

San Francisco Mayor's Office of Housing and Community Development  
Office of Community Investment and Infrastructure  
Controller's Office of Public Finance

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**MEMORANDUM**

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**DATE:** SEPTEMBER 18, 2020  
**TO:** CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE  
**FROM:** CINDY HEAVENS, SENIOR PROJECT MANAGER  
**RE:** **4840 MISSION – PRELIMINARY GAP REQUEST FOR CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE (CDLAC) APPLICATION FINANCING PURPOSES**

**THIS REQUEST**

ERAF:	\$ 31,854,447
<u>ERAF:</u>	<u>\$ 1,250,000 - AHP bridge loan</u>
Subtotal:	\$ 33,104,447

**EXISTING PREDEVELOPMENT LOANS**

2015 GO Bond Prop A:	\$ 3,000,000
<u>AHF - Inclusionary:</u>	<u>\$ 15,510,000</u>
Subtotal:	\$18,510,000

**TOTAL CDLAC COMMITMENT**

**LETTER REQUEST: \$51,614,447**

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**Summary of Request**

4840 Mission Housing Associates LP., a partnership formed by BRIDGE Housing Development (“BRIDGE” or the “Sponsor”), requests a preliminary gap commitment to support 4840 Mission’s applications to the California Debt Limit Allocation Committee (“CDLAC”) for tax-exempt bonds and Tax Credit Allocation Committee (“TCAC”) for tax credits, jointly due September 24, 2020 (with the City as the bond issuer) for a December 9, 2020 Allocation Meeting. Because the CDLAC/TCAC joint application is highly competitive, an enforceable commitment is required from the local jurisdiction to obtain maximum leveraging points. For this reason, the preliminary gap request to MOHCD is for a City contribution up to \$51,614,447, including a bridge loan of \$1,250,000 with anticipated repayment from the Federal Home Loan Bank-Affordable Housing Program (“FHLB AHP”), for the 137-unit affordable housing development at 4840 Mission (the “Project”).

BRIDGE most recently received Citywide Affordable Housing Loan Committee (“Loan Committee”) approval on September 9, 2019 for a second acquisition and predevelopment loan, the Evaluation of which is attached for your reference. This memo updates Loan Committee on the Project status and the proposed development budget with MOHCD gap contribution. If awarded bonds in December 2020, an updated proposed final budget will be presented to Loan Committee in Winter 2020, prior to start of construction (estimated to be Spring 2021) that will be based on final hard cost bid numbers. This loan evaluation contains the following updated information:

- An update on Project status, including the proposed development budget based on 100% design development drawings (“DD”);

- An update on unit mix and affordability assumptions and units supported with project-based vouchers (“PBV’s”).
- An update on previous conditions prior to additional funding requests.

Also, it should be noted that the development budget does not include any State of California Housing and Community Development (“HCD”) financing. Please see Section 4 and 5 for further analysis of the financing plan, including the number of PBVs designated for the Project and the affordability mix.

Staff recommends providing the Sponsor with a CDLAC Commitment Letter totaling \$51,614,447.

## **Update on Project Status**

### **1. BACKGROUND**

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 from 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 Committee, the Sponsor planned to do modular construction, which was a key factor in selecting the Sponsor because modular offered the potential for cost savings. However, the Project design changed to traditional construction due to community and decision maker input.

The Sponsor has made the following progress since the Project was last presented to the Committee:

- Repaid the San Francisco Housing Accelerator Fund (“HAF”) acquisition loan;
- Submitted a project-based voucher (“PBV’s”) application to San Francisco Housing Authority (“SFHA”) for 45 PBV’s, that has subsequently been reduced to 35 PBV’s;
- Submitted a CDLAC application in December 2019 to retain its Difficult to Development Area (“DDA”) designation in order to retain its tax credit enhancement (30% “basis boost”);
- Began National Environmental Policy Act (“NEPA”) assessment in December after the PBV’s were awarded to the Project;
- Held four community meetings with community members and Communities United for Health and Justice (“CUHJ”), a key community constituent;
- Selected Nibbi Brothers General Contractor as the general contractor for the Project;
- Completed pricing for 100% design development drawings (“DD”) and 50% construction design drawings (“CD”), and;
- Received Project site permit in June 2020.

In addition, prior to the September 9, 2019-Loan Committee Meeting, MOHCD completed a fiscal review of BRIDGE in May 2019, and there were no findings from that monitoring. In October 2019 and later in September 2020, MOHCD and OCII communicated to BRIDGE some concerns about performance related to staff turnover, managing to the project schedule, and construction cost containment.

Also in May 2019, the Department of Public Health (“DPH”) completed a self-assessment monitoring of Mission Neighborhood Health Center (“MNHC”). There were no findings from that monitoring. MNHC is the nonprofit partner who plans to own a 9,977 square foot (sf) community service commercial space in the Project. BRIDGE selected MNHC and BRIDGE included MNHC in their Request For Proposals (“RFP”) response that MOHCD used to evaluate Sponsor’s initial award and subsequent predevelopment loans.

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

### Existing Loans

The Predevelopment Loan for \$6MM, executed May 11, 2017, was fully disbursed in October 2019. On October 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. As of August 2020, \$2,447,510.30 remains available for disbursement on the amended Loan Amendment.

Fulfillment of Conditions Prior to Financing from Previous Loan Evaluations: Please See Section 6 - Staff Recommendations for conditions related to this request and those included in previous loan evaluations.

## **3. DEVELOPMENT PLAN**

### Site

Other than the National Environmental Policy Act (“NEPA”) assessment that is scheduled for completion by October 2020, and had a delayed delivery due to the coronavirus pandemic, there are no changes to site-related matters since the September 9, 2019 Loan Evaluation.

### Proposed Design

The Project proposes 58 one-bedroom units, 63 two-bedroom units, and 16 three-bedroom units. Other than small changes in square footages to the commercial spaces, the proposed design remains as described in September 9, 2019 Loan Evaluation.

### Construction Supervisor/Construction Specialist’s Evaluation

The following review is based on the 100% DD and accompanying 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.

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 in late Spring of 2021 and will take approximately 24 months to construct. The current total development cost of \$124,588,313 includes hard costs provided in the Design Development estimate provided by Nibbi Bros. Although Nibbi did not include any further price escalation in their estimate through to the start of construction, the developer is maintaining an escalation contingency of 1.9% to address uncertainty of current market conditions. The hard costs are currently \$631,295 per unit, which is about 8% higher than the MOHCD portfolio currently in development. This is higher than comparable, Type VB or IIIA (both wood framed) construction projects in the MOHCD portfolio, though the estimate of \$441 per sf is about 16% 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 3% bid contingency, 2% 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 DD set of drawings. The site permit was issued in June 2020 and the first permit addendum was submitted on July 1, 2020. Plan check comments are in various stages of review and the second addenda will be submitted in October 2020. There is a high likelihood of cost reductions as the Project goes out to bid later this year. The 2<sup>nd</sup> quarter construction cost index shows significant declines, and we have already seen large sub-contractor pricing reductions for other MOHCD-funded projects currently entering final guaranteed maximum price (“GMP”) contract negotiations. Whereas the last few years have experienced at least 4-5% annual escalation nationwide (typically higher in SF Bay Area), the current quarterly escalation rate has been cut to 0.4 % nationally.<sup>1</sup> MOHCD will require that BRIDGE reduce the hard cost budget to be equal to or lower than comparable projects in the MOHCD portfolio and currently in development.

As mentioned, Nibbi was selected as the general contractor for this Project. Potential value engineering opportunities that MOHCD asked to be examined at the predevelopment loan closing and the team’s responses are listed as following:

- Reducing unit sizes: *The unit sizes in the 50% DD drawings have been reduced to BRIDGE standard unit sizes in the 100%DD set. We’ve gone through a design and quality review process internally with BRIDGE staff. The current reduced size and unit configurations represent BRIDGE standards for clearances and unit layouts; these standards have been developed over BRIDGE’s 30-year history of developing best practices for long term operation of multifamily, affordable environments.*
- Examination of instances where exterior cladding products can be reduced or eliminated or substituted with stucco: *90% of the exterior cladding materials are now either stucco or cement board siding. They are additionally mostly single plane assembly. The interior courtyard is predominantly stucco.*

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<sup>1</sup> Engineering News Record: 2Q Cost Report Economics, Alisa Zevin; July 1, 2020. (<https://www.enr.com/articles/49652-2q-cost-report-construction-starts-drop-as-global-pandemic-continues>)

- Reduce or eliminate automobile parking: *The Project has a modest level of parking, given the high number of families that will reside at the property. The proposed 40-unit stall is a ratio of 0.29 spaces per unit. The proposed design features a partial garage built into the site's slope. This design helps to support the overall cost effectiveness of the foundation design, given its 8-foot slope downward from Mission to Alemany. In addition, in order for the Supervisor to support the development automobile parking was required. As the Supervisor advocated for the Project and in his remarks mentioned the Project's parking at a September 2019 Board of Supervisors' Budget and Financing meeting associated with the acquisition loan, it will be difficult to eliminate or reduce the parking.*
- Reduce the usage of storefront aluminum windows at the commercial spaces: *From a long-term operations perspective, the desired, recommended design is aluminum storefront. Overall, there is not a significant level of storefront being used in the project design. To cheapen the Project and design with hollow metal frames is undesirable, as they are frequently problematic during operations. This assembly is difficult to flash and waterproof with stucco siding. The storefront installation is primarily focused on Mission street and the design is very limited in its use of this material.*
- Examine the use of more uniform window sizes and suggest instances where windows can be eliminated and require that they be selected from the most cost-effective window series available: *The sizes have been made uniform where possible and most are standard size, nail-on, vinyl windows.*
- Eliminate bay windows at Mission Street elevation: *When researched it was uncovered that eliminating the bay windows would not result in cost savings to the Project. The proposed pattern of two sets of three bay windows divides the building into two masses along Mission Street reducing the perceived length of the façade.*
- Examine opportunities within the landscape design to save more e.g. smaller trees and plants: *As landscape design continues to be refined, BRIDGE will ensure that this goal is being met. For example, BRIDGE generally works to adjust the tree sizes to 24 gallons within the development and will work with the Bureau of Urban Forestry to get these approved for the street trees. Raised planters are generally only used for flow through stormwater and the team is assessing the most cost-efficient way to build them.*
- Delete exterior sunshades where called for: *These have been deleted except the three along the Mission Street elevation.*
- Ensure that fire stairs used in emergencies do not include finishes (flooring/painting/finished drywall): *BRIDGE and VMWP are working to design to the stairs in a cost-effective way with a center wall with a handrail detail, which is a cost-effective means of designing egress stairs.*
- Use PEX and/or CPVC for domestic water instead of copper: *Confirmed.*
- Downgrade windows to a more cost-effective window series: *Vinyl windows are called for and BRIDGE would like to maintain current window series due to durability balanced with cost efficiency.*

- Eliminate decorative steel and examine all places where concrete and steel are utilized in lieu of more cost-effective materials: *The gate at the pedestrian walkway is the only place where the decorative steel is maintained.*
- Examine the use of non-fly ash concrete where possible: *Still examining and looking at tradeoffs on curing times vs fly ash content.*
- Explore design efficiencies in mechanical, electrical and plumbing scope and seek design-build scope where possible: *BRIDGE and VMWP believe that the all-electric resistance heating is the most cost effective they can provide for this building. They have focused on making sure that the design stacks and makes use of shared plumbing walls as much as possible. Due to Article 38 requirements, fresh air provide by HVAC is required throughout which will include a Heat Recovery System (HRV). The design team has opted to use a gas/solar thermal domestic hot water heating system. The team has made the determination that it will be more cost effective to get multiple bids on the “well defined” design which they are terming as “design assist” as opposed to “design build.”*

#### 4. FINANCING PLAN

##### Updated Sources and Uses Summary

<b>Predevelopment Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD Original Loan	\$ 6,000,000	3 yrs. @ 3% Res Rec	Awarded
MOHCD 1 <sup>st</sup> Loan Amendment	\$12,510,000	3 yrs. @ 3% Res Rec	Awarded
<b>Total</b>	<b>\$18,510,000</b>		
<b>Permanent Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD (Predev & Gap)	\$50,364,447	55 yrs. @ 1% Res Rec	This Request
Permanent Bank Loan	\$26,609,316	40 yrs. @ 4.00%	Not Committed
Tax Credit Equity	\$38,395,750	\$0.95 per credit	Not Committed
Commercial Cold Shell Purchase by Mission Neighborhood Health Clinic	\$2,873,647		Not Committed
AHP Loan	\$1,250,000		Not Committed
GP Equity Contribution	\$3,832,577		Not Committed
Def Dev Fee	\$1,262,577		Not Committed
<b>Total</b>	<b>\$124,588,313</b>		

Uses	Amount	Per Unit	Per GSF
Acquisition Costs, including Holding Costs	\$14,169,802	\$103,429	\$72
Hard Costs	\$86,487,424	\$631,295	\$441
Soft Costs	\$15,965,933	\$116,540	\$81
Developer Fee	\$7,965,154	\$58,140	\$41
<b>Total</b>	<b>\$124,588,313</b>	<b>\$909,404</b>	<b>\$635</b>
Uses Excluding Acquisition and Holding Cost	Amount	Per Unit	Per GSF
Hard Costs	\$86,487,424	\$631,295	\$441
Soft Costs	\$15,965,933	\$116,540	\$81
Developer Fee	\$7,965,154	\$58,140	\$41
<b>Total</b>	<b>\$110,418,511</b>	<b>\$805,975</b>	<b>\$563</b>

Per unit total development cost (“TDC”) without acquisition is \$805,975.

Potential/Proposed Permanent Financing.

The Sponsors propose to use the following permanent sources for the Project:

**MOHCD** (\$50,364,447) – BRIDGE anticipates an additional gap commitment of \$33,104,447 including a \$1,250,000 bridge loan for a Federal Home Loan Bank’s Affordable Housing Program (“FHLB AHP”) loan. The Sponsor will apply to AHP in spring 2021; when any AHP award is made, the MOHCD loan will be repaid in the equivalent amount within 60 days. Excluding the AHP bridge loan, the total City loan comprised of the additional gap and predevelopment loans of \$50,364,447, or \$367,623 per unit, is \$184K higher than the costs for average projects of a similar size and type. The MOHCD loan also includes cold shell development costs for the 4,407-sf commercial space but does not include cold shell development costs for Mission Neighborhood Health Clinic’s (“MNHC”) 9,977-sf community-serving clinic space.

Please note that the permanent loan is underwritten at 1% interest. Prior to gap financing, 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. In addition, prior to closing, BRIDGE must provide a true-debt test to shown that the Project cannot support a 3% interest total gap loan that includes predevelopment financing.

**Private Mortgage** (\$26,609,316) – BRIDGE is assuming a 4.00% interest rate with 40-year term on the rents without rental subsidy and 20-year term on the 35 units with PBV’s. While MOHCD’s current developments requesting funding have a lower interest rate, MOHCD supports the 4% estimate for the CDLAC-TCAC application. However, at the final gap financing request the interest rate will be adjusted

to actual interest rate; any savings generated from reductions to the interest rate must be applied to reduce MOHCD's loan.

**4% Tax Credit Equity** (\$38,395,750) – BRIDGE is assuming equity pricing at \$0.95, which is a \$0.07 per credit reduction from the estimate in the September 9, 2019-Loan Evaluation and a \$0.19 per credit reduction than what was assumed in 2017. The reduction is consistent with the current market. In addition, the tax credit rate in the current economic environment has decreased from 3.69% to 3.13% and the total equity loss since the September 9, 2019-Loan Evaluation is \$4,120,837.

Sponsors will apply for 4% Tax Credits and tax-exempt bonds through a joint CDLAC-TCAC application due on September 24, 2020, under CDLAC's "New Construction" category with a bond allocation request of approximately \$65.3MM. The Sponsor currently forecasts the Project earning 125 points of the maximum 130 points for New Construction Projects. In the latest CDLAC staff recommendations for the September 16<sup>th</sup> CDLAC Allocation Meeting, funded new construction projects earned 120 to 130 points. Based off recent awards, the Project's chances to receive a CDLAC award in December are uncertain, though plausible. The Project Team and MOHCD staff will continue to monitor upcoming CDLAC awards more closely and strategize ways to advocate for the Project.

Because the CDLAC application is extremely competitive, after the submission of the CDLAC-TCAC application and before October 1, 2020, BRIDGE must provide an alternative financing plan and schedule in the event that the application is not awarded financing. Also, after review and acceptance by MOCHD, BRIDGE must schedule a meeting with the Supervisor and MOHCD staff to present the alternative plan. After the meeting with the Supervisor, BRIDGE must communicate the alternative plan to community stake holders.

**Construction Loan** (\$65,219,196): The construction loan will be paid off by the City loan, private mortgage and tax credit equity. The tax-exempt bond request of approximately \$65.3MM does not exceed the per-project cap (\$78.3MM) and will not require a taxable tail. This allows the project to meet the 50% test safely. The construction loan is for 32 months and has an estimated rate of 3.75%.

