

**Citywide HOPE SF Affordable Housing Loan Committee**

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

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**MEMORANDUM**

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**DATE:** JANUARY 29, 2021  
**TO:** CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE  
**FROM:** CINDY HEAVENS, SENIOR PROJECT MANAGER  
**RE:** **HUNTERS VIEW PHASE III – PRELIMINARY GAP LOAN COMMITMENT FOR FEBRUARY 4, 2021 FUNDING APPLICATIONS**

**TOTAL ALL PREVIOUS COMMITMENTS** **\$25,000,000**  
*No new funds are requested.*

**EXISTING PREDEVELOPMENT LOAN FOR VERTICAL**

Certificates of Participation:	\$ 6,455,027
<u>LMIHAF – Predevelopment:</u>	<u>\$ 1,500,000</u>
<i>Total MOHCD Predevelopment Loan for Vertical:</i>	<i>\$ 7,955,027</i>

**PREVIOUS PRELIMINARY COMMITMENTS FOR VERTICAL**

Certificates of Participation from MHP #1:	\$ 7,304,973
Certificates of Participation from MHP #2, includes AHP bridge loan of \$1,170,000	\$ 5,740,000
HOME Investment Partnership (“HOME”) <u>sources change this request:</u>	<u>\$ 4,000,000</u>
<i>Total MOHCD Preliminary Gap Vertical Commitments:</i>	<i>\$17,044,973</i>

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**Summary of Request**

Hunters View Associates, LP (the “Partnership”), a California limited partnership formed by the John Stewart Company (“JSCo”), an affiliate of Ridge Point Non-Profit Housing Corporation, and Devine and Gong, Inc. (“DGI”), requests a preliminary gap loan commitment to support their joint California Debt Limit Allocation Committee (“CDLAC”) and Tax Credit Allocation Committee (“TCAC”) applications for Hunters View Phase III (“HV3”). This preliminary gap request is for a total City contribution of up to \$25,000,000, the same amount approved by the HOPE SF Citywide Affordable Housing Loan Committee (“Committee”) on August 21, 2020 for the Project’s second MHP Application and the requested amount includes a construction period-only bridge loan of \$1,170,000.

On February 21, 2020, JSCo, DGI, and Ridge Point Non-Profit Housing Corporation (the “Sponsors”) received a preliminary gap loan approval from the Committee in the total amount of \$16,760,000 (“MHP #1”) in support of a state Multifamily Housing Program (“MHP”) application due in March 2020. The Sponsors did not receive MHP for the March 2020 MHP application and applied again to MHP in

September 2020 with a revised additional commitment of \$9,740,000 (“MHP #2”) received from the Committee on August 21, 2020. The MHP #1 and MHP #2 loan evaluation memos are attached to this memo for reference.

This loan evaluation memo contains the following information:

- An updated resident population with the removal of 20 units set aside for families experiencing homelessness
- An update on the HV3 financing plan that includes HOME financing as a City funding source based on 35% construction design development drawings (“CD”) including value engineering (“VE”) and an increase for parking stackers; and,
- An update to the Developer Fees due to the elimination of MHP.

If awarded bonds and credits in April 2021, staff and Sponsors will make a final gap loan request for horizontal/infrastructure not associated with an affordable housing development in May 2021 to begin infrastructure construction in June 2021. Staff and sponsors will make the final gap loan request for vertical in September 2021 for a vertical construction closing in October 2021, which is approximately 6 months after the credits are awarded and before the required tax-exempt bond closing date.

Staff recommends approval of the changes presented in this loan memorandum.

## **Update on Project Status**

### **1. BACKGROUND**

Please see background information about Hunters View in attached loan evaluation dated February 21, 2020.

Since the August 21, 2020-Committee meeting, other predevelopment activities the Sponsors have completed to-date include:

- Applied for the second round of MHP but did not receive an award;
- Met with residents to discuss programming and vendor selection process for the commercial kitchen;
- Received Board of Supervisors approval to vacate the existing streets at HV3, a critical milestone for the final map and infrastructure construction;
- Increased podium parking from 56 spaces or 1: 0.48 parking ratio excluding the staff unit to 88 spaces or 1:0.75 parking ratio in response to District Supervisor concerns and to make up parking losses from previous completed Hunters View affordable developments; and,
- Launched a parking study survey with residents.

When complete, Hunters View Phase III will total 118 units contained in two buildings on Blocks 14 and 17. The current unit mix included in this request has not changed from the August 21, 2020 loan evaluation memo, and is 49 one-bedrooms, 13 two-bedrooms, 16 three-bedrooms, 34 four-bedrooms, 5 five-bedrooms and 1 two-bedroom onsite staff unit. The large number of 3-bedroom and larger units (55 units) are required in order to comply with Community Redevelopment Law (“CRL”) Section 33413 which requires that “an equal number of replacement dwelling units that have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction.” While CRL does not require the exact unit-type replacement to occur onsite, the Board of Supervisors passed Ordinance Number 201-01 in 2008 requiring that at Hunters View one-to-one replacement “shall mean replacement with a unit mix with the equivalent or greater number of bedrooms per unit as currently exists.”

**2. RESIDENT POPULATION UPDATE**

Competitiveness for funding under MHP was the driver for including homeless units in the Project. Since MHP was not secured, the Sponsors are returning the project to the original proposed population of Hunters View HOPE SF, without units set aside for families experiencing homelessness. However, to raise additional permanent debt and thereby decrease the City’s loan, the Sponsors will retain the 20 units affordable to families at or below 80% TCAC AMI. The units and income restrictions are provided in the chart below. (Please note that in the chart PHR PBV means public housing replacement units supported by project-based vouchers (“PBVs”)).

UNIT SIZE		MAXIMUM INCOME LEVEL	
NON-LOTTERY	No. of Units	MOHCD AMI	TCAC & HOME AMI
2 BD – PHR PBV	3	50% MOHCD AMI	37% TCAC AMI
3 BD – PHR PBV	11	50% MOHCD AMI	37% TCAC AMI
4 BD – PHR PBV	34	50% MOHCD AMI	37% TCAC AMI
5 BD – PHR PBV	5	50% MOHCD AMI	37% TCAC AMI
<b>PHR PBV Sub-Total</b>	<b>53</b>		
LOTTERY			
1 BR	34	50% MOHCD AMI	37% TCAC AMI
2 BR	5	50% MOHCD AMI	37% TCAC AMI
3-BR	5	50% MOHCD AMI	37% TCAC AMI
<b>50% MOHCD AMI Sub-Total</b>	<b>44</b>		
1 BR	15	80% MOHCD AMI	59% TCAC AMI
2-BR	5	80% MOHCD AMI	59% TCAC AMI
<b>80% MOHCD AMI Sub-Total</b>	<b>20</b>		
MANAGER UNIT			
2-BR	1	N/A	N/A
<b>TOTAL</b>	<b>118</b>		
<b>PROJECT AVERAGE</b>		<b>55.81%</b>	<b>41.26%</b>

Also, FHLB AHP will require 60% (or 71) of the units to be at or below 50% TCAC AMI. Since the Project has 82% (97 units) at or below 50% TCAC AMI, the AHP affordability restrictions are not shown in the chart above. Also, the 44 units at or below 50% MOHCD AMI and in the lottery (37% of total units) are receiving HOME funding and are designated as HOME very low-income units.

Also, the inclusion of 20 units at 80% MOHCD AMI/59% TCAC AMI will require an amendment to the Master Developer Agreement between the San Francisco Housing Authority (SFHA) and the Sponsors. The MDA requires that all units be at or below 50% TCAC/HUD AMI/68% MOHCD AMI. Because a HOPE SF principle is to have a mixed income community, which residents envisioned as higher income households living next door, not next block, to households with public housing vouchers, the team and

staff are optimistic that SFHA will allow these 20 higher income units to remain in the development. The Sponsors must receive SFHA approval for these units prior to the final vertical gap request.

### 3. FINANCING PLAN

#### Updated Sources and Uses Summary

<b>Predevelopment Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD (for vertical and infrastructure)	\$9,455,027	55 yrs. @ 0.25% Def / RR	Closed
<b>Permanent Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD Vertical Loan	\$21,200,000	55 yrs. @ 0.25% Def / RR	This Request
Permanent Bank Loan	\$39,600,000	35 yrs. @ 3.44%	Not Committed
AHP Loan	\$1,170,000		Not Committed
Tax Credit Equity	\$57,956,602	\$1.00 per credit	Not Committed
GP Equity Contribution	\$2,000,000		Not Committed
Def Dev Fee	\$1,300,000		Not Committed
<b>Total</b>	<b>\$123,226,602</b>		
<b>Uses</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per GSF</b>
Hard Costs	\$99,328,925	\$841,771	\$563
Soft Costs	\$18,217,677	\$154,387	\$103
Developer Fee	\$5,680,000	\$48,136	\$ 32
<b>Total</b>	<b>\$123,266,602</b>	<b>\$1,044,293</b>	<b>\$698</b>

Per unit total development costs (“TDC”) is over \$1MM. As stated above, larger unit sizes, parking stackers, and site conditions contribute to the high per-unit TDC. To bring the per-unit TDC without infrastructure below \$1MM, a minimum of \$5.3MM has to be eliminated from the budget. HV3 has some of the highest soft costs in MOHCD portfolio for projects in predevelopment, mostly due to increases in architect work prior to the start of HV3 design and other design changes to address parking and the commercial condo map. As discussions around equitable design and operations are ongoing for HV3 and other HOPE SF developments, staff recommends that Sponsors continue to seek additional cost reductions, and will establish cost reduction targets with approval of the final gap request.

#### Potential/Proposed Permanent Financing.

In its application for CDLAC and TCAC, the Sponsors propose to use the following permanent sources for the vertical HV3 development:

**MOHCD (\$21,200,000):** In order to be competitive, the MOHCD Vertical Loan includes no cost allocated to infrastructure. This is a \$2.6MM decrease to the vertical from the request in August 2020 request; however, the decreased amount is applied to the MOHCD infrastructure loan. For a review of the infrastructure costs, please see Exhibit D – Preliminary Infrastructure Gap Commitment

The MOHCD vertical loan includes a to-be-defined commercial cold shell loan for the commercial spaces in Blocks 14 and 17, as presented to the Loan Committee meeting in August 2020. The Sponsors will meet the conditions set in the August 2020-Committee memo prior to the final gap loan commitment request.

Previous preliminary commitments assumed MOHCD sources as Low- and Moderate-Income Housing Asset Fund and Certificate of Preference. With this loan memo, staff has assumed \$5MM in HOME funds and an evaluation of the HOME funds is provided in Attachment A and follows the vertical budget.

**Permanent Loan (\$39,600,000):** The permanent lender has not been selected. The Sponsors have received bids for the permanent debt and are deferring a final decision on the selection until after bond allocation. The terms in the loan committee memo are consistent with bids received. The Sponsors are assuming a credit enhanced loan at a 3.44% fixed interest rate with a 35-year term, 35-year amortization, and 1.15 DSCR, which is the anticipated rate from many of the lenders that have responded to the RFP.

**FHLB AHP (\$1,170,000):** The Federal Home Loan Bank of San Francisco (“FHLB-SF”) has made regulatory changes to the Affordable Housing Program (“AHP”) that affect the competitive scoring of all projects in MOHCD pipeline. The Sponsor has not completed the AHP scoring analysis for the 2021 AHP round. However, the Sponsor anticipates applying for \$1.17MM in funds from AHP. MOHCD will provide a bridge loan for \$1.17MM in anticipation of an AHP award, which the Sponsor will repay upon AHP drawdown if awarded after the construction gap closing. If awarded prior to the construction closing, the AHP will reduce the MOHCD gap loan amount. If FHLB does not make an award, the \$1.17MM loan will be folded into the larger gap loan. Please note that the Sponsor’s equity and debt RFP mentioned the desire of the Sponsor to apply for AHP and stated that if the selected debt and/or equity lender is not a member bank, it must commit to working with the Sponsors to find a member bank to submit an AHP application.

**Tax Credits (\$57,956,602):** The investor has not been selected. The Sponsors have proposed Enterprise/Bank of America (“BofA”) for the equity investment and construction lending. Enterprise/BofA bid the project at \$1.00 per federal credit. MOHCD will require a review of the raw data received from the RFP respondents and must approve the selected investor. The tax credit equity in the proforma has increased to \$1.00 based on information the Sponsors are receiving. The credit rate in the proforma is 4.00%. While increased equity and the increased credit rate does lower the total MOHCD loan because any infrastructure cost that could be allocated to the vertical development has been removed in order to have a competitive application, the MOHCD gap changes incrementally. The chart below shows the bond amount, tiebreaker and total MOHCD loan in various scenarios with a 4% credit rate and without.

Scenario	Total Bond Amt	Tie-breaker	Total MOHCD loan in August 2020 Preliminary Gap Commitment	MOHCD loan (combined vertical and infrastructure) excluding Streets
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			(combined vertical and infrastructure) excluding Streets Funds and OCII Increment <u>without</u> 4% credit rate	Funds and OCII Increment with 4% Credit Rate
HV3 vertical including infrastructure costs with State credit request	\$70MM	\$374K	\$40.5MM	\$26MM
HV3 vertical <u>without</u> infrastructure with State credits requested)	\$60MM	\$326K	\$48.2MM	\$36.2MM
<b>(Scenario in this loan memo)</b> HV3 vertical <u>without</u> infrastructure without State credits	\$60MM	\$290K	\$54.5MM	\$42.5MM

For a review of the infrastructure costs, please see Exhibit D – Preliminary Infrastructure Gap Commitment loan evaluation.

**General Partner Equity Contribution (\$2,000,000):** The general partner contribution to HV3 is consistent with the MOHCD Developer Fee Policy. Please note that reducing this amount for bond competitiveness will result in an increase to the MOHCD loan.

**Deferred Developer Fee (\$1,300,000):** The Sponsor will take the maximum MOHCD allowable deferred developer fee.

**Construction Loan (\$82,000,000):** The tax-exempt bond request is \$60MM and does not exceed the per-project cap (\$75MM) and per the CDLAC regulations the project will provide compelling evidence as to why it cannot be developed in phases. The current request yields a tie-breaker score of approximately \$290K with no State Credits requested. The 50% test is currently at 52.54%. The sizing allows for some cost escalation while being aggressive with bond competitiveness. The project does not assume infrastructure cost nor substantial contributed developer fee. The construction loan rate is underwritten at 4.00% for the tax-exempt loan and 4.50% for the taxable tail, both are intentionally conservative due to general market volatility. Average all-in rates were approximately 2.3% in the lender bid results. Prior to gap loan request, the Sponsors will provide an analysis based on 150 bps over the closing rate in order for MOHCD’s vertical gap to be reduced and/or saving applied to the infrastructure loan. The vertical construction loan term is expected to be 34-36 months with a portion of infrastructure construction included. The construction loan will be paid off by the permanent loan and tax credit equity.

CDLAC scoring has been revised and is now competitive. While previously CDLAC had excess bond volume and obtaining 4% bonds was non-competitive, bonds are now oversubscribed by approximately 2-to-1. Because of the limited tax-exempt volume cap obtaining bonds has become a variable that developers cannot count on. If bonds are not allocated to the project in the first round of 2021, the Sponsors will reapply in 2<sup>nd</sup> Round or until it has a competitive development.

**HCD Programs:** Neither MHP application resulted in an award and there are not HCD Programs in HV3.

Uses Evaluation

<b>DEVELOPMENT BUDGET</b>		
<b>Underwriting Standard</b>	<b>Meets Standard?</b>	<b>Notes</b>
Hard Cost per unit are within standards	Y	Hard costs are \$841,771 per unit for hard cost, exceeding the per-unit MOHCD average because of the large units (55 units are 3-bedrooms and larger), the slope of the site, and additional parking. Per bedroom costs are below the MOHCD average. The Sponsor will work with MOHCD to reduce overall project costs.
Construction Hard Cost Contingency is at least 5% (new construction)	Y	Hard cost contingency is 5.0%.
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	Y	Bid and plan check escalations total 5.9% as shown on the permanent budget.
Architecture and Engineering Fees are within standards	Y excluding additional services	
Construction Management Fees are within standards	Y	Construction Management fees are consistent MOHCD guidelines.
Permit Fees	Y	\$1,100,105 is the total permit fee amount.
Developer Fee is within standards, see also disbursement chart below	Y	Total Maximum cash out fee is \$1.10MM. The total At-Risk Fee is \$1.28MM. See Section 6 below.
Soft Cost Contingency is 10% per standards	N	Soft cost contingency is 2.9%. Total development costs and soft costs exceed similar projects in MOHCD's portfolio and Sponsors have elected to keep the soft cost contingency low and staff supports this reduction.
Capitalized Operating Reserves are a <u>minimum</u> of 3 months of operating budget	Y (per below)	Sponsors has 6 months of operating expenses, \$877,613, excluding debt service reserves.
Debt Service Reserve	Y	This is 6 months of the annual debt service amount of \$1,823,821. This debt service amount is not included in the Capitalized Operating Reserves and it is based on Sponsors experience with the other

		Hunters View deals. Staff accepts this reserve.
Initial Operating Reserve	N	Sponsors have included an initial operating reserve of \$289,905, which is to be used prior to Capitalized Operating Reserves to cover the property insurance payment and the MOHCD required capital operating reserve that is required before the equity payment that funds all capitalized reserves. Prior to gap loan request, Sponsors should reduce the Capitalized Operating Reserve by the amount of the Initial Operating Reserve and any saving should be returned to MOHCD.
HCD Transition Reserve	N/A	This has been removed from the Project since HCD funds are no longer a funding source.

Construction Supervisor/Construction Specialist’s Evaluation.

The \$99,328,925 hard costs pricing is based on the David Baker Architects 35% Construction Drawings and includes \$2.2MM VE and an estimated \$5.1MM (\$43K per unit) increase for parking stackers. According to the Sponsors and the MOHCD project manager, this pricing does not include any infrastructure cost associated with the vertical development. The VE items included in this pricing include removal of the reclaimed water “purple pipe” on the affordable buildings and enclosing the open-air corridors in each building. While enclosing the open-air corridors is a small amount of cost for mechanical ventilation, it is more than offset by reducing the number of exterior walls, which are far more expensive to build than interior walls. Please note that open-air corridors are a specific design solution for Hunters View HOPE SF. In all previous phases, the Sponsors, its architects, and MOHCD have advocated for a design that does not repeat design problems of public housing, which includes long double loaded corridors and high-rise towers. Open-air corridors are natural light filled spaces and do not have blind spots for safety. As mentioned, enclosing the open-air corridors was vetted with the Sponsors, the Sponsors’ management agents, and MOHCD. The Owner-Architect-Construction (“OAC”) team continues to look for further VE opportunities, and is cautiously optimistic that the impacts of the current COVID-related recession might provide more favorable bidding.

As shown on the cost comparison chart, the projected construction cost per unit excluding infrastructure associated with the vertical development is \$841,771 and the amount is well above the average for comparable MOHCD projects, while the cost per bedroom (\$347,304) is the lowest of any project in predevelopment. The per square foot cost (\$563) is also slightly below the average. In all cases, the costs warrant more explanation, due to additional cost escalators including the sloped site and the standard HOPE SF related design features, which for HV3 specifically includes in-building car parking with stackers, in-unit washer/dryer hookups in three-bedroom and larger units, much larger bedroom type counts than typical MOHCD developments, drive up the construction costs on all HOPE SF buildings. Once these items are factored in, the costs for HV3 hard construction costs are well in line with comparable projects in MOHCD’s pipeline.

Developer Fee.

MHP limited the amount that the Sponsors could receive on development fees. With the MHP developer fee limited for a competitive application, the Sponsors were unable to receive the \$2.2MM Project Management Fee allowed in the MOHCD policy and planned to receive \$2MM in the vertical development with the remaining \$200K allocated to master planning fee. With this request, the \$200K



assigned to the master planning fee is removed and the Sponsors are receiving the \$2.2MM Project Management Fee with the vertical development.

<b>Revised Residential/Vertical Developer Fee Disbursement Schedule on Vertical Loan</b>		
<b>Payment Milestone</b>	<b>% of Project Mgmt Fee</b>	<b>Amount</b>
PM Fee: At closing of initial pre-development financing & Predevelopment	50%	\$500,000
100% Schematic Design (DISBURSED)	15%	\$150,000
Submission of Site Permit (DISBURSED)	10%	\$100,000
MHP Application Submission	10%	\$100,000
Submission of TCAC/CDLAC Application	5%	\$46,667
Remaining Project Management Fee paid at Construction Closing	10%	\$103,333
PM Fee: Construction Close	20%	\$220,000
PM Fee: During or at End of Construction – <i>The interim payments in the two previous loan evaluations apply</i>	20%	\$220,000
PM Fee: At Project Close Out	10%	\$110,000
<b>Total Project Management Fee</b>	<b>100%</b>	<b>\$1,100,000</b>
At Risk: 95% Leased up and Draft Cost Certification	20%	\$256,000
At Risk: Permanent Loan Closing/Conversion (Final Cost Certification Audit)	50%	\$640,000
At Risk: Project Close Out (Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.)	30%	\$384,000
<b>Total At Risk</b>	<b>100%</b>	<b>\$1,280,000</b>
<b>Total Cash Out Developer Fee</b>		<b>\$2,380,000</b>
<b>Total GP Equity</b>		<b>\$2,000,000</b>
<b>Total Deferred Developer Fee</b>		<b>\$1,300,000</b>
<b>TOTAL RESIDENTIAL/VERTICAL DEVELOPER FEE</b>		<b>\$5,680,000</b>
<b>MASTER PLANNING DEVELOPER FEE ON INFRASTRUCTURE LOAN</b>		
<b>Payment Milestone</b>	<b>% of Project Mgmt Fee</b>	<b>Amount</b>
MP2: Close of Predevelopment Loan (PAID)	15%	\$108,526
MPA: Close on Predevelopment Loan (PAID)	24%	\$170,000
MPA: Interim Payment - Notice to Proceed – Infrastructure	23%	\$165,000
MPA: Interim Payment - Notice to Proceed – Vertical Construction	23%	\$165,000
<b>TOTAL MASTER PLANNING CASH OUT PROJECT MANAGEMENT DEVELOPER FEE</b>	<b>100%</b>	<b>\$608,526</b>
<b>Total Master Planning Fee</b>		<b>\$608,526</b>
<b>Master Planning &amp; Infrastructure Sources of Approval</b>		
MP2: Master Planning Fee held not paid in Phase II (PAID)		\$108,526

MPA: Master Planning Fee, additional approved by MOHCD on June 29, 2015. Disbursed as shown above and as approved for Phase I and II.	\$500,000
<b>TOTAL MASTER PLANNING &amp; INFRASTRUCTURE DEVELOPER FEE</b>	<b>\$608,526</b>

There are no changes to the Infrastructure Developer Fee chart provided in the Predevelopment Loan Evaluation dated April 11, 2016 and the infrastructure developer fee chart shown below

DEVELOPER FEE INFRASTRUCTURE DISBURSEMENT SCHEDULE ON INFRASTRUCTURE LOAN		
Payment Milestone	% of Project Mgmt Fee	Amount
Issuance of Infrastructure Permits	25%	\$250,000
100% Completion of Demolition (PAID)	25%	\$250,000
50% Infrastructure Completion	25%	\$250,000
100% Infrastructure Completion (excluding landscaping)	20%	\$200,000
B.O.S acceptance of public infrastructure	5%	\$50,000
<b>TOTAL PROJECT MANAGEMENT</b>		<b>\$1,000,000</b>
<b>Total Infrastructure Developer Fee</b>		<b>\$1,000,000</b>

## 2. Staff Recommendations

### Conditions prior to additional funding request or financing gap

- The Sponsors must receive SFHA approval for 20 units at 50% TCAC/HUD AMI/68% MOHCD AMI units.
- The Sponsors must provide an analysis based on 150 bps over the construction loan closing rate. Any savings will be applied to reduce the MOHCD's vertical gap and the savings may be applied to the MOHCD infrastructure loan.

## LOAN COMMITTEE MODIFICATIONS

**LOAN COMMITTEE RECOMMENDATION**

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Eric. D. Shaw, Director  
Mayor’s Office of Housing and Community Development

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Sally Oerth, Interim Executive Director  
Office of Community Investment and Infrastructure

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Tonia Lediju, Acting Executive Director  
Housing Authority of the City and County of San Francisco

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Anna Van Degna, Director  
Controller’s Office of Public Finance

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

- Attachments:    A. Vertical Permanent Development Budget, HOME Analysis and combined Vertical & Infrastructure Budget  
                      B. MOHCD OCII Family Cost Comparison Chart  
                      C. August 21, 2020 and February 21, 2020 Preliminary Gap Loan Evaluation for MHP Commitment Letter

## **Chavez, Rosanna (MYR)**

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**From:** Shaw, Eric (MYR)  
**Sent:** Friday, January 29, 2021 12:07 PM  
**To:** Chavez, Rosanna (MYR)  
**Subject:** Hunter View Phase 3

approve

Eric D. Shaw  
Director

Mayor's Office of Housing and Community Development  
City and County of San Francisco  
1 South Van Ness Avenue, 5th Floor

## Chavez, Rosanna (MYR)

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**From:** Oerth, Sally (CII)  
**Sent:** Friday, January 29, 2021 12:03 PM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR); Heavens, Cindy (MYR)  
**Subject:** Hunters View III prelim gap commitment - 1.29.21 Loan Committee

I approve the Hunters View Phase III preliminary gap commitment request, as presented at the 1.29.21 Loan Committee.



