

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

MEMORANDUM

DATE: May 7, 2021
TO: CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE
FROM: CINDY HEAVENS, SENIOR PROJECT MANAGER
RE: **4840 MISSION PREDEVELOPMENT LOAN – PRINCIPAL REDUCTION AND INTEREST FORGIVENESS**

THIS REQUEST – Predevelopment Loan Principal Reduction and Interest Forgiveness

Loan	Original Principal Balance	Accrued Interest	Principal Reduction Amount	Interest Forgiveness Amount	Reduced Loan Amount
2015 GO Bond [June 2017]	\$3,000,000	\$389,250	\$3,000,000	\$389,250	\$0
AHF – Inclusionary [Jun-2017 & Oct-2019]	\$15,510,000	\$755,359	\$7,360,000	\$755,359	\$8,150,000
Total	\$18,510,000	\$1,144,609	\$10,360,000	\$1,144,609	\$8,150,000

Summary of Request

4840 Mission Housing Associates LP, a partnership formed by BRIDGE Housing (“BRIDGE” or the “Sponsor”), requests to reduce the principal amount of the predevelopment loan up to \$10,360,000, and the predevelopment interest up to \$1,144,609, to the current value of the land, \$8,150,000. This request includes approval of a land exchange for \$8.15M, leaving a predevelopment loan balance of \$0.

Mayor’s Office of Housing and Community Development (“MOHCD”) typically credits the predevelopment loan for the value of the land. In previous years when the California Debt Limit Allocation Committee (“CDLAC”) bond program was not competitive, land value was included on applications and in calculations of the total loan to a project. Because of the competitive nature of the bonds as of 2020, the land value of 4840 Mission was not included as a project cost on the CDLAC application submitted in September 2020, to show reduced costs. Also, MOHCD intended to acquire the land at the land value that would be determined before the loan request went to the Board of Supervisors, as required by City charter. The Loan Evaluation dated February 19, 2021 for gap financing in the amount of \$28,751,450 including bridge loans (“Evaluation”, Exhibit A) assumed a land value of \$16.82MM with the remaining principal amount of the predevelopment loan and predevelopment interest forgiven. Now that the land has been appraised at the much lower, COVID-impacted amount of \$8.15M, MOHCD needs to adjust its calculations for loan forgiveness and loan credit accordingly.

Staff recommends approving reducing the predevelopment loan principal to \$8,150,000 forgiving up to \$10,360,000 in loan principal and \$1,144,609 in loan interest for \$19,654,609, the predevelopment loan

principal and interest total. We also want to swap the remaining \$8.15M loan for the land, leaving a predevelopment balance of \$0.

Update on Project Status

1. BACKGROUND

Mayor's Office of Housing and Community Development ("MOHCD") released a Notice of Funding Availability on April 18, 2016 entitled "Acquisition and Predevelopment Financing for Affordable Multifamily Rental Housing, Supported by the 2015 General Obligation Housing Bond – Proposition A" ("April 18, 2016 NOFA"). The Project was selected from a pool of submittals and received the highest score in a competitive panel-driven selection process.

In June 2017, BRIDGE acquired 4840 Mission for \$12MM with a \$3MM loan from MOHCD and \$9MM loan from San Francisco Housing Accelerator Fund ("SFHAF"). The price was supported by an appraisal dated June 3, 2016. Prior to the City providing its initial acquisition financing, BRIDGE completed another appraisal dated February 22, 2017, which valued the land at \$16.44MM. The last purchase agreement extension extended the agreement to May 13, 2017; if the project did not close by June 9, 2017, BRIDGE would have to acquire the site at the appraised land value of \$16.44MM. BRIDGE with City and SFHAF financing acquired the site on June 7, 2017 for \$12MM, \$4.44MM below the appraised value at that time.

At the time of the February 19, 2021, Evaluation approval, Sponsor had selected Bank of America as the construction bond lender and investor, with JLL Real Estate Capital as the permanent lender. Sponsor and MOHCD staff plan to close on the acquisition and City financing on June 8, 2021, and documents were introduced to the Board of Supervisors for approval on April 13th. The construction and bond closing is scheduled to occur on June 15, 2021. In the Evaluation, the Project's land value of \$16,820,000 was based on an appraisal dated February 10, 2021, and the Evaluation assumed that predevelopment expenses, land carrying cost, SFHAF loan interest, and a portion of the MOHCD predevelopment loan interest would total or be less than \$16,820,000. The Evaluation also assumed that MOHCD would acquire the land at closing in a paper transaction for an amount equal to the predevelopment loan with predevelopment interest. However, as required by City charter for any land transferred to the City, an appraisal was completed on March 10, 2021 by a DRE approved appraiser who appraised the unrestricted land value at \$8,150,000, significantly lower than the February 10, 2021 appraisal value and lower than the initial purchase price of \$12MM. DRE staff report that the land was acquired in 2017 at the top of the market; since 2017, land values have fallen by 4% in subsequent years. Land value have since fallen more due to the COVID-19 pandemic.

At the Loan Committee on February 19, 2021, the gap loan included a portion of the predevelopment loan interest that would be forgiven, but the amount was unknown and was based on remaining carrying costs associated with the land until demolition. At that time, site carrying costs from June 2017 to demolition were estimated at approximately \$1.44MM and included security, lighting, fencing, and additional landscaping, maintenance, and/or janitorial costs to keep the site clean.

2. ANALYSIS OF THIS REQUEST

It is important to note that land value and other aspects of holding land are not tax credit basis eligible costs. This means that no tax credit equity can be raised on land value. However, the land value if reported on the CDLAC application can be included in the 50% bond test (land cost plus eligible basis). For this Project to have a competitive bond application and because the City would acquire fee simple

title to the land and ground lease it back to the Sponsor, removal of the land from the project budget was a recommended and supported financing strategy by staff. Removal of the land cost allowed the Project to request a smaller bond allocation while still meeting the 50% test, and therefore to be more competitive.

When the Project was awarded bond financing in December 2020, the award was based on a December 2019-bond application that was submitted in order to maintain the difficult to develop area (“DDA”) designation and subsequent credit boost. Without the DDA designation, MOHCD’s loan would have increased by over \$5MM. If the Sponsor were to include the land costs in the budget at this time, the Project would no longer meet the 50% test, and the Sponsor and MOHCD as joint applicants would have had to return the bond allocation.

The City attorney has advised that MOHCD may reduce the MOHCD loan by the amount of the original, higher appraised value in order to finance the development of affordable housing. This credit and forgiveness is achieved via a paper transaction that supports a strategic business decision already approved by Loan Committee in the Evaluation: that MOHCD will reduce our loan amounts to what is financially feasible for the project. MOHCD has done this paper transactions of credit and forgiveness on other deals. While the appraised value for this Project is lower than had been contemplated, MOHCD is still committing to providing both a credit and forgiveness as originally contemplated in the Evaluation.

MOHCD will acquire the land at a value worth less today than on the original acquisition date in June 2017. The reduced value is important to note as a financial risk but has little to no impact since the City never intends to sell the land. Even with the forgiven principal and interest, MOHCD will still have a substantial residual receipts loan in the deal and rights to a percentage of any residual cash flow. Also, every 15 years the Sponsor is required in the ground lease to re-set the annual rent, which may require a new appraisal.

The total amount of predevelopment loan principal and interest loan to be forgiven and credited is \$19,654,609 and includes the following:

- o \$12,000,000 purchase price at the time of acquisition in June 2017.
- o \$ 6,510,000 of predevelopment and holding costs.
- o \$ 689,250 in acquisition loan interest
- o \$ 455,359 in MOHCD predevelopment interest

3. GAP FINANCING RELATED TO THIS REQUEST

The MOHCD gap loan amount of \$28,751,450 that was approved in February 2021 remains the same with this memo request, the MOHCD gap loan interest rate has changed from 1% presented in the Evaluation to 3%. All other financing assumptions presented in the attached Evaluation are the same.

4. STAFF RECOMMENDATIONS

Staff recommends approving reduction of the predevelopment loan principal to \$8,150,000, forgiving up to \$10,360,000 in loan principal and \$1,144,609 in loan interest, and exchanging the land for \$8,150,000 in debt, leaving a predevelopment loan balance of \$0.

Most conditions prior to gap financing closing have been met or are in process. Loan conditions that must be met after loan closing are included in the substantially complete loan agreement submitted to the Board of Supervisors.

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.

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

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Sally Oerth, Acting Executive Director
Office of Community Investment and Infrastructure

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

Attachments: Attachment A – February 19, 2021 Gap Loan Evaluation

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Friday, May 7, 2021 12:15 PM
To: Chavez, Rosanna (MYR)
Subject: REQUEST FOR PREDEVELOPMENT LOAN LAND VALUE EXCHANGE, PRINCIPAL REDUCTION AND FORGIVENESS FOR 4840 MISSION STREET

I approve

Eric D. Shaw
Director/ Interim Director HopeSF

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

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Friday, May 14, 2021 1:13 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: REQUEST FOR PREDEVELOPMENT LOAN LAND VALUE EXCHANGE PRINCIPAL REDUCTION AND FORGIVENESS FOR 4840 MISSION STREET

I approve BRIDGE Housing requests to reduce the principal amount of the predevelopment loan up to \$10,360,000, and the predevelopment interest up to \$1,144,609, to the current value of the land, \$8,150,000. This request includes approval of a land exchange for \$8.15M, leaving a predevelopment loan balance of \$0.

Salvador



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

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Chavez, Rosanna (MYR)

From: Oerth, Sally (CII)
Sent: Friday, May 7, 2021 12:15 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR); Heavens, Cindy (MYR)
Subject: PREDEVELOPMENT LOAN LAND VALUE EXCHANGE FOR 4840 MISSION ST - 5.7.21 Loan Committee

I approve the predevelopment loan reduction request for the 4840 Mission Predevelopment Loan, as presented at the 5.7.21 Loan Committee



Sally Oerth
Interim Executive Director

📍 One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
📞 415.749.2588
🏠 www.sfocii.org

Chavez, Rosanna (MYR)

From: Pereira Tully, Marisa (CON)
Sent: Friday, May 7, 2021 12:13 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: REQUEST FOR PREDEVELOPMENT LOAN LAND VALUE EXCHANGE, PRINCIPAL REDUCTION AND FORGIVENESS FOR 4840 MISSION STREET

Approve

Marisa Pereira Tully (she/her)
Controller's Office of Public Finance
City and County of San Francisco

Chavez, Rosanna (MYR)

From: Tonia Lediju, PhD <ledijut@SFHA.ORG>
Sent: Friday, May 7, 2021 12:15 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: 4840 MISSION PREDEVELOPMENT LOAN – PRINCIPAL REDUCTION AND

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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

From: Chavez, Rosanna (MYR) <rosanna.chavez@sfgov.org>
Sent: Friday, April 30, 2021 5:11 PM
To: Taylor, Rommel (MYR) <rommel.taylor@sfgov.org>; Wong, Harry (MYR) <harry.j.wong@sfgov.org>; Defiesta, Agnes (MYR) <agnes.defiesta@sfgov.org>; Travis, Paul (MYR) <paul.travis@sfgov.org>; Mara Blitzer <mara.blitzer@sfgov.org>; Lee, Jonah (MYR) <jonah.lee@sfgov.org>; Carson, Erin (MYR) <erin.carson@sfgov.org>; Ely, Lydia (MYR) <lydia.ely@sfgov.org>; Obstfeld, Kimberly (CII) <kimberly.obstfeld@sfgov.org>; Wong, Annie (CII) <annie.h.wong@sfgov.org>; Colomello, Elizabeth (CII) <elizabeth.colomello@sfgov.org>; Sims, Pamela (CII) <pam.sims@sfgov.org>; Romero, Anne (MYR) <anne.romero@sfgov.org>; Gagen, Jonathan (MYR) <jonathan.gagen@sfgov.org>; Slen, Joyce (MYR) <joyce.slen@sfgov.org>; McCormack, Caroline (MYR) <caroline.mccormack@sfgov.org>; Lopez, Viviana (MYR) <viviana.lopez@sfgov.org>; Heavens, Cindy (MYR) <cindy.heavens@sfgov.org>; Amaral, Sara (MYR) <sara.amaral@sfgov.org>; Van Degna, Anna (CON) <anna.vandegna@sfgov.org>; Menjivar, Salvador (HOM) <salvador.menjivar1@sfgov.org>; White, Jeffrey (CII) <jeffrey.white@sfgov.org>; Oerth, Sally (CII) <sally.oerth@sfgov.org>; Gotthelf, Felicia (MYR) <felicia.gotthelf@sfgov.org>; Shaw, Eric (MYR) <eric.shaw@sfgov.org>; Tonia Lediju, PhD <ledijut@SFHA.ORG>; Kitchingham, Kevin (MYR) <kevin.kitchingham@sfgov.org>; Benioff, Martha (HOM) <Martha.Benioff@sfgov.org>; Barnes, Maximilian (MYR) <maximilian.l.barnes@sfgov.org>; Baca, Robert (MYR) <robert.baca@sfgov.org>; Cortez, Omar (MYR) <omar.cortez@sfgov.org>; Faust, Holly (MYR) <holly.faust@sfgov.org>; Noonan, Jacob (MYR) <jacob.noonan@sfgov.org>; Dwyer, Brendan (MYR) <brendan.dwyer@sfgov.org>; Ausman, Bao-Tran (MYR) <baotran.ausman@sfgov.org>; Madden, Scott (MYR) <scott.madden@sfgov.org>; McLoone, Michael (MYR) <michael.mcloone@sfgov.org>; Pereira Tully, Marisa (CON) <marisa.pereira.tully@sfgov.org>; Nusser, Sarah (MYR) <sarah.nusser@sfgov.org>; Leatutufu, Saidah (MYR) <saidah.leatutufu@sfgov.org>
Subject: Citywide Affordable Housing Loan Committee - Friday, May 7, 2021 11:15 a.m.

Dear Loan Committee, MOHCD staff and community partners,

Attached are the agenda and materials for next week's meeting, which **will be held Friday, May 7, 2021 at 11:15 am via Microsoft Teams.**

You can join via the link or the phone number below. Within Teams you will have the option to mute your microphone and hide your video. If this will be your first time using Teams, please sign into the meeting a few minutes early.

Microsoft Teams meeting

Join on your computer or mobile app

[Click here to join the meeting](#)

Or call in (audio only)

[+1 415-906-4659,,985935179#](#) United States, San Francisco

Phone Conference ID: 985 935 179#

Thank you,

Rosie Chavez

Assistant Housing Loan Administrator
Mayor's Office of Housing and Community Development
1 South Van Ness, 5th Floor, San Francisco, CA 94103

Attachment A: February 19, 2020 Gap Loan Evaluation

See attached.

Citywide 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
Controller's Office of Public Finance

4840 Mission Street

\$28,751,450 Gap Loan

(Includes \$3,000,000 Construction Bridge Loan for Cold Shell &
\$1,250,000 AHP Bridge Loan)

Evaluation of Request for:	Gap Financing
Loan Committee Date:	February 19, 2021
Prepared By:	Cindy Heavens
Total Gap Loan:	Total City Investment: not to exceed \$ 47,048,470
	Total New: \$28,751,450
	AHF Inclusionary (AHP bridge): \$ 1,250,000
	AHF Inclusionary (Cold Shell bridge): \$ 240,000
	2019 GO Bonds (Cold Shell bridge): \$ 2,760,000
	2015 GO Bonds (Gap Loan): \$ 2,000,000
	2019 GO Bonds(Gap Loan): \$22,501,450
NOFA/PROGRAM/RFP:	Prop A NOFA 2016
Total Previous City Funds Committed:	\$18,510,000
	2015 GO Bonds: \$ 3,000,000
	AHF Inclusionary: \$15,510,000
Applicant/Sponsor Name:	4840 Mission Housing Associates LP

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	4840 Mission Street	Sponsor(s):	BRIDGE Housing Corporation
Project Address (w/ cross St):	4840 Mission Street (between France Ave. and Onondaga Ave.), SF 94112	Ultimate Borrower Entity:	4840 Mission Housing Associates LP

Project Summary:

Located on a 1.47-acre site in the Outer Mission neighborhood, 4840 Mission will be a 137-unit housing development for families. BRIDGE Housing (“Sponsor”) originally proposed to develop the site as a 114-unit affordable housing development with 0.69 acres available for 20 for-sale market rate townhouses. After several community meetings and a failed attempt to partner with an adjacent market rate project and include a new Safeway on the ground floor, the site design without the market rate townhouses and Safeway will serve a broad mix of incomes and includes a pedestrian walkway from Mission Street to Alemany Boulevard, as requested by community members. The project includes one to three-bedroom units for extremely-, very low-, low- and moderate-income households, with 25% (35 units) set-aside for families relocating voluntarily from HOPE SF’s Potrero development. Ground floor uses include residential property staff offices, 39 residential parking spaces, a health center operated by Mission Neighborhood Health Center (MNHC), and commercial space. MNHC will own its commercial shell and the City will enter into two ground leases. During the construction period, the City will provide a construction bridge loan of \$3MM to support development of the commercial shell and a bridge loan of \$1,250,000, to facilitate an application for funds from the Federal Home Loan Bank Affordable Housing Program to support residential costs. 4840 Mission is consistent with the City’s Consolidated Plan and Master Plan Housing Element.

Project Description:

Loan amount requested ¹ :	\$ 25,501,450	Requested loan amount per unit:	\$ 178,843
Total Development Cost:	\$108,149,342	TDC/unit ² :	\$ 789,411
Total acquisition cost including Demolition:	Not to exceed \$ 16,820,000	Acquisition cost including Demolition/unit ³	Not to exceed \$ 122,774
Construction type:	Type V over podium	Project type:	New Construction
Number of stories:	5	Lot size (acres and sf):	1.48 acres (64,432 sf)
Number of units:	137	Architect:	Van Meter Williams Pollack
Total residential area:	164,917 sf	General Contractor:	Nibbi Brothers General Contractor
Total commercial area:	14,384 sf	Property Manager:	BRIDGE Property Management Company (BPMC)
Total parking area:	16,666 sf	Parking?	40 spaces (1:3.5 ratio)
Total building area:	196,967 sf		
HOME Funds?	No	Supervisor and District:	Supervisor Ahsha Safai, D-11

¹ This amount excludes the AHP and commercial shell acquisition bridge loans.

² This amount does not include acquisition costs from MOHCD and represents the entire MOHCD funding request.

³ This amount is not included in the development budget. MOHCD will purchase the land from 4840 Mission Housing LP approximately two weeks prior to the residential construction loan closing.

