 0 | | | 0 | HOPE SF/OCII costs for streets etc. | |
| Reimbursement CO #3 and #4 | | 65,814 | | 0 | | | 65,814 | | |
| GC Bond Premium/GC Insurance/GC Taxes | | | | 0 | | | 0 | | **0.0%** |
| GC Overhead & Profit | | 65,192 | | 0 | | | 65,192 | | **6.9%** |
| CG General Conditions | | | | 0 | | | 0 | | **0.0%** |
| *Sub-total Construction Costs* | *0* | *939,178* | *0* | *0* | *0* | *0* | *939,178* | | |
| Design Contingency (remove at DD) | | | | 0 | | | 0 | 5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+ | **0.0%** |
| Bid Contingency (remove at bid) | | | | 0 | | | 0 | 5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+ | **0.0%** |
| Plan Check Contingency (remove/reduce during Plan Review) | | | | 0 | | | 0 | 4% up to $30MM HC, 3% $30-$45MM, 2% $45MM+ | **0.0%** |
| Hard Cost Construction Contingency | | 131,005 | | 0 | | | 131,005 | 5% new construction / 15% rehab | **13.9%** |
| *Sub-total Construction Contingencies* | *0* | *131,005* | *0* | *0* | *0* | *0* | *131,005* | | |
| **TOTAL CONSTRUCTION COSTS** | **0** | **1,070,183** | **0** | **0** | **0** | **0** | **1,070,183** | | |
| **SOFT COSTS** | | | | | | | | | |
| **Architecture & Design** | | | | | | | | | |
| Architect design fees | | | | 0 | | | 0 | See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms | |
| Design Subconsultants to the Architect (incl. Fees) | | | | 0 | | | 0 | | |
| Architect Construction Admin | | | | 0 | | | 0 | | |
| Reimbursables | | | | 0 | | | 0 | | |
| Additional Services | | | | 0 | | | 0 | | |
| *Sub-total Architect Contract* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | | |
| Other Third Party design consultants (not included under Architect contract) | | | | 0 | | | 0 | Consultants not covered under architect contract; name consultant type and contract amount | |
| **Total Architecture & Design** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | | |
| **Engineering & Environmental Studies** | | | | | | | | | |
| Survey | | | | 0 | | | 0 | | |
| Geotechnical studies | | 2,500 | | 0 | | | 2,500 | | |
| Phase I & II Reports | | 5,000 | | 0 | | | 5,000 | | |
| CEQA / Environmental Review consultants | | | | 0 | | | 0 | | |
| NEPA / 106 Review | | | | 0 | | | 0 | | |
| CNA/PNA (rehab only) | | 3,500 | | 0 | | | 3,500 | | |
| Other environmental consultants | | | | 0 | | | 0 | Name consultants & contract amounts | |
| **Total Engineering & Environmental Studies** | **0** | **11,000** | **0** | **0** | **0** | **0** | **11,000** | | |
| **Financing Costs** | | | | | | | | | |
| **Construction Financing Costs** | | | | | | | | | |
| Construction Loan Origination Fee | | 41,215 | | 0 | | | 41,215 | | |
| Construction Loan Interest | | | | 0 | | | 0 | | |
| Title & Recording | | 2,000 | | 0 | | | 2,000 | | |
| CDLAC & CDIAC fees | | | | 0 | | | 0 | | |
| Bond Issuer Fees | | | | 0 | | | 0 | | |
| Other Bond Cost of Issuance | | | | 0 | | | 0 | | |
| Other Lender Costs (specify)- extension fee | | 4,476 | | 0 | | | 4,476 | | |
| *Sub-total Const. Financing Costs* | *0* | *47,691* | *0* | *0* | *0* | *0* | *47,691* | | |
| **Permanent Financing Costs** | | | | | | | | | |
| Permanent Loan Origination Fee | | | | 0 | | | 0 | | |
| Credit Enhance. & Appl. Fee | | | | *0* | | | 0 | | |
| Title & Recording | | | | 10,000 | | | 10,000 | | |
| *Sub-total Perm. Financing Costs* | *0* | *0* | *0* | *10,000* | *0* | *0* | *10,000* | | |
| **Total Financing Costs** | **0** | **47,691** | **0** | **10,000** | **0** | **0** | **57,691** | | |
| **Legal Costs** | | | | | | | | | |
| Borrower Legal fees | | 12,000 | | 5,000 | | | 17,000 | | |