**MNHC Purchase** (\$2,873,843) – *Please note the CDLAC application will not include any commercial costs in it and the MOHCD CDLAC Commitment Letter does not include an anticipated MNHC purchase bridge loan. The MNHC bridge loan and financing will be evaluated with the final gap request and is not evaluated with this request.* MNHC desires to purchase the 9,977-sf commercial space. As mentioned above, the Sponsor has additionally requested that MOHCD provide a bridge loan for up to \$3MM for the cold-shell construction costs of the clinic, in order for MNHC to purchase the cold-shell improvements when the TCO is received for the residential building. BRIDGE anticipates MNHC will have \$3MM available at the completion of the residential building and will use either New Markets Tax Credits with fundraised money or a combination of debt and fundraised money to pay off the MOHCD clinic bridge loan. MNHC has hired a consultant to assist with fundraising and exploration of NMTCs.

**General Partner Equity Contribution** (\$3,382,577) – BRIDGE will take the maximum allowable developer fee under TCAC and the general partner will contribute to the Project consistent with MOHCD guidelines.

**Deferred Developer Fee** (\$1,262,577) – BRIDGE will take the maximum MOHCD allowable deferred developer fee.

**FHLB AHP** (\$1,250,000) – MOHCD will require that the Sponsor apply to the FHLB-San Francisco for AHP in an amount up to \$1,250,000, the maximum FHLB AHP award amount, and 60 days after



construction has started, in order to maximize competitiveness. If unsuccessful with an award, MOHCD will require Sponsors to apply for an award repeatedly while during construction and while project is eligible. *Any AHP funds awarded will reduce the MOHCD loan by an equal amount within 60 days of award.*

Uses Evaluation

<b>Development Budget</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Hard Cost per unit are within standards	N	\$631,295/unit Project is 8% higher than other similar projects in MOHCD portfolio excluding the HOPE SF developments.
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	Total Architectural & Design fees excluding additional services for two previous design schemes totaling \$270K is \$2,761,847.
Construction Management Fees are within standards	N	Construction Management Fee is sized at \$232,775, \$56,618 more than at the September 9, 2019 loan evaluation. The September 9, 2020-loan evaluation stated the construction management fee exceeds the standard.
Residential Developer Fee is within standards, see also disbursement chart below.	N (waiver requested)	Total Residential Developer Fee is \$7,665,154 Total Project Management Fee is \$1,100,000. Total At-Risk Dev Fee is \$1,470,000. GP Equity is \$3,382,577 Deferred Developer Fee: \$1,262,577
Commercial Developer Fee is within standards, see also disbursement chart below.	Y	Total Commercial Developer Fee is \$300,000.  MOHCD's loan will cover \$88,509. The MNHC cold shell purchase costs and permanent debt provide the remaining \$211,491 in commercial developer fee.
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 8.4%.  Sponsor recognizes the total development

		costs and soft costs exceed similar projects, excluding HOPE SF developments, in the MOHCD portfolio and have elected to keep the soft cost contingency low.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is a minimum of 3 months.
Capitalized Replacement Reserves are a minimum of \$1,000 per unit (Rehab only)	N/A	N/A, new construction.
Furnishings	N	The \$280,500 includes \$205,500, which meets the MOHCD guidelines, and \$75,000 for service office furnishings and operations equipment, which exceeds the MOHCD guidelines. Condition to mitigate is a carryover from September 9, 2020-loan evaluation.

The Project's development budget includes TCAC's maximum developer fee of 15% eligible basis, at a total of \$5,759,363. This amount exceeds MOHCD's Developer Fee Policy of a maximum total fee that may be included in basis-- lesser of \$4MM or 10% of eligible basis. MOHCD staff recommends Loan Committee waive this policy; an increase to the total developer fee will increase tax credit equity and lower MOHCD's gap loan by approximately \$1,403,214 (\$7,665,154 total residential developer fee - \$4MM maximum policy allows = \$3,665,154 x 3.10% tax rate x \$0.950 tax credit pricing x 130% QCT/DDA boost x 10 years). This waiver request does not result in an increase in cash-out developer fee paid to the Sponsors or a waiver of that part of the policy.

<b>Total Residential Developer Fee Breakdown</b>		
Amount of Developer Fee allocated as Project Management (PM) Fee available during predevelopment and construction:	\$1,100,000	
Amount of Developer Fee allocated as PM Fee available at risk (the "At-Risk Fee"):	\$1,100,000	
Additional Developer Fee is available to At Risk to projects over 100 units	\$370,000	
General Partner Equity	\$3,382,577	This amount exceeds MOHCD minimum general partner equity requirement of \$500K to be recontributed to the Project
Amount of Developer Fee allocated as Deferred Developer Fee:	\$1,262,577	This amount is equal to the deferred developer fee shown on the 20-year cash flow.
<b>Total Residential Developer Fee</b>	<b>\$7,965,154</b>	

<b>Residential Developer Fee Disbursement Schedule</b>		
<b>Payment Milestone</b>	<b>% of Project Mgmt Fee</b>	<b>Amount</b>
<b>Project Management Fee</b>		
PM Fee: At closing of initial pre-development financing	15%	\$165,000
Purchase of land with HAF. (Disbursed, May 2017)	14.59%	\$160,485
Close of MOHCD additional predevelopment loan and payoff of HAF Loan (Disbursed, October 2019)	0.41%	\$4,515
PM Fee: Predevelopment	35%	\$385,000
Close of additional predevelopment financing (Disbursed, October 2019)	10%	\$110,000
Receipt of project entitlements (Disbursed, October 2019)	12%	\$132,000
Execution of agreements related to interim use plan (Disbursed, October 2019)	5%	\$55,000
Receipt of project site permit (Disbursed, June 2020)	4%	\$44,000
Submission of joint CDLAC and TCAC application and submission of HCD funding application	4%	\$44,000
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
<b>Total Project Management Fee</b>	<b>100%</b>	<b>\$1,100,000</b>
At Risk: 95% Leased up and Draft Cost Certification	20%	\$220,000
At Risk: Permanent Loan Closing/Conversion (Final Cost Certification Audit)	50%	\$550,000
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%	\$330,000
<b>Total At Risk</b>	<b>100%</b>	<b>\$1,100,000</b>
<b>Total Project Management Fee</b>		<b>\$2,200,000</b>

<b>Total Commercial Developer Fee Breakdown</b>		
Commercial Uses: Lessor of \$100,000 or 15% of non-depreciable basis, so long as TCAC developer fee is not exceeded. This fee is only payable from non-MOHCD sources.	Sponsor elects to not take this fee, even though project has a 4,407-sf commercial space.	\$0
Public Benefit Use & Community Serving Use: Lessor of \$250,000 or 15% of non-depreciable basis, so long as TCAC developer fee is not exceeded. Half of Commercial Developer fee is payable from non-MOHCD Sources.	Sponsor elects this fee.	\$250,000
Public Benefit Use & Community Serving Use: \$50,000 allowable for completing a condominium or air rights	Sponsor will complete an air	\$50,000

parcel.	rights parcel and elects this fee.	
<b>Total Commercial Developer Fee</b>		<b>\$300,000</b>

<b>Commercial Developer Fee Disbursement Schedule</b>		
<b>Payment Milestone</b>	<b>% of Project Mgmt Fee</b>	<b>Amount</b>
Commercial Use – Paid from MOHCD Loan	13%	\$ 38,509
Public Benefit-Uses and Community Serving Uses – Paid from a source other than MOHCD	70%	\$211,491
Condo or Air Rights Subdivision – Paid from MOHCD Loan	17%	\$ 50,000
<b>Total Commercial Developer Fee</b>		<b>\$300,000</b>

## 5. PROJECT OPERATIONS

### Units and Income Restrictions

While staff has had many discussions with the Supervisor and Sponsor about the number of PBV’s in the development, the number of PBV supported units, 35, has not changed from the September 9, 2019-loan evaluation. However, the unit restriction for each type of unit has changed and the changes are reflected in the chart below. 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.

<b>UNIT SIZE</b>		<b>MAXIMUM INCOME LEVEL</b>	
<b>NON-LOTTERY</b>	<b>No. of Units</b>	<b>MOHCD</b>	<b>TCAC</b>
1 BD – PHR PBV	9	65% MOHCD AMI	60% TCAC AMI
2 BD – PHR PBV	11	40% 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
<b>PHR PBV Sub-Total</b>	<b>35</b>		
<b>LOTTERY</b>			
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
<b>30% MOHCD AMI Sub-Total</b>	<b>14</b>		
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
<b>40% MOHCD AMI Sub-Total</b>	<b>22</b>		
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
<b>50% MOHCD AMI Sub-Total</b>	<b>27</b>		
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
<b>50% TCAC AMI Sub-Total</b>	<b>5</b>		
1 BR	14	95% MOHCD AMI	70% TCAC AMI
2 BR	7	95% MOHCD AMI	70% TCAC AMI
3-BR	0	95% MOHCD AMI	70% TCAC AMI
<b>70% TCAC AMI Sub-Total</b>	<b>21</b>		
1 BR	0	109% MOHCD AMI	80% TCAC AMI
2 BR	7	109% MOHCD AMI	80% TCAC AMI
3-BR	4	109% MOHCD AMI	80% TCAC AMI
<b>80% TCAC AMI Sub-Total</b>	<b>11</b>		
<b>STAFF UNITS</b>			
2-BR	2	N/A	N/A
<b>TOTAL</b>	<b>137</b>		
<b>PROJECT AVERAGE</b>		<b>59.72%</b>	<b>57.70%</b>

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.

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.

Because MOHCD's DAHLIA system, used to lease up the lottery units, has the capability to enter units at MOHCD and TCAC AMIs, the Sponsor must submit the marketing and leasing chart to the MOHCD project manager working on this project 10 working days prior to the submission of the entire marketing plan submission to the MOHCD DAHLIA team for review and approval.

#### Operating Budget Evaluation

<b>Operating Proforma</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Debt Service Coverage Ratio (“DSCR”) is between minimum 1.10:1 in year 1 and maximum 1.00:1 in year 17	N	Year 1 DSCR is 1.15; Year 17 DSCR is 1.26. These DSCR levels suggest that the Sponsor could raise more private debt. Prior to final gap request Sponsors must have a project that meets MOHCD guidelines.
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 Operating Expenses are \$11,514 per unit per annum (“PUPA”), excluding reserves and ground lease payment.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$106,860 or \$65 per unit per month (“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"> <li>• 1.0 FTE Property Manager</li> <li>• 1.5 FTE Janitor</li> <li>• 1.0 FTE Maintenance Supervisor</li> <li>• 1.0 FTE Maintenance Technician</li> <li>• 1.0 FTE Resident Services Coordinator</li> </ul> Also, Sponsors will have a Courtesy Patrol for 8 hours a day / 7 days a week.
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee, which is a payment before debt, is \$0.00 and not requested at this time.  Annual PM Fee, which is a payment after debt and reserves, is \$25,875/yr.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$450 PUPA, which is also consistent with TCAC minimum standards.
Limited Partnership Asset		

Management (LP AM) Fee meets standards	N	As initially presented, the Annual LP AM fee was \$11,500 and increased by 3.5% annually. Staff did not accept this underwriting assumption and has changed the cashflow to \$5000 per year without annual increase, which meets MOHCD requirements. At a minimum 30-days prior to final gap request if Sponsors requests to change LP AMP underwriting assumption, the Sponsor must present an analysis showing that no additional financing is required by MOHCD for a proposal that does not meet MOHCD guidelines.
Project-Based Vouchers	Y	This development will have 35 units set-aside for households relocating from Potrero HOPE SF development.
Resident Services	Y	Resident Services is budgeted at \$107,400 and contains a Resident Coordinator, Organizer, and some supervisorial positions totaling 1.21 FTE. At 1 FTE for 100 units or 1.37 FTE for this project, the staffing for this project is consistent with MOHCD policy.

## 6. PREVIOUS CONDITIONS OF APPROVAL SATISFIED

Below is the status of the completed conditions prior to additional funding request or financing gap shown in the September 9 2019-Loan Evaluation.

By September 15,2019:

- Sponsor must provide commercial market study. The consultant’s report should review the 5,726-sf commercial space solely as income generating and state the particular type of business that could operate in the space. The consultant’s report should include recommended lease terms and provide comparable lease pricing for similar spaces in the area.  
**Status: Complete.** Sponsor completed the study by August 30, 2019. MOHCD reviewed the study and discussed with the Supervisor. Currently, the now 4,407-sf is unprogrammed, but BRIDGE is hopeful that a local food vendor may be interested in the space.

By December 2019:

- Sponsor must have selected general contractor.  
**Status: Complete.** BRIDGE selected Nibbi in December 2019.
- Sponsors must provide MOHCD with a financial analysis that results in a competitive MHP application for the next available round of funding. The financial analysis must include 40 PBV’s and 20 units for homeless families supported by LOSP. Sponsor’s financial analysis must accompany a design that is consistent with MHP requirements. Sponsor’s financial analysis must include an MHP self-score and tie-breaker analysis.  
**Status: Complete and no longer applicable.** Sponsor provided this analysis in June 2019 anticipating submission of an MHP Application in August 2019. After discussion with the Supervisor it was determined that the project would not apply for State financing in order to retain the 40% neighborhood preference on the lottery units. If the project was awarded any State financing, the City’s neighborhood preference setaside is reduced to 25%. The Sponsor applied

for and was awarded 45 PBV's in November 2019. The Sponsor and MOHCD hoped to leverage additional permanent debt with the PBVs and reduce MOHCD loans. In July 2020, as requested by the Supervisor, the number of PBVs was reduced back to 35.

- Sponsor must submit a project-based voucher application to SFHA.  
**Status: Complete.** BRIDGE submitted a PBV application in November 2019.

By January 3, 2020:

- For an MHP competitive application with LOSP units and prior to the request for a gap financing commitment for MHP, the Sponsors must submit a comprehensive draft services plan and services budget covering both LOSP and HOPE SF households.  
**Status: Complete.** In August 2019, it was determined that Sponsors would not apply for MHP for the Project. However, Sponsors have submitted a draft services plan related to services that will allow support to all residents including households voluntarily moving from Potrero Hill.
- Prior to HCD MHP gap loan commitment request, BRIDGE must provide an update to project's staffing plan.  
**Status: Complete and no longer applicable as written in the September 9, 2020 – Loan Evaluation since Sponsors did not apply for MHP.**
- Prior to any additional funding or loan commitment request, Sponsors must present the SB 35 design with proposed programming to the nonprofit organizations and key community stakeholders.  
**Status: Complete.** BRIDGE held community meetings in October and December of 2019 and another in February/March of 2020.

By March 1, 2020:

- For an MHP competitive application with 20 units for homeless families and prior to the request for a gap financing commitment for MHP, the Sponsor must re-evaluate and re-consider 1) whether 24-hour desk is truly needed at this location; and 2) the best allocation of the desk clerk cost between Local Operating Subsidy Program ("LOSP") subsidy and the non-LOSP operating budget.  
**Status: Complete.** In August 2019, it was determined that Sponsor would not apply for MHP for the Project. A front desk is not planned in the current design of the Project. However, the Sponsor has allocated operating cost to a courtesy patrol operating 8 hour a day and 7 days a week.
- Sponsor must apply for State of CA IIG funds at next available opportunities.  
**Status: Complete.** In September 2019, in order to retain the neighborhood preference at 40% it was determined that the Sponsor would not apply for any State of CA funding for the Project.

Prior to Gap Loan Request:

- BRIDGE to submit Request for Proposals (RFPs) for equity investors to MOHCD for review before it is finalized and released for investors.  
**Status: Completed.** BRIDGE submitted RFP in July 2020.

## 7. STAFF RECCOMENDATION

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

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

By 10/1/20:

- By October 1, 2020, 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.

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.
- Sponsor must submit an acceptable commercial development plan for the clinic, including schedule of release of commercial developer fee, to MOHCD.
- Sponsor must use MOHCD's current proforma template.
- Sponsor must submit lender and investor recommendation to MOHCD for approval.
- The Project must meet MOHCD underwriting guidelines related to the DSCR.
- 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.
- 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.
- BRIDGE must provide a true-debt test to show that the Project cannot support a 3% interest total gap loan that includes predevelopment financing.

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 furnishing budget with financial analysis and provide explanation for any furnishing cost exceeding MOHCD guidelines. At MOHCD's discretion, Sponsor may be required to remove excess furniture expenses from revised and updated budgets.  
**Status: Not completed.** BRIDGE will be required to complete this task prior to final gap request for the development.
- The Sponsor must provide documented explanation for the Construction Management costs.  
**Status: Not completed.** BRIDGE will be required to complete this task prior to final gap request for the development or any cost over MOHCD standard will be removed from the budget and cannot be financed with any project sources other than developer fee.
- 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.** BRIDGE and MNHC are working on a Letter of Intent that will include business terms that will be formalized in a Joint Development and Transfer Agreement. MNHC will be an owner and will purchase the cold-shell improvement when it is completed in 2023. MOHCD will have a ground lease with MNHC; the ground lease residual receipts payment is still in negotiation. BRIDGE, MNHC, and MOHCD meet bi-weekly to discuss financing and deal terms for the health clinic.
- 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.