PRINCIPAL DEVELOPMENT ISSUES

- **Marketing for Moderate Income Rents:** The Project includes units ranging from 30% MOHCD AMI to 108% MOHCD AMI. While the Sponsor has substantial experience marketing low-income units, the Sponsor has more limited experience marketing moderate-income units and will need to engage with experts. Additionally, market conditions during pandemic suggest that it may take more time to lease the moderate-income units than the low-income units. MOHCD will require the Sponsor to provide a marketing strategy memo and secure marketing consulting services. Please see Section 4.6 for further explanation.
- **Tenant Improvement plan for Health Clinic (MNHC):** Due to the financial health of MNHC, MOHCD agreed to allow MNHC to own their commercial shell improvements and provide a separate ground lease to secure the City's covenants. MNHC will raise funds to pay for both the shell and all tenant improvements. If MNHC is unable to complete the acquisition of the commercial shell, the MOHCD bridge loan of \$3MM would stay with the limited partnership and BRIDGE will be responsible to find another use for the clinic space. See Section 4.4.
- **Identification of Commercial Tenant for 5,000 sf.** BRIDGE Housing Corporation (BRIDGE, or Sponsor) is developing the commercial marketing and lease up plan for this space. While some nonprofits in the area would like this space to be made available as nonprofit office space, the District Supervisor envisions a more active business on Mission Street. BRIDGE plans to hire a broker when the commercial shell is near complete in order to secure a social enterprise food vendor, such as a La Cocina graduate. See Section 4.4.
- **Sponsor Staff Capacity.** After the closing, BRIDGE anticipates that a new project manager will be assigned to the project. Sarah White will remain as supervisor and her time on the project will decrease. Strong construction management will be necessary to keep the project on track during construction, and strong project management will be necessary to address the commercial space plan and lease-up needs. Staffing for all BRIDGE projects remains a concern of MOHCD, though BRIDGE has provided updates as requested. See Section 1.2.

SOURCES AND USES SUMMARY

Permanent Sources	Amount	Terms	Status
Permanent Mortgage	\$25,614,287	17 yr term, 40-year amort @ 3.72%	Letter of Intent executed.
MOHCD	\$25,501,450	55 yrs @ 1% Res Rec	This request
MNHC Purchase Cold Shell	\$3,000,000		JDTA in process. MOHCD will bridge.
FHLB AHP	\$1,250,000	55 yrs @ 0% Res Rec	Not committed. MOHCD will bridge.
Tax Credit Equity	\$51,584,616	\$0.995tax credit pricing	Letter of Intent executed
GP Equity	\$0	N/A	N/A
Deferred Developer Fee	\$2,298,989	N/A	Committed
Total	\$108,149,342		

Permanent Uses	Amount	Per Unit	Per SF
Demolition	\$112,437	\$821	\$0.57
Hard Costs	\$85,223,504	\$623,113	\$436
Soft Costs	\$17,531,431	\$127,748	\$89
Residential & Commercial Developer Fee	\$5,168,989	\$37,730	\$26
Total	\$108,149,342	\$789,411	\$552

RECOMMENDATION

Staff recommends approval of this loan request.

1. BACKGROUND

1.1. Project History Leading to This Request.

MOHCD released a NOFA on April 18, 2016 entitled, “Acquisition and Predevelopment Financing for Affordable Multifamily Rental Housing, supported by the 2015 General Obligation Housing Bond – Proposition A.” The project was selected out of a pool of submittals and received the highest score in a competitive panel-driven selection process. At the time of selection and when the project was originally presented to the Affordable Housing Loan Committee, the Sponsor planned to do modular construction, which was a key factor in selecting the Sponsor because modular allowed for cost savings. However, the project design presented with this request does not include modular due to community and decision maker input which expressed strong support for traditional construction.

The Sponsor submitted the site permit and entitlement application for an SB 35 project in March 2019. In July 2019, City Planning issued SB 35 approval. SB 35 allows administrative, non-discretionary approval for qualifying projects, and thereby, relieves the project of CEQA review. However, the Sponsors incurred approximately \$95,000 in CEQA costs related to two previous design iterations and the CEQA costs are included in the current request. In August 2019, when it was determined with the Supervisor that the Sponsors would not apply for MHP in order to increase the number of units available in the MOHCD lottery for neighborhood preference, MOHCD determined the project would be a HOPE SF offsite development and receive PBV’s to offset the potential leveraging of State financing. HOPE SF is a mayoral initiative that seeks to transform four of San Francisco’s most distressed public housing sites (Hunters View, Alice Griffith, Sunnydale Velasco, and Potrero and Potrero Annex) into new mixed-income communities. HOPE SF is an anti-displacement housing program that shares unified principles and goals to eradicate intergenerational poverty. The Project, as a HOPE SF offsite development, will have some obligation for smoothly transitioning HOPE SF households that voluntarily apply to live at 4840 Mission to the new neighborhood. Housing stability services available to all residents with an emphasis to assist HOPE SF families will be a focus of the resident services programing at the Project.

In October 2019, the Sponsors repaid a \$9MM acquisition loan with interest to San Francisco Housing Accelerator Fund (HAF). In November 2019, the Sponsors were awarded 40 project-based vouchers (PBV) that included a preference for households voluntarily moving to the Project from Potrero and Potrero Annex, a HOPE SF development. In December 2019, the Sponsors applied for tax-exempt bonds in order to retain the Difficult to Development Area tax credit equity adjustment.

Despite financing challenges throughout 2019, the Sponsor continued to make progress on the project in 2020. In July 2020, after discussions with the

Supervisor, the Sponsors returned five PBV's in order to increase the number of units available in the MOHCD lottery for neighborhood preference. In June 2020, the Sponsor received the site permit. Throughout 2020, they held two public meetings and at least two meetings with neighbors adjacent to the project. In September, the Loan Committee approved a preliminary commitment of \$51,614,447 for a CDLAC application. In December 2020, the project was awarded tax-exempt bonds. Because of the increase of the tax credit rate to 4.00% and some Sponsor aggressive changes to the application to improve competitiveness for tax-exempt bonds, the total City investment including acquisition is reduced by \$7.4MM excluding land.

This request is the final gap loan request required to close construction financing in May 2021.

1.1.1. Site Acquisition

In June 2017, the BRIDGE affiliate, 4840 Mission Housing Associates LP, acquired the site with loans from MOHCD and San Francisco Housing Accelerator Fund ("SFHAF"). An appraisal by Valbridge Property Advisors dated June 2016, indicated a total site value of \$12,420,000 or \$92,657 per unit assuming 134 units. In February 2017, BRIDGE received an updated appraisal that valued the unentitled land at \$13,090,000 and the entitled land at \$16,440,000. BRIDGE purchased the property for \$12,000,000, well below the new revised appraisal for unentitled and entitled land.

The Department of Real Estate (DRE) reviewed the June 2016 appraisal and found that it undervalued the land. However, since the lower value would benefit the affordable housing development, DRE staff did not require an updated appraisal.

Since the Sponsor's initial acquisition date, the project has accrued acquisition interest and carrying costs that are included in the total acquisition costs. From June 2017, the Sponsor's initial acquisition, to October 18, 2019, the HAF loan pay off date, the project paid \$1,229,857 in acquisition interest. The estimated carrying cost of security, fencing, and lighting from July 2017 to October 2019 was approximately \$843,000, the time period also represents the delay created in pursuing two previous design changes. The Sponsor was unable to activate the site during the design changes to mitigate some of the carrying costs, but in September 2019, the Sponsor secured a vendor to activate the site with parking.

In December 2020, BRIDGE had the site re-appraised as a requirement of the DRE that an appraisal must be 6-months current to the purchase of the property by the City. The current appraised value of the land is \$16,820,000. As mentioned 4840 Mission Housing

Associates LP owns the land. At least 2 weeks before the construction closing, the City will acquire the site through a transfer from the 4840 Mission Housing Associates LP for a cost that includes the \$12MM of the predevelopment loan expended on the initial acquisition, some demolition costs and possibly some predevelopment loan interest. The City will purchase the land for flat fee cost currently estimated at \$15,500,000, but the amount could increase to include the predevelopment interest and will be slightly lower than the current appraised value of \$16.8MM. The City will lease the land to the 4840 Mission Housing Associates LP, who will build the improvements.

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

4840 Mission Housing Associates LP, California limited partnership (LP), is the borrower of record. BRIDGE has formed 4840 Mission Housing LLC, a limited liability company (the LLC), to be the General Partner of the limited partnership. At closing, the tax credit investor, Bank of America, will become the limited partner.

For 31 years, BRIDGE, a San Francisco based nonprofit, has completed 131 projects comprising over 16,000 units of housing, including 14 projects and 1,467 units in San Francisco. BRIDGE developments serve a wide range of residents, from market-rent paying families to fixed-income seniors, to public housing residents, to the formerly chronically homeless. BRIDGE has a pipeline of new projects in construction (10 projects with over 1,000 units), and in predevelopment (an additional 5,200 units, including Potrero, a HOPE SF development, and Jordan Downs, a public housing rehabilitation development in Los Angeles), and is working in partnership with MOHCD on the Rebuild Potrero and RAD Public Housing reinvestment projects.

The following staff members will be assigned to 4840 Mission:

- 1) Sarah White, Housing Development Director has acted as the lead project manager since October 2019. Ms. White currently spends 30% of her time on the Project. A development consultant, Andre White, has been engaged to support the coordination efforts related construction finance closing. Mr. White, unrelated to Ms. White, will act as the project manager lead for the construction closing, with supervision from Ms. White. BRIDGE is also actively engaged in finalizing a project manager hire. BRIDGE anticipates that newly hired project manager will “shadow” Andre and Sarah during the final stages of the closing, and be ready to take on project management duties once the project closes construction financing and begins construction. Post-construction loan closing, Ms. White will reduce her time on the project to 10% with

up to 20% or more as needed at various stages of the project. The new project manager will see the project through construction, lease up, and permanent conversion phases under Ms. White’s supervision. Since this will be the fifth project manager on the project, staff remain concerned though cautiously optimistic that continuity can be maintained. Also, Ms. White will increase her time as needed to provide adequate coverage during the transition phase. As well, BRIDGE has an in-house construction manager assigned to the project during this phase to insure the owner’s contractual interests are met with the construction contract.

- 2) Ethan Rhee (Project Administrator): 15% of his time will be spent on the Project.

Sponsor’s Organization Review

On May 3, 2019, MOHCD completed a fiscal review of BRIDGE and there were no findings from that monitoring review. On October 7, 2019, MOHCD and OCII sent a letter to BRIDGE outlining some concerns about performance related to staff turnover, managing to the project schedule, and construction cost containment. BRIDGE responded to the letter. As a condition of this loan, BRIDGE must provide quarterly updates to this staffing plan outlined in its letter.

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

Site Description	
Zoning:	NCD (RH-1), Neighborhood Commercial District (Residential Overlay). Height & Bulk District: 40X
Maximum units allowed by current zoning (N/A if rehab):	137 units maximum per current planning code, with State Density Bonus.
Number of units added or removed (rehab only, if applicable):	Not applicable.
Seismic (if applicable):	Site is in a liquefaction zone. As a requirement of the debt and equity lender, a Probable Maximum Loss (PML) will be completed prior to closing and a copy will be provided to MOHCD.
Soil type:	Group Delta Consultants, Inc. completed a Preliminary Geotechnical Report dated September 21, 2015. The report concluded that the primary consideration for site development from a geotechnical perspective is the settlement association with liquefaction. Other geotechnical considerations include relatively shallow groundwater, encountered at 11.5 to 14.5 feet below existing grades, and stability of excavation for construction of a below-grade parking, if required, for mixed units building adjacent to Mission Street.

Environmental Review:	<p>NEPA was completed November 20, 2020.</p> <p>Phase I prepared by Group Delta Consultants, Inc. dated September 9, 2015 did not identify any Recognized Environmental Conditions (REC). Phase I recommended an evaluation of the elevator equipment and sumps be inspected for PCBs.</p> <p>Group Delta Consultants, Inc. completed a Phase II dated September 17, 2015. Other than Total Petroleum Hydrocarbons (TPH) all detected constituents are below applicable screening levels and present a low risk for redevelopment. The Phase II further states that no source for TPH contamination was identified with the site; therefore, the source is likely one of the multiple off-site leaking UST cases identified within 500 ft of the site. No VOCs associated with TPH were identified and risk to future development associated with these detections is considered low.</p> <p>Path Forward completed a subsurface investigation report. This report identified perchloroethylene (PCE) at the site. As such a vapor intrusion management system (VIMS) system has been incorporated into the design.</p>
Adjacent uses (North):	Commercial (Mission de Flores) and 4-story mixed-use residential.
Adjacent uses (South):	Safeway grocery store.
Adjacent uses (East):	Mission St. and across Mission Street 2-story commercial.
Adjacent uses (West):	Alemanay Blvd. and across Alemany are single-family residential over parking podium dwellings.
Neighborhood Amenities within 0.5 miles:	<p>Safeway supermarket including pharmacy</p> <p>Balboa High School</p> <p>Park and/or Recreation: Balboa Park, Excelsior Branch Library</p>
Public Transportation within 0.5 miles:	<p>Bus: Near Safeway parking Lot, #14.</p> <p>BART Stops: Balboa BART.</p>
Article 34:	The Project received Article 34 authorization for 114 units in May 2017. The Project received authorization for a 137-unit development in October 2019.
Article 38:	Exempt: Project is not located within Air Pollutant Exposure Zone.
Accessibility:	As the Sponsor applied for bonds in 2019, the 2019 CDLAC and TCAC regulations apply: 5% (7 units) will be accessible; 2% (3 units) will be accessible for households with hearing and/or visual impairments. All units will be adaptable.
Green Building:	125-point minimum anticipated GreenPoint Rated score.
Recycled Water:	Not exempt, as the project will involve more than 40,000 sf of new construction.
Storm Water Management:	Project is subject to storm water management and the design is in the construction bid set.

- 2.1. Zoning. On July 2, 2019, City Planning issued Notice of Final Approval of an SB 35 Project.
- 2.2. Probable Maximum Loss. Not applicable. This is a new construction.
- 2.3. Local/Federal Environmental Review. As an SB 35 development, the Project is not subject to CEQA. However, the Sponsor completed a historic resource evaluation (HRE) for the first design as a Focused EIR because the mortuary building was constructed in the 1950's. An updated HRE was used on the second design, which required a full EIR. The Sponsor with their for-profit partner presented the second design to the City's Historic Preservation Commission. In order to be a good community partner, the Sponsor plans to retain the historic nature of the site through photographs, even though the SB 35 design project presented with this loan request does not require CEQA. All previous costs related to the Focused EIR and EIR related to the previous design are in the development budget.
- 2.4. Environmental Issues.
 - Phase I/II Site Assessment Status and Results. Sponsors completed the Phase I and Phase II. See chart above.
 - Potential/Known Hazards. The existing building was constructed before 1978 and during predevelopment staff and Sponsors suspected the building may contain asbestos-containing materials (ACMs) and lead-based paint. Sponsor completed an Asbestos and Lead-Based Paint Survey (Survey) by Group Delta dated September 15, 2015. The Survey revealed that there are asbestos containing material (ACMs) and asbestos containing construction materials (ACCMs) in the building. Also, building components with coating have lead-based paint. The Sponsors will complete abatement for ACMs, ACCMs, and lead-based paint prior to demolition. Path Forward completed a subsurface investigation report. This report identified perchloroethylene (PCE) at the site. As such a vapor intrusion management system (VIMS) system has been incorporated into the design. The cost for the VIMS is \$232K.
- 2.5. Adjacent uses and neighborhood amenities. The project exists between two major transit arteries, Mission Street and Alemany Boulevard. On Mission Street, the immediate neighborhood is comprised of mixed-use buildings with the upper floor residential units and ground floor commercial. On Mission, there are a rich assortment of business including a supermarket, nail salon, restaurant, and local business shops. On Alemany Boulevard, the immediate neighborhood is single-family dwellings over parking podiums.
- 2.6. Green Building. See chart above.

3. OTHER ENTITLEMENTS ISSUES

3.1. Community Support.

Chapter 79 of the City's Administrative Code requires public noticing (Prop I) for any City new construction project. BRIDGE completed Prop I notification on May 27, 2017.

The community supported BRIDGE's proposal presented in the NOFA response from the prior District Supervisor whose term ended December 2016. The District Supervisor whose first term began January 2017, requested that BRIDGE explore design modifications that would include a commercial use suitable for households at all income levels in the district. BRIDGE's current SB 35 design, and the design associated with this loan request, includes 135 units of affordable housing, 2 staff units, a commercial space, and community-serving commercial space.

Several nonprofit organizations supported the design presented in BRIDGE's NOFA response including: Mission Neighborhood Health Center, which will occupy a commercial space in the project; TransForm, California's leading transportation advocate and nonprofit organization working in the San Francisco Bay Area and California; and PODER, People Organizing to Demand Environmental and Economic Rights, which works to improve the health and lives of Latino immigrants and low-income families of color in San Francisco's Mission and Excelsior districts and other neighborhoods.

However, these organizations did not support the design modifications requested in January 2017. The January 2017 design required the Sponsor to partner with a market-rate developer in order to put Safeway on the ground floor of the affordable building. This "Safeway" design, as it was called by the community, required a full EIR for CEQA, whereas the NOFA design required a Focused EIR. Both the NOFA and Safeway designs required a significant community involvement process. Due to unforeseen financial obligations of Safeway, the Safeway design did not move forward. In order to make up for time expended going through a CEQA review process, BRIDGE proposed a design that is 100% affordable and approved through SB 35, which allows administrative, non-discretionary approval for qualifying projects and allows the project to maintain the schedule it would have had if the Safeway design had moved forward. However, it should be noted that 29 months passed from July 2017 to October 2019, the date MOHCD funds were used to pay off the HAF acquisition loan.

It should also be noted that the nonprofit organizations mentioned above have provided tentative support to the Project. While the Sponsors met with the nonprofits and held public meetings, support for the project is mixed. The nonprofits want more units available in the lottery at lower incomes and the single-family home owners want the original design that more townhouse style units on Alemany. The return of 5 PBV's in July 2020 addressed the nonprofits request for more units with lower affordability available for the

lottery. Since receipt of the SB 35 entitlement, opposition has not been as prevalent as it was in 2017 during the “Safeway” design phase.

4. DEVELOPMENT PLAN

4.1. Site Control. A BRIDGE affiliate, 4840 Mission Housing Associates LP acquired the property directly from the seller in May 2017. 4840 Mission Housing Associates LP is the fee simple owner.

