

**City & County of San Francisco**

**Senior Operating Subsidy (SOS)  
Program**

**Policies and Procedures Manual**



**Effective: July 21, 2023**

# **SENIOR OPERATING SUBSIDY (SOS) PROGRAM**

## **Policies and Procedures Manual**

### Table of Contents

1	INTRODUCTION .....	4
1.1	The Purpose of This Manual .....	4
2	PROGRAM SUMMARY .....	4
2.1	Summary Needs .....	4
2.2	Background .....	6
2.3	Definitions.....	7
2.4	What is the Senior Operating Subsidy?.....	12
2.5	How is the Program Funded? .....	13
3	APPLICATION FOR SOS FUNDS .....	13
3.1	General Proposal Requirements .....	13
3.2	Sizing the SOS Funds Request.....	14
3.2.1	Income and rent levels restricted at up to 60% AMI.....	14
3.2.2	Fixed SOS Subsidy.....	14
3.2.3	Resident Services for Assisted Unit .....	14
3.2.4	SOS Subsidy Escalation Value.....	14
3.2.5	Cap for SOS Units in Each Project.....	14
3.2.6	SOS Program-Wide Transition Reserve.....	15
3.3	Steps to Secure and Maintain a SOS Grant.....	15
3.3.1	Request for Commitment from MOHCD.....	15
3.3.2	Loan Committee Review and Approval of SOS Grant Request .....	16
3.3.3	Grant Agreement .....	16
3.3.4	Ongoing Budget Appropriations .....	16
3.3.5	Annual Reporting .....	17
3.3.6	Annual SOS Grant Agreement Disbursements .....	17
3.4	SOS Procedures Before Initial Grant Term Expires .....	17
4	PROGRAM ELIGIBILITY REQUIREMENTS .....	17
4.1	Marketing Plan and Resident Selection Criteria .....	17
4.2	Resident Access – Lottery Process .....	19
4.3	Resident Services Plan and Services Budget Approval .....	19

5	SOS IN PROGRAM OPERATIONS .....	19
5.1	Protecting the Privacy of Clients.....	19
5.2	Initial or Move-In Certification..... <b>Error! Bookmark not defined.</b>	
5.3	Lease and SOS Lease Addendum .....	20
5.4	Security Deposits.....	20
5.5	Certification Noticing and Calculating Subsidies .....	20
5.6	Maximum Incomes and Calculation of Resident Rent and Subsidy .....	22
5.7	SOS Resident Subsidy Termination .....	22
5.8	Overview of In-House Transfers (if applicable) .....	22
5.9	MOHCD Compliance Monitoring/Reporting .....	23
5.10	Critical Incident Reporting.....	23
	5.10.1 Reporting Requirements for MOHCD .....	23
6	WAIVER REQUESTS .....	24
7	RESOURCES AND CONTACTS FOR MORE INFORMATION .....	24
	EXHIBITS .....	25
	Exhibit A: Project Annual Senior Operating Subsidy Payments and Schedule .....	26
	Exhibit B: SOS Compliance Self-Certification Form.....	28
	Exhibit C: Sample Resident Services Objectives .....	29
	Exhibit D: Resident Selection Criteria.....	30
	Exhibit E: SOS Lease Addendum.....	32
	Exhibit F: SOS Program Fund .....	33
	Exhibit G: Sample SOS Rent and Subsidy Calculation Table.....	40

# **1 INTRODUCTION**

## **1.1 The Purpose of This Manual**

The San Francisco Mayor’s Office of Housing and Community Development (“MOHCD”) coordinates the City’s housing policy; provides financing for the development, rehabilitation, and purchase of affordable housing in San Francisco; and strengthens the social, physical, and economic infrastructure of San Francisco's low-income neighborhoods and communities in need. MOHCD’s Senior Operating Subsidy Program (“SOS Program”) is one of several local housing subsidy programs (e.g., Anti-Displacement Shallow Rental Subsidy, and SRO Families Deep Rental Subsidy) created to address the City’s affordable housing needs. This SOS Program Policies and Procedures Manual (this “Manual”) covers policy and procedures for senior affordable housing projects utilizing the SOS Program, which include new construction and rehabilitation financed by MOHCD and the Office of Community Investment and Infrastructure (“OCII”). The Manual describes requirements and procedures governing SOS Program grant funds that ensure eligible household applicants are selected for the SOS Program designated units, receive the proper subsidy, and are treated fairly and consistently.

This Manual also addresses the procedures by which affordable housing project sponsors apply to MOHCD for SOS Program funds and provides program requirements governing the SOS Program to sponsors, project managers, household applicants, and residents.

This Manual does not supersede any requirements under the MOHCD Underwriting Guidelines, see Section 7.

# **2 PROGRAM SUMMARY**

## **2.1 Summary Needs**

San Francisco is currently home to an estimated 164,036 adults aged 65 and older, or approximately 18.3% of the City’s 2020 population of 897,416. This percentage is projected to rise to 26% by 2030. The majority of San Francisco’s seniors, or 54.5%, are 75 years of age or less. An estimated 25,247, or 15.4%, are age 85 or above.

Seniors face various barriers to accessing housing in San Francisco. Thirty-eight percent (38%) of the City’s seniors live just above or below the Federal Poverty Line , which in 2023 is \$9,528 for a single individual. For these seniors, their only source of income is often Social Security benefits or other forms of public assistance, making MOHCD’s typical affordable housing, which generally compares individual income to all San Franciscan’s Area Median Income , out of reach. While some may be able to afford a rent-controlled housing unit others may be priced out of the market or endure serious cost burdens.

In its [2020-2024 Consolidated Plan and 2020-2021 Action Plan.pdf \(sf.gov\)](#), the City prioritized affordable housing over the next five years, including three categories related to seniors:

**Summary Finding:** “Participants in community engagement emphasized the need for affordable housing environments at the most vulnerable end of the housing spectrum: shelters and transitional housing for persons experiencing homelessness, accessible housing for seniors and individuals with disabilities, and affordable housing for the lowest-income households.”

**Priority Needs – Develop and Maintain Accessible and Affordable Housing:**

**Goal 1Ai** – Create more affordable housing (e.g., increase # of new HOPE SF units Developed, HIV+ dedicated housing units developed, and Plus Housing applicant placements).

**Summary Finding:** “Participants in community engagement shared multiple experiences of housing discrimination, but overall, their responses reveal that there is not one specific, overt type of discrimination. Their responses indicate a more pervasive and entrenched systemic discrimination that affects people of color and African American communities in particular.”

**Priority Needs – Make Housing More Affordable**

**Goal 1Bii** - Increase affordability of rental housing (e.g., increase # of residents receiving rental subsidies).

**Summary Finding - Cost Burden**

“San Francisco renter households who earn less than 30% of area median income are cost burdened, with the elderly renters most impacted. The most recent data indicates that 76% of renters who are at less than 50% of area median income are severely cost burdened (paying more than 50% of their income on rent). This data underscores the affordable housing crisis for San Francisco’s lowest income households, most especially the elderly whose incomes typically do not increase significantly each year. In order to make production of rental housing for the lowest income levels economically feasible, the City will continue to subsidize housing development chiefly for extremely low and very low-income renters. Communities of color, including African Americans and Latino/as along with seniors face higher rates of severe rent burden.”

**Priority Needs – Make Housing More Affordable**

**Goal 1Bii**- Increase affordability of rental housing (e.g., increase # of residents receiving rental subsidies).

In 2021, the San Francisco Human Services Agency, Department of Disability and Aging Services , “Overview Report on Affordable Housing for Seniors”. This report can be found at [Report SFDAS Affordable Housing Overview October 2021.pdf \(sfhsa.org\)](#). Key findings of the report highlight the housing needs of seniors:

**Summary Data:** “About 77% of senior-occupied units and 91% of disability-occupied units have a rental subsidy through federal sources (such as Section 8 Housing Choice Vouchers or Continuum of Care programs) or local sources (such as the Local Operating Subsidy Program).”