- BRIDGE to implement cost containment strategies that reduces MOHCD subsidy to \$250K per unit and meets the goal of the total development costs excluding land to be less than \$750K per unit.  
**Status: In process and ongoing.** BRIDGE's preliminary gap loan request is \$250K per unit. However, the total loan is \$366,821 per unit including the acquisition loan. The total development cost excluding land is \$805,975. To achieve \$750K per unit, \$55,975 per unit, or \$7.67MM total, must be eliminated from the budget. BRIDGE to continue to evaluate and reduce all cost prior to final gap loan request.

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.** However, condition will continue on to the next loan evaluation or evaluation memo and will be included in the gap loan agreement for the Project.

### **LOAN COMMITTEE MODIFICATIONS**

Prior to submittal of CDLAC/TCAC commitment letter:

- BRIDGE must provide a written staffing plan for 4840 Mission.

Condition for all loans to BRIDGE until the requirements have been met:

- 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.

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

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**From:** Shaw, Eric (MYR)  
**Sent:** Friday, September 18, 2020 2:57 PM  
**To:** Chavez, Rosanna (MYR)  
**Subject:** 4840 Mission - Loan Committee

I approve as amended

Eric D. Shaw  
Director

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

## Chavez, Rosanna (MYR)

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**From:** Menjivar, Salvador (HOM)  
**Sent:** Wednesday, September 23, 2020 4:39 PM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR)  
**Subject:** Approval of loan to support gap commitment to support 4840 Mission

I approve the loan to support the gap commitment requested by Bridge Housing for 4840 Mission Housing Associates.

4840 Mission Housing Associates LP, a partnership formed by BRIDGE Housing, requests a preliminary gap commitment to support 4840 Mission's applications to the joint California Debt Limit Allocation Committee ("CDLAC") and Tax Credit Allocation Committee ("TCAC") for tax-exempt bonds and tax credits, due September 24, 2020. The preliminary gap request is for a City contribution of \$51,614,447 for this 137-unit affordable housing development for families.



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

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## Chavez, Rosanna (MYR)

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**From:** Oerth, Sally (CII)  
**Sent:** Friday, September 18, 2020 12:02 PM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR); Heavens, Cindy (MYR)  
**Subject:** 9/18/20 Loan Committee: 4840 Mission Preliminary Gap Request approval

On behalf of Nadia Sesay, I approve the 4840 Mission Preliminary Gap Request, as amended at the 9/18/20 Loan Committee.

Sally Oerth  
Deputy Director



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

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**From:** Van Degna, Anna (CON)  
**Sent:** Friday, September 18, 2020 12:02 PM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR)  
**Subject:** 4840 Mission

Approved as amended

### **Anna Van Degna**

Director, Controller's Office of Public Finance  
City & County of San Francisco  
1 Dr. Carlton B. Goodlett Place  
City Hall, Room 336  
San Francisco, CA 94102  
Phone: (415) 554-5956  
Email: [anna.vandegna@sfgov.org](mailto:anna.vandegna@sfgov.org)

**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.

\_\_\_\_\_  
Nadia Sesay, 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 – Updated Sources and Uses  
                         Attachment B – Updated 1<sup>st</sup> Year Operating Budget and 20-Year Cashflow  
                         Attachment C – Updated New Construction Cost Comparison Chart  
                         Attachment D – October 4, 2019 Predevelopment Loan Evaluation

**Attachment A: Updated Sources and Uses**

See attached.



Application Date: 5/13/20 # Units: 137  
 Project Name: 4840 Mission Street # Bedrooms: 232  
 Project Address: 4840 Mission Street # Beds:  
 Project Sponsor: BRIDGE HOUSING

SOURCES	Total Sources								Comments	
	35,516,603	14,847,843	38,395,750	26,609,316	2,873,647	3,832,577	1,250,000	1,262,577		124,588,313

USES	Name of Sources:	MOHCD/OOII	MOHCD Land	LIHTC Equity	Perm Debt	MNHC Purchase	GP Equity	FHLB AHP	Deferred fee
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ACQUISITION											
Acquisition cost or value			12,000,000							12,000,000	Property will transfer to MOHCD as a ground lease at close of construction, will not be part of construction-perm
Legal / Closing costs / Broker's Fee			20,000							20,000	
Holding Costs			2,149,802							2,149,802	Total includes SFHAF interest (\$1.1M), third party loan interest (\$90k), and security/maintenance (\$843K). Property taxes during holding period are shown under Other Development Costs
Transfer Tax			0							0	
<b>TOTAL ACQUISITION</b>			<b>14,169,802</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,169,802</b>	

CONSTRUCTION (HARD COSTS)											
Unit Construction/Rehab	23,292,145		33,627,046	2,282,207				1,250,000		60,451,398	Nibbi 100% DD Estimate
Commercial Shell Construction			484,024		1,984,005					2,468,029	
Demolition		548,947								548,947	
Environmental Remediation		129,094								792,365	
Onsite Improvements/Landscaping				0						0	
Offsite Improvements				0						0	
Infrastructure Improvements				1,448,864						1,448,864	GC held contingency
Parking				2,844,085						2,844,085	
GC Bond Premium/GC Insurance/GC Taxes	1,005,351									1,005,351	1.5%
GC Overhead & Profit				2,543,626						2,543,626	3.7%
CG General Conditions				4,894,954						4,894,954	7.1%
<i>Sub-total Construction Costs</i>	<i>24,297,496</i>	<i>678,041</i>	<i>34,111,070</i>	<i>14,013,736</i>	<i>1,984,005</i>	<i>0</i>	<i>1,250,000</i>	<i>0</i>	<i>0</i>	<i>76,334,348</i>	
Design Contingency (remove at DD)				1,409,033	45,533					1,454,567	Escalation Allowance
Bid Contingency (remove at bid)				2,225,596	64,434					2,290,030	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)				2,225,596	64,434					2,290,030	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Hard Cost Construction Contingency				4,027,080	91,369					4,118,449	5% new construction / 15% rehab
<i>Sub-total Construction Contingencies</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>9,887,306</i>	<i>265,771</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>10,153,076</i>	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>24,297,496</b>	<b>678,041</b>	<b>34,111,070</b>	<b>23,901,042</b>	<b>2,249,776</b>	<b>0</b>	<b>1,250,000</b>	<b>0</b>	<b>0</b>	<b>86,487,424</b>	

SOFT COSTS											
<b>Architecture &amp; Design</b>											
Architect design fees	1,129,304				32,996					1,162,300	
Design Subconsultants to the Architect (incl. Fees)	1,025,881				29,975					1,055,856	
Architect Construction Admin	399,518				11,673					411,191	
Reimbursables	72,871				2,129					75,000	
Additional Services	262,335				7,665					270,000	Townhouse Design (\$121,170), 175-unit (\$150,319)
<i>Sub-total Architect Contract</i>	<i>2,889,908</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>84,439</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,974,347</i>	
Other Third Party design consultants (not included under Architect contract)					1,632					57,500	Construction Testing, Acoustical and Waterproofing
<b>Total Architecture &amp; Design</b>	<b>2,945,776</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>86,071</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,031,847</b>	
<b>Engineering &amp; Environmental Studies</b>											
Survey	69,956				2,044					72,000	survey- 44k/air rights 28k
Geotechnical studies	116,593				3,407					120,000	
Phase I & II Reports	173,710				5,076					178,786	Phase 1/2- \$36,186, subsurface investigation \$70,500, SMP 16,775, VIMS design 17,325, Article 22-8k, dust control plan allowance 30k
CEQA / Environmental Review consultants	0				0					0	
NEPA / 106 Review	82,587				2,413					85,000	
CNA/PNA (rehab only)	0				0					0	
Other environmental consultants	213,026				6,224					219,250	deputy inspections allowance 150,000, VIMS inspections 43,250, post completion monitoring 26k
<b>Total Engineering &amp; Environmental Studies</b>	<b>655,872</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,164</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>675,036</b>	
<b>Financing Costs</b>											
<b>Construction Financing Costs</b>											
Construction Loan Origination Fee	511,997				14,960					526,957	
Construction Loan Interest	0		3,421,388		99,968					3,521,355	
Title & Recording	68,013				1,987					70,000	
CDLAC & CDIAC fees	24,769				724					25,493	
Bond Issuer Fees	416,065				12,157					428,221	
Other Bond Cost of Issuance	129,224				3,776					133,000	LC origination fee
Other Lender Costs (specify) COI contingency	24,290				710					25,000	COI contingency
<i>Sub-total Const. Financing Costs</i>	<i>1,174,359</i>	<i>0</i>	<i>3,421,388</i>	<i>0</i>	<i>134,281</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4,730,027</i>	
<b>Permanent Financing Costs</b>											
Permanent Loan Origination Fee										0	Fees and lender expenses
Credit Enhance. & Appl. Fee										0	
Title & Recording					20,000					20,000	Lender counsel and perm expenses
<i>Sub-total Perm. Financing Costs</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>20,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>20,000</i>	
<b>Total Financing Costs</b>	<b>1,174,359</b>	<b>0</b>	<b>3,421,388</b>	<b>20,000</b>	<b>134,281</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,750,027</b>	
<b>Legal Costs</b>											
Borrower Legal fees	243,284				6,996					250,280	
Land Use / CEQA Attorney fees	48,602				1,398					50,000	
Tax Credit Counsel	68,043				1,957					70,000	
Bond Counsel	86,512				2,488					89,000	
Construction Lender Counsel	58,323				1,677					60,000	
Permanent Lender Counsel	0			2,500						2,500	
Other Legal (specify)	0									0	
<b>Total Legal Costs</b>	<b>504,766</b>	<b>0</b>	<b>0</b>	<b>2,500</b>	<b>14,514</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>521,780</b>	
<b>Other Development Costs</b>											
Appraisal	12,000									12,000	
Market Study	33,000									33,000	includes retail markets study request by MOHCD
Insurance	1,122,016				32,784					1,154,800	br construction 100%; br soft costs 30%; general and umbrella liability
Property Taxes	681,624		283,792		28,208					993,624	Taxes During Constr & Predev Holding
Accounting / Audit	0			50,000						50,000	
Organizational Costs	7,287				213					7,500	
Entitlement / Permit Fees	1,500,167				43,833					1,544,000	Based on 1950 Mission
Marketing / Rent-up	0		299,000							299,000	
Furnishings	0		280,500							280,500	\$2,000/unit; See MOHCD U/W Guidelines on: <a href="http://stfmohcd.org/documents-reports-and-forms">http://stfmohcd.org/documents-reports-and-forms</a>
PGE / Utility Fees	291,483				8,517					300,000	utility connection fee
TCAC App / Alloc / Monitor Fees	93,124				2,721					95,845	
Financial Consultant fees	71,899				2,101					74,000	
Construction Management fees / Owner's Rep	220,000				12,775					232,775	217,225
Security during Construction	0				0					0	
Relocation	0				0					0	
Other: Community Outreach	0				0					0	
Other: Impact Fees	0				0					0	
Other: Technical Study/Support for Non-Resi Uses	0				0					0	
<b>Total Other Development Costs</b>	<b>4,032,601</b>	<b>0</b>	<b>863,292</b>	<b>50,000</b>	<b>131,150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,077,044</b>	
<b>Soft Cost Contingency</b>											
Contingency (Arch, Eng, Fin, Legal & Other Dev)	717,225			430,914	27,200					1,175,338	5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>10,030,598</b>	<b>0</b>	<b>4,284,680</b>	<b>503,414</b>	<b>412,380</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,231,071</b>	Total Soft Cost Contingency as % of Total Soft Costs 8.4%

RESERVES											
Operating Reserves	0			734,861						734,861	3 months of operating expenses including debt payments and reserves
Replacement Reserves	0									0	
Tenant Improvements Reserves	0									0	
Other (specify) SECTION 8 transition reserve	0			0						0	
Other (specify)	0									0	
Other (specify)	0									0	
<b>TOTAL RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>734,861</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>734,861</b>	

DEVELOPER COSTS											
Developer Fee - Cash-out Paid at Milestones	1,100,000									1,100,000	
Developer Fee - Cash-out At Risk				1,470,000						1,470,000	Total At-Risk (\$1.1M) + Add'l Fee (\$370,000)
Developer Fee - GP Equity (also show as source)	0						3,832,577			3,832,577	
Developer Fee - Deferred (also show as source)	0								1,262,577	1,262,577	Equals total Deferred Developer Fee on Cash Flow
Development Consultant Fees	0									0	
Other developer fee Commercial	88,509						211,491			300,000	MOHCD fee calcs
<b>TOTAL DEVELOPER COSTS</b>	<b>1,188,509</b>	<b>0</b>	<b>0</b>	<b>1,470,000</b>	<b>211,491</b>	<b>3,832,577</b>	<b>0</b>	<b>1,262,577</b>	<b>0</b>	<b>7,965,154</b>	

TOTAL DEVELOPMENT COST	35,516,603	14,847,843	38,395,750	26,609,316	2,873,647	3,832,577	1,250,000	1,262,577	124,588,313	124,588,313
Development Cost										

**Attachment B: Updated 1st Year Operating Budget and 20-Year Cashflow**

See attached.

Application Date: 5/13/2020 Project Name: 4840 Mission Street  
 Total # Units: 137 Project Address: 4840 Mission Street  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2023 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	0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	13,429	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	Links from 'Commercial Op. Budget' Worksheet
Withdrawal from Capitalized Reserve (deposit to operating account)		
<b>Gross Potential Income</b>	<b>3,297,097</b>	
Vacancy Loss - Residential - Tenant Rents	(127,721)	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	Links from 'Commercial Op. Budget' Worksheet
<b>EFFECTIVE GROSS INCOME</b>	<b>3,132,914</b>	<b>PUPA: 22,868</b>

OPERATING EXPENSES		
<b>Management</b>		
Management Fee	106,860	1st Year to be set according to HUD schedule.
Asset Management Fee		
<b>Sub-total Management Expenses</b>	<b>106,860</b>	<b>PUPA: 780</b>

<b>Salaries/Benefits</b>		
Office Salaries	90,000	
Manager's Salary	70,000	
Health Insurance and Other Benefits	150,000	
Other Salaries/Benefits		
Administrative Rent-Free Unit		
<b>Sub-total Salaries/Benefits</b>	<b>310,000</b>	<b>PUPA: 2,263</b>

<b>Administration</b>		
Advertising and Marketing	7,500	
Office Expenses	68,000	
Office Rent		
Legal Expense - Property	7,500	
Audit Expense	11,000	
Bookkeeping/Accounting Services	17,000	
Bad Debts	5,000	
Miscellaneous		
<b>Sub-total Administration Expenses</b>	<b>116,000</b>	<b>PUPA: 847</b>

<b>Utilities</b>		
Electricity	65,000	
Water	75,250	
Gas	37,500	
Sewer	110,500	
<b>Sub-total Utilities</b>	<b>288,250</b>	<b>PUPA: 2,104</b>

<b>Taxes and Licenses</b>		
Real Estate Taxes	18,000	
Payroll Taxes	30,000	
Miscellaneous Taxes, Licenses and Permits	2,500	
<b>Sub-total Taxes and Licenses</b>	<b>50,500</b>	<b>PUPA: 369</b>

<b>Insurance</b>		
Property and Liability Insurance	150,000	
Fidelity Bond Insurance		
Worker's Compensation	30,000	
Director's & Officers' Liability Insurance		
<b>Sub-total Insurance</b>	<b>180,000</b>	<b>PUPA: 1,314</b>

<b>Maintenance &amp; Repair</b>		
Payroll	166,000	
Supplies	22,500	
Contracts	78,000	includes exterminating, grounds, repairs, elevator, and other
Garbage and Trash Removal	59,500	
Security Payroll/Contract	72,472	
HVAC Repairs and Maintenance	3,500	
Vehicle and Maintenance Equipment Operation and Repairs	10,500	
Miscellaneous Operating and Maintenance Expenses	6,000	heating and cooling and decorating
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>418,472</b>	<b>PUPA: 3,055</b>

<b>Supportive Services</b>	107,400	
<b>Commercial Expenses</b>	0	Links from 'Commercial Op. Budget' Worksheet

**TOTAL OPERATING EXPENSES** 1,577,482 PUPA: 11,514

<b>Reserves/Ground Lease Base Rent/Bond Fees</b>		
Ground Lease Base Rent	15,000	Ground lease with MOHCD Provide additional comments here, if needed.
Bond Monitoring Fee		
Replacement Reserve Deposit	61,650	\$450 PUPA
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
Required Reserve Deposits, Commercial	0	Links from 'Commercial Op. Budget' Worksheet
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>76,650</b>	<b>PUPA: 559</b>

**TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)** 1,654,132 PUPA: 12,074

**NET OPERATING INCOME (INCOME minus OP EXPENSES)** 1,478,782 PUPA: 10,794

Min DSCR:	1.09
Mortgage Rate:	5.00%
Term (Years):	30
Supportable 1st Mortgage Pmt:	1,356,680
Supportable 1st Mortgage Amt:	\$21,060,384
Proposed 1st Mortgage Amt:	\$26,609,316

<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>		
Hard Debt - First Lender	1,285,313	Tax Exempt Loan 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	Links from 'Commercial Op. Budget' Worksheet
<b>TOTAL HARD DEBT SERVICE</b>	<b>1,285,313</b>	<b>PUPA: 9,382</b>

**CASH FLOW (NOI minus DEBT SERVICE)** 193,469

**USES OF CASH FLOW BELOW (This row also shows DSCR.)** 1.15

<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>		
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		
Partnership Management Fee (see policy for limits)	25,875	1st
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	2nd
Other Payments		
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	78,047	Def. Develop. Fee split: 48% Provide additional comments here, if needed.