| Land Use / CEQA Attorney fees | | | | 0 | | | 0 | | |
| Tax Credit Counsel | | | | 0 | | | 0 | | |
| Bond Counsel | | | | 0 | | | 0 | | |
| Construction Lender Counsel | | 19,500 | | 0 | | | 19,500 | | |
| Permanent Lender Counsel | | | | 15,000 | | | 15,000 | | |
| Other Legal (specify) | | | | 0 | | | 0 | | |
| **Total Legal Costs** | **0** | **31,500** | **0** | **20,000** | **0** | **0** | **51,500** | | |
| **Other Development Costs** | | | | | | | | | |
| Appraisal | | 6,000 | | 0 | | | 6,000 | | |
| Market Study | | | | 0 | | | 0 | | |
| * Insurance | | 9,990 | | 0 | | | 9,990 | | |
| * Property Taxes | | 812 | | 0 | | | 812 | | |
| Accounting / Audit | | | | 0 | | | 0 | | |
| * Organizational Costs | | | | 0 | | | 0 | | |
| Entitlement / Permit Fees | | | | 0 | | | 0 | | |
| * Marketing / Rent-up | | | | 0 | | | 0 | | |
| * Furnishings | | | | 0 | | | 0 | $2,000/unit; See MOHCD U/W Guidelines: http://sfmohcd.org/documents-reports-and-forms | |
| PGE / Utility Fees | | | | 0 | | | 0 | | |
| TCAC App / Alloc / Monitor Fees | | | | 0 | | | 0 | | |
| * Financial Consultant fees | | 26,509 | | 5,000 | | | 31,509 | | |
| Construction Management fees / Owner's Rep | | | | 0 | | | 0 | | |
| Security during Construction | | | | 0 | | | 0 | | |
| * Relocation | | | | 0 | | | 0 | | |
| Other (specify) | | 5,000 | | 0 | | | 5,000 | | |
| Other (specify) | | | | 0 | | | 0 | | Total Soft Cost Contingency as % of Total Soft Costs |
| Other (specify) | | | | 0 | | | 0 | | |
| **Total Other Development Costs** | **0** | **48,311** | **0** | **5,000** | **0** | **0** | **53,311** | | |
| **Soft Cost Contingency** | | | | | | | | | |
| Contingency (Arch, Eng, Fin, Legal & Other Dev) | 0 | 20,775 | 0 | 3,500 | 0 | 0 | 24,275 | Should be either 10% or 5% of total soft costs. | **14.0%** |
| **TOTAL SOFT COSTS** | **0** | **159,277** | **0** | **38,500** | **0** | **0** | **197,777** | | |
| **RESERVES** | | | | | | | | | |
| * Operating Reserves | | 201,095 | | 120,464 | | | 321,559 | | |
| Replacement Reserves | | | | 20,000 | | | 20,000 | | |
| * Tenant Improvements Reserves | | | | 0 | | | 0 | | |
| Other (specify) | | | | 0 | | | 0 | | |
| Other (specify) | | | | 0 | | | 0 | | |
| Other (specify) | | | | 0 | | | 0 | | |
| **TOTAL RESERVES** | **0** | **201,095** | **0** | **140,464** | **0** | **0** | **341,559** | | |
| **DEVELOPER COSTS** | | | | | | | | | |
| Developer Fee - Cash-out Paid at Milestones | | 45,320 | | 30,000 | | | 75,320 | $25K incentive fee- if meet requirements | |
| Developer Fee - Cash-out At Risk | | | | 0 | | | 0 | | |
| Commercial Developer Fee | | | | 0 | | | | | |
| Developer Fee - GP Equity (also show as source) | | | | 0 | | | | | |
| Developer Fee - Deferred (also show as source) | | | | 0 | | | 0 | | |
| Development Consultant Fees | | | | 0 | | | 0 | Need MOHCD approval for this cost, N/A for most projects | |
| Other (specify) | | | | 0 | | | 0 | | |
| **TOTAL DEVELOPER COSTS** | **0** | **45,320** | **0** | **30,000** | **0** | **0** | **75,320** | | |
| **TOTAL DEVELOPMENT COST** | **0** | **3,237,472** | **59,680** | **208,964** | **0** | **0** | **3,506,116** | | |
| Development Cost/Unit by Source | 0 | 323,747 | 5,968 | 20,896 | 0 | 0 | 350,612 | | |
| Development Cost/Unit as % of TDC by Source | 0.0% | 92.3% | 1.7% | 6.0% | 0.0% | 0.0% | 100.0% | | |
| Acquisition Cost/Unit by Source | 0 | 174,390 | 5,968 | 0 | 0 | 0 | 180,358 | | |
| Construction Cost (inc Const Contingency)/Unit By Source | 0 | 107,018 | 0 | 0 | 0 | 0 | 107,018 | | |
| Construction Cost (inc Const Contingency)/SF | 0.00 | 239.52 | 0.00 | 0.00 | 0.00 | 0.00 | 239.52 | | |