4.1.1. Proposed Property Ownership Structure. BRIDGE will complete a parcel split prior to the land acquisition. One parcel will contain the residential housing and auxiliary components and the 4,407-sf commercial space, and the other will contain the 9,977-sf community clinic. At least one week prior to the construction loan closing, 4840 Mission Housing Associates LP will convey the property to the City and execute two ground leases for the subdivided parcels. The City will own both parcels in fee and lease to 4840 Mission Housing Associates LP, who will own the improvements of both parcels during construction. Once the temporary certificate of occupancy (TCO) is received, 4840 Mission Housing Associates LP, will transfer its leasehold interest in the parcel with the 9,977-sf commercial clinic to MNHC for the cold shell acquisition price not to exceed \$3MM. MNHC will then hold the ground lease on the commercial parcel and own the improved commercial shell and their tenant improvements, which includes warm shell improvements as defined in the MOHCD Commercial Underwriting Policy.

4.2. Building Design. The design is represented by two primary architectural design components; a 5-story, wood-framed (4 stories over concrete podium) mixed use multi-family building with ground floor commercial space bordering Mission Street and an exterior design on Alemany Boulevard that appears as 3-story townhomes / row houses with separate entrances that open on to Alemany Boulevard and steps back at the 4 and 5 floors.

The 4840 Mission Street project is located between France and Onondaga Avenues in San Francisco’s Excelsior/Outer Mission Neighborhood. The planned 137-unit project spans the entire block width between Mission Street and Alemany Boulevard. The project is planned as 137 units of 1-, 2- and 3-bedroom units, and over 50% of the units are 2- and 3-bedroom units. The building includes approximately 14,384 of ground floor commercial space comprised of a 9,977-sf community clinic for Mission Neighborhood Health Center (MNHC), and 4,407 sf of retail space. The project amenities also include:

- One 8,710-sf public/private pedestrian plaza/paseo and walkway that will serve the south side of the property connecting Mission Street and Alemany Boulevard as well as another 4,403-sf walkway on the northern edge;
- a landscaped 9,299 sf central courtyard;
- common laundry;

- community room;
- 39 automobile parking stalls;
- 136 class 1 bike stalls⁴, and;
- management and services spaces.

Avg Unit SF by type:	1-brdm avg sf: 659 2-brdm avg sf: 963 2-brdm townhouse avg sf: 1,193 3-brdm avg sf: 1,218
Total Residential SF:	164,917 sf Residential SF: 124,157 Circulation SF: 32,277 Common Area SF: 8,483
Total Commercial SF*:	14,384 sf Health Clinic SF: 9,977 Commercial Retail SF: 4,407
Total Parking SF*:	16,666 sf – 40 spaces Parking Garage SF: 16,666
Building Total SF:	195,967 sf
Exterior Spaces	North Paseo: 4,403 sf South Public Paseo: 8,710 sf Courtyard: 9,299 sf

4.3 Construction Supervisor/Construction Specialist’s evaluation. The following review is based on the 50% construction documents (CD) and accompanying 50% CD cost estimate from Nibbi Brothers General Contractors (“Nibbi”) who were competitively selected by BRIDGE Housing in December 2019.

4840 Mission Street will be one of the first major developments in the Excelsior District in 25 years. The 1.4-acre, 4840 Mission Street parcel was previously occupied by Valente Marin, Perata & Co. in what was commonly known as “The Funeral Directors Building” or “the mortuary.” The parcel also includes a surface parking lot for the mortuary. It is situated on a relatively flat parcel which is well suited for the proposed mixed-use design, which includes ample open space, housing types, and commercial and common spaces.

The overall design by Van Meter Williams Pollack (VMWP) presents a 5-story, “O” shaped building which includes townhomes accessible from the street on the Alemany Boulevard side. In addition to the 8,710-sf public/private pedestrian plaza/paseo and walkway on the south side of the building, the north side of the property includes a 4,403-sf private walkway. Subsurface parking will be provided through an entrance to the basement off of Alemany Boulevard. The residential lobby to the townhome portion of the development is also located on the western Alemany Boulevard side.

⁴ Class 1 Bicycle Parking Space(s). Spaces in secure, weather-protected facilities intended for use as long-term, overnight, and work-day bicycle storage by dwelling unit residents, nonresidential occupants, and employees. SF Planning Department.

The east elevation's first floor façade, on Mission Street, is dominated by 9,977-sf commercial space, with the residential entry opening at the southern corner which is accessed through a public private walkway. The length of this façade is articulated with differentiation in materials, colors, door types, shades, and bay windows. The massing is broken at approximately the mid-point in the façade, to reduce the overall impact of the building and establish a rhythm in keeping with the architectural vocabulary of the mixed-use design of adjacent buildings along both sides of Mission Street. The community room and common offices open onto a courtyard while the laundry rooms are interspersed through floors 2 through 5. The management, services, bike parking, and utility spaces complete the uses on the ground floor. The development also includes a 9,299-sf central courtyard which transitions from "at grade" to a first-floor concrete podium above a basement level garage at the approximate mid-point of the property.

The Project is anticipated to start construction on June 1, 2021 and will take approximately 24 months to construct. The current total development cost of \$108,149,342 includes hard costs provided in the CD estimate provided by Nibbi Bros. The hard costs are currently \$623,113 per unit, which is about 4% lower than the average of all developments in the MOHCD portfolio. This is lower than comparable, Type VB or IIIA (both wood framed) construction projects in the MOHCD portfolio, and the estimate of \$436 per sf is about 18% lower than the average for the MOHCD portfolio and speaks to the efficiency of the overall scale for the Project. This is discussed further in the next section. The development budget is holding 2.5% bid contingency, 3% plan check contingency, and 5% hard cost contingency, consistent with MOHCD underwriting guidelines. Bid, and plan check contingencies will be reduced and removed as the Project's design and permitting advance.

VMWP have completed the 50% CD set of drawings. The site permit was issued in June 2020. The demo permit was approved in November 2020 and demolition and abatement is currently underway. Addenda 1, 2 and 3 were submitted in 7/1/2020, 8/15/2020 and 8/31/2020 respectively. Final guaranteed maximum price (GMP) contract negotiations are underway. Results are anticipated by March 1, 2021.

The most significant risk to the project is the ongoing unresolved PGE/PUC energization issue. PGE is not accepting the current approved low side metering design. The potential schedule and budget impact of redesign is profound. MOHCD is working with the project sponsor to resolve and is confident an appropriate solution will be achieved. Because of this unresolved PGE/PUC issue, if there is any project savings from the GMP, depending on the outcome from the issue, Sponsor may hold the saving as an allowance in the event plans may change. However, if the current plans are

the resolution, the saving in the GMP should be returned to MOHCD and used to reduce MOHCD's gap loan amount.

- 4.4. Commercial Spaces. Along the Mission Street frontage, the Project has 14,384-sf total commercial space for two occupants. Mission Neighborhood Health Center (MNHC) will occupy 9,977 sf of the commercial space and a to-be-determined commercial tenant will occupy the remaining 4,407 sf. Presently the 4,407-sf space is planned to be occupied by one tenant. However, once BRIDGE has secured a broker plans may change. BRIDGE has subdivided the parcel. Parcel A will contain the residential affordable housing and 4,407 sf commercial space and Parcel B will contain the 9,977 sf MNHC clinic.

Commercial Space – 9,977 sf. Due to MNHC's financial health, MOHCD agreed to allow MNHC to have a ground lease for Parcel B with MOHCD and own the cold shell and tenant improvements, including MOHCD defined warm shell. Sale of the cold shell will occur after TCO and will not exceed \$3MM. MOHCD's loan to the Sponsor includes a bridge loan for the construction of the cold shell. 4840 Mission Housing Associates LP will hold the Parcel B ground lease until the cold shell acquisition. MNHC will pay off the MOHCD bridge loan at the acquisition of the cold shell and the MOHCD ground lease will transfer to MNHC. MNHC needs to raise \$8.5MM to finance the cold shell, warm shell, and tenant improvements.

BRIDGE and MNHC are completing the final negotiations of a Joint Development and Transition Agreement (JDTA) whose purpose is to outline the terms and conditions of the development of the cold shell and transfer/purchase terms and conditions between MNHC and BRIDGE. The JDTA includes a condition that the cold shell acquisition by MNHC will occur after TCO for the entire building is received and when MNHC provides evidence to BRIDGE and/or the limited partnership that MNHC has the funds to complete the remaining clinic improvements. This condition means the ground lease will stay with 4840 Mission Housing Associates LP until MNHC has evidence of funds to start its improvements or the limited partnership or BRIDGE will find another nonprofit for the space. The JDTA will be completed and fully executed in March 2021 and will be a required document prior to the residential construction closing.

MNHC contemplated New Markets Tax Credits (NMTC). While NMTC is an option, the project is underwritten assuming no NMTC. MNHC's tenant improvement commercial loan that includes warm shell improvements is estimated at 4.00% interest, 20-year loan with a 20-year amortization. MOHCD and MNHC are still negotiating the residual receipts rent on the ground lease which currently anticipates a base rent of \$5,000 with no residual receipts payments.

Commercial Space – 4,407 sf. The cold shell improvement costs of the 4,407-sf commercial space are included in the MOHCD total loan amount.

The warm shell and tenant improvements for this commercial space will be completed by the to-be-determined commercial tenant. The cold shell cost for this space is approximately \$1.3MM. BRIDGE has engaged Lev Weisbach as a consulting architect to develop potential commercial space plans. In order to help BRIDGE attract a variety of potential business tenants to lease the space, Lev Weisbach will work with VMWP staff to properly plan for commercial building infrastructure locations for items, such as trash, bathrooms, and venting. This commercial space could be configured for up to 3 tenants, including up to 2 food service tenants relying on counter service and “to-go” style business plans. For a food vendor that may require a grease duct, the Sponsors and architect have determined that a grease duct can fit below sinks in this space because the slab is depressed. The grease duct below the sink was a better option than having the duct eliminate on Mission Street. Since the grease duct will be below a sink it can be a tenant improvement cost and not a warm shell cost. Sponsors are still discussing the venting for a commercial space.

Once the commercial shell is complete, BRIDGE will begin to work with a broker to locate the optimal businesses for the neighborhood. BRIDGE is not relying on commercial income to make debt service payments; as such these spaces can be targeted to support small businesses that need affordable commercial space. Examples of BRIDGE’s vision for the commercial space could include a coffee shop vendor, which is an expressed desire of the neighbors, or a La Cocina program graduate. Sponsors will be required to provide a commercial plan for this space by July 30, 2021 and 25% of the construction closing developer fee will be withheld until plan is provided. Also, in the plan, Sponsors must indicate whether a Type I or II vent is required.

- 4.5. Service Space. The supportive service office is located near the Alemany Boulevard entrance and near the community room. The property management offices are located near the entrance near Mission Street.
- 4.6. Units and Income Restrictions. Since September 2019, the income restrictions have changed as reflected in the chart below.

UNIT SIZE		MAXIMUM INCOME LEVEL	
NON-LOTTERY	No. of Units	MOHCD	TCAC
		1 BD – PHR PBV	9
2 BD – PHR PBV	11	50% MOHCD AMI	50% TCAC AMI
2 BD – PHR PBV	9	65% MOHCD AMI	60% TCAC AMI
3 BD – PHR PBV	6	65% MOHCD AMI	60% TCAC AMI
PHR PBV Sub-Total	35		
LOTTERY			
1 BR	6	30% MOHCD AMI	50% TCAC AMI

2 BR	6	30% MOHCD AMI	50% TCAC AMI
3-BR	2	30% MOHCD AMI	50% TCAC AMI
30% MOHCD AMI Sub-Total	14		
1 BR	11	40% MOHCD AMI	50% TCAC AMI
2 BR	9	40% MOHCD AMI	50% TCAC AMI
3-BR	2	40% MOHCD AMI	50% TCAC AMI
40% MOHCD AMI Sub-Total	22		
1 BR	16	50% MOHCD AMI	50% TCAC AMI
2 BR	10	50% MOHCD AMI	50% TCAC AMI
3-BR	1	50% MOHCD AMI	50% TCAC AMI
50% MOHCD AMI Sub-Total	27		
1 BR	2	50% MOHCD AMI	50% TCAC AMI
2 BR	2	50% MOHCD AMI	50% TCAC AMI
3-BR	1	50% MOHCD AMI	50% TCAC AMI
50% TCAC AMI Sub-Total	5		
1 BR	14	95% MOHCD AMI	70% TCAC AMI
2 BR	7	95% MOHCD AMI	70% TCAC AMI
3-BR	4	95% MOHCD AMI	70% TCAC AMI
70% TCAC AMI Sub-Total	25		
1 BR	0	109% MOHCD AMI	80% TCAC AMI
2 BR	7	109% MOHCD AMI	80% TCAC AMI
3-BR	0	109% MOHCD AMI	80% TCAC AMI
80% TCAC AMI Sub-Total	7		
STAFF UNITS			
2-BR	2	N/A	N/A
TOTAL	137		
PROJECT AVERAGE		59.72%	57.70%

It should be noted that all units will be restricted, in the MOHCD Declaration of Restrictions, to the MOHCD AMIs stated above, and not the TCAC AMIs. The Declaration will also include an acknowledgement that all units must be occupied by households whose adjusted income does not exceed 110% MOHCD AMI and that in order to retain tax credits at no time will the MOHCD AMI exceed the equivalent amount of 80% tax credit area median income.

In addition, as stated in the September 9, 2019-loan evaluation, the San Francisco Housing Authority (SFHA) will place households in the units with

PBV rental subsidy; there will be a preference for Potrero Terrace and Potrero Annex HOPE SF residents that voluntarily apply to 4840 Mission.

Also, FHLB AHP will require 60% of the units (82 units) to be at or below 50% TCAC AMI. Since the Project has 75% (103 units) at or below 50% TCAC AMI, the AHP affordability restrictions are not shown in the chart above.

- 4.7. Marketing & Occupancy Preferences. Marketing and occupancy outreach for the Project will be conducted in accordance with all applicable fair housing laws. BRIDGE Property Management Company (BPMC) will conduct outreach to neighborhood-based, non-profit housing corporations, agencies and other low-income housing advocacy organizations that maintain waiting lists. BPMC was formed in 1987 as a financially independent but affiliated nonprofit tax-exempt management company to ensure the quality of BRIDGE’s developments will be maintained over time.

All units that are not subsidized by SFHA Project Based Vouchers will be entered in a lottery and subject to San Francisco preferences. Among all eligible applicants, additional preference will be observed in the following order:

MOHCD Preference	Applicant Category
1	Certificate of Preference (COP) Holders
2	Displaced Tenants Housing Preference (DTHP) Certificate Holders (20% - 20 units)
3	Neighborhood Preference (40% - 40 units)
4	Live or Work in San Francisco Preference
5	All Others

Marketing materials will be printed in Chinese, English, Spanish and Tagalog, and published in a variety of publications that represent a broad range of non-English speaking populations.

The Project has been designated a “HOPE SF offsite”, which means that 25% of its units will be subsidized with PBVs and provide a preference for HOPE SF residents who voluntarily apply for a unit at the Project. The waitlist and preferences for the PBV units will be maintained by SFHA outlined in the SFHA Administrative Plan, updated annually and posted on the SFHA website.

The Project includes units at 30% MOHCD AMI and up to 108% MOHCD AMI. While BPMC has substantial experience marketing low-income units, the Sponsor has more limited experience marketing moderate-income units and will need to engage with experts. Additionally, market conditions during pandemic suggest that it may take more time to lease the moderate-income units than the low-income units. MOHCD will require the Sponsor to provide a marketing strategy memo and secure marketing consulting services, if necessary.

4.8. Relocation. Relocation does not apply to 4840 Mission.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Van Meter Williams Pollack	LBE	N
Landscape Architect	Cliff Lowe	TBD	N/A
General Contractor	Nibbi Brothers Construction	N	N
Owner's Rep/Construction Manager	CM ²	N	N
Financial Consultant	California Housing Partnership Corporation	N	N
Legal	Goldfarb & Lipman LLP (real estate)	N	N
Property Manager	BPMC	N	N
Services Provider	To-be-determined ("TBD")	TBD	TBD

5.1. Outstanding Procurement Issues. On March 27, 2019, the overall SBE participation goal for this Project was set at 20% for professional services and construction services.

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

6.1. Prior MOHCD/OCII Funding (this project and historical for the project): The Predevelopment Loan for \$6MM, executed May 11, 2017, was fully disbursed in October 2019. On October 4, 2019, City and the borrower executed a First Amendment to the Loan Agreement ("Loan Amendment"), providing \$12,510,000 in additional predevelopment and acquisition funds to pay off an acquisition loan with the HAF.

Key	Program		Amount	Rate	Date	Principal Balance	Drawn	Amount	To Date
2268	Predev Original: 2015 General Obligation Bond	5/11/2017	\$3,000,000	3.00%	6/30/2021	\$3,000,000	\$3,000,000	\$0	\$383,000
2267	Predev Original: AHF - Inclusionary (\$3MM)	5/11/2017	\$3,000,000	3.00%	6/30/2021	\$3,000,000	\$3,000,000	\$0	\$383,000
	Predev Amendment: AHF - Inclusionary & (\$12.51MM)	10/4/2019	\$12,510,000	3.00%	10/4/2076	\$12,510,000	\$11,409,073	\$1,100,927	\$340,309
	TOTAL		\$18,510,000			\$18,510,000	\$17,409,073	\$1,100,927	\$1,106,309

6.2. Disbursement Status. As of Draw #26 (approved November), \$17,409,073.32 has been drawn of the total loan of \$18,510,000 with \$1,100,926.68 remaining.

6.3. Fulfillment of Loan Conditions. The loan conditions below are new, in-process or incomplete loan conditions from the preliminary loan evaluation in September 2020.

By 10/1/20:

- Sponsor must provide alternative financing and development schedule to MOHCD for review and approval in the event that the project does

not receive CDLAC funding. Revised schedule should include a possible redesign. After MOHCD review and approval, Sponsor must present information to Supervisor with MOHCD present. After meeting with Supervisor, Sponsor must notify community stake holders of the alternative plan.

Status: Not Applicable. Project was awarded bonds in December 2020 and an alternative schedule is no longer required.