**TOTAL PAYMENTS PRECEDING MOHCD** 108,922 PUPA: 795

**RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)** 84,547

**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.): **81,297**  
 % 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. rects	\$35,516,603	68.36%
MOHCD/OCII - Ground Lease Value	Ground Lease	\$16,440,000	31.64%
HCD (soft debt loan) - Lender 3			0.00%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

<b>MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>		
MOHCD Residual Receipts Amount Due	84,547	50% of residual receipts, multiplied by 100% - MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	84,547	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.

**REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE** 0

<b>NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>		
HCD Residual Receipts Amount Due	0	
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>0</b>	

**REMAINDER (Should be zero unless there are distributions below)** 0  
 Owner Distributions/Incentive Management Fee 0  
 Other Distributions/Uses 0  
**Final Balance (should be zero)** 0

4840 Mission Street

Total # Units: 137

TCAC Income Limits In Use!

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>INCOME</b>	<b>% annual increase</b>	<b>Comments (related to annual inc assumptions)</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
Residential - Tenant Rents	2.5%		2,554,416	2,618,276	2,683,733	2,750,827	2,819,597	2,890,087	2,962,339	3,036,398	3,112,308	3,190,116
Residential - Tenant Assistance Payments (Non-LOSP)	1.0%		729,252	736,545	743,910	751,349	758,862	766,451	774,116	781,857	789,676	797,573
Commercial Space	2.5%		-	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		-	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%		-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		13,429	13,765	14,109	14,462	14,823	15,194	15,574	15,963	16,362	16,771
Tenant Charges	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%		-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>			<b>3,297,097</b>	<b>3,368,586</b>	<b>3,441,752</b>	<b>3,516,637</b>	<b>3,593,282</b>	<b>3,671,732</b>	<b>3,752,029</b>	<b>3,834,218</b>	<b>3,918,346</b>	<b>4,004,460</b>
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(127,721)	(130,914)	(134,187)	(137,541)	(140,980)	(144,504)	(148,117)	(151,820)	(155,615)	(159,506)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(36,463)	(36,827)	(37,196)	(37,567)	(37,943)	(38,323)	(38,706)	(39,093)	(39,484)	(39,879)
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>			<b>3,132,914</b>	<b>3,200,845</b>	<b>3,270,370</b>	<b>3,341,528</b>	<b>3,414,359</b>	<b>3,488,905</b>	<b>3,565,206</b>	<b>3,643,305</b>	<b>3,723,247</b>	<b>3,805,075</b>
<b>OPERATING EXPENSES</b>												
<b>Management</b>												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	106,860	110,600	114,471	118,478	122,624	126,916	131,358	135,956	140,714	145,639
Asset Management Fee	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
<b>Sub-total Management Expenses</b>			<b>106,860</b>	<b>110,600</b>	<b>114,471</b>	<b>118,478</b>	<b>122,624</b>	<b>126,916</b>	<b>131,358</b>	<b>135,956</b>	<b>140,714</b>	<b>145,639</b>
<b>Salaries/Benefits</b>												
Office Salaries	3.5%		90,000	93,150	96,410	99,785	103,277	106,892	110,633	114,505	118,513	122,661
Manager's Salary	3.5%		70,000	72,450	74,986	77,610	80,327	83,138	86,048	89,060	92,177	95,403
Health Insurance and Other Benefits	3.5%		150,000	155,250	160,684	166,308	172,128	178,153	184,388	190,842	197,521	204,435
Other Salaries/Benefits	3.5%		-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>			<b>310,000</b>	<b>320,850</b>	<b>332,080</b>	<b>343,703</b>	<b>355,732</b>	<b>368,183</b>	<b>381,069</b>	<b>394,407</b>	<b>408,211</b>	<b>422,496</b>
<b>Administration</b>												
Advertising and Marketing	3.5%		7,500	7,763	8,034	8,315	8,606	8,908	9,219	9,542	9,876	10,222
Office Expenses	3.5%		68,000	70,380	72,843	75,393	78,032	80,763	83,589	86,515	89,543	92,677
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		7,500	7,763	8,034	8,315	8,606	8,908	9,219	9,542	9,876	10,222
Audit Expense	3.5%		11,000	11,385	11,783	12,196	12,623	13,065	13,522	13,995	14,485	14,992
Bookkeeping/Accounting Services	3.5%		17,000	17,595	18,211	18,848	19,508	20,191	20,897	21,629	22,386	23,169
Bad Debts	3.5%		5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814
Miscellaneous	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Administration Expenses</b>			<b>116,000</b>	<b>120,600</b>	<b>124,262</b>	<b>128,611</b>	<b>133,113</b>	<b>137,772</b>	<b>142,594</b>	<b>147,584</b>	<b>152,750</b>	<b>158,096</b>
<b>Utilities</b>												
Electricity	3.5%		65,000	67,275	69,630	72,067	74,589	77,200	79,902	82,698	85,593	88,588
Water	3.5%		75,250	77,884	80,610	83,431	86,351	89,373	92,501	95,739	99,090	102,558
Gas	3.5%		37,500	38,813	40,171	41,577	43,032	44,538	46,097	47,710	49,380	51,109
Sewer	3.5%		110,500	114,368	118,370	122,513	126,801	131,239	135,833	140,587	145,507	150,600
<b>Sub-total Utilities</b>			<b>288,250</b>	<b>298,339</b>	<b>308,781</b>	<b>319,588</b>	<b>330,774</b>	<b>342,351</b>	<b>354,333</b>	<b>366,734</b>	<b>379,570</b>	<b>392,855</b>
<b>Taxes and Licenses</b>												
Real Estate Taxes	3.5%		18,000	18,630	19,282	19,957	20,655	21,378	22,127	22,901	23,703	24,532
Payroll Taxes	3.5%		30,000	31,050	32,137	33,262	34,426	35,631	36,878	38,168	39,504	40,887
Miscellaneous Taxes, Licenses and Permits	3.5%		2,500	2,588	2,678	2,772	2,869	2,969	3,073	3,181	3,292	3,407
<b>Sub-total Taxes and Licenses</b>			<b>50,500</b>	<b>52,268</b>	<b>54,097</b>	<b>55,990</b>	<b>57,950</b>	<b>59,978</b>	<b>62,077</b>	<b>64,250</b>	<b>66,499</b>	<b>68,826</b>
<b>Insurance</b>												
Property and Liability Insurance	3.5%		150,000	155,250	160,684	166,308	172,128	178,153	184,388	190,842	197,521	204,435
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		30,000	31,050	32,137	33,262	34,426	35,631	36,878	38,168	39,504	40,887
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>			<b>180,000</b>	<b>186,300</b>	<b>192,821</b>	<b>199,569</b>	<b>206,554</b>	<b>213,784</b>	<b>221,266</b>	<b>229,010</b>	<b>237,026</b>	<b>245,322</b>
<b>Maintenance &amp; Repair</b>												
Payroll	3.5%		166,000	171,810	177,823	184,047	190,489	197,156	204,056	211,198	218,590	226,241
Supplies	3.5%		22,500	23,288	24,103	24,946	25,819	26,723	27,658	28,626	29,628	30,665
Contracts	3.5%		78,000	80,730	83,556	86,480	89,507	92,640	95,882	99,238	102,711	106,306
Garbage and Trash Removal	3.5%		59,500	61,583	63,738	65,969	68,278	70,667	73,141	75,701	78,350	81,092
Security Payroll/Contract	3.5%		72,472	75,009	77,634	80,351	83,163	86,074	89,087	92,205	95,432	98,772
HVAC Repairs and Maintenance	3.5%		3,500	3,623	3,749	3,881	4,016	4,157	4,302	4,453	4,609	4,770
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		10,500	10,868	11,248	11,642	12,049	12,471	12,907	13,359	13,826	14,310
Miscellaneous Operating and Maintenance Expenses	3.5%		6,000	6,210	6,427	6,652	6,885	7,126	7,376	7,634	7,901	8,177
<b>Sub-total Maintenance &amp; Repair Expenses</b>			<b>418,472</b>	<b>433,119</b>	<b>448,278</b>	<b>463,967</b>	<b>480,206</b>	<b>497,013</b>	<b>514,409</b>	<b>532,413</b>	<b>551,048</b>	<b>570,334</b>
<b>Supportive Services</b>	3.5%		107,400	111,159	115,050	119,076	123,244	127,558	132,022	136,643	141,425	146,375
<b>Commercial Expenses</b>			-	-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>			<b>1,577,482</b>	<b>1,632,694</b>	<b>1,689,838</b>	<b>1,748,982</b>	<b>1,810,197</b>	<b>1,873,554</b>	<b>1,939,128</b>	<b>2,006,998</b>	<b>2,077,243</b>	<b>2,149,946</b>
<b>PUPA (w/o Reserves/GL Base Rent/Bond Fees)</b>			<b>11,514</b>									
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>												
Ground Lease Base Rent			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bond Monitoring Fee			-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit			61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-	-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>			<b>76,650</b>	<b>76,650</b>	<b>76,650</b>	<b>76,650</b>	<b>76,650</b>	<b>76,650</b>	<b>76,650</b>	<b>76,650</b>	<b>76,650</b>	<b>76,650</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>			<b>1,654,132</b>	<b>1,709,344</b>	<b>1,766,488</b>	<b>1,825,632</b>	<b>1,886,847</b>	<b>1,950,204</b>	<b>2,015,778</b>	<b>2,083,648</b>	<b>2,153,893</b>	<b>2,226,596</b>
<b>PUPA (w/ Reserves/GL Base Rent/Bond Fees)</b>			<b>12,074</b>									
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>			<b>1,478,782</b>	<b>1,491,501</b>	<b>1,503,882</b>	<b>1,515,896</b>	<b>1,527,513</b>	<b>1,538,701</b>	<b>1,549,428</b>	<b>1,559,657</b>	<b>1,569,354</b>	<b>1,578,479</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>												
Hard Debt - First Lender			1,285,313	1,285,313	1,285,313	1,285,313	1,285,313	1,285,313	1,285,313	1,285,313	1,285,313	1,285,313
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>			<b>1,285,313</b>	<b>1,285,313</b>	<b>1,285,313</b>	<b>1,285,313</b>	<b>1,285,313</b>	<b>1,285,313</b>	<b>1,285,313</b>	<b>1,285,313</b>	<b>1,285,313</b>	<b>1,285,313</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>			<b>193,469</b>	<b>206,188</b>	<b>218,569</b>	<b>230,583</b>	<b>242,200</b>	<b>253,388</b>	<b>264,115</b>	<b>274,344</b>	<b>284,041</b>	<b>293,166</b>
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>												
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>			<b>DSCR:</b>	<b>1.15</b>	<b>1.16</b>	<b>1.17</b>	<b>1.18</b>	<b>1.19</b>	<b>1.2</b>	<b>1.21</b>	<b>1.21</b>	<b>1.22</b>



**Attachment C: Updated New Construction Cost Comparison Chart**

See attached.

## Affordable Multifamily Housing New Construction Cost Comparison

Updated 9/14/2020

PROJECTS COMPLETED						Building Square Footage			Total Project Costs							Comments
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost	Total Dev. Cost w/land	Local Subsidy <sup>5</sup>	Total Dev. Cost w/o land	Notes on Financing	Comments
Dr. George Davis Senior Comm.	1751 Carroll Ave	80,209	Jun-16	121	125	90,475	62,340	152,815	\$ 4,991,545	\$ 49,548,214	\$ 11,557,097	\$ 66,096,856	\$ 26,221,201	\$ 61,105,311		4 Type V over 2 Type IA. (bsmt pkg) & comml. Kitchen (significant non-res.)
95 Laguna Senior	95 Laguna	14,300	May-19	79	82	59,785	7,316	67,101	\$ 5,012,000	\$ 32,628,829	\$ 11,343,750	\$ 48,984,579	\$ 21,234,000	\$ 43,972,579	9% LIHTC	7 Story - 5 stories Type III over 2 stories Type IA + Community Services space (Open House)
Hunters View Phase II - Bl 7 & 11	227-229 West Point Rd	82,703	May-17	107	239	117,023	23,857	140,880	\$ -	\$ 59,124,266	\$ 9,272,003	\$ 68,396,269	\$ 19,737,243	\$ 68,396,269	2 HCD Loans	Mixed Townhome stepping downslope and Type III-V over Type I flats w/pkg
Hunters View Phase II - Block 10	146 West Point Road	52,333	Jun-18	72	144	90,274	13,328	103,602	\$ -	\$ 45,800,717	\$ 547,925	\$ 46,348,642	\$ 19,737,243	\$ 46,348,642	9% LIHTC	Type IIIA over Type I Podium 5 Stories + Parking, Community Hub and Childcare
Mission Bay Block 7 West	588 Mission Bay Blvd. N	43,560	Apr-17	200	328	204,965	5,035	210,000	\$ -	\$ 78,693,721	\$ 14,094,767	\$ 92,788,488	\$ 16,975,000	\$ 92,788,488		Type V over Type I Podium
Mission Family Housing	1036 Mission	15,200	Oct-18	88	134	92,462	6,955	99,417	\$ 5,551,029	\$ 41,106,503	\$ 6,583,453	\$ 53,240,985	\$ 17,704,400	\$ 47,689,956	2 HCD Loans	Type IB - 9 story
Mission Bay Bl 6 East	626 Mission Bay Blvd. No.	63,250	Nov-18	143	276	162,080	9,719	171,799	\$ 148,125	\$ 79,627,104	\$ 15,222,907	\$ 94,998,136	\$ 35,750,000	\$ 94,850,011	HCD AHSC Loan	Type IIIA & V over Type I podium, 41 pkg spaces, Mission Bay soils and infrastructure
Mission Bay S. Block 3E	1150 Third Street	47,140	Jan-20	119	192	83,138	41,062	124,200	\$ -	\$ 64,152,360	\$ 14,652,811	\$ 78,805,171	\$ 20,093,600	\$ 78,805,171	HCD VHPH Loan	Type V over Type I podium strong articulation / ext. skin added due to D4D reqmts.
Potrero Block X (Vertical)	25th and Connecticut	30,000	Sep-19	72	139	86,569	28,952	115,521	\$ 20,700	\$ 60,321,301	\$ 12,766,230	\$ 73,108,231	\$ 17,693,093	\$ 73,087,531		Type IIIA & V over Type I Podium (4-6 stories) stepped w/ topography. No infrast. Cost
Parcel O	455 Fell Street	37,428	Jun-19	108	165	82,117	31,128	113,245	\$ -	\$ 57,176,020	\$ 9,994,087	\$ 66,648,743	\$ 17,309,250	\$ 66,648,743	HCD AHSC Loan	Type V over Type I from approved eval dated 05/05/17
Sunnydale Parcel Q	1477-1497 Sunnydale Ave	21,757	Jun-20	55	102	75,101	-	75,101	\$ -	\$ 35,001,816	\$ 10,072,197	\$ 45,074,013	\$ 9,652,147	\$ 45,074,013	9% LIHTC	Type IV - 5 Stories over grade podium parking
<b>Completed Projects:</b>	<b>Average:</b>	<b>44,353</b>		<b>106</b>	<b>175</b>	<b>103,999</b>	<b>20,881</b>	<b>124,880</b>	<b>\$ 1,429,400</b>	<b>\$ 54,834,623</b>	<b>\$ 10,555,202</b>	<b>\$ 66,771,828</b>	<b>\$ 20,191,562</b>	<b>\$ 65,342,429</b>		