| | | |
|---|---|---|
| **Possible non-eligible GO Bond/COP Amount:* | *0* | |
| City Subsidy/Unit | - | |
| Tax Credit Equity Pricing: | | **Fill in with value or 'N/A' if not applicable.** |
| Construction Bond Amount: | | **Fill in with value or 'N/A' if not applicable.** |
| Construction Loan Term (in months): | | **Fill in with value or 'N/A' if not applicable.** |
| Construction Loan Interest Rate (as %): | | **Fill in with value or 'N/A' if not applicable.** |

**Small Sites**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Combined Loan to Value Ratio: | | | | | | | **194%** |
| % of Acquisition Cost by Source | 0% | 97% | 3% | 0% | 0% | 0% | 100% |
| Small Sites Maximum Developer Fee | 171,540 | | | | | | |

# Exhibit A: Sources and Uses

MOHCD Proforma - Permanent Financing Sources Uses of Funds

| | | | | |
|---|---|---|---|---|
| **Application Date:** | 1/29/24 | **# Units:** | **10** | **Small Sites Project** |
| **Project Name:** | Unity Care - Cayuga | ***# Bedrooms:*** | | |
| **Project Address:** | 2198 Cayuga Avenue | **# Beds:** | | |
| **Project Sponsor:** | The Unity Care Group | | | |

| | | | | | | | **Total Sources** | **Comments** |
|---|---|---|---|---|---|---|---|---|
| **SOURCES** | **3,506,116** | **-** | **-** | **-** | **-** | **-** | **3,506,116** | |
| **Name of Sources:** | MOHCD/OCII | PASS- MR | PASS- BMR | PASS- deferred | | | | |
| **USES** Perm loans total: | 3,506,116 | | | | | | | Perm loan amount is more than bridge loan(s) by: 3506115.76 |
| **ACQUISITION** | | | | | | | | |
| Acquisition cost or value | 3,297,152 | 0 | 0 | 0 | | | 3,297,152 | |
| Legal / Closing costs / Broker's Fee | | | | | | | 0 | |
| Holding Costs | | | | | | | 0 | |
| Transfer Tax | | | | | | | 0 | |
| **TOTAL ACQUISITION** | **3,297,152** | **0** | **0** | **0** | **0** | **0** | **3,297,152** | |
| **CONSTRUCTION (HARD COSTS)** | | | | | | | | |
| * Unit Construction/Rehab | | | | | | | 0 | Include FF&E |
| * Commercial Shell Construction | | | | | | | 0 | |
| * Demolition | | | | | | | 0 | |
| Environmental Remediation | | | | | | | 0 | |
| * Onsight Improvements/Landscaping | | | | | | | 0 | |
| * Offsite Improvements | | | | | | | 0 | |
| * Infrastructure Improvements | | | | | | | 0 | HOPE SF/OCII costs for streets etc. |
| Parking | | | | | | | 0 | |
| GC Bond Premium/GC Insurance/GC Taxes | | | | | | | 0 | |
| GC Overhead & Profit | | | | | | | 0 | |
| CG General Conditions | | | | | | | 0 | |
| *Sub-total Construction Costs* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | |
| Design Contingency (remove at DD) | | | | | | | 0 | 5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+ |
| Bid Contingency (remove at bid) | | | | | | | 0 | 5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+ |
| Plan Check Contingency (remove/reduce during Plan Review) | | | | | | | 0 | 4% up to $30MM HC, 3% $30-$45MM, 2% $45MM+ |
| Hard Cost Construction Contingency | | | | | | | 0 | 5% new construction / 15% rehab |
| *Sub-total Construction Contingencies* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | |
| **TOTAL CONSTRUCTION COSTS** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | |
| **SOFT COSTS** | | | | | | | | |
| **Architecture & Design** | | | | | | | | |
| Architect design fees | | | | | | | 0 | See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms |
| Design Subconsultants to the Architect (incl. Fees) | | | | | | | 0 | |
| Architect Construction Admin | | | | | | | 0 | |
| Reimbursables | | | | | | | 0 | |
| Additional Services | | | | | | | 0 | |
| *Sub-total Architect Contract* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | |
| Other Third Party design consultants (not included under Architect contract) | | | | | | | 0 | Consultants not covered under architect contract; name consultant type and contract amount |
| **Total Architecture & Design** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | |
| **Engineering & Environmental Studies** | | | | | | | | |
| Survey | | | | | | | 0 | |
| Geotechnical studies | | | | | | | 0 | |
| Phase I & II Reports | | | | | | | 0 | |
| CEQA / Environmental Review consultants | | | | | | | 0 | |
| NEPA / 106 Review | | | | | | | 0 | |
| CNA/PNA (rehab only) | | | | | | | 0 | |
| Other environmental consultants | | | | | | | 0 | Name consultants & contract amounts |
| **Total Engineering & Environmental Studies** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | |
| **Financing Costs** | | | | | | | | |
| **Construction Financing Costs** | | | | | | | | |
| Construction Loan Origination Fee | | | | | | | 0 | |
| Construction Loan Interest | | | | | | | 0 | |
| Title & Recording | | | | | | | 0 | |
| CDLAC & CDIAC fees | | | | | | | 0 | |
| Bond Issuer Fees | | | | | | | 0 | |
| Other Bond Cost of Issuance | | | | | | | 0 | |
| Other Lender Costs (specify) | | | | | | | 0 | |
| *Sub-total Const. Financing Costs* | *0* | *0* | *0* | *0* | *0* | *0* | *0* | |
| **Permanent Financing Costs** | | | | | | | | |
| Permanent Loan Origination Fee | | | | | | | 0 | |
| Credit Enhance. & Appl. Fee | | | | | | | 0 | |
| Title & Recording | 10,000 | | | | | | 10,000 | |
| *Sub-total Perm. Financing Costs* | *10,000* | *0* | *0* | *0* | *0* | *0* | *10,000* | |
| **Total Financing Costs** | **10,000** | **0** | **0** | **0** | **0** | **0** | **10,000** | |
| **Legal Costs** | | | | | | | | |
| Borrower Legal fees | 5,000 | | | | | | 5,000 | |
| Land Use / CEQA Attorney fees | | | | | | | 0 | |
| Tax Credit Counsel | | | | | | | 0 | |
| Bond Counsel | | | | | | | 0 | |
| Construction Lender Counsel | | | | | | | 0 | |
| Permanent Lender Counsel | 15,000 | | | | | | 15,000 | |
| * Other Legal (specify) | | | | | | | 0 | |
| **Total Legal Costs** | **20,000** | **0** | **0** | **0** | **0** | **0** | **20,000** | |
| **Other Development Costs** | | | | | | | | |
| Appraisal | | | | | | | 0 | |
| Market Study | | | | | | | 0 | |
| * Insurance | | | | | | | 0 | |
| * Property Taxes | | | | | | | 0 | |
| Accounting / Audit | | | | | | | 0 | |
| * Organizational Costs | | | | | | | 0 | |
| Entitlement / Permit Fees | | | | | | | 0 | |
| * Marketing / Rent-up | | | | | | | 0 | |
| * Furnishings | | | | | | | 0 | $2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms |
| PGE / Utility Fees | | | | | | | 0 | |
| TCAC App / Alloc / Monitor Fees | | | | | | | 0 | |
| * Financial Consultant fees | 5,000 | | | | | | 5,000 | |
| Construction Management fees / Owner's Rep | | | | | | | 0 | |
| Security during Construction | | | | | | | 0 | |
| * Relocation | | | | | | | 0 | |
| Other (specify) | | | | | | | 0 | |
| Other (specify) | | | | | | | 0 | |
| Other (specify) | | | | | | | 0 | |
| **Total Other Development Costs** | **5,000** | **0** | **0** | **0** | **0** | **0** | **5,000** | |
| **Soft Cost Contingency** | | | | | | | | |
| Contingency (Arch, Eng, Fin, Legal & Other Dev) | 3,500 | 0 | 0 | 0 | 0 | 0 | 3,500 | Should be either 10% or 5% of total soft costs. |
| **TOTAL SOFT COSTS** | **38,500** | **0** | **0** | **0** | **0** | **0** | **38,500** | |
| **RESERVES** | | | | | | | | |
| * Operating Reserves | 120,464 | | | | | | 120,464 | |
| Replacement Reserves | 20,000 | | | | | | 20,000 | |
| * Tenant Improvements Reserves | | | | | | | 0 | |
| * Other (specify) | | | | | | | 0 | |
| * Other (specify) | | | | | | | 0 | |
| * Other (specify) | | | | | | | 0 | |
| **TOTAL RESERVES** | **140,464** | **0** | **0** | **0** | **0** | **0** | **140,464** | |
| **DEVELOPER COSTS** | | | | | | | | |
| Developer Fee - Cash-out Paid at Milestones | 30,000 | | | | | | 30,000 | |
| Developer Fee - Cash-out At Risk | | | | | | | 0 | |
| Commercial Developer Fee | | | | | | | 0 | |
| Developer Fee - GP Equity (also show as source) | | | | | | | 0 | |
| Developer Fee - Deferred (also show as source) | | | | | | | 0 | |
| Development Consultant Fees | | | | | | | 0 | Need MOHCD approval for this cost, N/A for most projects |
| Other (specify) | | | | | | | 0 | |
| **TOTAL DEVELOPER COSTS** | **30,000** | **0** | **0** | **0** | **0** | **0** | **30,000** | |
| **TOTAL DEVELOPMENT COST** | **3,506,116** | **0** | **0** | **0** | **0** | **0** | **3,506,116** | |
| Development Cost/Unit by Source | 350,612 | 0 | 0 | 0 | 0 | 0 | 350,612 | |
| Development Cost/Unit as % of TDC by Source | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 100.0% | |
| Acquisition Cost/Unit by Source | 329,715 | 0 | 0 | 0 | 0 | 0 | 329,715 | |
| Construction Cost (inc Const Contingency)/Unit By Source | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Construction Cost (inc Const Contingency)/SF | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 350,611.58 |
| **Small Sites* | | | | | | | | |
| Combined Loan to Value Ratio: | | | | | | | **106%** | |
| % of Acquisition Cost by Source | 100% | 0% | 0% | 0% | 0% | 0% | 100% | |