**Sally Oerth**  
**Interim Executive Director**

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San Francisco, CA 94103  
☎ 415.749.2588  
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## Chavez, Rosanna (MYR)

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**From:** Menjivar, Salvador (HOM)  
**Sent:** Monday, February 1, 2021 9:12 PM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR)  
**Subject:** REQUEST FOR PRELIMINARY GAP FOR HUNTERS VIEW PHASE III CDLACTCAC

I don't approve the request by the John Stewart Company and Devine and Gong, Inc to change the tenant population under a previous preliminary gap request to remove families experience homelessness as a set-aside and target population.

salvador



Salvador Menjivar  
Director of Housing  
*Pronouns: He/Him*  
San Francisco Department of Homelessness and Supportive Housing  
[salvador.menjivar1@sfgov.org](mailto:salvador.menjivar1@sfgov.org) | 415-308-2843

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## Chavez, Rosanna (MYR)

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**From:** Tonia Lediju, PhD <ledijut@SFHA.ORG>  
**Sent:** Friday, January 29, 2021 12:53 PM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR)  
**Subject:** Hunters View Phase 3

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Yes

Respectfully,

Tonia Lediju, PhD  
SF Housing Authority Transition Lead  
Acting Executive Director  
Office of the Mayor  
(415) 715-3276  
(415) 619-1936  
Clear is kind. Unclear is unkind -- Brene' Brown, PhD

## Chavez, Rosanna (MYR)

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**From:** Katz, Bridget (CON)  
**Sent:** Friday, January 29, 2021 12:02 PM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR)  
**Subject:** Hunters View Phase III

Approve

### **Bridget Katz**

*Development Finance Specialist*, Office of Public Finance  
Controller's Office | City & County of San Francisco  
Office Phone: (415) 554-6240  
Cell Phone: (858) 442-7059  
E-mail: [bridget.katz@sfgov.org](mailto:bridget.katz@sfgov.org)



**Attachments A**

Vertical Development Budget, HOME Analysis, and combined Vertical & Infrastructure Budget

See attached.



**HOME LOAN LIMITS  
Hunters View Phase III**

- HOME eligible on new units only
- Only units at or below 65% HUD AMI are eligible for HOME funding
- Very Low-Income HOME rents must be on 20% of the new units

Total New Units excluding Manager	63
Total HOME Eligible units excluding Manager	44
Required Very Low-Income HOME units	9

**Replacement Units**

	<b>50% and Below</b>		<b>70% AMI</b>
0bd	\$ 153,314	0 \$ -	
1bd	\$ 175,752	0 \$ -	0
2bd	\$ 213,718	3 \$ 641,154	0
3bd	\$ 276,482	11 \$ 3,041,302	
4bd	\$ 303,493	34 \$ 10,318,762	
5bd	\$ 303,493	5 \$ 1,517,465	
		<b>53 \$ 15,518,683</b>	<b>0</b>

**New Units**

	<b>50% and Below</b>		<b>70% AMI</b>
0bd	\$ 153,314	0 \$ -	
1bd	\$ 175,752	34 \$ 5,975,568	15
2bd	\$ 213,718	5 \$ 1,068,590	5
3bd	\$ 276,482	5 \$ 1,382,410	
4bd	\$ 303,493	0 \$ -	
5bd	\$ 303,493	0 \$ -	
		<b>44 \$ 8,426,568</b>	<b>20</b>

**Total HOME Funding  
Planned for Project \$ 5,000,000**

**Meets HOME Loan Limits Yes**

Analysis completed by: [Typed Name]

Date Analysis completed: \_\_\_\_\_

Signed: \_\_\_\_\_

Acknowledged: \_\_\_\_\_

Application Date: 1/5/21
Project Name: Hunters View Phase III
Project Address: 112 Middle Point Road
Project Sponsor: John Stewart Co, Ridgepoint NP, Devine & Gong

# Units: 118
# Bedrooms: 286
# Beds:

Table with columns: SOURCES, Name of Sources, and Total Sources. Rows include MOHCD/OCI, Permanent First Mortgage, SF MOHCD Infrastructure, SF Streets Bonds, OCH - Phase IIA Roll-over, FHLB AHP, Deferred Developer Fee, GP Capital, LP Equity.

ACQUISITION

Table with columns: Acquisition cost or value, Legal / Closing costs / Broker's Fee, Holding Costs, Transfer Tax, and TOTAL ACQUISITION.

CONSTRUCTION (HARD COSTS)

Table with columns: Construction items (e.g., Unit Construction/Rehab, Commercial Shell Construction, Demolition, etc.), and Total Construction Costs.

SOFT COSTS

Table with columns: Architecture & Design items (e.g., Architect design fees, Design Subconsultants, etc.), and Total Architecture & Design.

Table with columns: Engineering & Environmental Studies items (e.g., Survey, Geotechnical studies, etc.), and Total Engineering & Environmental Studies.

Table with columns: Financing Costs items (e.g., Construction Financing Costs, Permanent Financing Costs, etc.), and Total Financing Costs.

Table with columns: Legal Costs items (e.g., Borrower Legal fees, Land Use / CEQA Attorney fees, etc.), and Total Legal Costs.

Table with columns: Other Development Costs items (e.g., Appraisal, Market Study, Insurance, etc.), and Total Other Development Costs.

Table with columns: Soft Cost Contingency items (e.g., Contingency (Arch, Eng, Fin, Legal & Other Dev)), and Total Soft Costs.

RESERVES

Table with columns: Operating Reserves, Replacement Reserves, Tenant Improvements Reserves, Debt-service Reserve, IOP Reserve, Other (specify), and TOTAL RESERVES.

DEVELOPER COSTS

Table with columns: Developer Fee - Cash-out Paid at Milestones, Developer Fee - Cash-out At Risk, Commercial Developer Fee, etc., and TOTAL DEVELOPER COSTS.

Table with columns: TOTAL DEVELOPMENT COST, Development Cost/Unit by Source, and Development Cost/Unit as % of TDC by Source.

Table with columns: Acquisition Cost/Unit by Source, Construction Cost (inc Const Contingency)/Unit By Source, and Construction Cost (inc Const Contingency)/SF.

\*Possible non-eligible GO Bond/COP Amount: 4,128,294
City Subsidy/Unit: 179,661
Tax Credit Equity Pricing: 1,000
Construction Bond Amount: 60,000,000
Construction Loan Term (in months): 34 months
Construction Loan Interest Rate (as %): 4.00%

**Attachment B**

Hard Cost Comparison Chart

See attached.



**Attachment C**

August 21, 2020 Preliminary Gap Loan Memo (MHP #2) Evaluation

February 21, 2020 Preliminary Gap Loan Evaluation (MHP #1)

**Citywide HOPE SF Affordable Housing Loan Committee**

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

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**MEMORANDUM**

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**DATE:** AUGUST 21, 2020  
**TO:** CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE  
**FROM:** CINDY HEAVENS, SENIOR PROJECT MANAGER  
**RE:** **HUNTERS VIEW PHASE III – REVISED and UPDATED MHP COMMITMENT LETTER FOR SEPTEMBER 15, 2020 APPLICATION**

**THIS REQUEST**

Certificates of Participation: \$ 9,740,000 includes AHP bridge loan of \$1,170,000

**PREVIOUS COMMITMENTS**

Certificates of Participation: \$ 7,304,973

**EXISTING PREDEVELOPMENT LOAN**

Certificates of Participation: \$ 6,455,027

LMIHAF – Predevelopment: \$ 1,500,000

**TOTAL MHP COMMITMENT**

**LETTER REQUEST: \$25,000,000**

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**Summary of Request**

Hunters View Associates, LP (the “Partnership”), a California limited partnership formed by the John Stewart Company (“JSCo”), an affiliate of Ridge Point Non-Profit Housing Corporation, and Devine and Gong, Inc. (“DGI”), requests a preliminary gap loan commitment to support their application for California Department of Housing and Community Development (“HCD”) Multifamily Housing Program (“MHP”) funds for Hunters View Phase III (the “Project” or “HV3”). This preliminary gap request is for a total City contribution of up to \$25,000,000, including a construction period-only bridge loan of \$1,170,000, and includes a portion of the infrastructure costs that are directly associated with the vertical development. JSCo, DGI, and Ridge Point Non-Profit Housing Corporation (the “Sponsors”) received a preliminary gap loan approval from the HOPE SF Citywide Affordable Housing Loan Committee (“Committee”) on February 21, 2020 in the amount of \$16,760,000 for an MHP application due in March 2020. The February 23, 2020 MHP Commitment Letter loan evaluation is attached to this memo for reference.

The loan evaluation memo contains the following information:

- An update on Project status, including the proposed development budget based on 100% design development drawings (“DD”);
- An increase to the City gap contribution assumed for the vertical construction in the approved February 21, 2020 Loan Evaluation;



- An increase to the maximum income/rents for 20 units to exceed 50% Mayor’s Office of Housing and Community Development’s area median income (“MOHCD AMI”); and,
- A revision to the developer fee for vertical construction and master planning.

If awarded MHP in October 2020, staff and Sponsors will make a final gap request loan for horizontal/infrastructure not associated with an affordable housing development along with preliminary gap request update for vertical construction in order to begin infrastructure construction in January 2021. Also, since the Sponsors plan to submit a California Debt Limit Allocation Committee (“CDLAC”) Application in January 2021, they will also see a CDLAC gap commitment letter in October 2020. The final vertical gap request will be presented to this Committee in Spring 2021 prior to the residential construction and bond closing.

### **HCD-MHP**

The Sponsors applied for \$20,000,000 in MHP under the previous Notice of Funding Availability in published January 2020 for Round 2. While the Project was competitive, the Project’s affordability, which is a key to winning the tiebreaker, was not as restrictive as other awarded developments. Approximately \$310.4MM was awarded under the January 2020 MHP NOFA, of which \$112.85MM (or 36%) went towards projects in the Northern California region. Many of the developments awarded MHP were 100% supportive housing developments or had more than 20% of the units designated for supportive housing out of the MHP assisted units. While HV3, as a HOPE SF development, is a family development and has 20 units designed for homeless or formerly homeless families, the project had a point score of 116.0 and a tiebreaker score of 0.3440 that did not result in an award.

On July 20, 2020, HCD released a new MHP NOFA (Round 3). The July 2020 NOFA has approximately \$175MM available to award. MHP applications under Round 3 are due September 15, 2020. HCD’s MHP provides permanent financing for affordable new construction, rehabilitation, and preservation of permanent and transitional rental housing for households with incomes at or below the state’s 60% Tax Credit Allocation Committee’s Area Median Income (“TCAC AMI”). The July 2020 MHP NOFA outlines a maximum point scoring criteria of 116 points and requires a minimum point score of 90 points for a project to be considered for a funding award. The program will be highly competitive, and the tiebreaker for awarding funds is solely based on a project’s average TCAC AMI of MHP assisted units. This funding round prioritizes extremely low-income housing in its design and seeks to award a higher level of funding to High Resource areas. Of the \$175MM available in the 2020 MHP NOFA, \$52.5MM (or 20%) is available for projects in Northern California.

The Sponsors plan to re-submit HV3 in Round 3 with a more competitive tiebreaker (lower percentage score than was submitted in Round 2) by limiting the total number of units that will be MHP supported to 97 units (out of 118 total Project units). HV3 will remain a large family development with 20 units (21% of the MHP assisted units) set aside for homeless or formerly homeless families. HV3 meets all requirements of large family eligibility category and will achieve the maximum score of 116 points, with a tiebreaker score of 0.3118, suggesting the application will be competitive. The Sponsors are requesting \$20,000,000 in September, the same amount requested in March 2020. HV3 is one of two San Francisco projects applying for MHP this round; the other project is 180 Jones. As a 100% supportive housing development 180 Jones has a self-score of 116 points and a tiebreaker score of 0.2042.

### **Update on Project Status**

#### **1. BACKGROUND**

Hunters View was the first of four HOPE SF developments to begin revitalization on a San Francisco public housing site. However, HOPE SF implementation has been ongoing since August 2005. Hunters

View Phase I completed infrastructure improvements, including Promontory Park, in April 2013 and its one affordable development contained on 3 blocks has been in operations since April 2013. Two additional affordable housing sites -- Phase IIA – Blocks 7 & 11, and Phase IIB – Block 10 -- as well as Phase II infrastructure that included Ironwood Park, were completed in 2017. With the completion of Phase IIA, all former public housing residents that lived on site or had a known offsite relocation at the start of the revitalization of Hunters View have successfully relocated to Hunters View’s new on-site units.

In early 2018, the Sponsors demolished the last dilapidated 18 public housing buildings to their foundations to address public safety concerns of the former public housing residents and new residents living in newly completed Phase I, Phase IIA, and Phase IIB. The other predevelopment activities the Sponsors have completed to-date include:

- Defined the Phase III plans; Sponsors’ architect is currently working on 35% construction development drawings;
- Increased the number of units from 100 to 118;
- Increased the size of the privately owned public open space, Bayview Park, while eliminating a small park that was identified on the master site plan and located on steep terrain that is too difficult to develop;
- Received City Planning Commissions approval to extend the sitewide entitlements in February 2020;
- Received HOPE SF approval in February 2020 to include 20 permanently supportive housing units for homeless and formerly homeless families into the development in order to meet threshold requirements of an MHP application;
- Increased podium parking from 43 spaces or 1: 0.36 parking ratio excluding the staff unit to 56 spaces or 1: 0.48 parking ratio excluding the staff unit in response to District Supervisor concerns; and,
- Hired a traffic consultant to study parking and transportation for the entire site.

When complete, Hunters View Phase III will total 118 units contained in two buildings on Blocks 14 and 17 of Hunters View. The current unit mix is 49 one-bedrooms, 13 two-bedrooms, 16 three-bedrooms, 34 four-bedrooms, 5 five-bedrooms and 1 two-bedroom onsite staff unit. The Project’s proposed unit mix and income restrictions enable the Project to be significantly more competitive for MHP. The units and income restriction in this request are shown in the chart below. (Please note that in the chart PHR PBV means public housing replacement units supported by project-based vouchers (“PBVs”)).

UNIT SIZE		<u>MAXIMUM INCOME LEVEL</u>		
<u>NON-LOTTERY</u>	No. of Units	MOHCD	TCAC	MHP
1 BD - LOSP	15	50% MOHCD AMI	25% TCAC AMI	25% TCAC AMI
2 BD - LOSP	3	50% MOHCD AMI	25% TCAC AMI	25% TCAC AMI
3 BD - LOSP	2	50% MOHCD AMI	25% TCAC AMI	25% TCAC AMI
<b>LOSP Sub-Total</b>	<b>20</b>			
2 BD – PHR PBV	3	50% MOHCD AMI	50% TCAC AMI	25% TCAC AMI
3 BD – PHR PBV	11	50% MOHCD AMI	50% TCAC AMI	25% TCAC AMI
4 BD – PHR PBV	34	50% MOHCD AMI	50% TCAC AMI	25% TCAC AMI
5 BD – PHR PBV	5	50% MOHCD AMI	50% TCAC AMI	25% TCAC AMI

<b>PHR PBV Sub-Total</b>	<b>53</b>			
<b><u>LOTTERY</u></b>				
1 BR	19	50% MOHCD AMI	50% TCAC AMI	50% TCAC AMI
2 BR	2	50% MOHCD AMI	50% TCAC AMI	50% TCAC AMI
3-BR	3	50% MOHCD AMI	50% TCAC AMI	50% TCAC AMI
<b>50% MOHCD AMI Sub-Total</b>	<b>24</b>			
1 BR	15	80% MOHCD AMI	70% TCAC AMI	70% TCAC AMI
2-BR	5	80% MOHCD AMI	70% TCAC AMI	70% TCAC AMI
<b>80% MOHCD AMI Sub-Total</b>	<b>20</b>			
<b><u>MANAGER UNIT</u></b>				
2-BR	1	N/A	N/A	N/A
<b>TOTAL</b>	<b>118</b>			

It should be noted that based on the May 2020 MOHCD and TCAC maximum income charts the MOHCD AMI to TCAC AMI is as follows:

- 33% MOHCD AMI is approximately 25% TCAC AMI and in the chart above 25% TCAC AMI will be the most restricted AMI for the permanent supportive housing units supported with LOSP and the public housing replacement units supported with PBVs;
- 50% MOHCD AMI is approximately 37% TCAC AMI and in the chart above 50% MOHCD AMI will be the most restricted AMI on the tax credit and MHP supported units in the lottery
- 80% MOHCD AMI is approximately 59% TCAC AMI and in the chart above 80% MOHCD will be the most restrictive AMI on the tax credit units without MHP financing in the lottery

Also, FHLB AHP will require 60% of the units (71 units) to be at or below 50% TCAC AMI. Since the Project has 82% (97 units) at or below 50% TCAC AMI, the AHP affordability restrictions are not shown in the chart above. Also, please note that the families in LOSP supported units will pay 30% of the household monthly incomes as rent, estimated at \$300 / month.

## **2. PRIOR MOHCD/OCII FUNDING FOR CURRENT REQUEST**

### Existing Loans

Predevelopment loan for \$9,455,027 was executed in June 2017, of which \$3MM was designated for infrastructure and demolition. Of the \$3MM only \$1.5MM was expended for infrastructure and demolition, and with this request the remaining \$1.5MM will be applied to vertical construction. As of August 2020, \$4,835,817 of the \$9,455,027 has been drawn with \$4,619,210 remaining.

### Prior Funding Commitments

On February 21, 2020, for an MHP application submitted in March 2020, the Committee recommended an additional \$7,304,973 for the Project.

Fulfillment of Conditions Prior to Financing from Previous Loan Evaluations: Please See Section 7 - Staff Recommendations for conditions related to this request and those included in previous loan evaluations.

### 3. DEVELOPMENT PLAN

#### Site

Other than the Environmental Review sitewide entitlements, no other aspects of the site have changed since the February 21, 2020 Loan Evaluation. The sitewide entitlements were approved on February 20, 2020, and the Recreation and Parks Commission and Planning Commission approved the height increase from 45 to 65 feet. Also, since the initial Environmental Impact Report (“EIR”) did not contemplate Hunters View Phase III and the existing EIR had expired, an EIR Addendum to extend the date of the entitlements and include HV3 was approved on February 20, 2020. A sitewide National Environmental Policy Act (“NEPA”) evaluation was completed in 2008, and NEPA clearance will be required for the public housing replacement units supported by PBV rental subsidy.

#### Proposed Design

Other than small changes in square footages, the proposed design remains as described in the February 21, 2020-Loan Evaluation.

#### Construction Supervisor/Construction Specialist’s Evaluation.

In March 2020, HV Phase IIIA Blocks 14 & 17 Vertical Construction currently estimates \$92,297,116 GMP. This estimate was based on the 50% DD plans informed by the 100% DD drawings and did not include value engineering (“VE”). In April 2020, the Sponsors identified \$5.5MM in potential VE, was only able to claim \$3.4MM bringing the GMP estimate to \$88,897,116. However, the 50% DD plans informed by the 100% DD drawings did not include the cost for the 14 spaces additional parking spaces that in February 2020 was quickly estimated at \$1.2MM and this equivalent amount has been added back into the project making the total GMP reflected on the permanent budget with this request \$91,173,956 including VE, Sponsor’s contingency, and bid and hard cost escalations. When the infrastructure allocation of \$15,194,607 is added to the GMP reflected on the permanent budget the total development hard cost is \$106,368,563. (For a discussion about infrastructure allocation please see Section 4 – Financing, Tax Credits).

David Baker Architects released a 35% CD includes the \$2.2MM VE items in the design and other design developments on 7/2/2020, but this pricing is not in this request. Nibbi/Cahill, the general contractor, expects to have updated pricing based on the 35% CDss by mid-August. The largest single line item in the \$2.2MM VE exercise came from enclosing what had previously been open-air exterior corridors in each building. While this adds a small amount of cost for mechanical ventilation, it is more than offset by reducing the number of exterior walls, which are far more expensive to build than interior walls. The other large design change was the elimination of reclaimed “purple pipe” water due to an exemption from San Francisco Code that was granted to the project due to it being 100% affordable. The Owner-Architect-Construction (“OAC”) team continues to look for further VE opportunities, and is cautiously optimistic that the impacts of the current COVID-related recession might provide more favorable bidding.

It should be noted that to compare construction costs, the infrastructure allocated to HV3 vertical development was removed from the construction cost comparison chart. As shown on the cost comparison chart, the total current projection for construction cost per unit excluding infrastructure associated with the vertical development is \$772,661, well above the average for comparable MOHCD projects, while the cost per bedroom (\$318,790) is the second lowest of project in predevelopment. The per square foot cost (\$516) is also slightly below the average. In all cases, the costs warrant more explanation, due to additional cost escalators including the sloped site and the standard HOPE SF related

design features (in-building car parking, in-unit laundry in two-bedroom and larger units, much larger bedroom type counts than typical) that typically drive up the construction costs on HOPE SF buildings. Once these items are factored in, the costs for this project are well in line with comparable projects in MOHCD’s pipeline. Also, it should be noted that HV3 will only have washer/dryer hook-ups in its 3 bedroom or larger units for the following reasons:

- As the first HOPE SF development to begin construction, Hunters View did not have the requirement of in-unit laundry in two-bedroom and larger units.
- The HV3 public housing replacement units will have a preference for the existing families living in older units at Sunnydale-Velasco and Potrero and Potrero Annex, two of the three other HOPE SF sites, which follow the policy of providing laundry in three-bedroom units and larger.
- The tenants who lived at Hunters View before revitalization of Phase I began were not provided in-unit washer/dryers and only some of the larger units, mostly the accessible units, have washer/dryer hook-ups only. MOHCD staff and the Sponsors have determined that in order to be equitable to the legacy families and create a unified community for all Hunters View affordable housing sites, washer/dryer hook ups only will be provided for the 3-bedroom and larger units.

#### 4. FINANCING PLAN

##### Updated Sources and Uses Summary

<b>Predevelopment Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD Loan inclusive of vertical and infrastructure expenses	\$9,455,027	55 yrs. @ 0.25% Def / RR	Awarded
<b>Permanent Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD Vertical Loan, inclusive of infrastructure related to vertical construction	\$23,830,000	55 yrs. @ 0.25% Def / RR	This Request
Permanent Bank Loan	\$34,000,000	35 yrs. @ 4.20%	Not Committed
Tax Credit Equity	\$49,107,958	\$0.95 per credit	Not Committed
HCD MHP Loan	\$20,000,000	55 yrs. @ 3.00% / RR, 0.42% annual fee	Not Committed
AHP Loan	\$1,170,000		Not Committed
GP Equity Contribution	\$6,380,000		Not Committed
Def Dev Fee	\$1,300,000		Not Committed
<b>Total</b>	<b>\$135,787,958</b>		

Uses	Amount	Per Unit	Per GSF
Hard Costs, excluding infrastructure associated with the vertical development	\$91,173,961	\$772,661	\$516
Infrastructure Costs, associated with the vertical development	\$15,194,607	\$128,768	\$ 86
Soft Costs	\$19,739,391	\$180,747	\$112
Developer Fee	\$9,680,000	\$82,034	\$ 55
<b>Total</b>	<b>\$135,787,959</b>	<b>\$1,150,745</b>	<b>\$796</b>
Uses Excluding Infrastructure	Amount	Per Unit	Per GSF
Hard Costs, excluding infrastructure associated with the vertical development	\$91,173,961	\$772,661	\$516
Soft Costs	\$19,739,391	\$180,747	\$112
Developer Fee	\$9,680,000	\$82,034	\$ 55
<b>Total</b>	<b>\$120,593,352</b>	<b>\$1,021,978</b>	<b>\$683</b>

Per unit total development costs (“TDC”) without infrastructure is over \$1MM. In addition to design elements contributing to the high per unit TDC, the Project, as required by MHP, has \$2MM in a transition reserve for the public housing replacement units supported by PBVs. The Sponsors in the February 21, 2020-Loan Evaluation committed to working with HCD to eliminate and/or reduce prior to final gap closing for the HV3 affordable housing development. Also, to bring the per unit TDC without infrastructure below \$1MM, a minimum of \$2.6MM has to be eliminated from the Project in hard or soft cost. However, as discussions around equitable design and operations are ongoing for HV3 and other HOPE SF developments, staff recommends that Sponsors continue to seek additional cost reductions. Please note: cost reductions and targets are not provided with this preliminary gap request for an MHP Commitment Letter.

Potential/Proposed Permanent Financing.

The Sponsors propose to use the combination of the following permanent sources for the vertical Phase IIIA development:

**MOHCD (\$23,830,000):** For the MHP preliminary gap application commitment letter, the Sponsors request \$23.8MM in total gap funding from MOHCD. This is a \$7.07MM increase from the request in February 2020, for the following reasons:

- The February 2020 request did not include any infrastructure costs in HV3's total development costs ("TDC"), whereas the current request includes \$15.2MM in infrastructure costs related to the vertical development. Including a portion of the infrastructure in the project costs – a practice followed by Sunnydale and Potrero HOPE SF projects -- allows the Sponsors to leverage as much tax credit equity on the development as possible.
- The costs for the additional 14 parking spaces (approximately \$1.2MM) were not included in the February 21, 2020-Loan Evaluation because the decision to include the 14 spaces was made on February 19<sup>h</sup>, one day before the Planning Commission meeting in order to respond to the Supervisor and two days before the Committee meeting on February 21<sup>st</sup>.

The MOHCD vertical loan includes a to-be-defined commercial cold shell loan for the commercial spaces in Blocks 14 and 17. Some warm-shell costs related to construction of the community kitchen are also included in the MOHCD vertical loan, in keeping with MOHCD's commercial space policy. The construction line items included in the commercial warm-shell loan will be provided to MOHCD for review and approval prior to the gap loan request and will include a schedule and marketing strategy indicating that the commercial spaces will be occupied at construction completion. The strategy for the commercial spaces will be developed in cooperation with the HOPE SF Backbone team. Sources and uses breakdown and commercial operating budget will be provided at gap financing to the Loan Committee.