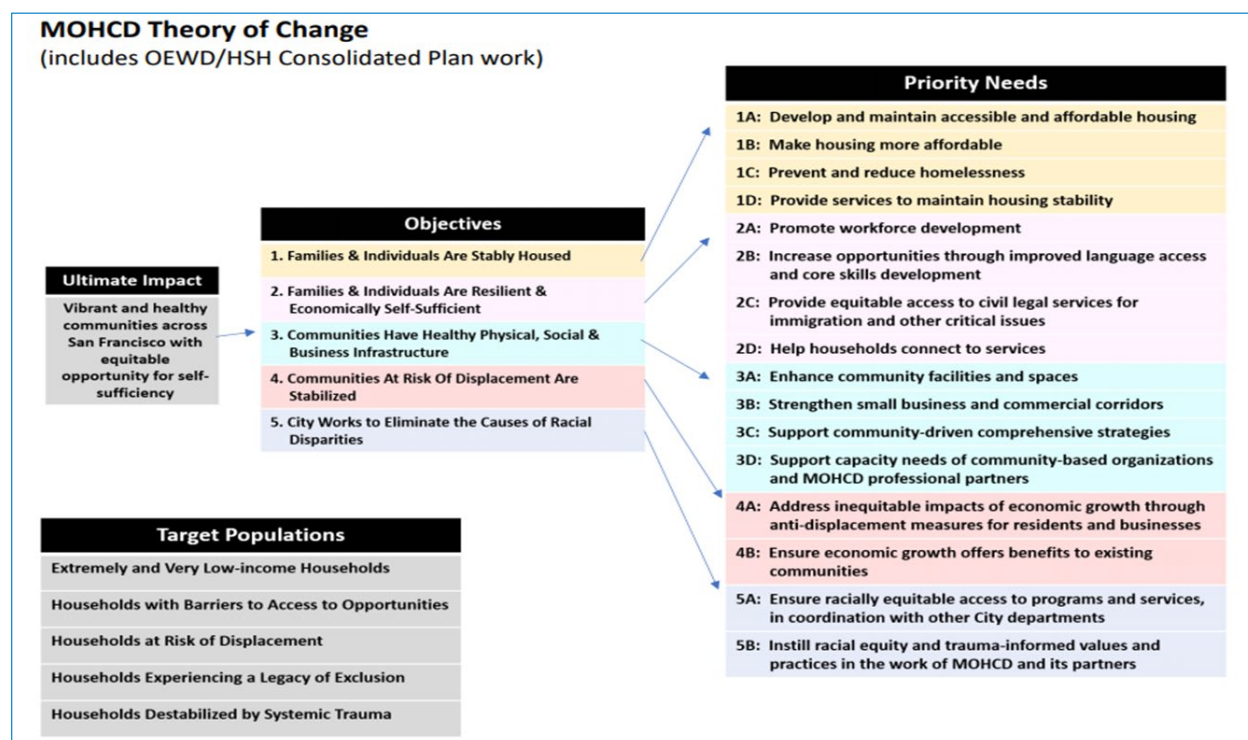
In 2022, the City prepared the [2022 Aging & Disability Affordable Housing Needs Assessment \(10.18\) \(sfhsa.org\)](#). Key findings included:

**Summary Finding 1:** “There is insufficient affordable and accessible housing to meet the needs of Extremely Low-Income and low-income seniors and adults with disabilities.”

**Summary Finding 2:** “Tenant- and project-based affordable housing subsidies are a critical resource for helping low-income older adults make ends meet, including those living in affordable housing.”

**Summary Finding 9:** “Affordable housing resources are siloed. The system overall does not have a mechanism to coordinate services and collaborate across City and non-City jurisdictions to share data and program information.”

MOHCD’s Theory of Change, which is included in the Consolidated Plan, supports the development and pilot implementation of the SOS Program following approval of the SOS Fund and acceptance of the Permanent Local Housing Allocation (PLHA) grant by the Board of Supervisors.



## 2.2 Background

In July 2019, the Board of Supervisors (BOS) established the Senior Operating Subsidy Program Fund (“SOS Program Fund” or “SOS Fund”) for the purpose of providing project-based subsidies to new senior affordable housing developments funded by the City through MOHCD (see Exhibit F for the authorizing resolution). The intent of the SOS Program Fund is to prevent

displacement and sustain housing for seniors to be able to live independently, to help provide the necessary service connection for seniors and protect households across the widest range of incomes (30%-120% AMI, or \$38,900-\$155,650 for a family of 3 in 2023) and keep such residents in their homes. The SOS Program Fund also restricts income and rent levels at or below 60% MOHCD AMI. The SOS project-based subsidies allow rents to be set so that extremely low-income seniors at 15% MOHCD AMI or 25% MOHCD AMI can afford them.

In June 2020, MOHCD applied, with BOS approval, for an allocation of funds from the State of California Department of Housing and Community Development (“HCD”)’s Permanent Local Housing Allocation (PLHA). The PLHA Program was directly created out of the Building Homes and Jobs Act, also known as SB2, approved through the California Senate in September 2017. That act secures funding for affordable housing by imposing a fee of \$75 on all real estate recording transactions in the state. Per the Program’s eligible uses, MOHCD’s application proposed to provide permanent, project-based subsidies for households at 15% MOHCD AMI and 25% MOHCD AMI, including transition reserves and administrative fees. On October 5, 2020, MOHCD was awarded PLHA Program funds, which will be expended as part of the SOS Program administered under this Manual.

### **SOS Program Implementation and Intended Outcomes**

**Phase 1** established the pilot. In 2019, the two MOHCD senior developments in the pilot included SOS units supported solely by the City’s SOS Fund - 1296 Shotwell (40 units) and 735 Davis (13 units) and restricted to 62 years or older.

**Phase 2** focuses on all senior developments in the MOHCD pipeline and will be supported by both the SOS Fund and PLHA. In 10 pipeline Projects, MOHCD projects to add approximately 898 units to serve extremely low-income seniors.

**Phase 3** could expand the program to include financially feasible senior projects if additional allocations are received.

## **2.3 Definitions**

The following capitalized terms (whether singular or plural) in this Manual will have the meanings set forth below:

“**ADA**” means, generally, the Americans with Disabilities Act (including all rules and regulations thereunder) and all other applicable federal, state, and local disability rights legislation, as the same may be amended, modified, or supplemented from time to time.

“**AHP**” means the Affordable Housing Program

“**AHSC**” means the Affordable Housing and Sustainable Communities program, a climate investments program administered by HCD, that makes it easier for Californians to drive less by making sure housing, jobs, and key destinations are accessible by walking, biking, and transit.



**“AMI” or “Area Median Income”** means median income as published annually by MOHCD for San Francisco, derived in part from the income limits determined by HUD for the San Francisco area, adjusted solely for household size, but not high housing cost area. Unless otherwise specified, all references to AMI or Area Median Income are based on MOHCD’s publication.

**“Annual Monitoring Report (AMR)”** means the tool used by MOHCD to monitor the financial performance and manage the capital needs of its existing affordable housing assets.

**“Annual Operating Budget”** means the operating budget for the Project approved by MOHCD according to its Underwriting Guidelines, as amended by the City from time to time.

**“Applicable Laws”** means all applicable present or future federal, state, local and administrative laws, rules, regulations, codes, orders, and requirements.

**“Application Documents”** means collectively: (i) the grant application submitted by Grantee for a SOS Program grant, including all exhibits, schedules, appendices, and attachments thereto; (ii) all documents, correspondence and other written materials submitted in respect of such grant application; and (iii) all amendments, modifications, or supplements to any of the foregoing approved in writing by City.

**“Assisted Units”** means designated residential units supported by the SOS Subsidy.

**“Capitalized Operating Subsidy Reserve (COSR)”** means an operating subsidy reserve that is held in a segregated, interest-bearing depository control account by the Grantee and funded to cover a portion of the eligible residents’ payment of Contract Rent, attributed to the SOS units, to ensure feasible operations for fifteen (15) years to deepen income targeting of SOS units.

**“City”** means the City and County of San Francisco.

**“Citywide Affordable Housing Loan Committee”** means the loan committee formed by the Mayor to review funding requests and make recommendations to the Mayor for the construction and rehabilitation of affordable housing development projects and approve policies governing the City’s affordable housing programs. The Committee consists of the MOHCD Director, the Office of Community Investment and Infrastructure Executive Director, the Department of Homelessness and Supportive Housing’s Director of Housing, and the Director of the Controller’s Office of Public Finance.

**“Confidential Information”** means, for purposes of this policy, protected health information and any information that could be used to identify an individual, including their name, address, social security number, medical information, financial information, date and location of birth, and names of relatives.

**“Contract Rent”** represents the rent that Grantee is entitled to collect to operate and maintain the building.



**“DAHLIA”** means the San Francisco Housing Portal for renters and first-time homebuyers.

**“DAS”** shall mean the City and County of San Francisco’s Department of Disability and Aging Services.

**“Declaration of Restrictions”** means a recorded set of obligations placed on the property rights of the owner.

**“Effective Date”** means the date the Citywide Affordable Housing Loan Committee approved this Manual.

**“Extremely Low-Income or ELI”** means a household whose annual gross income does not exceed 30% of the Area Median Income.

**“Grant Agreement”** means an agreement between the City and the Grantee setting forth the terms and conditions for the use of Grant Funds.

**“Grant Funds”** means any and all funds allocated or disbursed under the SOS Program.

**“Grantee”** means the recipient of Grant Funds from MOHCD.

**“Gross Rent”** means the underlying maximum restricted rent allowed under the Declaration of Restrictions, or any other more-restrictive covenants under City approved funding agreements, published annually by MOHCD as an aggregate sum charged to residents for rent and utilities with utility charges limited to an allowance determined by SFHA.

**“HSH”** mean the Department of Homelessness and Supportive Housing of the City.

**“HUD”** means the United States Department of Housing and Urban Development.

**“IIG”** shall mean the Infrastructure and Infill Grant Program administered by HCD to promote infill housing development by providing financial assistance for capital improvement projects that are an integral part of, or necessary to facilitate the development of affordable and mixed income housing.

**“Income Restrictions”** means the maximum household income limits for qualified residents.

**“Lease”** means a legally binding contract between the Grantee and the SOS Resident.

**“Loan Evaluation”** means recommended loan terms and conditions based on the circumstances of a project.

**“Manual”** means this Senior Operating Subsidy Program Policies and Procedures Manual.

**“Marketing Plan”** has the meaning set forth in Section 4.1.

“**MHP**” means the Multifamily Housing Program administered by HCD, which provides low-interest, long-term deferred-payment loans for new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower-income households.