Construction line item costs as a % of hard costs

Total Soft Cost Contingency as % of Total Soft Costs **10.0%**

| | |
|---|---|
| **Possible non-eligible GO Bond/COP Amount:* | *125,464* |
| City Subsidy/Unit | 350,612 |
| Tax Credit Equity Pricing: | N/A |
| Construction Bond Amount: | N/A |
| Construction Loan Term (in months): | N/A |
| Construction Loan Interest Rate (as %): | N/A |
| Small Sites Maximum Developer Fee | 173,806 |

# Exhibit B: Annual Operating Budget

| | | | |
|---|---|---|---|
| **Application Date:** | **1/29/2024** | **Project Name:** | **Unity Care - Cayuga** |
| **Total # Units:** | **10** | **Project Address:** | **2198 Cayuga Avenue** |
| **First Year of Operations** (provide data assuming that Year 1 is a full year, i.e. 12 months of operations)**:** | **2024** | **Project Sponsor:** | **The Unity Care Group** |

**Small Sites Project**

***Correct errors noted in Col N!***

| INCOME | Total | Comments | | PUPA | PUPM | |
|---|---|---|---|---|---|---|
| Residential - Tenant Rents | 0 | Links from 'Existing Proj - Rent Info' Worksheet | | - | - | |
| Residential - Tenant Assistance Payments (SOS Payments) | 0 | Comments | | | | |
| Residential - Tenant Assistance Payments (Other Non-LOSP) | 586,440 | Links from 'Existing Proj - Rent Info' Worksheet | | 58,644 | 4,887 | |
| 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 | | | | - | | |
| 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** | **586,440** | | | | | |
| Vacancy Loss - Residential - Tenant Rents | 0 | | | - | | |
| Vacancy Loss - Residential - Tenant Assistance Payments | (58,644) | | | (5,864) | | |
| Vacancy Loss - Commercial | 0 | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% | | - | | |
| **EFFECTIVE GROSS INCOME** | **527,796** | ***PUPA: 52,780*** | | | | |
| | | | | | | |
| **OPERATING EXPENSES** | | | | | | |
| **Management** | | | | | | |
| Management Fee | 87,180 | 1st Year to be set according to HUD schedule. | | 8,718 | 727 | |
| Asset Management Fee | | | | - | | |
| **Sub-total Management Expenses** | **87,180** | ***PUPA: 8,718*** | | | | |
| **Salaries/Benefits** | | | | | | |
| Office Salaries | 18,200 | Links from 'Staffing' Worksheet | | 1,820 | | |
| Manager's Salary | 160,450 | Links from 'Staffing' Worksheet | | 16,045 | | |
| Health Insurance and Other Benefits | 47,895 | | | 4,790 | | |
| Other Salaries/Benefits | 0 | | | - | | |
| Administrative Rent-Free Unit | | | | - | | |
| **Sub-total Salaries/Benefits** | **226,545** | ***PUPA: 22,655*** | | | | |
| **Administration** | | | | | | |
| Advertising and Marketing | | | | - | | |
| Office Expenses | 2,125 | | | 213 | | |
| Office Rent | | | | - | | |
| Legal Expense - Property | 15,012 | Legal and auditing | | 1,501 | | - |
| Audit Expense | | | | - | | |
| Bookkeeping/Accounting Services | | | | - | | |
| Bad Debts | | | | - | | |
| Miscellaneous | 13,768 | | | 1,377 | | |
| **Sub-total Administration Expenses** | **30,905** | ***PUPA: 3,091*** | | | | |
| **Utilities** | | | | | | |
| Electricity | 36,127 | Utilities and phone expenses | | 3,613 | 301 | |
| Water | | | | - | - | |
| Gas | | | | - | - | |
| Sewer | | | | - | - | |
| **Sub-total Utilities** | **36,127** | ***PUPA: 3,613*** | | | | |
| **Taxes and Licenses** | | | | | | |
| Real Estate Taxes | 2,620 | | | 262 | | |
| Payroll Taxes | | | | - | | |
| Miscellaneous Taxes, Licenses and Permits | | | | - | | |
| **Sub-total Taxes and Licenses** | **2,620** | ***PUPA: 262*** | | | | |
| **Insurance** | | | | | | |
| Property and Liability Insurance | 9,000 | | | 900 | | |