**Permanent Loan** (\$34,000,000): The permanent lender has not been selected. The Sponsors issued the lender and investor Request for Proposals ("RFP") in June 2020 and are receiving bids in anticipation of a CDLAC application submission in January 2021. The Sponsors are assuming a credit enhanced loan at a 4.20% fixed interest rate with a 35-year term, 35-year amortization, and 1.15 DSCR. However, in accordance with MOHCD's underwriting, the budget shows a DSCR of 1.10 in Year 1. If at the final vertical gap evaluation, the lenders and investors require a 1.15 DSCR, Sponsors and staff will request Committee approval. Current assumptions are conservative due to the timing of the project's schedule (closing in summer of 2021) and nature of the financial market.

**Construction Loan** (\$88,000,000): The construction loan will be paid off by the permanent loan, MHP, and tax credit equity. The tax-exempt bond request exceeds the per-project cap (\$50M) and per the CDLAC regulations the project will be able to provide compelling evidence as to why it cannot be developed in phases and must exceed the cap. In addition, the Sponsors are aware of other similar projects that have successfully received the waiver to the cap. is aware of other similar projects that have successfully received the waiver to the cap. Based on the tax-exempt bond calculation cap (different than the per project cap and calculated to be approximately \$71M), the request to CDLAC is currently estimated to be \$69MM. This allows the project to meet the 50% test safely while asking for as little bonds as necessary to maximize efficiency for scoring purposes. The remaining portion of the construction loan is assumed to be a taxable tail underwritten at a rate of 4.50%. The project as currently underwritten meets its 50% test for the bonds. However, Sponsors will continue to analyze and prior to the CDLAC Commitment Letter request and final gap request must provide MOHCD with an analysis. It should be noted that the CDLAC scoring is potentially being revised significantly. The Sponsor has been involved in comments to the scoring rubric revision and believes based on the best information available that HV3 will be competitive, however no final regulations have been released to date.

**Tax Credits** (\$49,107,958): The investor has not been selected. The Sponsors issued the lender and investor Request for Proposals ("RFP") in June 2020 and are receiving bids in anticipation of a CDLAC application submission in January 2021. MOHCD will require a review of the raw data received from the RFP respondents and must approve the selected investor. The tax credit equity is based on a pricing of \$0.950 per credit, lower than the amount of 1.00 assumed in the February 21, 2020-Loan Evaluation. Phase IIIA's tax credit pricing estimate is reasonable, and staff will require that any additional equity raised will be used to off-set the City's gap loan. Also, the Sponsors are considering applying for State

credits in January 2021 in order to reduce MOHCD gap loan request. The Sponsors have not included State credits in this MOHCD loan request and are not showing State credits on their MHP application since secured sources are competitive for MHP.

It is important to note that total infrastructure for HV3 is \$29,990,664. The infrastructure has not been evaluated by staff or presented to the Committee. Infrastructure presented with the vertical development is financing mechanism only and an allocation only. The infrastructure with this request does not include any soft costs or construction escalations and contingencies.

To determine the amount of infrastructure allocated to the vertical design, the Sponsors consider the infrastructure improvements total square footage and do a proportional allocation of affordable development versus market rate developments; followed by an analysis of the cost to construct the various types of infrastructure improvements. Infrastructure improvements that are necessary for residents to access the affordable developments and for the properties to operate are assigned to the vertical construction; typically, public right-of-way and utilities. Parks are not included in the vertical construction. This infrastructure cost allocation analysis is consistent with the process that occurred on Hunters View Phase IA and IIA. Also, it should be noted that the Sponsors, as the first developers to begin construction on a HOPE SF site inclusive of infrastructure, share this analysis process with the Sunnydale team prior to the Sunnydale HOPE SF development beginning construction. Also, this infrastructure cost allocation process was reviewed by the Sponsors' council and discussed with some tax credit investors about the best way to package the infrastructure for tax credit purchase. Further, based on guidance for the Sponsors' tax attorney, the Sponsors will also have 3 general contractor contracts: vertical development, infrastructure allocated to the vertical development, and infrastructure for the park and building pads for developments without tax credit financing. This approach to the general contractor contracts is also consistent with previous phases and allows the partners to maximize tax credits equity for infrastructure development.

**HCD Programs:** In the February 21, 2020-Loan Evaluation, staff provided an analysis of HCD's Affordable Housing and Sustainable Communities ("AHSC"), Infill Infrastructure Grant ("IIG"), and Transit Oriented Development Housing ("TOD") programs as possible financing available to the project. Since the February 21, 2020-Loan Evaluation, the Sponsors with staff support also analyzed No Place Like Home ("NPLH"), a HCD program administered by MOHCD and HSH, as a financing option for HV3. Based on the NPLH analysis below, MHP is the only HCD Program available to leverage City funds. (The NPLH analysis is numbered to follow the bulleted analysis in the February 21, 2020-Loan Evaluation.)

- v. **NPLH:** This is a State source of funds administered by MOHCD and includes a capital source for permanent support unit development. In spring, the Sponsors discussed using NPLH as a capital source on the LOSP units. NPLH is not a good source of funding for Hunters View Phase III for some of the reasons listed below.
  - o While a key HOPE SF principle is to develop mixed income communities, the addition of chronically mentally ill households adds a service component in an already service strained community.
  - o HV3 is not located in a transit rich neighborhood or in the central city, where most behavioral health services are available.
  - o It is recommended by LSS and DPH that supportive services be available to chronically mentally ill household member after hours and on weekends and offset LSS services. Due to the location of HV3, finding a provider for this aspect of service provision was extremely difficult.



**General Partner Equity** (\$6,380,000): On the vertical development, the Sponsors will take developer fee that is reasonable for an MHP sponsored development with high cost and allowable developer fee under TCAC and the general partner will contribute to Hunters View Phase IIIA consistent with MOHCD guidelines.

**Deferred Developer Fee** (\$1,300,000): The Sponsor will take the maximum MOHCD allowable deferred developer fee.

**FHLB AHP** (\$1,170,000): MOHCD will require that the Sponsor apply to the FHLB-San Francisco for AHP in an amount up to \$1,170,000 60 days after construction has started in order to maximize competitiveness. Any AHP funds awarded will reduce the MOHCD loan by an equal amount. The Sponsor’s equity and debt RFP mentioned the desire of the Sponsor to apply for AHP and stated that if the selected debt and/or equity lender is not a member bank, it must commit to working with the Sponsors to find a member bank to submit an AHP application.

Uses Evaluation

<b>DEVELOPMENT BUDGET</b>		
<b>Underwriting Standard</b>	<b>Meets Standard?</b>	<b>Notes</b>
Hard Cost per unit are within standards	Y	Hard costs are \$799,212 per unit for hard cost excluding infrastructure related to the affordable housing development. Cost exceed the average of most MOHCD developments, including HOPE SF developments because of the large number (53) of 3-bedroom and larger units, the steepness of the site, and additional parking. Per bedroom cost are below the MOHCD average. The Sponsor will work with MOHCD to reduce overall project costs that includes infrastructure.
Construction Hard Cost Contingency is at least 5% (new construction)	Y	Hard cost contingency is 5.0%.
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	Y	Design, bid, and plan check escalations total 11% as shown on the permanent budget.
Architecture and Engineering Fees are within standards	N	The Sponsor will refine architectural fees prior to gap financing request.
Construction Management Fees are within standards	N	Construction Management fees exceed MOHCD guidelines. Sponsors should reduce or provide an explanation.
Permit Fees	Y	\$1,100,105 is the total permit fee amount.
Developer Fee is within standards, see also disbursement chart below	Y	Total Maximum cash out fee is \$1.0MM. The total At-Risk Fee is \$1.0MM. See Section 6 below.
Soft Cost Contingency is 10% per standards	N	Soft cost contingency is 2.6%. Sponsor recognized the total development costs and

		soft costs exceed similar projects in MOHCD's portfolio and have elected to keep the soft cost contingency low.
Capitalized Operating Reserves are a minimum of 3 months of operating budget	N (per below)	Sponsors has 6 months of operating expenses excluding debt service which exceeds HCD guidelines.
Debt Service Reserve	N	This is 6 months of debt service only. This is not included in the Capitalized Operating Reserves and it is based on Sponsors experience with the other Hunters View deals. Staff accepts this fee.
HCD Transition Reserve	N	Staff does not consent to the HCD transition reserve at this time. If awarded MHP, Sponsor must work with MOHCD and HCD to reduce this reserve.

The Project's development budget does not include TCAC's maximum developer fee of 15% of eligible basis, at a total of \$19,624,666, with a maximum of \$2,943,700 in cash developer fee to Sponsor. The developers are financing a lesser fee of \$9,680,000 because the overall TDC is high and the high project costs due to infrastructure has an effect on the MHP application. Because the Sponsors are taking less cash developer fee on the vertical development (\$2,000,000 instead of \$2,380,000) to have a competitive MHP development, they are requesting that the additional \$200,000 allowed as project management fee in MOHCD's Developer Fee Policy and the \$180,000 for \$10,000 for every unit over 100 units paid as At-Risk Fee in MOHCD's Developer Policy instead be disbursed through the infrastructure portion of the project's master developer fees. These additional amounts do not increase the MOHCD loan. Also, this type of re-allocation of vertical developer fee payments has occurred on previous Hunters View phases and staff recommends the change.

Re-allocation of some vertical developer fee to the master planning developer fee results in the residential vertical developer fee and master planning developer fees as shown below.

Revised Residential/Vertical Developer Fee Disbursement Schedule		
Payment Milestone	% of Project Mgmt Fee	Amount
PM Fee: At closing of initial pre-development financing & Predevelopment	50%	\$500,000
100% Schematic Design (DISBURSED)	15%	\$150,000
Submission of Site Permit (DISBURSED)	10%	\$100,000
MHP Application Submission	10%	\$100,000
Submission of TCAC/CDLAC Application	5%	\$46,667
Remaining Project Management Fee paid at Construction Closing	10%	\$103,333
PM Fee: Construction Close	20%	\$200,000
PM Fee: During or at End of Construction – <i>The interim payments in the two previous loan evaluations apply</i>	20%	\$200,000
PM Fee: At Project Close Out	10%	\$100,000
<b>Total Project Management Fee</b>	<b>100%</b>	<b>\$1,000,000</b>

At Risk: 95% Leased up and Draft Cost Certification	20%	\$200,000
At Risk: Permanent Loan Closing/Conversion (Final Cost Certification Audit)	50%	\$500,000
At Risk: Project Close Out (Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.)	30%	\$300,000
<b>Total At Risk</b>	<b>100%</b>	<b>\$1,000,000</b>
<b>Total Cash Out Developer Fee</b>		<b>\$2,000,000</b>
<b>Total GP Equity</b>		<b>\$6,380,000</b>
<b>Total Deferred Developer Fee</b>		<b>\$1,300,000</b>
<b>TOTAL RESIDENTIAL/VERTICAL DEVELOPER FEE</b>		<b>\$9,680,000</b>
<b>MASTER PLANNING DEVELOPER FEE</b>		
<b>Payment Milestone</b>	<b>% of Project Mgmt Fee</b>	<b>Amount</b>
MP2: Close of Predevelopment Loan (PAID)	15%	\$108,526
MPA: Close on Predevelopment Loan (PAID)	24%	\$170,000
MP-VCO: Submission of TCAC/CDLAC Application (This disbursement amount equals 50% Project Management Fee Cash Out Predevelopment Disbursement at \$1.1MM)	7%	\$50,000
MP-VCO: Due at HV3 Vertical Development Construction Closing	3%	\$20,000
MPA: Interim Payment - Notice to Proceed – Infrastructure	23%	\$165,000
MPA: Interim Payment - Notice to Proceed – Vertical Construction	23%	\$165,000
MP-VCO: During or at End of HV3 Vertical Development Construction	3%	\$20,000
MP-VCO: At Project Close Out	2%	\$10,000
<b>TOTAL MASTER PLANNING CASH OUT PROJECT MANAGEMENT DEVELOPER FEE</b>	<b>100%</b>	<b>\$708,526</b>
<b>TOTAL AT MP-VAR &amp; MP-VARA</b>		<b>\$280,000</b>
<b>Total Master Planning Fee</b>		<b>\$988,526</b>
<b>Master Planning &amp; Infrastructure Sources of Approval</b>		
MP2: Master Planning Fee held not paid in Phase II (PAID)		\$108,526
MPA: Master Planning Fee, additional approved by MOHCD on June 29, 2015. Disbursed as shown above and as approved for Phase I and II.		\$500,000
MP-VCO: Master Planning - the portion of Cash Out Project Management Fee of Developer Fee allowed under MOHCD's Developer Fee Policy, but unable to claim on HV3 vertical development due to HCD's MHP limit of \$2MM developer fee for competitiveness.		\$100,000
MP-VAR: Master Planning - the portion of At-Risk Developer Fee allowed under MOHCD's Developer Fee Policy, but unable to claim on HV3 vertical development due to HCD's MHP limit of \$2MM developer fee for competitiveness. Disbursement milestones are the same as the MOHCD Developer Fee Policy At-Risk Disbursements.		\$100,000

MP-VARA: Master Planning - the portion of At-Risk Additional Project Management Fee allowed under MOHCD's Developer Fee Policy, but unable to claim on HV3 vertical development due to HCD's MHP limit of \$2MM developer fee for competitiveness. Disbursement milestones are the same as the MOHCD Developer Fee Policy At-Risk Disbursements.	\$180,000
<b>TOTAL MASTER PLANNING &amp; INFRASTRUCTURE DEVELOPER FEE</b>	<b>\$988,526</b>

There are no changes to the Infrastructure Developer Fee chart provided in the Predevelopment Loan Evaluation dated April 11, 2016 and the infrastructure developer fee chart shown below

DEVELOPER FEE INFRASTRUCTURE DISBURSEMENT SCHEDULE		
Payment Milestone	% of Project Mgmt Fee	Amount
Issuance of Infrastructure Permits	25%	\$250,000
100% Completion of Demolition (PAID)	25%	\$250,000
50% Infrastructure Completion	25%	\$250,000
100% Infrastructure Completion (excluding landscaping)	20%	\$200,000
B.O.S acceptance of public infrastructure	5%	\$50,000
<b>TOTAL PROJECT MANAGEMENT</b>		<b>\$1,000,000</b>
<b>Total Infrastructure Developer Fee</b>		<b>\$1,000,000</b>

## 5. PROJECT OPERATIONS

### Operating Budget Evaluation

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is between minimum 1.10:1 in year 1 and maximum 1.00:1 in year 17	N	DSCR is 1.10:1 in Year 1 and 1.36 in year 17.
Debt Service Coverage Ratio stays above 1.00:1 for entirety of projected 20-year cash flow	Y	DSCR in Year 20 is 1.41
Vacancy meets TCAC Standards	Y	Vacancy is 5%.
Annual Income Growth is increased at 2.5% per year	N	Income escalation factor is 2.0%. DGI, the financial advisor and co-Developer underwrites at a less aggressive escalation than MOHCD and uses 2.0%. However, there is a 1% difference between the Annual Income Growth and Annual Operating Expenses.

Annual Operating Expenses are increased at 3.0% per year	N	Expenses escalation factor is 3.0%. DGI, the financial advisor and co-Developer underwrites at a less aggressive escalation than MOHCD and uses 2.0%. However, there is a 1% difference between the Annual Income Growth and Annual Operating Expenses
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are \$13,834 per unit per annum (“PUPA”), excluding reserves and ground lease payment is lower than the current average on developments with LOSP, but higher than the development with 30% or less of LOSP units. Security costs due to an extensive camera system increases the PUPA.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$87,456 or \$62 per unit per month (“PUPM”).
Property Management staffing level is reasonable per comparables	Y	No change from February 21, 2020 – Loan Evaluation.  1 FTE property manager, 2 FTE occupancy specialist, 0.5 office assistant, 1.5 FTE maintenance technician, 2 FTE grounds/janitor.
Asset Management and Partnership Management Fees meet standards	Y	Reflects a 2023 operating start Annual AM Fee is \$21,910/yr Annual PM Fee is \$25,000/yr Total AM & PM is \$46,910/yr  Maximum Total Project Sponsor AM and PM fee in 2023 is \$48,550, per MOHCD’s Operating Fees Policy.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$600 PUPA, per HCD standard.
Limited Partnership Asset Management Fee meets standards	Y	\$5,000 per year.
Homeowner’s Association (HOA)	N/A	No change from February 21, 2020 – Loan Evaluation.  \$77,000 per year project-wide (based on Phase I & II HCD cap). (See comment below this chart.)
Resident led Community Stewardship (\$25 PUPY)	Y	HV3 has no RAD supported units. However, JSCo, the property manager, agreed to provide the \$25 PUPY on the non-RAD PBV and on tax credit units in order to create equity among all

		Hunters View affordable housing developments and provide funding to the resident council that is made up of legacy and new residents to the community.
Rental Subsidies?	Y	No change from February 21, 2020 – Loan Evaluation.  HV3 has 53 PBV’s and 20 LOSP units

**6. Staff Recommendations**

Conditions prior to additional funding request or financing gap

Below are conditions prior to financing gap related to this request.

- Sponsors should continue to craft a value engineering plan to significantly reduce costs, including analysis related to moving some infrastructure related to the affordable development to the horizontal development.
- Sources and uses breakdown and commercial operating budget will be provided at gap financing to the Loan Committee.
- Sponsors must provide an analysis of project’s ability to be funded under the competitive CDLAC rules given the high cost. The analysis should include analysis of the 50% test because the project currently as budgeted is almost \$20MM over the bond cap.
- Any additional equity raised with the selection of the investor will be used to offset the City’s gap loan.
- Prior to the funding request for infrastructure final gap loan approval or update of vertical design, the Sponsors to analyze lowering escalation contingencies because of current market conditions.

Below is the status of the conditions prior to additional funding request or financing gap shown in the February 21, 2020-Loan Evaluation.

- Sponsors to confirm the completion of the process to remove the requirement for recycled water (“purple piping”) in Hunters View Phase III that was part of Phase I and II.  
**Status: Completed.** In spring 2020, it was determined that the purple pipe is not required for HV3, an affordable development. The park and the market rate lots built with the infrastructure must contain recycled water piping.
- Sponsors must submit a cash flow for MOHCD approval showing an acceptable debt service coverage ratio (DSCR), income trending, reserve funding, and surplus cash split. Re-stated in February 2020 loan evaluation as, Sponsors will work to reduce the DSCR to MOHCD underwriting standards.  
**Status: Completed.** DSCR meets MOHCD guidelines. DSCR is 1.10:1 in Year 1, 1.36 in year 17 and 1.41 in Year 20.
- Sponsors will provide a schedule and marketing strategy indicating that the commercial spaces will be occupied at least 6 months after residential temporary certificate of occupancy (TCO) is received.  
**Status: In process.** Due to the coronavirus pandemic, marketing strategy for the learning library area in Block 14 has been delayed. Working with a La Cocina vendor, JSCo has made progress regarding the commercial cooking space in Block 17 and has secured a \$10,000 design development grant from SF Foundation.
- Sponsors must show in their operating assumptions some information related to operating the commercial spaces and rental assumptions in the MOHCD commercial operating budget.

**Status: In process.** Due to the coronavirus pandemic, negotiation and assumptions regarding the commercial spaces have been on hold. However, as designed, the community serving learning space in Block 14 and the commercial kitchen in Block 17 are separately metered from the residential housing. By November 1, 2020 and prior to the infrastructure gap final commitment and vertical update, Sponsors must provide assumptions whose doing common area maintenance (CAM) work and costs for CAM work that will be applied to the commercial areas.

- Sponsors will provide an explanation for the architectural fee overruns based on architect's estimated hours of work for proposed scope. Sponsors should include in the analysis a breakdown of the architectural fees related to split unit work for three-bedroom and larger public housing replacement units in order to respond to exact type unit replacement zoning requirement in the Hunters View Special District (City Resolution 080692, Ordinance Number 201-01). By June 1, 2020, Sponsors will provide a comparison of Hunters View phases for vertical architecture services that demonstrate reasonable architectural costs for Phase III. If fees remain over MOHCD underwriting guidelines, Sponsors will provide an explanation for the architectural fee overruns based on architect's estimated hours of work for proposed scope.

**Status: In process.** Sponsors have provided an explanation of the costs overruns and the additional costs are due to the extended entitlement process that has taken over 12 months due to delays at the Planning Department. By October 1, 2020, the sponsors will provide a comparison of Hunters View phases for vertical architectural services to demonstrate reasonable architectural costs for Phase III.

- On the permanent budget, the Sponsors must show construction management services on the appropriate line item.

**Status: Completed.** The construction management services are shown on the appropriate line item in the permanent sources and uses budget.

- Sponsors to provide MOHCD with a breakdown of their assumptions for hard-shell, warm-shell and tenant improvements for the two commercial spaces. Sponsors must include commercial shell costs on the appropriate line items on the MOHCD permanent budget. Sponsors to verify that the commercial spaces have separate utility connections from the residential.

**Status: In process.** The Sponsors' general contractor is pricing the 35% CDs. A breakdown of the hard shell will be provided to MOHCD by September 2020, when the overall pricing is completed and submitted to MOHCD. As the marketing for an educational provider for the learning space is slowed down due to the coronavirus pandemic, the Sponsors do not have any cost assumptions for a warm-shell and tenant improvements. For the commercial kitchen in Block 17, the Sponsors have resumed communication with a potential vendor. However, warm shell and tenant improvement costs based on an assumed design have not been developed. With the submission of the 35% pricing, the Sponsors should include a cold and warm shell cost breakdown for both commercial spaces. By February 1, 2021, Sponsors should have an estimate of tenant improvements for the reading/library space. Since the tenant improvements for the community kitchen maybe developed by the tenant, tenant improvement costs are anticipated to occur after the residential closing. It should be noted that there is a discussion with the Hunters View residents about whether the commercial kitchen is designated for a tenant economic advancement. The MOHCD loan for community serving spaces covers cold shell and warm-shell tenant improvements with the tenant improvements not involving the warm shell paid for by the community serving tenant. If the community kitchen space will be for a tenant economic endeavor, it is possible that the MOHCD loan may include tenant improvements in addition to the cold and warm shell costs of the commercial kitchen. As use of the commercial kitchen is an ongoing conversation with HOPE SF and the Hunters View residents, both HOPE SF, MOHCD staff and residents need to have a direction for this space

- prior to the final gap request in order for the tenant improvement cost, if necessary, to be incorporated into the MOHCD loan.
- Sponsors to evaluate swapping up to 5 tax credit without subsidy units and no more than 10 units affordable to families at or below 32% MOHCD AMI/25% TCAC AMI with an equivalent amount of PBV's.
 

**Status: Complete.** This condition was based on an MHP project that included all 118 units as presented in the February 21, 2020-Loan Evaluation. With the change to an MHP competitive project that has some units at or below 50% MOHCD AMI and 20 units at or below 70% TCAC AMI, this comment no longer applies. Also, it should be noted that breakeven operating cost per unit requires a 50% MOHCD AMI; any unit lower than 50% MOHCD AMI requires an operating subsidy to be financially feasible.
  - Sponsors must reduce the capitalized operating reserves to MOHCD acceptable guidelines.
 

**Status: Not complete.** The MOHCD budget shows 6 months of capitalized operating reserves while MOHCD underwriting requires 3 months. However, DGI, the financial advisor and co-development Sponsor, states that initial interest in the Request for Proposal from the investors and lenders is resulting in all lenders and investors requiring 6 months capitalized reserves during this financially challenging time. Sponsors requests that for this MHP Commitment Letter they be allowed to keep the 6 months capitalized operating reserves but prior to the gap request, Sponsors will negotiate a capitalized operating reserve more in line with MOHCD underwriting guidelines if the tax credit pricing is not reduced. Staff accepts this request.
  - Sponsors must evaluate the necessity for a debt service reserve. MOHCD must review and approve the debt service analysis.
 

**Status: Not complete.** The MOHCD budget with this request shows 6 months of capitalized debt service reserves and this is based on experience with the completed Hunters View developments. Sponsors request that for this MHP Commitment Letter they be allowed to keep the 6 months of capitalized debt service reserves but prior to the gap requests, Sponsors will seek to eliminate this reserve or reduce it as long as elimination or reduction does not reduce the tax credit pricing. Staff accepts this request.
  - If awarded MHP, Sponsors must seek to significantly reduce the HCD Transition Reserve or eliminate it entirely.
 

**Status: Not complete.** The MOHCD budget with this request includes an HCD Transition Reserve for the 53 public housing replacement units supported by PBVs. As MOHCD has agreed with HCD, the HCD Transition Reserve does not include the 20 units for homeless families supported by LOSP. Sponsors request that for this MHP Commitment Letter they be allowed to keep the HCD Transition Reserve. If awarded MHP, the Sponsors will seek to reduce the HCD Transition Reserve or eliminate it entirely. Staff recommends that MOHCD accept this request.
  - Sponsors must provide an updated proposed staffing plan to MOHCD prior to CDLAC gap financing request. The updated plan must include a staffing plan comparison to completed phases with annual total and per unit per annual totals.
 

**Status: In process.** The staffing plan in the February 21, 2020 Evaluation is consistent with the staffing at other Hunters View affordable developments. This condition was related to the addition of supportive housing units, since JSCo, the property management agent, had to determine if it would have front desk security at both HV3 buildings or at one building, or not at all. As supportive housing units are new to the HOPE SF model and none of the previous Hunters View developments have a front desk, by October 2020 with the infrastructure gap request, JSCo must determine the best model for HV3 that is consistent with its management practices at the newly completed Hunters View properties but also addresses cost concerns.



- Sponsors will work with the HOPE SF team to have a proposed services plan for the entire site and a plan for the unplanned services funds prior to CDLAC gap loan request.  
**Status: In process.** Please see attached February 21, 2020 Preliminary Gap Loan Evaluation for MHP Commitment Letter for a discussion about unprogrammed/unplanned services. With the addition of the 20 homeless units with services provided by LSS and supported by HSH, if awarded MHP, JSCo, the lead developer, will begin to hold monthly meetings with all service providers to discuss service provision and property management that supports all residents, including the permanent supportive housing households. JSCo will involve HOPE SF staff in those meetings and will discuss programming the unplanned services funds paid through the operating budget.
- Sponsors must submit a draft services plan to HSH for review and approval as required for the MHP application due March 2nd.  
**Status: Completed.** HSH reviewed and approved the plan and budget that was submitted in the March 2, 2020-MHP application. Sponsors plan to resubmit that approved plan for the September application

Below is the status of the conditions prior to financing gap shown in the November 4, 2016-Loan Evaluation that were not restated in the Loan Evaluation on February 21, 2020.