“**MOHCD**” means the Mayor’s Office of Housing and Community Development of the City.

“**NPLH**” means the No Place Like Home Program administered by HCD to acquire, design, construct, rehabilitate, or preserve permanent supportive housing for persons who are experiencing homelessness, chronic homelessness or who are at risk of chronic homelessness, and who need mental health services.

“**Occupancy Standards**” means the minimum and maximum number of household members that may reside in a specific size unit as defined by the Resident Selection Criteria in Exhibit D.

“**OCII**” means the Office of Community Investment and Infrastructure, a state-authorized local entity serving as the successor to the former Redevelopment Agency of the City and County of San Francisco.

“**Operating Reserve Account**” means the interest-bearing operating reserve depository account that the Grantee is required to maintain pursuant to a loan agreement with MOHCD.

“**Preferences and Lottery Manual**” means MOHCD’s Marketing, Housing Preferences and Lottery Procedures Manual dated October 19, 2020, as amended from time to time.

“**PLHA**” shall mean the Permanent Local Housing Allocation program administered by the HCD that provides a permanent source of funding to cities and counties to help meet the unmet need for affordable housing and increase the supply of affordable housing units.

“**Project**” means a 100% affordable housing project financed by MOHCD.

“**Project-Based Subsidy**” means a project-based rental assistance program administered by the SFHA and paid to owners on behalf of residents to limit the amount that residents pay for rent to 30% of income.

“**Remaining Member**” means a surviving senior member or members of the Senior Household who were party to the lease and living in the Assisted Unit with the now former Senior head of household at the time of the senior’s exit.

“**Resident**” means a qualified Senior who leases an affordable housing unit.

“**Resident Services Plan**” means the detailed proposal between Resident Services Provider and the Grantee for achieving the delivery of a needed level of services to senior residents at the Project.

“**Resident Services Provider**” means the onsite service staff person whose role is to effectively connect residents to resources which may include, but are not limited to health, continuing

education, welfare, informational, recreational, homemaking, meal and nutritional services, counseling, and referral services, as well as transportation where necessary to facilitate access to these services.

**“Restricted”** means a set of standards limited to the Project as set forth by the City’s financing.

**“Senior”** means a person at least 62 years of age.

**“Senior Household”** means a household composed of one or more persons, at least one of whom is 62 years of age or more at the time of initial occupancy who income qualify, and such members includes, but is not limited to:

- (i) A Senior;
- (ii) A Senior with a spouse or co-head who is also a Senior;
- (iii) A Senior with children (a child who is temporarily away from the home because of placement in foster care is considered a member of the household); or
- (iv) The remaining member of a senior household are all at least 62 years of age or older who income qualifies.

**“Senior Project”** means a Project that provides housing only for Seniors.

**“SFHA”** means the Housing Authority of the City and County of San Francisco.

**“Sizing”** means the maximum subsidy amount that can be offered to a Grantee, as determined by a project cash-flow analysis performed by MOHCD underwriters.

**“SOS Funds”** means the funds administered and disbursed by MOHCD under the SOS Program.

**“SOS Lease Addendum”** means an addendum to an SOS Resident’s lease that sets forth the SOS Program policies and the SOS Resident’s obligations under the SOS Program.

**“SOS Program”** means MOHCD’s Senior Operating Subsidy Program, which provides project-based operating subsidies to Senior Projects that provide housing for Extremely Low-Income Senior Households under this Manual.

**“SOS Program Funds”** means the funds appropriated by the Board of Supervisors to the SOS Program Fund under Administrative Code Section 10.100-324 and administered by MOHCD. For the purposes of clarity, SOS Funds (defined above) may include SOS Program Funds as a source of funds, but SOS Program Funds does not include all SOS Funds.

**“SOS Program Transition Reserve Account”** has the meaning set forth in Section 3.2.

**“SOS Resident”** means the low-income Senior individual or household who is a Resident of a Senior Project and has been approved by MOHCD as eligible for the SOS Program.

**“SOS Subsidy”** means a payment made by MOHCD to Grantee pursuant to the terms of a Grant Agreement, which shall be made according to and in the fixed amount specified in Exhibit G.

**“Sponsor”** means the California nonprofit public benefit corporation, and its authorized successors, as the applicant to develop a Project.

**“Tenant-Based Subsidy”** means a tenant-based rental assistance program administered by SFHA under HUD’s Housing Choice Voucher (HCV) program and paid to owners on behalf of tenants to keep the amount that tenants pay for rent affordable at 30% of the tenant’s income, a tenant-based rental assistance program administered by the Mayor’s Office of Community Development’s Shallow Subsidy program, or other local tenant-based subsidy programs

**“Resident-Paid Rent”** means the monthly amount charged to Residents for rent, not including any applicable utility allowance, which is based on a fixed minimum social security income by unit type.

**“Resident Selection Criteria Policy”** has the meaning set forth in Exhibit D.

**“Term”** shall mean an established period of time for receipt of SOS Funds.

**“Underwriting Guidelines”** means the City and County of San Francisco Mayor’s Office of Housing and Community Development Underwriting Guidelines effective November 4, 2022, as amended from time to time.

**“Veterans Housing and Homelessness Prevention Program (VHHP)”** means long-term loans provided by HCD for the acquisition, construction, rehabilitation, and preservation of affordable multifamily housing for veterans and their families to allow veterans to access and maintain housing stability.

**“20 Year Cash Flow”** means the cash flow projection executed in connection with the MOHCD loan agreement requirements described in the Underwriting Guidelines and the Senior Operating Subsidy Requirements.

## **2.4 What is the Senior Operating Subsidy?**

While capital financing can be leveraged to build housing for extremely low-income seniors, these units cannot feasibly operate without an operating subsidy.

The San Francisco Board of Supervisors (BOS) created the SOS Program Fund in July 2019 to address the housing needs of Extremely Low-Income seniors. In 2020, MOHCD was successfully awarded an allocation of PLHA funds to help sustain the SOS Program. Under San Francisco Administrative Code Section 10.100-324, expenditures from the SOS Program Fund have the following minimum requirements:

- A. Rent for designated SOS units are set and maintained at a level affordable to senior households with income of 15% or 25% AMI levels,
- B. SOS projects supported by SOS Program Funds must have a regulatory agreement restricting income and rents to 60% AMI or less for a senior household,
- C. SOS residents must income qualify and meet the age requirement of 62 years or older,

- D. MOHCD will administer the SOS Program Funds and DAS/MOHCD will provide annual reports on the use of the SOS Program Funds to the Board of Supervisors and to the Mayor,
- E. SOS Residents will be selected during the lease up through DAHLIA for new construction Projects and through managed wait lists for rehabilitation Projects and Projects funded through MOHCD's Small Sites Program.

Through a 15-year Grant Agreement with MOHCD, which is subject to approval by the Board of Supervisors, a Grantee will receive a fixed subsidy amount (see Exhibit A) annually during operations, to be used as rental assistance for Extremely Low-Income Seniors under the SOS Program. The SOS Program provides a subsidy equal to the difference between the MOHCD 60% AMI Gross Rent for the unit type minus the utility allowance and the Resident-Paid Rent portion. Residents must qualify for the SOS unit at incomes and rents set at 15% AMI or 25% AMI, and an SOS Resident will pay a Resident-Paid Rent based on such AMI levels. Services to residents are supported through rental payments and all other project revenue, plus any grants that Sponsors may procure.

## **2.5 How is the Program Funded?**

MOHCD has received funding allocations from the San Francisco Board of Supervisors (the "Board") in each fiscal year since the Board approved the program. These funds are subject to annual appropriation of the Board unless expended.

Additionally, MOHCD has been awarded a Permanent Local Housing Allocation (PLHA) program award from the CA Department of Housing and Community Development (HCD) that is expected to yield approximately \$52 million between 2019 and 2024. The PLHA funds must be spent according to a timeline set forth in a Standard Agreement that is executed between MOHCD and HCD. The PLHA funds must be expended by April of 2028.

For each SOS site, MOHCD determines the form of grant agreement (15-year contract, subject to annual appropriations or Capitalized Operating Subsidy Reserve, funded up front for 15 years), depending on the source of funds and in effort to maximize funding for the program. Please see section 3.6.6. for information regarding disbursements of funds.

## **3 APPLICATION FOR SOS FUNDS**

### **3.1 General Proposal Requirements**

The availability of SOS Funds for ELI Seniors in a Project will be identified in an initial Notice of Funding Availability, Request for Proposals, or Request for Qualifications issued by MOHCD or OCII to signal the availability of City capital funding for the development of new housing units for low-income seniors.

MOHCD may establish minimum requirements for eligible Projects to apply for SOS Program Funds, including but not limited to:

1. the Project must be subject to enforceable income and affordability restrictions through a recorded instrument for the benefit of the City or OCII;
2. the Project must contain a minimum of 40% of total residential rental units restricted as SOS, half of the units at 15% AMI and half of the units at 25% AMI; and
3. the Project must restrict the Assisted Units at or below 60% AMI.