PROJECTS UNDER CONSTRUCTION						Building Square Footage			Total Project Costs							Comments
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost	Total Dev. Cost w/land	Local Subsidy <sup>5</sup>	Total Dev. Cost w/o land	Notes on Financing	Comments
735 Davis Senior Housing	735 Davis	10,165	Nov-20	53	54	46,143	1,257	47,400	\$ -	\$ 29,049,657	\$ 11,846,397	\$ 40,896,054	\$ 18,525,949	\$ 40,896,054		Type IIIA & V over Type I Podium (5-6 stories) - Senior
88 Broadway - Family Housing	88 Broadway	38,182	Mar-21	125	221	140,279	8,700	149,979	\$ 14,900,000	\$ 69,461,936	\$ 27,758,226	\$ 112,120,162	\$ 27,908,676	\$ 97,220,162		Type IIIA & V over Type I Podium (5-6 stories) - family
691 China Basin (MB South 6W)	691 China Basin St	49,437	Mar-21	152	294	178,050	7,098	185,148	\$ -	\$ 93,617,452	\$ 27,507,082	\$ 121,124,534	\$ 47,361,690	\$ 121,124,534	HCD IIG Grant	Type III podium and Type V/podium on mews wing, incl. 28 parking spaces, 4,640 sf child care sp
1064 Mission Street	1064 Mission Street	50,844	Dec-21	258	258	152,519	5,391	157,910	\$ 1	\$ 106,427,164	\$ 37,557,505	\$ 143,984,670	\$ 46,638,404	\$ 143,984,669		bond 4% credits Type IIIA over Type I podium - factory built
Mission Bay S. Block 9	410 China Basin Street	47,437		141	141	99,160	-	99,160	\$ -	\$ 58,631,775	\$ 15,598,625	\$ 74,230,400	\$ 23,076,000	\$ 74,230,400	HCD Loan	Type IIIA factory built
Casa de la Mision	3001 24th Street	6,715	Apr-21	45	45	26,439	1,239	27,678	\$ 3,225,000	\$ 17,049,794	\$ 425,847	\$ 20,700,641	\$ 1,313,694	\$ 21,988,460	9% LIHTC & pr	Type V over Type I podium
Sunnydale Block 6	242 Hahn Street	95,213	Jun-21	167	375	167,065	76,656	243,721	\$ -	\$ 102,447,000	\$ 28,898,989	\$ 131,345,989	\$ 28,109,924	\$ 131,345,989		Type V over Podium (does not include infrastructure assignment)
<b>Under Construction:</b>	<b>Average:</b>	<b>42,570</b>		<b>134</b>	<b>198</b>	<b>115,665</b>	<b>14,334</b>	<b>129,999</b>	<b>\$ 2,589,286</b>	<b>\$ 68,097,825</b>	<b>\$ 21,370,382</b>	<b>\$ 92,057,493</b>	<b>\$ 27,562,048</b>	<b>\$ 90,112,895</b>		

PROJECTS IN PREDEVELOPMENT						Building Square Footage			Total Project Costs							Comments
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost	Total Dev. Cost w/land	Local Subsidy <sup>5</sup>	Total Dev. Cost w/o land	Notes on Financing	Comments
TI Parcel C3.1	Treasure Island C3.1	49,497	Jul-21	138	321	140,803	52,000	192,803	\$ 25,000	\$ 92,760,367	\$ 16,358,010	\$ 109,143,377	\$ 2,000,000	\$ 109,118,377	HCD AHSC Loan	Type IIIA and VB over Type I in 3 to 7 stories stepped + 26 pkg and Youth Activity spaces
Francis Scott Key Ed Housing	1351 42nd	60,000	Mar-21	135	203	157,635	11,322	168,957	\$ -	\$ 80,612,592	\$ 28,410,892	\$ 109,023,484	\$ 25,469,902	\$ 109,023,484	9% LIHTC	Type 3A 4 stories on grade courtyard + IA pkg and Community space + POPO 9% LIHTC proposer
Sunnydale Block 3B	TBD	73,000	Feb-22	168	327	187,000	30,000	217,000	\$ 40,002	\$ 136,444,929	\$ 30,647,593	\$ 167,132,524	\$ 33,542,584	\$ 167,092,522	4% Credits; HCD	Type IIIA 5 story, 30k sq ft of commercial; includes infrastructure costs
Potrero Block B	25th and Connecticut	74,311	Mar-21	162	343	214,503	10,384	224,887	\$ -	\$ 126,588,392	\$ 24,990,228	\$ 151,578,620	\$ 15,688,292	\$ 151,578,620	4% Credits; HCD	Type IIIA over Type IA 5-6 stories stepped, 65 pkg + childcare and pocket park, includes \$16M in i
Hunters View Ph 3 Block 14 & 17	855 & 853 Hunters View Dr	39,355	Dec-20	118	286	172,645	3,881	176,526	\$ -	\$ 109,351,544	\$ 31,499,937	\$ 140,851,481	\$ 37,735,027	\$ 140,851,481	4% Credits; HCD	Type III-A over Type I 5-6 stories with Commercial (Community serving) spaces & 56 Parking spac
53 Colton (Plumbers Union DA)	53 Colton	7,780	Oct-20	96	96	47,969	-	47,969	\$ 171,897	\$ 34,895,639	\$ 16,721,274	\$ 51,788,610	\$ 2,750,000	\$ 51,616,910	Credits; HCD	Type IIIA over Type I podium and basement, 6 stories, constrained site, efficiency studios
<b>In Predevelopment</b>	<b>Average:</b>	<b>50,657</b>		<b>136</b>	<b>263</b>	<b>153,426</b>	<b>17,931</b>	<b>171,357</b>	<b>\$ 39,450</b>	<b>\$ 96,775,577</b>	<b>\$ 24,771,322</b>	<b>\$ 121,586,349</b>	<b>\$ 19,530,968</b>	<b>\$ 121,546,900</b>		

<b>ALL PROJECTS</b>	<b>Average:</b>	<b>45,860</b>		<b>125</b>	<b>212</b>	<b>124,363</b>	<b>17,716</b>	<b>142,079</b>	<b>\$ 1,352,712</b>	<b>\$ 73,236,008</b>	<b>\$ 18,898,969</b>	<b>\$ 93,471,890</b>	<b>\$ 22,428,192</b>	<b>\$ 92,334,075</b>		
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<b>SUBJECT PROJECT</b>	<b>4840 Mission</b>	<b>64,033</b>	<b>3/1/2021</b>	<b>137</b>	<b>232</b>	<b>181,711</b>	<b>14,384</b>	<b>196,095</b>	<b>\$ 14,169,802</b>	<b>\$ 86,487,424</b>	<b>\$ 23,931,087</b>	<b>\$ 124,588,313</b>	<b>\$ 50,364,447</b>	<b>\$ 110,418,510</b>	<b>4% Credits</b>	<b>Type V over Type I Podium + 39 spaces pkg + Health Clinic + POPO (5/20 100% DD est)</b>
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PROJECTS COMPLETED		Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft <sup>6</sup>	Soft/unit	Soft/BR	Soft/sq.ft <sup>6</sup>	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft <sup>6</sup>	Subsidy / unit	Leveraging <sup>7</sup>
Dr. George Davis Senior Comm.	Jun-16	41,252	39,932	62	\$ 409,489	\$ 396,386	\$ 324	\$ 95,513	\$ 92,457	\$ 76	\$ 546,255	\$ 528,775	\$ 433	\$ 216,704	60.3%
95 Laguna Senior	May-19	63,443	61,122	350	\$ 413,023	\$ 397,913	\$ 486	\$ 143,592	\$ 138,338	\$ 169	\$ 620,058	\$ 597,373	\$ 730	\$ 268,785	56.7%
Hunters View Phase II - Bl 7 & 11	May-17	-	-	-	\$ 552,563	\$ 247,382	\$ 420	\$ 86,654	\$ 38,795	\$ 66	\$ 639,217	\$ 286,177	\$ 485	\$ 184,460	71.1%
Hunters View Phase II - Block 10	Jun-18	-	-	-	\$ 636,121	\$ 318,061	\$ 442	\$ 7,610	\$ 3,805	\$ 5	\$ 643,731	\$ 321,866	\$ 447	\$ 274,128	57.4%
Mission Bay Block 7 West	Apr-17	-	-	-	\$ 393,469	\$ 239,920	\$ 375	\$ 70,474	\$ 42,972	\$ 67	\$ 463,942	\$ 282,892	\$ 442	\$ 84,875	81.7%
Mission Family Housing	Oct-18	63,080	41,426	365	\$ 467,119	\$ 306,765	\$ 413	\$ 74,812	\$ 49,130	\$ 66	\$ 605,011	\$ 397,321	\$ 536	\$ 201,186	66.7%
Mission Bay S6E	Nov-18	1,036	537	2	\$ 556,833	\$ 288,504	\$ 463	\$ 106,454	\$ 55,155	\$ 89	\$ 664,323	\$ 344,196	\$ 553	\$ 250,000	62.4%
Mission Bay S. Block 3 East	Jan-20	-	-	-	\$ 539,095	\$ 334,127	\$ 517	\$ 123,133	\$ 76,317	\$ 118	\$ 662,228	\$ 410,444	\$ 635	\$ 168,854	74.5%
Potrero Block X (Vertical)	Sep-19	288	149	1	\$ 837,796	\$ 433,966	\$ 522	\$ 177,309	\$ 91,843	\$ 111	\$ 1,015,392	\$ 525,958	\$ 633	\$ 245,737	75.8%
Parcel O	Jun-19	-	-	-	\$ 529,408	\$ 346,521	\$ 505	\$ 529,408	\$ 346,521	\$ 505	\$ 617,118	\$ 403,932	\$ 589	\$ 160,271	74.0%
Sunnydale Parcel Q	Jun-20	-	-	-	\$ 636,397	\$ 343,155	\$ 466	\$ 183,131	\$ 98,747	\$ 129	\$ 819,528	\$ 441,902	\$ 600	\$ 175,494	78.6%
<b>Completed Projects:</b>	<b>Average:</b>	<b>33,820</b>	<b>28,633</b>	<b>156</b>	<b>\$ 542,847</b>	<b>\$ 332,064</b>	<b>\$ 449</b>	<b>\$ 105,565</b>	<b>\$ 68,012</b>	<b>\$ 101</b>	<b>\$ 663,346</b>	<b>\$ 412,803</b>	<b>\$ 553</b>	<b>\$ 202,772</b>	<b>69%</b>

PROJECTS UNDER CONSTRUCTION		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft <sup>6</sup>	Soft/unit	Soft/BR	Soft/sq.ft <sup>6</sup>	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft <sup>6</sup>	Subsidy / unit	Leveraging <sup>7</sup>
735 Davis Senior Housing	Nov-20	-	-	-	\$ 548,107	\$ 537,957	\$ 613	\$ 223,517	\$ 219,378	\$ 250	\$ 771,624	\$ 757,334	\$ 863	\$ 349,546	54.7%
88 Broadway - Family Housing	Mar-21	119,200	67,421	390	\$ 555,695	\$ 314,307	\$ 466	\$ 222,066	\$ 125,603	\$ 186	\$ 896,961	\$ 507,331	\$ 753	\$ 223,269	75.1%
691 China Basin (MB South 6W)	Mar-21	-	-	-	\$ 615,904	\$ 318,427	\$ 506	\$ 180,968	\$ 93,562	\$ 149	\$ 796,872	\$ 411,988	\$ 654	\$ 311,590	60.9%
1064 Mission Street	Dec-21	0	0	0	\$ 412,508	\$ 412,508	\$ 674	\$ 145,572	\$ 145,572	\$ 238	\$ 558,080	\$ 558,080	\$ 912	\$ 180,769	67.6%
Mission Bay S. Block 9	Jan-00	-	-	-	\$ 415,828	\$ 415,828	\$ 591	\$ 110,629	\$ 110,629	\$ 157	\$ 526,457	\$ 526,457	\$ 749	\$ 163,660	68.9%
Casa de la Mision	Apr-21	71,667	71,667	480	\$ 378,884	\$ 378,884	\$ 616	\$ 9,463	\$ 9,463	\$ 15	\$ 460,014	\$ 460,014	\$ 748	\$ 29,193	93.7%
Sunnydale Block 6	Feb-22	238	122	1	\$ 812,172	\$ 417,263	\$ 629	\$ 182,426	\$ 93,72						

**Attachment D: October 4, 2019 Predevelopment 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

4840 Mission Street

\$12,510,000 Funding Amount

Acquisition and Predevelopment Loan II

Evaluation of Request for:	Acquisition and Predevelopment Loan II
Loan Committee Date:	September 6, 2019
Prepared By:	Cindy Heavens
Total Acquisition, Predev II, and Building Source of Funds Recommended:	Total: \$12,510,000 AHF Inclusionary: \$ 12,510,000
NOFA/PROGRAM/RFP:	Prop A NOFA 2016
Total Previous City Funds Committed:	\$6,000,000 2015 GO Bonds: \$3,000,000 AFH Inclusionary: \$3,000,000
Applicant/Sponsor Name:	4840 Mission Housing Associates LP (BRIDGE Housing Corporation ("BRIDGE"))

**EXECUTIVE SUMMARY**

**Sponsor Information:**

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

**Project Summary:**

4840 Mission is a proposed 137-unit housing development for families located in the Outer Mission/Excelsior neighborhood. The 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 proposed site design without the market rate townhouses and Safeway in this request is a 137-unit affordable housing development serving a broad mix of incomes and includes a pedestrian walkway from Mission Street to Alemany Boulevard, as requested by the greater Outer Mission neighborhood. The project includes one to three-bedroom units for extremely-, very-, low-, and moderate income households, with 25% (35 units) set-aside for families relocating 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, and commercial space. 4840 Mission is consistent the City's Consolidated Plan and Master Plan Housing Element. Located on a 1.47-acre site in the Outer Mission neighborhood, a BRIDGE affiliate, 4840 Mission Housing Associates, LP, a California limited partnership, acquired the Valente Marini Perata mortuary site in June 2017 with San Francisco Housing Accelerator Fund ("SFHAF") and City financing. This loan will be used to pay off the SFHAF loan and predevelopment interest and provide predevelopment financing.

**Project Description:**

Loan amount requested:	\$ 12,510,000	Requested loan amount per unit:	\$91,314
Total City loan amount to date	\$ 18,510,000	Total City subsidy/unit to date	\$135,109
Total development cost without land:	\$118,467,986	Total development cost/unit without land:	\$ 864,730
Total acquisition cost:	\$ 14,189,452	Acquisition cost/unit	\$ 103,573
Total development cost with land	\$132,657,438	Total development cost/unit with land	\$ 968,302
Construction type:	Type V over podium	Project type:	New Construction
Number of stories:	5	Lot size (acres and sf):	1.47 acres (64,033 sf)
Number of units:	137	Architect:	Van Meter Williams Pollack
Total residential area:	162,914 sf	General Contractor:	TBD
Total commercial area:	15,726 sf	Property Manager:	BRIDGE Property Management Company (BPMC)
Total parking area:	17,455 sf	Parking?	Yes, 39 spaces (1:3.5 ratio)
Total building area:	196,095 sf		
Land Owner:	4840 Mission Housing Associates, LP	Supervisor and District:	Supervisor Ahsha Safai, D-11
Home Funds?	No		

## **PRINCIPAL DEVELOPMENT ISSUES**

- This request is to facilitate repayment of the \$9 million predevelopment loan with the San Francisco Housing Accelerator Fund as well as \$3.6 million for predevelopment costs. The total predevelopment costs of \$6.5MM are higher than most, reflecting the long predevelopment period and interest carry payments of approximately \$45K per month for the acquisition financing.
- High Costs Overall. The total development costs including land purchase price, acquisition interest, and carry costs is over \$1MM per unit. While the total acquisition cost is slightly below the average per unit total acquisition cost, the cost per unit for vertical development, \$605,616, is higher than typical for a project of this size and construction type. The sponsor is directed to look for opportunities for value engineering as well as reducing the City contribution. See section 4.3 as well as condition of approval.
- Reducing City Contribution. The city loan and tax credit equity are the sole funding sources in this request. Without contributions from others, the estimated gap loan to deliver the proposed project is \$52.6MM or \$383,860 per unit, excluding the commercial shell value. In order to reduce the City contribution required to achieve a financially feasible project, the Sponsor is directed to seek additional funding from the State of California Department of Housing and Community Development (“HCD”) programming Multifamily Housing Program (“MHP”) and the Federal Home Loan Bank Affordable Housing Program (“AHP”), and to consider an application for HCD’s Infill Infrastructure Grant (“IIG”) funds. Also, regardless of whether the Sponsor is successful with an HCD program, MOHCD will require the Sponsor to reduce the MOHCD subsidy to \$250,000 per unit and meet the goal of the total development costs excluding land to less than \$750,000 per unit. In addition, the Sponsor should consider New Market Tax Credits as a funding source for the entire commercial shell or for the 10,000 GSF portion. The Sponsor is updating the design and programming to match MHP guidelines and will submit an additional loan request for gap financing commitment for an MHP application due in March 2020. Please see section 6.5.1 and loan conditions.
- Tenant improvement plan for MNHC. The current proposal assumes that MNHC will purchase the 10,000 GSF ground floor space. If MNHC is unable to provide \$3MM in cash or from a loan source at the residential closing, MNHC will be required to enter into a long-term lease with BRIDGE with the terms to-be-negotiated. If that is the case, the MOHCD proposed permanent loan will increase by the \$3MM to cover the cost to construct the cold shell, and the total MOHCD loan will be approximately \$56.6MM. See section 4.4.
- Staff Capacity. Post-entitlement, it is anticipated that the project management of 4840 Mission will transition to a new staff person (to be identified) at BRIDGE. BRIDGE needs to take care to make sure information is transferred to new staff and also that an application for MHP funding is fully supported internally and by consultants. See section 1.1.