- Sponsors must submit a financing plan and line-item budget that meets MOHCD underwriting guidelines, is within range of comparable projects, and conforms to TCAC and CDLAC requirements.  
**Status: In process.** MOHCD continues to meet with the Sponsors to discuss overall budget and construction pricing. These activities will continue prior to gap financing request, prior to gap loan funding request, and prior to next developer fee milestone.
- If covered bicycle parking is part of vertical design, access to bicycle parking must have secured access not connected to the parking garage entrance.  
**Status: Complete.** Bicycle parking is on the ground of Phase IIIA's building and is not accessed through the garage.
- Sponsors must submit an infrastructure only cost comparison. The cost comparison should include infrastructure related to a vertical development and unrelated to a vertical development to demonstrate reasonable costs for the phase.  
**Status: In process.** This request only includes infrastructure that is related to the vertical development. MOHCD continues to meet with the Sponsors to discuss infrastructure costs.
- Sponsors must submit comparison of Hunters View phases for vertical architecture services that demonstrate reasonable architectural costs for Phase III.  
**Status: In process.** While Staff and the Sponsors have discussed overall architectural cost, the comparison has not been provided as of yet. The architect comparison and breakdown must be provided by October 1, 2020 with the 35% construction development design drawings ("CDs").
- Sponsors must provide construction management services contract detailing and separating vertical construction management services from infrastructure.  
**Status: Not Applicable.** This request only includes infrastructure that is related to the vertical development Construction management services for vertical construction are not shown on the budget. Prior to gap financing, the Sponsors must show construction management services on the appropriate line item.

## LOAN COMMITTEE MODIFICATIONS



**LOAN COMMITTEE RECOMMENDATION**

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Eric. D. Shaw, Director  
Mayor’s Office of Housing and Community Development

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Nadia Sesay, Executive Director  
Office of Community Investment and Infrastructure

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Tonia Lediju, Acting Executive Director  
Housing Authority of the City and County of San Francisco

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Anna Van Degna, Director  
Controller’s Office of Public Finance

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

- Attachments:    A. Vertical Permanent Development Budget  
                      B. 1<sup>st</sup> Year Operating Budget  
                      C. 20-year Operating Pro Forma  
                      D. MOHCD OCII Family Cost Comparison Chart  
                      E. February 21, 2020 Preliminary Gap Loan Evaluation for MHP Commitment Letter

**Attachments A through D**

See attached.



Application Date: 7/22/2020
Total # Units: 118
First Year of Operations: 2023
LOSP Units: 20
Non-LOSP Units: 98
LOSP/non-LOSP Allocation: 17%, 83%

Project Name: Hunters View Phase III
Project Address: 112 Middle Point Road
Project Sponsor: John Stewart Co, Ridgepoint NP, Devine & Gong
Correct errors noted in Col N!

Table with columns: INCOME, LOSP, non-LOSP, Total, Comments. Rows include Residential - Tenant Rents, Commercial Space, Supportive Services Income, etc.

Table with columns: OPERATING EXPENSES, Management, Management Fee, Asset Management Fee, Sub-total Management Expenses.

Table with columns: Salaries/Benefits, Office Salaries, Manager's Salary, Health Insurance and Other Benefits, etc.

Table with columns: Administration, Advertising and Marketing, Office Expenses, Office Rent, Legal Expense - Property, etc.

Table with columns: Utilities, Electricity, Water, Gas, Sewer, Sub-total Utilities.

Table with columns: Taxes and Licenses, Real Estate Taxes, Payroll Taxes, Miscellaneous Taxes, Licenses and Permits, Sub-total Taxes and Licenses.

Table with columns: Insurance, Property and Liability Insurance, Fidelity Bond Insurance, Worker's Compensation, Director's & Officers' Liability Insurance, Sub-total Insurance.

Table with columns: Maintenance & Repair, Payroll, Supplies, Contracts, Garbage and Trash Removal, Security Payroll/Contract, HVAC Repairs and Maintenance, etc.

Table with columns: Supportive Services, Commercial Expenses, TOTAL OPERATING EXPENSES.

Table with columns: Reserves/Ground Lease Base Rent/Bond Fees, Ground Lease Base Rent, Bond Monitoring Fee, Replacement Reserve Deposit, etc.

Table with columns: TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees), NET OPERATING INCOME (INCOME minus OP EXPENSES).

Table with columns: DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans), Hard Debt - First Lender, Hard Debt - Second Lender, etc.

Table with columns: CASH FLOW (NOI minus DEBT SERVICE), Commercial Only Cash Flow, Allocation of Commercial Surplus to LOPS/non-LOSP (residual income), AVAILABLE CASH FLOW, USES OF CASH FLOW BELOW.

Table with columns: DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans), Below-the-line Asset Mgt fee, Partnership Management Fee, Investor Service Fee, etc.

Table with columns: RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD), Residual Receipts Calculation.

Does Project have a MOHCD Residual Receipt Obligation? Will Project Deter Developer Fee? Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 50%

Table with columns: Soft Debt Lenders with Residual Receipts Obligations, MOHCD/OCIL - Soft Debt Loans, MOHCD/OCIL - Ground Lease Value or Land Acq Cost, etc.

Table with columns: MOHCD RESIDUAL RECEIPTS DEBT SERVICE, MOHCD Residual Receipts Amount Due, Proposed MOHCD Residual Receipts Amount to Loan Repayment, etc.

Table with columns: REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE.

Table with columns: NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE, HCD Residual Receipts Amount Due, Lender 4 Residual Receipts Due, etc.

Table with columns: REMAINDER (Should be zero unless there are distributions below), Owner Distributions/Incentive Management Fee, Other Distributions/Uses, Final Balance (should be zero).







	Total # Units: 118	LOSP	Non-LOSP	Year 1			Year 2			Year 3			
		Units	Units	2023	2023	2023	2024	2024	2024	2025	2025	2025	
		20	98										
		17.00%	83.00%										
		inc	% annual	Comments	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
		LOSP	increase	(related to annual inc assumptions)									
<b>INCOME</b>													
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
<b>Other Required Reserve 2 Running Balance</b>													

Hunters View Phase III

Financial proforma table for Hunters View Phase III. Includes sections: INCOME, OPERATING EXPENSES (Management, Salaries/Benefits, Administration, Utilities, Taxes and Licenses, Insurance, Maintenance & Repair, Supportive Services, Commercial Expenses), TOTAL OPERATING EXPENSES, NET OPERATING INCOME, CASH FLOW (NOI minus DEBT SERVICE), AVAILABLE CASH FLOW, USES OF CASH FLOW, RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD), and various reserve and balance sections.

	Total # Units: 118	LOSP	Non-LOSP	Year 4			Year 5			Year 6			
		Units	Units	2026	2026	2026	2027	2027	2027	2028	2028	2028	
		20	98										
		17.00%	83.00%										
		inc	% annual	Comments	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
		LOSP	increase	(related to annual inc assumptions)									
<b>INCOME</b>													
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
<b>Other Required Reserve 2 Running Balance</b>													



	Total # Units: 118	LOSP	Non-LOSP	Year 7			Year 8			Year 9			
		Units	Units	2029	2029	2029	2030	2030	2030	2031	2031	2031	
		20	98										
		17.00%	83.00%										
		inc	% annual	Comments	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
		LOSP	increase	(related to annual inc assumptions)									
INCOME													
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
<b>Other Required Reserve 2 Running Balance</b>													

Hunters View Phase III

Financial statement table with columns for Year 10 (2032), Year 11 (2033), and Year 12 (2034). Rows include INCOME (Residential - Tenant Rents, etc.), OPERATING EXPENSES (Management, Salaries/Benefits, etc.), and various reserve and debt service sections. Includes sub-totals and final balance calculations.

	Total # Units: 118	LOSP	Non-LOSP	Year 10			Year 11			Year 12		
		Units	Units	2032	2032	Total	2033	2033	Total	2034	2034	Total
		20	98									
		17.00%	83.00%	inc	% annual	Comments	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
				LOSP	increase	(related to annual inc assumptions)						
<b>INCOME</b>												
Other Reserve 2 Withdrawals												
Other Reserve 2 Interest												
<b>Other Required Reserve 2 Running Balance</b>												

Hunters View Phase III

INCOME	Total # Units:		Comments (related to annual inc assumptions)	Year 13 2035			Year 14 2036			Year 15 2037		
	LOSP Units	Non-LOSP Units		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Residential - Tenant Rents	118	98		57,147	1,913,381	1,970,528	58,290	1,951,649	2,009,939	59,456	1,990,682	2,050,137
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	2.0%		-	2,831,735	2,831,735	-	2,888,370	2,888,370	-	2,946,137	2,946,137
Residential - LOSP Tenant Assistance Payments	n/a	n/a		359,904	-	359,904	370,236	-	370,236	380,891	-	380,891
Commercial Space	n/a	2.5%		-	-	-	-	-	-	-	-	-
Residential Parking	2.0%	2.0%		-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.0%	2.0%		-	-	-	-	-	-	-	-	-
Supportive Services Income	2.0%	2.0%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.0%	2.0%		-	-	-	-	-	-	-	-	-
Laundry and Vending	2.0%	2.0%		2,846	13,895	16,740	2,903	14,172	17,075	2,961	14,456	17,417
Tenant Charges	2.0%	2.0%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.0%	2.0%		-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%		-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>				<b>419,897</b>	<b>4,759,011</b>	<b>5,178,908</b>	<b>431,429</b>	<b>4,854,191</b>	<b>5,285,621</b>	<b>443,307</b>	<b>4,951,275</b>	<b>5,394,582</b>
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(2,857)	(95,669)	(98,526)	(2,914)	(97,582)	(100,497)	(2,973)	(99,534)	(102,507)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		-	(141,587)	(141,587)	-	(144,419)	(144,419)	-	(147,307)	(147,307)
Vacancy Loss - Commercial	n/a	n/a		-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>				<b>417,039</b>	<b>4,521,755</b>	<b>4,938,794</b>	<b>428,515</b>	<b>4,612,190</b>	<b>5,040,705</b>	<b>440,334</b>	<b>4,704,434</b>	<b>5,144,769</b>
<b>OPERATING EXPENSES</b>												
<b>Management</b>												
Management Fee	3.0%	3.0%	1st Year to be set according to HUD schedule.	21,198	103,494	124,691	21,833	106,599	128,432	22,488	109,797	132,285
Asset Management Fee	3.0%	3.0%	per MOHCD policy	5,311	25,928	31,238	5,470	26,706	32,176	5,634	27,507	33,141
<b>Sub-total Management Expenses</b>				<b>26,508</b>	<b>129,422</b>	<b>155,930</b>	<b>27,303</b>	<b>133,304</b>	<b>160,608</b>	<b>28,122</b>	<b>137,303</b>	<b>165,426</b>
<b>Salaries/Benefits</b>												
Office Salaries	3.0%	3.0%		15,735	76,825	92,560	16,207	79,130	95,337	16,694	81,504	98,197
Manager's Salary	3.0%	3.0%		18,178	88,754	106,932	18,724	91,416	110,140	19,286	94,159	113,444
Health Insurance and Other Benefits	3.0%	3.0%		13,961	68,163	82,124	14,380	70,208	84,588	14,811	72,314	87,125
Other Salaries/Benefits	3.0%	3.0%		-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.0%	3.0%		3,749	18,305	22,054	3,862	18,854	22,715	3,977	19,419	23,397
<b>Sub-total Salaries/Benefits</b>				<b>51,624</b>	<b>252,046</b>	<b>303,670</b>	<b>53,173</b>	<b>259,607</b>	<b>312,780</b>	<b>54,768</b>	<b>267,396</b>	<b>322,163</b>
<b>Administration</b>												
Advertising and Marketing	3.0%	3.0%		582	2,840	3,422	599	2,925	3,524	617	3,013	3,630
Office Expenses	3.0%	3.0%		17,015	83,073	100,088	17,525	85,566	103,091	18,051	88,133	106,184
Office Rent	3.0%	3.0%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.0%	3.0%		3,490	17,041	20,531	3,595	17,552	21,147	3,703	18,078	21,781
Audit Expense	3.0%	3.0%		3,199	15,621	18,820	3,295	16,089	19,385	3,394	16,572	19,966
Bookkeeping/Accounting Services	3.0%	3.0%		3,098	15,124	18,221	3,191	15,577	18,768	3,286	16,045	19,331
Bad Debts	3.0%	3.0%		873	4,260	5,133	899	4,388	5,287	926	4,520	5,445
Miscellaneous	3.0%	3.0%		3,054	14,911	17,965	3,146	15,358	18,504	3,240	15,819	19,059
<b>Sub-total Administration Expenses</b>				<b>31,311</b>	<b>152,869</b>	<b>184,180</b>	<b>32,250</b>	<b>157,455</b>	<b>189,705</b>	<b>33,217</b>	<b>162,179</b>	<b>195,396</b>
<b>Utilities</b>												
Electricity	3.0%	3.0%		20,942	102,244	123,186	21,570	105,311	126,881	22,217	108,471	130,688
Water	3.0%	3.0%		18,033	88,044	106,077	18,574	90,685	109,259	19,131	93,405	112,537
Gas	3.0%	3.0%		6,690	32,661	39,351	6,890	33,641	40,532	7,097	34,650	41,747
Sewer	3.0%	3.0%		24,432	119,285	143,717	25,165	122,863	148,028	25,920	126,549	152,469
<b>Sub-total Utilities</b>				<b>70,096</b>	<b>342,234</b>	<b>412,330</b>	<b>72,199</b>	<b>352,501</b>	<b>424,700</b>	<b>74,365</b>	<b>363,076</b>	<b>437,441</b>
<b>Taxes and Licenses</b>												
Real Estate Taxes	1.5%	1.5%		244	1,191	1,435	248	1,209	1,456	251	1,227	1,478
Payroll Taxes	3.0%	3.0%		10,616	51,832	62,448	10,935	53,387	64,322	11,263	54,989	66,251
Miscellaneous Taxes, Licenses and Permits	3.0%	3.0%		19,449	94,955	114,403	20,032	97,803	117,835	20,633	100,737	121,370
<b>Sub-total Taxes and Licenses</b>				<b>30,309</b>	<b>147,977</b>	<b>178,286</b>	<b>31,214</b>	<b>152,399</b>	<b>183,613</b>	<b>32,147</b>	<b>156,953</b>	<b>189,100</b>
<b>Insurance</b>												
Property and Liability Insurance	3.0%	3.0%		26,177	127,805	153,982	26,962	131,639	158,602	27,771	135,589	163,360
Fidelity Bond Insurance	3.0%	3.0%		218	1,065	1,283	225	1,097	1,322	231	1,130	1,361
Worker's Compensation	3.0%	3.0%		4,945	24,141	29,086	5,093	24,865	29,958	5,246	25,611	30,857
Director's & Officers' Liability Insurance	3.0%	3.0%		-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>				<b>31,340</b>	<b>153,011</b>	<b>184,351</b>	<b>32,280</b>	<b>157,602</b>	<b>189,881</b>	<b>33,248</b>	<b>162,330</b>	<b>195,578</b>
<b>Maintenance &amp; Repair</b>												
Payroll	3.0%	3.0%		38,684	188,868	227,551	39,844	194,534	234,378	41,040	200,370	241,409
Supplies	3.0%	3.0%		5,817	28,401	34,218	5,992	29,253	35,245	6,171	30,131	36,302
Contracts	3.0%	3.0%		14,252	69,583	83,835	14,679	71,670	86,350	15,120	73,820	88,940
Garbage and Trash Removal	3.0%	3.0%		21,814	106,504	128,318	22,469	109,699	132,168	23,143	112,990	136,133
Security Payroll/Contract	3.0%	3.0%		37,229	181,767	218,997	38,346	187,220	225,567	39,497	192,837	232,334
HVAC Repairs and Maintenance	3.0%	3.0%		4,654	22,721	27,375	4,793	23,403	28,196	4,937	24,105	29,042
Vehicle and Maintenance Equipment Operation and Repairs	3.0%	3.0%		-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.0%	3.0%		12,943	63,193	76,136	13,331	65,088	78,420	13,731	67,041	80,772
<b>Sub-total Maintenance &amp; Repair Expenses</b>				<b>135,393</b>	<b>661,037</b>	<b>796,430</b>	<b>139,455</b>	<b>680,868</b>	<b>820,323</b>	<b>143,639</b>	<b>701,294</b>	<b>844,933</b>
<b>Supportive Services</b>	3.0%	3.0%		-	113,776	113,776	-	117,189	117,189	-	120,705	120,705
<b>Commercial Expenses</b>												
<b>TOTAL OPERATING EXPENSES</b>				<b>376,580</b>	<b>1,952,372</b>	<b>2,328,952</b>	<b>387,874</b>	<b>2,010,926</b>	<b>2,398,799</b>	<b>399,506</b>	<b>2,071,235</b>	<b>2,470,742</b>
<b>RESERVES/GROUND LEASE BASE RENT/BOND FEES</b>												
Ground Lease Base Rent				0	1	1	0	1	1	0	1	1
Bond Monitoring Fee				7,234	35,317	42,550	7,234	35,317	42,550	7,234	35,317	42,550
Replacement Reserve Deposit				12,036	58,764	70,800	12,036	58,764	70,800	12,036	58,764	70,800
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial				-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>				<b>19,270</b>	<b>94,081</b>	<b>113,351</b>	<b>19,270</b>	<b>94,081</b>	<b>113,351</b>	<b>19,270</b>	<b>94,081</b>	<b>113,351</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>				<b>395,850</b>	<b>2,046,454</b>	<b>2,442,303</b>	<b>407,143</b>	<b>2,105,007</b>	<b>2,512,150</b>	<b>418,776</b>	<b>2,165,317</b>	<b>2,584,093</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>				<b>21,189</b>	<b>2,475,302</b>	<b>2,496,491</b>	<b>21,371</b>	<b>2,507,183</b>	<b>2,528,555</b>	<b>21,559</b>	<b>2,539,118</b>	<b>2,560,676</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>												
Hard Debt - First Lender			Enter comments re: annual increase, etc.	-	1,840,790	1,840,790	-	1,840,790	1,840,790	-	1,840,790	1,840,790
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			Enter comments re: annual increase, etc.	14,280	69,720	84,000	14,280	69,720	84,000	14,280	69,720	84,000
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				-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>				<b>14,280</b>	<b>1,910,510</b>	<b>1,924,790</b>	<b>14,280</b>	<b>1,910,510</b>	<b>1,924,790</b>	<b>14,280</b>	<b>1,910,510</b>	<b>1,924,790</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>				<b>6,909</b>	<b>564,792</b>	<b>571,701</b>	<b>7,091</b>	<b>596,673</b>	<b>603,765</b>	<b>7,279</b>	<b>628,608</b>	<b>635,886</b>
Commercial Only Cash Flow												
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)												



	Total # Units: 118	LOSP	Non-LOSP	Year 13			Year 14			Year 15			
		Units	Units	2035	2035	2035	2036	2036	2036	2037	2037	2037	
		20	98										
		17.00%	83.00%										
INCOME		inc	% annual	Comments	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
		LOSP	increase	(related to annual inc assumptions)									
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
<b>Other Required Reserve 2 Running Balance</b>													



	Total # Units: 118	LOSP	Non-LOSP	Year 16			Year 17			Year 18			
		Units	Units	2038	2038	2038	2039	2039	2039	2040	2040	2040	
		20	98										
		17.00%	83.00%										
		inc	% annual	Comments	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
		LOSP	increase	(related to annual inc assumptions)									
INCOME													
Other Reserve 2 Withdrawals													
Other Reserve 2 Interest													
<b>Other Required Reserve 2 Running Balance</b>													



	Total # Units: 118	LOSP	Non-LOSP	Year 19			Year 20			
		Units	Units	2041			2042			
		20	98							
		17.00%	83.00%							
INCOME		inc	% annual	Comments	LOSP	non-	Total	LOSP	non-	Total
		LOSP	increase	(related to annual inc assumptions)		LOSP			LOSP	
Other Reserve 2 Withdrawals										
Other Reserve 2 Interest										
<b>Other Required Reserve 2 Running Balance</b>										

Application Date: 7/22/2020  
 Total # Units: 118  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2023

INCOME			
Residential - Tenant Rents		non-LOSP	Approved By (reqd)
Residential - Tenant Assistance Payments (Non-LOSP)	0.00%	100.00%	
Residential - LOSP Tenant Assistance Payments			
Commercial Space			
Residential Parking			
Miscellaneous Rent Income	LOSP	non-LOSP	Approved By (reqd)
Supportive Services Income			
Interest Income - Project Operations			
Laundry and Vending	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Tenant Charges			
Miscellaneous Residential Income			
Other Commercial Income	LOSP	non-LOSP	Approved By (reqd)
Withdrawal from Capitalized Reserve (deposit to operating account)	to operating account		
<b>Gross Potential Income</b>			
Vacancy Loss - Residential - Tenant Rents			
Vacancy Loss - Residential - Tenant Assistance Payments			
Vacancy Loss - Commercial			
<b>EFFECTIVE GROSS INCOME</b>			

OPERATING EXPENSES			
<b>Management</b>			
Management Fee			Approved By (reqd)
Asset Management Fee			
<b>Sub-total Management Expenses</b>			
<b>Salaries/Benefits</b>			
Office Salaries			Approved By (reqd)
Manager's Salary			
Health Insurance and Other Benefits			
Other Salaries/Benefits			
Administrative Rent-Free Unit			
<b>Sub-total Salaries/Benefits</b>			
<b>Administration</b>			
Advertising and Marketing			
Office Expenses			
Office Rent	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Legal Expense - Property	17.00%	83.00%	
Audit Expense			
Bookkeeping/Accounting Services	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Bad Debts	17.00%	83.00%	
Miscellaneous			
<b>Sub-total Administration Expenses</b>			
<b>Utilities</b>			
Electricity	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Water	17.00%	83.00%	
Gas			
Sewer			
<b>Sub-total Utilities</b>			
<b>Taxes and Licenses</b>			
Real Estate Taxes			Approved By (reqd)
Payroll Taxes			
Miscellaneous Taxes, Licenses and Permits			
<b>Sub-total Taxes and Licenses</b>			
<b>Insurance</b>			
Property and Liability Insurance			
Fidelity Bond Insurance	LOSP	non-LOSP	Approved By (reqd)
Worker's Compensation			
Director's & Officers' Liability Insurance			
<b>Sub-total Insurance</b>			
<b>Maintenance &amp; Repair</b>			
Payroll	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Supplies	17.00%	83.00%	
Contracts			
Garbage and Trash Removal	LOSP	non-LOSP	Approved By (reqd)
Security Payroll/Contract			
HVAC Repairs and Maintenance			
Vehicle and Maintenance Equipment Operation and Repairs			
Miscellaneous Operating and Maintenance Expenses			
<b>Sub-total Maintenance &amp; Repair Expenses</b>			
Supportive Services	LOSP	non-LOSP	Approved By (reqd)
Commercial Expenses	0.00%	100.00%	

TOTAL OPERATING EXPENSES			
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>			
Ground Lease Base Rent			
Bond Monitoring Fee	LOSP	non-LOSP	Approved By (reqd)
Replacement Reserve Deposit			
Operating Reserve Deposit			
Other Required Reserve 1 Deposit			
Other Required Reserve 2 Deposit			
Required Reserve Deposits/ Commercial			
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>			
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>			

NET OPERATING INCOME (INCOME minus OP EXPENSES)			
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>			
Hard Debt - First Lender	LOSP	non-LOSP	Approved By (reqd)
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender 42% pymt, or other 2nd Lender)	0.00%	100.00%	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			
Hard Debt - Fourth Lender			
Commercial Hard Debt Service			
<b>TOTAL HARD DEBT SERVICE</b>			

CASH FLOW (NOI minus DEBT SERVICE)			
Commercial Only Cash Flow			
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)	non-LOSP (residual income)		
<b>AVAILABLE CASH FLOW</b>			
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>			
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>			
"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)	LOSP	non-LOSP	Approved By (reqd)
Other Payments			
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	lender in comments field		
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)			
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	0.00%	100.00%	
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>			

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			
<b>Residual Receipts Calculation</b>			
Does Project have a MOHCD Residual Receipt Obligation?			
Will Project Deter Developer Fee?			
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	83.183		
% of Residual Receipts available for distribution to soft debt lenders in	1.000002726		

Soft Debt Lenders with Residual Receipts Obligations			
MOHCD/OCII - Soft Debt Loans			
MOHCD/OCII - Ground Lease Value or Land Acq Cost			
HCD (soft debt loan) - Lender 3			
Other Soft Debt Lender - Lender 4			
Other Soft Debt Lender - Lender 5			

MOHCD RESIDUAL RECEIPTS DEBT SERVICE			
MOHCD Residual Receipts Amount Due			
Proposed MOHCD Residual Receipts Amount to Loan Repayment			
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease			

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE			
<b>NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>			
HCD Residual Receipts Amount Due			
Lender 4 Residual Receipts Due			
Lender 5 Residual Receipts Due			
<b>Total Non-MOHCD Residual Receipts Debt Service</b>			

REMAINDER (Should be zero unless there are distributions below)			
Owner Distributions/Incentive Management Fee			
Other Distributions/Uses			
<b>Final Balance (should be zero)</b>			

**Attachment E**

February 21, 2020 Preliminary Gap Loan Evaluation for MHP Commitment Letter

**Citywide HOPE SF Affordable Housing Loan Committee**  
San Francisco Mayor's Office of Housing and Community Development  
Department of Homelessness and Supportive Housing  
Office of Community Investment and Infrastructure  
Housing Authority of San Francisco