As described in MOHCD's Underwriting Guidelines, a Sponsor's capital funding application submission must include a projected Annual Operating Budget and 20-Year Cash Flow in the MOHCD application format and requires a calculation of the anticipated level of SOS Funds needed to support the assisted units. The Project will be underwritten utilizing MOHCD's current Underwriting Guidelines, as it is amended from time to time .

## 3.2 Sizing the SOS Funds Request

3.2.1 Income and rent levels restricted at up to 60% AMI.

3.2.2 Fixed SOS Subsidy per unit as shown in the sample on the SOS Rent and Subsidy Calculation Table attached to this Manual as Exhibit G:

- 50% of the Assisted Units with a per unit subsidy amount equal to the difference between (i) 30% of 60% AMI (less utility allowance), and (ii) 30% of 25% AMI (less utility allowance).
- 50% of Assisted Units with a per unit subsidy amount equal to the difference between (i) 30% of 60% AMI (less utility allowance), and (ii) 30% of 15% AMI (less utility allowance).

3.2.3 Resident Services for Assisted Unit

Resident services for Assisted Units are required under the SOS Program. Sponsors and/or Grantees will be required to provide such resident services as well as develop a Resident Services Plan that includes services objectives for MOHCD's approval. Resident services for SOS Units are funded through the Project's operating budget at a ratio of 1 full time equivalent staffer to 75 SOS Units.

If the Sponsor is intending to develop a 100% homeless senior project , Sponsor must demonstrate a services plan and budget that is appropriate to the population, as well as identify non-MOHCD funds source of funds to pay for those services.

3.2.4 SOS Subsidy Escalation Value

SOS Subsidy will increase at a fixed rate of 4% annually.

3.2.5 Cap for SOS Units in Each Project

SOS Funds are projected to subsidize up to 40% of the total residential units of the Project and are to be evenly split between units for 15% and 25% AMI households. Where there is a mix of unit sizes, Grantee must apply the SOS Subsidy in equal percentage (pro rata share) of total units of each unit size. For example, in a 100 unit building with 70 studios and 30 1-bedroom units, then 70% of the SOS units should be studios (half serving 15% AMI and half serving 25% AMI) and 30% should be 1-bedroom units (half serving 15% AMI and half serving 25% AMI).

### 3.2.6 SOS Program-Wide Transition Reserve

Certain State and private sources of capital financing for affordable housing for ELI Seniors routinely require an additional operating reserve account to prepare for the possibility that ongoing project-based operating subsidies are discontinued (commonly known as a “transition reserve”). This transition reserve provides funding for operations (typically up to two years). MOHCD has established a transition reserve for the SOS Program (the “SOS Program-Wide Transition Reserve”) for the potential transition of SOS Residents. MOHCD will fund the SOS Program-Wide Transition Reserve. Projects must either follow the MOHCD transition reserve policy or the HCD transition reserve policy, whichever applies. In both cases, the transition reserve is not held by the project.

Every year the amount of the SOS Program Transition Reserve will be sized at 10% of the total annual SOS Subsidies encumbered under executed Grant Agreements in order to cover 5% of the units over a two-year transition period. If sufficient funds are not appropriated by the Board of Supervisors in a given year, the City would use the SOS Program-Wide Transition Reserve to disburse subsidy payments and request a transition plan from the Grantee, which may include relocation options for SOS Residents to other senior housing projects over the transition period. This plan would allow for rent increases at the Project to be calculated at the sum of the SOS subsidy at a fixed rate of 4% annually plus amounts received from the SOS Program-Wide Transition Reserve to equal operating costs during the transition period. Also during the two-year transition period, the Grantee would be allowed to lease vacant SOS units to residents other than eligible SOS Residents.

Sponsors of Projects that have received capital from HCD that are governed by the Uniform Multifamily Regulations (UMRs) including MHP, Transit Oriented Development, IIG, AHSC, VHHP, and NPLH should carefully check UMR requirements and memos from HCD regarding a transition reserve and subsidy renewals.

## 3.3 Steps to Secure and Maintain a SOS Grant

### 3.3.1 Request for Commitment from MOHCD

Once a Sponsor has been selected to develop a project (through an RFQ) or a Project has been awarded capital funding (through a NOFA or RFP) a commitment letter is then prepared by the Sponsor and MOHCD or OCII staff that includes analysis of the SOS grant amount.

MOHCD will provide a commitment letter to assist the Sponsor in their financing applications, and includes SOS amounts, for other funding such as tax credits, state financing and AHP. In the event another project-based operating or rental subsidy becomes available, such as HUD Project



Rental Assistance Contract (PRAC), the Sponsor is expected to work with the City to secure the alternate subsidy.

### 3.3.2 Loan Committee Review and Approval of SOS Grant Request

As part of the approval of project's gap financing loan, the Sponsor must submit a Gap Loan Evaluation request to MOHCD or OCII which will include the SOS grant amount. The assigned MOHCD or OCII Project Manager will underwrite the request for the projected initial 15-year SOS Grant and COSR (if applicable) based on funding and material terms and present it to the Loan Committee. The Loan Committee will analyze the proposed operating budget and 20-year Cash Flow, compare the budget to similar Projects, and evaluate property management staffing and operating expenses. While the subsidy is not sized based on operating costs, the City relies on Sponsors to submit projections using operating cost data from comparable senior housing Projects and expects prudent management standards and practices appropriate to the Project's housing model.

If Loan Committee approves the Gap Loan and SOS Grant request, MOHCD or OCII staff will prepare a standard SOS Grant Agreement in consultation with the City Attorney's Office, to be executed with Gap loan closing.

### 3.3.3 Grant Agreement

The standard SOS Grant Agreement will include the terms and conditions of the SOS Grant, including but not limited to the SOS Grant Amount, COSR requirements if applicable, disbursement requirements, references to the City's capital financing, service provision requirements, the SOS Resident's gross rent payment standard, the underlying regulated contract rents for the SOS units which may not be exceeded by the gross rent payment standard, and the approved operating budget, 15-year cashflow and the projected annual subsidy payment or annual COSR (if applicable) withdrawal schedule. The SOS Grant Agreement will be approved by the Board of Supervisors alongside the Gap Loan documents.

### 3.3.4 Ongoing Budget Appropriations

Except for grants to fund a COSR, the 15-year Grant is subject to annual budget appropriations by the Board of Supervisors. MOHCD's obligation to make any annual SOS Subsidy payments is expressly conditioned on the (a) appropriation of sufficient funds to DAS for SOS Subsidy payments and transfer of such funds to MOHCD, which is subject to MOHCD and DAS' annual budget, or (b) appropriation of sufficient funds for SOS Subsidy payments to MOHCD's annual budget. If the annual funds appropriation for the SOS Subsidy in a fiscal year is insufficient to fund the total program, MOHCD shall have the right to reduce the amount of SOS Subsidy. In that case, Projects that are financed by HCD would be prioritized for SOS Funds. If MOHCD determines that SOS Subsidy for any given fiscal year must be reduced due to a shortfall in appropriated SOS Funds, MOHCD shall notify grantees and will work with the Grantee to create a transition plan for the Project.

### 3.3.5 Annual Reporting

Grantees must submit the Annual Monitoring Report (“AMR”) as described in Section 5.8. Grantees must also submit an annual compliance self-certification form attached to this Manual as Exhibit B.

### 3.3.6 Annual SOS Grant Agreement Disbursements

Sponsors will submit draw requests to MOHCD per the Senior Operating Subsidy Payments and Schedule as shown in Exhibit A (based on January to December calendar year) and must include a self-compliance certification form.

MOHCD will make disbursements of the SOS Subsidy according to Exhibit A as either an annual disbursement or a lump sum payment to a COSR under the terms of the SOS Grant Agreement. If a lump sum of Grant Funds will be disbursed to a COSR, MOHCD will set aside such funds at the time of closing of MOHCD’s Gap Loan (or such time as required by MOHCD to meet funding spending deadlines).

MOHCD will fund a COSR no later than 60 days before temporary certificate of occupancy (TCO) of a Project and prior to conversion of Grantee’s construction financing to permanent financing. The COSR will be subject to: (i) a deposit control agreement (i.e., provided by the financial institution) or other agreement, in form and substance acceptable to the City, that provides the City with consent rights to the COSR, and (ii) an SOS Grant Agreement between the City and Grantee.

## 3.4 SOS Procedures Before Initial Grant Term Expires

Grantees must initiate a request for a new SOS Grant at least 12 months prior to the end of an SOS Grant Agreement term, and in some cases where there are HCD capital funds governed by the UMR, a full two years before the Grant Agreement end date. Grantees are urged to review HCD Regulatory Agreements for the specific Project requirement terms with respect to renewal. Contingent on the availability of SOS funding to extend the Agreement, a new SOS Grant Agreement shall then be executed.

## 4 PROGRAM ELIGIBILITY REQUIREMENTS

### 4.1 Marketing Plan and Resident Selection Criteria

For all City-funded capital projects, at least 18 months prior to temporary certificate of occupancy, the Sponsor must submit the initial draft of the Marketing and Resident Selection Criteria to MOHCD or OCII for review and approval. The goal of the review is to promote uniform resident selection standards and to reduce barriers to housing. Review also includes review of associated documents such as the residential lease, continuous program addenda, application, and house rules as well as flyers and letters used to communicate with applicants. The grantee must also include a project specific SOS Lease Addendum using the template provided by MOHCD.