By Gap Loan request (winter 2021):

- Sponsor must reduce the hard cost budget to be equal to or lower than comparable projects in the MOHCD portfolio and currently in development.
Status: Completed. Project costs are equal to comparable projects in MOHCD portfolio.
- Sponsor must submit an acceptable commercial development plan for the clinic, including schedule of release of commercial developer fee, to MOHCD.
Status: In process. Sponsor is working on a plan for the 4,407-sf commercial space. Submission of a commercial plan will be required prior to payment of any developer fee during construction. The JDTA between the Sponsor and MNHC is in process and an executed JDTA will be a closing condition.
- Sponsor must use MOHCD's current proforma template.
Status: Completed.
- Sponsor must submit lender and investor recommendation to MOHCD for approval.
Status: Completed.
- The Project must meet MOHCD underwriting guidelines related to the DSCR.
Status: Completed. In the first full year of operations the Project's DSCR is 1.15:1 and meets the DSCR in the debt lenders Letter of Interest (LOI).
- Sponsor must request reduction in the interest rate to actual interest rate and any savings generated from the lower interest rate must be applied to MOHCD's loan.
Status: Completed. Selected debt lender interest rate is 3.45% and the construction lender is the equity provider and has tax credit pricing of \$0.995. The interest rate at the preliminary gap evaluation was 4.00%.
- BRIDGE must provide a solution to a possible tax event due to the MOHCD loan changing from 3% predevelopment interest loan to a proposed 1% interest total gap loan that includes predevelopment financing.
Status: In process. At least one week prior to the bond loan closing, the land sale, ground lease, and MOHCD loan closing will occur. The new gap loan will be used to acquire the land including transfer

predevelopment loan interest and some demolition. The land acquisition costs will be a flat fee and will be below \$16,820,000, the updated appraisal price. However, the Department of Real Estate appraisal will be used to determine a sales price below the highest value of the land.

- BRIDGE must provide a true-debt test to show that the Project cannot support a 3% interest total gap loan that includes predevelopment financing.

Status: Completed. BRIDGE provided and in order for the capital accounts to remain positive, the Project requires a 1% interest rate.

By Gap Loan request (winter 2021) and carryover loan conditions from September 9, 2019-Loan Evaluation:

- Prior to gap loan request for a state financing program, Sponsor to provide a line item breakout of furnishings budget with financial analysis and provide explanation for any furnishings cost exceeding MOHCD guidelines. At MOHCD's discretion, Sponsor may be required to remove excess furniture expenses from revised and updated budgets.

Status: Completed. The \$349,000 in the loan evaluation meets MOHCD underwriting guidelines and includes \$274,000 for common area and \$75,000 for office and office equipment set-up costs.

- The Sponsor must provide documented explanation for the Construction Management costs.
Status: Completed. The total requested meets MOHCD guidelines at \$250,000 total (\$5000 for 34-month construction plus two years of predevelopment at \$40K annually).
- For the community-serving commercial space (health clinic), BRIDGE must present a thorough commercial space financing plan that includes information on MNHC's proposed ownership structure; NMTC funding availability for the clinic; ground lease payment potential by MNHC, if the clinic does not own; clinic tenant improvement costs and funding sources; schedule that include financing and tenant improvement start dates; an evaluation of MNHC's fundraising potential and capacity, and; an MOU between Sponsor and MNHC detailing key agreements and responsibilities.

Status: In process. See Section 4.4.

- 1) BRIDGE will develop cost containment strategies for construction and present them at the various cost estimates (schematic, design development, construction) with narrative analysis of the pricing from the general contractor.

Status: In process and ongoing. BRIDGE provided responses to the Construction Specialist. BRIDGE and MOHCD continue to work with its general contractor and architect to reduce costs.

- 2) BRIDGE to implement cost containment strategies that reduce MOHCD subsidy to \$250K per unit and meet the goal of the total development costs excluding land to be less than \$750K per unit.
Status: Completed. BRIDGE's current loan request excluding acquisition is equivalent to \$186,142 per unit. If the site is acquired by MOHCD for the maximum purchase price, the total City investment will be \$343,419 per unit. With the complicated foundation system, other than cost reduction suggestions provided by the MOHCD Construction Representative Manager, the hard costs are lower than those of other developments in the MOHCD portfolio.

Recommended conditions prior to funding Developer Fee and carryover loan conditions from September 9, 2019-Loan Evaluation:

- Prior to funding Project Management Fee paid during construction or at completion of construction, BRIDGE must apply for FHLB AHP.
Status: Pending. This condition will be included in the loan agreement.

Loan Committee modification from September 18, 2020-preliminary loan evaluation.

Prior to submittal of CDLAC/TCAC commitment letter:

- BRIDGE must provide a written staffing plan for 4840 Mission.
Status: Completed. BRIDGE provided a written staffing plan.

Condition for all loans to BRIDGE until the requirements have been met. Please note status of these conditions are the jurisdiction of the MOHCD Director and Deputy Director of Housing.

- BRIDGE must develop specific and actionable plans to the satisfaction of MOHCD to address each of the following items identified in the letter dated October 7, 2019:
 - Staff turnover on all MOHCD and OCII projects and provision of adequate level of staffing and project planning. Response should include the running total of staff changes to-date on all MOHCD and OCII funded projects that have not converted to the permanent loan.
 - Managing individual MOHCD and OCII funded project schedules and address delays.
 - Delays in performing essential tasks.
 - Demonstration of modular expertise/capacity.
 - Construction cost estimating, cost control, and construction management.

Status: In process. BRIDGE responded to MOHCD and OCII letter dated October 7, 2019. As a condition of this loan, BRIDGE must provide

quarterly updates to the staffing plan outlined in its letter to the MOHCD Director and the Deputy Director of Housing.

6.4. Potential/Proposed Permanent Financing.

6.4.1. Permanent Sources Evaluation Narrative. BRIDGE proposes to use a combination of the following:

MOHCD Loan (\$28,751,450). The loan includes two bridge loans: 1) \$3MM for the MNHC clinic commercial shell and 2) \$1,250,000 for AHP. The total City investment in the Project, including acquisition, is \$47,048,470. A portion of the total City investment amount will be used to acquire the site from 4840 Mission Housing LP for a not to exceed amount of \$16,820,000.

Private Mortgage (\$25,514,287). JLL Real Estate Capital is providing the permanent loan. The interest current rate is 3.72% for 15-year term and 40-year amortization commencing at permanent conversion. A portion of the loan, \$11,255,000, is supported by the 35 PBV's.

4% Tax Credit Equity (\$51,584,616). Bank of America is the selected equity investor and was the highest bidder at \$0.995 per credit. The tax credit amount is based on the 4.00% credit rate.

General Partner Equity Contribution (\$0). In order to have a competitive September 2020-CDLAC TCAC application, the Sponsors reduced the GP Equity amount to \$0. Staff accepted the change in order to have a competitive application, although the amount is not consistent with the MOHCD Developer Fee Policy that sets minimum of \$500,000 for GP Equity contribution. Approval of a waiver to the MOHCD Developer Fee Policy is included with this request.

Deferred Developer Fee (\$2,298,989). The deferred fee is consistent with MOHCD Developer Fee Policy and will be paid out over 14 years.

Construction Loan (\$68,157,232). Bank of America (BoFA) will provide the construction loan. Since BoFA is also providing the tax credit equity there is a related party issue that MOHCD and the Sponsor are currently negotiating. The construction loan will be paid off by the permanent loan and tax credit equity. The tax-exempt portion of the loan is \$51,340,687 and has a rate of 3.45%. The taxable portion of the loan is \$16,816,545 and has a rate of 3.55%. The term of the construction loan is 34-months. The Project as currently underwritten meets its 50% test for the bonds.

6.4.2. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit are within standards	Y	\$623,113/unit is \$23.4K below the average construction cost of recent developments in MOHCD portfolio.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5%.
Architecture and Engineering Fees are within standards	Y	Fee is based on an email agreement, letter agreement and excel spreadsheet developed by architect. The architect contract will be executed prior to construction closing.
Construction Management Fees are within standards	Y	Construction Management Fee meets MOHCD Underwriting Guidelines.
Residential Developer Fee is within standards, see also disbursement chart below.	Y	Total Residential Developer Fee is \$4,868,989. Total Project Management Fee is \$1,100,000. Total At-Risk Dev Fee is \$1,470,000 GP Equity is \$0 Deferred Developer Fee: \$2,298,989
Commercial Developer Fee is within standards, see also disbursement chart below.	Y	Total Commercial Developer Fee is \$300,000. MOHCD's loan will cover \$94,325. The MNHC cold shell purchase costs that will take out the MOHCD bridge loan of \$3MM includes the remaining \$205,675 in commercial developer fee.
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 8.8%.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months.
Capitalized Replacement Reserves are a minimum of \$1,000 per unit (Rehab only)	N/A	N/A, new construction.

7. DEVELOPER FEE

Residential Developer Fee Disbursement Schedule		
Payment Milestone	% of Project Mgmt Fee	Amount
Project Management Fee		
PM Fee: At closing of initial pre-development financing (Fully Disbursed, October 2019)	15%	\$165,000
PM Fee: Predevelopment (Fully Disbursed, October 2020)	35%	\$385,000

PM Fee: Construction Close	20%	\$220,000
PM Fee: During or at End of Construction	20%	\$220,000
PM Fee: At Project Close Out	10%	\$110,000
Total Project Management Fee	100%	\$1,100,000
At Risk: 95% Leased up and Draft Cost Certification	20%	\$294,000
At Risk: Permanent Loan Closing/Conversion (Final Cost Certification Audit)	50%	\$735,000
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%	\$441,000
Total At Risk	100%	\$1,470,000
Total Project Management Fee		\$2,570,000
GP Equity		\$ 0
Deferred Developer Fee		\$2,298,989
Total Residential Developer Fee		\$4,868,989
Total Commercial Developer Fee		\$ 300,000
Total Developer Fee in Development Budget		\$5,168,989

Staff recommends waiver to the Developer Fee Policy to permit \$0 GP Equity.

See Developer Fee Payment Milestones in Attachment K.

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

8.1. Income

The chart below reflects San Francisco 2020 rents

Unit Type	Proposed Number of Units	Max. Rent	Max Tenant Paid Rent	Subsidy
1BR	6	\$769	\$667	
1BR	11	\$1,025	\$923	
1BR	16	\$1,281	\$1,179	
1BR	2	\$1,631	\$1,564	
1BR	14	\$2,283	\$2,181	
1BR	9	\$2,700 (contract rents)	\$1,564 (Tenant Payment excluding Utilities)	PBV - \$1,136
Subtotal 1-BR	58			
2BR	6	\$865	\$734	
2BR	9	\$1,153	\$1,022	
2BR	10	\$1,441	\$1,310	
2BR	2	\$1,957	\$1,743	
2BR	7	\$2,740	\$2,609	
2BR	7	\$3,132	\$3,001	
2BR	11	\$3,308 (contract rents)	\$1,310 (Tenant Payment excluding Utilities)	PBV - \$1,998
2BR	9	\$3,308 (contract rents)	\$1,743 (Tenant Payment excluding Utilities)	PBV - \$1,565

2BR	2			On-site Staff Units
Subtotal 2-BR	63			
3BR	2	\$961	\$800	
3BR	2	\$1,281	\$1,120	
3BR	1	\$1,601	\$1,440	
3BR	1	\$2,262	\$1,920	
3BR	4	\$3,620	\$3,459	
3BR	6	\$4,334 (contract rents)	\$1,920 (Tenant Payment excluding Utilities)	PBV - \$2,414
Subtotal 3-BR	16			
Total Units	137			

8.2. Annual Operating Expenses 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	Y	DSCR is 1.15:1 in year 1.
Debt Service Coverage Ratio stays above 1.00:1 for entirety of projected 20-year cash flow	Y	DSCR not go below 1.00:1 for the entirety of the projected 20-year cash flow.
Vacancy meets TCAC Standards	Y	Vacancy is 5%.
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5%.
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%.
Base year operating expenses per unit are reasonable per comparables	Y	Total Residential Operating Expenses are \$11,738 PUPA before reserves and ground lease.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$98,640 or \$60 PUPM.
Property Management staffing level is reasonable per comparables	Y	Staffing includes 5.5 FTE total, including the following: <ul style="list-style-type: none"> • 1.0 FTE Property Manager • 1.5 FTE Janitor • 1.0 FTE Maintenance Supervisor • 1.0 FTE Maintenance Technician • 1.0 FTE Resident Services Coordinator <p>Also, Sponsors will have a Courtesy Patrol for 8 hours a day / 7 days a week.</p>

Asset Management and Partnership Management Fees meet standards	Y	The first full year of operations begins in 2024. In the first full year of operations the AM Fee, which is paid before debt service, is \$25,130 and escalates at 3.50% annually. The annual PM Fee, which is a payment after debt service and reserves, is \$18,619 and escalates at 3.50% annually. The combined AM and PM Fee in 2024 is estimated to be \$50,249 and the fees as planned are below the total.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 per unit per year.
Limited Partnership Asset Management (LP AMP) Fee meets standards	N	Annual LP AMP is \$11,500 per year with no annual escalation. The amount combined with the AM and PM Fee does not exceed the total of the AM, PM, and LP AMP in 2024, which is \$55,249 and staff accepts the flat LP AMP amount even though the LP AMP fee is higher than the MOHCD Operating Fee Policy. Staff and Sponsor request a waiver to the policy.
Project-Based Vouchers	Y	This development will have 35 units set-aside for households relocating voluntarily from Potrero HOPE SF development.

9. SUPPORT SERVICES

- 9.1. Services Plan. BRIDGE will have a 1.0 FTE Resident Services Coordinator (RSC) and a supervisor over the RSC at 0.5 FTE. BRIDGE’s plan submitted to MOHCD and HOPE SF also includes an “Organizer” at 3 hours per week for a full year. MOHCD, HOPE SF Impact Team, and BRIDGE are discussing the Organizer role and BRIDGE’s approach to resident services as it relates to the overall services with a focus on the HOPE SF families voluntarily relocating to Potrero and Potrero Annex. BRIDGE’s draft plan did not include an identified service partner and did not specify whether the RSC would be a third-party partner or BRIDGE employee. There are loan conditions related to completing negotiations of a resident services plan and delivery of a near final services plan.
- 9.2. Service Budget. The services budget submitted with this funding request included salary and benefits for the 1 FTE Resident Services Coordinator, 1 Organizer, and supervisory overhead and supplies totaling \$107,400 or approximately \$784 PUPA. This amount is paid out of the property’s operating budget.
- 9.3. HOPE SF Assessment of Service Plan and Budget. Sponsor submitted a draft service plan and MOHCD and HOPE SF Impact Team responded to the submission. MOHCD and the HOPE SF Impact Team will continue to

discuss and negotiate the service plan since some of the staff positions and philosophy related to providing services, especially to the families relocating from Potrero and Potrero Annex, are not aligned. Staff will condition several milestones related to the services plan and tied to payments of developer fee in the Developer Fee Agreement.

10. STAFF RECOMMENDATIONS

10.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$28,751,450
Loan Term:	57-year loan at construction closing
Loan Maturity Date:	2078
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	1%

10.2. Recommended disbursement conditions/schedule.

- 1) As a condition to the construction closing, Sponsor must submit an executed copy of the JDTA prior to residential closing scheduled for May 21, 2021.

10.3. Recommended conditions in the gap loan agreement.

- 2) If there is any project savings from the GMP, Sponsor may hold the saving as an allowance in the event plans change due to the unresolved PGE/PUC issue. If the low-side metering is accepted, and the construction plans do not have the change, the saving in the GMP should be returned to MOHCD and used to reduce MOHCD's gap loan amount.
- 3) BRIDGE must provide quarterly updates to the satisfaction of MOHCD to on staffing, specifically:
 - o Staff turnover on all MOHCD and OCII projects and provision of adequate level of staffing and project planning. Response should include the running total of staff changes to-date on all MOHCD and OCII funded projects that have not converted to the permanent loan.

10.4. Recommended conditions prior to funding Developer Fee

- 4) Prior to funding Project Management Fee paid during construction or at completion of construction, BRIDGE must apply for FHLB AHP.
- 5) 25% of the 20% of developer fee due at closing will be withheld and disbursed when Sponsor submits an update of the draft Services Plan in

response to MOHCD's and HOPE SF's comments and a commercial plan for the 4,407-sf commercial space.

- 6) 25% of the 20% of developer fee due at closing will be withheld until a commercial plan for the 4,407-sf commercial space is provided. In the commercial plan, Sponsors must indicate whether a Type I or II vent is required and grease duct and whether those improvements will be completed with the commercial cold shell for the space.
- 7) At least 1 year prior to receipt of temporary certificate of occupancy, Sponsor submit final draft of Services Plan and negotiate final terms of funds paid from operations prior to permanent loan closing.

10.4 Recommended conditions prior to permanent conversions

- 8) Sponsor to provide lease agreement for the 4,407-sf commercial space.
- 9) Sponsor to provide an analysis of rents and debts for the 4,407-sf commercial spaces 9 months prior to TCO.
- 10) Sponsor to provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps BPMC will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.

11. 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.