**Hunters View HOPE SF**  
**Blocks 14 and 17 Vertical**  
**\$7,304,973 MHP Application Gap Commitment Request**

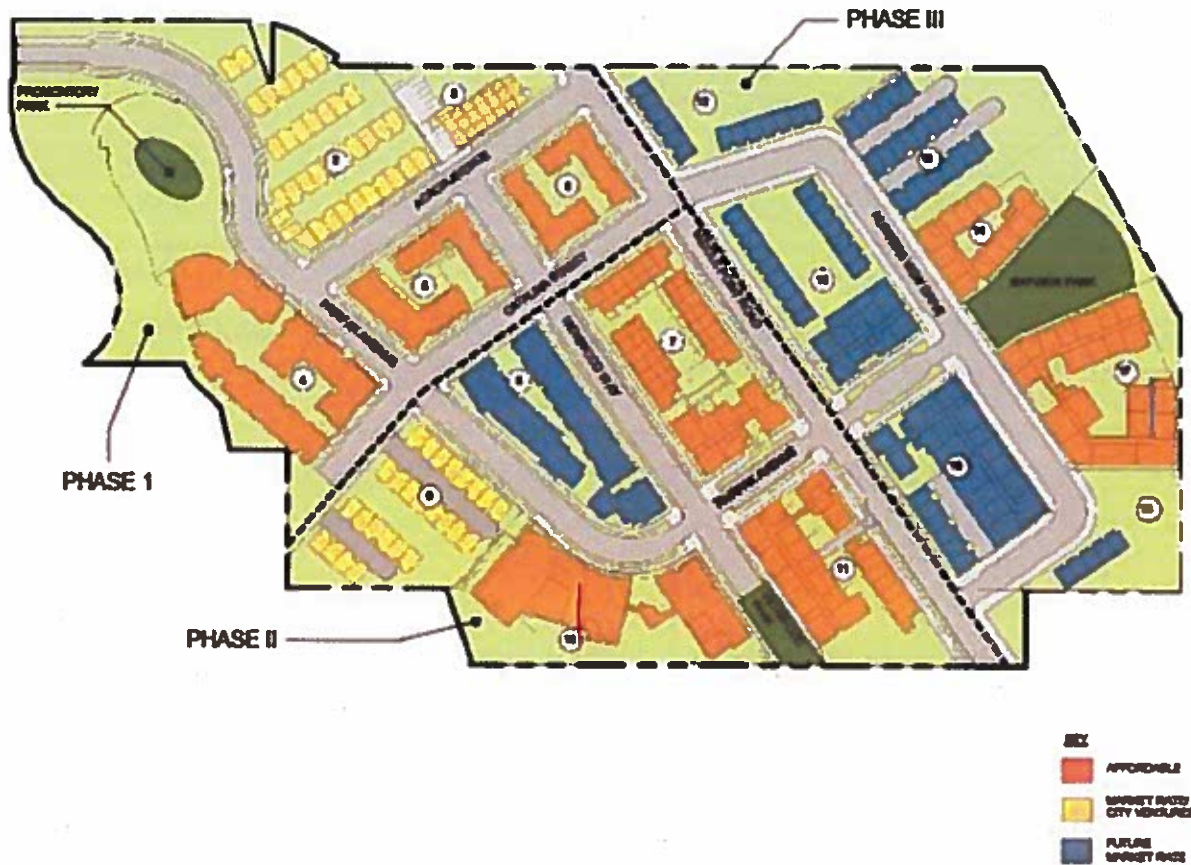
Evaluation of Request for:	Vertical Construction Only - MHP Application Gap Loan Commitment Letter
Loan Committee Date:	February 21, 2020
Prepared By:	Cindy Heavens
Source of Funds Recommended:	Certificates of Participation
NOFA/PROGRAM/RFP:	HOPE SF
Total Previous City Funds Committed	\$9,455,027 (horizontal and vertical construction) LMIHAF: \$3,000,000 Certificates of Participation: \$6,455,027
Funds Requested:	\$7,304,973 (vertical construction) Certificates of Participation: \$2,804,973 Tax Increment Excess Proceeds: \$4,500,000
Applicant/Sponsor Name:	Hunters View Associates, L.P



1. Phasing Map

This loan evaluation is for a State Housing and Community Development (“HCD”) Multifamily Housing Program (“MHP”) Application Gap Commitment Letter for the final affordable housing development (“**Blocks 14 and 17**”) of the Hunters View HOPE SF project. Blocks 14 and 17 are mixed-use vertical developments within the third and final infrastructure phase of Hunters View. All previous affordable developments, Phase I (Blocks 4,5, and 6) and Phase II (Blocks 7, 11 and 10) are completed and fully operational.

Phase IIIA, identified below, is located east of Middlepoint Road on the former Hunters View public housing site. Blocks 14 & 17 are in the center of Phase IIIA. Phase IIIA will include 118 units of affordable housing and 3,635 s.f. of ground floor community-serving commercial space in Block 14 and ground floor commercial in Block 17. Phase IIIB, the horizontal infrastructure, is outside the scope of this loan evaluation. The horizontal infrastructure gap loan request will be submitted in summer 2020.



2. Phasing Summary and Updates

The current buildout by phase is projected as follows with the current request in bold:

Start Year	Finish Year	Block Name	Phase	Phase Type	Total units	Status	Total MOHCD Loan Amount	Total OCII Loan Amount	TDC
2009	2011	All Blocks in Phase 1	1B	Infrastructure		Complete	\$3,060,494	\$3,000,000	\$11,917,980
2010	2012	Phase 1 Blocks 4, 5, 6	1A-0	Affordable	107	Complete	\$3,994,745	\$19,449,014	\$80,842,334
2015	2017	All Blocks in Phase 2	2B	Infrastructure		Complete	\$5,679,807	\$0	\$6,383,202
2016	2017	Blocks 7 & 11	2A	Affordable	107	Complete	\$2,267,137	\$16,721,514	\$136,746,201
2016	2017	Block 10	2B	Affordable	72	Complete	\$17,393,406	\$0	\$48,417,529
2020	2023	Blocks 2, 3, & 9	1A & 2A	Market Rate	64	In Process	N/A	N/A	N/A
2020	2021	All Blocks in Phase 3	3B	Infrastructure		N/A	\$29,478,578	\$0	\$29,478,578
<b>2021</b>	<b>2022</b>	<b>Blocks 14 &amp; 17</b>	<b>3A</b>	<b>Affordable</b>	<b>118</b>	<b>Previously awarded Predev &amp; MHP Commitment</b>	<b>\$16,260,000**</b>		<b>\$115,992,506</b>
<i>Total to Date</i>							<i>\$79,068,418</i>	<i>\$39,170,528</i>	<i>\$429,778,330</i>

<i>Total Cost of Hunters View</i>	<i>\$79,068,418</i>	<i>\$39,170,528</i>	<i>\$429,778,330</i>
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\*\*Includes \$4,500,000 in formerly OCII funds now under MOHCD's jurisdiction.

**Sponsor Information**

Project Name:	Hunters View Ph. 3A, Blocks 14 and 17	Sponsor:	Hunters View Associates, L.P.
Project Address (w/cross St):	Fairfax Avenue and Ironwood Way, 94124	Ultimate Borrower Entity:	HV Partners 3, L.P.

**Project Summary**

This loan request is for a MHP Application Gap Commitment Letter for the final affordable housing development (Blocks 14 and 17) of the Hunters View HOPE SF project. Blocks 14 and 17 are mixed-use vertical developments within the third and final infrastructure phase of Hunters View. None of the funds requested in this loan evaluation will be disbursed during predevelopment. All previous infrastructure and affordable housing developments are complete.

Together, Blocks 14 and 17 total 118 units. The current unit mix is 49 one-bedrooms, 13 two-bedrooms, 16 three-bedrooms, 34 four-bedrooms, 5 five-bedrooms and 1 two-bedroom onsite staff unit. Of the 118 units, 53 are public housing replacement units; except for 5 three-bedroom units, all other 3-bedroom and larger units are public housing replacement units. The public housing replacement units are supported by project based vouchers ("PBVs"). Of the 118 units, 20 units will be set aside for formerly homeless families and will be supported by the Local Operating Subsidy Program ("LOSP") and 44 units are tax credit units without any rental subsidy. All of the tax credit units are at or below the 50% of the Mayor's Office of Housing and Community Development Area Median Income ("MOHCD AMI") and all of the public housing replacement units and units set aside for homeless families are at or below 32% MOHCD AMI/25% Tax Credit Allocation Committee ("TCAC") AMI.

The Sponsor was awarded a predevelopment loan for both horizontal and vertical construction in November 2016. With the predevelopment loan, the Sponsor has demolished to their foundations 18 public housing building in Phase 3 and completed several predevelopment milestones. The Sponsor plans to apply for a California Debt Limit Allocation Committee ("CDLAC") allocation in August 2020 and will return to the committee for a gap request in July 2020.

**Vertical Loan Request - Project Description**

Note: For HOPE SF master project summary narrative, see Attachment A.

Project Name:	Hunters View Block 14 & 17	Sponsor:	Hunters View Associates, L.P.
Project Address:	Fairfax Avenue and Ironwood Way, 94124	Ultimate Borrower Entity:	HV Partners 3, L.P.
Construction Type:	Type IIIA over Podium for both blocks	Project Type:	New Construction
Land Owner:	SFHA	Supervisor and District:	Walton, D10
Number of Stories:	5	Lot Size (acres and sf):	1.56 acres/68,168 SF
Number of Units:	118	Architect:	David Baker Architects
Total Residential Area:	172,853 GSF	General Contractor:	Cahill Nibbi Joint Venture
Total Commercial Area:	3,635 GSF	Property Manager:	John Stewart Company
Total Building Area:	176,488 GSF	Acquisition Costs:	\$0
TDC/unit w/ Infrastructure Assignment:	Not Applicable to this request	TDC Less Infrastructure Cost/Unit:	Not Applicable to this request
Parking?	Yes, 42 spaces (1: 0.36 ratio)	HOME Funds?	No
Bicycle Parking?	Yes, 42 in Block 14 and 76 in Block 17		

### **PRINCIPAL DEVELOPMENT ISSUES**

- **High Costs:** The hard costs without infrastructure are the highest in MOHCD's portfolio of similar projects. High costs are attributable to the large proportion of units with three-bedrooms or more; the 42 parking spaces; and the project's significant service-enriched spaces. See Section 5.2.
- The MOHCD loan amount is \$16.7MM and assumes a \$20MM MHP loan as a permanent source. If MHP is not awarded, the MOHCD loan will increase by the equivalent amount of the MHP loan. See Section 5.1.
- The project varies from the typical HOPE SF project in two key ways intended to increase its competitiveness for MHP funding: 1) 20 units are set aside for homeless families, and; 2) all of the public housing replacement units, which are subsidized by PBVs, will be affordable to households at or below 32% MOHCD AMI/25% TCAC AMI. See Section 4.6.
- While the previous Hunters View predevelopment request included both infrastructure and vertical costs, this request is for vertical costs only, in keeping with MHP requirements. The project will return to Loan Committee in July 2020 with a gap request to include infrastructure and vertical costs. Please see Section 5.1.

**SOURCES AND USES SUMMARY**

<b>Predevelopment Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD	\$9,455,027	55 yrs. @ 0.25% Def / RR	Awarded
<b>Permanent Sources</b>			
<b>Permanent Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD Vertical	\$16,760,000	55 yrs. @ 0.25% Def / RR	This Request
Permanent Bank Loan	\$26,315,000	30 yrs. @ 4.50%	Not Committed
Tax Credit Equity	\$44,347,506	\$1.00 per credit	Not Committed
HCD MHP	\$20,000,000	55 yrs. @ 3.00% / RR, .42% annual fee	Not Committed
GP Equity Contribution	\$7,200,000		Not Committed
Def Dev Fee	\$1,300,000		Not Committed
<b>Total</b>	<b>\$115,922,506</b>		
<b>Uses</b>			
<b>Uses</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per GSF</b>
Hard Costs	\$84,628,945	\$717,194	\$480
Soft Costs	\$20,413,516	\$172,996	\$116
Developer Fee	\$10,880,000	\$92,203	\$ 62
<b>Total</b>	<b>\$115,922,506</b>	<b>\$982,394</b>	<b>\$657</b>

1. **BACKGROUND**

1.1. **Project History Leading to This Request**

Hunters View was the first HOPE SF development to begin and complete infrastructure improvements and a vertical affordable development, Phase I. Phase I affordable developments have been in operations since April 2013. Two additional affordable housing sites, Phase IIA – Blocks 7 & 11, and Phase IIB – Block 10, along with Ironwood Park and infrastructure, were completed in 2017. With the completion of Phase IIA, all former residents of Hunters View public housing were successfully relocated to new units.

In early 2018, the Sponsor demolished the dilapidated 18 public housing buildings to their foundations to address public safety. During predevelopment, the Sponsor has further defined the Phase III plans, increasing the number of units from the predevelopment loan request of 100 to 118, increasing the size of the privately owned public open space, Bayview Park, and eliminating a small park that was located on steep terrain that is too difficult to develop. On January 31<sup>st</sup>, the Sponsor's architect completed 100% development design drawings. On February 20<sup>th</sup>, the Sponsor seeks to extend the sitewide entitlements with the City's Planning Commission.

With MOHCD staff assistance, the Sponsor has designed the project to be competitive for HCD's MHP program. The MHP application is due on March 2<sup>nd</sup>. Infrastructure costs are not part of the application to HCD and are not included in this loan request.

2. **BORROWER/GRANTEE PROFILE.** (See Attachment A for HOPE SF Project Summary)

2.1 **Master Developer and Borrower of Predevelopment Loan.**

Hunters View Associates, L.P. ("HVA"), a California limited partnership formed by John Stewart Company, Hunters Point Affordable Housing Inc., (Ridge Point Non-Profit Housing Corporation) and Devine & Gong, Inc., is the **Master Developer**, borrower of the

predevelopment loan, and Sponsor of this loan request. HVA will assign infrastructure and demolition costs related to Phase III affordable development to HV Partners 3, LP, a California limited partnership formed by the same three development partners of HVA. **HV Partners 3, LP will ultimately be the borrower for Phase IIIA**, the affordable housing development. HVA will retain the loans that are solely for horizontal infrastructure construction (“Phase IIIB”).

**2.2 Development Team for Vertical.**

In 2003, San Francisco Housing Authority (“SFHA”) issued a Request for Qualifications for a developer to redevelop the Hunters View public housing site. In August 2005, SFHA selected the development team originally formed as Hunters View Community Partners “HVCP” (and now currently formed as HVA) and comprised of the John Stewart Company (“JSCo”), Devine & Gong, Incorporated (“DGI”), and Hunters Point Affordable Housing, Inc. (a subsidiary of Ridge Point Nonprofit Housing Corporation (“Ridge Point”).

JSCo is the Lead Developer and project manager of Phase III. Devine and Gong, Inc. is the financial consultant and Co-Developer. The Office of Community Investment and Infrastructure (“OCII”) is the procurement agency for Hunters View as determined through the Master Development Agreement between HVA and SFHA dated July 23, 2009 in Article 11.4(f) and further defined in Interagency Memorandum between the former Redevelopment Agency, SFHA, MOHCD, and the Office of Workforce & Development (“OEWD”) dated January 21, 2011. MOHCD became the housing delivery agent of Hunters View after the dissolution of the Redevelopment Agency and is responsible for carrying out the former Redevelopment agreements that apply to Hunters View. Through these agreements, MOHCD is responsible for completing Hunters View, including all market rate parcels and Phase III.

Working with OCII’s Compliance Specialist, Hunters View has complied with the OCII procurement protocols for the vertical design team.

Vertical Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Project Manager	Catherine Etzel, The John Stewart Company	N	N
Architect (Lead)	David Baker Architects	N	N
Architect (Co-Lead)	Min Design	Y	N
Landscape Architect	Fletcher Studio	Y	N
General Contractor	Cahill-Nibbi Joint Venture	N	N
Owner’s Rep/CM	Allan Butler	N	N
Financial Consultant	Devine & Gong, Inc.	Y	N
Legal	Charles Olson, Lubin Olson	N	N
Property Manager	The John Stewart Company	N	N
Services Provider for the entire Hunters View:	Bayview YMCA	N	N
	DPH	N	N
	FranDelja Enrichment Center	N	N

**3. PRIOR MOHCD/OCII FUNDING FOR CURRENT REQUEST**  
Predevelopment loan for \$9,455,027 was executed in June 2017.

3.1 Disbursement Status.

As of January 2020, \$4,138,388 has been drawn with \$5,316,639 remaining.

3.2 Fulfillment of Loan Conditions. The following “Conditions to Prior to Gap Financing” were stipulated in the predevelopment loan agreement for \$9,455,027.

- Sponsor must submit a financing plan and line-item budget that meets MOHCD underwriting guidelines, is within range of comparable projects, and conforms to TCAC and CDLAC requirements.

**Status: In process.** MOHCD continues to meet with the Sponsor to discuss overall budget and construction pricing. These activities will continue prior to gap financing request.

- Sponsor must submit a cash flow for MOHCD approval showing an acceptable DSCR, income trending, reserve funding, and surplus cash split.

**Status: Incomplete.** DSCR and reserves exceeds MOHCD guidelines. Sponsor must correct this prior to gap loan funding request.

- If covered bicycle parking is part of vertical design, access to bicycle parking must have secured access not connected to the parking garage entrance.

**Status: Complete.** Bicycle parking is on the ground of Phase IIIA’s building and is not accessed through the garage.

- Sponsor must submit an infrastructure cost comparison among Hunters View phases that demonstrates reasonable costs for the phase.

**Status: In process.** Infrastructure is not part of this request. MOHCD continues to meet with the Sponsor to discuss infrastructure costs.

- Sponsor must submit comparison of Hunters View phases for vertical architecture services that demonstrate reasonable architectural costs for Phase III.

**Status: In process.** Staff and the Sponsor have discussed overall architectural cost. However, the comparison has not been provided yet. The architect comparison and breakdown must be provided by June 1, 2020.

- Sponsor must provide construction management services contract detailing and separating vertical construction management services from infrastructure.

**Status: Not Applicable.** This request does not include infrastructure cost. Construction management services for vertical construction are not shown on the budget. Prior to gap financing, the Sponsor must show construction management services on the appropriate line item.

4. DEVELOPMENT PLAN

4.1. Site Description

<b>Site Description</b>	
Parcel Mapping:	The Tentative Map is complete. The Final Map is under review with Department of Public Works (“DPW”) - Bureau of Street Use and Mapping (“BSM”). The Sponsor anticipates Final Map approval at the Board of Supervisors in June/July 2020. The new map creates the vertical parcel that underlies Phase IIIA.



Zoning:	RM-1 (Residential, Mixed, Low-Density) which allows 1 dwelling unit per 800 square foot ("sf or SF") of lot area.
Maximum units allowed by current zoning:	Up to 1,000 units allowed for the entire Hunters View development area.
Seismic (if applicable):	The entire Hunters View site is located in Seismic Zone 4. Seismic requirements for the building will be determined prior to gap funding request.
Soil type:	The near surface soil consists primarily of 1 ½ to 15 feet of dark brown to grayish-brown silty clay and silt with varying amounts of sand/gravel. Under this is serpentine bedrock. Further information is in the Phase I report by ENGEO dated May 21, 2010.
Environmental Review:	CEQA/NEPA was approved in 2008 for the entire site.  With the extension of the sitewide entitlements, the Sponsor seeks to increase the height limit from 45 feet to 65 feet. Because the initial EIR did not contemplate Phase III, an EIR Addendum will be included with the sitewide entitlement request to the Planning Commission on February 20 <sup>th</sup> .
Adjacent uses (North):	PGE site.
Adjacent uses (South):	Residential neighborhood on Innes Avenue.
Adjacent uses (East):	Privately owned homes.
Adjacent uses (West):	Hunters View Phase IIA – Block 7 & 11.
Neighborhood Amenities within 0.5 miles:	Malcolm X Academy is directly adjacent to the site; Hilltop Park is within 0.25 miles, and Promontory Park, the new park in Phase I is 2 blocks away. The new Bayview Park in Phase III is located between Block 14 and 17. Foods Co. is approximately 1.12 miles away.
Public Transportation within 0.5 miles:	Muni 19 and 44 bus lines run directly through Hunters View along Middle Point Road with stops about a block from Blocks 14 and 17.
Article 34:	Article 34 authorization was completed with the predevelopment loan. However, with the increase of affordable units, an update to the Article 34 authorization is in process.
Article 38:	Exempt. While the project will be a new construction development, it is not listed within the Article 38 Air Pollution Exposure Zone Map area.
Accessibility:	Per TCAC requirements there are a total of 13 (10%) mobility units and 5 (5%) communication units.
Green Building:	Blocks 14 and 17 will be LEED Silver.

Recycled Water:	Phase IIIA was originally in the zone for recycled water (Middle Point is the bisecting cut off). However, affordable housing projects are exempt from this requirement due to pending legislation. The Sponsor is including the recycled water piping in the infrastructure. Recycled water piping is not planned for the affordable housing on Blocks 14 and 17. Confirmation that the recycled water may be deleted from infrastructure will be made prior to gap loan closing.
Storm Water Management:	Hunters View Phase IIA – Blocks 7 & 11 has an existing Storm Water Pollution Prevention Plan (“SWPPP”) that was applied to Block 10 and will apply to Phase III demolition due to overlap. If any part of Phase III extends beyond Phase IIA, a discrete and specific SWPPP for the extended work may be required. As necessary, development of the SWPPP will occur during the infrastructure planning process and is not part of this loan request.
Prop I Noticing:	Completed in 2016 prior to the Mayor’s execution of predevelopment loan.

4.2. Site Control

The site is owned by SFHA, which in keeping with the HOPE SF model is responsible for approving business terms and transaction documents. The form of the long-term vertical ground lease will be in place before vertical construction begins. The short-term horizontal ground leases will be in place prior to or at the construction loan closing for horizontal construction.

4.3. Proposed Design

As the last affordable housing development of the Hunters View Revitalization, Phase IIIA’s unit mix for the buildings must comply with Community Redevelopment Law (“CRL”) Section 33413 which requires that “an equal number of replacement dwelling units that have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction.” While CRL does not require the exact unit-type replacement to occur onsite the Board of Supervisors passed Ordinance Number 201-01 in 2008 requiring that at Hunters View one-to-one replacement “shall mean replacement with a unit mix with the equivalent or greater number of bedrooms per unit as currently exists.”

All of the original 267 public housing units at Hunters View must be replaced. Up to 48% of these, or 127 units, were vacant at the time of the negotiations and before Phase I infrastructure began. The 140 families in the occupied units were eligible for replacement housing. OCII, MOHCD, and SFHA made a priority to relocate and permanently house the residents living onsite so they could live comfortably while active construction continued near their homes and in their immediate neighborhood. Many of the existing households were too small for the large units they occupied and were considered “overhoused” per HUD regulations. OCII, MOHCD, SFHA, and the developer jointly decided to provide more one-bedrooms and two-bedrooms in Phase I, IIA, and IIB in order to meet the housing needs of existing residents. As a result, replacement of the larger unit sizes has fallen to Phase IIIA.

The chart below summarizes the number of replacement units and the unit mix that existed at the time of negotiations. The chart also summarizes the unit mix constructed in Phase I and II and the units to be constructed to comply with CRL requirements for HV Phase III.

	(1)	(2)	(3)	(4)	(5)
# of bedrooms	# of SFHA Replacement Units by Unit Size at Hunters View prior to demolition of Phase I	Total # SFHA Replacement Units by Unit Size in Phase I & II that comply with Entitlements	# of Units by Unit Size without Rental Subsidy at 50% AMI that are excluded from SFHA Replacement Unit Count (Column 1)	Total # of Units by Unit Size that comply with CRL, SFHA Replacement Units, and Entitlements completed in Phase I & II	Total # of Units by Unit Size to construct in Phase III that comply with CRL, SFHA Replacement Units, and Entitlements
1	7	53	19	72	0
2	78	59	20	79	3
3	113	78	24	102	11
4	60	20	6	26	34
5	9	4	0	4	5
	267	214	69	283	53

Based on the replacement requirement, Phase IIIA will include 50 public housing replacement units that are 3 or more bedrooms in order to meet the exact unit replacement required by the project’s entitlements; an additional 5 tax credit units will have 3 or more bedrooms. In 2016, Cahill-Nibbi Joint Ventures (“CNJV), the general contractor for HV Phase I and II, provided a cost estimate for a 53-unit building matching the unit mix in Column 5; the per unit cost was over \$1.2MM including infrastructure. The current 118-unit development on two parcels mitigates the higher cost of the smaller program by distributing the costs of the larger units across a larger project overall.

Block 14 is designed to be a five-story, Type IIIA wood construction over podium building. Residential units are on floors 1 through 5 and total 42 units. Some of the first floor units have stoops that open to Bayview Park, which is located between Block 14 and 17. The ground floor also contains property management offices, laundry room, indoor bicycle storage, activity room, and a 2,123 square feet (“sf”) community-serving space planned as a “library” and/or education center available to Hunters View families and the greater Hunters View neighborhood. Preliminary design for Block 14 also contained 42 parking spaces for all residents of Block 14 and 17 at a parking ratio of 0.36. The garage and units are accessible by two elevators. In February 2020, the Sponsor, MOHCD, HOPE SF and the District Supervisor agreed to increase the off-street parking by 14 spaces, from 42 to 56 units. Costs for the additional parking spaces are not in this loan request, but will be incorporated into the gap loan request in Summer 2020: current estimates are about \$1.4MM for these additional parking spaces.