For more information about the lottery process and housing preferences, please refer to the MOHCD Housing Preferences and Lottery Procedures Manual, link here, <https://www.bing.com/search?q=MOH+Marketing+Plan+and+Lottery+Preferences&FORM=A WRE>. The City expects that Grantees will use maximum feasible efforts to ensure that those highly ranked lottery applicants are evaluated for occupancy in a timely fashion.

Starting 12 months prior to lease-up, periodic (leading to weekly) planning and lease-up meetings should occur with the developer, property manager, service provider, and MOHCD or OCII, depending on funding source. The purpose of the meetings is to establish lease-up schedule, review marketing plan and resident selection criteria, and begin applicant processing and lease-up. After lease-up, regular operations meetings may be established to review program outcomes on a monthly or quarterly basis.

#### **4.1.1 Senior Household - Additional Required Content of the Resident Selection Criteria**

##### Program Eligibility Requirements.

The Grantee must include the senior population served and the 62-year-old age restriction. The plan must cite the type of supporting documentation required to verify this restriction in the selection of residents.

##### Live-In Aide Requirements.

The plan must include the screening requirements for a person who resides with the senior who is not part of the household.

The need for the live-in aide will be verified by the leasing agent before move-in. A Live-In Aide qualifies for occupancy only as long as the Senior Household needs support services; the Aide cannot qualify for continued occupancy as a remaining member of the Senior Household. Grantees will be solely responsible that any Live-In Aide complies with federal and state fair housing laws.

##### Remaining Member Requirements for Eligibility.

If the Senior member of the household is no longer able to reside in the SOS subsidized unit, the remaining household member(s) could be eligible to remain in the unit, but the remaining household member(s) must be a party to the lease when the senior member vacates the unit and the remaining household member(s) must be of legal contract age under state law. If the remaining member(s) is under 18 years of age their custodian must be 62 years of age or older, income qualify, and must occupy the SOS unit.

### Occupancy Standard Requirements.

When counting household members for the purposes of evaluating occupancy standard requirements, every member listed on the application, tenant income certification, or lease is counted, including all full-time members, persons temporarily absent from the unit, or live-in aides. Refer to the occupancy standards of the resident selection criteria for the specific minimum and maximum household size.

## **4.2 Resident Access – Lottery Process**

Applications for units in any Project that is subsidized by SOS Funds will be managed through DAHLIA. A total of 40% of residential rental units must be restricted as SOS. All new SOS Residents will be selected for occupancy through DAHLIA/lottery to fill the SOS Assisted units.

## **4.3 Resident Services Plan and Services Budget Approval**

Services are a program requirement and are funded from the building operations budget according to MOHCD's Underwriting Guidelines.

- A. A preliminary services plan and budget may be submitted as part of the capital NOFA or RFP/Q funding solicitation and reviewed by the capital funder (MOHCD or OCII) and MOHCD/Services.
- B. As predevelopment advances, the services plan and budget must be further developed with a comprehensive plan and budget to be submitted prior to approval of the housing gap funding request.
- C. A final service plan and budget must be finalized and approved as required in the Underwriting Guidelines.
- D. Outcome objectives are tracked and then reported annually.

# **5 SOS IN PROGRAM OPERATIONS**

SOS Grantees must comply with a range of leasing and program operation requirements to ensure efficient operations and utilization of the subsidy.

## **5.1 Protecting the Privacy of Clients**

DAS and MOHCD are committed to protecting the privacy of Residents. Grantees are required to comply with any applicable laws to protect the privacy of Residents who reside in an Assisted Unit. Data sharing and privacy expectations will govern the sharing of data about clients living in an Assisted Unit.

Any confidential information that is shared between parties must be transmitted in a manner that complies with all applicable privacy laws and protects individuals from being identified by an external party. If information is being shared via email, the subject line of the email should never

include an individual's full or partial name or other personal identifiers. The body of the email should not include any identifying information about the client, unless the email is encrypted and can be sent securely to the recipient. Any paperwork that must be shared via an attachment to an email must be sent securely. If sending information securely in an email is not an option, the Grantee must find an acceptable alternative method, such as fax. Faxes should be sent with a cover sheet that clearly states that the paperwork included is solely for the intended recipient/program, and the coversheet must include instructions to notify the sender immediately if the recipient is not the intended recipient.

## **5.2 Lease and SOS Lease Addendum**

The Grantee must use a lease that is in an acceptable form to MOHCD and must include the SOS Lease Addendum that identifies the SOS program requirements.

The SOS Resident must agree to execute the SOS Lease Addendum with the lease when the SOS Resident begins receiving SOS Subsidy and at the time of an interim recertification.

No changes may be made to the SOS Lease Addendum without written approval from MOHCD Staff.

## **5.3 Security Deposits**

The requirements and procedures for determining the security deposit are provided in the Lease. It is recommended that the Grantee collect a security deposit at the initial execution of the Lease.

Security deposits may be required of SOS Residents in accordance with applicable state law and federal regulations if applicable. Any security deposits collected must be segregated from all other project funds in an account held in trust for the benefit of the Residents of the Project and disbursed in accordance with California law. The balance in such security deposit account must at all times equal or exceed the aggregate of all security deposits collected plus accrued interest thereon, less any security deposits or interest thereon returned to tenants or any other tenants of the Project.

## **5.4 Certification Noticing and Calculating Subsidies**

**Certification Noticing** - Unless superseded by tax credit or HUD regulations for the Project, consistent with standard procedure, certification notices from property management to residents regarding the need to certify household composition, age and/or income must be in writing, and delivered personally to the SOS Resident(s), or mailed to the SOS Resident if the letter cannot be delivered personally, and include the following:

1. Date of the request.
2. Due date for the response (no earlier than 30 calendar days from date of request).
3. Reason for the need to certify at initial move-in, annual, or interim as required to report changes, etc.

a. **Annual**

Grantee must inform SOS Residents of their responsibility to complete an annual recertification at the signing of each annual recertification .

b. **Interim**

Grantee must take the steps to process an interim recertification when the SOS Resident's circumstances change, e.g., when a family member moves in or out of the unit, or household income increases or decreases.

To ensure that residents continually pay rents appropriate within the SOS Program restricted AMIs, SOS Residents must provide information requested by the Grantee for use in completing an interim recertification. If the SOS Resident fails to report changes as required in their Lease , the owner can initiate the interim recertification and implement any appropriate rent changes.

4. List of documents that are required.
5. Referral to Project's onsite resident services for assistance in understanding and/or responding to the certification notice.
6. Offer to meet with SOS Resident to discuss the certification notice. The SOS Resident's meeting may include staff providing resident services.
7. Statement that failure to certify may lead to termination of SOS Subsidy and the SOS Resident's responsibility for the full gross rent for the unit. The monthly gross rent amount for the unit must be stated.
8. Statement that a copy of the certification notice will be sent concurrently to the Project's resident services provider.

**Calculating Subsidies** - The SOS Grant Agreement will specify the rent and subsidy for the SOS units, including the following:

1. Restricted annual amount of income and rent to be used for the rent and subsidy calculation as shown in Exhibit G. The amount of subsidy paid on behalf of the SOS Resident is the difference between the fixed 60% AMI rent less utility allowance and the MOHCD maximum rent per unit size (e.g., 15% or 25% AMI).

Grantees must calculate the subsidy following the example shown in Exhibit G, Rent and Subsidy Calculation Table, and calculate rent burden percentages at the following three instances:

1. Prior to occupancy by an applicant;
  2. During annual review and verification of family composition and income; and
  3. At any interim recertifications.
2. The SOS Resident's unit size, determined before the family is allowed to move into the Assisted Unit and at least annually thereafter.

3. The annual increase of the SOS subsidy is 4%; the tenant paid rent is underwritten at 2.5% increase annually.

## **5.5 Maximum Incomes and Calculation of Resident Rent and Subsidy**

Depending on the affordability restrictions (i.e., up to 60% AMI), the maximum permitted income may vary from one SOS Project to another and between units within a project. SOS subsidy per unit type may vary from year to year depending on the maximum rent limits published by MOHCD annually, see <http://sfmohcd.org/>.

## **5.6 SOS Resident Subsidy Termination**

Termination of an SOS Resident's subsidy will occur when the SOS Resident is no longer meeting the eligibility requirements of the SOS Program. Grantees will be required to terminate the SOS Resident's subsidy after following the certification noticing procedures (see Section 5.5) and after it's been determined that the SOS Resident is no longer eligible. Moreover, Grantees must ensure that any such SOS Resident has received the proper notice of termination and given an opportunity to respond to the notice and will have an opportunity to appeal termination decision. SOS Residents whose subsidy is terminated due to being over the 60% income limit may remain in the affordable unit, but they must pay the full Gross Rent and the Grantee must redesignate the subsidy to a different eligible occupied unit or to the next available eligible vacant unit.

