Citywide Affordable Housing Loan Committee

Cooperative Living for Mental Health 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

2425 Post Street

Up to $3,326,000 Permanent Financing Request

Evaluation of Request for:	Permanent Financing
Loan Committee Date:	April 19, 2024
Prepared By:	Amanda Fukutome-Lopez, Project Manager
Sources and Amounts of New Funds Recommended:	Up to $3,326,000 Soft Debt $3,026,000 Housing Stability Fund $300,000 Housing Trust Fund
Total Funds Requested	Up to $3,326,000 total
NOFA/PROGRAM/RFP:	2021 Cooperative Living for Mental Health Program Regulations
Applicant/Sponsor(s) Name:	Conard Housing Development Corporation
Project Address (with cross street):	2425 Post Street (between Broderick and Baker Streets)
Supervisor/District:	Supervisor Stefani/District 2
Number of Units with Unit Mix:	2 three-bedroom units 1 four-bedroom unit 10 total beds

Project Summary:

- Located in District 2, 2425 Post Street consists of a three-story building comprising two three-bedroom units and one four-bedroom unit.

- The Project is Conard House's third Cooperative Living for Mental Health ("CLMH") project. The CLMH Program is a partnership with the San Francisco Department of Public Health that provides long-term housing security to people living with mental illness or substance abuse disorders that are deemed capable of living in communal, non-institutional, neighborhood-based settings.

- Currently two units are occupied by Conard House's CLMH Program participants. The third unit is occupied by long-term tenants that income-certified at acquisition. When the non-CLMH unit turns over, Conard House will fill the vacant unit with CLMH participants.

- The Project was acquired in November 2022 for $2,000,000 and rehabilitated through a loan from the San Francisco Housing Accelerator Fund with construction completing in April 2024.

- The Project's original rehabilitation scope under the SFHAF was modified to remove the structural scope and rear stair repair, which will be completed, along with drainage work, once the Project converts to MOHCD permanent financing in an effort to reduce holding costs under the SFHAF. See **Section 2** and **Section 4.6** for all rehabilitation work completed under the SFHAF along with construction-related issues.

- The Project is requesting $3,326,000 in Cooperative Living for Mental Health soft debt.

- MOHCD staff is recommending Loan Committee approval for 2425 Post Street's permanent financing, which provides 3 affordable units in the City's Western Addition neighborhood and provides CLMH housing to residents with mental illness and/or substance abuse disorders.

1. **SUMMARY/BRIEF PROJECT UPDATE**

Conard Housing Development Corporation ("Conard House," "Conard Post LLC," or "Sponsor") requests up to $3,326,000 in Cooperative Living for Mental Health ("CLMH") Program funding from the Mayor's Office of Housing and Community Development ("MOHCD") for the permanent financing of the property located at 2425 Post Street in the Western Addition neighborhood of San Francisco (the "Project").

On November 13, 2022, MOHCD issued a soft commitment letter of up to $2,950,000 for the Project, which obtained approximately $2,634,130 in financing through the San Francisco Housing Accelerator Fund ("SFHAF") for its acquisition and rehabilitation. Conard House purchased the Project on November 15, 2022. This request exceeds the initial soft commitment amount by $376,000 ($37,600/bed) due to increased rehabilitation costs and underwriting variations from the time of initial soft commitment.

Under the SFHAF, the Project originally planned to undergo a scope of rehabilitation that included unit and interior renovations as well as structural work and rear stair repair. Due to limited interest from structural engineers and higher-than-anticipated pricing, the Project did not begin or complete its structural scope or rear stair repair under the SFHAF and is requesting funds and approval to complete that work, along with drainage work, after the Project has converted to MOHCD financing. Please see **Section 2** for more on construction-related challenges. As of April 2024, the revised and reduced SFHAF scope of rehabilitation is complete, and the Sponsor is preparing a final draw for the SFHAF loan. As a condition of this closing, completion of the retention release checklist and approval from a MOHCD Construction Representative will be required. Please see **Section 9** for more on closing conditions.

The requested permanent financing from MOHCD will pay off the existing SFHAF loan, fund replacement and operating reserves, cover additional closing costs, and fund a discrete scope of work to be completed post-close. The Sponsor will record a Declaration of Restrictions that will protect the affordability of all units for at least 99 years.

Background

CLMH Program

The Cooperative Living for Mental Health Program Regulations were approved by the Citywide Affordable Housing Loan Committee on July 2, 2021. The CLMH Program allows nonprofit organizations with Department of Public Health ("DPH") contracts to acquire, rehabilitate and preserve single-family or multi-family buildings as shared housing for people with chronic mental illness and/or substance abuse disorders.

Due to the City's housing market, shared housing has experienced the same pressures as traditional rental housing with both master-leased and leased units experiencing high levels of displacement. The CLMH Program responded to these concerns by enabling a pre-vetted pool of nonprofit organizations to acquire properties for group supportive housing programming.

The CLMH Program supports the shared housing model, where DPH offers small groups of individuals the opportunity for independent living in a supportive setting. Program participants spend no more than 30% of their income on rent, and receive services, including mental health services, case management, money management, and community building.

While a part of MOHCD's Preservation Program, the CLMH Program is distinct from the Small Sites Program (SSP), in that it does not require annual income certification requirements, recognizing CMLH houses as program participants rather than tenants. CMLH Projects are not be able to support senior debt as DPH subsidizes operational expenses but does not generate net project income. The CLMH Program funds the acquisition of both vacant and existing shared housing buildings, converting them to deed-restricted shared housing. Because DPH supports the tenant referral process and provides contracts to support the shared housing model, CLMH projects do not require annual income certification nor support debt service. This is Conard House's third CLMH project. Conard House's other CLMH projects, 1140-1142 Florida Street and 139-145 Dore Street, converted to permanent financing in 2023.

The Project

Built in 1895, 2425 Post Street is a 3,687 square foot residential property consisting of a three-story building with 2 3-BR units and 1 4-BR unit. The 3BR units have three bedrooms, one bathroom, a communal living space, and a full-service kitchen. The 4BR unit has four bedrooms, one bathroom, a communal living space, and a full-service kitchen. The building was in fair condition at acquisition and underwent rehabilitation financed by the SFHAF. The original rehabilitation scope included structural upgrade/repair to stairs, garage; power washing front façade and painting; new tankless water heaters for the three units; roofing maintenance/repair; and bathroom renovations. The amendments to the SFHAF scope included removing the structural scope and rear stair repair. The amended scope exhausted the budget for rehabilitation and there have been additional carrying costs. For more on the completed rehabilitation scope, please see **Section 6.5**.

Conard House has master-leased one unit in the three-unit building to provide housing for their program participants since March of 1990. In 2022, the Sponsor became aware that the owner of the building was considering selling the property and decided to pursue its acquisition to stabilize the current residents, add the building to its portfolio, and decrease the number of units Conard House master leases. At acquisition, Conard House closed out one of their master leases and moved tenants from the previously master leased property to 2425 Post Street, saving the Sponsor money on monthly rent. All three units are currently occupied. One 3BR unit and the 4BR unit (seven beds) are occupied by Conard House CLMH program participants. One 3BR unit is occupied by existing tenants that income-certified at acquisition. At turnover, the 3BR unit occupied by existing tenants will be filled with Conard House CLMH program participants. Until that time, the one non-CLMH program unit will adhere to SSP requirements that have been included in the unit's executed lease. For more on the unit occupied by existing tenants, please see **Section 2**.

Total Project Costs and Sources

Funding Source	Initial Soft Commitment November 13, 2022	Current Request
CLMH	Up to $2,950,000 ($295,000/bed)	Up to $3,326,000 ($332,600/bed)

The total funding request is $376,000, or 13%, higher than the initial soft commitment amount. However, it is in line with previous CLMH projects. See **Section 2** for more on total development costs.

2. PRINCIPAL DEVELOPMENT ISSUES

Structural Work.

The original SFHAF rehabilitation budget estimated $65,000 for structural upgrades and stair repair in the garage. At the time of SFHAF loan closing, the Project was still confirming the structural scope and had not received drawings or pricing on that scope. As rehabilitation work progressed, Conard struggled to engage and contract with structural engineers. Engineers were either nonresponsive or not interested in the small scope. Eventually, Conard was able to contract with C.S.E. Structural Engineers, who provided structural drawings in late 2023, one year after the acquisition. Pricing for the remaining work was provided by Castle Construction, the Project's General Contractor on January 5, 2024. The cost estimate for the scope of work is $165,000.

In late 2023, while waiting for drawings and pricing, Conard and the SFHAF engaged MOHCD to determine a path forward for the Project. Options included completing the scope through an extension and upsize of the SFHAF loan, deferring the scope and completing it through replacement reserves, or completing the scope after the Project converted to MOCHD financing. Ultimately, due to the necessity of the work, an uncertain construction timeline and accruing SFHAF loan interest costs, all parties agreed it was in the Project's best interest to move forward with the structural scope and rear stair repair after the Project converted to MOHCD permanent financing. This will ensure that the work gets done in a reasonable amount of time and allows the Project to avoid additional interest costs under the SFHAF.

In April 2024, another General Contractor priced the Project at $232,500 with Prevailing Wage. The structural engineer, Conard House, and MOHCD agree that no relocation will be required for the seismic work. The $232,500 is considerably more than the $65K that was built into the SFHAF construction budget. The drawings and estimate have been reviewed by a MOHCD Construction Representative. For more on the Construction Representative's evaluation of the scope, please see **Section 5**.

The Project periodically experiences basement flooding and requires concrete sacks to be stacked up against the garage. As a result, the Project will require drainage work, including trench drain installation and sump pump repair, estimated at $50,000. MOHCD staff recommend the addition to the proposed scope of work to prevent any damage to the building and protect the health of residents. With the additional $50,000, the new estimated total for rehabilitation work, not including contingencies, is $282,500. With general conditions and contingencies, the total hard cost budget is $392,534. As a condition of this loan, any excess funds remaining after the completion of the rehabilitation, funding of reserves, and payment of developer fee will be required to be returned to MOHCD and the loan documents will be amended to reflect the new loan amount. Also, as a condition of this loan, the $30,000 in developer fee will be at-risk to cover any rehabilitation cost overruns. See **Section 10**, Loan Conditions.

One non-CLMH Unit.

When the Project was acquired, one unit housed Conard residents, one was vacant, and one unit housed low to moderate-income tenants. Currently, two units house Conard residents and one unit continues to house the non-CLMH tenants. The four residents of the non-CLMH unit income certified before the Project was acquired and qualify for the welfare tax exemption. When the unit turns over, Conard will use it for CLMH living. Because the turnover date is uncertain, the Net Operating Income ("NOI") is not reliable enough to support any PASS debt. The proforma assumes that the non-CLMH unit, which is currently set at 89% AMI rent, will turn over at Year 5 and assumes rent is lowered to approximately

60% AMI (Conard's typical rent for CLMH) at that time. To partially compensate for the lost income, Conard House is assuming an escalation of tenant income (rents and subsidy) at 3% per year once the third unit turns over. This increase is allowable and available under Conard House's contract with DPH. In the meantime, as long as the unit is leased to non-CLMH tenants, the unit will be required to adhere to SSP regulations, including annual income certification requirements, annual rent increases, and increases in rent should the unit become over-income.

Loan to Value Ratio.

The CLMH Guidelines specify that the Project's loan-to-value ratio ("LTV") must not exceed the lesser of (a) 100% of appraised value of $2,180,000, or (b) 100% of total development costs of $3,326,000. The LTV for the Project exceeds the appraised values in **Section 6.2**, as did the original MOHCD soft commitment of $2,950,000 ($295,000 per bed), issued on November 13, 2022. Because the Project's total development cost includes acquisition, rehabilitation, SFHAF interest costs, closing costs, operating reserves, and replacement reserves to fund ten years of anticipated capital needs, it would be nearly impossible to have a total development cost that is less than the appraised value. And, since the Project cannot support debt service, it would need a second subsidy source to absorb the difference between the appraised value and the total development cost. This requirement has not been applied to the limited CLMH projects that have closed to date. MOHCD will evaluate whether it should be changed or removed when the CLMH Program Guidelines are updated later this year.

The CLMH Guidelines state, "MOHCD reserves the right to waive any portion of these Regulations, or to make exceptions on a case-by-case basis. Such waivers and/or exceptions will be granted through the written approval of the Director of MOHCD, in consultation with the Loan Committee." Conard House is requesting an exception to the LTV requirement of the lesser of (a) 100% of appraisal value, or (b) 100% of total development costs. Conard House requests an LTV equal to 100% of total development costs.

Total Development Cost.

The Project received a soft commitment letter from MOHCD in June 2021for $2,950,000 ($295,000 /bed). The total development cost ("TDC") for the project is projected to be $3,326,000 ($332,600/bed), which is $376,000 over the soft commitment amount. The requested amount of CLMH funds has increased for several reasons.

- The cost of the Project's structural scope, which was anticipated to be completed under the SFHAF, increased significantly from the estimate at acquisition. Moving the scope to completion under MOHCD financing will require Prevailing Wage, which will further increase the estimate.

- The original scope of work and budget did not include the trench drain or sump pump replacement.
- Underwriting variations from the time of soft-commitment letter issuance have impacted cash flow and projected residual receipts split, resulting in increased soft debt request.

Though the total development cost has increased, it is still in line with the TDC/bed of Conard's two other CLMH projects and 2153-2157 Grove Street, a CLMH project sponsored by Positive Resource Center.

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
2425 Post St. (request)	*$3,326,000*	*10*	*$332,600*

3. BORROWER/GRANTEE PROFILE

Conard House is a nonprofit organization that specializes in supportive housing and mental health services in San Francisco. Since opening its doors in 1960, Conard House has been building welcoming communities and caring relationships that empower people and restore hope through provision of a full range of mental health services, case management and crisis services, representative payee/money management, community support, and community building to adults of all ethnicities, with a special focus on the unique needs of those with serious mental and behavioral health conditions who were formerly homeless. Conard House's Supportive Housing program takes a compassionate, non-judgmental, client-centered approach to addressing psychosocial issues that empowers residents to restore self-worth, reintegrate into mainstream society, and maintain their housing.

3.1 Racial Equity Vision

Conard House is "an equal opportunity employer committed to promoting cultural competency and diversity in staffing programs. Conard House does not discriminate against qualified employees or applicants for employment with respect to any terms or conditions of employment."

Conard House has a Diversity, Equity, Inclusion, and Belonging (DEIB) Committee, which meets monthly to advance diversity, inclusivity, and belonging within the organization. As a "think tank" comprised of members from the Conard House community, its goals are to raise awareness, provide resources, communicate, and advocate for DEIB to ensure Conard House is a safe and respectful place for individuals to be their authentic selves. Conard House reports that to ensure it lives up to its DEIB principles, Conard House will:

- Cultivate a culture of mutual respect among staff, transparency in roles, responsibilities and expectations, and clear communication between departments.
- Implement an orientation program for onboarding new staff to develop a sense of belonging from the first point of contact and help build a sense of empathy and understanding of everyone's lived experience.
- Improve staff engagement in internal meetings and strengthen a sense of safety for uncomfortable conversations. Improve staff engagement in internal meetings by creating a safe environment for staff to have dialogue about the differences in our perspectives which come from our diverse life experiences.
- Ensure our board of directors is committed to equity, diversity, inclusion and belonging and that reflects these values in its own membership. Ensure our board of directors is committed to the stated equity, diversity, inclusion, and belonging values and that these values are reflected in its own membership.
- Ensure a delivery of services with ongoing evaluation and practice that reflects all elements of DEIB.

3.2 Organizational Profile

Board of Directors

The Conard House Board of Directors includes Theo Haugen (Chair), Saba Rehmani (Vice Chair), Emma Yang (Treasurer), Ben Moerman (Secretary), Savita Raina, Dayton Thorpe, Glen Segal, Ali Raheem, Eddie Rodriguez, Wendy Yu, and Subhajeet Seve Ghose.

Group	Gender Identity	Race
Conard House Board	36.4% Female 63.6% Male	36.4% White 18.2% East Asian 27.3% South Asian 9.1% Hispanic 9.1% Middle Eastern
Conard House Development Team	33% Female 33% Male 33% Non-Binary	66% White 33% Other

Board of Directors

Theo Haugen (Chair) – is the Vice President of Customer Experience at Unison Home Ownership Investors, a real estate fintech company where his teams manage the world's largest portfolio of residential home equity investments. He is a graduate of Cornell Johnson Graduate School of Management where he received an MBA, and of the University of California, Santa Cruz where he received a B.S. in Neuroscience and a B.A. in Psychology.

Saba Rehmani (Vice Chair) – Saba is a Senior Director at Visa Inc. with 15 years of experience across Financial Services, Business Development and Management Consulting.

Emma Yang (Treasurer) – Emma works at Stanford University as an Industrial Contracts Officer and wants to use her professional and personal experiences to give back to the community. In the past, she has worked for other non-profits, such as beyondblue in Australia and the British Council in the UK.

Ben Moerman (Secretary) – Ben has a bachelor's degree from Columbia and a master's degree from Harvard. His research and teaching centered on moral philosophy and conflict resolution. He trained students to run a conflict resolution workshop at a women's shelter, a behavioral health residence, and a housing program for men returning to the community from prison. At the end of the Albanian Macedonian war, he ran a conflict resolution project with mayors and NGO leaders.

Savira Raina – Savita is passionate about community service and has previously served as a board member for Urban Services YMCA, the YMCA's social services arm. In the past, she has provided pro bono marketing consulting services to Resources for Community Development (RCD) and volunteered for many bay area nonprofits. She works as Director of Product Marketing for Oracle's cloud solutions. She holds an MBA from Santa Clara University and an MS in Electrical Engineering from the New Jersey Institute of Technology.

Dayton Thorpe – After finishing his Ph.D. at the UC Berkeley Physics Department and becoming a Data Scientist, Dayton missed the volunteer work he had done as a student. He went to the San Francisco Board Match to find local non-profits serving people with low incomes. There, he matched with Conard House and 2-1-1 Alameda County, which connects people to the public and private resources available to help them.

Glen Segal – Glen has twenty-five years of experience spanning across senior operational and financial roles in technology companies. He is a graduate of Whitman College and the University of Chicago Booth School of Business.

Ali Raheem – Currently, Ali is a VP and the Head of Genpact's (NYSE: G) Hitech, Manufacturing, & Services business in Japan. Genpact helps companies transform their business using AI, analytics, machine learning, automation and other digital tools to become more efficient both from a cost as well as a revenue generation perspective.

Eddie Rodriguez – Eddie Rodriguez is a tax lawyer with a small San Francisco firm. His work includes, but is not limited to, partnership, corporate, and gift and estate tax matters, commercial transactions, and structuring affordable housing development projects for nonprofit organizations. Eddie received his Bachelor of Arts degree from Loyola University of

Los Angeles. He also holds a law degree from the University of California Hastings College of Law.

Wendy Yu – Wendy joined the Conard House Board of Directors in July 2020. Wendy is a prolific volunteer and advocate for human rights. In Wendy's leadership role with Conard House, Wendy impacts the quality of life for residents and clients. Wendy advocates and collaborates with coalitions by communicating to elected officials, legislators and department staff at the local, state and federal levels. Wendy is a valued member of the Sustainable Communities Committee of the Conard House Board that evaluates programs and services.

Subhajeet Seve Ghose – Seve has had a thirty plus year career in public service in six States, in communities large and small. He has Bachelor's degrees in Economics and Engineering, with a Masters in Organizational Leadership. He is currently serving San Francisco as the Executive Director at the Yerba Buena Gardens Conservancy.

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

3.3 Asset Management Performance & Capacity

Conard House operates supportive housing for over 700 individuals, and currently owns, operates, and manages the El Dorado (acquired in 1989, houses 57 adults); the Midori (acquired in 1989, 77 units); the Washburn (acquired in 1989, 22 units); 26th Street Co-Op Apartments (acquired in 1997, houses 10 adults); McAllister Street Co-Op (acquired in 2002, houses 10 adults); Dore St. Co-op (acquired in 2021, houses 18 adults); and Florida St. Co-op (acquired in 2021, houses 8 adults) . Conard House owns the Lyric (acquired in 1994, 58 units) and the Jordan Apartments (acquired in 2003; 54 units), which are both managed by the John Stewart Company. Additionally, Conard House master leases the Marilyn Inn and three scattered cooperative housing sites throughout the City.

3.4 Development Experience.

Conard House has been acquiring properties in the City and County of San Francisco since 1989. Conard House's development experience comes primarily from larger rehabilitation of owned properties in their portfolio to increase habitability for residents or to repair building and maintenance systems. Most of this rehabilitation occurs at time of acquisition through City and County of San Francisco or federal and state funds. Not included in these development numbers are the 294 units at six sites that Conard House Master Leases, three of which are scattered cooperative living sites across San Francisco.

	Developed	Owned
No. Projects	9	9
No. Units	314	314

4. SELECTION PROCESS

4.1 Cooperative Living for Mental Health Program Funding

The Cooperative Living for Mental Health Program Rules were published in 2021, and funding is provided on a first-come first-served basis. The rules were established to "1) to provide long-term housing security to people living with chronic mental illness or substance use disorders who have been deemed capable of living in communal, non-institutional, neighborhood-based household settings; 2) to remove these buildings from the speculative market while increasing the supply of permanently affordable rental housing, by 3) offering direct funding to sponsors or partnering with nimble bridge lenders and then providing the permanent financing for the acquisition, rehabilitation, and preservation of single-family or multi-family unit residential buildings as affordable for occupancy by CLMH clients." Currently, applications for the funding are not being accepted because funds for the Program have been exhausted. Though the loan for the Project is being provided through the Cooperative Living for Mental Health Program, the funds for the Project are being provided from the Preservation Program, which includes the CLMH and Small Sites Program.

5. SITE

5.1 Brief Site Description.

Located in the Western Addition Neighborhood between Baker and Broderick Streets, 2425 Post Street is a three-story, three-unit building, with two three-bedroom units and one four-bedroom unit. No units were added or removed during rehabilitation.

5.2 Site Characteristics.

Address:	2425-2429 Post Street
Lot/Block:	Lot 030/Block 1080
Lot Square footage:	3,000 sf
Building age:	1895
Number of buildings:	1
Number of floors:	3
Building typology:	Flats & Duplex
Unusual characteristics (including surrounding uses):	n/a

5.3 Commercial Space. N/A

5.4 Article 34 Authority.

The MOHCD approval letter will be issued prior to close.

6. DEVELOPMENT PLAN

6.1 Site Control.

Purchase Price: $2,000,000

Status of Purchase & Sale Contract: Executed

P & S Contingencies: N/A

Hard Closing Date and other deadlines: November 15, 2022

HAF loan maturation date: July 1, 2024

6.2 Appraisal.

The property was appraised by Hamilton, Ricci & Associates, Inc. on September 14, 2022. The value conclusions were:

Market Values	
As Is	$2,000,000
As Stabilized at Market Rents	$2,180,000
As Stabilized at MOHCD Restricted Rents	$1,070,000

6.3 Title Issues.

No title issues were identified.

6.4 Proposed Property Ownership Structure.

Conard Post LLC owns fee title to the land and the improvements of the subject property.

6.5 Rehabilitation Scope.

At acquisition, the building was in fair to good condition. Two of the units were in good condition, and one unit was in poor condition. All scope was based on a Physical Needs Assessment (PNA) completed in September 2022. The PNA evaluated the existing conditions and proposed repairs and upgrades to keep the building in above-average condition for at least 20 years. The proposed rehabilitation scope under the SFHAF included structural work, stair repair, exterior repairs, and interior and unit upgrades. While the structural work was not completed under the HAF and is being deferred to post-conversion, the following scope of work was completed under the SFHAF.

1. Exterior: Repair of front stair handrails, repair of the roof drain, repair of trim and siding at windows and doors; building fully painted.
2. Interior: Addition of new stair handrails and landing rails rebuilt for code-compliant height in two units.
3. Flooring: New flooring throughout unit 2425; repair of hallway flooring in unit 2427; and new flooring in kitchen and bathroom in unit 2429.
4. Unit Upgrades: 2425 – Repairs to kitchen, front doors, countertops, and new toilet; 2427 – Repairs to kitchen, bathrooms, and heater, along with addition of

molding in kitchen and shower door; 2429 – Replacement of appliances including water heater, range hood, and stove along with replacement of cabinets, rear door, vanity, and sink.

6.6 MOHCD Construction Representative Evaluation

The revised HAF rehabilitation scope is complete, and the owner is requesting permanent financing from MOHCD. The structural scope and a storm water management system at the basement/garage will be completed with MOHCD permanent financing.

This is a wood-frame building, three stories over a partial basement/crawl space with a small garage and garage door at the Post Street frontage. The building was built in 1895.

Structural plans have been prepared by CSE Structural Engineers (dated October 17, 2023). The scope includes repair and structural reinforcing at the rear exterior wooden, 3-story staircase. Also, the plans include a voluntary seismic upgrade with new footings, posts, framing, and shear wall sheathing at the basement; steel beam along the underside of the second floor; and steel moment frame to reinforce the garage opening. This structural retrofit is confined to the basement so residents will not be inconvenienced or relocated with this work. In addition, a trench drain will be installed at the front of the garage, and a floor drain replaced, and sump pump repaired to manage rainwater that runs down the driveway and periodically floods the basement.

A reliable estimate for the work has been provided by a general contractor who has done many of MOHCD's Small Sites projects. The total construction cost of $393,000 includes the scope and general conditions, owner's 15% hard cost contingency, and bid/plan check contingency. The owner will seek bids for the work. The selected general contractor will be responsible for bringing the plans to the Department of Building Inspections for an over-the-counter permit. Construction is anticipated to begin in late Summer to early Fall 2024 and be complete by the end of 2024 to early 2025. As a closing condition, the Sponsor will bid out the structural scope and procure a general contractor before loan close.

6.7 Population to Be Served

The property accommodates seven CLMH residents and four low to moderate-income legacy tenants that income-certified at acquisition. Households come from a variety of ethnic and racial backgrounds, including Latino, White, Asian, and Native American populations. The average age of residents is 43, with four over the age of 50. All seven of Conard's CLMH residents were referred by the Department of Public Health's Behavioral Health System.

6.8 Unit Mix & Affordability

All units at the Project are occupied. Two units (one three-bedroom and one four-bedroom) are occupied by CLMH tenants, and one three-bedroom unit is occupied by non-CLMH tenants. CLMH tenants pay up to 30% of their rent, and the rent AMI for the unit is set at approximately 60% AMI. The non-CLMH residents are currently paying $3,200 per month (89% AMI) and earn 75% AMI. When the non-CLMH unit turns over, the rent will be set at approximately 60% AMI.

6.9 Marketing & Occupancy Preferences.

The Project will not be subject to MOHCD's marketing procedures, as long as the units are used for CLMH (or substantially similar) programming. If Conard ceases to use any of the units for CLMH (or substantially similar) programming, the Project will be subject to MOHCD's marketing procedures and future vacant units will be marketed according to multifamily marketing procedures. Under MOHCD's marketing procedures, the units will be subject to the Certificate of Preference Program and the Live/Work in San Francisco Preference.

7. FINANCING PLAN

7.1 Sources and Uses. See **Exhibit A**

7.2 Loan Terms

Program	CLMH
Term	55 years
Note Type	Soft debt Loan
Loan Amount Per unit	$3,326,000 $332,600
Rate	3% simple
Repayment type	residual receipts
Loan Priority	Subordinate to 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 Cooperative Living for Mental Health Program Guidelines.

Residential Vacancy	5% in accordance with CLMH Guidelines
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 CLMH Guidelines.

7.5 Sufficiency of Reserves

Replacement Reserves: Capitalized replacement reserves in the amount of $120,000 satisfy the CLMH 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 30-year CNA study. An estimated $32,300 in welfare tax exemption refunds is expected to be added to the Replacement Reserves when it is received. It is anticipated to be received by 2025.

Operating Reserves: Capitalized operating reserves in the amount of $19,206 (25% of the first-year operating budget) are budgeted to support unanticipated operating costs, in line with CLMH Guidelines.

7.6 Developer Fee

Developer fee in the amount of $135,000 meets the CLMH Guidelines and includes $105,000 paid at acquisition by the SFHAF and broken down as follows:

- $105,000 standard cash-out at acquisition
- An additional $30,000 payable at the end of rehabilitation. Because of the requested upsize to the soft commitment amount and the remaining scope to be completed after permanent conversion, the $30K developer fee will be held back until completion of the structural scope and will be considered at-risk, covering any construction cost overruns for the additional seismic scope.

7.7 Disbursement

A closing draw from the MOHCD CLMH loan will cover the costs associated with acquisition, predevelopment, and SFHAF-related construction in the form of a payoff of the SFHAF loan, operating and replacement reserves, and other closing costs. The funds for the approved closing draw will be released at the close of escrow. Additionally, the MOHCD CLMH loan will cover costs associated with the remaining structural scope and the remainder of the developer fee. Disbursements requested after the close of escrow will be released on a reimbursement basis through MOHCD's standard draw process.

Conard House may submit draws for reimbursement of invoices related to the Project dated on or after April 19, 2024. A MOHCD Construction Manager will monitor the progress of the structural scope and provide approval for construction-related draws.

8. PROJECT OPERATIONS

8.1 **Annual Operating Budget:** see Exhibit B

8.2 Annual Operating Budget Analysis/Comments.

The Project's Annual Operating Budget includes the following:

PUPY Operating Expense: (w/out reserves):	$23,269/unit $6,980/bedroom
Annual Reserve Deposits:	$4,000 per CLMH Underwriting Guidelines. $4,000 is the greater of the CLMH Guidelines of $400 PUPY ($1,200 per year) or $100 PUPB (per unit per bed) ($4,000 per year). $500 ($1,500 PUPY) to meet CLMH 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 will qualify for the full welfare tax exemption for all units. The Welfare Tax Exemption was applied for in 2023; QNP expects it to be approved by 2025.
Surplus Cash:	$19,206 in Year 1.
Annual Monitoring Fees:	N/A

8.3 20-year Cash Flow & Debt Service Coverage Ratio (DSCR)

As required by the CLMH Guidelines, the cash flow remains positive for 20 years even with the following assumptions: 2.5% escalation of income per year through Year 5 and 3% escalation of income after Year 5 and 3.5% escalation in expense assumptions. See **Section 2** for more on the need for 3% income escalation after the non-CLMH unit turns over.

The Project cash flows for 20 years. Surplus cash is $19,206 in Year 1 and 246 in Year 20.

9. RECOMMENDED CLOSING CONDITIONS

1. All reserve accounts must be established in separate FDIC insured, interest-bearing accounts prior to close.
2. All outstanding permits must be closed out prior to close.
3. Completion of the retention release checklist and approval from a MOHCD Construction Representative will be required prior to close.
4. The general contractor for the structural scope will be procured before loan close.

10. RECOMMENDED LOAN CONDITIONS

1. Once received, the approximately $32,300 Welfare Tax Exemption refund must be deposited into the operating reserve.

2. Conard House must submit an Operations and Maintenance (O&M) Program to MOHCD for review and approval within 60 days of closing.
3. Conard House must submit a Property Management Plan to MOHCD for review and approval within 30 days of closing.
4. At-risk developer fee shall be released after construction completion. Any cost overruns will be deducted from the portion of developer fee considered to be at-risk.
5. Any excess funds remaining after the completion of the rehabilitation, funding of reserves, and payment of developer fee will be required to be returned to MOHCD and the loan documents will be amended to reflect the new loan amount.

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

<u>LOAN APPROVAL RECOMMENDATION</u>

[ ] 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 2425 Post Street

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

From: Slutzkin, Marc (CII) <marc.slutzkin@sfgov.org>
Sent: Friday, April 19, 2024 12:09 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 2425 Post Street

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

2425 Post Street

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

Fri 4/19/2024 1:45 PM

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

I support Conard Housing Development Corporation request for up to $3,326,000 in Cooperative Living for Mental Health Program funding for the permanent financing of the property located at 2425 Post Street.

Re: REQUEST FOR PERMANENT FINANCING FOR 2425 POST STREET

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

Fri 4/19/2024 11:35 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.

Anne Quaintance - M.N.A, Executive Director/CEO joined Conard House in July 2020. Anne is experienced in nonprofit administration, program development, advocacy, government affairs, business planning, and public policy. Anne was the Chief Government Affairs Officer at Meals on Wheels San Francisco and founding member of Meals on Wheels California, where she addressed issues related to food security, long term care, and safety net services for older adults. While at MOWSF, Anne founded and is a current member of the San Francisco Board of Supervisors Food Security Task Force and served as Co-Chair of the SF Mayor's Long-Term Care Coordinating Council. She also was the Associate Director of Programs at the San Francisco-Marin Food Bank, where she established their Pantry Program and Supplemental Food Program. Anne has also served her city as a Senior Analyst for the San Francisco Human Services Agency, a Program Manager for Jewish Family and Children's Services, and a Community Development and Administrative Manager for SHARE Northern California.

Paul Schmidt, Director of Real Estate joined Conard House in 1997 and is an experienced Project and Property Manager. Paul has worked in the Property Management and Real Estate departments carrying out assignments on various projects within Conard House's portfolio of properties. Some of the project management projects Paul has been actively involved with are: Lyric Hotel, a 58-unit SRO; Midori Hotel, a 77-unit SRO; the Jordan Apartments, a 54-unit studio apartment building; the 26th and McAllister Street Co-op triplexes acquisitions and rehabilitations; and most recently in 2021-2023, the acquisition and remodeling of three multi-family home buildings for a total of 37 beds with San Francisco's Cooperative Living for Mental Health (CLMH) funds and the remodel and opening of the Marilyn Inn, a 30-bed transitional and Supportive Mental Health program. Building upgrades completed throughout Paul's Conard portfolio include increased disability access, rehabilitation, seismic retrofitting, and fire alarm and suppression systems. He spends 15% of his project time on Post St.

Danita Hinton, Controller joined Conard House in 2023 and oversees both sides of Accounting and Finance while maintaining the accuracy of its ledgers. Danita is proficient in a variety of Accounting databases and software, such as Sage Intacct, FloQast, and Quickbooks and has over 30 years of Accounting experience. She has previously served as the Deputy Director of Finance and Accounting at Color for Change and the Director of Finance and Administration at Ella Baker Center for Human Rights.

Annaise Meyers-Goldsby, Real Estate Assistant joined Conard House in 2021. They assist with Property Management and Real Estate projects such as property acquisition, property development, and construction management. They maintain databases, compile data, and produce appropriate reports for organizations such as MOCHD, HCD, SFHAF, and others as requested. They have also been involved in all of the CLMH and Marilyn Inn projects since their addition to the Conard team and are active in the TCAC and MOHCD El Dorado Apartments project. They spend about 15% of their project time on Post St.

Appendix B: Recent Development Activity.

	Name/Location	Status/Year Completed	Total Units
1	150 Ninth St. / El Dorado	In Progress	57
2	139-145 Dore St.	In Progress	18
3	1140-1142 Florida St.	In Progress	8

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 Partner Engineering and Science, Inc. on September 19, 2022. The Phase I report found no Recognized Environmental Conditions (RECs), Controlled Recognized Environmental Conditions (CRECs), Historical Recognized Environmental Conditions (HRECs), or Business Environmental Risks (BERs) during the course of the investigation. The assessment did not recommend further investigation of the property.

A Limited Hazardous Material Survey was prepared by EnviroSurvey on September 20, 2022. Envirosurvey conducted asbestos bulk material sampling and concluded that none of the interior survey samples contained asbestos content. However, asbestos was found throughout the exterior transite panel siding. Lead paint was detected throughout the interior and exterior components of the building.

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. ENTITLEMENTS

2.1 Zoning.

2425 Post Street is zoned RH-3 Residential- House, Three Family, and 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 Local/Federal Environmental Review.

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

3. Relocation. $1,596 was spent on relocation during rehabilitation.

4. Completed Performance Schedule.

No.	Performance Milestone	Estimated or Actual Date
1	CLMH Financing Commitment	11/13/2022
2.	Site Acquisition	11/15/2022
3.	Development Team Selection	

a.	General Contractor Selection	<u>11/15/2022</u>
4.	Design	<u>9/22/2022</u>
a.	Submit Bid Package for MOHCD Approval	<u>N/A</u>
5.	Permits	
a.	Building Permit Application Submitted	<u>3/2023</u>
6.	Construction	
a.	Notice to Proceed	<u>4/1/2023</u>
b.	Complete Construction	<u>4/1/2024</u>
7.	Marketing & Lease-up	
a.	Rent Vacant Unit	<u>8/1/2023</u>
8.	Close Out MOHCD Loan(s)	<u>7/1/2024</u>

5. DEVELOPMENT TEAM DURING SFHAF PERIOD

5.1 <u>Project Manager.</u>

<u>Name</u>: Annaise Meyers-Goldsby

<u>Percentage Time Spent on Project</u>: 25%

<u>Experience</u>: See Appendix A

5.2 <u>Architect.</u>

<u>Firm</u>: Fillon Solis Architects, Inc.

<u>Fee/Hours</u>: N/A

5.3 <u>Contractor.</u>

<u>Firm</u>: Castle Construction

<u>Procurement Requirements</u>: N/A

5.4 <u>Other Consultants.</u>

Structural Engineer:

<u>Firm</u>: CSE Structural Engineers

<u>Fee/Hours</u>: N/A

5.5 <u>Property Manager.</u>

Firm: Conard House

6. **Construction Management Fee:** $6,000. $6K is lower than most CLMH or Small Sites projects. The fee was low because Conard House provided in-house construction management services.

Exhibit A: Sources and Uses

MOHCD Proforma - Predevelopment Financing Sources Uses of Funds

Application Date:	1/1/24	**# Units:**	3
Project Name:	2425 Post Street	***# Bedrooms:***	
Project Address:	2425 Post Street	**# Beds:**	
Project Sponsor:	Conard House, Inc.		

Small Sites Project

							Total Sources	**Comments**	
SOURCES	-	2,634,130	52,683	638,285	-	-	3,325,098		
Name of Sources:		SFHAF	Conard Equity	Deferred to Pem					
USES Is source a bridge loan? (select Yes/No)									
Bridge loans total:	-								
ACQUISITION									
Acquisition cost or value		1,947,317	52,683				2,000,000		
Legal / Closing costs / Broker's Fee		15,000		0			15,000		
Holding Costs				0			0		
Transfer Tax				0			0		
TOTAL ACQUISITION	**0**	**1,962,317**	**52,683**	**0**	**0**	**0**	**2,015,000**		
CONSTRUCTION (HARD COSTS)									
Unit Construction/Rehab		160,550		282,500			443,050	Include FF&E	
Commercial Shell Construction				0			0		
Demolition				0			0		
Environmental Remediation		5,000		0			5,000		
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.	
Parking				0			0		
GC Bond Premium/GC Insurance/GC Taxes				0			0		**0.0%**
GC Overhead & Profit				0			0		**0.0%**
CG General Conditions				42,375			42,375		**8.6%**
Sub-total Construction Costs	*0*	*165,550*	*0*	*324,875*	*0*	*0*	*490,425*		
Design Contingency (remove at DD)				0			0	5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+	**0.0%**
Bid Contingency (remove at bid)				9,181			9,181	5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+	**1.9%**
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		24,833		58,478			83,311	5% new construction / 15% rehab	**17.0%**
Sub-total Construction Contingencies	*0*	*24,833*	*0*	*67,659*	*0*	*0*	*92,492*		
TOTAL CONSTRUCTION COSTS	**0**	**190,383**	**0**	**392,534**	**0**	**0**	**582,917**		
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		1,600		0			1,600		
Geotechnical studies				0			0		
Phase I & II Reports		8,884		0			8,884		
CEQA / Environmental Review consultants				0			0		
NEPA / 106 Review				0			0		
CNA/PNA (rehab only)		5,500		0			5,500		
Other environmental consultants		4,384		16,000			20,384	Name consultants & contract amounts	
Total Engineering & Environmental Studies	**0**	**20,368**	**0**	**16,000**	**0**	**0**	**36,368**		
Financing Costs									
Construction Financing Costs									
Construction Loan Origination Fee		32,927		0			32,927		
Construction Loan Interest		202,103		0			202,103		
Title & Recording				0			0		
CDLAC & CDIAC fees				0			0		
Bond Issuer Fees				0			0		
Other Bond Cost of Issuance				0			0		
Other Lender Costs- Extension Fee				0			0		
Sub-total Const. Financing Costs	*0*	*235,030*	*0*	*0*	*0*	*0*	*235,030*		
Permanent Financing Costs									
Permanent Loan Origination Fee				15,000			15,000		
Credit Enhance. & Appl. Fee				*0*			0		
Title & Recording				10,000			10,000		
Sub-total Perm. Financing Costs	*0*	*0*	*0*	*25,000*	*0*	*0*	*25,000*		
Total Financing Costs	**0**	**235,030**	**0**	**25,000**	**0**	**0**	**260,030**		
Legal Costs									
Borrower Legal fees		11,000		11,000			22,000		
Land Use / CEQA Attorney fees				0			0		
Tax Credit Counsel				0			0		
Bond Counsel				0			0		
Construction Lender Counsel		15,000		0			15,000		
Permanent Lender Counsel				15,000			15,000		
Other Legal (specify)		1,000		0			1,000		
Total Legal Costs	**0**	**27,000**	**0**	**26,000**	**0**	**0**	**53,000**		
Other Development Costs									
Appraisal		5,500		0			5,500		
Market Study				0			0		
* Insurance		5,000		0			5,000		
* Property Taxes		22,978		0			22,978		
Accounting / Audit		10,000		0			10,000		
* Organizational Costs				0			0		
Entitlement / Permit Fees		5,220		0			5,220		
* Marketing / Rent-up				0			0		
* Furnishings		10,000		0			10,000	$2,000/unit; See MOHCD U/W Guidelines: http://sfmohcd.org/documents-reports-and-forms	
PGE / Utility Fees		5,000		0			5,000		
TCAC App / Alloc / Monitor Fees				0			0		
* Financial Consultant fees				0			0		
Construction Management fees / Owner's Rep		6,000		0			6,000		
Security during Construction				0			0		
* Relocation		1,596		0			1,596		
Other (specify)				0			0		
Other (specify)				0			0		Total Soft Cost Contingency as % of Total Soft Costs
Other (specify)				0			0		
Total Other Development Costs	**0**	**71,294**	**0**	**0**	**0**	**0**	**71,294**		
Soft Cost Contingency									
Contingency (Arch, Eng, Fin, Legal & Other Dev)	0	22,738	0	10,050	0	0	32,788	Original HAF budget actuals	**7.8%**
TOTAL SOFT COSTS	**0**	**376,430**	**0**	**77,050**	**0**	**0**	**453,480**		
RESERVES									
* Operating Reserves				18,702			18,702		
Replacement Reserves				120,000			120,000		
* Tenant Improvements Reserves				0			0		
Other (specify)				0			0		
Other (specify)				0			0		
Other (specify)				0			0		
TOTAL RESERVES	**0**	**0**	**0**	**138,702**	**0**	**0**	**138,702**		
DEVELOPER COSTS									
Developer Fee - Cash-out Paid at Milestones		105,000		0			105,000		
Developer Fee - Cash-out At Risk				30,000			30,000		
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**	**105,000**	**0**	**30,000**	**0**	**0**	**135,000**		
TOTAL DEVELOPMENT COST	**0**	**2,634,130**	**52,683**	**638,285**	**0**	**0**	**3,325,098**		
Development Cost/Unit by Source	0	878,043	17,561	212,762	0	0	1,108,366		
Development Cost/Unit as % of TDC by Source	0.0%	79.2%	1.6%	19.2%	0.0%	0.0%	100.0%		
Acquisition Cost/Unit by Source	0	649,106	17,561	0	0	0	666,667		
Construction Cost (inc Const Contingency)/Unit By Source	0	63,461	0	130,845	0	0	194,306		
Construction Cost (inc Const Contingency)/SF	0.00	51.64	0.00	106.46	0.00	0.00	158.10		
**Possible non-eligible GO Bond/COP Amount:*	*0*								
City Subsidy/Unit	-								
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									
Combined Loan to Value Ratio:							**166%**		
% of Acquisition Cost by Source	0%	97%	3%	0%	0%	0%	100%		
Small Sites Maximum Developer Fee	110,000								

Exhibit A: Sources and Uses

MOHCD Proforma - Permanent Financing Sources Uses of Funds

Application Date: 1/1/24 **# Units:** 3 **Small Sites Project**
Project Name: 2425 Post Street ***# Bedrooms:*** 10
Project Address: 2425 Post Street **# Beds:** 10
Project Sponsor: Conard House, Inc.

							Total Sources	Comments	
SOURCES	**3,325,098**	-	-	-	-	-	**3,325,098**		
Name of Sources:	MOHCD/OCII								
USES Perm loans total:	3,325,098							Perm loan amount is more than bridge loan(s) by: 3325098.364	
ACQUISITION									
Acquisition cost or value	2,686,813						2,686,813		
Legal / Closing costs / Broker's Fee							0		
Holding Costs							0		
Transfer Tax							0		
TOTAL ACQUISITION	**2,686,813**	**0**	**0**	**0**	**0**	**0**	**2,686,813**		
CONSTRUCTION (HARD COSTS)									
* Unit Construction/Rehab	282,500						282,500	Include FF&E	
* Commercial Shell Construction							0		
* Demolition							0		
Environmental Remediation							0		
* Onsight Improvements/Landscaping							0		
* Offsite Improvements							0		Construction line item costs as a % of hard costs
* Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.	
Parking							0		
GC Bond Premium/GC Insurance/GC Taxes							0		**0.0%**
GC Overhead & Profit							0		**0.0%**
CG General Conditions	42,375						42,375		**13.0%**
Sub-total Construction Costs	*324,875*	*0*	*0*	*0*	*0*	*0*	*324,875*		
Design Contingency (remove at DD)							0	5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+	**0.0%**
Bid Contingency (remove at bid)	9,181						9,181	5% up to $30MM HC, 4% $30-$45MM, 3% $45MM+	**2.8%**
Plan Check Contingency (remove/reduce during Plan Review)							0	4% up to $30MM HC, 3% $30-$45MM, 2% $45MM+	**0.0%**
Hard Cost Construction Contingency	58,478						58,478	5% new construction / 15% rehab	**18.0%**
Sub-total Construction Contingencies	*67,659*	*0*	*0*	*0*	*0*	*0*	*67,659*		
TOTAL CONSTRUCTION COSTS	**392,534**	**0**	**0**	**0**	**0**	**0**	**392,534**		
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	16,000						16,000	Name consultants & contract amounts	
Total Engineering & Environmental Studies	**16,000**	**0**	**0**	**0**	**0**	**0**	**16,000**		
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	15,000						15,000	41,563.73	
Credit Enhance. & Appl. Fee							0		
Title & Recording	10,000						10,000		
Sub-total Perm. Financing Costs	*25,000*	*0*	*0*	*0*	*0*	*0*	*25,000*		
Total Financing Costs	**25,000**	**0**	**0**	**0**	**0**	**0**	**25,000**		
Legal Costs									
Borrower Legal fees	11,000						11,000		
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	**26,000**	**0**	**0**	**0**	**0**	**0**	**26,000**		
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							0		
Construction Management fees / Owner's Rep							0		
Security during Construction							0		
* Relocation							0		
Other (specify)							0		
Other (specify)							0		Total Soft Cost Contingency as % of Total Soft Costs
Other (specify)							0		
Total Other Development Costs	**0**	**0**	**0**	**0**	**0**	**0**	**0**		
Soft Cost Contingency									
Contingency (Arch, Eng, Fin, Legal & Other Dev)	10,050	0	0	0	0	0	10,050	Should be either 10% or 5% of total soft costs.	**15.0%**
TOTAL SOFT COSTS	**77,050**	**0**	**0**	**0**	**0**	**0**	**77,050**		
RESERVES									
* Operating Reserves	18,702						18,702		
Replacement Reserves	120,000						120,000		
* Tenant Improvements Reserves							0		
* Other (specify)							0		
* Other (specify)							0		
* Other (specify)							0		
TOTAL RESERVES	**138,702**	**0**	**0**	**0**	**0**	**0**	**138,702**		
DEVELOPER COSTS									
Developer Fee - Cash-out Paid at Milestones							0		
Developer Fee - Cash-out At Risk	30,000						30,000		
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	**3,325,098**	**0**	**0**	**0**	**0**	**0**	**3,325,098**		
Development Cost/Unit by Source	1,108,366	0	0	0	0	0	1,108,366		
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	895,604	0	0	0	0	0	895,604		
Construction Cost (inc Const Contingency)/Unit By Source	130,845	0	0	0	0	0	130,845		
Construction Cost (inc Const Contingency)/SF	106.46	0.00	0.00	0.00	0.00	0.00	106.46		
**Possible non-eligible GO Bond/COP Amount:*	*301,202*								
City Subsidy/Unit	1,108,366								
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									
Combined Loan to Value Ratio:							**124%**		
% of Acquisition Cost by Source	100%	0%	0%	0%	0%	0%	100%		
Small Sites Maximum Developer Fee	110,000								

Exhibit B: Annual Operating Budget

Application Date:	1/1/2024	**Project Name:**	**2425 Post Street**
Total # Units:	3	**Project Address:**	**2425 Post Street**
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	**2024**	**Project Sponsor:**	**Conard House, Inc.**

Small Sites Project

Correct errors noted in Col N!

INCOME	Total	Comments	PUPA	PUPM
Residential - Tenant Rents	79,077	Links from 'Existing Proj - Rent Info' Worksheet	26,359	2,197
Residential - Tenant Assistance Payments (SOS Payments)	0			
Residential - Tenant Assistance Payments (Other Non-LOSP)	19,884	Links from 'Existing Proj - Rent Info' Worksheet	6,628	552
Residential - LOSP Tenant Assistance Payments	0			
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	**98,961**			
Vacancy Loss - Residential - Tenant Rents	(3,954)	Vacancy loss is 5% of Tenant Rents.	(1,318)	
Vacancy Loss - Residential - Tenant Assistance Payments	(994)	Vacancy loss is 5% of Tenant Assistance Payments.	(331)	
Vacancy Loss - Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	
EFFECTIVE GROSS INCOME	**94,013**	***PUPA: 31,338***		

OPERATING EXPENSES

Item	Total	Comments	PUPA	PUPM
Management				
Management Fee	3,996	1st Year to be set according to HUD schedule.	1,332	111
Asset Management Fee	3,996		1,332	
Sub-total Management Expenses	**7,992**	***PUPA: 2,664***		
Salaries/Benefits				
Office Salaries	0	Links from 'Staffing' Worksheet	-	
Manager's Salary	0	Links from 'Staffing' Worksheet	-	
Health Insurance and Other Benefits			-	
Other Salaries/Benefits			-	
Administrative Rent-Free Unit			-	
Sub-total Salaries/Benefits	**0**	***PUPA: 0***		
Administration				
Advertising and Marketing			-	
Office Expenses	807		269	
Office Rent	168		56	
Legal Expense - Property	3,505		1,168	
Audit Expense	602		201	
Bookkeeping/Accounting Services			-	
Bad Debts	1,035		345	
Miscellaneous	513		171	
Sub-total Administration Expenses	**6,630**	***PUPA: 2,210***		
Utilities				
Electricity	5,179	Added $5k for assumption that Conard will assume costs for utilities	1,726	144
Water	4,140		1,380	115
Gas	5,155	Added $5k for assumption that Conard will assume costs for utilities	1,718	143
Sewer	1,553		518	43
Sub-total Utilities	**16,027**	***PUPA: 5,342***		
Taxes and Licenses				
Real Estate Taxes	1,500	Should be 100% welfare tax exempt + direct levies ($1,161.62 for 2023-2024 bill)	500	
Payroll Taxes	2,282		761	
Miscellaneous Taxes, Licenses and Permits	904		301	
Sub-total Taxes and Licenses	**4,686**	***PUPA: 1,562***		
Insurance				
Property and Liability Insurance	5,144		1,715	
Fidelity Bond Insurance	53		18	
Worker's Compensation	273		91	
Director's & Officers' Liability Insurance	794		265	
Sub-total Insurance	**6,264**	***PUPA: 2,088***		
Maintenance & Repair				
Payroll	0	Links from 'Staffing' Worksheet	-	
Supplies	4,086		1,362	
Contracts	2,297		766	
Garbage and Trash Removal	2,313		771	
Security Payroll/Contract	0	Links from 'Staffing' Worksheet	-	
HVAC Repairs and Maintenance	2,802		934	
Vehicle and Maintenance Equipment Operation and Repairs			-	
Miscellaneous Operating and Maintenance Expenses	16,710		5,570	
Sub-total Maintenance & Repair Expenses	**28,208**	***PUPA: 9,403***		
Supportive Services	0	Links from 'Staffing' Worksheet	-	
Commercial Expenses	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	
TOTAL OPERATING EXPENSES	***69,806***	***PUPA: 23,269***		

Reserves/Ground Lease Base Rent/Bond Fees	Total	Comments		PUPA
Ground Lease Base Rent	0		Provide additional comments here, if needed.	-
Bond Monitoring Fee				-
Replacement Reserve Deposit	3,500			1,167
Operating Reserve Deposit	1,500			500
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	**5,000**	***PUPA: 1,667***	Min DSCR: 1.09	
			Mortgage Rate: 5.00%	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond	**74,806**	***PUPA: 24,935***	Term (Years): 30	
			Supportable 1st Mortgage Pmt: 17,620	
NET OPERATING INCOME (INCOME minus OP EXPENSES)	**19,206**	***PUPA: 6,402***	Supportable 1st Mortgage Amt: $273,529	
			Proposed 1st Mortgage Amt: $3,325,098	

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)	Total	Comments	
Hard Debt - First Lender	0		Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd 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)	**19,206**
Commercial Only Cash Flow	0
AVAILABLE CASH FLOW	**19,206**

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

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL	Total	Comments	
"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	**19,206**		

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?	**Yes**	Project has MOHCD ground lease?	**TBD**
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 I
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	Total	Comments
MOHCD Residual Receipts Amount Due	12,804	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	12,804	MOHCD res rects to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT	**6,402**	***Total Resid Receipts due not allocated, please revise F142***

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE	Total	Comments
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**	

	Total	Comments
REMAINDER (Should be zero unless there are distributions below)	**6,402**	
Owner Distributions/Incentive Management Fee	6,402	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	
Final Balance (should be zero)	**0**	

Exhibit C: 20-Year Cash Flow

2425 Post Street

Small Sites Project

Total # Units: 3

	% annual increase	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
INCOME		**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**
Residential - Tenant Rents	2.5%	79,077	81,054	83,080	85,157	72,270	74,438	76,671	78,971	81,340	83,781
Residential - SOS Payments	4.0%	-	-	-	-	-	-	-	-	-	-
Commercial Space	2.5%	-	-	-	-	-	-	-	-	-	-
Other Income		-	-	-	-	-	-	-	-	-	-
Gross Potential Income		**98,961**	**101,435**	**103,971**	**106,570**	**94,218**	**97,045**	**99,956**	**102,955**	**106,043**	**109,225**
Vacancy Loss - Residential - Tenant Rents	n/a	(3,954)	(4,053)	(4,154)	(4,258)	(3,613)	(3,722)	(3,834)	(3,949)	(4,067)	(4,189)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	(994)	(1,019)	(1,045)	(1,071)	(1,097)	(1,130)	(1,164)	(1,199)	(1,235)	(1,272)
Vacancy Loss - Commercial	n/a	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME		**94,013**	**96,363**	**98,772**	**101,241**	**89,507**	**92,192**	**94,958**	**97,807**	**100,741**	**103,763**
OPERATING EXPENSES											
Management	3.5%	7,992	8,272	8,561	8,861	9,171	9,492	9,824	10,168	10,524	10,892
Salaries/Benefits	3.5%	-	-	-	-	-	-	-	-	-	-
Administration	3.5%	6,630	6,862	7,102	7,351	7,608	7,875	8,150	8,435	8,731	9,036
Utilities	3.5%	16,027	16,588	17,168	17,769	18,391	19,035	19,701	20,391	21,104	21,843
Taxes and Licenses	3.5%	4,686	4,850	5,019	5,195	5,377	5,565	5,760	5,962	6,170	6,386
Insurance	3.5%	6,264	6,483	6,710	6,945	7,188	7,439	7,700	7,969	8,248	8,537
Maintenance & Repair	3.5%	28,208	29,195	30,217	31,275	32,369	33,502	34,675	35,888	37,144	38,444
Supportive Services	3.5%	-	-	-	-	-	-	-	-	-	-
Commercial Expenses		-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES		**69,806**	**72,250**	**74,778**	**77,396**	**80,105**	**82,908**	**85,810**	**88,813**	**91,922**	**95,139**
PUPA (w/o Reserves/GL Base Rent/Bond Fees)		***23,269***									
Reserves/Ground Lease Base Rent/Bond Fees											
Ground Lease Base Rent		0	0	0	0	0	0	0	0	0	0
Bond Monitoring Fee		0	0	0	0	0	0	0	0	0	0
Replacement Reserve Deposit		3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Operating Reserve Deposit		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Other Required Reserve 1 Deposit		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
Required Reserve Deposit/s, Commercial		0	0	0	0	0	0	0	0	0	0
Sub-total Reserves/Ground Lease Base Rent/Bond Fees		**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		**74,806**	**77,250**	**79,778**	**82,396**	**85,105**	**87,908**	**90,810**	**93,813**	**96,922**	**100,139**
PUPA (w/ Reserves/GL Base Rent/Bond Fees)		***24,935***									
NET OPERATING INCOME (INCOME minus OP EXPENSES)		**19,206**	**19,113**	**18,994**	**18,846**	**4,403**	**4,284**	**4,148**	**3,994**	**3,819**	**3,624**
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)		**19,206**	**19,113**	**18,994**	**18,846**	**4,403**	**4,284**	**4,148**	**3,994**	**3,819**	**3,624**
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)		**19,206**	**19,113**	**18,994**	**18,846**	**4,403**	**4,284**	**4,148**	**3,994**	**3,819**	**3,624**
Does Project have a MOHCD Residual Receipt Obligation?	**Yes**										
Will Project Defer Developer Fee?	**No**										
Residual Receipts split for all years. - Lender/Owner	**67% / 33%**										
MOHCD RESIDUAL RECEIPTS DEBT SERVICE	Dist. Soft Debt Loans										
MOHCD Residual Receipts Amount Due	100.00%	12,804	12,742	12,662	12,564	2,935	2,856	2,765	2,662	2,546	2,416
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Replacement Reserve		12,804	12,742	-	-	-	-	-	-	-	2,416
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE		**6,402**	**6,371**	**6,331**	**6,282**	**1,468**	**1,428**	**1,383**	**1,331**	**1,273**	**1,208**
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)		**6,402**	**6,371**	**6,331**	**6,282**	**1,468**	**1,428**	**1,383**	**1,331**	**1,273**	**1,208**
Owner Distributions/Incentive Management Fee		6,402	6,371	6,331	6,282	1,468	1,428	1,383	1,331	1,273	1,208
Other Distributions/Uses		-	-	-	-	-	-	-	-	-	-
Final Balance (should be zero)		-	-	-	-	-	-	-	-	-	-
RR Running Balance		**124,700**	**171,051**	**189,004**	**194,394**	**180,327**	**185,630**	**190,986**	**196,396**	**201,860**	**41,357**
OR Running Balance		**20,389**	**22,093**	**23,813**	**25,552**	**27,307**	**29,080**	**30,871**	**32,680**	**34,506**	**36,352**
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		-	-	-	-	-	-	-	-	-	-

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
INCOME	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**
Residential - Tenant Rents	86,294	88,883	91,549	94,296	97,125	100,038	103,039	106,131	109,315	112,594
Residential - SOS Payments	-	-	-	-	-	-	-	-	-	-
Commercial Space	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-
Gross Potential Income	**112,501**	**115,876**	**119,353**	**122,933**	**126,621**	**130,420**	**134,332**	**138,362**	**142,513**	**146,789**
Vacancy Loss - Residential - Tenant Rents	(4,315)	(4,444)	(4,577)	(4,715)	(4,856)	(5,002)	(5,152)	(5,307)	(5,466)	(5,630)
Vacancy Loss - Residential - Tenant Assistance Payments	(1,310)	(1,350)	(1,390)	(1,432)	(1,475)	(1,519)	(1,565)	(1,612)	(1,660)	(1,710)
Vacancy Loss - Commercial	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME	**106,876**	**110,082**	**113,385**	**116,787**	**120,290**	**123,899**	**127,616**	**131,444**	**135,388**	**139,449**
OPERATING EXPENSES										
Management	11,274	11,668	12,076	12,499	12,937	13,389	13,858	14,343	14,845	15,365
Salaries/Benefits	-	-	-	-	-	-	-	-	-	-
Administration	9,353	9,680	10,019	10,369	10,732	11,108	11,497	11,899	12,316	12,747
Utilities	22,607	23,399	24,218	25,065	25,943	26,850	27,790	28,763	29,770	30,812
Taxes and Licenses	6,610	6,841	7,080	7,328	7,585	7,850	8,125	8,409	8,704	9,008
Insurance	8,836	9,145	9,465	9,796	10,139	10,494	10,861	11,242	11,635	12,042
Maintenance & Repair	39,790	41,183	42,624	44,116	45,660	47,258	48,912	50,624	52,396	54,230
Supportive Services	-	-	-	-	-	-	-	-	-	-
Commercial Expenses	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES	**98,469**	**101,915**	**105,482**	**109,174**	**112,995**	**116,950**	**121,043**	**125,280**	**129,665**	**134,203**
Reserves/Ground Lease Base Rent/Bond Fees										
Ground Lease Base Rent	0	0	0	0	0	0	0	0	0	0
Bond Monitoring Fee	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Deposit	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Operating Reserve Deposit	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Other Required Reserve 1 Deposit	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
Required Reserve Deposit/s, Commercial	0	0	0	0	0	0	0	0	0	0
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	**103,469**	**106,915**	**110,482**	**114,174**	**117,995**	**121,950**	**126,043**	**130,280**	**134,665**	**139,203**
NET OPERATING INCOME (INCOME minus OP EXPENSES)	**3,407**	**3,167**	**2,903**	**2,612**	**2,295**	**1,949**	**1,572**	**1,164**	**723**	**246**
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)										
Hard Debt - First Lender	-	-	-	-	-	-	-	-	-	214
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	-	-	-	-	-	-	-	-	-	**214**
CASH FLOW (NOI minus DEBT SERVICE)	**3,407**	**3,167**	**2,903**	**2,612**	**2,295**	**1,949**	**1,572**	**1,164**	**723**	**32**
USES OF CASH FLOW BELOW (This row also shows DSCR.)										***1.15***
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)	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2	-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD	-	-	-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	**3,407**	**3,167**	**2,903**	**2,612**	**2,295**	**1,949**	**1,572**	**1,164**	**723**	**32**
MOHCD RESIDUAL RECEIPTS DEBT SERVICE										
MOHCD Residual Receipts Amount Due	2,272	2,111	1,935	1,742	1,530	1,299	1,048	776	482	21
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Replacement Reserve	2,272	2,111	1,935	1,742	1,530	1,299	1,048	776	482	21
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE	**1,136**	**1,056**	**968**	**871**	**765**	**650**	**524**	**388**	**241**	**11**
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE										
HCD Residual Receipts Amount Due	-	-	-	-	-	-	-	-	-	-
Lender 4 Residual Receipts Due	-	-	-	-	-	-	-	-	-	-
Lender 5 Residual Receipts Due	-	-	-	-	-	-	-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service	-	-	-	-	-	-	-	-	-	-
REMAINDER (Should be zero unless there are distributions below)	**1,136**	**1,056**	**968**	**871**	**765**	**650**	**524**	**388**	**241**	**11**
Owner Distributions/Incentive Management Fee	1,136	1,056	968	871	765	650	524	388	241	11
Other Distributions/Uses	-	-	-	-	-	-	-	-	-	-
Final Balance (should be zero)	-	-	-	-	-	-	-	-	-	-
RR Running Balance	**47,687**	**53,935**	**10,506**	**16,046**	**21,448**	**(10,343)**	**(5,647)**	**(1,155)**	**3,109**	**7,122**
OR Running Balance	**38,215**	**40,097**	**41,998**	**43,918**	**45,857**	**47,816**	**49,794**	**51,792**	**53,810**	**55,848**
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	-	-	-	-	-	-	-	-	-	-