Block 17 is a U-shaped building designed to be a five-story Type IIIA wood construction over a small podium. The podium portion of the building is at the 1,512 s.f. commercial space on the ground floor. Residential units are also on the ground floor and up to the fifth floor and are accessible by two elevators. The residential units in Block 17 total 76 units. Three of the first floor units have stoops that open onto Bayview Park and four ground floor units open onto the interior courtyard picnic area. The ground floor also contains property management offices, laundry room, indoor bicycle storage, two service offices, a meeting/activities room, and large community room with kitchen and storage. Block 17 does not contain parking.

Avg. Unit SF by type:	<p>1-brdm avg sf: 620 sf (Blk 14 = 17 units &amp; Blk 17 = 32 units)</p> <p>2-brdm avg sf: 920 sf (Blk 14 = 7 units &amp; Blk 17 = 7 units)</p> <p>3-brdm avg sf: 1,050 sf (Blk 14 = 8 units &amp; Blk 17 = 8 units)</p> <p>4-brdm avg sf: 1,350 – 1,540 sf (Blk 14 = 10 units &amp; Blk 17 = 24 units)</p> <p>5-brdm avg sf: 1,630 – 1,800 sf (Blk 17 = 5 units)</p>
Total Residential SF:	<p>172,853 sf</p> <p>Block 14 Residential: 77,406 sf</p> <p>Block 17 Residential: 40,216 sf</p> <p>Combined Total Circulation sf: 26,491 sf</p> <p>Block 14 Parking: 16,778 sf</p> <p>Combine Total Common Area: 10,806 sf</p> <p>Combined Total Property Management &amp; Resident Services Offices: 1,146 sf</p>
Total Commercial SF	<p>3,635</p> <p>For Block 14: 2,123 sf</p> <p>For Block 17: 1,512 sf</p>
Total Parking SF:	<p>16,788</p> <p>Parking Garage SF: 16,788 (42 parking spaces in Block 14 only)</p> <p>In February 2020, the Sponsor, MOHCD, HOPE SF and the District Supervisor agreed to increase the off-street parking by 14 spaces, from 42 to 56 units. Costs are <u>not</u> in this loan request, but will be incorporated into the gap loan request related to a CDLAC project application, and current estimates are about \$1.2MM for these additional parking spaces.</p>
Building Total SF	176,488

**4.4. Construction Supervisor/Construction Specialist's Evaluation**

HV Phase IIIA estimates a \$84,628,945 construction budget based on 100% SD drawings dated July 2019. JSCo will provide to MOHCD updated contractor pricing by March 30, 2020 for 50% DD's dated 12/05/19 and informed by the 100% DD's dated 1/31/2019. The "informed by" pricing means that the differences between the 50% DD's and the 100% DD's will be re-bid by the general contractor's subcontractors. The MHP application is due on March 2<sup>nd</sup>, and due to timing the 100% DD's construction pricing could not be incorporated into this loan evaluation request. The Construction Specialist will review 50% DD's informed by the 100% DD's pricing in March. Loan Committee will have another opportunity to review this project in July 2020 when it seeks a CDLAC application gap loan commitment. At the time of that request, the construction numbers will be based on 35% construction drawings or greater.

**4.5. Commercial Spaces.** Along the new Hunters View Drive with entrances to Bayview Park, the Sponsor has plans for a 2,123 sf library/educational center in Block 14 and a 1,512 sf to-be-determined community-serving commercial space in Block 17. The "library" space grew out of discussions with San Francisco Public Library ("SFPL") and HOPE SF about common areas in the affordable housing spaces that would be open to and designed to encourage interactions between the affordable housing households and market rate households. Due to budget constraints SFPL is only able to provide a state-of-the-art book vending machine rather than a built out and staffed SFPL branch. The Sponsor with assistance from the HOPE SF Backbone

Team is looking for a community-serving educational partner that would complete the tenant improvements of the space and operate it under the HOPE SF guiding principles.

#### 4.6. Target Population

In order to submit a competitive MHP application, the project includes additional affordability and special needs requirements as follows:

- 1) 20 units are set aside for homeless families. This is the first time that a HOPE SF project has included both public housing replacement and homeless units. Together, the number of units set aside is 62%, which is less than the recent public housing replacement ratio of 75% at Hunters View Phase I and II, Sunnysdale and Potrero. With services support from the Department of Homelessness and Supportive Housing (“DHS”) and LOSP subsidies for the formerly homeless families, the combination of household types is expected to be successful.
- 2) All of the PBV units, which are also public housing replacement units, will be affordable to households at or below 32% MOHCD AMI/25% TCAC AMI. While the maximum affordability for Hunters View units is 50% MOHCD AMI, 159 units of 286 units built or 56% in prior Hunters View phases are targeted to lower AMIs, also to increase competitiveness for State funding sources. The deeper income targeting is mitigated by the fact that all Hunters View households that lived onsite have exercised their right to return to a revitalized unit. The 53 public housing replacement units will be available to former Hunters View residents under the new Right to Return legislation passed in December 2019, which establishes priority and preference to households who can document Hunters View residency.

The Sponsor may opt to designate five tax credit units at 32% MOHCD AMI/25% TCAC AMI, freeing up five PBV units to serve households up to 50% MOHCD AMI/40% TCAC AMI.

#### 4.7. Marketing & Occupancy Preferences

Three target populations – homeless families, public housing replacement households, tax credit-eligible households without rental subsidies -- will require three kinds of marketing, outreach and preferences.

**For the 20 units set-aside for homeless families:** Households will be referred to these units through the Coordinated Entry System operated by the Department of Homelessness and Supportive Housing (“DHS”). JSCo Property Management will work with the LOSP service provider, Lutheran Social Services, MOHCD, and DHS to implement the City’s Housing First model. The marketing and final supportive services plan for these units will be submitted to DHS and MOHCD six-months prior to the issuance of the temporary certificate of occupancy (“TCO”).

**For the 53 public housing replacement units:** Households will be referred to these units by SFHA based on Hunters View Public Housing Replacement Units preference listed in the current SFHA Admin Plan. The HOPE SF Resident Selection Criteria must be submitted to MOHCD six-months prior to the issuance of TCO.

**For the 44 tax credit units without rental subsidy:** The tax credit units will be marketed through MOHCD’s typical DAHLIA lottery process, including MOHCD’s required preference system detailed below.

MOHCD Preference Level	Applicant Category
*1	Former Hunters View households who can document their previous Hunters View tenancy but do not have a formal right to return.
2	Certificate of Preference ("COP") Holders
3	Displaced Tenants Housing Preference ("DTHP") Certificate Holders (20%)
4	Neighborhood Residential Housing Preference ("NRHP") (40%**)
5	Live or Work in San Francisco
6	All Other

\*In December 2019, the Board of Supervisors passed legislation that establishes an additional preference in tax credit and public housing replacement units at HOPE SF sites. Former Hunters View households who can document their previous Hunters View tenancy but do not have a formal right to return will have priority for these units. A similar preference has been implemented at Alice Griffith and, based on that experience, will most likely be exercised by households who (1) were not on the original SFHA lease; (2) were on lease but now want or need to start their own household, or; (3) moved away from the property before HOPE SF launched and the Right to Return was instituted.

\*\*If MHP funding is awarded, the NRHP is decreased to 25% of TCAC units.

## 5. FINANCING PLAN

5.1. Potential/Proposed Permanent Financing. The Sponsor and Co-Developer propose to use the combination of the following permanent sources for the vertical Phase IIIA development:

**MOHCD (\$16,760,000):** For the MHP Application Gap Loan Commitment request, the MOHCD sources included in this loan request are listed below.

- i. **Low Moderate Income Housing Asset Fund ("LMIHAF") (\$3,000,000):** This predevelopment source was included in the total MHP Application Loan Commitment Letter
- ii. **Certificate of Participation ("COP Funds") (\$9,260,000):** This total amount includes the predevelopment COP Funds amount of \$6,455,027 and an additional \$2,804,973.
- iii. **Tax Increment Excess Proceeds (\$4,500,000):** This is the amount of excess proceeds returned to MOHCD from the Phase IIA OCII loan.

The MOHCD loan includes a to-be-defined commercial warm-shell loan for the commercial spaces. The construction line items included in the commercial warm-shell loan will be provided to MOHCD for review and approval prior to the gap loan request and will include a schedule and marketing strategy indicating that the commercial spaces will be occupied at construction completion. The strategy for the commercial spaces will be developed in cooperation with the HOPE SF Backbone team.

**Permanent Loan (\$26,315,000):** The permanent lender has not been selected. The Sponsor plans to issue the lender Request for Proposals ("RFP") in May or June of 2020 and make a selection by July 2020 prior to the CDLAC/TCAC application. The Sponsor is assuming a credit enhanced loan at a 4.50% fixed interest rate with a 30-year term, 30-year amortization, and 1.15 DSCR. The Sponsor will work to reduce the DSCR to MOHCD underwriting standards before the gap loan request.

**Tax Credits (\$44,347,506):** The investor has not been selected. The Sponsor will issue the investor RFP along with the lender RFP. MOHCD will require a review of the raw data received from the RFP respondents and must approve the selected investor. The tax credit equity is based on a pricing of \$1.00 per credit. While Hunters View has historically received higher pricing (see chart below), the current market for tax credits has been negatively impacted by recent federal tax changes.

Hunters View Phase	Tax Credit Pricing
Phase IA – Blocks 4, 5, 6	\$0.94 (4% tax credits)
Phase IIA – Blocks 7 & 11	\$1.16 (4% tax credits)
Phase IIB – Block 10	\$1.14 (9% tax credits)
Phase IIIA	\$1.00 (4% tax credit estimate)

The Sponsor and staff have underwritten the loan conservatively given the complicated nature of this transaction and based on Sponsor’s experience with previous Hunter View phases. Phase IIIA’s tax credit pricing is conservative, and staff will require that any additional equity raised will be used to off-set the City’s gap loan.

**HCD Programs:** MOHCD requires that all developers receiving City funds for new construction and substantial rehabilitations seek to leverage City financing with available and applicable HCD financing programs. The proposed project budget does not include financing from HCD’s Affordable Housing and Sustainable Communities Program (“AHSC”), Infill Infrastructure Grant Program (“IIG”), or Transit Oriented Development Housing Program (“TOD”) per the reasons provided below. Based on the analysis below, MHP is the only HCD Program available to leverage City funds.

- i. **AHSC:** This program funds land use, housing, transportation, and land preservation to support infill and compact developments that reduced greenhouse gas emissions. A competitive development in San Francisco typically is associated with Municipal Transportation Agency (“MTA”) developments. Currently, there are no MTA projects associated with Hunters View.
- ii. **IIG:** The Sponsor and MOHCD were awarded \$30MM IIG funds in May 2011 for the entire Hunters View development. IIG has been allocated to each Hunters View phase based on the number of affordable units and the cost of infrastructure work. Approximately \$20.9MM has been allocated to Phase IA, Phase IB, and IIA. The Sponsor and MOHCD estimate approximately \$3.9MM will be used exclusively for the Phase IIB – infrastructures.
- iii. **MHP (\$20,000,000):** The Sponsor will apply for MHP in March 2020. During the predevelopment period, the Sponsor completed work to make the Hunters View Phase IIIA as competitive as possible for an MHP award. These competitive changes are (1) added 20 units set-aside for homeless families, and (2) sought and received approval from the HOPE SF Backbone team to restrict the public housing replacement units to 32% MOHCD AMI/25% TCAC AMI. The Sponsor and staff assume the project will receive threshold points under MHP, and will have an average income restriction of approximately 46% MOHCD AMI/35% TCAC AMI project-wide. However, if not awarded the MOHCD loan will increase by the equivalent amount of the MHP loan.

- iv. **TOD:** TOD seeks to increase the overall supply of housing, increase the supply of affordable housing, increase public transit ridership, and minimize auto trips. Since Hunters View is not located near any public transit stations, Hunters View is unlikely to be ineligible for TOD funding.

**General Partner Equity (\$7,200,000):** The Sponsor will take the maximum allowable developer fee under TCAC and the general partner will contribute to Hunters View Phase IIIA consistent with MOHCD guidelines.

**Deferred Developer Fee (\$1,300,000):** The Sponsor will take the maximum MOHCD allowable deferred developer fee and contribute the fee to the Project

**Federal Home Loan Bank (“FHLB”) Affordable Housing Program (“AHP”):** The proposed budget does not show AHP financing. MOHCD will require that the Sponsor apply to the FHLB-San Francisco for AHP in an amount up to \$1,170,000 60 days after construction has started in order to maximize competitiveness. Any AHP funds awarded will reduce the MOHCD loan by an equal amount. Also, the Sponsor’s equity and debt RFP must mention the desire of the Sponsor to apply for AHP. If the selected debt and/or equity lender is not a member bank, it must commit to working with the Sponsor in their RFP response to partner with and/or find a member bank to submit an AHP application.

DEVELOPMENT BUDGET		
Underwriting Standard	Meets Standard?	Notes
Hard Cost per unit are within standards	N	Hard costs are \$717,194 per unit. The Sponsor will work with MOHCD to reduce overall project costs.
Construction Hard Cost Contingency is at least 5% (new construction)	N	Hard cost contingency is 6.2%,but includes 1.2% of escalation.
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	Y	Design, bid, and plan check escalations total 13.2% as shown on the permanent budget.
Architecture and Engineering Fees are within standards	N	The Sponsor will refine architectural fees prior to gap financing request.
Construction Management Fees are within standards	N/A	Construction Management fees are currently not shown on estimated budget.
Permit Fees	Y	\$277,374K for Permit Fees and processing fees. \$2.42MM for impact fees.
Developer Fee is within standards, see also disbursement chart below	Y	Total Maximum cash out fee is \$1.10M. The total At-Risk Fee is \$1.280MM. See Section 6 below.
Soft Cost Contingency is 10% per standards	N	Soft cost contingency is 2.9%. Sponsor recognized the total development costs and soft costs exceed similar projects in MOHCD’s portfolio and have elected to keep the soft cost contingency low.



Capitalized Operating Reserves are a minimum of 3 months of operating budget	Y(per below)	Sponsors has 6 months of operating budget and the amount exceeds HCD guidelines.
Debt Service Reserve	N	Staff does not consent to the debt service reserve at this time. Sponsor must evaluate the necessity for a debt service reserve given that 45% of the units are PBV's. MOHCD must review and approve analysis prior to gap financing.
HCD Transition Reserve	N	Staff does not consent to the HCD transition reserve at this time. If awarded MHP, Sponsor must work with MOHCD and HCD to reduce this reserve.

5.2. Permanent Uses Evaluation

**Hard Costs:** On a per-unit basis, HV Phase IIIA has the highest hard construction costs and total development costs ("TDC") of similar projects within the MOHCD portfolio. A key cost driver for Phase IIIA is that 47% of the units are three-bedroom or larger, adding project costs including additional square footage, roof area, windows, corridor space in units. Other cost drivers are related to the HOPE SF goals and include parking, additional plumbing for washer/dryer hooks ups in all units three-bedrooms or larger, and additional community serving commercial spaces and services offices to assist in building community

Despite the high per unit-costs, HV IIIA is one of the lower cost developments in the MOHCD portfolio on a per-bedroom basis.

**Architectural Fees:** As currently budgeted, fees are over MOHCD's architectural fee policy by \$935,750. Architectural fees were based on fees from previous Hunters View phases, which were underwritten based on the MOHCD architectural fee policies in place in 2016. The Sponsor will refine architectural fees prior to gap financing request. If fees remain over MOHCD underwriting guidelines, Sponsor will provide an explanation for the architectural fee overruns based on architect's estimated hours of work for proposed scope.

Please note that a portion of architectural expenses includes costs already incurred by HVA to conduct master planning analysis and studies and respond to a request by MOHCD to explore creative solutions to meet the exact-unit type replacement required by City Resolution 080692, Ordinance Number 201-01. Sponsor will provide a breakdown of the architectural fees related to this ordinance analysis and cost associated with vertical development only

**Capitalized Operating Reserve:** Per HCD underwriting guidelines, the capitalized operating reserve is calculated as three months of operations plus debt service minus social services. This project's capitalized operating reserve totals \$846,309 and is 6 months of operating expenses, including services, and not including debt service. The six months is based on reserves at completed Hunters View Phase I, IIA, and IIB. Prior to the gap request, the Sponsor will reduce this to MOHCD acceptable guidelines and will exclude the social services as required by HCD.

**Debt Service Reserve:** This is 6 months of must pay debt only and totals \$845,005. The six months is based on reserves at completed Hunters View Phase I, IIA, and IIB. Sponsor has underwritten 6 months due to lender/investor underwriting requirements on the previous Hunters

View phases. Prior to the gap request, the Sponsor will reduce this to MOHCD acceptable guidelines.

**HCD Transition Reserves:** HCD will require a rental assistance transition reserve in the amount sufficient to prevent one year rent increases for units that formerly received rental assistance and were restricted to households with incomes not exceeding a percent of AMI. For Hunters View Phase IIIA, this amount is calculated at \$2.5MM for the public housing replacement units only and does not include LOSP units. If awarded MHP, the Sponsor must work with MOHCD and HCD to reduce this reserve.

**6. DEVELOPER FEE**

The Sponsor is requesting cash out developer fee of \$2,380,000, of which \$1,280,000 will be at risk. Additionally, the Sponsor is proposing \$1,300,000 in deferred developer fees supported by project cash flow and \$7,200,000 in GP equity. Staff supports this request.

**6.1. Permanent Financing Developer Fee**

HUNTERS VIEW PHASE III - VERTICAL DEVELOPER FEE DISBURSEMENT SCHEDULE				
Payment Milestone	% of Project Mgmt Fee	Amount	Interim Payment Percentage	Interim Payment
<b>* During or at Completion of Predevelopment</b>				
Interim Payment - 100% Schematic Design (PAID)	40%	\$440,000	14%	\$150,000
Interim Payment - Submission of Site Permit Applications (PAID)			9%	\$100,000
Interim Payment - MHP app submission			9%	\$100,000
Interim Payment - Submission of TCAC/CDLAC Applications			8%	\$90,000
<b>At Construction Closing</b>	<b>20%</b>	<b>\$220,000</b>	<b>20%</b>	<b>\$220,000</b>
<b>During Construction</b>				
Interim Payment - Notice to Proceed – Vertical	30%	\$330,000	9%	\$100,000
Interim Payment - 50% Construction Completion			10%	\$110,000
Interim Payment - Temporary Certificate of Occupancy (TCO)			11%	\$120,000
<b>Project Close Out</b>				
Interim Payment - 8609 submission	10%	\$110,000	10%	\$110,000
<b>Total Project Management</b>	<b>100%</b>	<b>\$1,100,000</b>		
<b>Total At-Risk Fee</b> (Paid out according to MOHCD's Developer fee policy related to At-Risk Fee payment)		<b>\$1,280,000</b>		
<b>TOTAL CASH OUT DEVELOPER FEE</b>		<b>\$2,380,000</b>		
<b>TOTAL Deferred Fee</b>		<b>\$1,300,000</b>		
<b>TOTAL GP Equity</b>		<b>\$7,200,000</b>		
<b>TOTAL DEVELOPER FEE</b>		<b>\$10,880,000</b>		

**7. PROJECT OPERATIONS**

**7.1. Annual Operating Budget**

The total annual operating expenses are \$13,845 per unit per annual (PUPA). While the project has units for formerly homeless households, no front desk is currently planned at Phase IIIA. Security cost for Hunters View are shared with the other sites and with other JSCo managed developments in Hunters Point. Security Payroll/Contract is divided proportionally between LOSP-supported units and non-LOSP units.

The Project's operating income includes LOSP rental subsidy in the amount of \$119,014 annually (\$7,934 PUPA). For the number of units, the LOSP subsidy is high, but the higher cost is due to the higher operating cost at Hunters View.

**Project Based Section 8 (PBV) Units:** Hunters View Phase IIIA was awarded 53 Project Based Vouchers in June 2016. The award was for 15 year contracts. In March 2020, SFHA will extend the contract to 20 years with an automatic 20-year renewal. Income from the PBV Section 8 units is based on current payment standards less utility allowances. If payment standards increase before the HAP contract is executed, the Project gap will decrease.

**Commercial Rents:** While the project plans for a commercial tenant, no commercial income or expenses are associated with the project at this time. Prior to gap, Sponsor must show in their operating assumptions some information related to operating the commercial spaces and rental assumptions in the MOHCD commercial operating budget.

7.2. Unit Matrix. Based on 2019 MOHCD AMI. These numbers will be updated before Gap.

Unit Type	Unit Count	S.F.	Max Gross Rent	Max % MOHCD AMI	Target % MOHCD AMI	Rent, Operating Subsidy
1BR	15	620	\$686	50%	33%	LOSP
1BR	34	620	\$1,231	50%	50%	
2BR	3	920	\$809	50%	33%	LOSP
2BR	3	920	\$1,129	50%	33%	PBV
2BR	7	920	\$1,386	50%	50%	
3BR	11	1,050	\$1,237	50%	33%	PBV
3BR	3	1,050	\$1,540	50%	50%	
3BR	2	1,050	\$1,540	50%	33%	LOSP
4BR	34	1,350 to 1,540	\$1,319	50%	33%	PBV
5BR	5	1,630 to 1,800	\$1,402	50%	33%	PBV
2BR Manager	1					
Total Units	118					

7.3. Annual Operating Expenses Evaluation

Underwriting Standard	Operating Proforma	
	Meets Standard?	Notes
Debt Service Coverage Ratio is between minimum 1.10:1 in year 1 and maximum 1.00:1 in year 17	N	DSCR is 1.16:1 in Year 1 and 1.41 in year 17. Developer will adjust the DSCR to meet MOHCD underwriting before Gap.

Debt Service Coverage Ratio stays above 1.00:1 for entirety of projected 20-year cash flow	Y	
Vacancy meets TCAC Standards	Y	Vacancy is 5%
Annual Income Growth is increased at 2.5% per year	N	Annual Income Growth is 2.0%
Annual Operating Expenses are increased at 3.5% per year	N	Annual Income Growth is 3.0%
Base year operating expenses per unit are reasonable per comparables	N	Total operating expenses are \$13,845 PUPA before reserves and ground lease rents, slightly higher than HOPE SF developments and on the higher end of projects in MOHCD's portfolio.
Property Management Fee is at allowable HUD Maximum	Y	Total property management fee is \$62 PUPM
Property Management staffing level is reasonable per comparables	Y	1 FTE property manager, 2 FTE occupancy specialist, 0.5 office assistant, 1.5 FTE maintenance technician, 2 FTE grounds/janitor
Asset Management and Partnership Management Fees meet standards	Y	Based on a 2022 first year occupancy
Replacement Reserve Deposits meet or exceed TCAC minimum standards	N	Replacement reserves are \$600 PUPY, higher than the TCAC and HCD underwriting guidelines. Prior to gap request, Sponsor must reduce this amount to be within TCAC, HCD, or MOHCD standards.
Limited Partnership Asset Management Fee meets standards	Y	Based on a 2022 first year occupancy
Homeowner's Association (HOA)	N/A	\$77,000 per year project-wide (based on Phase I & II HCD cap). (See comment below this chart.)
Rental Subsidies? Yes		Phase IIIA has 53 PBV and 20 LOSP units.

**Property Management Staffing:** HV Phase III property management staff and maintenance staff will be shared with HV Phase I, IIA, and IIB. Sponsor will continue to evaluate staffing for all of Hunters View and will inform MOHCD Asset Management and HOPE SF as staffing patterns changes. Sponsor must provide an updated proposed staffing plan to MOHCD prior to the CDLAC gap financing request. The updated plan must include a staffing plan comparison to completed phases with annual total and per unit per annual totals. Below is a chart showing the staffing across all phases based on annual totals per phase.

	Phase 1 107 Units		Phase 2A 107 Units (60%)		Block 10 72 Units (40%)	Combined Phase 2A/ Block 10	Phase 3 118 Units	P1, 2A, 2B, 3A 398 Units	
	# of staff		# of staff				# of staff		
Property Manager	1	\$88,000	1	\$45,000	\$30,000	\$75,000	1	\$75,000	\$238,000
Assistant Property Manager									
Occupancy Specialist	1	\$55,200	1	\$29,952	\$19,968	\$49,920	1	\$46,000	\$151,120
Office Assistant	0.5	\$18,000	1	\$26,208	\$17,472	\$43,680	0.5	\$18,000	\$79,680
Maintenance	1	\$78,000	1	\$29,952	\$19,968	\$49,920	1.5	\$86,400	\$214,320
Maintenance	0.5	\$19,760	0.5	\$12,636	\$8,424	\$21,060			\$40,820
Grounds/ Janitor weekends only	1.5	\$57,210	2.5	\$45,864	\$30,576	\$76,440	2	\$73,200	\$206,850
Janitors 8/hour		\$12,400							
Payroll Processing (1.6%)		\$5,640		\$3,600	\$2,400	\$6,000		\$3,600	\$15,240
Payroll Tax (11%)		\$33,600		\$20,465	\$15,010	\$35,475		\$33,000	\$102,075
Workers Compensation (7%)		\$18,000		\$10,778	\$8,047	\$18,825		\$20,400	\$57,225
Health Benefits (\$725pp)		\$45,600		\$37,548	\$25,065	\$62,613		\$56,400	\$164,613
401K		\$3,600		\$2,520	\$1,680	\$4,200		\$1,200	\$9,000
<b>Total</b>		<b>\$435,010</b>		<b>\$264,523</b>	<b>\$178,610</b>	<b>\$443,133</b>		<b>\$413,200</b>	<b>\$1,291,343</b>

\*Office Assistant - Shared 50% HVP1 and 50% HVP3

**HOA Fees:** All developed units in Hunters View pay an HOA fee, which is capped at \$1,000 per unit per year by the project’s Master Development Agreement for the affordable housing units. The HOA fee is an operating cost paid by the property owner and not the residents. At Hunters View, development of the affordable housing and parks (Promontory Park, completed in Phase I, and Ironwood Park, completed in Phase II) have preceded the market rate developments. When the for-sale parcels are completed, the affordable housing’s HOA fees will be reassessed and reduced. Both prior phases funded by HCD MHP financing (Phase IA & IIA), capped the total HOA fee at \$77,000 per phase. The Sponsor proposes to cap the HOA fees for Phase IIIA at \$77,000 (\$652 PUPA), the amount is shown in the operating budget.