**SOURCES AND USES SUMMARY**

<b>Predevelopment Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD Predev I	\$ 6,000,000	3 yrs @ 3% Res Rec	Committed.
MOHCD Predev II	\$12,510,000	3 yrs @ 3% Res Rec	This request
Total	\$18,510,000		

<b>Predevelopment Uses</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per SF</b>
Acquisition	\$12,000,000	\$87,591	\$61.19
Predev financing, predev interest, carrying costs	\$2,043,731	\$14,918	\$10.42
Architecture & Civil Engineering	\$2,027,328	\$14,789	\$10.34
Soft Costs	\$1,888,941	\$13,788	\$9.63
Developer Fee	\$550,000	\$4,015	\$2.80
Total Predevelopment Loan	\$18,510,000	\$135,109	\$94.39

<b>Permanent Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
Permanent Mortgage	\$22,766,476	35 yr term, 35-year amort @5.00%	Not Committed
MOHCD Gap Loan	\$52,588,800	55 yrs @ 3% Res Rec	Not Committed
MNHC (Commercial Mortgage/Cash)	\$3,000,000	TBD	Not Committed
Tax Credit Equity	\$42,516,587	\$1.02 tax credit pricing	Not Committed
GP Equity	\$9,813,387	n/a	Not Committed
Deferred Developer Fee	\$1,972,188	n/a	Not Committed
Total	\$132,657,438		

<b>Permanent Uses</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per SF</b>
Acquisition incld. Purchase Price, predev financing, predev interest, carrying costs, closing costs	\$14,189,452	\$103,573	\$72.36 (building)
Hard Costs	\$93,009,415	\$605,908	\$423.31
Soft Costs	\$20,863,053	\$151,993.09	\$106.19
Residential & Commercial Developer Fee	\$14,635,518	\$106,829	\$74.63
Total	\$132,617,438	\$968,302	\$676.50

**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 project has also been subject to significant design changes since the original selection.

The Sponsor has 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 in the current request. This loan will be used to pay off the SFHAF acquisition loan and acquisition interest and provide additional predevelopment financing.

#### 1.1.1. Site Acquisition

In June 2017, the BRIDGE affiliate, 4840 Mission Housing Associates LP, acquired the site with a loan 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 cost that will be applied to the total acquisition costs. From June 2017, the Sponsor’s initial acquisition, to October 15, the proposed San Francisco Housing Accelerator Fund (“SFHAF”) loan pay off date, the project will have \$1,229,857 in

acquisition interest. The estimated carrying cost of security, fencing, and lighting for the past 29 months is approximately \$843,000. The 29 months represents the delay created in pursuing two design changes. The Sponsor was unable to activate the site during the design changes to mitigate some of the carrying costs, but will activate the site beginning September 1<sup>st</sup> through July 2021, the proposed estimated start of construction.

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 Street is sponsored by BRIDGE Housing Corporation (BRIDGE).

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 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) Kearstin Dischinger (Project Manager): 50% of her time will be spent on the Project. BRIDGE intends to replace Ms. Dischinger as the project manager once the site permit is issued. At next loan request, BRIDGE must provide an update to project staffing.
- 2) Stacye Montez (Project Administrator): 50% of her time will be spent on the Project.
- 3) Brad Wiblin (Senior Vice President): 10% of his time will be spent on the Project.

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. PML will be completed, if applicable.
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: NEPA will be required for project-based voucher contract.</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>
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):	Alemanly Blvd. and across Alemany are single-family residential over parking podium dwellings.
Neighborhood Amenities within 0.5 miles:	Safeway supermarket including pharmacy Balboa High School Park and/or Recreation: Balboa Park, Excelsior Branch Library
Public Transportation within 0.5 miles:	Bus: Near Safeway parking Lot, #14. BART Stops: Balboa BART.
Article 34:	The Project received Article 34 authorization for 114 units in May 2017. A revised Article 34 application request for

	an additional 20 units of restricted affordable housing has been submitted and the authorization will be completed prior to closing the approved additional City predevelopment financing.
Article 38:	Exempt: Project is not located within Air Pollutant Exposure Zone.
Accessibility:	5% (7 units) will be accessible; 2% (3 units) will be for 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:	During predevelopment, Sponsors will meet with the San Francisco Public Utilities Commission to determine if 5,000 sf of displaced ground surface will occur. If so, project will be subject to storm water management. The project design stage is too preliminary at make this determination with this request.

- 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. 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 and 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 may contain asbestos-containing material and lead paint. An asbestos and lead study to determine the presence of these hazardous materials in the building will be completed as part of the predevelopment work.
- 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 residential over parking podium dwellings.

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. As per the Code, BRIDGE completed Prop I notification on May 27, 2017.

The community supported BRIDGE's proposal presented in the NOFA response from the District Supervisor whose term ended December 2016. The District Supervisor whose term began January 2017 requested that BRIDGE explore design modifications that would include a commercial use suitable for the all incomes 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. These nonprofit organizations include: 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 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 thereby, relieves the project of CEQA review. For the "SB 35 design" presented with this loan, the project is able to maintain the schedule it would have had if the Safeway design had moved forward. However, it should be noted that 29 months have passed from the time of site acquisition by the Sponsor through to the SB 35 design presented with this loan request.

It should also be noted that the nonprofit organizations mentioned above have provided tentative support to the SB 35 design. These nonprofit organizations want to know the proposed affordable programming before expressing full support of the project. MOHCD will require the Sponsors to present the SB 35 design with proposed programming to the nonprofit organizations and key community stakeholders prior to any additional funding or loan commitment request.

#### 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. Prior to the construction loan closing, 4840 Mission Housing Associates LP will convey the property to the City and execute a ground lease with the City. The City will own the fee and lease to 4840 Mission Housing Associates LP, which will own the improvements.

4.2. Proposed Design. The proposed design, currently in an advanced concept stage entitled under SB 35 and under site permit review, is represented by two primary architectural design components; a 5-story, wood-framed (4 over concrete podium) mixed use multi-family building with ground floor commercial space bordering Mission Street and a 3-story set of townhome / row houses building which opens on to Alemany Boulevard.

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 currently envisioned to provide 137 units of 1-, 2- and 3- bedroom units, and over 50% of the units to are 2- and 3-bedroom units. The building includes approximately 15,726 of ground floor commercial space comprised of a 10,000 sf for a community clinic for Mission Neighborhood Health Center (MNHC), and 5,726 sf of retail space. The project amenities include:

- a 7,386-sf public/private pedestrian plaza/paseo and walkway that will serve the south side of the property connecting Mission Street and Alemany Boulevard;
- a landscaped central courtyard;
- common laundry;
- community room;
- 39 automobile parking stalls;
- 136 class 1 bike stalls<sup>1</sup>, and;
- management and services spaces.

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<sup>1</sup> 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.

Avg Unit SF by type:	1-brdm avg sf: 620 2-brdm avg sf: 880 2-brdm townhouse avg sf: 1,100 3-brdm avg sf: 1,100
Total Residential SF:	162,914 Residential SF: 121,370 Circulation SF: 29,467 Common Area SF: 12,077
Total Commercial SF*:	15,726 Health Clinic SF: 10,000 Commercial Retail SF: 5,726
Total Parking SF*:	17,455 Parking Garage SF: 17,455 (39 spaces)
Building Total SF:	196,095

\* Please note that on the Family Rental Housing Comparison chart non-residential building square footage is comprised of commercial and parking square footage.

4.3. Construction Supervisor/Construction Specialist’s evaluation. The following review is based on conceptual plans and site permit plans entitled under Senate Bill (“SB”) 35 and submitted for site permit. The plans are preliminary and require further refinement.

The 1.4-acre 4840 Mission parcel is currently improved by Valente Marin, Perata & Co Funeral Directors building (now closed), as well as a surface parking lot for the mortuary. This relatively flat parcel is well suited to the proposed mixed-use design, with 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 and includes townhomes on the Alemany Boulevard side. In addition to the public/private pedestrian plaza/paseo and walkway on the south side of the building, the north side of the property will enjoy 5,093-sf courtyard, which will also include a walkway. 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.

The east elevation’s first floor façade, at Mission Street, is dominated by the commercial space, with the residential entry opening at the southern corner which is accessed through one of the proposed public private walkways. 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 one courtyard. 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 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. This transition will require tight coordination by the design team to be successful.

The project will take approximately 18 to 20 months to construct. The preliminary total development cost, based on an estimate provided as a courtesy by a large general contractor based on the advanced concept design, of \$137,657,438, includes 10% for escalation through to the estimated scheduled bid date of October 2021. The hard cost per unit are currently \$605,908. This is approximately \$48K per unit higher than comparable, Type VB or IIIA construction projects in the MOHCD portfolio though the per square foot hard cost number is slightly lower than the average which speaks to the efficiency of the overall scale for the project. The development team is showing 3% design contingency, 3% bid contingency, 2% plan check contingency, and 5% hard cost contingency in their permanent sources and uses. Design, bid, and plan check contingencies will be reduced and removed as the project’s design and permitting advance. The development team will need to re-examine these at the next cost estimate to ensure they are sized correctly with relationship to the overall schedule and design. The team has also sized the soft cost contingency at 4.5% which is more than half of the underwriting maximum. This will need to be re-visited after they receive their next cost estimate.

The estimated hard costs per unit for the project are much higher than other similar types of MOHCD projects in the predevelopment stage. The high costs are reflective of the (still) hot construction market. The Construction Industry Confidence Index (CICI) remained unchanged for the first quarter of 2019 and indicates continued sector growth<sup>2</sup>. As the market begins to correct in 2020 and 2021, material prices may still see impacts from regional demand pressures and the imposed trade tariffs. Labor costs continue to climb and carpenters alone have seen increases of 4.7% in 2018 and participants in the CICI survey expect more of the same for this year and into the next<sup>3</sup>. The market is currently very strong and demand for labor and materials continue to climb.

This is the third design iteration for this development by BRIDGE and their architect. The design that is before the committee is the “advanced entitled under California State Senate Bill 35” and under site permit review. The design requires refinement and the development will benefit greatly from the forthcoming design refinements and detailed cost estimates provided in their planned negotiated bid process with the yet to be selected general contractor.

The design needs to fully address and incorporate accessible features such as the accessible path of travel and means of egress, location of mobility and hearing/vision impaired units, and the stoops and stairs at the townhomes.

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<sup>2</sup> Engineering News Record 1Q Cost Report Confidence Survey. April 2019 pg. 26

<sup>3</sup> Engineering News Record 1Q Cost Report Confidence Survey. April 2019 pg. 29

Additional general design features that require study include the building exiting, central courtyard accessibility, location of “back of house” functions, and the placement and location of equipment on the roof, structural information, and the connections between the two different main buildings. We will also need a fully vetted list of value engineering suggestions. The next design iteration to be priced is expected in September 2019 after Loan Committee and Board of Supervisors approval of this request. This upcoming schematic design should provide more of this key information and analysis, and we look forward to seeing those drawings and related pricing as design is furthered. In addition, MOHCD will require BRIDGE to enter into a robust value engineering with the selected general contractor and project architect in order to identify \$2MM in cost saving.

A general contractor still needs to be procured by BRIDGE for the project and, as mentioned above, it is expected that a list of value engineering opportunities will be provided with the schematic design cost estimate. Potential Value Engineering opportunities might include the following:

- Reducing unit sizes
- Examination of instances where exterior cladding products can be reduced or eliminated or substituted with stucco
- Reduce or eliminate automobile parking
- Reduce the usage of storefront aluminum windows at the commercial spaces
- Examine the use of more uniform window sizes and suggest instances where windows can be eliminated and require that they be selected from the most cost-effective window series available
- Eliminate bay windows at Mission Street elevation
- Examiner opportunities within the landscape design to save more e.g. smaller trees and plants.
- Delete exterior sunshades where called for.
- Ensure that fires stairs used in emergencies do not include finishes (flooring/painting/finished drywall)
- Use PEX and/or CPVC for domestic water instead of copper
- Downgrade windows to a more cost-effective window series
- Eliminate decorative steel and examine all places where concrete and steel are utilized in lieu of more cost-effective materials
- Examine the use of non-fly ash concrete where possible
- Explore design efficiencies in mechanical, electrical and plumbing scope and seek Design Build scope where possible

4.4. Commercial Spaces. Along the Mission Street frontage, BRIDGE has planned 15,726 sf total commercial space for two occupants. Mission Neighborhood Health Center (MNHC) will occupy 10,000 sf of the commercial space and a to-be-determined commercial tenant will occupy the remaining 5,726 sf. BRIDGE intends to separately meter both the health clinic and commercial spaces and will subdivide the commercial spaces to create two separate commercial spaces.

Commercial Space – 10,000 sf. BRIDGE has assumed that MNHC funds will be used to construct the commercial cold shell for the clinic. BRIDGE’s permanent budget shows the MNHC funds of \$3MM for the cost of the cold shell only as a source in the permanent budget. However, MNHC estimates it needs to raise \$8.5MM to finance the cold shell, warm shell, and tenant improvements of the 10,000-sf space. MNHC’s proposed sources and uses are shown below.

Sources of Funds	Amount	% of total budget
Loan	\$5,000,000	59%
New Market Tax Credits (NMTC)	\$2,125,000	25%
Cash Reserves and/or external support, including capital campaign	\$1,375,000	16%
<b>Total Health Clinic Sources</b>	<b>\$8,500,000</b>	<b>100%</b>

Uses of Funds	Amount	% of total budget
Acquisition Cost: Property & Shell	\$3,000,000	35%
Total Build Out (Warm Shell & Tenant Improvements)	\$4,500,000	53%
Total Soft Costs/Predevelopment	\$500,000	6%
Total Equipment Costs	\$500,000	6%
<b>Total Health Clinic Uses</b>	<b>\$8,500,000</b>	<b>100%</b>

In early spring, MNHC worked with Capital Links to determine its financial health and ability to incur debt. Capital Links analysis demonstrates that MNHC’s finances are healthy and that they have the capacity to raise the above financing. The above financing scenario assumes that MNHC will purchase the space from BRIDGE for approximately \$3MM, which is the estimated value of the health clinic commercial cold shell. If MNHC is unable to provide \$3MM in cash or from a loan source at the residential closing, it will be required to enter into a long-term lease with BRIDGE with the terms to-be-negotiated. MOHCD’s permanent loan would increase by the \$3MM to cover the cost to construct the cold shell. In addition, MOHCD will require a use agreement that restricts the use of the clinic space to a Federally Qualified Health Center. Also, prior to the request for a commitment letter for any HCD funding application, BRIDGE must execute an MOU with MNHC that includes the cost of the HOA and/or common area maintenance fees.

Commercial Space – 5,726 sf. The cold shell improvement costs of the 5,726-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. BRIDGE has made no assumptions about the type of tenant that will occupy the commercial space. However, BRIDGE has had a discussion with ACE Hardware, who is unwilling to commit to occupying the space at this time. In order to benefit from a unique and new funding source, Opportunity Zones, that may be applied this space, BRIDGE must have identified a committed commercial partner in July 2019. Since commercial leases are typically signed once the

cold shell is completed, BRIDGE was unable to identify a commercial partner at this time and Opportunity Zone funds are no longer a possible commercial funding option for this space. However, in order to maintain the SB 35 permit schedule decisions about this size of this commercial space must be determined by September 30th. In order to determine the size and potential commercial tenant, BRIDGE must provide a third-party market rate commercial report to MOHCD by September 15<sup>th</sup>. The consultant's report should review the non-clinic commercial space solely as income generating and state the particular type of business that could operate in the space. While the current proposed design is 5,726 sf, BRIDGE may be able to decrease the space to accommodate an optimal commercial tenant. However, in no case may this commercial space exceed 6,000 sf. The consultant's report should include recommended lease terms and provide comparable lease pricing for similar spaces in the area. Based on the report, MOHCD and BRIDGE will determine the best size and business for the commercial space.

- 4.5. Service Space. BRIDGE plans for a separate supportive services office to be part of the suite of "common offices" shown on the conceptual plan. The supportive service office will be located near the entrance and property manager's office, but separated from property management for privacy and resident convenience.
- 4.6. Target Population. In this request, the site's 137 units have the following MOHCD area median income ("AMI") mix:
- 2 units will be designed for onsite staff;
  - 98 units or 72% will be provided to households earning 65% MOHCD AMI or below, and;
  - 37 units or 27% will be provided to households earning between 92% to 105% MOHCD AMI. for low- and income households.

The site will also 35 units or 26% that will receive a project-based voucher (PBV) from San Francisco Housing Authority with a preference for Potrero Terrace and Potrero Annex HOPE SF residents that voluntarily apply to 4840 Mission.

For this proposal, the AMI average for the development is 59% MOHCD AMI and 46% TCAC AMI.

Discussed in section 6.5, MOHCD will require the Sponsor to provide a financial analysis that results in a competitive MHP application. This financial analysis should include an increase of the units set aside for voluntary relocation from HOPE SF developments from 35 to 40 units or 29% of the total project units. Further, regardless of whether the Sponsor has successful funding applications with other lenders, 40 units on this project must receive PBV's.

Also note, for a competitive MHP application, at least 10 units must be set-aside for homeless families. However, HSH's LOSP operating subsidies are only efficient if a minimum of 15 units are set-aside for homeless families. The

Sponsor must consider adding at least 20 LOSP units to the development in the revised financial analysis.

- 4.7. Marketing & Occupancy Preferences. MOHCD’s marketing policies and procedures will be applied to all units except the on-site staff units and PBV units. The City lottery preferences will not apply to the PBV contract units with SFHA. SFHA will market the PBV units and establish and maintain the waitlist according the preferences in the current SFHA Administrative Plan for the site.