| Fidelity Bond Insurance | | | | - | | |
| Worker's Compensation | | | | - | | |
| Director's & Officers' Liability Insurance | | | | - | | |
| **Sub-total Insurance** | **9,000** | ***PUPA: 900*** | | | | |
| **Maintenance & Repair** | | | | | | |
| Payroll | 0 | Links from 'Staffing' Worksheet | | - | | |
| Supplies | 71,617 | Grocery, household, clothing expenses | | 7,162 | | |
| Contracts | | | | - | | |
| Garbage and Trash Removal | | | | - | | |
| Security Payroll/Contract | 0 | Links from 'Staffing' Worksheet | | - | | |
| HVAC Repairs and Maintenance | | | | - | | |
| Vehicle and Maintenance Equipment Operation and Repairs | | | | - | | |
| Miscellaneous Operating and Maintenance Expenses | 6,000 | | | 600 | | |
| **Sub-total Maintenance & Repair Expenses** | **77,617** | ***PUPA: 7,762*** | | | | |
| | | | | | | |
| **Supportive Services** | 0 | Links from 'Staffing' Worksheet | | - | | |
| **Commercial Expenses** | 0 | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% | | - | | |
| | | | | | | |
| **TOTAL OPERATING EXPENSES** | ***469,994*** | ***PUPA: 46,999*** | | | | |
| | | | | | | |
| **Reserves/Ground Lease Base Rent/Bond Fees** | | | | | | |
| Ground Lease Base Rent | 0 | | Provide additional comments here, if needed. | - | | |
| Bond Monitoring Fee | | | | - | | |
| Replacement Reserve Deposit | 7,363 | | | 736 | | |
| Operating Reserve Deposit | 4,500 | | | 450 | | |
| Other Required Reserve 1 Deposit | | | | - | | |
| Other Required Reserve 2 Deposit | | | | - | | |
| Required Reserve Deposit/s, Commercial | 0 | from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100% | | - | | |
| **Sub-total Reserves/Ground Lease Base Rent/Bond Fees** | **11,863** | ***PUPA: 1,186*** | Min DSCR: 1.09 | | | |
| | | | Mortgage Rate: 5.00% | | | |
| **TOTAL OPERATING EXPENSES** (w/ Reserves/GL Base Rent/ Bond | **481,857** | ***PUPA: 48,186*** | Term (Years): 30 | | | |
| | | | Supportable 1st Mortgage Pmt: 42,146 | | | |
| **NET OPERATING INCOME** (INCOME minus OP EXPENSES) | **45,939** | ***PUPA: 4,594*** | Supportable 1st Mortgage Amt: $654,250 | | | |
| | | | Proposed 1st Mortgage Amt: $0 | | | |
| **DEBT SERVICE/MUST PAY PAYMENTS** ("hard debt"/amortized loans) | | | | | | |
| Hard Debt - First Lender | 0 | | Provide additional comments here, if needed. | | | |
| Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Ler | 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** | **0** | ***PUPA: 0*** | | | | |
| | | | | | | |
| **CASH FLOW** (NOI minus DEBT SERVICE) | **45,939** | | | | | |
| Commercial Only Cash Flow | 0 | | | | | |
| **AVAILABLE CASH FLOW** | **45,939** | | | | | |
| | | | | | | |
| **USES OF CASH FLOW BELOW** (This row also shows DSCR.) | | | | | | |
| **USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL** | | | | | | |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | | | | | | |
| Partnership Management Fee (see policy for limits) | | | | | | |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | | | | | |
| Other Payments | | | | | | |
| Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field) | | | Provide additional comments here, if needed. | | | |
| Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field) | | | Provide additional comments here, if needed. | | | |
| Deferred Developer Fee (Enter amt <= Max Fee from cell I130) | | Def. Develop. Fee split: 0% | Provide additional comments here, if needed. | | | |
| | | | | | | |
| **TOTAL PAYMENTS PRECEDING MOHCD** | **0** | ***PUPA: 0*** | | | | |
| | | | | | | |
| **RESIDUAL RECEIPTS** (CASH FLOW minus PAYMENTS PRECEDING | **45,939** | | | | | |