## **5.7 Overview of In-House Transfers (if applicable)**

In-house transfers may be needed based on changes in family household composition and the availability of suitable units. The Grantee is required to include these transfer requirements in the Lease:

- A. If a Grantee determines that a SOS Resident's current dwelling unit is smaller or larger than appropriate as a result of a change in a Resident's household size or composition, the owner must decide whether to require the SOS Resident to transfer to another SOS unit.
- B. Grantees may reduce or terminate the subsidy (see Section 5.6) associated with the original Assisted Unit once the SOS Resident has received the appropriate notice.
- C. In the case of a unit transfer, both the change in rent and change in the SOS Subsidy amount are effective on the day the SOS Resident actually signs the lease .
- D. Grantee must develop additional in-house unit transfer policies to address SOS Resident transfer requests beyond those needed for a change in family size, including transfers needed for reasonable accommodations, e.g. for medical reasons or to accommodate a person with a disability, or because of a life safety matter in compliance with the Violence Against Women Act ("VAWA").
- E. Depending upon the circumstances of the transfer, an SOS Resident may be obligated to pay all costs associated with the move. If the transfer is required as a result of a reasonable accommodation, the Grantee must comply with ADA requirements associated with the costs of transfer.



## 5.8 MOHCD Compliance Monitoring/Reporting

MOHCD requires Grantees to provide annual reporting to monitor Projects, assess performance, and ensure ongoing compliance. All Grantees who receive MOHCD financing are required under the Project's loan agreements to submit an Annual Monitoring Report ("AMR") which covers all aspects of a Project's operations relevant for MOHCD to assess compliance with requirements under the City contract. For the purpose of assessing compliance with the requirements under an SOS Grant Agreement, the Grantee must submit detailed information about resident incomes, rents and household sizes and annual financial activity.

MOHCD Asset Management staff use the information to verify compliance and/or monitor the following:

- Income eligibility requirements,
- Rent and subsidy charges for Assisted Units,
- Occupancy and changes in household size,
- Reasonableness of expenses and fees within limits approved under the Project's SOS Grant Agreements,
- SOS grant surplus or deficit amounts for the reporting period.

MOHCD may also conduct periodic inspections of Projects financed by MOHCD and OCII to determine if Projects are being operated in compliance with the terms of applicable regulations. This may entail a physical inspection of the Project, as well as an examination of tenant files and property management records, including conformance with maximum incomes, maximum rents, and tenant income certifications.

In alignment with its commitment to racial equity and to San Francisco residents, MOHCD will conduct periodic program evaluations that will include surveys, self-assessments and reporting on impacts and outcomes of the SoS Program. Information from SOS Program monitoring evaluations will be used for program improvement. Data will be shared anonymously.

## 5.9 Critical Incident Reporting

Even the most effective management of affordable senior housing properties cannot completely prevent the occurrence of serious, negative events such as accidents, criminal activity, or equipment failure. At their worst, these events can lead to property damage, displacement of tenants, bodily injury, or death. If a serious incident does occur, the property owner should notify all stakeholders in the Project of the occurrence as soon as possible, after emergency procedures have been followed and the situation has been stabilized.

### 5.9.1 Reporting Requirements for MOHCD

As outlined in the MOHCD Serious Incident Protocol<sup>1</sup>, Grantees must notify Asset Management staff immediately if a serious incident occurs at a property and meets one or more of the following parameters:

---

<sup>1</sup> see <http://sf.gov/information/serious-incident-protocol>

- Involves serious injury or death,
- Is a serious, violent crime that involves a major police action (e.g., shooting),
- Causes the building or a significant number of units therein to be off-line,
- Requires a resident to leave a unit for one month or longer, and/or
- Damage to the building is significant enough to require the use of reserves.

The Grantee should notify the MOHCD Asset Manager assigned to the Project and provide the following information:

- The date of the incident,
- A description of the incident,
- A description of what has been and is being done in response,
- The name, phone and email of the staff that should be contacted if there are questions,
- Confirmation that 1) the property insurance is current and 2) the insurance company has been contacted; a brief summary of their response, if available, and
- Statement of whether or not the organization plans to use the project's reserves to pay for corrective action.

## 6 WAIVER REQUESTS

Any requests from the Grantee to waive any requirement under this Manual must be submitted in writing to the MOHCD project manager, along with a justification statement, budget (if applicable) and documentation that supports the request. All waiver requests are subject to the approval of MOHCD at its own discretion.

## 7 RESOURCES AND CONTACTS FOR MORE INFORMATION

Senior housing units supported by SOS and other local tenant-based operating subsidies are critical to addressing San Francisco's senior housing needs. Affordable housing production is primarily managed by MOHCD which also works closely with the City's Office of Community Investment and Infrastructure (OCII) to streamline and coordinate the City's senior housing production pipeline. These projects are completed in partnership between sponsors, funding agencies, and service providers.

For more information on specific components of the SOS program, please contact:

- **MOHCD** – for information on Multifamily forms, documents, policies, and underwriting guidelines including budgeting.:  
<http://sfmohcd.org/>  
 (628) 701-5500
- **OCII** – for information on SOS funding in OCII funded projects:  
<http://sfocii.org/>  
 (415) 749-2400
- **DAS** – for information on services, policies, and research:  
<https://www.sfhsa.org/about/departments/departments-disability-and-aging-services-das>

For more information on HCD transition reserve policy, visit HCDs website:

- HCD Transition Reserve Policy (ca.gov)

To access best practices nationwide in creating LGBTQ-welcoming senior housing, visit the **SAGE** website:

- <https://www.sageusa.org/>
- Development Toolkit: <https://www.sageusa.org/wp-content/uploads/2022/04/nhi-housing-toolkit-modules-1-7.pdf>
- Trainings: <https://www.sageusa.org/what-we-do/national-lgbt-housing-initiative/trainings/>

To access best practices nationwide in creating permanent supportive housing for people experiencing homelessness, including PSH for seniors, access the **Corporation for Supportive Housing** (CSH) website:

- <https://www.csh.org/>
- Supportive Housing Quality Toolkit – tools, templates and project profiles covering Project Design and Administration, Property and Housing Management, Supportive Services and Community:  
<http://www.csh.org/qualitytoolkit>
- CSH guidebook – a detailed description of each component and the corresponding Dimensions of Quality: [http://www.csh.org/wp-content/uploads/2013/07/CSH\\_Dimensions\\_of\\_Quality\\_Supportive\\_Housing\\_guidebook.pdf](http://www.csh.org/wp-content/uploads/2013/07/CSH_Dimensions_of_Quality_Supportive_Housing_guidebook.pdf)
- Search the extensive research library for “Aging” to access free webinars, continuously updated.

## EXHIBITS

Exhibit A.	Project Annual Senior Operating Subsidy Payments and Schedule
Exhibit B.	SOS Compliance Self Certification Form
Exhibit C.	Sample Resident Services Objectives
Exhibit D.	SOS Resident Selection Criteria
Exhibit E.	SOS Lease Addendum
Exhibit F.	Authorizing Legislation
Exhibit G.	Sample SOS Rent and Subsidy Calculation Table

**Exhibit A:**  
**Project Annual Senior Operating Subsidy Payments and Schedule**

**15 Year – Senior Operating Subsidy**  
**Project Annual Payment and Schedule**

Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Year 11	
Year 12	
Year 13	
Year 14	
Year 15	
TOTAL	\$0,000,000



## Exhibit B: SOS Compliance Self-Certification Form

### Senior Operating Subsidy Compliance Self-Certification Form Annual Subsidy Disbursement Request San Francisco Mayor's Office of Housing and Community Development

**\*\* This form must be completed by Senior Operating Subsidy Grantee (Project Owner) or authorized agent. \*\***

Per the terms of the Senior Operating Subsidy ("SOS") Grant Agreement, for every year after initial disbursement of the SOS payment, the Grantee is to provide the Disbursement Request and Compliance Certifications within sixty (60) business days of the beginning of the disbursement year.

Please complete, execute and return this form, along with the disbursement request to [agnes.defiesta@sfgov.org](mailto:agnes.defiesta@sfgov.org).

Please allow three (3) weeks for processing and disbursement.

Project Name: \_\_\_\_\_

Project Street Address: \_\_\_\_\_

Disbursement Period – Start Date: \_\_\_\_\_ End Date: \_\_\_\_\_

#### Owner Compliance Certification

The undersigned owner, having received SOS funds pursuant to the SOS Grant Agreement entered into with the City and County of San Francisco ("CCSF") for the purpose of providing affordable housing subsidies for low-income seniors, does hereby certify as follows:

*Initial all statements below, and supply data to make the statement complete where needed (look for underlined blanks; e.g.: \_\_\_\_\_). **For any statements that are not true or require additional clarification, you must supply a detailed explanation and supporting documents.** The failure to provide a conforming response to all statements below will delay disbursement of the SOS annual disbursement, which may result in a default condition under the SOS Grant Agreement.*

	True	False	
1			The undersigned is in compliance with all of its obligations under the City Loan Documents and the Senior Loan Documents.
2			The undersigned has maintained tenant services and the Tenant Services Provider shall be in compliance with all of its obligations under the Services Agreement, and no default, or event that with notice or the passage of time or both could constitute a default, shall exist and remain uncured under the Services Agreement.
3			The undersigned affirms that No Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default, exists and remain uncured as of the requested date for the SOS payment to be disbursed hereunder.