BRIDGE Property Management Company’s (BPMC) property supervisor will be the team leader for marketing and outreach at 4840 Mission. The Property Supervisor will be responsible for planning and organizing informational and application workshops, and will assume the role of liaison with MOHCD and HSH (for the formerly homeless family referrals). 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.

- 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	TBD	TBD	Will procure October 2020
Owner’s Rep/Construction Manager	TBD	TBD	N
Financial Consultant	California Housing Partnership Corporation	N	N
Legal	Goldfarb & Lipman LLP (real estate) TBD (equity)	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):  
 \$6,000,000 for predevelopment of which \$3MM was used for purchase of the land. 2105 GO Bond funds were applied to the purchase price of the site.
- 6.2. Disbursement Status. As of Draw #13 (approved August 2019), \$5,593,089.19 has been drawn with \$406,910.81 remaining.



BRIDGE incurred acquisition cost beginning January 15, 2015, the date of the purchase agreement. For the first predevelopment loan, staff allowed payments associated with the NOFA proposed project and acquisition deposits beginning July 15, 2015 to be reimbursed with first predevelopment loan. All other soft costs were eligible from the reimbursement beginning September 15, 2016, the date of the NOFA award letter. Because of this limit of expenditures applied to the first predevelopment loan, BRIDGE still has \$113,056 unreimbursed predevelopment expenses related to the overall project in the total development costs. While BRIDGE is not seeking repayment with the second predevelopment loan for the unreimbursed amount, the permanent budget shows BRIDGE's intent to use unreimbursed expenses with tax credit equity.

6.3. Fulfillment of Loan Conditions. The following "Conditions to Additional Financing" were stipulated in the first predevelopment loan agreement for \$6MM.

- The Sponsor will submit to MOHCD and the Department of Homelessness and Supportive Housing ("HSH") an alternative plan for maximizing AHSC points that does not rely on limiting the homeless units to 15% area median income ("AMI") prior to any predevelopment amendment and/or gap funding request.

**Status: Complete.** The financing plan submitted with the NOFA assumed 20% of the units set aside for homeless families. However, with the predevelopment request MOHCD required the Sponsor to provide a financing scenario that included project-based vouchers ("PBV") with 25% of the units set aside for HOPE SF households. This predevelopment request assumes PBV's with units set aside for HOPE SF households and some of those units made affordable to households at or below 30% MOHCD AMI. In addition, this financing plan assumes the state funding source will be Multifamily Housing Program ("MHP").

- The Sponsor will prepare an alternative scenario assuming 25% of the units with PBV subsidy for HOPE SF units prior to any predevelopment amendment.

**Status: Complete.** The financing plan for this predevelopment request assumes PBV's with units set aside for HOPE SF households.

- The Sponsor will explore cost containment strategies for construction that include modular design options and present them at the various cost estimates with narrative analysis of the pricing from the general contractor.

**Status: Complete.** As part of the analysis for the large project design that included the adjacent Safeway and market rate housing, the modular design was determined infeasible. The Sponsor must present a thorough commercial space financing plan that includes (a) information about MNHC proposed ownership structure; (b) New Market Tax Credit funding availability; (c) ground lease payment

potential; (d) tenant improvement cost and funding sources; (e) fundraising needs and potential, and; (f) repayment options for MOHCD expenditures on the warm shell prior to gap financing.

- The Sponsor must present a thorough commercial space financing plan that includes (a) information about MNHC proposed ownership structure; (b) New Market Tax Credit funding availability; (c) ground lease payment potential; (d) tenant improvement cost and funding sources; (e) fundraising needs and potential, and; (f) repayment options for MOHCD expenditures on the warm shell prior to gap financing.

**Status: In process.** Sponsor continues to work with MNHC and MOHCD about the financing plan for the clinic and the for-profit commercial space. The loan condition from the first predevelopment will be carried over to this request.

- The Sponsor must evaluate 1) whether 24-hour desk is truly needed at this location; and 2) the best allocation of the desk clerk cost between Local Operating Subsidy Program (“LOSP”) subsidy and the non-LOSP operating budget.

**Status: Complete.** The budget submitted with this loan request does not have units set-aside for formerly homeless households. The proposed project has 35 units set-aside for households relocating from Potrero and Potrero Annex, a HOPE SF development. A 24-hour desk clerk is not part of the property management programming in this request. However, the operating budget includes an 8-hour per day courtesy patrol. Note: it is expected that the desk coverage and services plans will be revised to reflect new population mix proposed for MHP financing.

6.4. Proposed Predevelopment Financing. BRIDGE proposed to use a combination of the following for predevelopment financing:

6.4.1. Predevelopment Sources Evaluation Narrative.

- a. New MOHCD Predevelopment Loan #2 (\$12,600,000) – Of this request, \$9MM will be used to pay off the SFHAF loan and remaining interest. The remaining \$3.15MM will be used for soft costs, including architecture through 100% construction design.
- b. MOHCD Predevelopment Loan #1 (\$6,000,000) – Of this amount, \$3MM was applied to the purchase price and the remaining \$3MM was for soft costs. Most of the \$3MM for soft cost was expended on an interim design plan that included use of the adjacent Safeway, CEQA processing, SFHAF loan interest, and carrying cost for securing and maintaining the site.
- c. Other Lender Financing/Third Party Loan (\$239,602) – This loan may be needed to cover some additional legal fees and property taxes until the construction loan closing. If this loan is needed, BRIDGE will look to a community development finance institution

to cover these costs and assumes a 6% interest on the loan. The current propose includes the additional legal and property management fees, but does not include the financing for this loan. It should be noted that BRIDGE secured a parking vendor with a contract that begins in September 2019, the vendor’s use of the site may not cover property taxes accruing on the site.

- d. BRIDGE Development Working Capital (“DWC”) (\$113,005) – These are development cost incurred by the Sponsor prior to the NOFA and were beyond the funding limits in the NOFA. BRIDGE intends to have these costs paid for by the equity investor at the construction closing. MOHCD considers these costs development costs and does not approve these as project costs.

6.4.2. Predevelopment Uses Evaluation:

<b>Predevelopment Budget</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Acquisition Cost is based on appraisal	Y	Total Acquisition Cost is \$14,043,731 or \$102,509/unit. Purchase price is \$12MM. Acquisition fees and interest \$2.04MM. Carry costs include taxes is \$843K.
Architecture and Design Fees are within standards	Y	Architectural contract estimates in the amount of \$2,450,490 includes previous design iterations.
Bid Contingency is at least 5% of total hard costs	Y	It is currently 3%.
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	Y	Escalation is 11% per year for 2 years.
Construction Management Fees are within standards	Y	Within standards.
Developer Fee is within standards	Y	Total Project Management Fee paid during entire predevelopment period is \$550,000.
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 4.5% during predevelopment.
Financing Costs are reasonable	Y	Currently, predevelopment budget includes a MOHCD, SFHAF acquisition loan, and proposed financing from another lender. Additional lender financing will be secured, if needed.

Architect & Design Fees – The SB 35 eligible design presented with this loan request is the third design scenario developed for this site. The architect costs for the first scenario (townhouse design) was \$121,170. The architect costs for the residential portion of the second scenario (Safeway on the ground floor of the affordable building with underground parking) was \$150,319.21. The remaining architectural fees will fund design and advancement of the current scenario. The total proposed architectural fee with consultants is \$2,104,160 and includes the two previous design scopes. With the two previous design cost the architect fee still meets the MOHCD standard.

Engineering & Environmental Studies Fees – For the townhouse design a focused Environmental Impact Report (“EIR”) was required and the developer had completed some work toward a focused EIR. The Safeway on the ground floor of the affordable building with underground parking required a full EIR. The Project was able to retain the Preliminary Project Assessment (“PPA”) submitted for the focused EIR. SB 35 does not require an EIR. However, the PPA could be retained. Overall, the Project expended \$95,314 for CEQA work.

6.5. Potential/Proposed Permanent Financing. ***Permanent financing is being described solely to demonstrate the project’s overall feasibility and highlight potential issues related to assumption and is not intended for approval.***

6.5.1. Permanent Sources Evaluation Narrative. BRIDGE proposed to use a combination of the following:

- a. Private Mortgage (\$22,766,476) – BRIDGE is assuming a 5.00% interest rate with 35-year term on the rents without rental subsidy and 20-year term on the 35 units with PBV’s.
- b. MOHCD Loan (\$52,588,800) – BRIDGE anticipates an additional gap commitment of \$34,078,800, for a total City loan of \$52,588,500, or \$383,860 per unit, which is \$159K higher than the average projects of a similar size and type. The MOHCD loan includes cold shell development costs for the 5,000-sf commercial shell space. The MOHCD does not include cold shell development costs for MHHC’s 10,000 sf community-serving clinic. However, MOHCD’s loan may increase by an additional \$3MM depending on MNHC’s ability to secure financing to purchase the commercial shell. If this occurs MOHCD’s total loan will be \$55,588,800 or \$378,155 per unit. Regardless of whether the MOHCD loan increases by the cost of the commercial shell, MOHCD requires that BRIDGE reduce the MOHCD subsidy to \$250K per unit and meet the goal of the total development costs excluding land to less than \$750K per unit. Please see item c below for further discussion about the commercial shell.

- c. Commercial Shell/MNHC (\$3,000,000) – MNHC desires to purchase the 10,000-sf commercial space. As mention above in item b, the City loan does not include funding for the 10,000-sf clinic. BRIDGE assumes MNHC will have \$3MM available at the residential closing as the take-out source for the cold commercial shell portion construction with the residential units. MNHC will be required to raise an additional \$5MM for the tenant improvements for the clinic. BRIDGE, MOHCD, and MNHC are currently discussing backup strategies, should MNHC be unable to secure the \$3M necessary to proceed with an ownership structure at residential closing – likely a portion of the MOHCD loan would cover cold shell costs, and repayment of that portion of the MOHCD cold shell commercial loan would be repaid by BRIDGE through a long-term to-be-negotiated lease with MNHC. Prior to the Sponsor’s gap loan commitment for the State of California financing application, BRIDGE and MNHC must submit a final funding strategy to MOHCD regarding ability to provide \$3MM for cold shell at residential construction closing and the warm shell tenant improvements that includes NMTC funding availability for the clinic.
- d. 4% Tax Credit Equity (\$42,516,587) – BRIDGE is assuming equity pricing at \$1.02 per credit, which is far less than the \$1.14 pay-in estimate BRIDGE provided in its NOFA response, but is consistent with the current credit market.
- e. General Partner Equity Contribution (\$9,813,387) – BRIDGE will take the maximum allowable developer fee under TCAC and the general partner will contribute to the Project consistent with MOHCD guidelines.
- f. Deferred Developer Fee (\$1,972,188) – BRIDGE will take the maximum MOHCD allowable deferred developer fee and contribute the fee to the Project.
- g. Federal Home Loan Bank of San Francisco (FHLB-SF) Affordable Housing Program (AHP) – The proposed budget does not show AHP financing. MOHCD will require that BRIDGE apply to the FHLB-SF for AHP financing 60 days after construction has started in order to maximize competitiveness and in an amount up to \$1,350,000. Any AHP funds awarded will reduce the MOHCD loan by an equal amount.
- h. State of California Housing and Community Development (“HCD”) Programs) – The proposed budget does not include financing from

HCD's Affordable Housing and Sustainable Communities Program ("AHSC"), Infill Infrastructure Grant Program ("IIG"), Transit Oriented Development Housing Program ("TOD"), or Multifamily Housing Program ("MHP"). MOHCD requires that all developers receiving City funds seek to leverage an HCD program in order to reduce necessary City funds.

The Sponsor should consider an application for all of HCD programs listed below, especially MHP. Each HCD program has different NOFA dates and application submission dates. Below is a brief analysis of each programs compatible with 4840 Mission.

- AHSC – This program funds land use, housing, transportation, and land preservation to support infill and compact developments that reduced greenhouse gas emissions. A competitive development in San Francisco typically is associated with Municipal Transportation Agency ("MTA") developments. Currently, there are no MTA projects associated with this project.
- IIG – This program seeks to promote infill housing developments associated with infrastructure improvements required to complete the new infill housing. 4840 Mission parking stalls and paseo walkway are eligible capital improvement projects required in order to complete the housing development.
- TOD – TOD seeks to increase the overall supply of housing, increase the supply of affordable housing, increase public transit ridership, and minimize auto trips. TOD accomplishes these objectives by providing financial assistance for the development of housing and related infrastructure near public transit stations. 4840 Mission may be eligible for TOD funding. Revised draft guidelines are not expected September 2019.
- MHP – MHP assists the new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower income households. 4840 Mission is most compatible for the MHP program. However, the project, as presented in the loan request, is not a competitive project. The project aspects that must change in order to become competitive are listed below.
  - 1) Increase the number of 3 bedrooms in the development: The project is designed and programmed as a family development. The proposed design with this loan request has 137 units and 63 of the total units are two-bedrooms and 16

are three-bedrooms. To be an MHP eligible family development, the project must reconfigure its unit mix and increase the number of 3-bedrooms to 25, which is 25% of the total units restricted at or below 60% TCAC AMI/74% MOHCD AMI.

- 2) Make 10% of the units that are restricted at or below 60% TCAC AMI/74% MOHCD AMI available for homeless households referred from the local coordinated entry system. The current project has 98 unit restricted at or below 60% TCAC AMI/74% MOHCD AMI. To meet this requirement 10 units must be designated as homeless units. However, HSH's LOSP operating subsidies are only efficient if a minimum of 15 units are set-aside for homeless families. The Sponsor must consider adding at least 20 LOSP units to the development.

Sponsor should provide a funding analysis assuming an MHP eligible and competitive project. Sponsors must be prepared to apply for MHP in March 2020.

6.5.2. Permanent Uses Evaluation:

<b>Development Budget</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Hard Cost per unit are within standards	N	\$605,616/unit is \$48K higher than the average development.
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 and excel spreadsheet developed by architect. Prior to gap funding request, BRIDGE must provide executed architect letters or agreements indicating the fee, as well as a schedule outlining when the architect contract will be executed.
Construction Management Fees are within standards	N	Construction Management Fee exceeds standard. Prior to gap funding request, BRIDGE must provide documentation to back-up the costs for the construction management fee.
Residential Developer Fee is within standards, see also disbursement chart below.	Y	Total Residential Developer Fee is \$14,335,515. Total Project Management Fee is \$1,100,000. Total At-Risk Dev Fee is \$1,449,940. GP Equity is \$9,812,387

		Deferred Developer Fee: \$1,972,188
Commercial Developer Fee is within standards, see also disbursement chart below.	Y	Total Commercial Developer Fee is \$300,000. MOHCD's loan will cover \$150,000. The MNHC cold shell purchase costs and permanent debt provide the remaining \$150,000 in commercial developer fee.
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 5%.
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.
Furnishings	N	The \$280,500 includes \$205,500, which meets the MOHCD guidelines, and \$75,000 for service office furnishings and operations equipment, which exceeds the MOHCD guidelines. Sponsor to line item breakout of furnishing budget and provide explanation for any furnishing cost exceed MOHCD's guidelines. At MOHCD's discretion, Sponsor may be required to remove furniture expenses from revised and updated budgets.

<b>Residential Developer Fee</b>		
Amount of Developer Fee allocated as Project Management Fee available during predevelopment and construction:	\$1,100,000	
Amount of Developer Fee allocated as Project Management Fee available at risk (the "At-Risk Fee"):	\$1,100,000	
Additional project management fee that is available at risk (the "At-Risk Fee")	\$349,940	BRIDGE is eligible to request up to \$1,370,000 of additional project management fee. However, based on MOHCD policy, BRIDGE is only eligible to receive the amount shown.
Amount of Developer Fee allocated as General Partner Equity:	\$9,813,387	This amount exceeds MOHCD minimum general partner equity requirement of \$500K to be recontributed to the Project.
Amount of Developer Fee allocated as Deferred Developer Fee:	\$1,972,188	This amount is equal to the deferred developer fee shown on the 20-year cash flow.
<b>Total Residential Developer Fee</b>	<b>\$14,335,515</b>	



<b>Commercial Developer Fee</b>		
Commercial Use	\$0	BRIDGE is eligible, but they are electing not to take the Commercial Use portion of the Commercial Developer Fee.
Public Benefit Uses and Community-Serving Uses	\$250,000	The commercial spaces for this Project include a Commercial Use and Public Benefit Uses. BRIDGE will get half of this fee from a non-MOHCD source.
Condo or Air Rights Subdivision	\$50,000	BRIDGE will complete an air rights subdivision for the commercial spaces creating three distinct parcels on the site: residential, public benefit commercial, for-profit commercial.
<b>Total Residential Developer Fee</b>	<b>\$300,000</b>	
<b>Total Residential &amp; Commercial Developer Fees</b>	<b>\$14,635,515</b>	

The above meets MOHCD's proposed Developer Fee Policy.