***Residual Receipts Calculation***

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

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

| **MOHCD RESIDUAL RECEIPTS DEBT SERVICE** | | |
|---|---|---|
| MOHCD Residual Receipts Amount Due | 30,626 | 67% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt |
| Proposed MOHCD Residual Receipts Amount to Loan Repayment | 0 | Enter/override amount of residual receipts proposed for loan repayment. |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | 0 | If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt. |
| Proposed MOHCD Residual Receipts Amount to Replacement Reserve | 30,626 | MOHCD res rects to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt. |
| **REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT** | **15,313** | ***Total Resid Receipts due not allocated, please revise F142*** |
| | | |
| **NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE** | | |
| HCD Residual Receipts Amount Due | 0 | |
| Lender 4 Residual Receipts Due | 0 | |
| Lender 5 Residual Receipts Due | 0 | |
| **Total Non-MOHCD Residual Receipts Debt Service** | **0** | |
| | | |
| **REMAINDER (Should be zero unless there are distributions below)** | **15,313** | |
| Owner Distributions/Incentive Management Fee | 15,313 | 100% of Borrower share of 33% of residual receipts |
| Other Distributions/Uses | 0 | |
| **Final Balance (should be zero)** | **0** | |

# 20-Year Cash Flow

**Unity Care - Cayuga**

Small Sites Project

**Total # Units: 10**

| | | 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 |
| **INCOME** | % annual increase | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total | Total |
| Residential - Tenant Rents | 2.5% | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Residential - SOS Payments | 4.0% | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Residential - Tenant Assistance Payments (Other Non-LOSP) | 3.0% | 586,440 | 604,033 | 622,154 | 640,819 | 660,043 | 679,845 | 700,240 | 721,247 | 742,885 | 765,171 | 788,126 | 811,770 | 836,123 | 861,207 | 887,043 | 913,654 | 941,064 | 969,296 | 998,375 | 1,028,326 |
| Commercial Space | 2.5% | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Income | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Gross Potential Income** | | **586,440** | **604,033** | **622,154** | **640,819** | **660,043** | **679,845** | **700,240** | **721,247** | **742,885** | **765,171** | **788,126** | **811,770** | **836,123** | **861,207** | **887,043** | **913,654** | **941,064** | **969,296** | **998,375** | **1,028,326** |
| Vacancy Loss - Residential - Tenant Rents | n/a | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vacancy Loss - Residential - Tenant Assistance Payments | 10.0% | (58,644) | (60,403) | (62,215) | (64,082) | (66,004) | (67,984) | (70,024) | (72,125) | (74,288) | (76,517) | (78,813) | (81,177) | (83,612) | (86,121) | (88,704) | (91,365) | (94,106) | (96,930) | (99,837) | (102,833) |
| Vacancy Loss - Commercial | n/a | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **EFFECTIVE GROSS INCOME** | | **527,796** | **543,630** | **559,939** | **576,737** | **594,039** | **611,860** | **630,216** | **649,123** | **668,596** | **688,654** | **709,314** | **730,593** | **752,511** | **775,086** | **798,339** | **822,289** | **846,958** | **872,366** | **898,537** | **925,493** |
| **OPERATING EXPENSES** | | | | | | | | | | | | | | | | | | | | | |
| Management | 3.5% | 87,180 | 90,231 | 93,389 | 96,658 | 100,041 | 103,542 | 107,166 | 110,917 | 114,799 | 118,817 | 122,976 | 127,280 | 131,735 | 136,346 | 141,118 | 146,057 | 151,169 | 156,460 | 161,936 | 167,604 |
| Salaries/Benefits | 3.5% | 226,545 | 234,474 | 242,681 | 251,174 | 259,966 | 269,064 | 278,482 | 288,229 | 298,317 | 308,758 | 319,564 | 330,749 | 342,325 | 354,306 | 366,707 | 379,542 | 392,826 | 406,575 | 420,805 | 435,533 |
| Administration | 3.5% | 30,905 | 31,987 | 33,106 | 34,265 | 35,464 | 36,705 | 37,990 | 39,320 | 40,696 | 42,120 | 43,595 | 45,120 | 46,700 | 48,334 | 50,026 | 51,777 | 53,589 | 55,464 | 57,406 | 59,415 |
| Utilities | 3.5% | 36,127 | 37,391 | 38,700 | 40,055 | 41,457 | 42,908 | 44,409 | 45,964 | 47,572 | 49,237 | 50,961 | 52,744 | 54,590 | 56,501 | 58,479 | 60,525 | 62,644 | 64,836 | 67,106 | 69,454 |
| Taxes and Licenses | 3.5% | 2,620 | 2,712 | 2,807 | 2,905 | 3,007 | 3,112 | 3,221 | 3,333 | 3,450 | 3,571 | 3,696 | 3,825 | 3,959 | 4,098 | 4,241 | 4,389 | 4,543 | 4,702 | 4,867 | 5,037 |
| Insurance | 3.5% | 9,000 | 9,315 | 9,641 | 9,978 | 10,328 | 10,689 | 11,063 | 11,451 | 11,851 | 12,266 | 12,695 | 13,140 | 13,600 | 14,076 | 14,568 | 15,078 | 15,606 | 16,152 | 16,717 | 17,303 |
| Maintenance & Repair | 3.5% | 77,617 | 80,334 | 83,145 | 86,055 | 89,067 | 92,185 | 95,411 | 98,750 | 102,207 | 105,784 | 109,486 | 113,318 | 117,285 | 121,390 | 125,638 | 130,036 | 134,587 | 139,297 | 144,173 | 149,219 |
| Supportive Services | 3.5% | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Commercial Expenses | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **TOTAL OPERATING EXPENSES** | | **469,994** | **486,444** | **503,469** | **521,091** | **539,329** | **558,205** | **577,743** | **597,964** | **618,892** | **640,554** | **662,973** | **686,177** | **710,193** | **735,050** | **760,777** | **787,404** | **814,963** | **843,487** | **873,009** | **903,564** |
| **PUPA (w/o Reserves/GL Base Rent/Bond Fees)** | | ***46,999*** | | | | | | | | | | | | | | | | | | | |
| **Reserves/Ground Lease Base Rent/Bond Fees** | | | | | | | | | | | | | | | | | | | | | |
| Ground Lease Base Rent | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bond Monitoring Fee | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Replacement Reserve Deposit | | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 | 7,363 |
| Operating Reserve Deposit | | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 |
| Other Required Reserve 1 Deposit | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Required Reserve 2 Deposit | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Required Reserve Deposit/s, Commercial | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Sub-total Reserves/Ground Lease Base Rent/Bond Fees** | | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** | **11,863** |