## 8. SUPPORTIVE SERVICES

### 8.1. Services Plan

For the 97 non-LOSP units, it is anticipated that the current service provider, Bayview YMCA, will extend its services to Hunters View Phase III, as assumed by the License Agreement with Bayview YMCA. Bayview YMCA is the primary service provider at Hunters View, providing housing stability services, resident activities, service coordination, and sponsor of the resident-led food bank. All Hunters View Phase IIIA residents will have access to the services and amenities offered at 901A Fairfax, the Hunters View hub which contains the Wellness Center operated by the Department of Public Health (“DPH”) and includes an on site nurse, as well as mental health support services and peer leaders provided by Urban Services YMCA. The hub also contains a recording studio operating by Blue Bear, Inc., a gym, a lending library, and the resident-led food bank. Phase IIIA residents may also access the childcare center located at 901B Fairfax operated by Frandelja Enrichment Center (“FranDelJa”). FranDelJa provides childcare and early childhood education with subsized slots for all infants, toddlers and preschool age children at Hunters View.

### 8.2. Service Budget

Resident services are budgeted at \$79,800 per year, or \$682 per unit, and are consistent with the underwriting of services site-wide. None of the operating budget or services budget expense in Phase IIIA or any prior phases support the FranDelJa childcare spaces. The services budget includes \$25 PUPA for tenant engagement as required under RAD, even though Phase IIIA has no RAD units; JSCo has agreed to extend this RAD benefit to the tenant association that represents all phases.

Only a portion of Bayview YMCA's budget is supported by the services budget of Phase I and II. The Phase I and II total resident services budget totals \$245,200 for 286 units (approximately 800 residents) or \$857 PUPA. Bayview YMCA's budget represents only \$125,000 or \$437 PUPA or 51% of the completed phases resident services budget. Tenant engagement for the completed units is \$7,150 (\$25 PUPA). There is currently \$113K unplanned services funds available for Hunters View (\$245,200 minus Bayview YMCA contract amount and tenant engagement). If the unplanned funds are not expended at the end of the each affordable building's fiscal year, the funds are returned to the project and available for the waterfall. The Phase III unplanned services total \$28,284 (\$79,800 minus assumed Bayview YMCA's extended contract); thus making the all phases unplanned services budget equal \$141,284. The \$141,284 unplanned services funds will be available in 2022, the first full year of Phase III operations. Sponsors are to work with the HOPE SF team to have a proposed services plan for the entire site and use of the unplanned services funds prior to the gap loan request.

**8.3. HOPE SF Assessment of Service Plan and Budget**

The services plan is under development, and once complete will be reviewed by HOPE SF. The Sponsor will submit the services plan and budget to HOPE SF before final MOHCD gap loan approval.

**8.4. Supportive Services Plan for formerly homeless family units**

Lutheran Social Services will be the services provider for the 20 LOSP units. Services for these units will be provided in a direct contract between DSHS and the services provider. The Sponsor must submit a draft services plan to DSHS for review and approval as required for the MHP application due on March 2nd. Nine months prior to TCO, the Sponsor must submit a final copy of the supportive services plan to DSHS for review and approval prior to marketing and leasing units.

**9. STAFF RECOMMENDATIONS**

**9.1. Proposed Loan/Grant Terms**

<b>Financial Description of Proposed Loan</b>	
Loan Amount:	\$7,304,973
Loan Term:	3 years
Loan Maturity Date:	2023
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	0.25%, to be revisited at Gap commitment

**9.2. Recommended disbursement conditions/schedule**

No funds will be disbursed with this loan request. This request is for an MHP Application Commitment letter. Previously awarded predevelopment funds will continue to be disbursed.

**9.3. Recommended conditions prior to additional funding request or financing gap**

- Sponsor to confirm the completion of the process to remove the requirement for recycled water in Hunters View Phase III that was part of Phase I and II.
- Sponsor will work to reduce the DSCR to MOHCD underwriting standards.
- Sponsor will provide a schedule and marketing strategy indicating that the commercial spaces will be occupied at construction completion.

- Sponsor must show in their operating assumptions some information related to operating the commercial spaces and rental assumptions in the MOHCD commercial operating budget.
- Sponsors will provide an explanation for the architectural fee overruns based on architect's estimated hours of work for proposed scope. Sponsor should include in the analysis a breakdown of the architectural fees related to City Resolution 080692, Ordinance Number 201-01. By June 1, 2020, Sponsor will provide a comparison of Hunters View phases for vertical architecture services that demonstrate reasonable architectural costs for Phase III. If fees remain over MOHCD underwriting guidelines, Sponsor will provide an explanation for the architectural fee overruns based on architect's estimated hours of work for proposed scope.
- On the permanent budget, the Sponsor must show construction management services on the appropriate line item.
- Sponsor to provide MOHCD with a breakdown of their assumptions for hard-shell, warm-shell and tenant improvements for the two commercial spaces. Sponsor must include commercial shell costs on the appropriate line items on the MOHCD permanent budget. Sponsor to verify that the commercial spaces have separate utility connections from the residential.
- Sponsor to include a construction schedule for the commercial spaces and a marketing strategy indicating whether the commercial spaces will be occupied at least 6 months after residential TCO.
- On the operating budget and/or commercial operating budget, Sponsor must show their leasing and operating assumptions related to operating the commercial spaces.
- Sponsor to evaluate swapping up to 5 tax credits without subsidy units and no more than 10 units affordable to families at or below 32% MOHCD AMI/25% TCAC AMI with an equivalent amount of PBV's.
- Sponsor must reduce the capitalized operating reserves to MOHCD acceptable guidelines.
- Sponsor must evaluate the necessity for a debt service reserve. MOHCD must review and approve the debt service analysis.
- If awarded MHP, Sponsor must seek to significantly reduce the HCD Transition Reserve or eliminate it entirely.
- Sponsor must provide an updated proposed staffing plan to MOHCD prior to CDLAC gap financing request. The updated plan must include a staffing plan comparison to completed phases with annual total and per unit per annual totals.
- Sponsor is to work with the HOPE SF team to have a proposed services plan for the entire site and a plan for the unplanned services funds prior to CDLAC gap loan request.
- Sponsor must submit a draft services plan to DSHS for review and approval as required for the MHP application due March 2nd.
- 

#### 9.4. Recommended conditions prior to gap closing

- MOHCD must review Request For Proposals (RFPs) for equity investors before it is finalized and released. The Sponsor's equity and debt RFP must mention the MOHCD requirement that the Sponsor apply for AHP. If the selected debt and/or equity lender is not a member bank, it must commit to working with the Sponsor in their RFP response to partner with and/or find a member bank to submit an AHP application.
- MOHCD must review raw financial data from developer or financial consultant prior to selection of debt lender and investor.
- MOHCD must approve all selected investors.
- MOHCD must review and approve all Letters of Intent with investor

#### 9.5. Recommended conditions prior to funding Developer Fee

- Prior to funding Project Management Fee of \$120,000 paid during construction for receipt of TCO, Sponsor must apply for FHLB AHP.
- If awarded MHP, nine months prior to TCO and prior to Project Management Fee of \$120,000 paid during construction for receipt of TCO, the Sponsors must submit a final copy of the supportive services plan to DSHS for review and approval prior to marketing and leasing units.

10. LOAN COMMITTEE

10.1. Modifications

- Prior to gap loan request, complete parking survey and provide MOHCD with the results.

10.2. Recommendations



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

APPROVE       DISAPPROVE       TAKE NO ACTION



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

Date: 2/21/20

APPROVE       DISAPPROVE       TAKE NO ACTION

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

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

APPROVE       DISAPPROVE       TAKE NO ACTION



Nadia Sesay, Interim Executive Director  
Office of Community Investment and Infrastructure

Date: 2/21/20

APPROVE       DISAPPROVE       TAKE NO ACTION

\_\_\_\_\_  
Tonia Lediju, Acting Executive Director  
San Francisco Housing Authority

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

## ATTACHMENTS

- A. HOPE SF Project Summary
- B. Applicable HOPE SF Developer Fee Policy
- C. Project Milestones and Schedule (Vertical and Infrastructure)
- D. Site Map with Amenities
- E. Vertical Building Elevations
- F. Infrastructure Budget – *Not Applicable for this loan request*
- G. Vertical Predevelopment Development Budget
- H. Sources and Uses
- I. 1<sup>st</sup> Year Operating Budget
- J. 20-year Operating Pro Forma
- K. MOHCD OCII Family Cost Comparison Chart

### Attachment A: HOPE SF Project Summary

#### HOPE SF Initiative:

The vision for all HOPE SF developments, as stated in the HOPE SF Taskforce Summary dated March 23, 2007 is to *“Rebuild our most distressed public housing sites, while increasing affordable housing and ownership opportunities, and improving the quality of life for existing residents and the surrounding communities”*. HOPE SF seeks to transform four of San Francisco’s most distressed public housing sites into new mixed-income communities. HOPE SF sites share unified principals and goals to eradicate intergenerational poverty by:

- Ensuring No Loss of Public Housing, which includes unit-for-unit replacement, building modern high-quality homes, and minimizing temporary and permanent displacement.
- Creating an Economically Integrated Community.
- Maximizing the Creation of New Affordable Housing.
- Involving Residents in the Highest Levels of Participation in the Entire Project.
- Providing Economic Opportunities through the Rebuilding Process.
- Integrating Process with Neighborhood Improvement Revitalization Plans.
- Creating Economically Sustainable and Accessible Communities.
- Building a Strong Sense of Community.

The four HOPE SF sites are Alice Griffith, Hunters View, Sunnydale/Velasco and Potrero Annex/Terrace.

#### Project Summary:

Hunters View HOPE SF site is located on the eastside of Third Street in the Bayview Hunters Point neighborhood of San Francisco. Formerly owned and operated by the Housing Authority of San Francisco Housing Authority (“SFHA”). In 2002, SFHA completed a comprehensive physical needs assessment of all SFHA properties and identified a number of sites with extensive physical problems. One of the sites identified was Hunters View, located within the former Redevelopment Agency Bayview Hunters Point Redevelopment Project Area.

In 2003, SFHA issued a Request for Qualifications for a developer to redevelop the Hunters View public housing site (the “Development”). In August 2005, SFHA selected the development team originally formed as Hunters View Community Partners “HVCP” (and now currently formed as HVA) and comprised of the John Stewart Company (“JSCo”), Devine & Gong, Incorporated (“DGI”), and Hunters Point Affordable Housing, Inc. (a subsidiary of Ridge Point Nonprofit Housing Corporation (“Ridge Point”).

In April 2011, the Affordable Housing Loan Committee and the former Redevelopment Agency Commission approved a loan of \$31,406,982 for Hunters View affordable housing vertical developments, Phases IA and IIA, with the condition that each future phase would require approval by the Loan Committee as they become further refined. Shortly thereafter, Hunters View broke ground as the first HOPE SF development to begin infrastructure and its transformation. In 2013, Phase I affordable developments were completed and operations began.

In November 2016, HVA with assistance from SFHA, Office of Community Investment and Infrastructure (“OCII”), and Mayor’s Office of Housing and Community Development (“MOHCD”) began relocation of existing Phase III residents into Phase IIA – Blocks 7 & 11. Relocations was completed in 2017, and all residents formerly living onsite at Hunters View were successfully relocated. In early 2018, the developer began asbestos removal, lead abatement and demolition of 18 public housing building in the final phase of Hunters View, Phase III. Early demolition of the existing buildings prior to

the start of infrastructure was a community safety measure requested by residents and service providers working at Hunters View.

**Project Funding Summary – Funded to Date:**

**Vertical and Horizontal Funding to Date:**

Start Year	Finish Year	Block Name	Phase	Phase Type	Total units	Status	Total MOHCD Loan Amount	Total OCH Loan Amount	TDC
2009	2011	All Blocks in Phase 1	1B	Infrastructure		Complete	\$3,060,494	\$3,000,000	\$11,917,980
2010	2012	Phase 1 Blocks 4, 5, 6	1A-0	Affordable	107	Complete	\$3,994,745	\$19,449,014	\$80,842,334
2015	2017	All Blocks in Phase 2	2B	Infrastructure		Complete	\$5,679,807	\$0	\$6,383,202
2016	2017	Blocks 7 & 11	2A	Affordable	107	Complete	\$2,267,137	\$16,721,514	\$136,746,201
2016	2017	Block 10	2B	Affordable	72	Complete	\$17,393,406	\$0	\$48,417,529
2020	2023	Blocks 2, 3, & 9	1A & 2A	Market Rate	64	In Process	N/A	N/A	N/A
2020	2021	All Blocks in Phase 3	3B	Infrastructure		N/A	\$29,478,578	\$0	\$29,478,578
2021	2022	Blocks 14 & 17	3A	Affordable	118	Previously awarded Predev & MHP Commitment	\$16,260,000		\$115,992,506
<b>Total to Date</b>							<b>\$79,068,418</b>	<b>\$39,170,528</b>	<b>\$429,778,330</b>

<b>Total Cost of Hunters View</b>	<b>\$79,068,418</b>	<b>\$39,170,528</b>	<b>\$429,778,330</b>
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**Attachment B: Applicable HOPE SF Developer Fee Policy**

The HOPE SF Developer Fee Policy for Hunters View HOPE SF is attached as Exhibit B to this loan evaluation. A summary of the policy is as follows:

HUNTERS VIEW PHASE III MASTER PLANNING DISBURSEMENT SCHEDULE				
Payment Milestone		% of Project Mgmt Fee	Amount	Interim Payment
MP2: Close of Predevelopment Loan	(PAID)	18%		\$108,526
MPA: Close on Predevelopment Loan	(PAID)	28%		\$170,000
MPA: Interim Payment - Notice to Proceed – Infrastructure		27%		\$165,000
MPA: Interim Payment - Notice to Proceed – Vertical Construct		27%		\$165,000
<b>TOTAL PROJECT MANAGEMENT</b>			<b>\$608,526</b>	
<b>TOTAL AT RISK FEE (Move to Vertical Developer Fee in this loan request)</b>			<b>\$0</b>	
<b>Total Master Planning Fee</b>			<b>\$608,526</b>	
<b>Master Planning &amp; Infrastructure Sources of Approval</b>				
MP2: Master Planning Fee held not paid in Phase II	(PAID)			\$108,526
MPA: Master Planning Fee, additional approved by MOHCD on June 29, 2015. Disbursed as shown above and as approved for Phase I and II.				\$500,000
MPR: Master Planning - Moved to Vertical Developer Fee in this loan request				\$0
<b>Total Master Planning &amp; Infrastructure Developer Fee</b>				<b>\$608,526</b>

In the predevelopment loan evaluation approved on November 4, 2016, the MPR fee was \$600,000. This fee was an additional residential fee not provided on Phase IIIA when the project assumed permanent AHSC financing. In 2016, AHSC limited developer fee to \$1.4MM while MOHCD allowed total project management developer fee to be \$2MM. In November 4, 2016, MOHCD agreed to allow the Sponsor to receive the additional \$600,000 as part of Hunters View's Master Planning Developer Fee. Under HCD's MHP and MOHCD's new policy that increases the total developer fee, the Sponsor's no longer need \$600,000 paid through the Hunters View's Master Planning Developer Fee. All vertical developer fee is as shown in Section 6 of this loan evaluation.

**Attachment C: Project Milestones (Horizontal)**

Phase 3, Blocks 14 and 17 Vertical

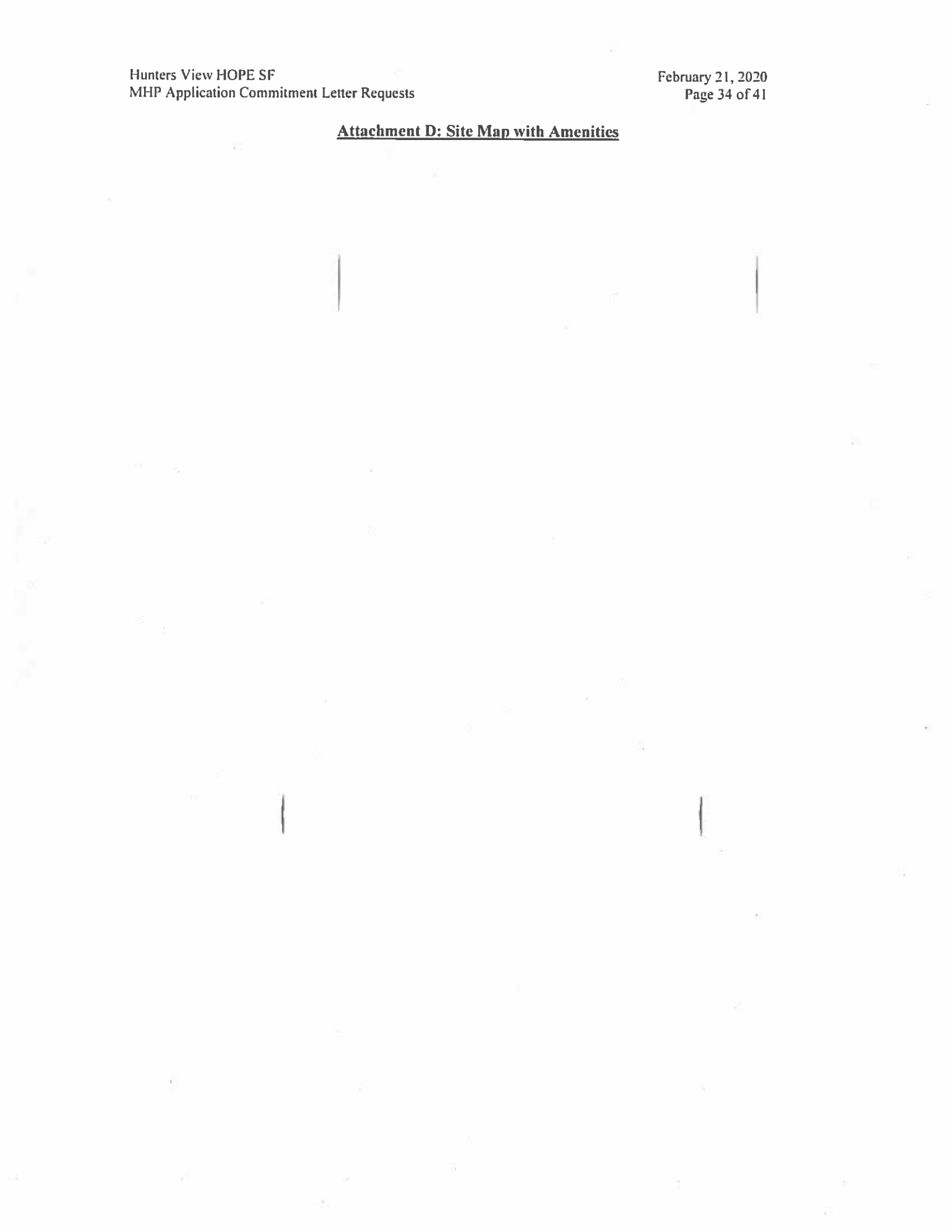
<i>No.</i>	<i>Performance Milestone</i>	<b>Estimated or Actual Date</b>	<b>Contractual Deadline</b>
A.	Prop I Noticing (if applicable)	Completed 2016	
1.	Acquisition/Predev Financing Commitment	October 5, 2016	
2.	Site Acquisition	July 2, 2017	November 1, 2017
3.	Development Team Selection - Infrastructure		
b.	Civil Engineer	November 2016	
c.	General Contractor	January 2017	
d.	Owner's Representative	March 2017	
4.	Development Team Selection - Vertical		
a.	Architect	January 2017	
b.	General Contractor	January 2017	
c.	Owner's Representative	TBD	
d.	Property Manager	N/A	
e.	Service Provider	June 2017	
5.	Final Map Processing		
a.	Tentative Map Submittal	March 2017	
	Final Tentative Map and Conditions of Approval Received	April 2020	
	Final Map Approved	August 1, 2020	
5.	Design - Vertical		
a.	Submittal of Schematic Design & Cost Estimate	March 2019	March 2019
b.	Submittal of 50% Design Development & Cost Estimate	February, 2020	
c.	Submittal of 50% CD Set & Cost Estimate	July 1, 2020	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	October 2020	
6.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	2008	
b.	NEPA Environ Review Submission	2008	
c.	CUP/PUD/Variances Submission	2008	

d	Extension of PUD/ Entitlements	February 21, 2020	
7.	Permits		
a.	Building / Site Permit Application Submitted	September 2019	
b.	Addendum #1 Submitted	September 2020	
c.	Addendum #2 Submitted	January 2021	
8.	Request for Bids Issued	September 2020	
9.	Service Plan Submission		
a.	Preliminary	March 2020	
b.	Interim	June 2020	
c.	Update	September 2021	
10.	Additional City Financing		
a.	Predevelopment Financing Application #2	N/A	
b.	Gap Financing Application	July 2020	
11.	Other Financing		
a.	Lender/Investor RFP	May/June 2020	
b.	AHP Application	January 2021	
c.	CDLAC Application	August 2020	
d.	TCAC Application	August 2020	
e.	Section 8 application and award	2016	
12.	Closings		
a.	Construction Closing - Demolition	December 2016	
b.	Construction Closing - Infrastructure	July 2020	
c.	Construction Closing - Vertical	December 2020	
d.	Permanent Financing Closing - Vertical	August 2023	
e.	Permanent Financing Closing – Infrastructure (acceptance of streets by City)	August 2024	
13.	Construction		
a.	Notice to Proceed - Demolition		January 2018
b.	Notice to Proceed - Infrastructure	July 2020	
c.	Notice to Proceed - Vertical	January 2021	
d.	Completion - Demolition		March 2018
e.	Completion - Infrastructure	January 2022	January 2022

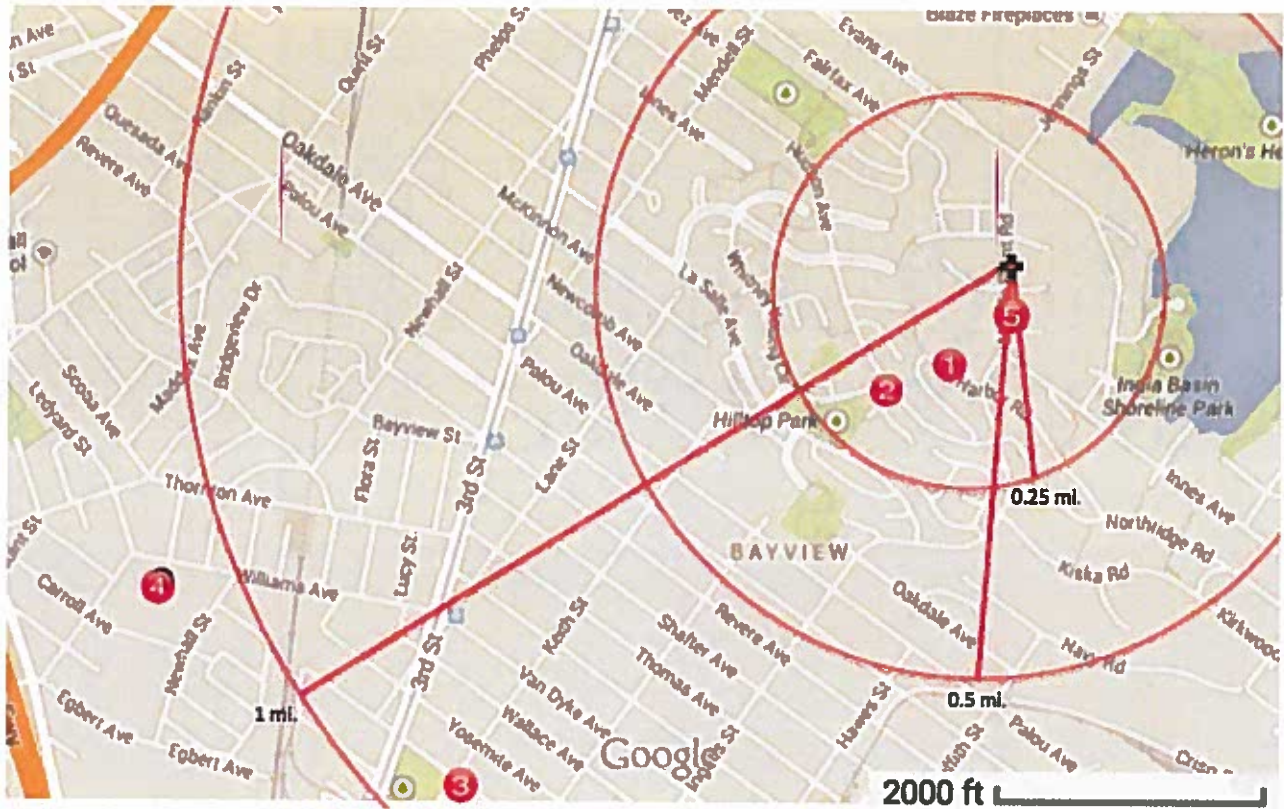
f.	Temporary Certificate of Occupancy/Cert of Substantial Completion - Vertical	May 2022	
14.	Marketing/Rent-up	May/June 2022	
a.	Marketing Plan Submission	March 2021	
b.	Commence Marketing	November 2021	
c.	95% Occupancy	August 2022	
15.	Cost Certification/8609	July 2023	
16.	Close Out MOH/OCII Loan(s)	December 2023	



**Attachment D: Site Map with Amenities**



## Site Amenity Map



#	Service Type	Address	Distance from Site
1	School	Malcolm X Elementary School 350 Harbor Rd.	0.14 mi.
2	Public Park	Hilltop Park LaSalle & Whitney Young Circle	0.21 mi.
3	Medical Clinic	Southeast Health Center 2401 Keith Street	0.95 mi.
4	Grocery	Foods Co. 345 Williams Ave.	1.12 mi.
5	SFMTA Bus Stop - 44 & 19	Hare and Middle Point Roads	390 ft

**Attachment E: Vertical Building Elevations**

**Attachment F: Infrastructure Budget**

Not applicable for this loan request.