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

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Tonia Lediju, Acting Executive Director
San Francisco Housing Authority

Date: _____

- Attachments: A. Project Milestones/Schedule
 B. Borrower Org Chart
 C. Developer Resumes

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Wednesday, February 24, 2021 8:40 AM
To: Chavez, Rosanna (MYR)
Subject: 4840 Mission

I approve

Get [Outlook for iOS](#)

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Friday, February 19, 2021 1:01 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Gap financing for 4840 Mission St

I approve the request for gap financing for 4840 Mission Street in the amount of \$28,751,450 -Including \$3,000,000 in construction bridge loan for Cold Shell and \$1,250,000 AHP bridge loan-

Best,

salvador



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

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Chavez, Rosanna (MYR)

From: Oerth, Sally (CII)
Sent: Friday, February 19, 2021 12:10 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR); Heavens, Cindy (MYR)
Subject: Gap Financing for 4840 Mission - 2.19.21 Loan Committee

I approve the Gap Financing request for the 4840 Mission project, as presented at the 2.19.21 Loan Committee



Sally Oerth
Interim Executive Director

📍 One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
📞 415.749.2588
🏠 www.sfocii.org

Chavez, Rosanna (MYR)

From: Katz, Bridget (CON)
Sent: Friday, February 19, 2021 12:09 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: 4840 Mission

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

- D. Asset Management Analysis of Sponsor
- E. Site Map with amenities
- F. Elevations and Floor Plans, if available
- G. Comparison of City Investment in Other Housing Developments
- H. Permanent Sources and Uses
- I. 1st Year Operating Budget
- J. 20-year Operating Pro Forma
- K. Developer Fee Calculation & Milestones

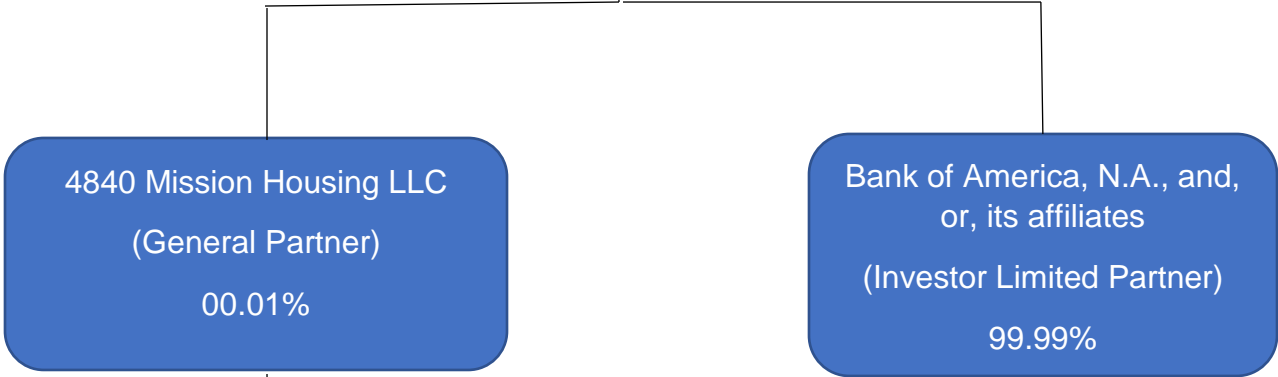
Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)	February 27, 2017	
1.	Acquisition/Predev Financing Commitment	6/17	<u>completed</u>
2.	Site Acquisition	6/17	<u>completed</u>
3.	Development Team Selection		
a.	Architect	4/17	<u>completed</u>
b.	General Contractor	12/19	<u>completed</u>
c.	Owner's Representative	12/19	<u>completed</u>
d.	Property Manager	Self-Managed	<u>completed</u>
e.	Service Provider	10/20	<u>completed</u>
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	9/19	<u>completed</u>
b.	Submittal of Design Development & Cost Estimate	2/20	<u>completed</u>
c.	Submittal of 50% CD Set & Cost Estimate	6/20	<u>completed</u>
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	9/20	<u>completed</u>
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	Assumed focused EIR February 1, 2017	<u>completed</u>
b.	NEPA Environ Review Submission	1/20	<u>completed</u>
c.	CUP/PUD/Variances Submission	N/A	
d.	CEQA/Entitlements Approval	N/A	
e.	SB 35 review and approval	6/19	<u>completed</u>
6.	Permits		
a.	Building / Site Permit Application Submitted	3/19	<u>completed</u>
b.	Addendum #1 Submitted	2/20	<u>completed</u>
c.	Addendum #2 Submitted	6/20	<u>completed</u>
d.	Addendum #3 Super Structure Submitted	9/20	<u>completed</u>
7.	Request for Bids Issued	12/20	<u>completed</u>
8.	Service Plan Submission		
a.	Preliminary	January 2020	<u>completed</u>
b.	Interim	June 2020	<u>completed</u>
c.	Prior to construction closing	December 2020	<u>completed</u>
9.	Additional City Financing		
a.	Predevelopment Financing Application #2	9/19	<u>completed</u>
b.	Project Based Voucher Application	12/19	<u>completed</u>
c.	MHP Commitment Letter Application	N/A	
d.	LOSP Loan Commitment (only if MHP is the state financing)	N/A	
e.	Gap Financing Application	12/20	<u>completed</u>
10.	Other Financing		
a.	MHP Application	N/A	
b.	Construction Financing RFP	N/A	

c.	AHP Application	3/22	
d.	CDLAC Application	9/20	<u>Completed</u>
e.	TCAC Application	9/20	<u>Completed</u>
f.	HUD 202 or 811 Application	N/A	
g.	Other Financing Application: AHSC	N/A	
h.	Other Financing Application: TOD	N/A	
11.	Closing		
a.	Construction Closing	5/21	
b.	Permanent Financing Closing	11/24	
12.	Construction		
	Early start: Abatement & Demolition	<u>1/21</u>	
a.	Notice to Proceed	5/21	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	6/23	
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	6/22	
b.	Commence Marketing	10/22	
c.	95% Occupancy	7/24	
14.	Cost Certification/8609	5/25	
15.	Close Out MOH/OCII Loan(s)	11/24	

Attachment B: Borrower Org Chart

4840 Mission Housing Associates, L.P.



Northpoint, Inc.
(Sole Member/Managing Partner)

BRIDGE Housing Corporation
(Parent Company)

Attachment C: Developer Resume

BRIDGE Housing's Development Experience

4840 Mission will be developed by BRIDGE Housing Corporation, one of the nation's most experience affordable housing developers. BRIDGE Housing Corporation has an extensive history of delivering high quality successful projects, and also has strong roots in San Francisco. BRIDGE will leverage the talents and resources of our organization to ensure the development of much needed affordable housing in San Francisco's Excelsior District that meets the intended goals of the City and responds to the community's historical, social and architectural context.

BRIDGE Housing Corporation

BRIDGE has developed over 13,000 units of affordable housing in its 33-year history, including over 1,700 affordable units in San Francisco. For the purposes of fulfilling the minimum developer requirements in the NOFA, BRIDGE provided a description of 474 Natoma, a 60 unit 100% affordable rental housing development that was financed with low-income housing tax credits within the last 5 years; The Coronet, a 150 unit 100% affordable development funded by LIHTCs within the past 10 years and; Armstrong Place Senior Housing, a completed development with a mixed-use component that includes at least 5,000 sq/ft of retail/commercial space completed within the past 10 years. We have also included BRIDGE's experience as an organizer in collaborative community outreach and additional experience developing mixed-use communities.

Qualifying Project –Affordable Housing Rental Project of at least 50 Units

474 Natoma

On a site vacant since the 1989 Loma Prieta earthquake, 474 Natoma, located in San Francisco's SOMA Redevelopment Area, was completed in 2013. This high-density residential development provides much needed affordable family housing with a mix of 60 one-, two- and three-bedroom apartments. In an effort to serve low income families, 40% of the units are 2 or more bedrooms whose size averages approximately 1,200 square feet.

Situated on a small property between two alleys, 474 Natoma's front and rear buildings share a common two-level lobby and through-block passageway linked to a central courtyard. At the top floor, a landscaped terrace and a community garden provide additional sunny and secure outdoor areas with city views. Amenities also include laundry facilities and a community room. The nine-story mid-rise building features sustainable building strategies and has achieved GreenPoint Rated certification. As a development located in the C-3 district, the building also incorporates a public artwork installation on the exterior along the length of the elevator shaft.

Additional Completed Family or Senior Development of at least 75 units

The Coronet, San Francisco

The Coronet was developed in partnership with the Institute on Aging (IOA), a San Francisco based provider of senior services and health care. This innovative development contains 150 units of housing for extremely low-income seniors sitting above the IOA's Senior Campus, which includes a medical clinic, an adult day health center, and IOA's administrative offices. The project includes 25 units for formerly homeless seniors through the City's Direct Access to Housing program.

Experience with a Mixed-Use Development with at least 5,000 sf of retail/commercial space
Armstrong Place Senior Housing

Completed in 2011, Armstrong Place Senior Housing is located in San Francisco's Bayview District, along the Third Street light rail line, just a block from the light rail stop, and across the street from Bayview Playground and the Martin Luther King swimming pool. The complex provides 116 affordable apartments for seniors, seventy-one of which are HUD subsidized. The property's amenities include 9,000 square feet of commercial space, community services and retail shops. The property surrounds a courtyard rain garden and has several communal spaces. Twenty-three of the apartments are set aside for formerly homeless seniors participating in San Francisco's Direct Access to Housing Program. These residents are eligible for intensive social services which will enable them to transition into independent living.

Experience as lead organizer of collaborative community outreach and planning effort
Rebuild Potrero, San Francisco

Through our work as the master developer for HOPE SF Potrero, BRIDGE has proven itself a leader in community outreach and participatory planning, and a pioneer in community-building through a "trauma-informed" lens. The extensive master planning effort at Potrero used a variety of techniques, such as community-wide meetings, facilitated focus groups, and casual "get-togethers," to solicit resident input and tap local expertise, ensuring a successful and inclusive master plan. Furthermore, BRIDGE recognizes that housing development is community development, and as such must understand and respond to the everyday and systemic challenges that each community faces, as well as the assets and strengths that each community possesses. Through partnerships with other local CBOs, and trust-building activities with residents, our work at Potrero is indicative of our commitment to strengthen entire neighborhoods by integrating new housing into the social, economic, and physical fabric of the surrounding area.

Additional Development Experience

North Beach Place, San Francisco

BRIDGE partnered with The John Stewart Company to develop North Beach Place, a 341-unit HOPE VI Development in the North Beach neighborhood of San Francisco. In addition to providing rebuilt public housing units and additional affordable housing, North Beach Place also includes 20,000 square feet of retail space providing space for a variety of tenants. Most prominent among the retail tenants is a full-service Trader Joe's grocery store. Other tenants include Starbucks, Tutu's dance studio, Edible Arrangements, a bike rental shop, and Kai Ming Headstart Center.

Comm 22

COMM22 is a master-planned, mixed-use, mixed-income development located on a four-acre, former San Diego Unified School District maintenance facility site that was vacant for over 25 years and a source of blight for the community. This transit-oriented development has brought a fresh energy to San Diego's Logan Heights neighborhood. The development is split into a Family and Senior component with Paseo at COMM22 comprising 130 units of affordable family housing and Victoria at COMM22 providing 70 units of affordable housing for seniors.

Paseo and Victoria at COMM22 are combined with community-serving commercial and retail space, day care facilities, and ultimately office space, market-rate lofts and for-sale townhomes. Paseo has leased 2,350 sf to a local community medical clinic (opened in May 2015) with an additional 10,500 sf being marketed. Victoria has a 4,500-sf ground floor commercial space which is currently under construction for a community child care facility (scheduled to open in June 2016).

COMM22 features enhanced plaza areas for public gatherings and strong pedestrian connectivity throughout the site with convenient access to public transportation. The COMM22 development also incorporates significant pieces of public art, including a 30-foot long mural, a centrally located 16-foot stone and metal sculpture, as well as other public elements. All are great additions to a neighborhood with a history of embracing art.

The COMM22 project represents a 10-year collaboration between the San Diego Unified School District, BRIDGE Housing and MAAC Project and is a perfect example of a public-private partnership that benefits the city of San Diego and the Logan Heights, Sherman Heights, and Barrio Logan communities.

Attachment D: Asset Management Evaluation of Project Sponsor

of projects and avg. # of units/project currently in sponsor's asset management portfolio

BRIDGE has...

- 98 projects in portfolio (note: this includes properties that we CO-asset manage)
- 10,498 total units
- Average: 107 units/projects

Sponsor's current asset management staffing – job titles, FTEs, org chart and status of each position (filled/vacant)

BRIDGE See attached org chart

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

BRIDGE: The Asset Management division maintains a high-quality standard of BRIDGE's real estate assets. In 2015, 11 properties (938 units) came under asset management. The Asset Management team's responsibilities include compliance/investor/lender/agency relations, leasing of properties, due diligence of new acquisitions, portfolio management and risk management. BRIDGE supports its mission and commitment to quality and affordability through long-term stewardship of its assets.

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

As a long-term owner, BRIDGE is committed to caring for its growing portfolio of properties. BRIDGE's Asset Management team works with other BRIDGE departments to ensure the long-term financial and physical health and regulatory compliance of BRIDGE-owned real estate. Examples of BRIDGE Asset Management's cross-department coordination include:

- providing due diligence services to the Real Estate Development team prior to acquisition of new properties
- coordinating with Property Management to ensure that the physical needs of the portfolio are met, including obtaining physical needs assessments and overseeing small and medium-sized rehabilitation projects
- working with the Finance team to budget, monitor, report on and audit the financial health of BRIDGE's assets at property and portfolio levels
- ensuring that properties comply with the numerous regulatory requirements and other use restrictions that are unique to affordable housing
- directing Portfolio Management in analyzing project and portfolio performance; recommending financial restructuring as appropriate, including new re-syndication opportunities and refinancing debt; implementing investor exits (buyouts)
- providing insurance services for the entire organization to maintain effective risk management

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

BRIDGE pipeline: 117 properties.

Asset management staff will be added as needed to ensure all duties are performed and assets are well maintained.

Staff believes model regarding asset management capacity is adequate for this predevelopment request.

Attachment E: Site Map with amenities

Aerial and Front Views

AERIAL VIEW

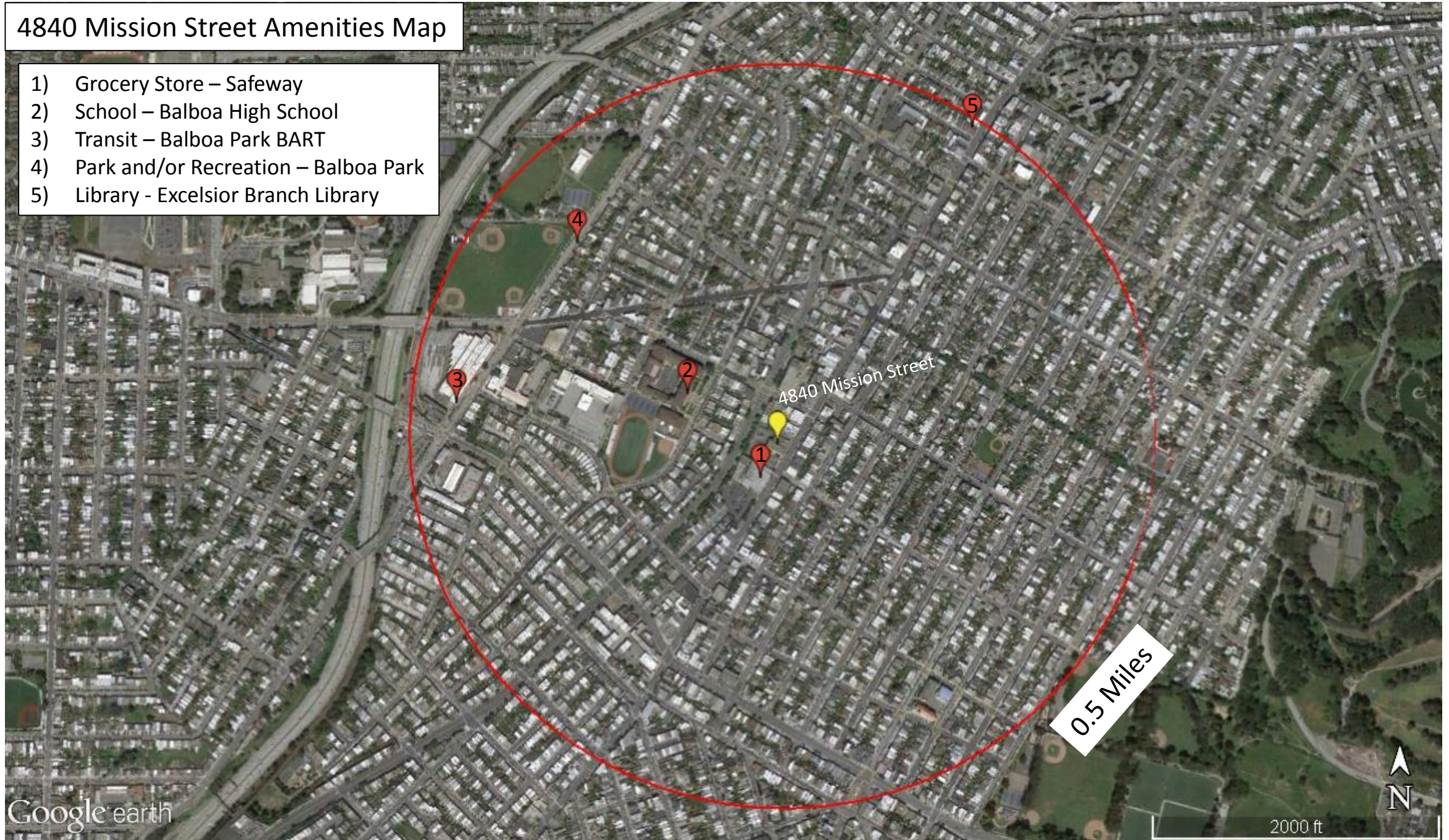


FRONT VIEW



4840 Mission Street Amenities Map

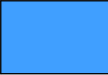



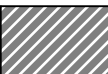
- 1) Grocery Store – Safeway
- 2) School – Balboa High School
- 3) Transit – Balboa Park BART
- 4) Park and/or Recreation – Balboa Park
- 5) Library - Excelsior Branch Library



Attachment F: Elevations and Floor Plans

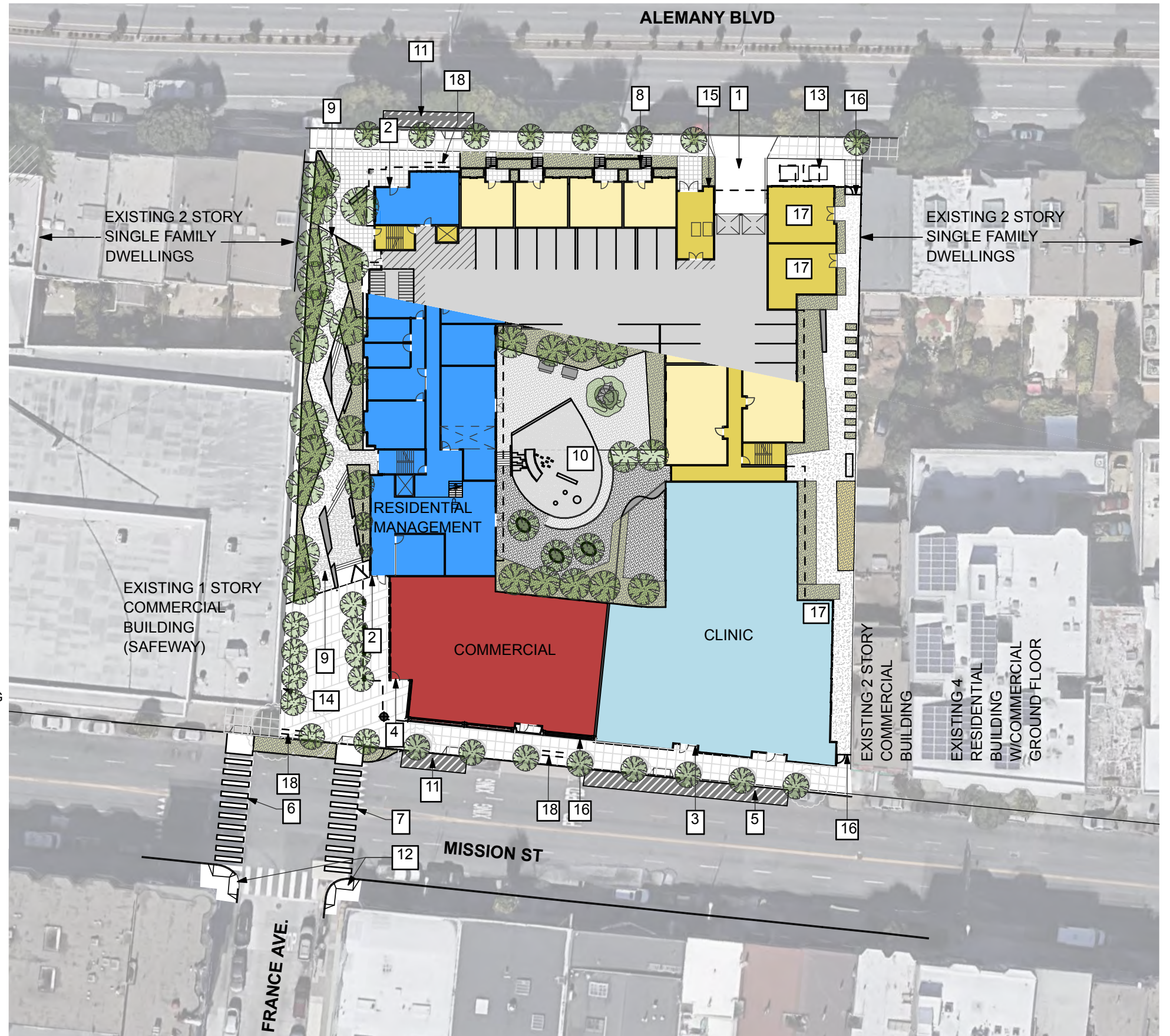
Elevations and floor plans are provided under a separate cover.