**\*\*\* This form must be completed by Grantee or authorized agent. \*\*\***

The undersigned, acting under authority of the ownership of this project, executes this Certification, subject to the pains and penalties of perjury, and certifies that the foregoing is true and correct in all respects.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

**Exhibit C:**  
**Sample Resident Services Objectives**

<b>Monthly</b>	Occupancy
	New Applications
	Number of Approvals - New Residents
<b>Quarterly</b>	Assessment for benefits, primary medical care, mental health, and substance use treatment needs
	Outreach to Households Showing Rent Burden
	Number of Group or Community Activities
	Number of Outreach Efforts to New Residents (6x in 60 days)
	Number of Households that Received Direct Services and Number of Direct Service Contacts
<b>Annually</b>	Housing Stability
	Rent Burden Tracker
	Resident Satisfaction Survey Results
	Program Exits
	Number of Households Moved Above Rent Burden Showing Housing Instability that Remained Stably Housed



## **Exhibit D: Resident Selection Criteria**

The City expects that housing providers will use maximum feasible efforts to ensure that those individuals and families who are referred are accepted for occupancy in a timely fashion. To that end, the City has adopted the following screening criteria for applicants with a criminal record. If a problem arises in the application and screening process that may cause unreasonable delay in screening outcome, the housing provider should immediately notify the referring agency and HSH to assist with an expeditious resolution.

The screening criteria and considerations outlined below encourage providers to “screen in” rather than “screen out” applicants. These requirements are also designed to satisfy the requirements of San Francisco Police Code Article 49, Sections 4901-4920 or the Fair Chance Ordinance. This policy describes a minimum level of leniency; providers are encouraged to adopt less restrictive policies and processes whenever appropriate. For example, providers may opt not to review or consider applicant criminal records at all.

### **Screening Criteria**

- Housing providers shall not automatically bar applicants who have a criminal record in recognition of the fact that past offenses do not necessarily predict future behavior, and many applicants with a criminal record are unlikely to re-offend.
- Housing providers shall not consider arrests that did not result in convictions, except for an open arrest warrant;
  - convictions that have been expunged or dismissed under Cal. Penal Code §1203.4 or 1203.4a;
  - juvenile adjudications.
- Housing providers shall consider:
  - the individual circumstances of each applicant; and
  - the relationship between the offense, and
  - the safety and security of other tenants, staff and/or the property; and
  - mitigating circumstances such as those listed below.
- Only those offenses that occurred in the prior 3 years, except in exceptional situations, which must be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity. As necessary, HSH will assess the justification for a longer look-back period and determine whether an exception is warranted.

The policy recognizes that some housing may be subject to mandatory laws that require the exclusion of an applicant based upon certain types of criminal activity.

The purpose of the statute is to allow a petitioner to request a dismissal of the criminal accusations, a change in plea or setting aside of a verdict and to seek to have certain criminal

records sealed or expunged and a release “from all penalties and disabilities resulting from the offense.” these exceptional situations, the housing provider may consider offenses that occurred in the prior 5 years.

- mitigating factors, including, but not limited to:
  - the seriousness of the offense;
  - the age and/or circumstances of the applicant at the time of the offense;
  - evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;
  - if the offense is related to acts of domestic violence committed against the applicant;
  - if the offense was related to a person’s disability.

## **Exhibit E: SOS Lease Addendum**

### **Senior Operating Subsidy (SOS) Program Certification of Eligibility Requirements and Lease Addendum**

(Housing Site Name, Address)

**Unit #:** \_\_\_\_\_

**Name of SOS Qualifying Resident(s):**

\_\_\_\_\_

#### **BACKGROUND :**

In addition to the terms of the Housing Provider lease signed by the parties, this addendum sets forth specific requirements that apply to the Senior Operating Subsidy (SOS) Program appropriated by the City and County of San Francisco. The Resident herein agrees to these additional terms as a condition of participation in the SOS Program and as a condition of the Resident's eligibility to pay a reduced rent for this unit. Failure to comply with these terms may result in termination of the Resident's participation in SOS, which would make the Resident responsible for the full gross rent for the unit. If the Resident cannot or will not pay the full amount of the gross rent, this may lead to unlawful detainer proceedings.

The Senior Operating Subsidy (SOS) Program provides rental subsidy to qualified low-income seniors. The subsidy is project-based and cannot be transferred to other properties or to residents not included on this lease. Eligibility requirements are also project-based and specific to the unit type being offered in the lease.

At the time of lease-up, the MOHCD HBMR Staff and the referral agency will review the application to confirm that the eligibility criteria are met. The Housing Provider operating the site conducts the screening, verifies eligibility and makes the final approval that results in the offer of this unit.

**ELIGIBILITY:** The eligibility requirements related to this unit are:

#### **Program Requirement(s):**

- 62 years or older at lottery application submission .
- *(Add other qualifying components as required)*

**Resident Initials:** \_\_\_\_\_

**Income:**

- Total household income cannot exceed \_\_\_\_% of the current Area Median Income (AMI) at the time of this lease signing based on the household configuration noted below.
- *(Add, as needed, if Resident has no documented and regular income, the minimum of \$ \_\_\_\_\_.00 per month rent is still required.)*

**Resident Initials:** \_\_\_\_\_

**Household Configuration**

- The unit being offered with the lease has:
  - ☐ Minimum occupancy of \_\_\_\_ persons.
  - ☐ Maximum occupancy of \_\_\_\_ persons.
- This lease is being offered based on an occupancy of \_\_\_\_ persons.
- The accessible unit being offered with the lease has at least one of the persons on the lease must have a qualifying and certified disability throughout the subsidized tenancy.
  - ☐ Applicable.
  - ☐ Not Applicable.

**Resident Initials:** \_\_\_\_\_

**ON-GOING COMPLIANCE:** The eligibility for SOS subsidy related to this unit requires that at least one member of the household be age 62 or older during the term of the lease. At the time that the senior member vacates the unit, any remaining household member(s) must be a party to the lease and the remaining household member(s) must be of legal contract age under state law. The remaining household member(s) could be eligible to remain in the unit, but:

- The Housing Provider's screening protocol and approval process must be followed, and all applicable certification and lease documents signed.

**Resident Initials:** \_\_\_\_\_

- The Housing Provider must receive a request to add any adults or minors to the household and that request must be approved prior to the adults or minors residing in the unit.

**Resident Initials:** \_\_\_\_\_

- Changes in household income must be reported to the Housing Provider within 30 days of when they occur.

**Resident Initials:** \_\_\_\_\_

- Unit occupancy (household size) remains within the minimum and maximum number of persons required for the unit and in accordance with the SOS subsidy as noted above.

**Resident Initials:** \_\_\_\_\_

- The Housing Provider will recertify the household income and configuration on an annual basis. The Housing Provider may request additional recertification to verify intermittent changes in household income or configuration. Compliance with requests for recertification is a requirement for continuing to receive the SOS subsidy.

**Resident Initials:** \_\_\_\_\_

**I/We \_\_\_\_\_ understand, accept and agree to the eligibility and on-going compliance requirements of the SOS subsidy as listed above. I/We understand that failure to meet the eligibility requirements and terms of compliance will lead to termination of the SOS subsidy. When the SOS subsidy is terminated, I/we will be responsible for the full gross rent for my/our unit.**

**At the time of the signing of the lease and this addendum for this unit, the present full monthly gross rent for this unit is \$\_\_\_\_\_ per month. I/We understand that this amount changes over time and that should the subsidy be terminated, I/we will be informed of the current full monthly gross rent amount for this unit.**

- If notified of a potential loss of the subsidy due to ineligibility, I/We agree to communicate with the Housing Provider and onsite services staff by responding to all notifications and requests for additional information in a timely manner.

**Resident Initials:** \_\_\_\_\_

If the SOS subsidy is terminated for any reason and I/We are not able to pay the full monthly gross rent, I/We understand that I can seek the assistance of the onsite services staff for help in securing non-SOS subsidy or help seeking other appropriate housing.

- I/We understand that there is no guarantee of an alternative housing placement but that cooperation with the Housing Provider and onsite services staff is the way to explore such options.

**Resident Initials:** \_\_\_\_\_

- I/We understand that the SOS is not an entitlement program but rather an eligibility-based program, and that the terms and conditions above must be met at time of placement and throughout tenancy in order to qualify for the SOS subsidy. I/We agree to receive the subsidy solely based on meeting and maintaining the eligibility requirements of the program. I/We understand that if the household is no longer eligible for the subsidy, I/We will be responsible to pay the full monthly gross rent.

**Resident Initials:** \_\_\_\_\_

My/Our signature below signifies my/our understanding and agreement to the terms, eligibility and on-going compliance conditions of the SOS Program. (All adults on the Housing Provider lease are required to sign this addendum.)

NAME: \_\_\_\_\_ SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

NAME: \_\_\_\_\_ SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

NAME: \_\_\_\_\_ SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

**Exhibit F:  
SOS Program Fund**

AMENDED IN COMMITTEE

7/8/19

FILE NO. 190684

ORDINANCE NO. 174-19

[Administrative Code - Senior Operating Subsidies Program Fund]

**Ordinance amending the Administrative Code to establish the Senior Operating Subsidies (SOS) Program Fund to be used to lower rents in housing developments occupied by low-income senior citizens.**

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
**Additions to Codes** are in *single-underline italics Times New Roman font*.  
**Deletions to Codes** are in ~~striketrough italics Times New Roman font~~.  
**Board amendment additions** are in double-underlined Arial font.  
**Board amendment deletions** are in ~~striketrough Arial font~~.  
**Asterisks (\* \* \* \*)** indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Article XIII of Chapter 10 of the Administrative Code is hereby amended by adding Section 10.100-324, to read as follows:

**SEC. 10.100-324. SENIOR OPERATING SUBSIDIES (SOS) PROGRAM FUND.**

**(a) Establishment of Fund.** *The Senior Operating Subsidies (SOS) Program Fund (the "SOS Fund") is established as a category four fund to receive any monies appropriated or donated for the purpose of providing project-based subsidies to new senior affordable housing developments funded by the City to maintain rents that are affordable to extremely low-income senior residents with incomes at or below 30% of area median income, as published by the Mayor's Office of Housing and Community Development ("MOHCD"). It shall be the City's intent to continue to fund the SOS Fund on an annual basis for the life of all senior affordable housing developments that remain restricted as affordable housing and receive funding from the SOS Fund.*

///



1           **(b) Use of Fund.** *The SOS Fund shall be used exclusively for the purpose of providing*  
2 *project-based subsidies to new senior affordable housing developments funded by the City so that the*  
3 *rent for designated units in such developments may be set and maintained at the maximum rent level*  
4 *that is affordable to senior households with an income of 15% or 25% of area median income, as*  
5 *published by MOHCD. The SOS Fund may also be used to establish funding for transition*  
6 *reserves to cover future years of project-based subsidies at a new senior affordable housing*  
7 *developments funded by the City. For purposes of this Section 10.100-324, "senior" means a*  
8 *person 62 years old or older, or as defined by the requirements of any funding for the affordable*  
9 *housing development. If initial funding of the SOS Fund is not encumbered within five years of*  
10 *the effective date of this ordinance in Board File No. 190684, the SOS Fund may be used for*  
11 *tenant-based subsidies for extremely low-income seniors in addition to project-based*  
12 *subsidies at new senior affordable housing developments funded by the City.*

13           **(c) Administration of Fund.** *The Department of Aging and Adult Services ("DAAS") shall*  
14 *administer the SOS Fund, and in such capacity shall enter into grant agreements for terms of no less*  
15 *than 15 years with operators of new senior affordable housing developments to subsidize rents of*  
16 *designated units so that they may be set and maintained at the maximum rent level that is affordable to*  
17 *senior households with an income of 15% or 25% of area median income, as published by MOHCD.*  
18 *The SOS Fund shall be distributed in a way to benefit more than one senior affordable*  
19 *housing development funded by the City. DAAS shall submit a report annually to the Board of*  
20 *Supervisors and the Mayor on the use of the SOS Fund during the preceding fiscal year,*  
21 *which may include, but is not limited to, the amounts approved for disbursement and the*  
22 *number of units assisted by the SOS Fund.*

23           **(d) Eligible Affordable Housing Developments.** *DAAS shall establish minimum requirements*  
24 *for project eligibility, including but not limited to: (1) the affordable housing development must be*  
25 *subject to enforceable income and affordability restrictions through a recorded loan, grant, or ground*



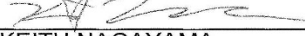
1 lease from MOHCD or the Office of Community Investment and Infrastructure; (2) the affordable  
2 housing development must contain residential rental units restricted to low-income senior households;  
3 and (3) the affordable housing development must have secured financing to restrict a portion of the  
4 residential units at or below 60% of area median income, as published by MOHCD. In its  
5 administration of the SOS Fund, DAAS shall prioritize new affordable senior housing developments  
6 that are under construction or in predevelopment as of the effective date of the ordinance in Board  
7 File No. 190684 establishing this Section 10.100-324.

8 (e) **Tenant Selection.** Applications for units in senior housing developments that are  
9 subsidized by the SOS Fund shall be managed through the San Francisco Housing Portal  
10 ("DAHLIA"), a project of MOHCD.

11 (f) **Fund Regulations.** The DAAS Director may publish from time to time program regulations  
12 as appropriate to administer the SOS Fund.

13  
14 Section 2. Effective Date. This ordinance shall become effective 30 days after  
15 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
16 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
17 of Supervisors overrides the Mayor's veto of the ordinance.

18  
19 APPROVED AS TO FORM:  
20 DENNIS J. HERRERA, City Attorney

21  
22 By:   
23 KEITH NAGAYAMA  
24 Deputy City Attorney  
25 n:\egana\as2019\1900623\01375058.docx

Supervisor Yee; Peskin, Ronen, Mar, Fewer, Safai, Haney, Brown, Stefani, Walton, Mandelman  
BOARD OF SUPERVISORS

Page 3



City and County of San Francisco

Tails  
Ordinance

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

File Number: 190684

Date Passed: July 23, 2019

Ordinance amending the Administrative Code to establish the Senior Operating Subsidies (SOS) Program Fund to be used to lower rents in housing developments occupied by low-income senior citizens.

July 08, 2019 Rules Committee - AMENDED, AN AMENDMENT OF THE WHOLE  
BEARING SAME TITLE

July 08, 2019 Rules Committee - RECOMMENDED AS AMENDED

July 16, 2019 Board of Supervisors - PASSED ON FIRST READING

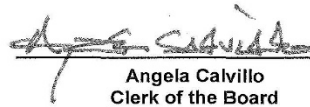
Ayes: 10 - Brown, Fewer, Haney, Mandelman, Peskin, Ronen, Safai, Stefani,  
Walton and Yee  
Excused: 1 - Mar

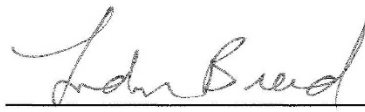
July 23, 2019 Board of Supervisors - FINALLY PASSED

Ayes: 10 - Brown, Fewer, Mandelman, Mar, Peskin, Ronen, Safai, Stefani, Walton  
and Yee  
Absent: 1 - Haney

File No. 190684

I hereby certify that the foregoing  
Ordinance was FINALLY PASSED on  
7/23/2019 by the Board of Supervisors of  
the City and County of San Francisco.

  
Angela Calvillo  
Clerk of the Board

  
London N. Breed  
Mayor

8.2.19  
Date Approved

## Exhibit G: Sample SOS Rent and Subsidy Calculation Table

### MOHCD Senior Operating Subsidy (SOS) Rent Calculation Table EXAMPLE

NOTE: Proforma projections below based on SOS Income/Rent Restrictions "IF" @ 60% SF MOHCD AMI Published 20230721

MOHCD Max Rent	SRO Resl Portion	SRO Subsidy Value	Studio Resl Portion	Studio Max Rent Less UA	OBR Subsidy Value	1BR Resl Portion	1BR Max Rent Less UA	1BR Subsidy Value	2BR Max 2BR Resl Portion	2BR Rent Less UA	2BR Subsidy Value
----------------	------------------------	-------------------------	------------------------	----------------------------	-------------------------	------------------------	----------------------------	----------------------	-----------------------------------	------------------------	-------------------------

[2023 AMI-Rent Limits-HMFA.pdf](#), [Mayor's Office of Housing and Community Development \(sfmohcd.org\)](#), [Microsoft Word - Housing Authority of the City and County of San Francisco HUD Model Narrative \(sfha.org\)](#)

#### 15% AMI 2023 Income Limits:

1	\$15,150
2	\$17,300
3	\$19,450
4	\$21,600

#### 25% AMI 2023 Income Limits:

1	\$25,200
2	\$28,850
3	\$32,450
4	\$36,050

MOHCD Proforma\_Application Tab 3a - Enter the Monthly Contract Rent (MOHCD Max Rent less Utility Allowance "UA" on Tab 2) set by the subsidy program selected. Then, enter the Estimated Resident Paid Rent for the applicable unit size excluding UA. Tenant Assistance Payment will automatically calculate as Monthly Contract Rent minus Estimated Resident Paid Rent, as shown below.

SRO 60% AMI Max Rent	\$1,134	Studio 60% AMI Max Rent	\$1,134
Less SRO UA	\$0	Less SRO UA	\$0
Less SRO 15% AMI	\$284	Less SRO 25% AMI	\$473
SRO Subz Value 15% AMI	<b>\$850</b>	SRO Subz Value 25% AMI	<b>\$661</b>
Studio 60% AMI Max Rent	\$1,513	Studio 60% AMI Max Rent	\$1,513
Less Studio UA	\$60	Less Studio UA	\$60
Less Studio 15% AMI	\$379	Less Studio 25% AMI	\$630
Studio Subz Value 15% AMI	<b>\$1,134</b>	Studio Subz Value 25% AMI	<b>\$883</b>
1BR 60% AMI Max Rent	\$1,730	Studio 60% AMI Max Rent	\$1,730
Less 1BR UA	\$95	Less 1BR UA	\$95
Less 1BR 15% AMI	\$43	Less 1BR 25% AMI	\$721
1BR Subz Value 15% AMI	<b>\$1,297</b>	1BR Subz Value 25% AMI	<b>\$1,009</b>
2BR 60% AMI Max Rent	\$1,945	Studio 60% AMI Max Rent	\$1,945
Less 2BR UA	\$126	Less 2BR UA	\$126
Less 2BR 15% AMI	\$486	Less 2BR 25% AMI	\$811
2BR Subz Value 15% AMI	<b>\$1,499</b>	2BR Subz Value 25% AMI	<b>\$1,134</b>