**Attachment G: Vertical Predevelopment Development Budget**

Application Date: 10/1/16 Total Phase Area in Square Foot: 180,774 sq. ft.  
 Project Name: Hunters View Phase III  
 Project Address:  
 Project Sponsor: Hunters View Associates, LP

SOURCES	MOH	Other Sources	Total Sources	Comments
Name Other Sources:	7,877,227		7,877,227	

USES

DEMOLITION

Build-up Demolition	1,991,104			1,991,104	
Demolish on ground and footings	328,000			328,000	
Asbestos & Lead Abatement in Buildings	152,230			152,230	
Demolition Contingency	247,133			247,133	
Demolition Escalation	123,567			123,567	
<b>TOTAL ACQUISITION</b>	<b>2,842,034</b>	<b>0</b>	<b>0</b>	<b>2,842,034</b>	

CONSTRUCTION (INFRASTRUCTURE HARD COSTS)

Site Works/Improvements				0	
Site Utilities				0	
Hardscape (Paving, Roads, Sidewalks, Gutters)				0	
Bus Stops with Shelters				0	
Landscaping				0	
Open Space/Parks/Park Pockets, including all furnishings, street lights, and landscaping for Open Space				0	
Landscaping, non-open space, including street lighting				0	
<b>Total Infrastructure Hard Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>General Contractor Costs</b>					
Gen'l Contingency/Gen'l Requirements				0	
GC Contingency				0	
GC Fee				0	
GC Bond				0	
GC Liability Insurance				0	
GC Escalation				0	
<b>Total GC Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Construction Contingency				0	

SOFT COSTS (INFRASTRUCTURE SOFT COSTS ONLY)

Architecture

Architecture Design Master Plan / Phasing Plan	100,000			100,000	Michon proposal
Phase IIIA Affordable					
Right-of-Ways (ROW) / Streetscape Design	200,000			200,000	Primarily landscape architect
Open Space/Park/Pocket Parks				0	
<b>Total Architecture</b>	<b>300,000</b>	<b>0</b>	<b>0</b>	<b>300,000</b>	

Civil Engineering

Master Plan/Map + Tentative Map	183,000			183,000	Carlie Macy proposal
Infrastructure Plans + Final Map	445,000			445,000	
Joint Trench Design	100,000			100,000	
Construction Admin for Infrastructure	158,000			158,000	
ALTA Surveys	35,000			30,000	
Design Surveys				0	
<b>Total Civil Engineering</b>	<b>896,000</b>	<b>0</b>	<b>0</b>	<b>896,000</b>	

Infrastructure Studies/Consultants

Geotechnical studies	320,000			320,000	
Phase I & II Reports				0	
Dust Mitigation &/or BAAQMP, including monitoring	475,000			475,000	Includes consistently BAAQMP meetings, plus 3 months of demo-period dust monitoring
ADMP	60,000				
SWPPP design, preparation, monitoring	35,000				
Architectural/Interior	80,000			50,000	
<b>Total Infrastructure Studies/Consultants</b>	<b>930,000</b>	<b>0</b>	<b>0</b>	<b>930,000</b>	

Legal Costs - Infrastructure

General Borrowing/Legal	200,000			200,000	
Use of Lease				0	
DDA for specific Phase				0	
License Agreement for Demo and/or Infrastructure				0	
<b>Total Legal Costs</b>	<b>200,000</b>	<b>0</b>	<b>0</b>	<b>200,000</b>	

Relocation

Relocation Consultant				0	
Moving Costs / Relocation payments to moving SFHA tenants				0	
Utility connection at new housing assistance				0	
Post mitigation prior to moving to new housing	20,000			20,000	
Relocation Contingency				0	10% contingency on relocate costs
<b>Total Relocation</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	

Other Soft Costs

Appraisal				0	
Attorney's Fees	15,000			15,000	
Insurance	45,000			45,000	
Fence Permit	75,000			75,000	Need in advance of acquisition permit
PGE / PLC	100,000			100,000	Any temporary site lighting the Master Developer has to do and ancillary application for infrastructure here
ICAC/CDLAC				0	
Planning/Impact Fees	1,050,000			1,050,000	
Infrastructure Consultant	100,000			100,000	
Security during Infrastructure	80,000			80,000	
<b>Total Other Soft Costs</b>	<b>1,465,000</b>	<b>0</b>	<b>0</b>	<b>1,465,000</b>	
<b>TOTAL SOFT COSTS</b>	<b>3,811,000</b>	<b>0</b>	<b>0</b>	<b>3,811,000</b>	
Soft Cost Contingency				399,860	10% of soft costs

DEVELOPER COSTS

Developer Overhead/Profit (Fee)	775,193			775,193	Master Planning, Close on Prodevelopment Loan, Demo & Abatement, Infrastructure Permits
Development Consultant Fees				0	
Financial Consultant Fees				0	
Construction Management Fee on Infrastructure	50,000			50,000	
Development Infrastructure Consultant				0	
Project Administration				0	
Other (specify)				0	
<b>TOTAL DEVELOPER COSTS</b>	<b>825,193</b>	<b>0</b>	<b>0</b>	<b>825,193</b>	

TOTAL INFRASTRUCTURE COST

	7,877,227	0	0	0	7,877,227
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Total 9,455,027

ATTACHMENT H  
HUNTERS VIEW PHASE III  
VERTICAL CONSTRUCTION PREDEVELOPMENT SOURCES USES

Application Date:	10/1/16	Units:	0
Project Name:	Hunters View Phase III	BRs:	0
Project Address:		Beds:	0
Project Sponsor:	Hunters View Associates, LP		

SOURCES	Name	MOH 1st Yr.		Total Sources	Comments
		Pre-dev.	Other Sources		
USES	Other Sources:	1,577,800		1,577,800	

**ACQUISITION**

Acquisition cost or value				0	
Demolition				0	
Legal/Closing costs				0	
Broker's fee				0	
<b>TOTAL ACQUISITION</b>		0	0	0	

**CONSTRUCTION (HARD COSTS)**

Environmental Remediation				0	
Grading/Earthwork				0	
Underpinning/shoring				0	
<i>Total Site Work</i>		0	0	0	
Unit Construction/Rehab				0	
Parking				0	
Landscaping				0	
Overhead/Profit/Client Conditions				0	
<b>TOTAL 1ST YR. CONSTRUCTION COSTS</b>		0	0	0	
Construction Contingency				0	

**SOFT COSTS**

<b>Architecture/Engineering</b>					
Design Work	1,000,000			1,000,000	
Other Design Consultants	200,000			200,000	
<i>Total Architecture</i>	1,200,000	0	0	1,200,000	
<b>Survey &amp; Engineering Studies</b>					
Survey				0	
Geotechnical studies				0	
Phase I & II Reports				0	
<i>Total Survey &amp; Engineering</i>	0	0	0	0	
<b>Financing Costs</b>					
Predev. Loan Application Fee				0	
Predev. Loan Interest				0	
Title & Recording				0	
<i>Sub-total Predev. Financing Costs</i>	0	0	0	0	
Construction Loan Origination Fee				0	
Construction Loan Interest				0	
Title & Recording				0	
<i>Sub-total Const. Financing Costs</i>	0	0	0	0	
Permanent Loan Origination Fee				0	
Credit Enhance & Appl Fee				0	
Title & Recording				0	
<i>Sub-total Perm. Financing Costs</i>	0	0	0	0	
<i>Total 1st Yr. Financing Costs</i>	0	0	0	0	
<b>Legal Costs</b>					
Lender Legal Pd. By Applicant				0	
Tax Credit Attorney				0	
Developer Legal Counsel	50,000			50,000	
<i>Total Legal Costs</i>	50,000	0	0	50,000	
Appraisal	10,000			10,000	Needed during predev to establish ground lease.
Property Taxes				0	
Insurance				0	
Relocation				0	
TCAC App/Alloc/Monitor Fees	33,000			33,000	
CEQA Environmental Review				0	
Entitlement/Permit Fees				0	
Marketing Rent-up				0	
Furnishings				0	
Market Study	5,000			5,000	
NEPA/106 Review				0	
Other (specify)				0	
<b>TOTAL 1ST YR. SOFT COSTS</b>	1,298,000	0	0	1,298,000	
Soft Cost Contingency	129,800			129,800	

**RESERVES**

Operating Reserves	0			0	
Replacement Reserves				0	
Other (specify)				0	
<b>TOTAL RESERVES</b>	0	0	0	0	

**DEVELOPER COSTS**

Developer Overhead/Profit (Fee)	150,000			150,000	100% Schematic Design - \$150,000
Development Consultant Fees				0	
Financial Consultant Fees				0	
Construction Management Fee				0	
Project Administration				0	
Other (specify)				0	
<b>TOTAL 1ST YR. DEVELOPER COSTS</b>	150,000	0	0	150,000	
Syndication Costs				0	
<b>TOTAL 1ST YR. DEVELOPMENT COST</b>	1,577,800	0	0	1,577,800	

**Attachment H: Sources and Uses**



Application Date: 10/15/08, Project Name: 1110-0000 Multi Road, Project Address: 2000 Stewart Cir, Applicant: Davita & Qing, LDP Project: 119

Summary table with columns: SOURCE, Bond of Source, WOMBOL, 1st Budget, 2nd Budget, 3rd Budget, 4th Budget, 5th Budget, 6th Budget, Total Budget, Comments. Total Budget: 115,927,241

ACQUISITION table with columns: Description, Amount, Budget, etc. Items include: Construction of roads, Construction of sidewalks, Construction of utility lines.

CONSTRUCTION (HARD COSTS) table with columns: Description, Amount, Budget, etc. Items include: Site Construction, Site Preparation, Site Grading, Site Erosion Control, Site Landscaping, Site Fencing, Site Lighting, Site Security, Site Maintenance, Site Restoration, Site Decommissioning.

SOFT COSTS - Architectural & Design table with columns: Description, Amount, Budget, etc. Items include: Architectural Fees, Engineering Fees, Planning Fees, Construction Management Fees, Construction Administration Fees, Construction Inspection Fees, Construction Safety Fees, Construction Insurance Fees, Construction Bonding Fees, Construction Contingency Fees, Construction Escrow Fees, Construction Escrow Interest Fees, Construction Escrow Closing Fees, Construction Escrow Commission Fees, Construction Escrow Title Fees, Construction Escrow Recording Fees, Construction Escrow Transfer Fees, Construction Escrow Recording Fees, Construction Escrow Transfer Fees, Construction Escrow Recording Fees, Construction Escrow Transfer Fees.

SOFT COSTS - Engineering & Environmental Studies table with columns: Description, Amount, Budget, etc. Items include: Engineering Fees, Environmental Studies Fees, Construction Management Fees, Construction Administration Fees, Construction Inspection Fees, Construction Safety Fees, Construction Insurance Fees, Construction Bonding Fees, Construction Contingency Fees, Construction Escrow Fees, Construction Escrow Interest Fees, Construction Escrow Closing Fees, Construction Escrow Commission Fees, Construction Escrow Title Fees, Construction Escrow Recording Fees, Construction Escrow Transfer Fees, Construction Escrow Recording Fees, Construction Escrow Transfer Fees, Construction Escrow Recording Fees, Construction Escrow Transfer Fees.

SOFT COSTS - Processing Fees table with columns: Description, Amount, Budget, etc. Items include: Construction Permit Fees, Construction Permit Application Fees, Construction Permit Review Fees, Construction Permit Issuance Fees, Construction Permit Renewal Fees, Construction Permit Extension Fees, Construction Permit Termination Fees, Construction Permit Cancellation Fees, Construction Permit Revocation Fees, Construction Permit Suspension Fees, Construction Permit Reinstatement Fees, Construction Permit Appeal Fees, Construction Permit Hearing Fees, Construction Permit Decision Fees, Construction Permit Enforcement Fees, Construction Permit Compliance Fees, Construction Permit Monitoring Fees, Construction Permit Reporting Fees, Construction Permit Record Keeping Fees, Construction Permit Archiving Fees, Construction Permit Retrieval Fees, Construction Permit Distribution Fees, Construction Permit Destruction Fees, Construction Permit Archiving Fees, Construction Permit Retrieval Fees, Construction Permit Distribution Fees, Construction Permit Destruction Fees.

SOFT COSTS - Legal Fees table with columns: Description, Amount, Budget, etc. Items include: Construction Law Fees, Construction Contract Fees, Construction Dispute Fees, Construction Litigation Fees, Construction Arbitration Fees, Construction Mediation Fees, Construction Negotiation Fees, Construction Conciliation Fees, Construction Reconciliation Fees, Construction Restitution Fees, Construction Rescission Fees, Construction Voidance Fees, Construction Annulment Fees, Construction Cancellation Fees, Construction Termination Fees, Construction Rescission Fees, Construction Voidance Fees, Construction Annulment Fees, Construction Cancellation Fees, Construction Termination Fees.

SOFT COSTS - Other Development Costs table with columns: Description, Amount, Budget, etc. Items include: Construction Insurance Fees, Construction Bonding Fees, Construction Contingency Fees, Construction Escrow Fees, Construction Escrow Interest Fees, Construction Escrow Closing Fees, Construction Escrow Commission Fees, Construction Escrow Title Fees, Construction Escrow Recording Fees, Construction Escrow Transfer Fees, Construction Escrow Recording Fees, Construction Escrow Transfer Fees, Construction Escrow Recording Fees, Construction Escrow Transfer Fees.

SOFT COSTS - Other Soft Costs table with columns: Description, Amount, Budget, etc. Items include: Construction Insurance Fees, Construction Bonding Fees, Construction Contingency Fees, Construction Escrow Fees, Construction Escrow Interest Fees, Construction Escrow Closing Fees, Construction Escrow Commission Fees, Construction Escrow Title Fees, Construction Escrow Recording Fees, Construction Escrow Transfer Fees, Construction Escrow Recording Fees, Construction Escrow Transfer Fees, Construction Escrow Recording Fees, Construction Escrow Transfer Fees.

SOFT COSTS - Other Soft Costs table with columns: Description, Amount, Budget, etc. Items include: Construction Insurance Fees, Construction Bonding Fees, Construction Contingency Fees, Construction Escrow Fees, Construction Escrow Interest Fees, Construction Escrow Closing Fees, Construction Escrow Commission Fees, Construction Escrow Title Fees, Construction Escrow Recording Fees, Construction Escrow Transfer Fees, Construction Escrow Recording Fees, Construction Escrow Transfer Fees, Construction Escrow Recording Fees, Construction Escrow Transfer Fees.

TOTAL BUDGET SUMMARY table with columns: Description, Amount, Budget, etc. Items include: TOTAL BUDGET, TOTAL SOFT COSTS, TOTAL HARD COSTS.

TOTAL BUDGET SUMMARY table with columns: Description, Amount, Budget, etc. Items include: TOTAL BUDGET, TOTAL SOFT COSTS, TOTAL HARD COSTS.

Additional notes and calculations regarding the budget breakdown, including percentages and specific cost allocations.

Summary table with columns: Description, Amount, Budget, etc. Items include: TOTAL BUDGET, TOTAL SOFT COSTS, TOTAL HARD COSTS.

Additional notes and calculations regarding the budget breakdown, including percentages and specific cost allocations.

Additional notes and calculations regarding the budget breakdown, including percentages and specific cost allocations.

Additional notes and calculations regarding the budget breakdown, including percentages and specific cost allocations.

**Attachment I: Year Operating Budget**

Application Date: 1/27/2020
Total B Users: 114
First Year of Operations (provide date assuming for Year 1 to full year (a 12 month of operations): 2022

Project Name: Hunters View Phase B
Project Address: 112 Maple Point Road
Project Sponsor: John Stewart Co, Ridgepoint NP, Davos & Goss

Table with columns: CATEGORY, LEAD, SUB-LEAD, TOTAL, COMMENTS. Includes rows for Insurance - General, Liability, Workers Compensation, etc.

Table with columns: CATEGORY, LEAD, SUB-LEAD, TOTAL, COMMENTS. Includes rows for Professional Fees - Legal, Accounting, etc.

Table with columns: CATEGORY, LEAD, SUB-LEAD, TOTAL, COMMENTS. Includes rows for Utilities - Gas, Water, Sewer, etc.

Table with columns: CATEGORY, LEAD, SUB-LEAD, TOTAL, COMMENTS. Includes rows for Taxes and Licenses - Sales Tax, Property Tax, etc.

Table with columns: CATEGORY, LEAD, SUB-LEAD, TOTAL, COMMENTS. Includes rows for Maintenance & Repair - Painting, Carpentry, etc.

Table with columns: CATEGORY, LEAD, SUB-LEAD, TOTAL, COMMENTS. Includes rows for Miscellaneous Services - Security, etc.

Table with columns: CATEGORY, LEAD, SUB-LEAD, TOTAL, COMMENTS. Includes rows for Non-Revenue/Lease Base Related Fees - Land Use, etc.

Table with columns: CATEGORY, LEAD, SUB-LEAD, TOTAL, COMMENTS. Includes rows for Debt Service - Bonds, etc.

Table with columns: CATEGORY, LEAD, SUB-LEAD, TOTAL, COMMENTS. Includes rows for Residual Receipts - MOHCD, etc.

Table with columns: CATEGORY, LEAD, SUB-LEAD, TOTAL, COMMENTS. Includes rows for Residual Receipts Calculation - MOHCD, etc.

Table with columns: CATEGORY, LEAD, SUB-LEAD, TOTAL, COMMENTS. Includes rows for Residual Receipts Calculation - MOHCD, etc.

Table with columns: CATEGORY, LEAD, SUB-LEAD, TOTAL, COMMENTS. Includes rows for Residual Receipts Calculation - MOHCD, etc.

Application Date: 1/27/2020  
 Total # Units: 110  
 First Year of Operations (gross sales assuming that Year 1 is a full year i.e. 12 months of operations): 2022

**REVENUE**

Revenue Category	MOHCO	MOHCO %	MOHCO Amount	MOHCO Note
Residential (20% of total project sales)	0.20%	0.20%		MOHCO % of total project sales
Commercial (20% of total project sales)	0.20%	0.20%		MOHCO % of total project sales
Industrial (20% of total project sales)	0.20%	0.20%		MOHCO % of total project sales
Manufacturing (20% of total project sales)	0.20%	0.20%		MOHCO % of total project sales
Other (20% of total project sales)	0.20%	0.20%		MOHCO % of total project sales

**OPERATING EXPENSES**

Expense Category	MOHCO	MOHCO %	MOHCO Amount	MOHCO Note
Management				
Sub-total Management Expenses				
Administration				
Sub-total Administration Expenses				
Utilities				
Sub-total Utilities				
Taxes and Licenses				
Sub-total Taxes and Licenses				
Maintenance & Repair				
Sub-total Maintenance & Repair Expenses				
Insurance				
Sub-total Insurance				

**Administrative Expenses**

Office Expenses				
Office Rent				
Office Supplies - Property				
Office Expenses				
Sub-total Administrative Expenses				

**Utilities**

Electricity				
Water				
Gas				
Other				
Sub-total Utilities				

**Maintenance & Repair**

Repairs				
Painting and Fresh Painting				
Other Maintenance				
Sub-total Maintenance & Repair Expenses				

**Insurance**

Commercial				
Automobile				
Sub-total Insurance				

**TOTAL OPERATING EXPENSES**

Residential (20% of total project sales)				
Commercial (20% of total project sales)				
Industrial (20% of total project sales)				
Manufacturing (20% of total project sales)				
Other (20% of total project sales)				
Sub-total Residential/Commercial/Industrial/Manufacturing/Other				

**TOTAL OPERATING EXPENSES (w/ Reserves/Less Non-Residential Fees)**

Residential (20% of total project sales)				
Commercial (20% of total project sales)				
Industrial (20% of total project sales)				
Manufacturing (20% of total project sales)				
Other (20% of total project sales)				
Sub-total Residential/Commercial/Industrial/Manufacturing/Other				

**NET OPERATING INCOME (MOHCO minus OP EXPENSES)**

Residential (20% of total project sales)				
Commercial (20% of total project sales)				
Industrial (20% of total project sales)				
Manufacturing (20% of total project sales)				
Other (20% of total project sales)				
Sub-total Residential/Commercial/Industrial/Manufacturing/Other				

**CASH FLOW (MOHCO minus NET OPERATING INCOME)**

Category	MOHCO	MOHCO %	MOHCO Amount	MOHCO Note
Commercial Cash Flow				
Sub-total Commercial Cash Flow				

**RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCO)**

Residual Receipts Obligations:  
 Does Project Have a MOHCO Residual Receipt Obligation?  
 If Yes, Please Detail Obligation:  
 Max. Deferred Developer Participation % of Residual Receipts in T-1  
 % of Residual Receipts available for distribution to debt holders in:

**MOHCO RESIDUAL RECEIPTS DEBT SERVICE**

MOHCO Residual Receipts Amount Due	
MOHCO Residual Receipts Amount Due	
MOHCO Residual Receipts Amount Due	
MOHCO Residual Receipts Amount Due	

**REMAINING BALANCE AFTER MOHCO RESIDUAL RECEIPTS DEBT SERVICE**

MOHCO Residual Receipts Amount Due	
MOHCO Residual Receipts Amount Due	
MOHCO Residual Receipts Amount Due	
MOHCO Residual Receipts Amount Due	

**REMARKS (Should be zero unless there are)**

Number of Units (Should be zero)	
Number of Units (Should be zero)	
Number of Units (Should be zero)	
Number of Units (Should be zero)	

**Attachment J: 20-year Operating Pro Forma**





Hunters View Phase II

Financial statement table with columns for 2013, 2014, and 2015. Rows include Operating Expenses (Management, Administration, Utilities, etc.), Cash Flow (Operating, Debt Service), and Balance Sheet (Operating Reserve, Other Reserve, etc.).





**Attachment K: MOHCD OCII Family Cost Comparison Chart**

Affordable Multifamily Housing New Construction Cost Comparison

Updated 3/17/2020

PROJECTS COMPLETED									
Project Name	Address	Lot sq ft	Comp Date	# of Units	# of bdr	Non-Res	Res	Final	Final Project Costs
2. George Dick Senior Center	1711 Central Ave	87,200	June 19	126	126	67,500	58,750	126,250	11,825,000
3. Greenway Commons	4101 Greenway	185,000	Nov 19	177	177	102,000	75,000	177,000	11,517,500
4. Parkview Commons	3121 Parkview	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
5. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
6. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
7. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
8. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
9. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
10. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
Average:									11,517,500

PROJECTS UNDER CONSTRUCTION									
Project Name	Address	Lot sq ft	Comp Date	# of Units	# of bdr	Non-Res	Res	Final	Final Project Costs
11. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
12. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
13. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
14. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
15. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
Average:									11,517,500

PROJECTS IN PROGRESS/DEVELOPMENT									
Project Name	Address	Lot sq ft	Comp Date	# of Units	# of bdr	Non-Res	Res	Final	Final Project Costs
16. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
17. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
18. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
19. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
20. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
Average:									11,517,500

TOTAL PROJECT COSTS									
Project Name	Address	Lot sq ft	Comp Date	# of Units	# of bdr	Non-Res	Res	Final	Final Project Costs
Completed Projects									11,517,500
Under Construction									11,517,500
In Progress/Development									11,517,500
Average:									11,517,500

ALL PROJECTS									
Project Name	Address	Lot sq ft	Comp Date	# of Units	# of bdr	Non-Res	Res	Final	Final Project Costs
Average:									11,517,500

PROJECTS COMPLETED									
Project Name	Address	Lot sq ft	Comp Date	# of Units	# of bdr	Non-Res	Res	Final	Final Project Costs
21. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
22. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
23. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
24. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
25. The Commons	1111 Commons	145,000	May 19	102	102	60,000	42,000	102,000	11,517,500
Average:									11,517,500

PROJECTS UNDER CONSTRUCTION									
Project Name	Address	Lot sq ft	Comp Date	# of Units	# of bdr	Non-Res	Res	Final	Final Project Costs
Average:									11,517,500

PROJECTS IN PROGRESS/DEVELOPMENT									
Project Name	Address	Lot sq ft	Comp Date	# of Units	# of bdr	Non-Res	Res	Final	Final Project Costs
Average:									11,517,500

TOTAL PROJECT COSTS									
Project Name	Address	Lot sq ft	Comp Date	# of Units	# of bdr	Non-Res	Res	Final	Final Project Costs
Completed Projects									11,517,500
Under Construction									11,517,500
In Progress/Development									11,517,500
Average:									11,517,500

ALL PROJECTS									
Project Name	Address	Lot sq ft	Comp Date	# of Units	# of bdr	Non-Res	Res	Final	Final Project Costs
Average:									11,517,500

PROJECTS COMPLETED									
Project Name	Address	Lot sq ft	Comp Date	# of Units	# of bdr	Non-Res	Res	Final	Final Project Costs
Average:									11,517,500

PROJECTS UNDER CONSTRUCTION									
Project Name	Address	Lot sq ft	Comp Date	# of Units	# of bdr	Non-Res	Res	Final	Final Project Costs
Average:									11,517,500

PROJECTS IN PROGRESS/DEVELOPMENT									
Project Name	Address	Lot sq ft	Comp Date	# of Units	# of bdr	Non-Res	Res	Final	Final Project Costs
Average:									11,517,500

TOTAL PROJECT COSTS									
Project Name	Address	Lot sq ft	Comp Date	# of Units	# of bdr	Non-Res	Res	Final	Final Project Costs
Completed Projects									11,517,500
Under Construction									11,517,500
In Progress/Development									11,517,500
Average:									11,517,500

ALL PROJECTS									
Project Name	Address	Lot sq ft	Comp Date	# of Units	# of bdr	Non-Res	Res	Final	Final Project Costs
Average:									11,517,500