LEGEND

-  RESIDENTIAL ENTRY, MANAGEMENT & COMMON AREAS
-  RESIDENTIAL UNITS
-  MISSION NEIGHBORHOOD HEALTH CLINIC
-  COMMERCIAL RETAIL
-  VEHICULAR LOADING AREA

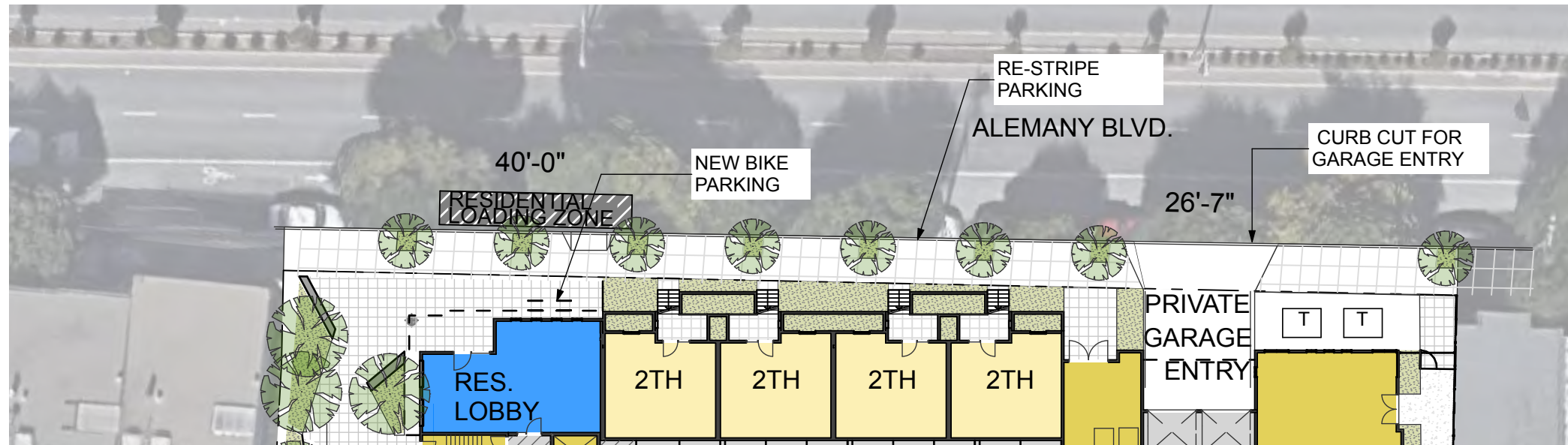
SHEET NOTES

- 1** RESIDENTIAL GARAGE ACCESS
- 2** RESIDENTIAL LOBBY/ENTRY
- 3** CLINIC LOBBY MAIN ENTRY
- 4** COMMERCIAL RETAIL ENTRY/STOREFRONTS
- 5** ADA CLINIC LOADING ZONE
- 6** REPAINT EXISTING PEDESTRIAN STREET CROSSING
- 7** NEW PEDESTRIAN STREET CROSSING W/ ADA CURB CUTS & PLANTER BULBOUTS
- 8** RESIDENTIAL ENTRY STOOPS
- 9** PUBLIC PLAZA AND SEMI-PRIVATE WALKWAY OPEN TO PUBLIC DURING DAYTIME
- 10** RESIDENTIAL COURTYARD AND PLAY STRUCTURE
- 11** RESIDENTIAL LOADING ZONE
- 12** REPAIR ADA PEDESTRIAN CURB CUTS
- 13** PAD MOUNTED TRANSFORMERS
- 14** POTENTIAL WALL MURAL ON EXISTING OR NEW WALL
- 15** POTENTIAL FIRE WATER CONNECTION TO BLDG
- 16** POTENTIAL DOMESTIC WATER CONNECTION
- 17** ELECTRICAL/MECHANICAL ROOMS
- 18** BIKE PARKING

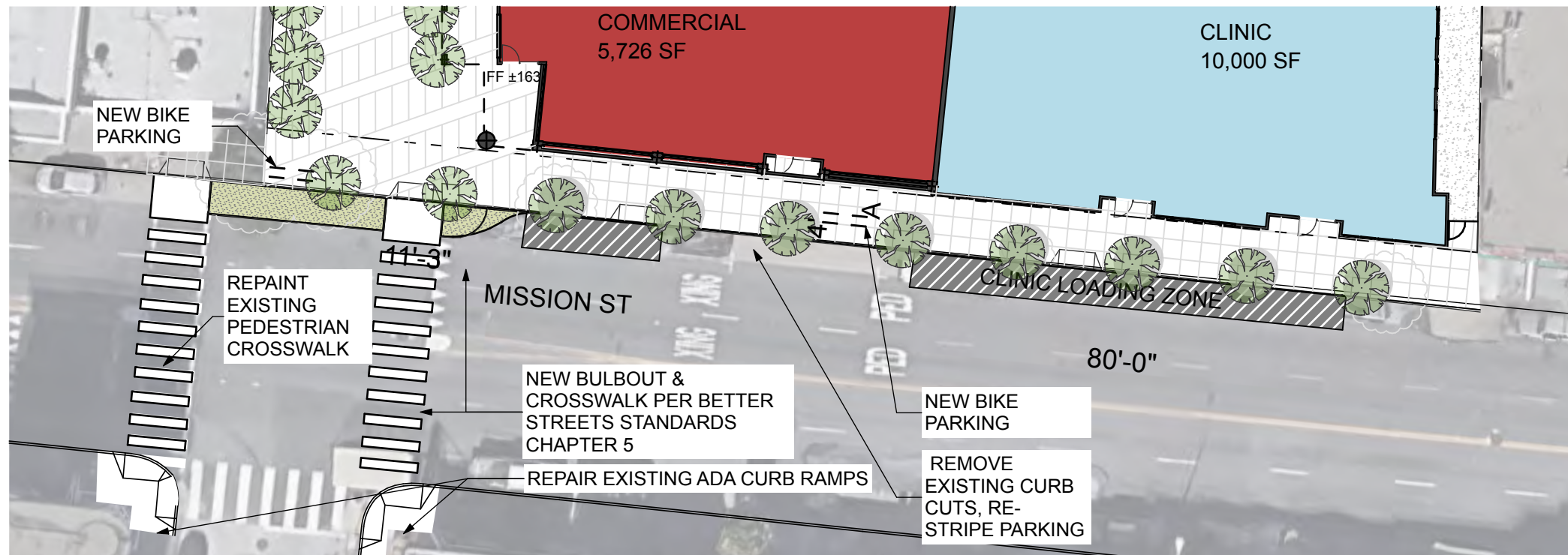


4840 MISSION STREET | A1.1 OVERALL SITE PLAN

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2. ALEMANY STREET
SCALE: 1" = 30'



1. MISSION STREET CROSSWALK & LOADING ZONES
SCALE: 1" = 30'



4840 MISSION STREET

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LANDSCAPE CONCEPT





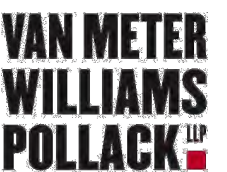
BASEMENT (ALEMANY BLVD GROUND LEVEL)

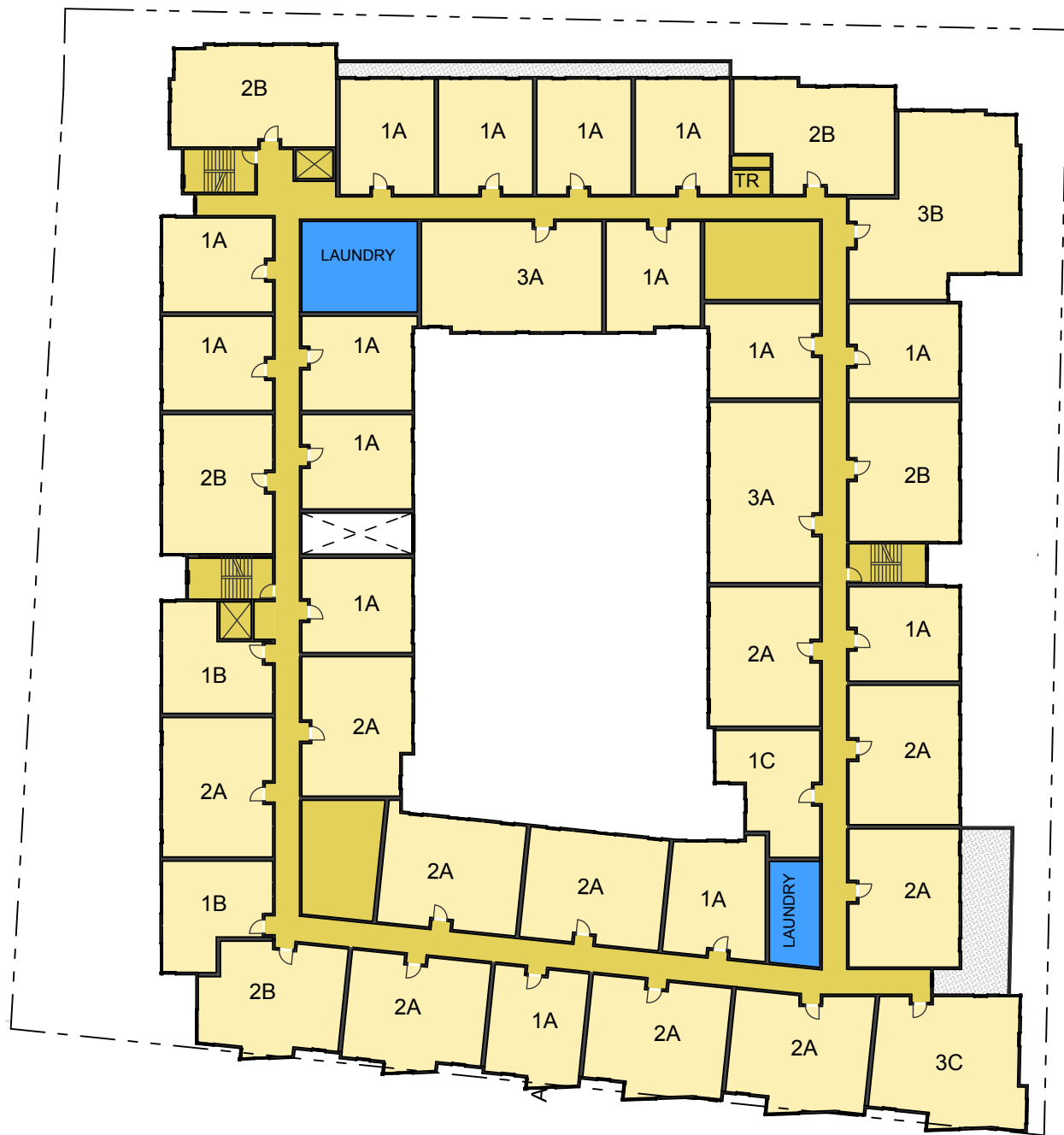


GROUND FLOOR

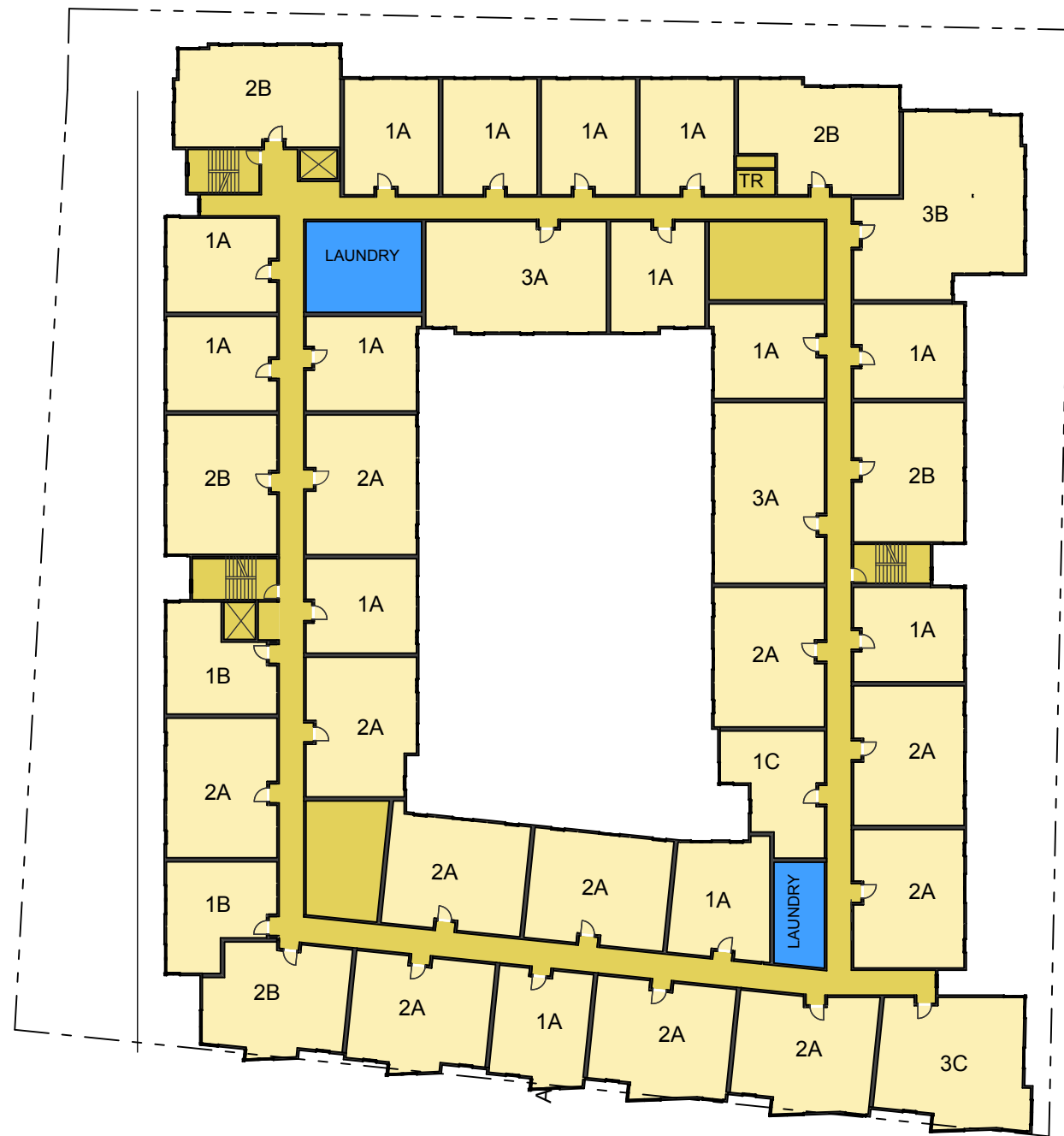
4840 MISSION STREET | A2.1 BUILDING PLANS

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SECOND FLOOR



MISSION STREET

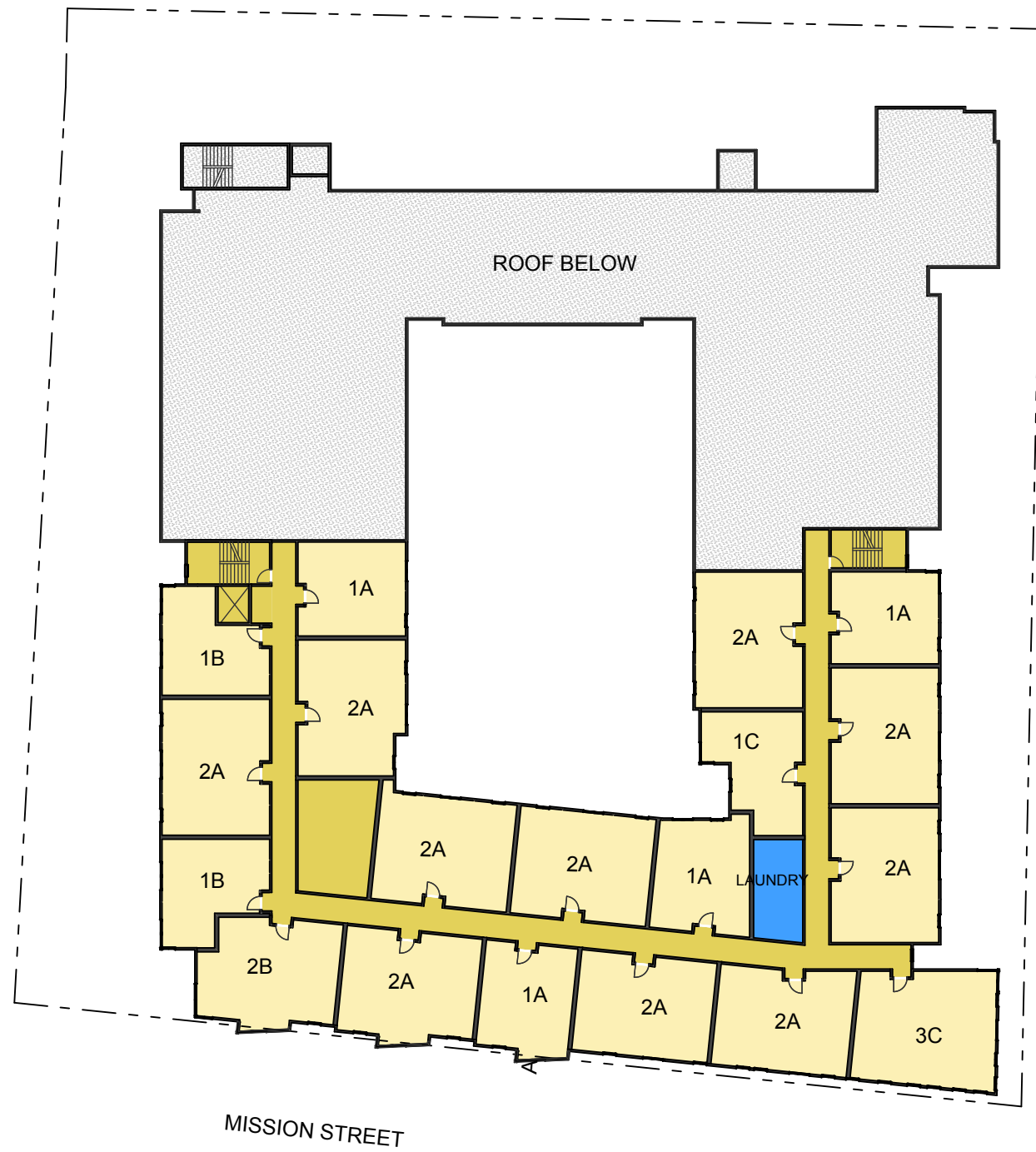
THIRD FLOOR

4840 MISSION STREET | A2.2 BUILDING PLANS

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FOURTH FLOOR

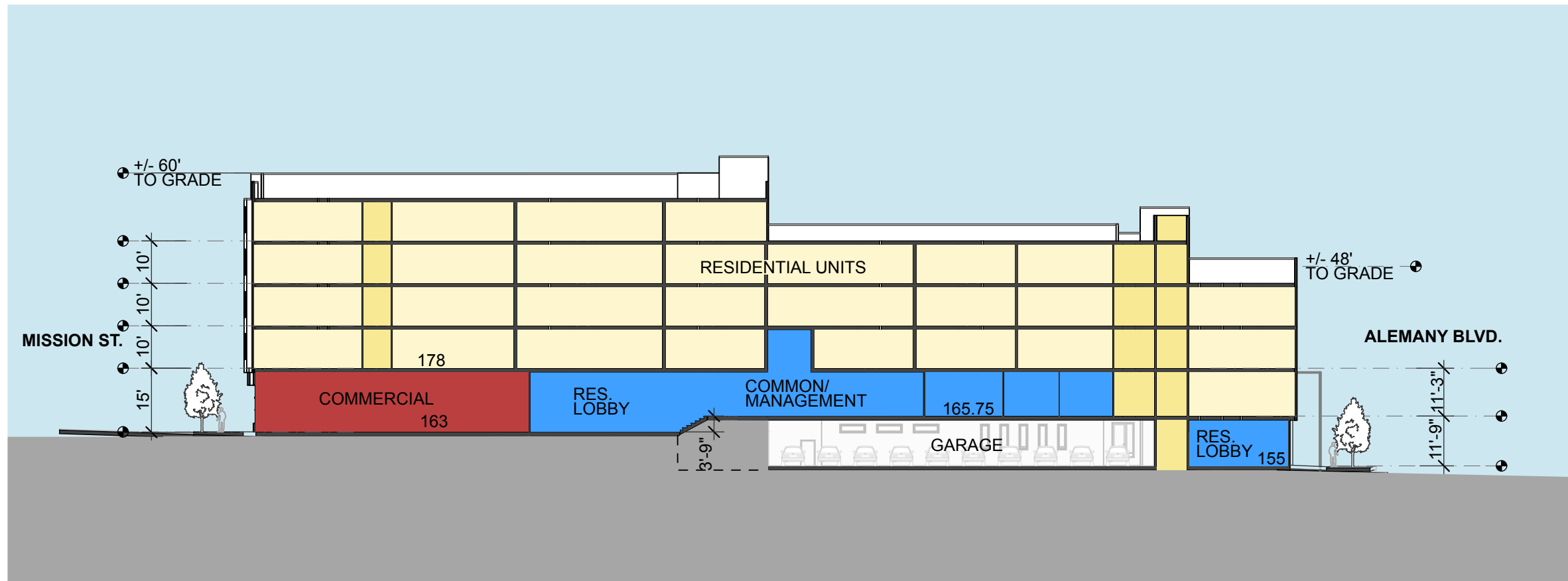


FIFTH FLOOR



4840 MISSION STREET | A2.3 BUILDING PLANS

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SECTION THROUGH LOBBY



4840 MISSION STREET | A3.3 BUILDING SECTION

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REAR YARD EQUIVALENCY		
AREAS CONSIDERED	AREA PROVIDED SF	AREA REQUIRED @ 25% OF PARCEL
CENTRAL COURTYARD	7,986	
PLAZAS & PEDESTRAIN WALKWAY	8,222	
ALEMANY BLVD FRONTAGE	810	
TOTAL	17,018	15,874

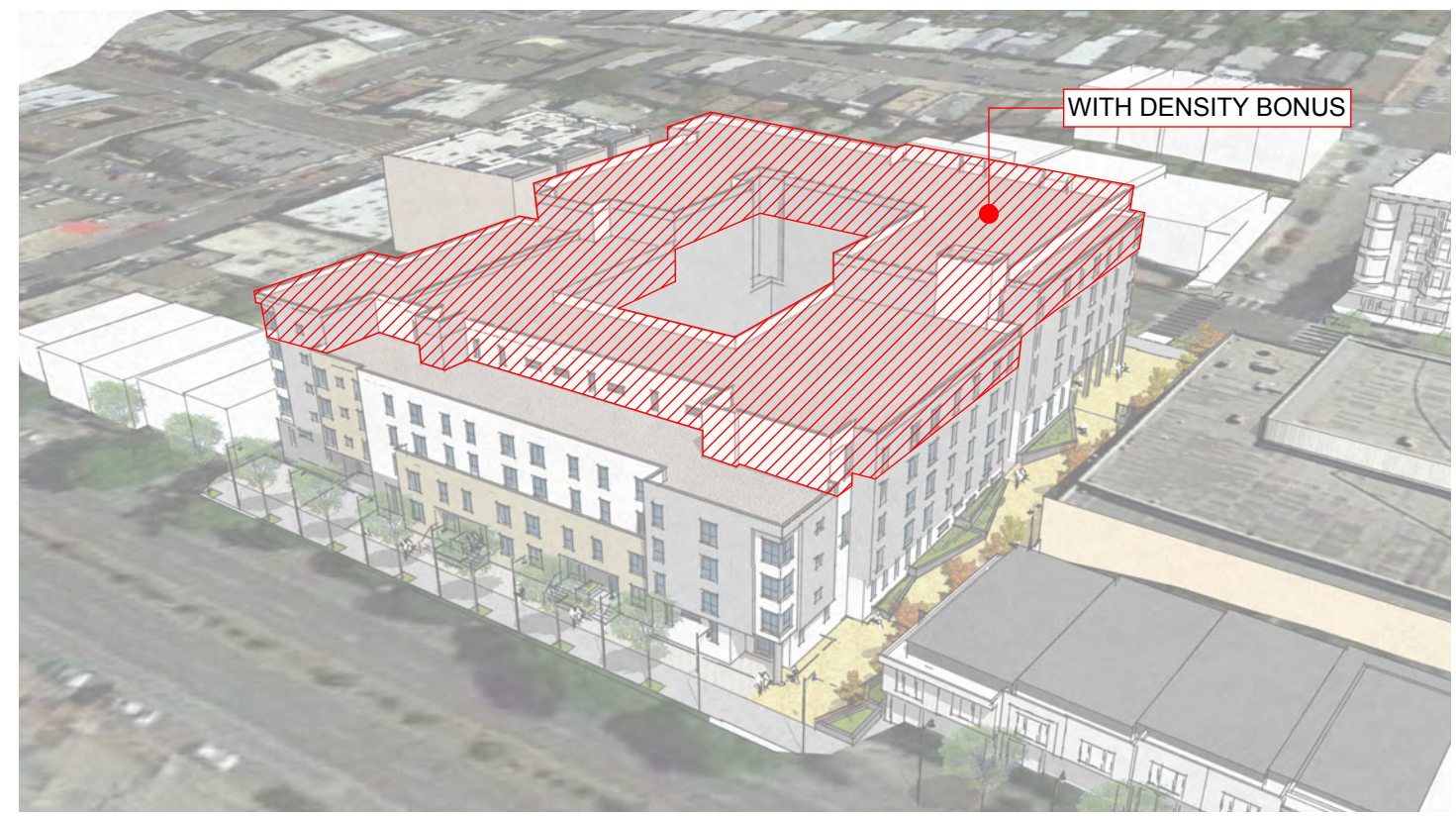
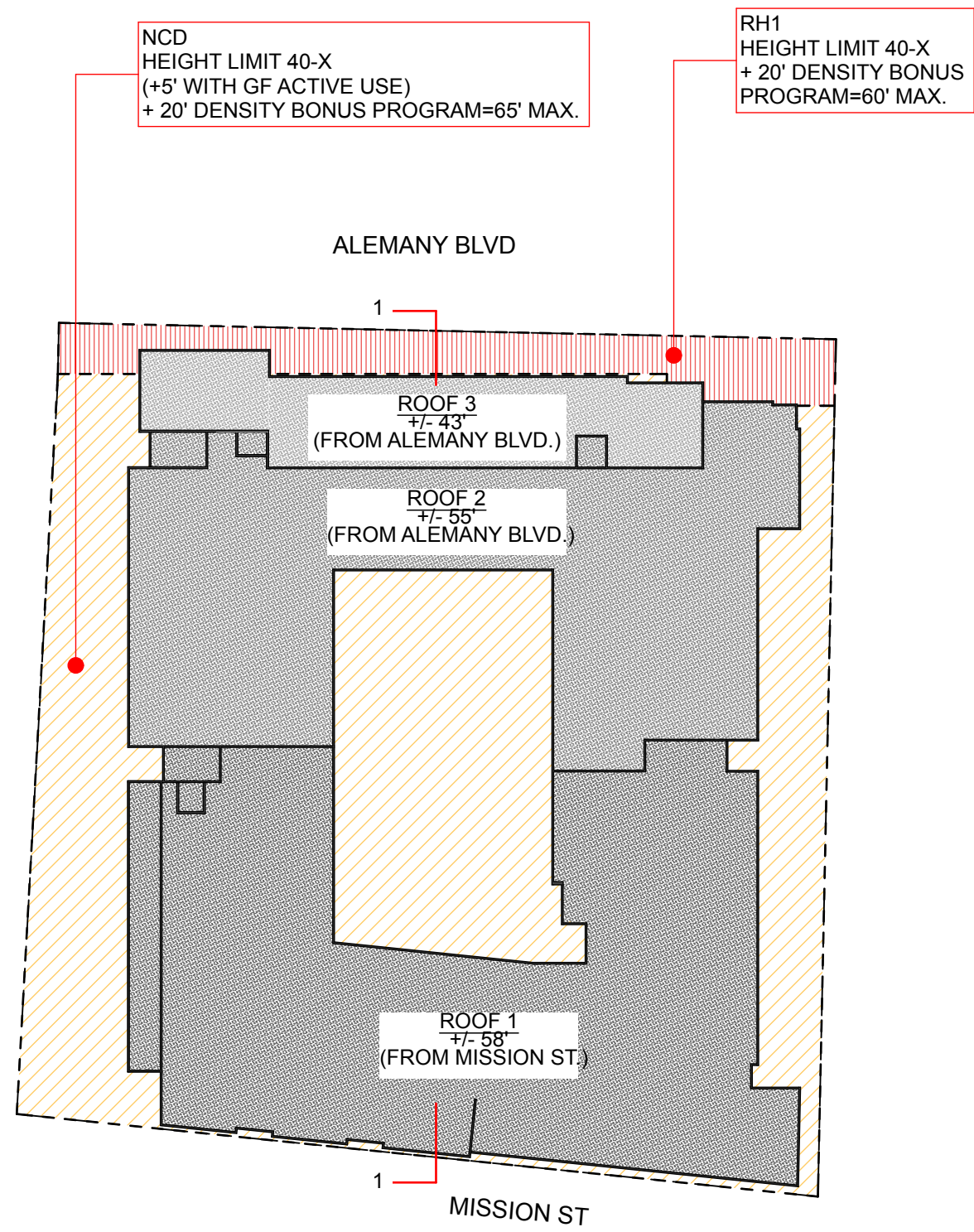


REAR YARD MINIMUM REQUIRED AREA

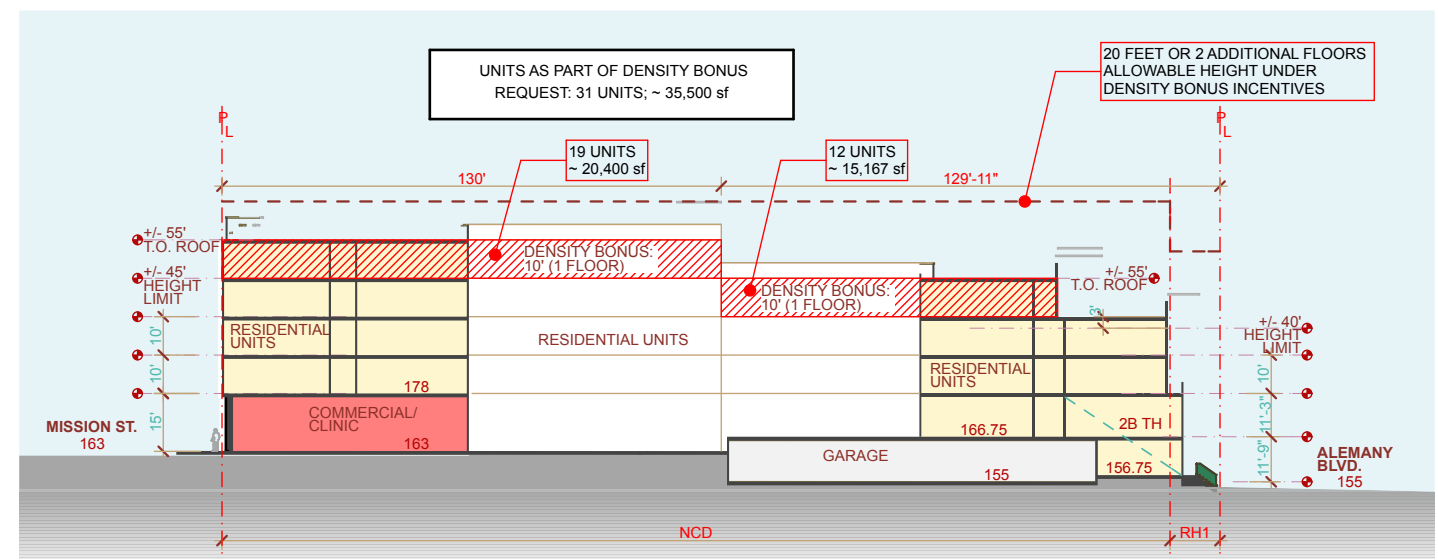


REAR YARD EQUIVALENT AREA CALCULATION





DENSITY BONUS DIAGRAM



DENSITY BONUS SECTION

SCALE: 1" = 50'

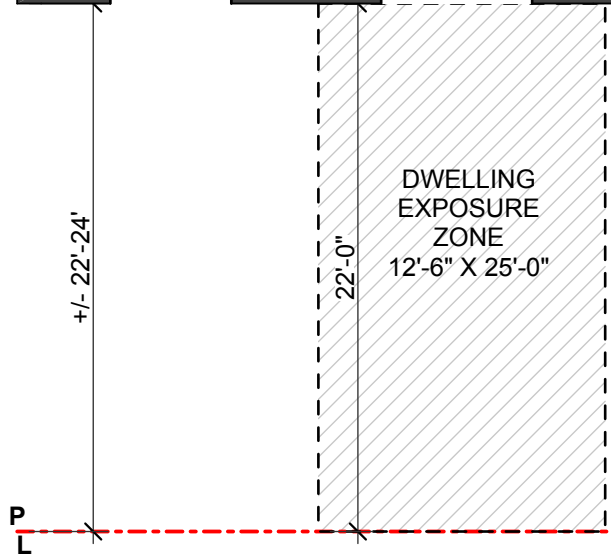
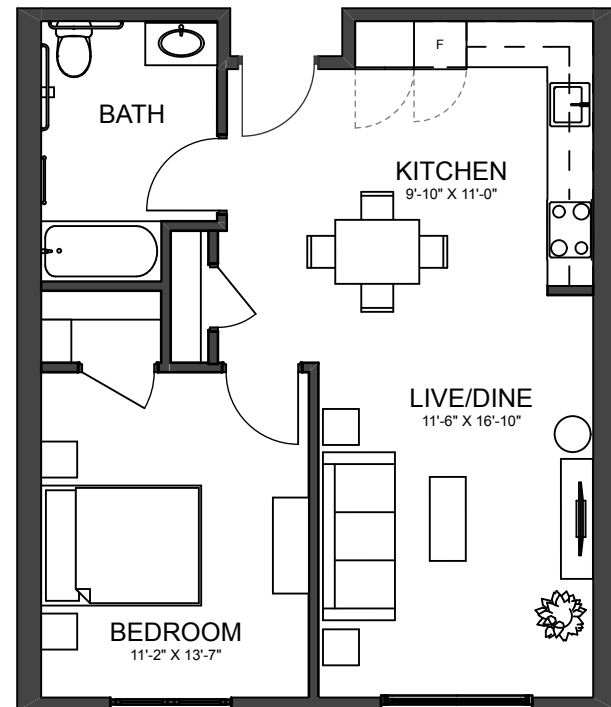
ROOF PLAN
SCALE: 1" = 50'



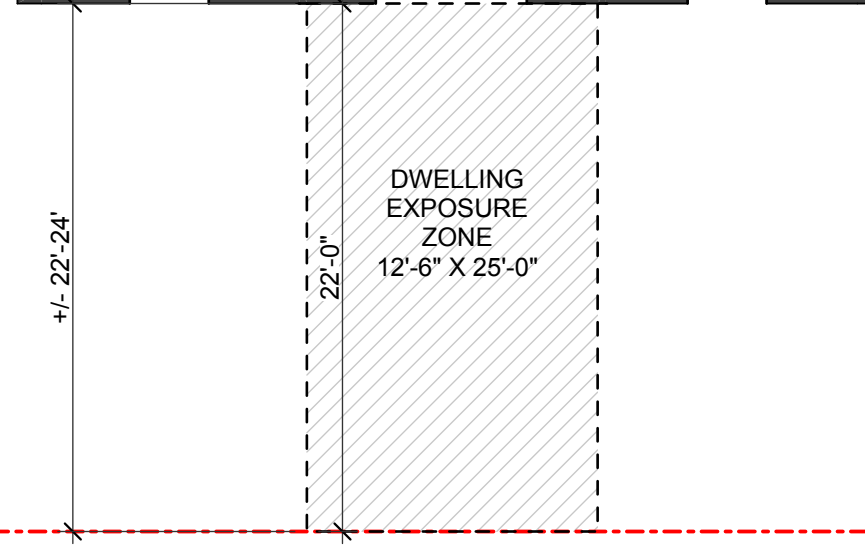
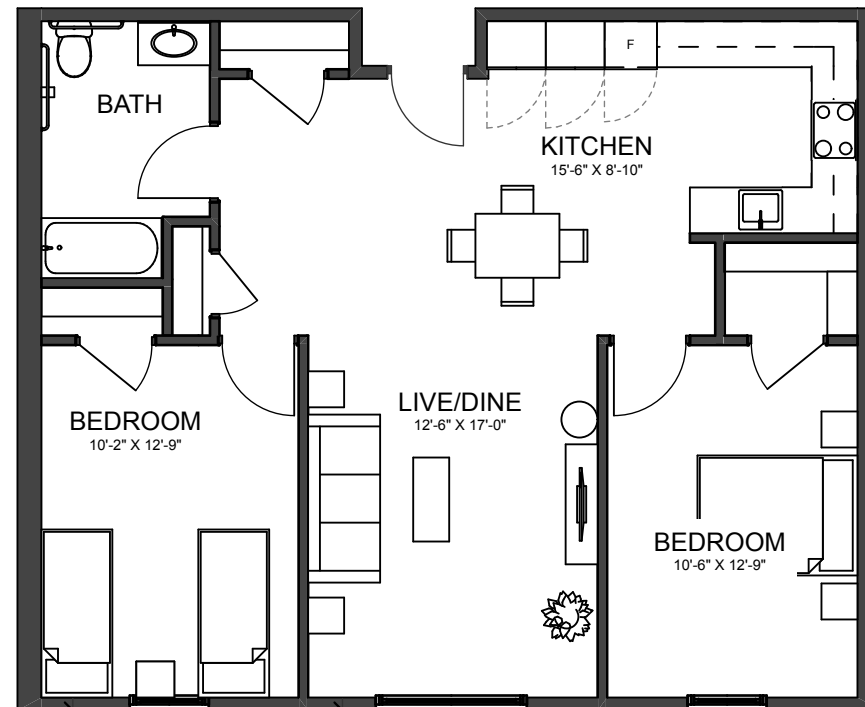
4840 MISSION STREET | A4.3 HEIGHT DIAGRAM (DENSITY BONUS PROGRAM)

SAN FRANCISCO, CA | 02/08/2019

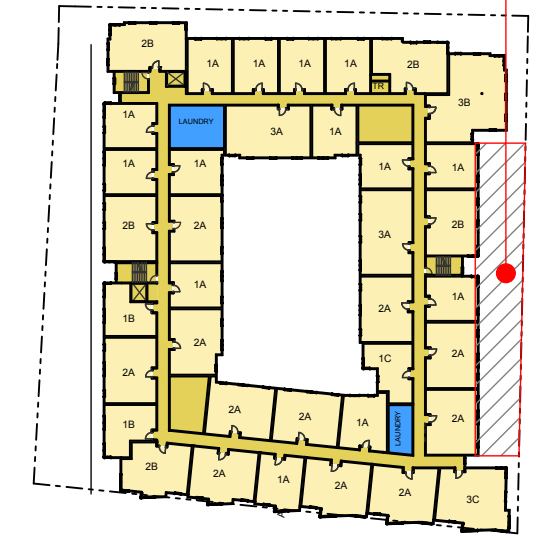
TYP. 1 BDRM. UNIT



TYP. 2 BDRM. UNIT



TYP. 1 & 2 BEDROOM UNITS ALONG NORTHERN SIDE ARE BETWEEN 22' & 24' AWAY FROM THE PROPERTY LINE
 WAIVER OF 25' UNIT EXPOSURE PER SECTION 140



KEY PLAN: TYP. FLOOR PLAN
 SCALE: 1" = 100'

TYPICAL UNIT PLANS
 SCALE: 1/8" = 1'-0"



MISSION - EAST ELEVATION



ALEMANY - WEST ELEVATION



4840 MISSION STREET | A3.1 BUILDING ELEVATIONS

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WALKWAY - SOUTH ELEVATION

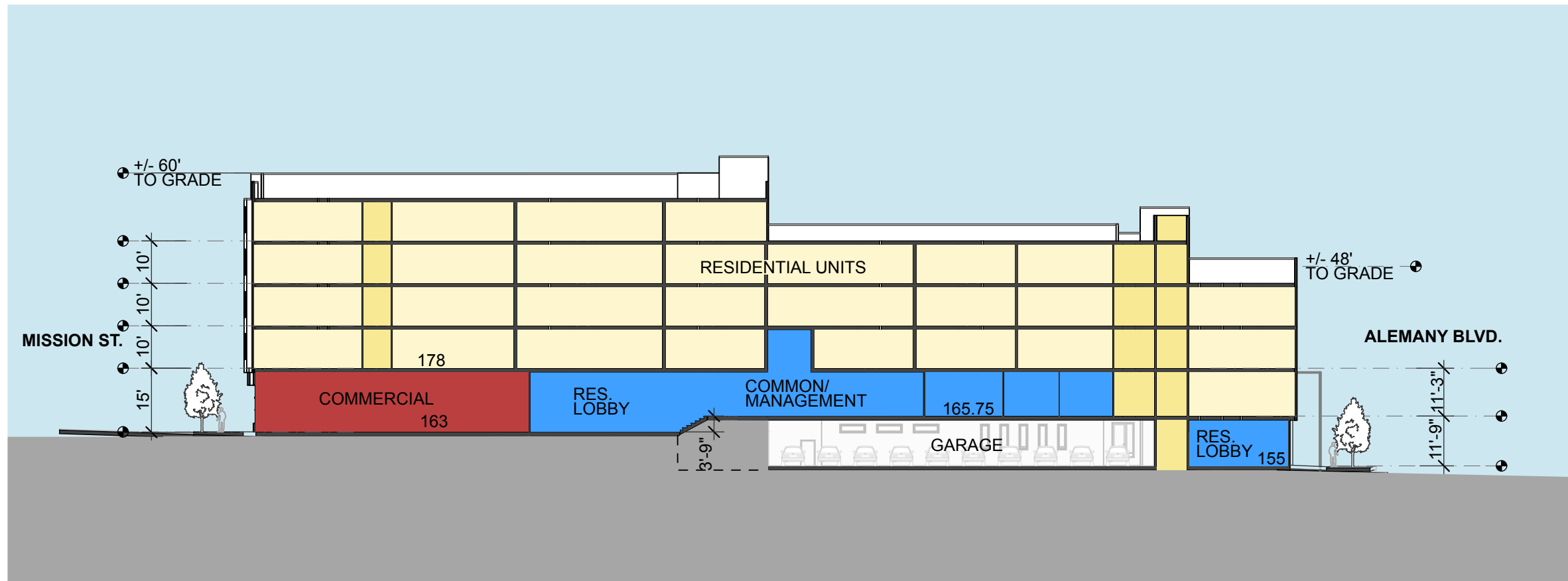


NORTH ELEVATION



4840 MISSION STREET | A3.2 BUILDING ELEVATIONS

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SECTION THROUGH LOBBY



4840 MISSION STREET | A3.3 BUILDING SECTION

SAN FRANCISCO, CA | 02/08/2019

Attachment G: Comparison of City Investment in Other Housing Developments

Attachment H: Permanent Sources and Uses

Attachment I: 1st Year Operating Budget

Application Date: 1/26/2021 Project Name: 4840 Mission
 Total # Units: 137 Project Address: 4840 Mission St
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2024 Project Sponsor: BRIDGE Housing
TCAC Income Limits In Use!

INCOME	Total	Comments
Residential - Tenant Rents	2,554,416	Links from New Proj - Rent & Unit Mix Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	729,252	Links from New Proj - Rent & Unit Mix Worksheet
Commercial Space	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%
Residential Parking	0	Links from Utilities & Other Income Worksheet
Miscellaneous Rent Income	13,429	Links from Utilities & Other Income Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from Utilities & Other Income Worksheet
Laundry and Vending	0	Links from Utilities & Other Income Worksheet
Tenant Charges	0	Links from Utilities & Other Income Worksheet
Miscellaneous Residential Income	0	Links from Utilities & Other Income Worksheet
Other Commercial Income	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	3,297,097	
Vacancy Loss - Residential - Tenant Rents	(128,392)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(36,463)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%
EFFECTIVE GROSS INCOME	3,132,242	PUPA: 22,863

OPERATING EXPENSES

Management		
Management Fee	98,640	1st Year to be set according to HUD schedule.
Asset Management Fee	28,130	
Sub-total Management Expenses	126,770	PUPA: 903
Salaries/Benefits		
Office Salaries	85,280	
Manager's Salary	75,000	
Health Insurance and Other Benefits	62,400	
Other Salaries/Benefits	18,790	retirement plan contributions
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	241,470	PUPA: 1,763
Administration		
Advertising and Marketing	4,000	
Office Expenses	29,296	
Office Rent		
Legal Expense - Property	7,500	
Audit Expense	11,000	
Bookkeeping/Accounting Services	22,608	
Bad Debts		
Miscellaneous	29,086	
Sub-total Administration Expenses	103,490	PUPA: 755
Utilities		
Electricity	59,184	
Water	82,200	
Gas	36,168	
Sewer	115,080	
Sub-total Utilities	292,632	PUPA: 2,136
Taxes and Licenses		
Real Estate Taxes	14,000	
Payroll Taxes	31,316	
Miscellaneous Taxes, Licenses and Permits	19,580	
Sub-total Taxes and Licenses	64,896	PUPA: 474
Insurance		
Property and Liability Insurance	179,477	
Fidelity Bond Insurance		
Worker's Compensation	28,184	
Director's & Officers' Liability Insurance		
Sub-total Insurance	207,661	PUPA: 1,516
Maintenance & Repair		
Payroll	152,880	
Supplies	18,000	
Contracts	85,500	
Garbage and Trash Removal	78,980	
Security Payroll/Contract	116,580	
HVAC Repairs and Maintenance	7,500	
Vehicle and Maintenance Equipment Operation and Repairs	5,500	
Miscellaneous Operating and Maintenance Expenses	1,820	
Sub-total Maintenance & Repair Expenses	466,760	PUPA: 3,407
Supportive Services	107,400	
Commercial Expenses	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%
TOTAL OPERATING EXPENSES	1,608,079	PUPA: 11,738

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	15,000	Ground lease with MOHCD Provide additional comments here, if needed.
Bond Monitoring Fee	31,893	
Replacement Reserve Deposit	61,650	
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
Required Reserve Deposits, Commercial	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	108,543	PUPA: 792
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	1,716,622	PUPA: 12,530
NET OPERATING INCOME (INCOME minus OP EXPENSES)	1,415,620	PUPA: 10,333
DEBT SERVICE/MUST PAY PAYMENTS (hard debt/amortized loans)		
Hard Debt - First Lender	1,226,814	Perm Loan Tranche A Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	0	Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%
TOTAL HARD DEBT SERVICE	1,226,814	PUPA: 8,955
CASH FLOW (NOI minus DEBT SERVICE)	188,806	
USES OF CASH FLOW BELOW (This row also shows DSCR.)	1.15	

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		
Partnership Management Fee (see policy for limits)	23,334	1st
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	11,500	2nd
Other Payments		
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt = Max Fee from cell I130)	79,179	Def. Develop. Fee split: 51% Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	114,013	PUPA: 832

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		
Residual Receipts Calculation		
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease? Yes
Will Project Defer Developer Fee?	Yes	
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	50%	Max Deferred Developer Fee Amt (Use for data entry above. Do not link.): 76,986
% of Residual Receipts available for distribution to soft debt lenders in	50%	

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. recs	\$24,501,450	99.39%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$150,000	0.61%
HCD (soft debt loan) - Lender 3			0.00%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
MOHCD Residual Receipts Amount Due	74,793	50% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	74,793	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
DEBT SERVICE	0	
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	0	
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	0	
REMAINDER (Should be zero unless there are distributions below)		
Owner Distributions/Incentive Management Fee	0	
Other Distributions/Uses	0	
Final Balance (should be zero)	0	

Attachment J: 20-year Operating Proforma

4840 Mission

Total # Units: 137

Table with columns for years 2024-2043 and rows for INCOME, OPERATING EXPENSES, DEBT SERVICE, CASH FLOW, RESIDUAL RECEIPTS, and DEFERRED DEVELOPER FEE. Includes sub-totals like EFFECTIVE GROSS INCOME and TOTAL OPERATING EXPENSES.

Attachment K: Developer Fee Calculation and Milestone

TOTAL DEVELOPER FEE BREAKDOWN			
RESIDENTIAL DEVELOPER FEE	Fee Percentage	Amount	Comments
Project Management Fee available during predevelopment and construction:	23%	\$1,100,000	
Project Management Fee available at risk (the "At Risk Fee"):	23%	\$1,100,000	
Additional Project Management Fee that is available at risk (the "At Risk Fee") to large projects over 100 units:	8%	\$370,000	\$10K per unit over 100 units allowed. If taking + \$1.1MM at risk fee for large projects, Sponsor to provide analysis that additional fee does not increase MOHCD loan.
General Partner Equity	0%		Minimum \$500K. +\$500k encouraged.
Deferred Developer Fee	47%	\$2,298,989	Deferred fee allowed when distribution changed to 50% and taking higher fee doesn't increase MOHCD's loan (see analysis below.)
TOTAL RESIDENTIAL DEVELOPER FEE	100%	\$4,868,989	
TOTAL COMMERCIAL DEVELOPER FEE		\$300,000	
TOTAL DEVELOPER FEE IN DEVELOPMENT BUDGET		\$5,168,989	

DISBURSEMENT MILESTONES FOR CASH-OUT DEVELOPER FEE			
Milestones for Disbursement for Residential Developer Fee payable for Project Management and At-Risk Fee	Fee Percentage	Amount Paid at Milestone	Comments
Project Management Fee: Acquisition/Predev	15%	\$165,000	Gray areas show the totals in the MOHCD Developer Fee Policy
Project Management Fee: Predev with no more than 35% of total Project Management Fee to be disbursed prior to construction closing (see breakdown below)	35%		Gray areas show the totals in the MOHCD Developer Fee Policy
Proj Mgt Fee portion 1 of 3: Predevelopment - Close of predevelopment financing	15%	\$165,000	This amount will be part of this predev request and in the Developer Fee Agreement.
Proj Mgt Fee portion 2 of 3: Predevelopment - Submission of HCD funding application	10%	\$110,000	This amount will be part of this predev request and in the Developer Fee Agreement.
Proj Mgt Fee portion 3 of 3: Predevelopment - Submission of joint CDLAC and TCAC application	10%	\$110,000	This amount will be part of this predev request and in the Developer Fee Agreement.
Project Management Fee: At Construction Closing	20%	\$220,000	These amounts are shown for possible disbursement of the overall project developer fee.
Project Management Fee: During Construction (disbursed upon request depending on % of construction completion) or Completion of Construction	20%	\$220,000	Same as above.
Project Management: 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.	10%	\$110,000	Same as above.
TOTAL PROJECT MANAGEMENT FEE	100%	\$1,100,000	
At Risk Fee: 95% Leased Up and Draft Cost Certification	20%	\$294,000	These amounts are shown for possible disbursement of the overall project.
At Risk Fee: Permanent Loan Closing/Conversion (Final Cost Certification)	50%	\$735,000	
At Risk Fee: Project Close Out (See Project Management Project Close-Out milestone activities)	30%	\$441,000	
TOTAL AT-RISK FEE	100%	\$1,470,000	

Milestones for Disbursement Payable for Commercial Developer Fee	Fee Percentage	Amount Paid at Milestone	Comments
At completion of condominium subdivision mapping	25%	\$75,000	
Executed LOI with commercial tenant	25%	\$75,000	
Executed lease with commercial tenant	25%	\$75,000	Conditional and will not be paid no earlier than TCO.
Occupancy by commercial tenant provider	25%	\$75,000	
TOTAL COMMERCIAL DEVELOPER FEE	100%	\$300,000	See MOHCD Commercial Underwriting Guidelines for Total Allowed Commercial Developer Fee: http://slmohcd.org/documents-reports-and-forms
TOTAL CASH-OUT DEVELOPER FEE		\$2,870,000	

ADDITIONAL DEVELOPER FEE ANALYSIS ON MOHCD/OCII GAP LOAN			
RESIDENTIAL DEVELOPER FEE		Amount	Comments
Additional Project Management Fee that is available at risk (the "At Risk Fee") to large projects over 100 units:		\$370,000	
General Partner Equity		\$0	
Deferred Developer Fee		\$2,298,989	
		\$2,668,989	SUBTOTAL OF RESIDENTIAL DEVELOPER FEE
Credit Rate		4.00%	
Pay-In		\$0.995	
QCT/DDA	Yes	130%	
Tax Credit Equity		\$138,093	
Tax Credit Delivery Years		10	
		\$1,380,935	ADDITIONAL EQUITY GENERATED
NET PRESENT VALUE OF CASH FLOW LOSS			
10 Year Surplus Cash (no developer fee)		\$1,885,058	
Developer fee Generated through Year 11		\$1,422,053	
Upon Full Payment of Deferred Developer Fee - Surplus Cash Flow Split	66%	\$1,244,138	
Deferred Developer Fee - Surplus Cash Flow Split	50%	\$942,529	
Loss of Residual Receipts to MOHCD		\$301,609	
		\$301,470	NET PRESENT VALUE OF CASH FLOW LOSS
Additional Equity generated after paying for additional developer fee and loss of cash flow		\$709,465	

DOES ADDITIONAL DEVELOPER FEE INCREASE THE MOHCD/OCII GAP LOAN? NO