| **TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)** | | **481,857** | **498,307** | **515,332** | **532,954** | **551,192** | **570,068** | **589,606** | **609,827** | **630,755** | **652,417** | **674,836** | **698,040** | **722,056** | **746,913** | **772,640** | **799,267** | **826,826** | **855,350** | **884,872** | **915,427** |
| **PUPA (w/ Reserves/GL Base Rent/Bond Fees)** | | ***48,186*** | | | | | | | | | | | | | | | | | | | |
| **NET OPERATING INCOME (INCOME minus OP EXPENSES)** | | **45,939** | **45,323** | **44,606** | **43,783** | **42,847** | **41,792** | **40,610** | **39,296** | **37,841** | **36,237** | **34,478** | **32,553** | **30,455** | **28,173** | **25,699** | **23,022** | **20,132** | **17,017** | **13,666** | **10,066** |
| **DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)** | | | | | | | | | | | | | | | | | | | | | |
| Hard Debt - First Lender | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Hard Debt - Fourth Lender | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Commercial Hard Debt Service | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **TOTAL HARD DEBT SERVICE** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **CASH FLOW (NOI minus DEBT SERVICE)** | | **45,939** | **45,323** | **44,606** | **43,783** | **42,847** | **41,792** | **40,610** | **39,296** | **37,841** | **36,237** | **34,478** | **32,553** | **30,455** | **28,173** | **25,699** | **23,022** | **20,132** | **17,017** | **13,666** | **10,066** |
| **USES OF CASH FLOW BELOW (This row also shows DSCR.)** | **DSCR:** | | | | | | | | | | | | | | | | | | | | |
| **USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL** | | | | | | | | | | | | | | | | | | | | | |
| Deferred Developer Fee (Enter amt <= Max Fee from row 131) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| "Below-the-line" Asset Mgt fee (uncommon in new projects, see policy) | 3.5% | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Partnership Management Fee (see policy for limits) | 3.5% | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Payments | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmnt - Lender 1 | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Non-amortizing Loan Pmnt - Lender 2 | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| ***TOTAL PAYMENTS PRECEDING MOHCD*** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)** | | **45,939** | **45,323** | **44,606** | **43,783** | **42,847** | **41,792** | **40,610** | **39,296** | **37,841** | **36,237** | **34,478** | **32,553** | **30,455** | **28,173** | **25,699** | **23,022** | **20,132** | **17,017** | **13,666** | **10,066** |
| Does Project have a MOHCD Residual Receipt Obligation? | **Yes** | | | | | | | | | | | | | | | | | | | | |
| Will Project Defer Developer Fee? | **No** | | | | | | | | | | | | | | | | | | | | |
| Residual Receipts split for all years. - Lender/Owner | **57% / 33%** | | | | | | | | | | | | | | | | | | | | |
| **MOHCD RESIDUAL RECEIPTS DEBT SERVICE** | Dist. Soft Debt Loans | | | | | | | | | | | | | | | | | | | | |
| MOHCD Residual Receipts Amount Due | 100.00% | 30,626 | 30,215 | 29,738 | 29,189 | 28,565 | 27,861 | 27,074 | 26,197 | 25,227 | 24,158 | 22,985 | 21,702 | 20,303 | 18,782 | 17,133 | 15,348 | 13,421 | 11,344 | 9,110 | 6,711 |
| Proposed MOHCD Residual Receipts Amount to Residual Ground Lease | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Proposed MOHCD Residual Receipts Amount to Replacement Reserve | | 30,626 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 15,348 | - | - | - | 6,711 |
| **REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE** | | **15,313** | **15,108** | **14,869** | **14,594** | **14,282** | **13,931** | **13,537** | **13,099** | **12,614** | **12,079** | **11,493** | **10,851** | **10,152** | **9,391** | **8,566** | **7,674** | **6,711** | **5,672** | **4,555** | **3,355** |
| **NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE** | | | | | | | | | | | | | | | | | | | | | |
| HCD Residual Receipts Amount Due | 0.00% | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Lender 4 Residual Receipts Due | 0.00% | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Lender 5 Residual Receipts Due | 0.00% | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total Non-MOHCD Residual Receipts Debt Service** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **REMAINDER (Should be zero unless there are distributions below)** | | **15,313** | **15,108** | **14,869** | **14,594** | **14,282** | **13,931** | **13,537** | **13,099** | **12,614** | **12,079** | **11,493** | **10,851** | **10,152** | **9,391** | **8,566** | **7,674** | **6,711** | **5,672** | **4,555** | **3,355** |
| Owner Distributions/Incentive Management Fee | | 15,313 | 15,108 | 14,869 | 14,594 | 14,282 | 13,931 | 13,537 | 13,099 | 12,614 | 12,079 | 11,493 | 10,851 | 10,152 | 9,391 | 8,566 | 7,674 | 6,711 | 5,672 | 4,555 | 3,355 |
| Other Distributions/Uses | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Final Balance (should be zero)** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **RR Running Balance** | | **27,563** | **60,778** | **52,733** | **54,441** | **58,993** | **65,343** | **59,002** | **66,955** | **47,916** | **55,759** | **63,679** | **71,679** | **79,759** | **75,400** | **40,987** | **23,393** | **45,106** | **52,920** | **53,636** | **3,388** |
| **OR Running Balance** | | **126,169** | **131,931** | **137,750** | **143,627** | **149,564** | **155,559** | **161,615** | **167,731** | **173,908** | **180,147** | **186,449** | **192,813** | **199,242** | **205,734** | **212,291** | **218,914** | **225,603** | **232,359** | **239,183** | **246,075** |
| **Other Required Reserve 1 Running Balance** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Other Required Reserve 2 Running Balance** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **DEFERRED DEVELOPER FEE - RUNNING BALANCE** | | | | | | | | | | | | | | | | | | | | | |
| Developer Fee Starting Balance | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deferred Developer Fee Earned in Year | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Developer Fee Remaining Balance** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |