Citywide Affordable Housing Loan Committee

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

William Penn Hotel
Up to $3,958,725
Rehabilitation Loan

Evaluation of Request for:	$3,958,725 Rehabilitation Loan
Loan Committee Date:	June 7, 2024
Prepared by:	Wesley Ellison-LaBat, Asset Manager
Construction Representative:	Robin Wang
Sources and Amount of New Funds Recommended:	$3,958,725 California Pacific Medical Center Impact Fee (CPMC)
Sources and Amounts of Previous City Funds Committed:	$1,073,820 Community Development Block Grant (CDBG) Program (1991) $1,027,833 CDBG Program (1991) $200,242 CDBG Program (1991)
NOFA/PROGRAM/RFP:	Existing Non-Profit (ENP) NOFA 2023
Applicant/Sponsor(s) Name:	Chinatown Community Development Center (Chinatown CDC)

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	William Penn Hotel	Sponsor(s):	Chinatown CDC
Project Address (w/ cross St):	160 Eddy Street (@ Taylor Street), 94102	Ultimate Borrower Entity:	William Penn Hotel, L.P.

Project Summary:

William Penn Hotel is a 4-story, 91-unit apartment building, including 90 Single Room Occupancy (SRO) units (46 with private baths) and 1 one-bedroom unit with over 12,600 square feet of commercial space located at 160 Eddy Street between Mason and Taylor Streets (Project). It was originally constructed in 1908 with a substantial rehabilitation in 1993, and 10 resident units serve as housing for formerly homeless adults with substance use and/or mental health diagnosis, through a Direct Access to Housing contract with the Department of Public Health. The remaining 81 resident units serve households at 50% AMI or below, with the current average household income being 19% AMI.

In 2023, a Property Condition Assessment (PCA) was performed. Life safety, critical repair, and other deferred maintenance items documented in the report includes plumbing pipe replacement, electrical system upgrade, common area wall painting, roof replacement, elevator modernization, bathroom, and kitchen remodels. The regular replacement reserves deposits per year have not been adequate to cover ongoing improvement expenses and the Project now faces a balance of $26,000. This balance is insufficient to cover the PCA recommended repairs, including plumbing pipe replacement, electrical system upgrade, common area wall painting, roof replacement, elevator modernization, as well as bathroom and kitchen remodels, estimated at over $3.5M in total life safety, critical repair, and other deferred maintenance items, including hard construction and soft costs.

In March of 2023, Chinatown CDC (CCDC), the Sponsor of the William Penn Hotel, responded to the Mayor's Office of Housing and Community Development's (MOHCD) Existing Non-Profit (ENP) Notice of Funding Availability (NOFA) requesting $3,987,725 for necessary upgrades represented in the PCA. The ENP NOFA selection committee selected the Project for funding in August of 2023. Since then, the Sponsor has worked with MOHCD staff to refine the scope of work and timelines. Funding these capital repairs at William Penn Hotel would help the City to meet Goal 1Aii. of the MOHCD 2020-25 Consolidated Plan to preserve and maintain the City's affordable housing supply. Moreover, these improvements reduce ongoing operational costs by addressing issues related to water leaks, electrical inefficiencies, ongoing maintenance expenses, and potential utility savings through modernized fixtures and safety systems. Additionally, upgrades in kitchen appliances aim to improve energy efficiency, streamlining maintenance efforts and minimizing recurring repair expenses, contributing to the City's sustainable and affordable housing initiatives.

In addition to the pressing need for these vital repairs, the Project faces ongoing negative cash flow, presenting a significant challenge for City investment. Nonetheless these repairs are essential to further support the residents, including formerly homeless adults and very low-income residents. The intention of the NOFA is to address emergency capital repairs and support projects with limited financing options, making this application critical, particularly as the Project is not a good candidate for resyndication and would require substantial changes for other available financing options. Therefore, the investment in these life safety, critical repair, and other deferred maintenance items remains a crucial step toward upholding the City's commitment to affordable housing and the welfare of its residents.

Project Description:

Construction Type:	Type III	Project Type:	Rehab
Number of Stories:	4	Lot Size (acres and sf):	0.29 acres / 41,836 sf
Number of Units:	91	Architect:	
Total Residential Area:	16,044 sf	General Contractor:	Not applicable
Total Commercial Area:	12,600 sf	Subconsultants:	TBD
Total Building Area:	41,836 sf	Property Manager:	Chinatown CDC
Land Owner:	William Penn Hotel, L.P.	Supervisor and District:	Dean Preston, District 5
Total Development Cost (TDC):	$3,958,725	Total Acquisition Cost:	$0
TDC/unit:	$43,502	TDC less land cost/unit:	$3,958,725
Loan Amount Requested:	$3,958,725	Request Amount / unit:	$43,502
HOME Funds?	No	Parking?	N

PRINCIPAL DEVELOPMENT ISSUES

1. **Cash Flow:** The negative cash flow issue at William Penn Hotel is multifaceted, connecting challenges predominantly centered around revenue generation and expense management. High residential vacancy rates, highlighted as a primary concern, significantly impact the property's income stream. The Sponsor is implementing marketing strategies such as First-Come-First-Served (FCFS) and pre-qualifications aim to help reduce the vacancy rates and subsequently enhance revenue. Additionally, high repair, maintenance costs, and property insurance costs compound this challenge. Strategies outlined in Section 7.2 encompass revenue enhancement and expense reduction to mitigate these shortfalls. Additional unit subsidies, particularly project-based Continuum of Care (CoC) units, could substantially boost cash flow, as detailed in the same section. These interlinked issues collectively hinder the property's financial stability, calling for a comprehensive approach that addresses both revenue maximization and cost containment to alleviate the cash flow strain.

2. **Project Budget**: The budget is based on bids that contractors provided from schematic designs. CCDC will update construction costs which are expected to increase due to escalation. The development budget proposed contains 15% construction contingency and ~8% soft cost contingency. Should updated bids result in a higher development budget, CCDC will be reducing their scope of work. See Section 4.2.

3. **Uncertainty Surrounding the Scope of Work**: The final construction cost for this Project may fluctuate due to potential construction cost escalation and unforeseen conditions.

   Additionally, there are uncertainties surrounding the scope of work, particularly concerning addressing life safety, critical repairs, and other deferred maintenance issues within the property. To date, efforts are underway to understand the extent of these necessary repairs, but the comprehensive scope remains uncertain. While certain facets of the repairs have garnered contractor bids, this introduces an element of risk linked to the unknown. The lack of clarity regarding the complete range of required repairs, alongside the risks associated with ongoing bids, presents a substantial challenge in effectively planning and executing all the essential life safety, immediate and deferred maintenance enhancement’s necessary for the property's improvement. See Section 4.2.

4. **Relocation Plan:** An additional issue arises from the uncertainty surrounding the relocation budget and process. Currently, the budget allocates $895,058 for relocation purposes. To date, the Sponsor has contracted relocation consultant TransSystems, formerly known as OPC, to provide relocation services for the elevator modernization and plumbing scopes. This process is heavily contingent upon residents' willingness to relocate for the elevator phase. The uncertainty surrounding the plumbing scope of the Project and how it might impact relocation needs introduces challenges in accurately planning and budgeting for the relocation process, potentially affecting the overall execution of the Project. For more details, refer to Section 4.9.

5. **Commercial Space Vacancy: T**he commercial space at William Penn is facing a significant annual vacancy loss of 50%, which is impacting overall revenue. Given the uncertainties in the commercial market, projecting future outcomes is challenging. See Section 4.

SOURCES AND USES SUMMARY

Rehabilitation Sources	Amount	Terms	Status
MOHCD Loan*	$3,958,725	55 yrs @ 3% simple	This request
Replacement Reserve (roof only)	$164,000		This request???
Total	**$4,125,725**		

*This request may result in an Amended and Restated Loan Agreement of existing City loans.

Uses	Amount	Per Unit	Per SF
Hard Costs	$2,372,459	$26,071	$56.71
Soft Costs	$1,100,696	$12.095	$26.31
Reserves	$321,751	$3,536	$7.69
Developer Fee	$330,819	$3,635	$7.90
Total	**$4,125,725**	**$45,337**	**$98.61**

1. BACKGROUND

1.1. Project History Leading to This Request.

William Penn Hotel is a 4-story, 91-unit apartment building, including 90 SRO units (46 with private baths) and 2 one-bedroom units with over 12,600 square feet of commercial space located at 160 Eddy Street between Mason and Taylor Streets. Originally constructed in 1908, the hotel underwent significant capital improvements in the early 1990s to transition into affordable housing. Funding from MOHCD via CBDG funds in 1991 supported these improvements, and although they were substantial, they fell short of comprehensive renovation.

1.2. Borrower/Grantee Profile. (See Attachment B for Borrower Org Chart; See Attachment C for Developer Resume and Attachment D for Asset Management Analysis)

1.2.1. Borrower.

The borrower entity is William Penn Hotel L.P, on behalf of William Penn Housing Corporation (WPHC), an entity whose Board members are named by Chinatown CDC.

1.2.2 Demographics of Board of Directors, Staff and People Served.

CCDC:

- **Board**: Chinatown CDC's Board of Directors is comprised of 23 members and is over 80% people of color with a near 50/50 split between male and female representation.
- **Staff**:
    - Organization: Executive Director Malcolm Yeung leads an executive team of 6. More than half of the executive staff are people of color and half are women. Overall demographics of CCDC employees are 64% Asian; 10% White/Caucasian; 8% Black/African American; 8% Hispanic/Latino; 7% are two or more races; and 1% are Native Hawaiian or other Pacific Islander.

- Development Team: CCDC's Housing Development Division is made up of a 21-person team, which has over 75% people of color. 85% of the division are women, including the Director and Associate Director of Housing Development.
- CCDC's Facilities team is comprised of a 42-person team and nearly all staff are people of color.

1.2.3. Racial Equity Vision. Chinatown CDC is a BIPOC-led organization with a 45-year history of advocating on behalf of low-income residents in Chinatown. CCDC's mission evolved from preserving Chinatown as a low-income immigrant gateway to building political power among residents to bring the neighborhood resources and opportunities it had historically been denied. Understanding that all organizations have room to grow in addressing institutionalized racism, Chinatown CDC has approached this with intention, by modifying organizational policies and procedures to lower barriers of entry to housing, becoming trauma-informed in its services provision, being intentional about hiring bilingual staff that reflects the communities they serve, providing opportunities for BIPOC residents to engage with the neighborhood process, and working to heal historic divides between Asian Americans and other BIPOC and White communities.

Additionally, CCDC has decades of experience in the delivery of culturally competent services and/or community development programs to low or lower-income households in the community. CCDC provides community benefit programs accessible to the public, including youth development programs, digital literacy training, housing counseling, and other empowerment programs and food distribution programs. Chinatown CDC has an excellent track record of hiring program participants and members from within the community, while promoting a broader diversity of staff.

At the building level, Chinatown CDC's racial equity strategy promotes access to quality and stable housing, social and economic mobility, education, health, and housing assistance to support intergenerational wealth building in BIPOC communities. Chinatown CDC uses a Community Building and Engagement (CB&E) model of resident service provision, which posits that being socially connected and active in one's community not only enhances one's quality of life but is a housing retention strategy, as it reduces feeling like isolation that can lead to behavioral issues. The CB&E model prioritizes residents' experiences, ideas, and skills in the creation of programming.

Relevant Experience. CCDC has extensive experience rehabilitating its own properties throughout Chinatown and San Francisco. In 2023, CCDC successfully completed the rehab of the Hamlin Hotel located at 385 Eddy St in the Tenderloin, which consists of 67 SRO units for formerly homeless individuals, Consorcia Apartments in Nob Hill which has 18 studios, 6 one-bedrooms for families and 3 commercial spaces, and the residential portion of 1005 Powell in Chinatown, a building that has 64 SRO units and 3 ground floor commercial spaces. CCDC has various other rehab projects that are nearing completion, including a scattered sites project consisting of the completed Consorcia Apartments and 2 other properties: Bayside Elderly Housing, a Chinatown site consisting of 31 studios for seniors and Tower Hotel in North Beach which has 33 SROs for individuals and families. Bayside completed construction by the end of 2023 and Tower is addressing some final inspection inspector requirements and is expected to complete construction by the end of Summer 2024. Other CCDC rehab projects currently in construction include two Chinatown sites located at 937 Clay (71 SRO units, 1 two-bed, and 1 three-bed for seniors and families) and 665 Clay (11 SROs, 12 studios, 1 one-bed and 1 two-bed for families). There are currently 5 rehab projects that are in the predevelopment phase.

Project Management Capacity.

For William Penn, CCDC is devoting expert internal staff and significant portions of their time to this Project. Several members of Housing Development, Asset Management, Facilities and Property Management have been involved with the Project for years so are very familiar with its financing structure and capital needs. CCDC also employs an in-house Senior Construction Manager (Heather Heppner) and a Construction Manager/licensed architect (Karen Smith). Both Heather and Karen will be available on an as-needed basis as a resource to facilities staff William Carter and Rick Daniels who will ultimately manage the ENP rehab scope of work.

See Attachment C for full project management experience of the team and resumes.

- Angelina Perez, Project Manager, will dedicate 25% of her time to the Project.
- Sharon Christen, Associate Director of Housing Development, will dedicate 10% of her time to the Project.
- William Carter, Capital Improvements Project Manager, will dedicate 90% of his time to the Project.
- Rick Daniel, Associate Director of Facilities, will dedicate 10% of his time to the Project.

1.2.2. Past Performance.

1.2.2.1. City audits/performance plans.

All MOHCD managers of grants and other programs for which CCDC has been awarded report positively on the Sponsor's performance.

1.2.2.2. Marketing/lease-up/operations.

CCDC’s performance in the Marketing and Lottery Program has been satisfactory for new construction. Existing SRO projects do not receive report cards.

2. SITE (See Attachment E for Site map with amenities)

Site Description	
Zoning:	RC-4 Residential – Commercial – High Density
Maximum units allowed by current zoning (N/A if rehab):	Not applicable
Number of units added or removed (rehab only, if applicable):	Not applicable
Seismic (if applicable):	Not applicable
Soil type:	No new structural work anticipated, so no new Geotech report has been obtained.
Environmental Review:	No other environmental review will be required due to the nature of the rehab scope.
Adjacent uses (North):	Retail
Adjacent uses (South):	Surface parking
Adjacent uses (East):	Residential
Adjacent uses (West):	Mixed-use residential/Retail
Neighborhood Amenities within 0.5 miles:	- Daldas Community Market (0.02 mi) - Father Alfred E. Boeddeker Park (0.11 mi) - San Francisco City Impact Church (0.04 mi) - Glide Memorial Church (0.08) - Walgreens Pharmacy (0.2 mi) - Curry Senior Center (0.3 mi) - St. Francis Memorial Hospital (0.5 mi) - Tenderloin Community Elementary School (0.5 mi)
Public Transportation within 0.5 miles:	- Bus Line 31 at Eddy & Mason (0.03 mi) - Powell Bart Station (0.12 mi)
Article 34:	Exempt, existing project
Article 38:	Exempt - Total Gross SF is 41,836 - Structural work includes roof replacement - Plumbing - DHW pipe replacement - Confirmed within Article 38 zone via SF PIM. However, the rehab planned for William Penn would not be considered a Major Alteration as it's not affecting 25K of the building. Additionally, the rehab of the plumbing pipes and other work will require a trade permit but not a building permit. Article 38 would not be triggered by the plumbing contractor obtaining a trade permit.
Accessibility:	There are 2 communications units. All other units do not meet the current code. Units and common spaces will not be brought up to code as part of this minor rehab.

Green Building:	NA. The rehab will not involve a permit that requires the building to meet Cal Green or the SF Green Building Ordinance.
Recycled Water:	Exempt. Recycled water is not required.
Storm Water Management:	Exempt.

2.1. Description. The William Penn Hotel is located in the Tenderloin neighborhood west of Taylor Street and east of Mason Street. It is situated on one rectangular shaped parcel containing a total of 0.29 acres in area and is flat at the street and slopes up to the north at the rear Property line. The Property is approximately 41,836 gross square feet and 16,044 residential net-rentable square feet, and 12,600 commercial net-rentable square feet of building area.

The building's entry level includes a residential lobby, reception desk and manager's office, a support services office with bathroom, community room with kitchenette, central laundry room, and a common use restroom. A preparation space kitchen is provided at each level equipped with melamine cabinets with granite or stainless-steel counters and sink, one refrigerator, three electric range/ovens and hoods, and steel lockers. Each floor has centrally located (accessible and standard) common use split male/female shower stall rooms, restrooms, and lavatory with showers.15 units per floor have private baths while 16 units have sinks only. Fixtures include wall mounted sinks in counters, and water closets enclosed within stalls.

2.2. Environmental Issues.

Phase I/II Site Assessment Status and Results.

No Phase I has been commissioned or is required because of these funds.

- Potential/Known Hazards.

Lead and asbestos were identified in the 2023 PCA conducted by BASIS and called out to be removed during rehabilitation. Removal of lead and asbestos may not be required as part of the ENP NOFA scope. However, should the selected plumbing contractor discover lead or asbestos, the contractor will be responsible for all required removal and disposal of asbestos and lead located in the areas affected by the scope of work. No radon testing was completed.

2.3. Adjacent uses and neighborhood amenities.

The neighborhood is a mix of residential and commercial use properties and is central to public transit and downtown's commercial corridor. Residents can access their everyday needs by walking, taking bus or BART. There are several grocery and convenience stores for food and household items, churches that offer religious and community services, as well as parks and public open spaces for residents to enjoy. Given William Penn's proximity to Market Street and attractions such as Westfield Mall, The Warfield, Golden Gate Theater, and Union Square, the neighborhood is diverse with locals and visitors alike.

2.4. Green Building.

There are no planned green building certifications. The rehab work will endeavor to improve water and energy efficiency. The replacement of the plumbing system will prevent future water leaks and damage to the building's structure and resident units. Replacement of the roof is also critical to prevent roof leaks during heavy rains and with a cool roof membrane system, this should improve temperature gain and loss as well.

3. COMMUNITY SUPPORT

3.1. Prior Outreach.

There have been two tenant meetings where the concept that there would be minor rehab to the building has been discussed with the residents. There was one meeting where the rehab scope including the elevator modernization was discussed and the need for temporary off-site relocation for residents with mobility challenges was discussed. CCDC made clear that the Phase II of the rehab scope was not confirmed and that we'd be coming back to the residents with additional information on that scope of work when it is more defined. CCDC anticipates updating residents on the elevator modernization timing during the upcoming monthly resident meeting.

3.2. Future Outreach.

The development team in conjunction with Property Management, Resident Services, and relocation consultant TranSystems will work collaboratively to hold a minimum of two community meetings prior to construction. The Sponsor will provide community outreach in the form of flyers (translated by CCDC staff and TransSystems into the languages that residents are most comfortable conversing in i.e. Chinese, Spanish, etc.) will be distributed to residents as well as posted in common areas to inform residents of upcoming meetings, work schedule and scope of work.

3.3. 1998 Proposition I Citizens' Right-To-Know.

Not applicable - does not fulfill criteria as use is not changing.

4. DEVELOPMENT PLAN

4.1. Site Control.

4.1.1. Proposed Property Ownership Structure

William Penn Hotel, L.P. holds fee title to the property.

4.2. Proposed Rehab Scope.

The proposed rehabilitation loan will fund life safety, essential, and long-overdue maintenance repairs, identified by a Physical Conditions Assessment (PCA) conducted in 2023. Among the life safety concerns Chinatown CDC is proposing to prioritize fire protection, roof replacement, elevator modernization, major plumbing pipe replacement, and significant electrical upgrades. Should any funds remain, addressing critical repair and deferred maintenance needs entails bathroom remodeling, flooring, and painting.

Chinatown CDC is phasing the work in order of priority as described below:

- **Phase I: Fire Protection, Roof Replacement, Elevator Modernization**
    - Fire Protection – installation of new fire alarm system (control panel, remote power supply, manual pull stations, smoke and heat detectors, low frequency horns and strobes in units/ADA units, cellular radio communicator).
    - Roof Replacement – TPO roof overlay.
    - Elevator Modernization – full modernization of 1 hydraulic passenger elevator.
- **Phase II: Plumbing Repairs, Electrical Repairs**
    - Plumbing- Repair/Replacement of galvanized pipes and waste lines, sewer lines, domestic water, shut off valve to stack up; replacement of fixtures in laundry room, common bathrooms and units. *CCDC will prioritize life safety and code compliance work in the basement first to minimize the impacts to residents and relocation.*
    - Electrical - Stab Lok panel, switch and GFCI replacement in the basement and throughout residential floors Level 2-4, plus GFCI replacement in-units;

Replacement of tamper proof devices in common areas/hallways; Replace unit smoke detectors; replace emergency and exit lighting.

- **Phase III: Bathroom Remodels, Flooring and Painting**
  - Bathroom Remodel (w/plumbing/electrical work) - Replace flooring and install new waterproofing; replace shower and kitchen floor drains and sewer pipes; repair and replace cold/hot water supply in showers and kitchens; provide strobe in all restrooms; install GFCI receptacles.
  - Flooring – Furnish and install flooring at Corridors 1-4, including laundry room, offices, kitchens, elevator.
  - Painting - full interior painting services for apartment units and community areas
  - Should any funds remain, the scope items in Phase III may be included as an alternative addition.

The proposed phasing of the work is subject to change based on actual costs of the work and relocation requirements. These repairs will be completed in a series of contracts rather than one overall contract with a single general contractor. It will be largely within the understanding of subcontractors and thus will not need full architectural services – but will need some mechanical and electrical engineering support.

The Sponsor's Facilities Team, will act as the General Contractor, coordinating scopes of work and managing the various trades. The Project will proceed under the supervision of the Associate Director of Facilities, Rick Daniel. William Carter, the Capital Improvements Project Manager (CIPM), will oversee the work directly. Facilities is responsible for maintaining construction documents, reviewing, and responding to RFIs, change orders and submittals. Housing Development's in-house Architect/Construction Manager and Senior Construction Manager will provide facilities with technical support when reviewing scopes and bids. The Housing Development's Project Manager, Angelina Perez and Associate Director Sharon Christen will provide administrative support with RFP preparation, CMD compliance, submission of change orders, invoices, and monthly draws to MOHCD. Additionally, Housing Development will coordinate with the Relocation Consultant.

The scope of work and estimated costs are as follows:

Item:	Estimated Value of the Work:
OWNER CONTRACTS with subcontractors	
*Fire Protection	$134,775
Roof Replacement	$172,000
Elevator	$134,200
Plumbing	$970,000
Bathroom Remodel	$446,000
Electrical	$725,563
Painting	$299,794
*Flooring	$110,151
Subtotal Construction Costs	**$3,275,040**
Contingency for hard cost (15%)	$287,669
Prevailing wage estimate for bathroom remodel only (30%)	$133,800
Total Hard Costs	$3,900,096

Professional Services	
Architectural, Electrical & Plumbing	$75,000
Total Professional Services	$75,000

*Bids for Phase I have been received and approved for fire protection, roof replacement, elevator, and architectural services. All other costs are estimates for Phase II: plumbing and electrical and Phase III: bathroom remodel, painting, and flooring. Pre-bids received for the bathroom remodel did not include prevailing wage. Therefore, the Sponsor is estimating $133,800 for prevailing wage. While the Total Hard Costs equate to $3,900,097, hard costs funding is limited to Sponsor $2,205,459 due to the soft costs, most significantly relocation costs. Should the actual bids for plumbing, electrical, painting and flooring come in lower than anticipated or if fewer residents are required to relocate during the plumbing and bathroom remodel phase, the hard cost budget may increase. *See Section 5.1 Procurement Plan for more details on pending bids.*

4.3. Construction Supervisor/Construction Representative's Evaluation

The Project Sponsor is seeking funds for capital improvement to major systems within the building. The work scope includes fire protection, major plumbing pipe replacement, electrical system upgrade, common area wall painting, roof replacement, elevator modernization, bathroom, and kitchen remodels. Total construction cost estimate is $2,372,459, $26,071/unit, and $57/sf.

MOHCD Construction representative ran a cost analysis based on similar level of rehab projects. The sampled projects are at the modest level of rehab category. The cost data was from projects in predevelopment, under construction, and already completed from the MOHCD database. The average cost per unit is $200,941 and $295/sf. The Sponsor's per unit cost is 87% less than the comparable projects and 81% less on cost per square foot due to the limited scope of work.

The final construction cost will fluctuate due to potential construction cost escalation, and fixing unknown conditions when opening the walls etc. The Sponsor is going through the procurement process and will have more concrete numbers when the final bids come in.

4.4. Commercial Space. Commercial space development budget and financing are discussed in Section 6 below.

- Space Description. There are two ground floor commercial spaces totaling 12,600 sf. 166 Eddy Street is currently occupied by long-term tenant, Vietnamese Youth Development Center and 156 Eddy Street (formerly the Exit Theatre) is currently vacant. The Vietnamese Youth Development Center, a California nonprofit, entered a lease on July 28, 2016. Due to the pandemic, the Exit Theatre closed t after many years of operation in the Tenderloin. This is a challenging space to lease, given that it is largely below grade and is programmed as a theatre.
- Commercial Leasing Plan. A critical first step of the commercial vacancy plan is to repair the building's plumbing before leasing to a new tenant. The buildings plumbing leaks often, causing damage to the commercial spaces and the theater will be difficult to lease in its current state. CCDC will engage Ventura Commercial Property Management to market the vacant theatre space as the plumbing repairs near completion. However, a commercial market study may be necessary, as well as community outreach to determine local business needs of the Tenderloin.
- Commercial Operating Pro Forma.

Since 2020, the commercial space has been grappling with a significant 50% vacancy loss, representing approximately $50,000 in lost annual revenue. Considering the complexities of the current commercial market, there is a notable challenge in foreseeing improvements in tenant vacancies, commercial revenue, and overall commercial occupancy over the next 5 years.

- Tenant Improvement Build Out.

As part of this rehabilitation effort, there will be no modifications made to the existing commercial spaces. The generation of 100% commercial rental revenue hinges on the availability of substantial tenant improvement funds. These funds would cater to prospective tenants or CCDC, aiming to either maintain the theater space for San Francisco nonprofit arts groups or repurpose the area to address the needs of local businesses in the Tenderloin. Consequently, it's anticipated that there will be a 50% commercial vacancy rate through Year 5. This projection aligns with an annual operating deficit after accounting for reserves, estimated to be approximately $175,000.

4.5. Service Space.

The existing on-site services spaces include the HomeRise services offices and community room. These spaces will not be modified as part of this rehab.

4.6. Communications Wiring and Internet Access.

Security camera upgrades are desired and could be included in the rehabilitation scope if there are sufficient funds. CCDC is not anticipating that there will be the ability to add City Wi-Fi or Wi-Fi within common spaces of the building during this ENP loan rehab.

4.7. Public Art Component. Not applicable.

4.8. Marketing, Occupancy, and Lease-Up

The marketing, occupancy, and lease-up strategy for this Project are intricately tied to its commitment to serving specific populations and adhering to income restrictions. The target population includes formerly homeless adults, with 10 units reserved for those with substance use and/or mental health diagnosis. The Direct Access to Housing (DAH) Continuum of Care (CoC) contract for these 10 units requires referrals through the Department of Homelessness & Supportive Housing (HSH).

The tenant area median income (AMI) restriction is currently set at 50%, with rents ranging between ~$600 and ~$750 per month. However, the property has faced challenges, particularly during the COVID-impacted period, with a high vacancy rate and prolonged unit turn times.

The marketing plan, updated and approved by MOHCD in February 2022, reflects a concerted effort to reach the target population effectively. However, challenges arose when the waitlist generated via DAHLIA was insufficient to fill all vacant units. Notably, a substantial number of first-come, first-served (FCFS) applicants failed to meet the minimum income requirements, prompting adjustments to the marketing approach. Attempts to pre-qualify applicants by requesting income documentation prior to intake appointments and adjusting monthly rents have been made. As of the current status, the Project began 2023 with over 30 vacant units, and 16 units remain vacant as of April 2024.

The use of FCFS has proven effective in finding new tenants during this period, and capital improvements to the property, including upgrades to the elevator and plumbing, are anticipated to further enhance marketing efforts and resident retention.

4.9. Relocation.

Chinatown CDC has a strong and dedicated relocation team of internal staff and contracts with third party relocation specialists to provide support as needed. In the last 6 years, the team has relocated every household for the 534 units in Chinatown CDC's RAD portfolio, 85 units in the Throughline project, 64 units at 1005 Powell project, 67 units at the Hamlin Hotel, 19 units at 1535 Jackson, and 17 units at 900 Jackson, in addition to providing relocation assistance as one-time or short-term relocation needs arise at units within the entire portfolio. Chinatown CDC is adept at assessing needs, identifying necessary supports, and building the team capable of meeting relocation needs for a project. Additionally, Chinatown CDC has worked with TranSystems Corporation (formerly OPC) on various projects requiring relocation to ensure compliance with relocation laws and to prepare relocation plans for CCDC projects.

For William Penn, CCDC has assigned relocation tasks to on-site Property Management staff, the HomeRise resident services staff and TranSystems., The Sponsor has divided the proposed rehab work into the following 3 phases: 1) elevator modernization 2) plumbing and 3) community bathroom remodels to minimize the impacts to residents and staff.

Phase	**Contractor Status**	**Relocation Duration**	**Estimate of Residents to be Relocated**	**Confirmed # of Residents to be Relocated via Interviews**
Phase I: Elevator Modernization	Contracted	10 weeks off-site	20 (ADA/mobility and senior residents)	11
Phase II: Plumbing	Bid received	2 weeks on-site	84 residents (all occupied units)	TBD

Phase II: Bathroom Remodels	Not started – dependent on Phase II cost/schedule	TBD	TBD	TBD

For Phase I, the estimated time to conduct the elevator work is 7 weeks, which is inclusive of final sign off and inspection. However, CCDC is estimating 10 weeks for relocation as a precaution if any schedule changes occur. The exact duration that the elevator will be out of service and if it must be out of service is dependent on the elevator contractor's work plan. CCDC is obtaining this information from the elevator contractor and will explore ways to allow residents some use of the elevator during the modernization work if possible. While CCDC has had success with reducing elevator repair and modernization schedules on past rehab projects, the Sponsor will assume the elevator will be inoperable during the 7 weeks for relocation and budgeting purposes but continue to work with the contractor to improve the schedule.

The elevator modernization will require relocation of residents with accessibility needs. These residents will be the most impacted during Phase I as they are dependent on either a wheelchair, walker or cane for movement and require access to a functioning elevator to live on-site. An estimate for senior residents is also included in budget assumptions as it may be challenging for seniors to continue with daily activities and errands without an elevator. In total, CCDC estimates 15 residents will be relocated off-site for Phase I.

Through resident interviews, HomeRise and TranSystems have confirmed 11 residents will require relocation. 5 more resident interviews are pending.

The total estimated cost for Phase I is **$533,933.11**. A budget breakdown is provided below:

Phase I: Elevator Direct Relocation Costs	
Hotel (Avg. Nightly Rate of 3 hotels x 70 days x 20 rooms)	$328,216
Per Diem ($61 per day x 70 days x 20 residents)	$85,400
Packing Assistance	$7,600
Moving/Packing Materials	$1,000
Transportation	$1,000
Subtotal	$423,216
Contingency (10% of subtotal)	$42,321
Total Estimate	**$465,537**

Phase I: Elevator TransSystem Fees	
Per Case Fee ($1,935 x 11 hours per case)	$38,700
Project Management Fee	$29,695
Total Estimate	**$68,395**

The Phase II Plumbing work as noted above may impact residents and possibly require relocation for an estimated 2 weeks. The plumbing work is anticipated to result in utilities interruption and will occur on the top floor first and continue down. This scope of work is *not* expected to trigger off site relocation. However, CCDC is *conservatively* estimating that all 84 residents will require relocation, though highly unlikely, for the 2 weeks due to unforeseen issues that may arise when walls are opened for the re-piping or during the connection of the new pipes. When possible, tenants may be relocated within the building to vacant units, although it is not CCDC's intent to keep units vacant for the sole purpose of potential relocation. CCDC will need to seek approval from HCD 30 to 60 days prior to the start of the proposed plumbing work to utilize the vacant units for temporary relocation.

The total estimated cost for Phase II is $361,124.

Phase II: Plumbing Repairs Direct Relocation Costs	
Moving Assistance (84 residents x $1,500)	$126,000
Packing Materials (84 residents x $150)	$12,600
Subtotal	$138,600
Contingency (10% of subtotal)	$27,720
Total Estimate	**$166,320**

Phase II: Plumbing TransSystem Fees	
Per Case Fee ($1,935 x 11 hours per case)	$38,700
Project Management Fee	$29,695
Total Estimate	**$68,395**

The Sponsor has begun destructive testing in vacant units to assess the current conditions of the walls and pipes and better inform the Phase II relocation budget. Additionally, CCDC has recently issued an RFP for the plumbing scope. Once the plumbing contractor is on board and begins opening walls, CCDC will work with the plumbing contractor to assess which residents (if any) need to be relocated. CCDC will reassess the Phase III scope and relocation requirements once bids are received for plumbing and Phase II relocation needs are more certain. Phase I and Phase II scopes are more extensive.

All residents relocated off site will be relocated to comparable dwelling units, as close to their residences as is practicable and within CCDC's portfolio where allowed. Once the rehabilitation is completed, residents will return to their original dwelling unit. Specific eligibility requirements and benefit plans will be detailed on an individual basis with all residents. During a personal interview and follow-up visits, each resident will be counseled as to available options and the consequences of any choice with respect to financial assistance. Relocation benefits will be provided in accordance with the provisions of State URA and include moving assistance, payment for offsite housing, packing and unpacking assistance, reasonable out-of-pocket expenses. Residents will not be required to pay any out-of-pocket expenses for temporary relocation.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	**Name**	**SBE/LBE**	**Outstanding Procurement Issues**
Architect	SF Architect	No	No
Financial Consultant	CHPC	No	No
Legal	Gubb & Barshay	No	No
Services Provider	HomeRise	No	No

Note: All other roles N/A or in-house.

5.1. Procurement Plan. The Sponsor has submitted a procurement plan to Contract Management Division (CMD) regarding the estimated subcontract scopes and expected contract amounts of work. CMD has approved scopes of work such as fire protection, elevator, roof, and architectural services. An RFPs/Notice to Bidders were issued for the Plumbing and Electrical repairs. and a subsequent RFP for the bathroom remodel scope will be advertised in early June.

For the plumbing scope, CCDC received one bid which far exceeds the available funds for the work. The Sponsor expects to receive bids for the electrical scope in early June. Once the electrical work is priced, CCDC will reassess the extent of the plumbing scope, prioritizing life safety and required code compliance work, beginning first in the basement before proceeding to the upper floors. CCDC will outreach to LBE vendors where applicable per the approved procurement plan.

5.2. Opportunities for BIPOC-Led Organizations. The Sponsor is a BIPOC-led organization and approaches the work through a lens of racial and economic justice.

6. FINANCING PLAN (See Attachment F for Cost Comparison of City Investment in Other Housing Developments; See Attachment G and H for Sources and Uses)

6.1. Prior MOHCD/OCII Funding:

Loan Type/ Program	Loan Date	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Outstanding Principal Balance	Accrued Interest to Date
CDBG UDAG	10/29/1991	$1,073,820	0%	10/30/2041	Forgivable Loan	$1,073,820	$0
CDBG Site Acq.	10/29/1991	$1,027,833	0%	10/30/2041	Forgivable Loan	$1,027,833	$0
CDBG CHRP	10/29/1991	$200,242	0%	10/30/2041	Residual Receipts	$183,661	$0

6.2. Disbursement Status.

Prior loans have been disbursed.

6.3. Fulfillment of Loan Conditions:

On December 31, 2001, amendments were made to the 1991 UDAG and CHRP loans. Notably, the interest rate on the UDAG loan was reduced from 10% to 0%, effective January 1, 2002, following a period of accruing interest at the rate of 10% from October 29, 1991, to December 31, 2001. Simultaneously, the CHRP loan experienced a similar reduction in interest rate, decreasing from 12% to 0% as of January 1, 2002, after accruing interest at a 12% rate from October 29, 1991, to December 31, 2001.

Crucially, under the terms specified in the loans, the remaining unpaid balances are obligated for settlement in a single lump sum payment due on December 30, 2041. It's important to note that, as a stipulation for securing the requested funds, the conditions and terms of the UDAG, Site Acquisition, and CHRP loan will persist without modification.

6.4. Proposed Predevelopment Financing

6.4.1. Predevelopment Sources Evaluation Narrative

6.4.2. ENP NOFA funds may be used for predevelopment activities, including but not limited to fees for design subconsultants to the architect for the architectural electrical and plumbing drawings, relocation costs and legal costs of the borrower, incurred as of the date of the award letter.

6.4.3. Predevelopment Uses Evaluation:

Predevelopment expenses on this Project are minimal and comply with MOHCD underwriting guidelines.

6.5. Proposed Permanent Financing

6.5.1. Permanent Sources Evaluation Narrative:

CCDC intends to use $14,000 of the William Penn Replacement Reserve to initiate roof replacement work. The Replacement Reserve as well as CCDC funds advanced for ENP loan costs will be reimbursed by the ENP loan after ENP loan closing. These costs include SF Architects, Roof repair, Fire Alarm work, elevator materials deposit and relocation consultant fees (to prepare the HCD required relocation plan and to assist with relocation activities on site). The MOHCD ENP loan will be used to reimburse the replacement reserve when the ENP loan closes. There are no other sources in this Project to cover the work noted in this evaluation.

Permanent Uses Evaluation:

Combined Predevelopment and Development Budget		
Underwriting Standard	**Meets Standard? (Y/N)**	**Notes**
Hard Cost per unit is within standards	Y	$26,071/unit
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 14.7%
Architecture and Engineering Fees are within standards	Y	$75,000
Construction Management Fees are within standards	N/A	No construction management fee taken; all subcontracts are overseen by experienced staff
Project Management Fee is within standards	Y	Project management fee allowed by ENP NOFA is 15% of hard costs.
Consultant and legal fees are reasonable	Y	Legal counsel fees.
Entitlement fees are accurately estimated	N/A	No entitlement fees as part of this rehab
Construction Loan interest is appropriately sized	N/A	No construction loan; rehab completed through ENP NOFA funds only
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10%
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve = $230,751 is equal to 3 months
Capitalized Replacement Reserves are a minimum of $1,000 per unit (Rehab only)	Y	$1,000 per unit =$91,000

6.5.4 Project Management Fee Evaluation:

Per the ENP NOFA a total project management fee of 15% of the hard cost is the allowable fee. In the current budget, the available funding for fee is $330,819. CCDC requests that MOHCD approve a maximum allowable fee of 15% of the budgeted hard cost or $330,819. CCDC acknowledges given that some of the scope of work is not yet bid or fully known that the project management fee may need to be reduced to allow for adequate funds to complete the necessary scope of work. The amount of funding available for fee will be determined after CCDC bids out the remaining construction scopes of work and MOHCD approves those bids. 50% of the project management fee may be taken during the closing (first) draw for the ENP NOFA funds, and the other 50% may be taken during the final (last) draw of ENP NOFA funds.

7. PROJECT OPERATIONS (See Attachment I and J for Operating Budget and Proforma)

7.1. Annual Operating Budget.

The William Penn Project operates with the Project's overall income level averaging 19% AMI. Presently, the Project operates 10 project based CoC units. Currently the property revenue for 2023 at William Penn is projected at $9,191 PUPY. CCDC is actively pursuing various avenues to secure additional operating subsidies, including potential applications for project-based vouchers should they become available.

The PUPY cost of operating the Project stands at $10,841. For similarly sized SRO properties, the average PUPY operating expenses was approximately $13,186, with a range spanning from $6,410 at Clayton Hotel to $16,554 at West Hotel. Notably, William Penn's first year operating budget operates at roughly 7% lower than the property's 2022 actuals, as reported in the Annual Monitoring Report (AMR).

$15,366	$11,690	$16,335	$6,410	$16,554	$12,972	$13,186
Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	AVERAGE
Veterans Academy	Ritz Hotel	Altamont Hotel	Clayton Hotel	West Hotel	Midori Hotel	
109	89	89	82	106	77	

Reserves are slated to undergo re-capitalization as a fundamental component of the rehabilitation initiative.

7.2. Annual Operating Expenses Evaluation.

The Project currently operates at a deficit, prompting CCDC to provide operating advances to cover the property's operational shortfall and fund any reserves mandated by funding sources/ Currently the property's revenue for 2023 at William Penn are projected at $9,191 PUPY, which falls short of meeting the combined annual operating expense and reserves totaling $10,143 PUPY, and assumes a vacancy of 10 units. Expected rehabilitation repairs focusing on the roof, plumbing, and elevator should contribute to a reduction in repairs & maintenance costs and utilities by an estimated $200 to $300 PUPY. However, the challenging property insurance market resulted in a 10% increase in 2024 from the previous year, with expectations of continued increases for the next few years. Anticipated rises in insurance and staffing costs combined could potentially elevate these expenses by approximately $100 to $150 PUPY.

While the property's operating costs remain reasonable at around $10,000 PUPY, reducing expenses further by $1,000 seems unfeasible. To bring the property out of an operating deficit, revenue must increase, and residential vacancy losses need to be curtailed to 5%.

Exploring Strategies to Augment Project Income

As a loan condition, the Sponsor will need to explore the following strategies to bring the Project in line with MOHCD underwriting requirements:

1. Enhanced Marketing and Tenant Retention

   Post-Rehabilitation Marketing: The impending completion of vital repairs and improvements to the property, such as the elevator, plumbing, and roof, presents an opportune moment for a reinvigorated marketing strategy. Highlighting these upgrades to prospective tenants could attract a broader range of applicants.

Tenant Retention Programs: Instituting tenant retention programs, such as referral incentives or loyalty benefits, may encourage existing residents to stay longer, reducing unit turnover and associated costs.

2. Diversification of Revenue Streams

Commercial Space Optimization: Despite the challenging commercial market, exploring innovative ways to optimize and possibly diversify the use of commercial spaces could unlock new revenue streams. For instance, considering flexible lease structures or targeting specific business niches to attract tenants. Additionally, conducting a commercial market study and/or community engagement to assess whether the current use as a theater is desirable or if reprogramming the space would be supported. Tenant Improvement funds would need to be considered for potential reprogramming.

Community Partnership Initiatives: Exploring partnerships with local businesses or community organizations to utilize or lease space within the property could create supplementary revenue channels.

3. Rent Restructuring and Income Eligibility Review

Income Eligibility Assessment: Continuously reviewing and assessing income eligibility criteria could potentially allow a slight adjustment to the AMI threshold, considering the market dynamics without compromising the property's core objectives.

Gradual Rent Adjustment: Gradually increasing rental rates in alignment with the local market's upward trajectory while ensuring affordability for tenants, possibly exploring incremental increases over time.

Current tenant rents are on average ~$300 per unit less than the current 50% AMI of $946 per unit due to post COVID market conditions. If all the units (except 10 CoC unit and 3 HCV Units) were at the 50% AMI rents the property would realize ~$300k more in annual revenue and would be able to carry the 5% tenant vacancy loss and 50% vacancy loss in the commercial revenue.

The market though currently does not support 50%AMI/ $946 SRO rents. Rather the market is at rents of /~$550 to $700 serving extremely low-income San Francisco residents at 20% to 30% AMI.

Should the Project be able to increase tenant rent of 5 SRO units (with bathrooms) per year to MOHCD 50% AMI (with HCD approval) for 5 years, the project would realize in year 5 ~$88k increase in rental revenue to offset the deficit projected of ~$175k. With 25 units serving 50% AMI, the remaining unit serve CoC and extremely low-income residents in San Francisco.

4. Revenue Maximization through Subsidy Expansion

Securing Additional Subsidies: Exploring avenues to acquire additional project-based subsidies is pivotal in achieving income targets. CCDC will position itself to secure potential applications for project-based vouchers should they become available.

At present, the HomeRise HSH contract is for 27 Chron A individuals, while the Project currently houses 10 CoC operating subsidy units. Considering this, CCDC proposes evaluating the feasibility of augmenting the CoC units with operating subsidies at the property, raising them from 10 to 27 units. This strategic move is estimated to bolster annual revenue in Year 5 by approximately $60,000 to around $110,000, accounting for the expected increase in operating expenses.

The Project has 48 SRO units with bathrooms. Therefore, there are sufficient SRO units with bathrooms to accommodate the 25 units (5 units leased/year for 5 years) at 50% AMI (if the market allows) and then increasing the CoC operating subsidies contract for 17 additional units.

If both leasing units at 50% AMI and obtaining additional CoC subsidies were successful, in year 5 the Project will be able to cover the deficit of ~$175 is currently projected in year 5 as well as the 50% vacancy loss in the commercial space.

Implementing a combination of these strategies tailored to the unique dynamics of William Penn can significantly contribute to bridging the income gap, thereby enhancing the property's financial viability and sustainability over time.

Operating Proforma		
Underwriting Standard	**Meets Standard? (Y/N)**	**Notes**
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	N/A	There is no hard debt on the property.
For TCAC projects: Vacancy rate meets TCAC Standards *For non-TCAC existing projects:* Vacancy rate is based on project's historical actuals	N	While the vacancy rate is currently at 18.61%, 5% is projected because historic actuals from 2016 to 2021 average a 3% vacancy rate, and CCDC is seeing recovery in SROs across their portfolio.
Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	Y	Income escalation factor is 2.5%
For TCAC projects: Annual Operating Expenses are increased at 3.5% per year *For non-TCAC existing projects:* Annual Operating Expense escalation is based on project's historical actuals	Y	Expenses escalation factor is 3.5%. Actuals from 2019-2023 are higher, at 9.5%, but this escalation factor is not predicted to continue.
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are $10,841 per unit See comp chart above
Property Management Fee is at allowable <u>HUD Maximum</u>	N	Below maximum. Total Property Management Fee is $45,816 or $42 PUPM
Property Management staffing level is reasonable per comparables	N	1 FTE Property Manager (PM) 0.1 FTE Assistant PM 1 FTE Front Desk Coverage 0.1 FTE Maintenance Manager 0.3 FTE Maintenance Tech 0.4 FTE Janitor
Asset Management and Partnership Management Fees meet standards	Y	There is no AM fee in the budget.. No Annual PM Fee.
For non-TCAC existing projects: Replacement Reserve Deposits meet project needs based on CNA	Y	Replacement Reserves are $500 per unit per year
Limited Partnership Asset Management Fee meets standards	N/A	

7.3. Capital Needs Assessment & Replacement Reserve Analysis.

On April 24th, 2023, BASIS Architecture & Consulting conducted a PCA for the William Penn Hotel, concluding that the property maintains fair condition with a projected additional 40 years of useful life in its present state. The comprehensive report identifies multiple Life Safety Issues, Critical Repair, and Deferred Maintenance items. The replacement reserve balance indicated in the 2023 PCA stands at $26,646.

Simultaneously, the Sponsor's immediate concerns, particularly regarding the imminent winter rains, have escalated due to the deteriorating condition of the roof. The fear of potential leaks causing interior damage and potentially expanding the rehabilitation scope has prompted urgent action. To expedite the much-needed roof replacement, the Sponsor is actively collaborating with HCD to leverage funds from the replacement reserve ($26,000) and operating reserves ($134,000). These funds will be used to cover costs associated with the roof replacement. The Sponsor will reimburse the depleted reserves using ENP NOFA funds, aligning with MOHCD recapitalization requirements.

Despite showcasing a positive replacement reserve balance of $91,000 in the proforma, the property contends with negative cash flow. This funding was vital to sustain the solvency of the replacement reserve. Nevertheless, as per the PCA, even after addressing immediate needs, an annual $45,500 replacement reserve deposit of $500/unit ($45,500) per year won't cover expenditures beyond year 1. Capital repairs projected in subsequent years will surpass available reserve funds, resulting in a negative balance by year 2 according to the proforma. This highlights the pressing need for additional funding to address imminent capital repair needs.

7.4. Income Restrictions for All Sources.

UNIT SIZE			MAXIMUM INCOME LEVEL	
NON-LOTTERY	No. of Units		MOHCD	HCD
SRO – S+C	10		50% MOHCD AMI	50% HCD AMI
SRO – SECTION 8 – TENANT BASED VOUCHER	3		50% MOHCD AMI	50 % HCD AMI
Sub-Total	**13**			
LOTTERY				
SRO	76		50% MOHCD AMI	50 % HCD AMI
1 BR	2	30	50% MOHCD AMI	50 % HCD AMI
Sub-Total	**78**			
STAFF UNITS				
X BR	**0**		-	-
TOTAL	**91**			
PROJECT AVERAGE			**50 % AMI**	**50% AMI**
AVERAGE FOR LOTTERY UNITS ONLY			**50% AMI**	**50% AMI**

7.5. MOHCD Restrictions.

Unit Size	No. of Units	Maximum Income Level
SRO	89	50% of MOHCD Median Income
1 BR	2	50% of MOHCD Median Income

Notwithstanding the income limit of 50% AMI, the maximum rent is set at 35% AMI to match the target population for this site.

8. SUPPORT SERVICES

8.1. Services Plan.

HomeRise has entered into a contractual agreement with the City of San Francisco to deliver essential support services to the long-standing residents of the William Penn, specifically 27 chronically homeless alcoholic residents (Chon-A) under the Direct Access to Housing Program (DAH). Although HomeRise directly serves these units, they offer both individual and group services to residents at the site who are interested or need services. A total of 54 residents attends at least 1 group or more a week.

A proactive Case Management Model is used to provide tailored services, aiming to enhance the self-sufficiency of our residents. The following direct services are available to the residents of the William Penn Hotel:

- Harm Reduction
- New Resident Engagement
- Case management
- Information Advocacy and Referrals
- Education Classes (e.g. basic skills, computer training, ESL)
- Health and Wellness Services and Programs
- Income Education and Employment Services
- Benefits Assistance and Advocacy; Money Management; Financial
- Community Building (e.g. Support Groups, Social Events, Organized Tenant Activities)
- Crisis and Emergency Intervention
- Housing Retention and Eviction support
- Population specific programming (Family and Youth, Seniors, TAY)

8.2. Services Budget.

The services budget for William Penn is part of a larger contract with the City and is primarily supported by grants from HSH to HomeRise. The total budget allotted to William Penn is $388,941. This budget includes program expenses such as tenant activities, office supplies, staff training, employee fringe benefits, staff salaries etc.

HomeRise staff at William Penn consists of the following positions:

Staff Position	FTE
Director of Resident Services	0.03
Program Director	0.27
Resident Services Manager	0.33
Resident Services Team Lead	1
Resident Services Counselor	1
Clinical Case Manager	0.10
Occupational Therapist	0.06
Clinical Supervision	0.11
Program Compliance and Data	0.10
Program Associate	0.05

8.3. HSH Assessment of Service Plan and Budget. HSH conducted a programmatic monitoring of the supportive housing program provided by HomeRise at the William Penn Hotel on August 8, 2023. This assessment included a review of property management files, and adherence to contractual obligations. HSH identified several areas requiring improvement, particularly in the maintenance of complete client files and the physical condition of the property. Specific findings included incomplete CoC Housing Applications and missing Housing Assistance Payment (HAP) Contracts in some files. Property condition issues, such as peeling paint, damaged tiles, and mold in common areas, were noted, requiring prompt corrective actions. Despite these issues, the review highlighted organized file management and regular case management documentation. Overall, HSH believes that HomeRise is performing its services adequately.

The goal of HSH Tenant Services grant agreement with HomeRise is to help households retain their housing or move to other appropriate housing. This grant funds support services across multiple PSH buildings and offers services for 15 PSH residents at William Penn that are referred through Coordinated Entry. Services include case management, connection to resources in the community, housing stability support, coordination with property management, wellness checks, support groups, and community building events. HSH plans to conduct a Program Monitoring Site Visit at William Penn for the support services portion of the agreement for FY 22/23 and 23/24 during FY 24/25.

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	$ 3,958,725
Loan Term:	55 years
Loan Maturity Date:	2078
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	Jul 31, 2023

9.2. Recommended Loan Conditions

Ongoing and continual general requirement to be evaluated at MOHCD AMR submittals annually.

1. **Subsidy Revenue Increase as a Mitigant:**
   - The Project Sponsor must proactively explore diverse subsidy avenues to counteract the operational deficit, with a specific focus on supporting formerly homeless adults grappling with substance use and/or mental health issues. This entails seeking potential subsidies from entities such as DPH and CoC administered through HSH.
   - This pursuit of subsidies should be continuous, with efforts and communications updated quarterly. These updates, however, are not directly linked to the AMR.
2. **Rent Burden Review and Revenue Optimization Strategy**
   - The Project Sponsor, CCDC, must review the rent burden on existing tenants and develop a strategy for revenue optimization. This strategy should include:
     - Assessing current rent levels in relation to tenant incomes.
     - Developing steps to optimize revenue while ensuring affordability, such as adjusting rents, seeking subsidies, or implementing cost-saving measures.
     - Establishing a timeline for implementation.
     - Setting up a system for ongoing monitoring and adjustment.
3. **Residential Vacancy and Marketing Challenges:**
   - The Sponsor is required to accomplish a decrease in residential vacancy rates, aiming for a threshold of 5% or lower within a span of two years.
   - Ongoing evaluation is crucial, involving annual reviews as part of the AMR submissions. The advancement in reducing vacancy rates needs to be clearly visible and measurable, starting from the 2023 reporting year AMR

(due by June 30, 2024), and consistently tracked in all subsequent AMR submissions.

4. **Impact of COVID on SRO Rental Market:**
   - The Sponsor is required to maintain quarterly meetings with the MOHCD Asset Management and Marketing teams. These meetings are essential to ensure the successful lease-up rate following capital improvements and to evaluate the effectiveness of FCFS marketing strategies.
   - Regular quarterly meetings and evaluations are essential, independent of the AMR deadline. However, their outcomes should showcase progress starting from the 2023 reporting year (due by June 30, 2024) and be included in all subsequent AMR submissions.
5. **Pursuit of Additional Funding for Rehab Scope**
   - The Sponsor must proactively pursue additional funding opportunities to address potential shortfalls in the Project scope. This includes applying for grants and subsidies such as the Affordable Housing Program (AHP) and other relevant sources. The goal is to secure sufficient funds to cover essential scope items that may otherwise need to be cut due to budget constraints.
   - This pursuit of additional funding should be continuous, with progress and communication updates provided quarterly. These updates should detail efforts made, funding applications submitted, and any funds secured, although they are not directly linked to the AMR.
6. **Commercial Space Vacancy and Marketing Challenges:**
   - Sponsor must continue to reduce or stabilize commercial space vacancy rates to 0% over a 5-year period, aligned with successful marketing strategies detailed in Section 4.
   - Evaluate progress in the 2023 reporting year AMR (due June 30, 2024), and persistently monitor all successive AMR submissions.

Required before Loan Closing

1. Sponsor must provide MOHCD with detailed monthly updates via the MOHCD Post Closing Report, including on:
   1. Community outreach completed,
   2. Progression of construction and Bids
2. Sponsor must work with MOHCD staff and Project’s General Contractor to finalize the construction scope and budget prior to loan closing, emphasizing life and safety improvements over common area improvements. Sponsor to evaluate relocation costs and re-allocate budget funds to construction scope of work, as approved by MOHCD. Should relocation cost be less than originally estimated and excess funds are available then these funds will be utilized towards alternative addition work items (electrical upgrades, community bathroom/painting) included/identified in the bid.

Required after Loan Closing

1. Sponsor to conduct and submit a CNA following the completion of the rehab scope of work including a new reserve study. The Sponsor must provide an updated proforma that reflects the Updated CNA, including any changes to projected Replacement Reserve Deposits and withdrawals as determined by the Updated CNA.
2. Sponsor to provide updated Relocation Plan to MOHCD 3 months prior to construction start date.

3. Sponsor must identify additional operating subsidy sources to address the operating deficit of the Project.

10. LOAN COMMITTEE MODIFICATIONS

[N/A or list]

LOAN COMMITTEE RECOMMENDATION

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

[ ] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

______________________________________ Date: ____________________

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

[ ] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

______________________________________ Date: ____________________

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

[ ] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

______________________________________ Date: ____________________

Thor Kaslovsky, Executive Director
Office of Community Investment and Infrastructure

[ ] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

______________________________________ Date: ____________________

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

Attachments:
A. Project Milestones/Schedule
B. Borrower Org Chart
C. Developer Resumes
D. Asset Management Analysis of Sponsor
E. Threshold Eligibility Requirements and Ranking Criteria
F. Site Map with amenities
G. Elevations and Floor Plans – **N/A**
H. Comparison of City Investment in Other Housing Developments
I. Predevelopment Budget – **N/A**
J. Development Budget
K. 1st Year Operating Budget
L. 20-year Operating Pro Forma

FW: REQUEST FOR REHAB FINANCING FOR WILLIAM PENN HOTEL

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

Fri 6/21/2024 11:59 AM

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

I vote yes for the above listed request.

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

From: Trivedi, Vishal (CON) <vishal.trivedi@sfgov.org>
Sent: Friday, June 21, 2024 11:47 AM
To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>
Cc: Adams, Dan (MYR) <Dan.Adams@sfgov.org>
Subject: RE: REQUEST FOR REHAB FINANCING FOR WILLIAM PENN HOTEL

I vote yes. Thanks!

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

FW: REQUEST FOR REHAB FINANCING FOR WILLIAM PENN HOTEL

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

Fri 6/21/2024 11:59 AM

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

I vote yes for the above listed request.

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

Request for Rehab Financing for William Penn Hotel

Slutzkin, Marc (CII) <marc.slutzkin@sfgov.org>

Fri 6/21/2024 11:49 AM

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>

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

RE: REQUEST FOR REHAB FINANCING FOR WILLIAM PENN HOTEL

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

Fri 6/21/2024 11:47 AM

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

I vote yes. Thanks!

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

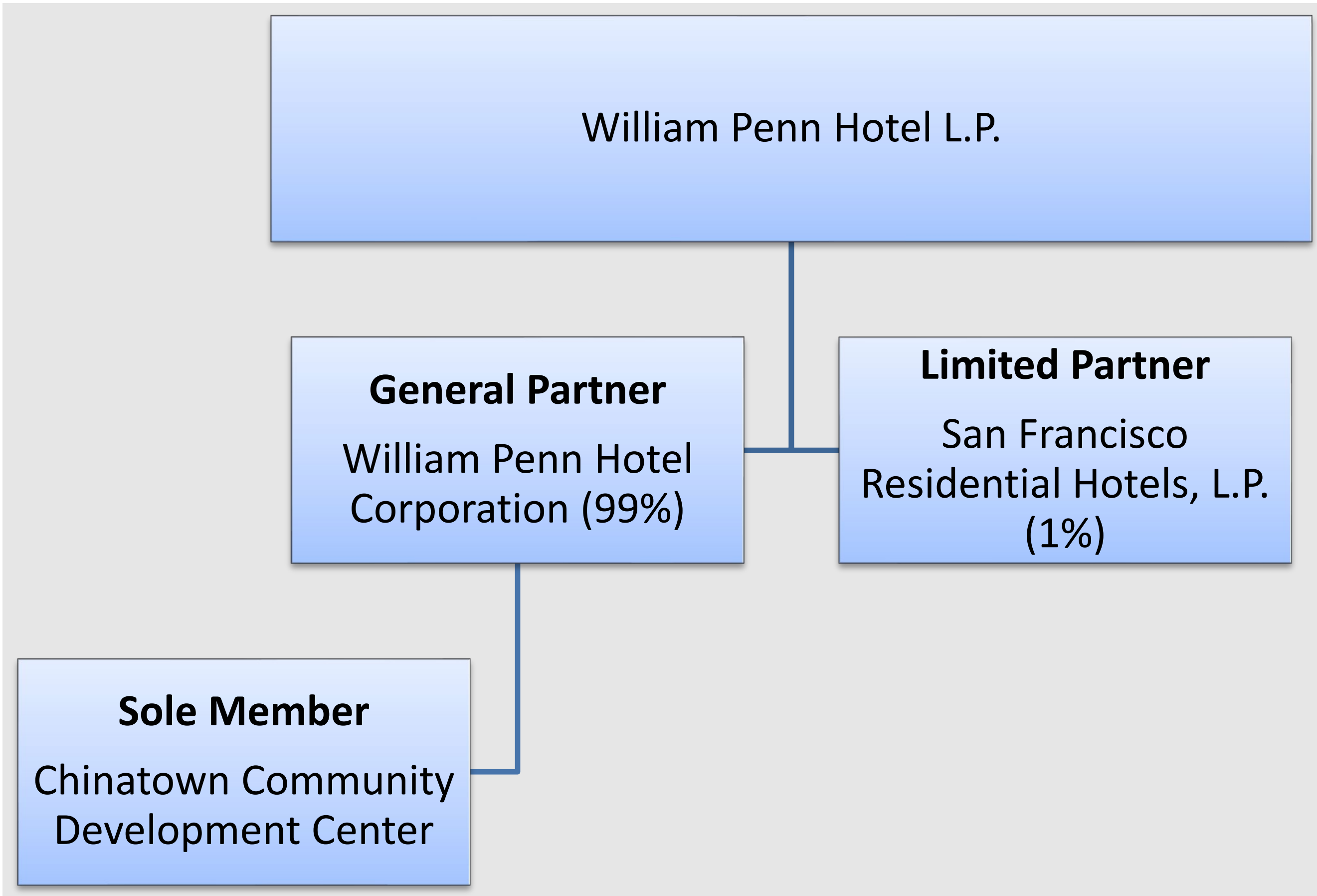
Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Notes
1.	Request for Bids Issued	9/01/23	
2.	CMD Sponsor Training	9/25/23	
3.	**Procurement**		
a.	Procurement Plan Submission to CMD	10/11/23	
b.	CMD approval of vendors for immediate repairs (roof, fire alarm, elevator) and professional services for design for Plumbing and electrical work	11/15/23	
c.	Approved immediate repair contracts (roof, fire alarm and elevator)	1/04/24- 1/10/24	
d.	CMD review of RFP for plumbing scope	4/22/24	
e.	Issuance of Plumbing RFP	4/30/24	
f.	Sponsor review of plumbing bids	5/20/24	
g.	Plumbing contractor selection	5/31/24	
h.	Notice to Proceed - Plumbing	6/21/24	
i.	Issuance of Electrical RFP	5/24/24	
j..	Sponsor review of electrical bids	6/10/24	
k.	Electrical contractor selection	6/24/24	
l.	Notice to Proceed - Electrical	7/22/24	
m.	Issuance of Community bathroom repair RFP	5/31/24	
n.	Sponsor review of community bathroom bids	6/18/24	

o.	Bathroom contractor selection	7/2/24	
p.	Notice to Proceed	7/31/24	
4.	**Design**		
a.	SF Architects to complete design for Plumbing and Electrical repairs	2/1/24- 4/19/24	
b.	Sponsor review of architectural drawings	3/15/24- 4/19/24	
c.	Review with MOHCD pricing and scope of Plumbing and Electrical repairs	5/20/24- 6/24/24	
5.	**Relocation Plan**		
a.	Assess relocation needs internally (need Plumbing and Electrical repairs to complete)	1/5/24 – 3/1/24	
b.	HCD Relocation Plan	1/5/24 – 3/15/24	
c.	HCD Relocation review & approval	4/24/24- 6/30/24	
6.	**Permits – trade permits only by vendors**	7/01/24	
7.	**ENP Closing**	6/7/24	
a.	Draft ENP Loan Docs (Loan Agreement, Prom Note, Deed of Trust, Title Policy, HCD Subordination Agreement, Sponsor Escrow Instructions)	6/7/24	
b.	HCD & Sponsor legal review of draft loan docs	7/1/24-	
c.	HCD approval of subordination agreement	6/30/24	HCD will circulate a final version once the Relo Plan is approved or Non-Relo Cert is received
b.	Conversion of Construction Loan to Permanent Financing	N/A	
9.	**Construction**		
a.	Notice to Proceed and work for Immediate repairs (roof, elevator, fire alarm)	2/14/24	
b.	Notice to Proceed and work for Plumbing/Electrical, etc. work	6/21/24;7/22 /24;7/31/24	

c.	Completion of rehab work	TBD	Depends on schedule for Plumbing/Electrical work that will come from vendors
10.	**Marketing/Rent-up**	N/A	Ongoing conversations with MOHCD regarding leasing currently vacant units
11.	**Close Out MOH/OCII Loan(s)**	TBD	Based on completion of construction

Attachment B: Borrower Org Chart



Attachment C: Development Staff Resumes

Kim Piechota, Director of Housing Development, Chinatown CDC
Kim Piechota has over 20 years of experience in affordable housing development, of which 12 are with Chinatown CDC. As Housing Director, Kim is responsible for identifying new projects, assuring their delivery, devising housing policy, assisting with asset management and strategic planning, and providing development expertise to the Program Division. She steps in to remove roadblocks and support Housing Development staff during major negotiations.

Sharon Christen, Associate Director of Housing Development, Chinatown CDC will be supporting the team and is anticipated to dedicate 10% of her time to the project. Sharon joined CCDC in August of 2023. She has worked in affordable housing in the bay area and mostly in San Francisco for the last 25 years.

Justine Lauderback, Associate Director of Asset Management
Justine Lauderback has over 25 years of experience in affordable housing non-profit finances. In her role as Associate Director of Asset Manager at Chinatown Community Development Center (CCDC), she manages portfolio risk and opportunities by monitoring & analyzing the financial and physical health of CCDC's portfolio. Previously, Justine had been the Controller at Community Housing Partnership responsible for ensuring compliance with financial &regulatory requirements, managing cash flow, financial reporting, audits, cost certs, and tax returns. Prior to that Justine was Deputy Director at Bernal Heights Neighborhood Center responsible for administration, fund development, fiscal management, asset management, human resources, and program compliance.

Angelina Perez, Assistant Project Manager, Chinatown CDC
Angelina joined Chinatown CDC in early 2022 after earning her master's degree in urban and regional planning with a concentration in affordable housing and community development from San Jose State University. Prior to joining CCDC, Angelina worked with an affordable housing consultant in San Jose. In this role, she supported the Owner on various development and project management tasks for Project Homekey sites, including permanent supportive housing project for seniors. She also has experience in affordable housing property management and other housing-related work such as accessory dwelling unit consulting. Currently, she supports the newly constructed Maceo May Apartments, a building for formerly homeless veterans and their families, and Casa Adelante 1515 South Van Ness Avenue, a family building which is in the design phase. Angelina will dedicate 25% of her time to the project.

Rick Daniel, Associate Director of Facilities, Chinatown CDC
Rick Daniel Joined CCDC in March of 2023 as the Associate Director of Facilities, he brings 25 years of Property Management experience with 17 years focused on Affordable Housing, prior to that, Rick worked at EAH Housing as the Director of Facilities, where he led the Facilities Department in California and Hawaii as well as the multi-state maintenance training for over 200+ Properties. Rick and his Facilities Team oversaw and or project-managed over 100 projects annually with projects ranging from 25K to 2M.

William Carter, Capital Improvements Project Manager, Chinatown CDC
William Carter joined Chinatown Community Development Center in August of 2023 as the Project Manager of Capital Improvements. William brings 19 years of property and project management experience managing small and large projects in both the SF Bay Area and Los Angeles primarily in the affordable Housing Market. William brings exceptional negotiation, problem-solving, and communication skills to the CCDC Team.

Attachment D: Asset Management Evaluation of Project Sponsor

Asset Management's (AM) role at CCDC is to manage portfolio risk and opportunities by monitoring & analyzing the financial and physical health of CCDC's portfolio. CCDC's AM staff currently oversee 38 properties comprised of 3,090 affordable housing units including 484 that are supportive housing. This comes to an average of 82 units per project. Over 4,700 individuals or ~ 2,500 households live in CCDC homes. 78% of the households in CCDC portfolio are extremely low income.

Sponsor's asset management staffing – job titles, FTEs, org chart and status of each

The Asset Management Department (AM) is comprised of 5.625 FTE:

- Director of Asset Management
- Associate Director of Asset Management
- Asset Manager (2.0FTE)
- Asset Management Coordinator
- Asset Management Assistant (.625 FTE)

Two positions, the Director of Asset Management and the Asset Management Coordinator are currently vacant. MOHCD has requested a plan to fill vacant positions.

Description of scope and range of duties of Sponsor's asset management team

CCDC's Asset Management Department consists of a Director, Associate Director, an Asset Manager (2.0FTE), Asset Management Coordinator and an Administrative Assistant. The Associate Director (1.0 FTE) and the Asset Managers (2.0 FTE) each oversee approximately 14 properties, or ~1,250 units. The ~1,250 units per FTE is within industry standards. This number includes properties in operations and those in the pipeline, approximately 3,750 units total.

In operation the Associate Director, and two Asset Managers:

- Evaluate/Analysis monthly financial reports.
- Participate in lender, partner, and agency inspections.
- Commission and shepherd PNAs
- Act as CCDC's liaison with lenders and partners
- Plan for funding the properties' capital needs using reserves, grant funds, and recapitalizations.
- CCDC 5YR Portfolio Plan financial and capital projections.
- Produce & analyze annual reports for REO, including contributing to and reviewing the property annual audits, tax returns, tax capital analysis and YR15 planning.

The Associate Director of Asset Management is assigned to all portfolio refinances, funding applications, and new projects. They are involved at the RFQ or acquisition phase and throughout the development process. They also review proformas, focusing on operating costs, debt service coverage ratio, and fee structure through stabilization and permanent conversion.

The Asset Management Coordinator provides administrative support for annual budget process, insurance renewal, and periodic claims, as well as cross portfolio reporting. The Asset Management Assistant organizes and produces all monthly and quarterly reporting. These two positions free up the Asset Managers, Associate Director, and Director for the higher-level activities.

Description of Sponsor's coordination between asset management and other functional teams, including property management, accounting, compliance, facilities management, etc.

AM meets monthly with the Housing Development, Property Management, and Fiscal departments to discuss cross-department topics and coordinate the organization's approach to property and portfolio issues. Even in a hybrid work environment, teams have coordinated closely through recurring interdepartmental meetings with department directors, as well as the monthly Small Sites coordination meetings with a focus on preservation projects with 25 units or fewer

Sponsor's budget for asset management team – shown as cost center for projects in SF.

CCDC maintains a separate budget for the Asset Management team.

# of projects expected to be in Sponsor's AM portfolio in 5 years and, if applicable, plans to augment staffing to manage growing portfolio

CCDC has 5 projects in development that will provide over 650 units of affordable housing in the next 3-5 years:

- 730 Stanyan with TNDC (160 units)
- Transbay Block 2 West (151 units)
- 1515 South Van Ness with MEDA (168 units)
- Pier 70 with YCD (116 units)
- 772 Pacific/New Asia (~175 units)

In the short term, to manage the workflow generated by these 5 new projects in pre-development, CCDC is planning to fill the two vacant positions. CCDC is also currently developing a 5-years Asset Management Department plan to establish the priorities and staffing to manage these 5 projects along with its current portfolio for the next 5 years. In addition, CCDC has relationships with experienced consultants who can perform discreet projects to fill in any gaps.

CCDC's detailed budget below for context:

Chinatown Community Development Center, Inc. Budgeted Statement of Revenue and Expenditures - Asset Management Department

For the Year 2023

		2023 Budget
Revenue		
	Earned Fee Revenue	$758,059
	TOTAL REVENUE	**758,059**
Expenses		
	Personnel Costs	634,393
	Other Staffing Expenses	12,011
	Subtotal personnel	**646,404**
	General & Administration	31,372
	Professional Services	14,350

Capital Expenditures	1,500
Subtotal non-personnel	**47,222**
TOTAL DIRECT EXPENSES	**693,626**
Allocated Indirect Expenses	111,005

Net Income before financial expenses	(46,572		
Financial Expenses	(9,277)		
Net Income (Deficits)		$	(55,848)

Attachment E: Threshold Eligibility Requirements and Ranking Criteria

A. THRESHOLD ELIGIBILITY REQUIREMENTS

1. The affordable housing property seeking funds must have the following characteristics.

a) It must be located in the City and County of San Francisco.
b) It must be owned and operated by a 501(c)(3) nonprofit public benefit corporation or a limited partnership or limited liability company whose managing general partner is a 501(c)(3) nonprofit public benefit corporation that is in compliance with the California Attorney General's Charitable Trust Registry.
c) It must have been previously funded by MOHCD, the Office of Community Investment and Infrastructure (OCII), or the San Francisco Redevelopment Agency (RDA), and not in default under MOHCD's agreements, including but not limited to loan agreements and/or regulatory agreements.
d) It must not have undergone a major recapitalization (greater than $75,000 per unit) in the previous 15 years.

2. The work to be performed must:

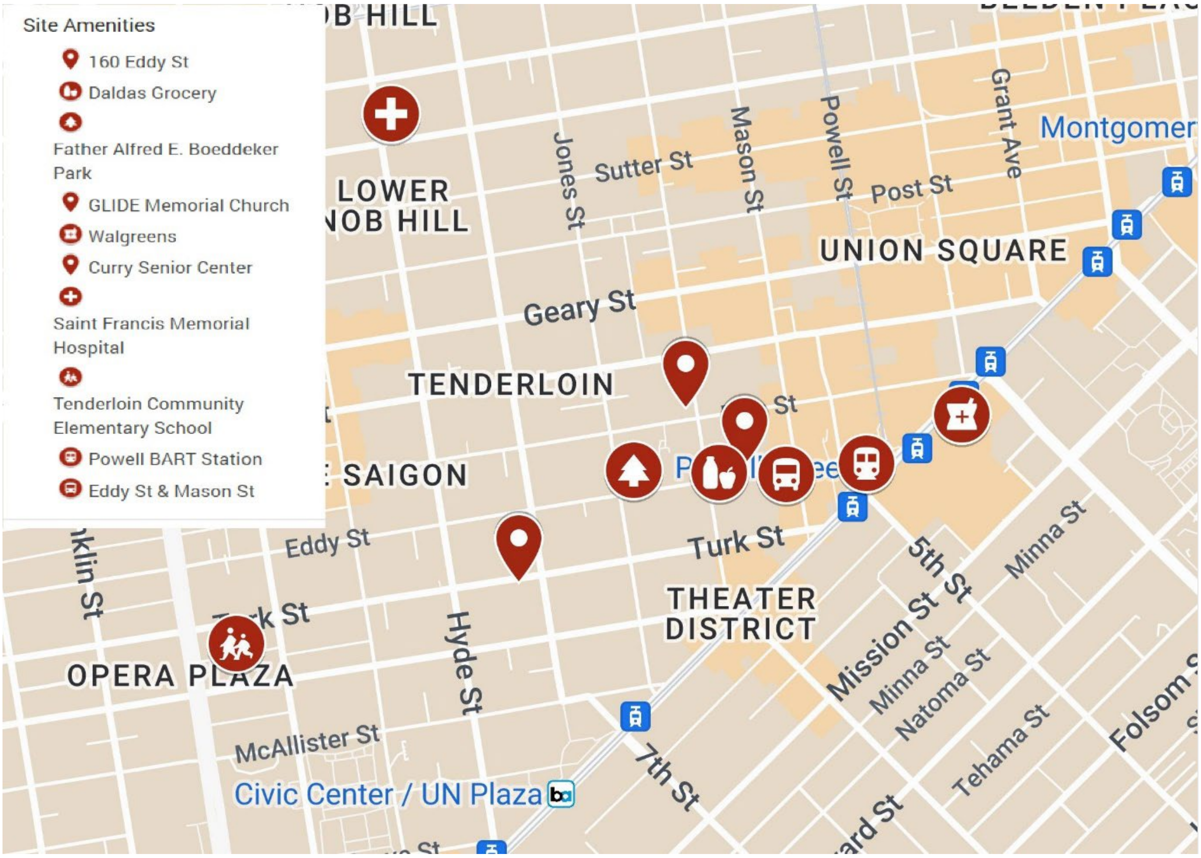
a) Address conditions that threaten the health and/or safety of a building's occupants, such as mold, water intrusion, lead and pest remediation, damaged or inadequate fire/life-safety systems or ADA-compliance.
b) Replace building components or systems that contribute to a building's inefficient use of energy or whose condition requires unreasonable and excessive maintenance and repair expenditures.

3. The need for urgent, immediate or short-term improvements must be documented.

a) It must be identified in a CNA as an immediate or short-term need for capital investment. Short-term improvements are defined as improvements that must be completed within 12 to 24 months.
b) In addition to a CNA, respondents may provide evidence of need in the form of notices of violation, failed inspection reports, and/or third party technical reports on major systems, such as roofing, elevators or HVAC.

[2023 ENP NOFA P. 7-15 to be inserted after conversion to PDF]

Attachment F: Site Map with amenities



Attachment G: Elevations and Floor Plans

N/A

Attachment H: Comparison of City Investment in Other Housing Developments

MOHCD REHABILITATION COST COMPARISON - SAN FRANCISCO

Updated 5/14/2024 — 25 Units and Larger or Scattered Sites

	Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (without Land)			Local Subsidy		Acquisition coists by Unit/Bed/SF		
	Const/unit	Const/BR	Const/ sq.ft[6]	Soft/unit	Soft/BR	Soft/ sq.ft[6]	TDC/unit	TDC/BR	TDC/ sq.ft[6]	Subsidy / unit	Leveraging [7]	Acq/unit	Acq/BR	Acq/lot sq.ft
Delta of Subject and Comparable Projects	$ (174,870)	$ (103,385)	$ (238)	$ (145,493)	$ (89,431)	$ (205)	$ (302,053)	$ (179,121)	$ (412)	$ (160,357)	46.9%	$ -	$ -	#REF!
Delta Percentage	-87%	-80%	-81%	-92%	-88%	-89%	-87%	-80%	-81%	-79%	114%	#DIV/0!	#DIV/0!	#REF!
SAMPLE PROJECT	$ 26,071	$ 26,071	$ 57	$ 12,096	$ 12,096	$ 26	$ 43,502	$ 43,502	$ 95	$ 43,502	0.0%			
Comparable Projects Average:	*$ 200,941*	*$ 129,456*	*$ 295*	*$ 157,589*	*$ 101,526*	*$ 231*	*$ 345,556*	*$ 222,623*	*$ 507*	*$ 203,859*	*41.0%*	*$ -*	*$ -*	*#REF!*

Costs lower than comparable average (within 10%)	*Costs higher than comparable average (within 10%)*

				Building Square Footage		Total Project Costs				
		# of Units	# of BR[1]	Total	Commercial	Acq. Cost[3]	Constr. Cost[4]	Soft Cost	Local Subsidy	Total Dev. Cost w/acq, wo land
ALL PROJECTS	*Average:*	*98*	*168*	*76,934*	*765*	*$ -*	*$ 26,277,065*	*$ 11,537,542*	*$ 6,607,014*	*$ 48,052,889*
Comparable Projects Completed (filtered)	*Average:*	*70*	*145*	*51,165*	*0*	*0*	*$ 21,618,009*	*$ 17,140,072*	*$ 31,377,832*	*$ 33,195,533*
Comparable Projects Under Construction (filtered)	*Average:*	*70*	*99*	*46,844*	*0*	*0*	*$ 16,182,427*	*$ 13,666,528*	*$ 8,043,149*	*$ 31,093,446*
Comparable Projects In Predevelopment (filtered)	*Average:*	*75*	*90*	*48,628*	*2,582*	*0*	*$ 5,427,060*	*$ 3,094,648*	*$ 4,434,150*	*$ 10,048,704*
Total Comparable Projects	*Average:*	*72*	*111*	*48,879*	*861*	*0*	*14,409,166*	*11,300,416*	*14,618,377*	*24,779,227*
SAMPLE POJECT	William Penn-160 Eddy	91	91	41,836	12,600	$ -	$ 2,372,459	$ 1,100,696	$ 3,958,682	$ 3,958,725
Delta of Subject and Comp Project Averages		19	-20	-7,043	11,739	$0	($12,036,707)	($10,199,720)	($10,659,695)	($20,820,502)
Delta Percentage		27%	-18%	-14%	1364%	#DIV/0!	-84%	-90%	-73%	-84%

Stories	Building Type	Notes on Financing	Level of Rehab	Comments
4	Type III	Local	Modest	The building is in ok shape and will go through modest level of capital improvement. Work scope includes: elevator modernizzation, major plumbing pipe replacement, electrical, painting, roof repair, and interior upgrade.

PROJECTS COMPLETED

Project Name	Address	Construction Contract Date	Compl. Date	Population Type	# of Units	# of BR[1]	Building Square Footage: Total	Commercial
Maria Alicia Apts	3092 16th Street	Aug-22		Family	20	157	17,857	0
Hotel Diva	440 Geary Street	Sep-21		SRO	122	122	63,224	0
SFHA Scattered Sites	200 Randolph St.,2006 Great Highway,4101 Noriega Ave., 363 Noe St. 1357 Eddy St	Feb-22	Aug-23	Family/Senior	69	156	72,415	0
Completed Projects:	*Average:*				*136*	*313*	*132408*	*0*

Project Name	Acq. Cost[3]	Constr. Cost[4]	Soft Cost[5]	Local Subsidy[6]	Total Dev. Cost w/acq (no land)	Stories	Type	Notes on Financing	Level of rehab	Comments
Maria Alicia Apts	0	$ 3,813,507			$ 3,813,507	4	Type III			
Hotel Diva	0	$ 14,525,895			$ 14,525,895					
SFHA Scattered Sites	0	$ 46,514,625	$ 17,140,072	$ 31,377,832	$ 81,247,197	2-4	Type III	RAD	Modest upgrade; no major systems	5 SFHA Scattered Sites various ages, types and size properties
Completed Projects: Average	*0*	*$ 50,629,685*	*$ 15,554,884*	*$ 10,613,459*	*$ 87,406,557*					

Comments column header: Pre-dev or gap costs/date; age of building; parking; unusual circumstances; etc

PROJECTS UNDER CONSTRUCTION

Project Name	Address	Construction Contract Date	Compl. Date	Population Type	# of Units	# of BR[1]	Building Square Footage: Total	Commercial
Throughline (3 sites)	777 Bdwy, 1204 Mason, 1525 Grant	Jun-22	Sep-23	Mixed	88	88	49,870	0
San Cristina	1000 Market Street		Aug-23	Senior	58	58	34,500	0
Mariposa Gardens	2425 Mariposa		Sep-23	Family	63	150	56,163	0
Under Construction:	*Average:*				*85*	*103*	*52,564*	*0*

Project Name	Acq. Cost[3]	Constr. Cost[4]	Soft Cost[5]	Local Subsidy[6]	Total Dev. Cost w/acq (no land)	Stories	Type	Notes on Financing	Level of rehab	Comments
Throughline (3 sites)	0	$ 22,753,459	$ 8,470,608	$ 13,519,791	$ 31,224,067	3-4	Type III			Bayside: 3+ 1- pkg; Consorcia: 4+ prtl. bsmt; Tower: 3+ prtl. bsmt (9/28/21)
San Cristina	0	$ 16,918,502	$ 18,862,448	$ 2,566,506	$ 53,180,950	4	UMB	TCAC		TCAC App 5/20/21
Mariposa Gardens	0	$			$ 8,875,320	3-4				3 bldgs; 59 pkg; Community Rm Playground
Under Construction: Average	*0*	*$ 20,962,903*	*$ 15,244,424*	*$ 4,827,703*	*$ 43,930,768*					

PROJECTS IN PREDEVELOPMENT

Project Name	Address	Start/Constr Contract Date (anticipated)	Column1	Population Type	# of Units	# of BR[1]	Building Square Footage: Total	Commercial
Dunleavy Plaza (MHDC)	36 Hoff St	Sep-23		Family	49	81	29,000	0
The Knox	241 6th Street	Oct-23		SRO	140	140	54,450	0
125 Mason	125 Mason	Sep-25		Family	81	170	129,567	0
The Dudley Apartments (Mercy)	172 6th Street	Jul-24		SRO/Mixed	75	75	44,995	3,069
The Rose (Mercy)	125 6th Street	Jul-24		SRO	76	76	39,536	2,184
Larkin Pine Senior Housng (CCDC)	1303 Larkin Street	Jul-24		SRO	63	63	31,174	-
William Penn (CCDC)	160 Eddy Street	Jul-24		SRO	91	91	41,836	12,600
Positive Match	Bernal Bundle	Jan-25		Multi-room	26	26	18,463	2,800
Hazel Betsey		Jan-25		Multi-room				
Woolsey		Jan-25		Multi-room				
In Predevelopment	*Average:*				*74*	*87*	*45,831*	*2,295*
ALL PROJECTS	*Average:*				*98*	*168*	*76,934*	

Project Name	Acq. Cost[3]	Constr. Cost[4]	Soft Cost[5]	Local Subsidy[6]	Total Dev. Cost w/acq (no land)	Stories	Type	Notes on Financing	Level of rehab	Comments
Dunleavy Plaza (MHDC)	$ -	$ 1,669,405			$ 1,669,405	4	Type III			22 parking spaces
The Knox		$ 13,226,650	$ 9,732,941	$ 8,898,810	$ 32,832,073	8	Type I			Constructed 1994 (May 2021 Eval data)
125 Mason		$ 15,309,403	$ 8,800,245	$ 5,800,000	$ 29,547,775	14	Type I			Below grade parking w 14 stalls (11,870 sf); no commercial; built 2008; priced Q1 2023.
The Dudley Apartments (Mercy)		$ 2,501,275	$ 441,000	$ 2,942,275	$ 2,942,275	6		ENP NOFA	Modest	
The Rose (Mercy)		$ 3,091,228	$ 908,772	$ 4,000,000	$ 4,000,000	4		ENP NOFA	Modest	
Larkin Pine Senior Housng (CCDC)		$ 2,348,270	$ 520,811	$ 2,869,081	$ 2,869,081	4		ENP NOFA	Modest	
William Penn (CCDC)		$ 3,531,925	$ 426,800	$ 3,958,725	$ 3,958,725	4		ENP NOFA	Modest	
Positive Match		$ 1,738,326	$ 831,968	$ 2,570,157	$ 2,570,294	3	Type III	ENP NOFA	Modest	3 bldgs; interior upgrades
Hazel Betsey										
Woolsey										
In Predevelopment Average	*$ -*	*$ 7,238,609*	*$ 3,813,319*	*$ 4,379,881*	*$ 12,821,343*					
ALL PROJECTS Average	*$ -*	*$ 26,277,065*	*$ 11,537,542*	*$ 6,607,014*	*$ 48,052,889*					

PROJECTS COMPLETED			Construction Costs			Total Dev Costs by Unit / BR / SF (with acq, without land)			Subsidy	
Project Name	Contract Date		Const/Unit	Const/BR	Const/SF	TDC/Unit	TDC/BR	TDC/sq.ft[7]	Subsidy / unit	Leveraging[7]
Hunters Point East and West	Jun-18		$ 316,820	$ 126,847	$ 261	$ 382,522	$ 153,153	$ 315	$ 3,971	99%
Westbrook Apartments	Jul-19		$ 488,822	$ 166,170	$ 467	$ 459,819	$ 156,310	$ 439	$ 74,913	84%
Ping Yuen	Mar-19		$ 327,545	$ 142,199	$ 322	$ 725,677	$ 315,044	$ 713	$ 24,733	97%
Alemany Apartments	Nov-19		$ 475,494	$ 209,777	$ 518	$ 923,908	$ 407,606	$ 1,007	$ 25,525	97%
Gran Oriente	Dec-21									82%
Park View	Jan-22		$ 231,782	$ 231,782	$ 774	$ 549,511	$ 549,511	$ 1,835	$ 96,262	
Hotel Madrid	Dec-21									
Bernal Dwellings	Oct-21		$ 290,383	$ 118,827	$ 273	$ 685,754	$ 280,616	$ 644	$ -	100%
Hayes Valley South	Dec-21		$ 445,995	$ 207,879	$ 370	$ 943,262	$ 439,656	$ 782	$ 65,526	93%
Hayes Valley North	Jul-22		$ 562,996	$ 224,131	$ 471	$ 1,157,107	$ 460,649	$ 968	$ 105,408	91%
Maria Alicia Apts	Aug-22		$ 190,675	$ 24,290	$ 214	$ 190,675	$ 24,290	$ 214	$ -	100%
Hotel Diva	Sep-21		$ 119,065	$ 119,065	$ 230	$ 119,065	$ 119,065	$ 230	$ -	100%
SFHA Scattered Sites	Feb-22		$ 674,125	$ 298,171	$ 642	$ 1,177,496	$ 520,815	$ 1,122	$ 454,751	61%
Completed Projects:	*Average:*		*$ 374,882*	*$ 169,922*	*$ 413*	*$ 664,981*	*$ 311,519*	*$ 752*	*$ 77,372*	*91%*

PROJECTS UNDER CONSTRUCTION			Construction Costs			Total Dev Costs by Unit / BR / SF (with acq, without land)			Subsidy	
Project Name	Contract Date	Completion Date (anticipated)	Const/unit	Const/BR	Const / SF	TDC / unit	TDC/BR	TDC/ sq.ft[7]	Subsidy / unit	Leveraging[7]
Throughline (3 sites)	Jun-22		$ 258,562	$ 258,562	$ 456	$ 354,819	$ 354,819	$ 626	$ 153,634	57%
Ambassador / Ritz	Jan-22		$ 220,973	$ 220,973	$ 403	$ 516,979	$ 516,979	$ 942	$ 7,659	99%
San Cristina	Jan-00		$ 291,698	$ 291,698	$ 490	$ 916,913	$ 916,913	$ 1,541	$ 44,250	95%
Mariposa Gardens	Jan-00		$ 140,878	$ 59,169	$ 158	$ 140,878	$ 59,169	$ 158	$ -	100%
Yosemite	Mar-23		$ 473,947	$ 473,947	$ 752	$ 944,230	$ 944,230	$ 1,497	$ 56,250	94%
Under Construction:	*Average:*		*$ 277,212*	*$ 260,870*	*$ 452*	*$ 574,764*	*$ 558,422*	*$ 953*	*$ 52,359*	*89%*

PROJECTS IN PREDEVELOPMENT			Construction Costs			Total Dev Costs by Unit / BR / SF (with acq, without land)			Subsidy	
Project Name	Start Date (anticipated)	Completion Date (anticipated)	Const/unit	Constr/BR	Const / SF	TDC / unit	TDC/BR	TDC/sq.ft[7]	Subsidy /unit	Leveraging[7]
Dunleavy Pl. 36 Hoff Street	Sep-23		$ 34,069	$ 20,610	$ 58	$ 34,069	$ 20,610	$ 58	$ -	100%
The Knox	Oct-23		$ 94,476	$ 94,476	$ 243	$ 234,515	$ 234,515	$ 603	$ 63,563	73%
125 Mason	Sep-25		$ 189,005	$ 90,055	$ 118	$ 364,787	$ 173,810	$ 228	$ 71,605	80%
The Dudley Apartments (Mercy)	Jul-24		$ 33,350	$ 33,350	$ 56	$ 39,230	$ 39,230	$ 65	$ 39,230	0%
The Rose (Mercy)	Jul-24		$ 40,674	$ 40,674	$ 78	$ 52,632	$ 52,632	$ 101	$ 52,632	0%
Larkin Pine Senior Housng (CCDC)	Jul-24		$ 37,274	$ 37,274	$ 75	$ 45,541	$ 45,541	$ 92	$ 45,541	0%
William Penn (CCDC)	Jan-00		$ 38,812	$ 38,812	$ 84	$ 43,502	$ 43,502	$ 95	$ 43,502	0%
El Dorado (Conard)	Jan-00		$ 350,500	$ 350,500	$ 927	$ 564,556	$ 564,556	$ 1,492	$ 64,516	89%
Positive Match (Bernal)	Jan-25									0%
Hazel Betsey (Bernal)	Jan-25		$ 66,859	$ 66,859	$ 94	$ 98,857	$ 98,857	$ 139	$ 98,852	
Woolsey (Bernal)	Jan-25									
In Predevelopment	*Average:*		*$ 98,336*	*$ 85,846*	*$ 193*	*$ 164,188*	*$ 141,473*	*$ 319*	*$ 53,271*	*38%*
All Projects:	***AVERAGE***		***$ 250,143***	***$ 172,212***	***$ 352***	***$ 467,978***	***$ 337,138***	***$ 675***	***$ 61,001***	

[0] items highlighted in yellow represent gaps in information
[1] includes studios as 1BRs
[2] *Residential sq. ft.* includes circulation, recreation, parking, office space and common areas; excludes day care centers, and commercial (non-res.)
[3] *Acquisition* includes cost of buying land/building - legal, holding, taxes, etc; does not include the purchase value; excludes demotion of existing building
[4] *Construction* includes unit construction, site preparation/demolition (if applicable), site improvements, environmental remediation and hard cost contingency for Predev & During Construction. Completed projects include used Contingency and are escalated per ENR CCI data
[5] *Soft Cost* = TDC less Acquisition and Hard Costs
[6] All non-amortized local funds
[7] *Total* square footage

Attachment I: Predevelopment Budget

N/A

Attachment J: Development Budget

Application Date:	4/28/23	**# Units:**	91
Project Name:	William Penn Hotel	***# Bedrooms:***	91
Project Address:	160 Eddy St	**# Beds:**	N/A
Project Sponsor:	Chinatown Community Development Center		

							Total Sources	**Comments**	
SOURCES	**3,958,725**	**-**	**-**	**-**	**-**	**-**	**3,958,725**	Award 3958725	
Name of Sources:	MOHCD/OCII								
USES									
ACQUISITION									
Acquisition cost or value							0		
Legal / Closing costs / Broker's Fee							0		
Holding Costs							0		
Transfer Tax							0		
TOTAL ACQUISITION	**0**	**0**	**0**	**0**	**0**	**0**	**0**		
CONSTRUCTION (HARD COSTS)									
* Unit Construction/Rehab	1,712,979						1,712,979	Reduced total by RR amount ($164k) covering roof replacementunit; reduced construction costs to balance budget after added relo costs	
* Commercial Shell Construction							0		
* Demolition							0		
Environmental Remediation							0		
* Onsight Improvements/Landscaping							0		Construction line item costs as a % of hard costs
* Offsite Improvements							0		
* 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							0		**0.0%**
Sub-total Construction Costs	*1,712,979*	*0*	*0*	*0*	*0*	*0*	*1,712,979*		
Design Contingency (remove at DD)							0	$45MM+	**0.0%**
Bid Contingency (remove at bid)	133,800						133,800	Bathroom remod prevailing wage estimate ~ 30%	**7.8%**
Plan Check Contingency (remove/reduce during Plan Review)							0	$45MM+	**0.0%**
Hard Cost Construction Contingency	277,017						277,017	5% new construction / 15% rehab	**16.2%**
Sub-total Construction Contingencies	*410,817*	*0*	*0*	*0*	*0*	*0*	*410,817*		
TOTAL CONSTRUCTION COSTS	**2,123,796**	**0**	**0**	**0**	**0**	**0**	**2,123,796**		
SOFT COSTS									
Architecture & Design									
Architect design fees	75,000						75,000	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	*75,000*	*0*	*0*	*0*	*0*	*0*	*75,000*		
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	**75,000**	**0**	**0**	**0**	**0**	**0**	**75,000**		
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	39,587						39,587		
Credit Enhance. & Appl. Fee							0		
Title & Recording							0		
Sub-total Perm. Financing Costs	*39,587*	*0*	*0*	*0*	*0*	*0*	*39,587*		
Total Financing Costs	**39,587**	**0**	**0**	**0**	**0**	**0**	**39,587**		
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							0		
* Other Legal (specify)							0		
Total Legal Costs	**5,000**	**0**	**0**	**0**	**0**	**0**	**5,000**		
Other Development Costs									
Appraisal							0		
Market Study							0		
* Insurance							0		
* Property Taxes							0		
Accounting / Audit							0		
* Organizational Costs							0		
Entitlement / Permit Fees	5,000						5,000		
* 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	895,058						895,058	Includes total direct relo costs and OPC fees for Phase I (Elevator) $533,933.11 and Phase II (Plumbing, Electrical, Bathroom Remodel) $361,124.49, plus relo contingency	
Other (specify)							0		
Other (specify)							0		Total Soft Cost Contingency as % of Total Soft Costs
Other (specify)							0		
Total Other Development Costs	**900,058**	**0**	**0**	**0**	**0**	**0**	**900,058**		
Soft Cost Contingency									
Contingency (Arch, Eng, Fin, Legal & Other Dev)	101,964	0	0	0	0	0	101,964	Should be either 10% or 5% of total soft costs.	**10.0%**
TOTAL SOFT COSTS	**1,121,609**	**0**	**0**	**0**	**0**	**0**	**1,121,609**		
RESERVES									
* Operating Reserves	230,751						230,751		
Replacement Reserves	164,000						164,000	We will use ENP loan funds to reimburse the WP reserves ($164k) which was used to fund the roof repair work ($172k) before the ENP loan closes.	
* Tenant Improvements Reserves							0	161	
* Other (specify)							0	161	
* Other (specify)							0		
* Other (specify)							0		
TOTAL RESERVES	**394,751**	**0**	**0**	**0**	**0**	**0**	**394,751**		
DEVELOPER COSTS									
Developer Fee - Cash-out Paid at Milestones							0		
Developer Fee - Cash-out At Risk	318,569						318,569	MOHCD approved ENP NOFA dev fee of MAX 15% of total construction costs.	
Commercial Developer Fee							0	0.106564993	
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	**318,569**	**0**	**0**	**0**	**0**	**0**	**318,569**		
TOTAL DEVELOPMENT COST	**3,958,725**	**0**	**0**	**0**	**0**	**0**	**3,958,725**		
Development Cost/Unit by Source	43,502	0	0	0	0	0	43,502		
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	0	0	0	0	0	0	0		
Construction Cost (inc Const Contingency)/Unit By Source	23,338	0	0	0	0	0	23,338		
Construction Cost (inc Const Contingency)/SF	50.76	0.00	0.00	0.00	0.00	0.00	50.76		
**Possible non-eligible GO Bond/COP Amount:*	*2,838,787*								
City Subsidy/Unit	43,502								
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								

Attachment K: 1st Year Operating Budget

Application Date:	**4/28/2023**	**Project Name:**	**William Penn Hotel**
Total # Units:	**91**	**Project Address:**	**160 Eddy St**
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations)**:**	**2023**	**Project Sponsor:**	**Chinatown Community Development Center**

INCOME	**Total**	**Comments**
Residential - Tenant Rents	599,580	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (SOS Payments)	0	
Residential - Tenant Assistance Payments (Other Non-LOSP)	215,772	Links from 'Existing Proj - Rent Info' Worksheet
Residential - LOSP Tenant Assistance Payments	0	
Commercial Space	104,190	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	1,798	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	1,800	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	6,796	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	**929,936**	
Vacancy Loss - Residential - Tenant Rents	(29,979)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(10,789)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	(52,095)	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
EFFECTIVE GROSS INCOME	**837,073**	***PUPA: 9,199***

OPERATING EXPENSES

Management		
Management Fee	45,816	1st Year to be set according to HUD schedule.
Asset Management Fee	0	
Sub-total Management Expenses	**45,816**	***PUPA: 503***
Salaries/Benefits		
Office Salaries	0	Links from 'Staffing' Worksheet
Manager's Salary	71,696	Links from 'Staffing' Worksheet
Health Insurance and Other Benefits	30,764	
Other Salaries/Benefits	4,395	
Administrative Rent-Free Unit	0	
Sub-total Salaries/Benefits	**106,855**	***PUPA: 1,174***
Administration		
Advertising and Marketing	1,020	
Office Expenses	12,009	GL6311 6355 6360
Office Rent		
Legal Expense - Property	7,200	
Audit Expense	11,083	
Bookkeeping/Accounting Services	10,374	
Bad Debts	7,500	
Miscellaneous	9,774	
Sub-total Administration Expenses	**58,960**	***PUPA: 648***
Utilities		
Electricity	35,307	
Water	36,768	
Gas	15,925	
Sewer	35,020	
Sub-total Utilities	**123,020**	***PUPA: 1,352***
Taxes and Licenses		
Real Estate Taxes	6,140	
Payroll Taxes	11,207	
Miscellaneous Taxes, Licenses and Permits	4,614	
Sub-total Taxes and Licenses	**21,961**	***PUPA: 241***
Insurance		
Property and Liability Insurance	65,937	
Fidelity Bond Insurance		
Worker's Compensation	2,461	
Director's & Officers' Liability Insurance		
Sub-total Insurance	**68,398**	***PUPA: 752***
Maintenance & Repair		
Payroll	34,475	Links from 'Staffing' Worksheet
Supplies	20,226	
Contracts	366,546	
Garbage and Trash Removal	29,208	
Security Payroll/Contract	40,323	Links from 'Staffing' Worksheet
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses		
Sub-total Maintenance & Repair Expenses	**490,778**	***PUPA: 5,393***
Supportive Services	0	Links from 'Staffing' Worksheet
Commercial Expenses	7,214	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
TOTAL OPERATING EXPENSES	***923,002***	***PUPA: 10,143***

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	0	Provide additional comments here, if needed.
Bond Monitoring Fee		
Replacement Reserve Deposit	45,000	$500 per unit
Operating Reserve Deposit		
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	**45,000**	***PUPA: 495***
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond	**968,002**	***PUPA: 10,637***
NET OPERATING INCOME (INCOME minus OP EXPENSES)	**(130,929)**	***-PUPA: 1,439***

Min DSCR:	1.09
Mortgage Rate:	5.00%
Term (Years):	30
Supportable 1st Mortgage Pmt:	(120,118)
Supportable 1st Mortgage Amt:	($1,864,650)
Proposed 1st Mortgage Amt:	$2,783,001

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)	**(130,929)**	
Commercial Only Cash Flow	51,677	
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)		
AVAILABLE CASH FLOW	**(130,929)**	

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	**(130,929)**		

Residual Receipts Calculation

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

Soft Debt Lenders with Residual Receipts Obligations	*(Select lender name/program from drop down)*	**Total Principal Amt**	**Distrib. of Soft Debt Loans**
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	$1,257,481	31.12%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value		0.00%
HCD (soft debt loan) - Lender 3	HCD - CHRP Loan	$2,783,001	68.88%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
MOHCD Residual Receipts Amount Due	0	0% of residual receipts, multiplied by 31.12% -- 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	0	MOHCD res rects to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT	**0**	

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	0	0% of residual receipts, multiplied by 68.88% -- HCD - CHRP Loan's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	**0**	
REMAINDER (Should be zero unless there are distributions below)	**0**	
Owner Distributions/Incentive Management Fee	0	
Other Distributions/Uses	0	
Final Balance (should be zero)	**0**	

Attachment L: 20-year Operating Proforma

William Penn Hotel

Total # Units: 91

INCOME	% annual increase	Comments (related to annual inc assumptions)	Year 1 2023 Total	Year 2 2024 Total	Year 3 2025 Total	Year 4 2026 Total	Year 5 2027 Total	Year 6 2028 Total	Year 7 2029 Total	Year 8 2030 Total	Year 9 2031 Total	Year 10 2032 Total
Residential - Tenant Rents	2.5%		599,580	614,570	629,934	645,682	661,824	678,370	695,329	712,712	730,530	748,793
Residential - SOS Payments	4.0%		-	-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	2.0%		215,772	221,166	230,013	239,213	248,782	258,733	269,083	279,846	291,040	302,681
Residential - LOSP Tenant Assistance Payments	n/a		-	-	-	-	-	-	-	-	-	-
Commercial Space	0.0%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	104,190	105,754	107,365	109,024	110,734	112,494	114,308	116,175	118,099	120,081
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		-	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%		-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		1,798	1,843	1,889	1,936	1,985	2,034	2,085	2,137	2,191	2,246
Tenant Charges	2.5%		1,800	1,845	1,891	1,938	1,987	2,037	2,087	2,140	2,193	2,248
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	1.0%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	6,796	6,864	6,933	7,002	7,072	7,143	7,214	7,286	7,359	7,433
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable	-									
Gross Potential Income			**929,936**	**952,042**	**978,025**	**1,004,797**	**1,032,384**	**1,060,811**	**1,090,106**	**1,120,297**	**1,151,412**	**1,183,482**
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(29,979)	(30,728)	(31,497)	(32,284)	(33,091)	(33,918)	(34,766)	(35,636)	(36,527)	(37,440)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(10,789)	(11,058)	(11,501)	(11,961)	(12,439)	(12,937)	(13,454)	(13,992)	(14,552)	(15,134)
Vacancy Loss - Commercial	n/a		(52,095)	(52,877)	(53,682)	(54,512)	(55,367)	(56,247)	(57,154)	(58,088)	(59,050)	(60,040)
EFFECTIVE GROSS INCOME			**837,073**	**857,378**	**881,345**	**906,040**	**931,486**	**957,709**	**984,732**	**1,012,581**	**1,041,284**	**1,070,868**
OPERATING EXPENSES												
Management												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	45,816	47,420	49,079	50,797	52,575	54,415	56,320	58,291	60,331	62,443
Asset Management Fee	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Sub-total Management Expenses			**45,816**	**47,420**	**49,079**	**50,797**	**52,575**	**54,415**	**56,320**	**58,291**	**60,331**	**62,443**
Salaries/Benefits												
Office Salaries	3.5%		-	-	-	-	-	-	-	-	-	-
Manager's Salary	3.5%		71,696	74,205	76,803	79,491	82,273	85,152	88,133	91,217	94,410	97,714
Health Insurance and Other Benefits	3.5%		30,764	31,841	32,955	34,108	35,302	36,538	37,817	39,140	40,510	41,928
Other Salaries/Benefits	3.5%		4,395	4,549	4,708	4,873	5,043	5,220	5,402	5,591	5,787	5,990
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			**106,855**	**110,595**	**114,465**	**118,472**	**122,618**	**126,910**	**131,352**	**135,949**	**140,707**	**145,632**
Administration												
Advertising and Marketing	3.5%		1,020	1,056	1,093	1,131	1,170	1,211	1,254	1,298	1,343	1,390
Office Expenses	3.5%		12,009	12,429	12,864	13,315	13,781	14,263	14,762	15,279	15,814	16,367
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		7,200	7,452	7,713	7,983	8,262	8,551	8,851	9,160	9,481	9,813
Audit Expense	3.5%		11,083	11,471	11,872	12,288	12,718	13,163	13,624	14,100	14,594	15,105
Bookkeeping/Accounting Services	3.5%		10,374	10,737	11,113	11,502	11,904	12,321	12,752	13,199	13,661	14,139
Bad Debts	3.5%		7,500	7,763	8,034	8,315	8,606	8,908	9,219	9,542	9,876	10,222
Miscellaneous	3.5%		9,774	10,116	10,471	10,837	11,216	11,609	12,015	12,436	12,871	13,321
Sub-total Administration Expenses			**58,960**	**61,024**	**63,160**	**65,370**	**67,658**	**70,026**	**72,477**	**75,014**	**77,639**	**80,357**
Utilities												
Electricity	3.5%		35,307	36,543	37,822	39,146	40,516	41,934	43,401	44,920	46,493	48,120
Water	3.5%		36,768	38,055	39,387	40,765	42,192	43,669	45,197	46,779	48,416	50,111
Gas	3.5%		15,925	16,482	17,059	17,656	18,274	18,914	19,576	20,261	20,970	21,704
Sewer	3.5%		35,020	36,246	37,514	38,827	40,186	41,593	43,049	44,555	46,115	47,729
Sub-total Utilities			**123,020**	**127,326**	**131,782**	**136,394**	**141,168**	**146,109**	**151,223**	**156,516**	**161,994**	**167,664**
Taxes and Licenses												
Real Estate Taxes	3.5%		6,140	6,355	6,577	6,808	7,046	7,292	7,548	7,812	8,085	8,368
Payroll Taxes	3.5%		11,207	11,599	12,005	12,425	12,860	13,310	13,776	14,258	14,757	15,274
Miscellaneous Taxes, Licenses and Permits	3.5%		4,614	4,775	4,943	5,116	5,295	5,480	5,672	5,870	6,076	6,288
Sub-total Taxes and Licenses			**21,961**	**22,729**	**23,525**	**24,348**	**25,201**	**26,083**	**26,995**	**27,940**	**28,918**	**29,930**
Insurance												
Property and Liability Insurance	3.5%		65,937	68,245	70,633	73,106	75,664	78,312	81,053	83,890	86,826	89,865
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		2,461	2,547	2,636	2,729	2,824	2,923	3,025	3,131	3,241	3,354
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			**68,398**	**70,792**	**73,270**	**75,834**	**78,488**	**81,235**	**84,079**	**87,021**	**90,067**	**93,220**
Maintenance & Repair												
Payroll	3.5%		34,475	35,682	36,930	38,223	39,561	40,945	42,379	43,862	45,397	46,986
Supplies	3.5%		20,226	20,934	21,667	22,425	23,210	24,022	24,863	25,733	26,634	27,566
Contracts	3.5%		366,546	379,376	392,654	406,397	420,620	435,342	450,579	466,349	482,672	499,565
Garbage and Trash Removal	3.5%		29,208	30,230	31,288	32,383	33,517	34,690	35,904	37,161	38,461	39,808
Security Payroll/Contract	3.5%		40,323	41,734	43,195	44,707	46,272	47,891	49,567	51,302	53,098	54,956
HVAC Repairs and Maintenance	3.5%		-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Maintenance & Repair Expenses			**490,778**	**507,956**	**525,734**	**544,135**	**563,180**	**582,891**	**603,292**	**624,407**	**646,261**	**668,881**
Supportive Services	3.5%		-	-	-	-	-	-	-	-	-	-
Commercial Expenses		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	7,683	8,182	8,714	9,281	9,884	10,526	11,211	11,939	12,715
TOTAL OPERATING EXPENSES			***923,002***	**955,524**	**989,197**	**1,024,065**	**1,060,169**	**1,097,553**	**1,136,264**	**1,176,349**	**1,217,857**	**1,260,840**
PUPA (w/o Reserves/GL Base Rent/Bond Fees)			***10,143***									
Reserves/Ground Lease Base Rent/Bond Fees			*Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across mult*									
Ground Lease Base Rent			-	-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit			45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			**968,002**	**1,000,524**	**1,034,197**	**1,069,065**	**1,105,169**	**1,142,553**	**1,181,264**	**1,221,349**	**1,262,857**	**1,305,840**
PUPA (w/ Reserves/GL Base Rent/Bond Fees)			***10,637***									
NET OPERATING INCOME (INCOME minus OP EXPENSES)			**(130,929)**	**(143,146)**	**(152,853)**	**(163,025)**	**(173,682)**	**(184,844)**	**(196,532)**	**(208,767)**	**(221,573)**	**(234,973)**
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)			*Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across mult*									
Hard Debt - First Lender		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
CASH FLOW (NOI minus DEBT SERVICE)			**(130,929)**	**(143,146)**	**(152,853)**	**(163,025)**	**(173,682)**	**(184,844)**	**(196,532)**	**(208,767)**	**(221,573)**	**(234,973)**
USES OF CASH FLOW BELOW (This row also shows DSCR.)		***DSCR:***										
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL			*Note: Hidden columns are in between total columns. To update/delete values in yellow cells, manipulate each cell rather than dragging across mult*									
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy	-									
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	-									
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase	-									
Other Payments			-									
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.	-									
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.	-									
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			-									
TOTAL PAYMENTS PRECEDING MOHCD			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			**(130,929)**	**(143,146)**	**(152,853)**	**(163,025)**	**(173,682)**	**(184,844)**	**(196,532)**	**(208,767)**	**(221,573)**	**(234,973)**
Does Project have a MOHCD Residual Receipt Obligation?	***No***											
Will Project Defer Developer Fee?	***No***											
Residual Receipts split for all years. - Lender/Owner	*0% / 100%*											
	Dist. Soft Debt Loans		-	-	-	-	-	-	-	-	-	-
MOHCD RESIDUAL RECEIPTS DEBT SERVICE												
MOHCD Residual Receipts Amount Due	*31.12%*	Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Loan Repayment			-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		Proposed Total MOHCD Amt Due less Loan Repayment	-	-	-	-	-	-	-	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE												
HCD Residual Receipts Amount Due	*68.88%*	Allocation per pro rata share of all soft debt	-	-	-	-	-	-	-	-	-	-
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)			-	-	-	-	-	-	-	-	-	-
Owner Distributions/Incentive Management Fee			-	-	-	-	-	-	-	-	-	-
Other Distributions/Uses			-									
Final Balance (should be zero)			-	-	-	-	-	-	-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE												
Replacement Reserve Starting Balance		from tab 4b - capitalized RR	**164,000**	164,000	(192,010)	(273,123)	(355,047)	(448,094)	(531,665)	(642,877)	(651,316)	(767,590)
Replacement Reserve Deposits			45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Replacement Reserve Withdrawals (ideally tied to CNA)			**45,000**	401,010	126,113	126,924	138,046	128,571	156,213	53,439	161,273	86,094
Replacement Reserve Interest												
RR Running Balance			**164,000**	**(192,010)**	**(273,123)**	**(355,047)**	**(448,094)**	**(531,665)**	**(642,877)**	**(651,316)**	**(767,590)**	**(808,684)**
		RR Balance/Unit	*$1,802*	*($2,110)*	*($3,001)*	*($3,902)*	*($4,924)*	*($5,842)*	*($7,065)*	*($7,157)*	*($8,435)*	*($8,887)*
OPERATING RESERVE - RUNNING BALANCE												
Operating Reserve Starting Balance		from tab 4b - capitalized OR	**230,751**	99,822	20,913	20,913	20,913	20,913	20,913	20,913	20,913	20,913
Operating Reserve Deposits			-	-	-	-	-	-	-	-	-	-
Operating Reserve Withdrawals			**130,929**	**78,909**								
Operating Reserve Interest												
OR Running Balance			**99,822**	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**
		OR Balance as a % of Prior Yr Op Exps + Debt Service		*2.2%*	*2.1%*	*2.0%*	*2.0%*	*1.9%*	*1.8%*	*1.8%*	*1.7%*	*1.7%*
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE												
Other Reserve 1 Starting Balance				-	-	-	-	-	-	-	-	-
Other Reserve 1 Deposits			-	-	-	-	-	-	-	-	-	-
Other Reserve 1 Withdrawals			-									
Other Reserve 1 Interest												
Other Required Reserve 1 Running Balance			-	-	-	-	-	-	-	-	-	-
OTHER RESERVE 2 - RUNNING BALANCE												
Other Reserve 2 Starting Balance				-	-	-	-	-	-	-	-	-
Other Reserve 2 Deposits			-	-	-	-	-	-	-	-	-	-
Other Reserve 2 Withdrawals												
Other Reserve 2 Interest												
Other Required Reserve 2 Running Balance			-	-	-	-	-	-	-	-	-	-

William Penn Hotel

Total # Units: *91*

	% annual increase	Comments (related to annual inc assumptions)	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
			2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
INCOME			Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Residential - Tenant Rents	2.5%		767,513	786,701	806,368	826,528	847,191	868,371	890,080	912,332	935,140	958,519
Residential - SOS Payments	4.0%		-	-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	2.0%		314,789	327,380	340,475	354,094	368,258	382,988	398,308	414,240	430,810	448,042
Residential - LOSP Tenant Assistance Payments	n/a		-	-	-	-	-	-	-	-	-	-
Commercial Space	0.0%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	122,122	124,224	126,389	128,619	130,916	133,282	135,719	138,230	140,815	143,478
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		-	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%		-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		2,302	2,359	2,418	2,479	2,541	2,604	2,669	2,736	2,805	2,875
Tenant Charges	2.5%		2,304	2,362	2,421	2,481	2,543	2,607	2,672	2,739	2,807	2,878
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	1.0%	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	7,507	7,582	7,658	7,734	7,812	7,890	7,969	8,049	8,129	8,210
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable										
Gross Potential Income			**1,216,536**	**1,250,608**	**1,285,730**	**1,321,936**	**1,359,261**	**1,397,743**	**1,437,418**	**1,478,325**	**1,520,506**	**1,564,002**
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(38,376)	(39,335)	(40,318)	(41,326)	(42,360)	(43,419)	(44,504)	(45,617)	(46,757)	(47,926)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(15,739)	(16,369)	(17,024)	(17,705)	(18,413)	(19,149)	(19,915)	(20,712)	(21,540)	(22,402)
Vacancy Loss - Commercial	n/a		(61,061)	(62,112)	(63,195)	(64,310)	(65,458)	(66,641)	(67,860)	(69,115)	(70,408)	(71,739)
EFFECTIVE GROSS INCOME			**1,101,360**	**1,132,792**	**1,165,193**	**1,198,595**	**1,233,031**	**1,268,534**	**1,305,139**	**1,342,882**	**1,381,801**	**1,421,934**
OPERATING EXPENSES												
Management												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	64,628	66,890	69,231	71,654	74,162	76,758	79,444	82,225	85,103	88,081
Asset Management Fee	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Sub-total Management Expenses			**64,628**	**66,890**	**69,231**	**71,654**	**74,162**	**76,758**	**79,444**	**82,225**	**85,103**	**88,081**
Salaries/Benefits												
Office Salaries	3.5%		-	-	-	-	-	-	-	-	-	-
Manager's Salary	3.5%		101,134	104,674	108,338	112,129	116,054	120,116	124,320	128,671	133,175	137,836
Health Insurance and Other Benefits	3.5%		43,395	44,914	46,486	48,113	49,797	51,540	53,344	55,211	57,143	59,143
Other Salaries/Benefits	3.5%		6,199	6,416	6,641	6,873	7,114	7,363	7,621	7,887	8,163	8,449
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits			**150,729**	**156,004**	**161,465**	**167,116**	**172,965**	**179,019**	**185,284**	**191,769**	**198,481**	**205,428**
Administration												
Advertising and Marketing	3.5%		1,439	1,489	1,541	1,595	1,651	1,709	1,769	1,831	1,895	1,961
Office Expenses	3.5%		16,940	17,533	18,146	18,782	19,439	20,119	20,823	21,552	22,307	23,087
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		10,156	10,512	10,880	11,260	11,655	12,063	12,485	12,922	13,374	13,842
Audit Expense	3.5%		15,633	16,181	16,747	17,333	17,940	18,568	19,217	19,890	20,586	21,307
Bookkeeping/Accounting Services	3.5%		14,634	15,146	15,676	16,224	16,792	17,380	17,988	18,618	19,270	19,944
Bad Debts	3.5%		10,579	10,950	11,333	11,730	12,140	12,565	13,005	13,460	13,931	14,419
Miscellaneous	3.5%		13,788	14,270	14,770	15,287	15,822	16,375	16,949	17,542	18,156	18,791
Sub-total Administration Expenses			**83,169**	**86,080**	**89,093**	**92,211**	**95,438**	**98,779**	**102,236**	**105,814**	**109,518**	**113,351**
Utilities												
Electricity	3.5%		49,804	51,547	53,351	55,219	57,151	59,152	61,222	63,365	65,582	67,878
Water	3.5%		51,865	53,680	55,559	57,504	59,516	61,599	63,755	65,987	68,296	70,687
Gas	3.5%		22,464	23,250	24,064	24,906	25,778	26,680	27,614	28,580	29,581	30,616
Sewer	3.5%		49,399	51,128	52,918	54,770	56,687	58,671	60,724	62,850	65,049	67,326
Sub-total Utilities			**173,532**	**179,605**	**185,892**	**192,398**	**199,132**	**206,101**	**213,315**	**220,781**	**228,508**	**236,506**
Taxes and Licenses												
Real Estate Taxes	3.5%		8,661	8,964	9,278	9,603	9,939	10,287	10,647	11,019	11,405	11,804
Payroll Taxes	3.5%		15,808	16,362	16,934	17,527	18,140	18,775	19,432	20,113	20,817	21,545
Miscellaneous Taxes, Licenses and Permits	3.5%		6,509	6,736	6,972	7,216	7,469	7,730	8,001	8,281	8,570	8,870
Sub-total Taxes and Licenses			**30,978**	**32,062**	**33,184**	**34,346**	**35,548**	**36,792**	**38,080**	**39,413**	**40,792**	**42,220**
Insurance												
Property and Liability Insurance	3.5%		93,011	96,266	99,635	103,123	106,732	110,467	114,334	118,336	122,477	126,764
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		3,472	3,593	3,719	3,849	3,984	4,123	4,268	4,417	4,571	4,731
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Insurance			**96,482**	**99,859**	**103,354**	**106,972**	**110,716**	**114,591**	**118,601**	**122,752**	**127,049**	**131,495**
Maintenance & Repair												
Payroll	3.5%		48,630	50,332	52,094	53,917	55,804	57,758	59,779	61,871	64,037	66,278
Supplies	3.5%		28,531	29,529	30,563	31,633	32,740	33,886	35,072	36,299	37,570	38,885
Contracts	3.5%		517,050	535,147	553,877	573,262	593,327	614,093	635,586	657,832	680,856	704,686
Garbage and Trash Removal	3.5%		41,201	42,643	44,135	45,680	47,279	48,934	50,646	52,419	54,254	56,152
Security Payroll/Contract	3.5%		56,880	58,870	60,931	63,063	65,271	67,555	69,920	72,367	74,900	77,521
HVAC Repairs and Maintenance	3.5%		-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%		-	-	-	-	-	-	-	-	-	-
Sub-total Maintenance & Repair Expenses			**692,291**	**716,522**	**741,600**	**767,556**	**794,420**	**822,225**	**851,003**	**880,788**	**911,616**	**943,522**
Supportive Services	3.5%		-	-	-	-	-	-	-	-	-	-
Commercial Expenses		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	13,542	14,422	15,359	16,358	17,421	18,553	19,759	21,044	22,412	23,868
TOTAL OPERATING EXPENSES			**1,305,351**	**1,351,445**	**1,399,178**	**1,448,610**	**1,499,802**	**1,552,818**	**1,607,723**	**1,664,586**	**1,723,478**	**1,784,472**
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Reserves/Ground Lease Base Rent/Bond Fees			*iple cells.*									
Ground Lease Base Rent			-	-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit			45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			**1,350,351**	**1,396,445**	**1,444,178**	**1,493,610**	**1,544,802**	**1,597,818**	**1,652,723**	**1,709,586**	**1,768,478**	**1,829,472**
PUPA (w/ Reserves/GL Base Rent/Bond Fees)												
NET OPERATING INCOME (INCOME minus OP EXPENSES)			**(248,991)**	**(263,653)**	**(278,985)**	**(295,015)**	**(311,771)**	**(329,284)**	**(347,585)**	**(366,704)**	**(386,677)**	**(407,538)**
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)			*iple cells.*									
Hard Debt - First Lender		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			-	-	-	-	-	-	-	-	-	-
CASH FLOW (NOI minus DEBT SERVICE)			**(248,991)**	**(263,653)**	**(278,985)**	**(295,015)**	**(311,771)**	**(329,284)**	**(347,585)**	**(366,704)**	**(386,677)**	**(407,538)**
USES OF CASH FLOW BELOW (This row also shows DSCR.)		***DSCR:***										
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL			*iple cells.*									
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy										
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy										
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase										
Other Payments												
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.										
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.										
Deferred Developer Fee (Enter amt <= Max Fee from row 131)												
TOTAL PAYMENTS PRECEDING MOHCD			-	-	-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			**(248,991)**	**(263,653)**	**(278,985)**	**(295,015)**	**(311,771)**	**(329,284)**	**(347,585)**	**(366,704)**	**(386,677)**	**(407,538)**
Does Project have a MOHCD Residual Receipt Obligation?	***No***											
Will Project Defer Developer Fee?	***No***											
Residual Receipts split for all years. - Lender/Owner	*0% / 100%*											
	Dist. Soft Debt Loans		-	-	-	-	-					
MOHCD RESIDUAL RECEIPTS DEBT SERVICE												
MOHCD Residual Receipts Amount Due	*31.12%*	Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Loan Repayment			-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		Proposed Total MOHCD Amt Due less Loan Repayment	-	-	-	-	-	-	-	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE												
HCD Residual Receipts Amount Due	*68.88%*	Allocation per pro rata share of all soft debt	-	-	-	-	-	-	-	-	-	-
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)			-	-	-	-	-	-	-	-	-	-
Owner Distributions/Incentive Management Fee			-	-	-	-	-	-	-	-	-	-
Other Distributions/Uses												
Final Balance (should be zero)			-	-	-	-	-	-	-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE												
Replacement Reserve Starting Balance		from tab 4b - capitalized RR	**(808,684)**	**(876,219)**	**(1,190,358)**	**(1,293,779)**	**(1,398,234)**	**(1,515,114)**	**(1,662,647)**	**(1,928,443)**	**(2,039,373)**	**(2,151,412)**
Replacement Reserve Deposits			**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**
Replacement Reserve Withdrawals (ideally tied to CNA)			**112,535**	**359,139**	**148,421**	**149,455**	**161,880**	**192,533**	**310,796**	**155,930**	**157,039**	**158,160**
Replacement Reserve Interest												
RR Running Balance			**(876,219)**	**(1,190,358)**	**(1,293,779)**	**(1,398,234)**	**(1,515,114)**	**(1,662,647)**	**(1,928,443)**	**(2,039,373)**	**(2,151,412)**	**(2,264,572)**
		RR Balance/Unit	*($9,629)*	*($13,081)*	*($14,217)*	*($15,365)*	*($16,650)*	*($18,271)*	*($21,192)*	*($22,411)*	*($23,642)*	*($24,885)*
OPERATING RESERVE - RUNNING BALANCE												
Operating Reserve Starting Balance		from tab 4b - capitalized OR	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**
Operating Reserve Deposits			-	-	-	-	-	-	-	-	-	-
Operating Reserve Withdrawals												
Operating Reserve Interest												
OR Running Balance			**20,913**	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**	**20,913**
		OR Balance as a % of Prior Yr Op Exps + Debt Service	*1.6%*	*1.5%*	*1.5%*	*1.4%*	*1.4%*	*1.4%*	*1.3%*	*1.3%*	*1.2%*	*1.2%*
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE												
Other Reserve 1 Starting Balance			-	-	-	-	-	-	-	-	-	-
Other Reserve 1 Deposits			-	-	-	-	-	-	-	-	-	-
Other Reserve 1 Withdrawals												
Other Reserve 1 Interest												
Other Required Reserve 1 Running Balance			-	-	-	-	-	-	-	-	-	-
OTHER RESERVE 2 - RUNNING BALANCE												
Other Reserve 2 Starting Balance			-	-	-	-	-	-	-	-	-	-
Other Reserve 2 Deposits			-	-	-	-	-	-	-	-	-	-
Other Reserve 2 Withdrawals												
Other Reserve 2 Interest												
Other Required Reserve 2 Running Balance			-	-	-	-	-	-	-	-	-	-