<b>Milestones for Disbursement of the portion of Residential Developer Fee payable from Project Management and At-Risk Fee</b>			
Task	Percentage of Project Management Fee	Percentage of At-Risk Fee	Amount Paid at Milestone
<b>Project Management Fee: Acquisition</b>	<b>15%</b>	<b>0%</b>	
Purchase of land with SFHAF. Paid – May 2017	14.59%		\$160,485
Close of MOHCD additional predevelopment loan and payoff of SFHAF loan	0.41%		\$4,515
<b>Project Management Fee: Predevelopment</b>	<b>35%</b>	<b>0%</b>	
Close of additional predevelopment financing	10%		\$110,000
Receipt of project entitlements	12%		\$132,000
Execution of agreements related to interim use plan	5%		\$55,000
Receipt of project site permit	4%		\$44,000
Submission of joint CDLAC and TCAC application and submission of HCD funding application	4%		\$44,000
<b>Project Management Fee: At Construction Closing</b>	<b>20%</b>	<b>0%</b>	<b>\$220,000</b>
<b>Project Management Fee:</b>	<b>20%</b>	<b>0%</b>	<b>\$220,000</b>

During Construction or Completion of Construction			
Project Management: Project Close-Out or other milestones as determined by MOHCD	10%	0%	\$110,000
<b>Total Project Management Fee</b>	<b>100%</b>		<b>\$1,100,000</b>
At-Risk Fee: 95% Leased Up and Draft Cost Certification	0%	20%	\$289,988
At-Risk Fee: Permanent Loan Closing/Conversion (Final Cost Certification)	0%	50%	\$724,970
At Risk Fee: Project Close Out and consistent with Project Management Fee's Project Close-Out distribution milestone	0%	30%	\$434,982
<b>Total At-Risk Fee</b>		<b>100%</b>	<b>\$1,449,940</b>

<b>Milestones for Disbursement Commercial Developer Fee</b>		
Task	Percentage of Commercial Developer Fee	Amount Paid at Milestone
At completion of an air rights subdivision mapping	16.67%	\$50,000
Executed LOI with health care clinic provider	7.00%	\$21,010
Executed LOI with commercial tenant	6.00%	\$18,000
Executed lease with health care clinic provider	10.00%	\$30,000
Executed lease with commercial tenant	10.00%	\$30,000
Occupancy by health care clinic provider	25.33%	\$75,990
Occupancy by commercial tenant provider	25.00%	\$75,000
<b>Total Commercial Developer Fee</b>	<b>100.00%</b>	<b>\$300,000</b>

The above meets MOHCD's current Commercial Policy.

6.6. This Request/Phasing Narrative. This is not a phased request.

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

7.1. Annual Operating Budget. Annual operating budget described is to demonstrate project's overall feasibility and is not intended for approval at this time.

7.2. Unit Matrix. See unit matrix on next page.

Unit Type	Unit Count	SF Average	Max Gross Rent	Maximum % MOHCD AMI	Rent, Operating Subsidy	Comment
1 BR	25	620	\$739	30%		
1 BR	4	620	\$739	30%	PBV	
1 BR	12	620	\$985	40%		
1 BR	2	620	\$1,231	50%		
1 BR	2	620	\$1,511	65%		For 2019 MOHCD AMI, 65% MOHCD AMI is equivalent to 50% TCAC AMI.
1 BR	8	620	\$1,511	65%	PBV	For 2019 MOHCD AMI, 65% MOHCD AMI is equivalent to 50% TCAC AMI.
1 BR	5	620	\$2,116	92%		For 2019 MOHCD AMI, 92% MOHCD AMI is equivalent to 70% TCAC AMI.
<b>TOTAL 1BR's</b>	<b>58</b>					
2 BR	4	880	\$831	30%		
2 BR	8	880	\$831	30%	PBV	
2 BR	6	880	\$1,109	40%		
2 BR	3	880	\$1,109	40%	PBV	
2 BR	6	880	\$1,386	50%		
2 BR	2	880	\$1,813	65%		For 2019 MOHCD AMI, 65% MOHCD AMI is equivalent to 50% TCAC AMI.
2 BR	7	880	\$1,813	65%	PBV	For 2019 MOHCD AMI, 65% MOHCD AMI is equivalent to 50% TCAC AMI.
2 BR	25	880	\$2,902	105%		For 2019 MOHCD AMI, 105% MOHCD AMI is equivalent to 80% TCAC AMI.
2 BR	2	880	Managers Units			
<b>TOTAL 2BR's</b>	<b>63</b>					
3 BR	1	1100	\$924	30%		
3 BR	2	1100	\$924	30%	PBV	
3 BR	2	1100	\$1,231	40%		
3 BR	1	1100	\$1,231	40%	PBV	
3 BR	1	1100	\$1,386	50%		
3 BR	2	1100	\$2,095	65%	PBV	For 2019 MOHCD AMI, 65% MOHCD AMI is equivalent to 50% TCAC AMI.
3 BR	7	1100	\$2,902	105%		For 2019 MOHCD AMI, 105% MOHCD AMI is equivalent to 80% TCAC AMI.
<b>TOTAL 3BR's</b>	<b>16</b>					
<b>TOTAL ALL UNITS</b>	<b>137</b>					

This proposal is for a family project. Together the two- and three-bedrooms make up over 50% of the total units: two-bedroom units make up 46% of the total units and three-bedrooms make up 12% of the total units. There are no studios in the project. The AMI average for the development as proposed is 59% MOHCD AMI and 46% TCAC AMI.

7.3. 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 \$11,129 per unit.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$97,920 or \$60 PUPM.
Property Management staffing level is reasonable per comparables	Y	1.0 FTE Property Manager, 1.0 FTE Resident Service Coordinator, 1.5 FTE Janitor, 1.0 FTE Maintenance Supervisor, 1.0 Maintenance Technician, Courtesy Patrol 8 hour a day / 7 days a week.
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee, which is a payment before debt, is \$0.00 and not requested at this time. Annual PM Fee, which is a payment after debt and reserves, is \$22,500/yr.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 per unit per year, which is also consistent with HCD's MHP.
Limited Partnership Asset Management (LP AMP) Fee meets standards	Y	Annual LP AMP is \$5,000 per year with no annual escalation and ends after 15-year compliance period.
Project-Based Vouchers	Y	This development will have 35 units set-aside for households relocating from Potrero HOPE SF development.

## 8. SUPPORT SERVICES

8.1. Services Plan. There will be 1 full time equivalent Resident Services Coordinator (“RSC”) for 137 units. This is lower than the ratio of 1:100 that is recommended by MOHCD for low-income families and also lower than the ratio of 1:75 that is the recommended ratio for HOPE SF sites. The RSC will have onsite offices and provide service coordination and housing stability for all affordable residents. The RSC will also organize and

implement community building activities for the residents, as well as partner in the community building work for the larger Outer Excelsior community.

A HOPE SF service plan was not provided with this funding request. The final services plan will be provided to MOHCD and the Director of HOPE SF at least seven months before lease up starts. MOHCD staff and the HOPE SF Director will approve the plan six months before lease up starts. However, BRIDGE must submit a draft services plan for all households to MOHCD prior to submission of any State of California funding applications and gap loan approvals by MOHCD.

- 8.2. Service Budget. The services budget submitted with this funding request included salary and benefits for the 1 FTE RSC totaling \$100,912 or approximately \$737 PUPA. This amount is paid out of the properties operating budget. The amount currently does not include the cost of office and activity supplies, staff training, and other reasonable costs.
- 8.3. HOPE SF Assessment of Service Plan and Budget. The service plan and budget has not been submitted as of this request. The services plan and budget once submitted will be reviewed by HOPE SF. The Sponsor will submit the draft services plan prior to gap loan approval and prior to submission of any non-MOHCD funding applications.

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
New Loan Amount:	\$12,510,000
Loan Term:	3 years (rolled into 57-year loan at construction closing)
Loan Maturity Date:	2077
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3% at a rate that may be adjusted at the discretion of the MOHCD Director to attain financial feasibility for the project.

- 9.2. Recommended disbursement conditions/schedule. There are no recommended disbursement conditions for this request.

By September 15,2019:

- Sponsor must provide commercial market study by September 15, 2019. The consultant’s report should review the 5,726-sf commercial space solely as income generating and state the particular type of business that could operate in the space. The consultant’s report should include recommended lease terms and provide comparable lease pricing for similar spaces in the area.

By December 2019:

- Sponsor must have selected general contractor.

- Sponsors must provide MOHCD with a financial analysis that results in a competitive MHP application for the next available round of funding. The financial analysis must include 40 PBV's and 20 units for homeless families supported by LOSP. Sponsors financial analysis must accompany a design that is consistent with MHP requirements. Sponsor's financial analysis must include a MHP self-score and tie-breaker analysis.
- Sponsor must submit a project-based voucher application to SFHA.
- Prior to gap loan request for a state financing program, Sponsor to provide a line item breakout of furnishing budget with financial analysis and provide explanation for any furnishing cost exceeding MOHCD guidelines. At MOHCD's discretion, Sponsor may be required to remove excess furniture expenses from revised and updated budgets.
- The Sponsor must provide documented explanation for the Construction Management costs.

By January 3, 2020:

- For an MHP competitive application with LOSP units and prior to the request for a gap financing commitment for MHP, the Sponsors must submit a comprehensive draft services plan and services budget covering both LOSP and HOPE SF households.
- Prior to HCD MHP gap loan commitment request, BRIDGE must provide an update to project's staffing plan.
- Prior to any additional funding or loan commitment request, Sponsors must present the SB 35 design with proposed programming to the nonprofit organizations and key community stakeholders.
- 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.

By March 1, 2020:

- For an MHP competitive application with 20 units for homeless families and prior to the request for a gap financing commitment for MHP, the Sponsor must re-evaluate and re-consider 1) whether 24-hour desk is truly needed at this location; and 2) the best allocation of the desk clerk cost between Local Operating Subsidy Program ("LOSP") subsidy and the non-LOSP operating budget.
- Sponsor must apply for State of CA IIG funds at next available opportunities.

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

Prior to Gap Loan Request:

- 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.

- BRIDGE to implement cost containment strategies that reduces MOHCD subsidy to \$250K per unit and meets the goal of the total development costs excluding land to be less than \$750K per unit.
- BRIDGE to submit Request For Proposals (RFPs) for equity investors to MOHCD for review before it is finalized and released for investors.
- BRIDGE to submit raw financial data from developer or financial consultant to MOHCD prior to selection of equity investor.
- BRIDGE to provide a draft use agreement to MOHCD that restricts the use of the clinic space to a Federally Qualified Health Center.

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

- Prior to funding Project Management Fee paid during construction or at completion of construction, BRIDGE must apply for FHLB AHP.

## 10. LOAN COMMITTEE MODIFICATIONS

-

### LOAN COMMITTEE RECOMMENDATION

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.



Date: 9/6/19

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.



Date: 9-6-19

Kerry Abbott, Deputy Director for Programs  
Department of Homelessness and Supportive Housing

APPROVE.       DISAPPROVE.       TAKE NO ACTION.



Date: 9/6/19

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

- Attachments:
- A. Project Milestones/Schedule
  - B. Borrower Org Chart
  - C. Developer Resumes
  - 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. Sources and Uses
  - I. 1<sup>st</sup> Year Operating Budget
  - J. 20-year Operating Pro Forma
  - K. Preliminary Service Plan and Budget



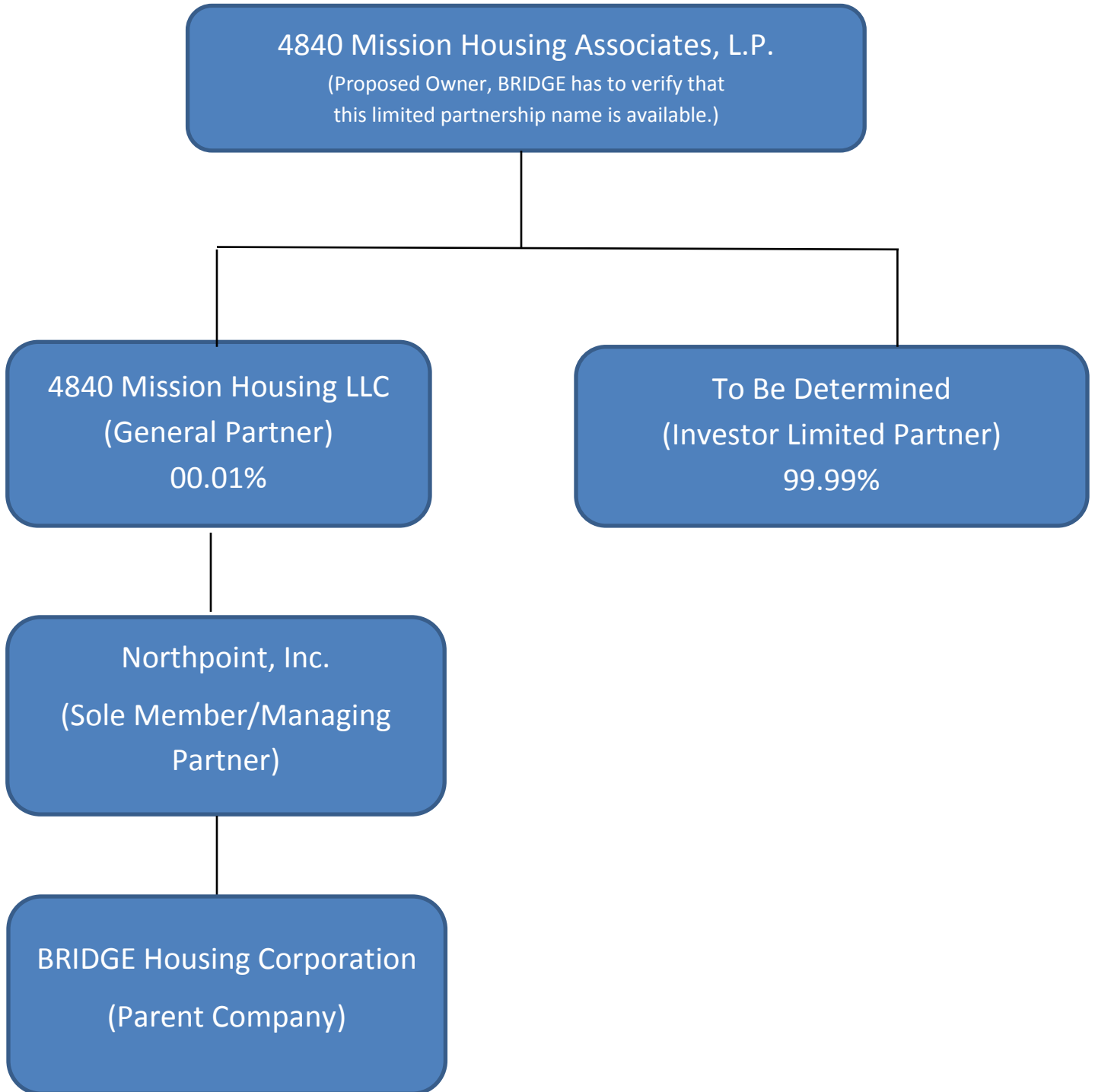
**Attachment A: Project Milestones and Schedule**

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	completed
2.	Site Acquisition	6/17	completed
3.	Development Team Selection		
a.	Architect	4/17	completed
b.	General Contractor	9/19	
c.	Owner's Representative	9/19	
d.	Property Manager	Self-Managed	
e.	Service Provider	1/20	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	9/19	
b.	Submittal of Design Development & Cost Estimate	2/20	
c.	Submittal of 50% CD Set & Cost Estimate	6/20	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	9/20	
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	Assumed focused EIR February 1, 2017	
b.	NEPA Environ Review Submission	N/A	
c.	CUP/PUD/Variances Submission	N/A	
d.	CEQA/Entitlements Approval	N/A	
e.	SB 35 review and approval	6/19	
6.	Permits		
a.	Building / Site Permit Application Submitted	3/19	<u>completed</u>
b.	Addendum #1 Submitted	2/20	
c.	Addendum #2 Submitted	6/20	
d.	Addendum #3 Super Structure Submitted	9/20	
7.	Request for Bids Issued	1/22	
8.	Service Plan Submission		
a.	Preliminary	January 2020	
b.	Interim	June 2020	
c.	Prior to construction closing	January 2021	
9.	Additional City Financing		
a.	Predevelopment Financing Application #2	9/19	
b.	Project Based Voucher Application	12/19	
c.	MHP Commitment Letter Application	1/20	
d.	LOSP Loan Commitment (only if MHP is the state financing)	1/20	
e.	Gap Financing Application	12/20	
10.	Other Financing		
a.	MHP Application	3/20 – 2 <sup>nd</sup> Round	
b.	Construction Financing RFP	10/19	

c.	AHP Application	3/22	
d.	CDLAC Application	12/20	
e.	TCAC Application	12/20	
f.	HUD 202 or 811 Application	N/A	
g.	Other Financing Application: AHSC	Not Competitive	
h.	Other Financing Application: TOD	TBD	
11.	Closing		
a.	Construction Closing	3/21	
b.	Permanent Financing Closing	1/23	
12.	Construction		
a.	Notice to Proceed	6/21	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	8/23	
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	2/23	
b.	Commence Marketing	4/23	
c.	95% Occupancy	2/24	
14.	Cost Certification/8609	8/24	
15.	Close Out MOH/OCII Loan(s)	8/24	

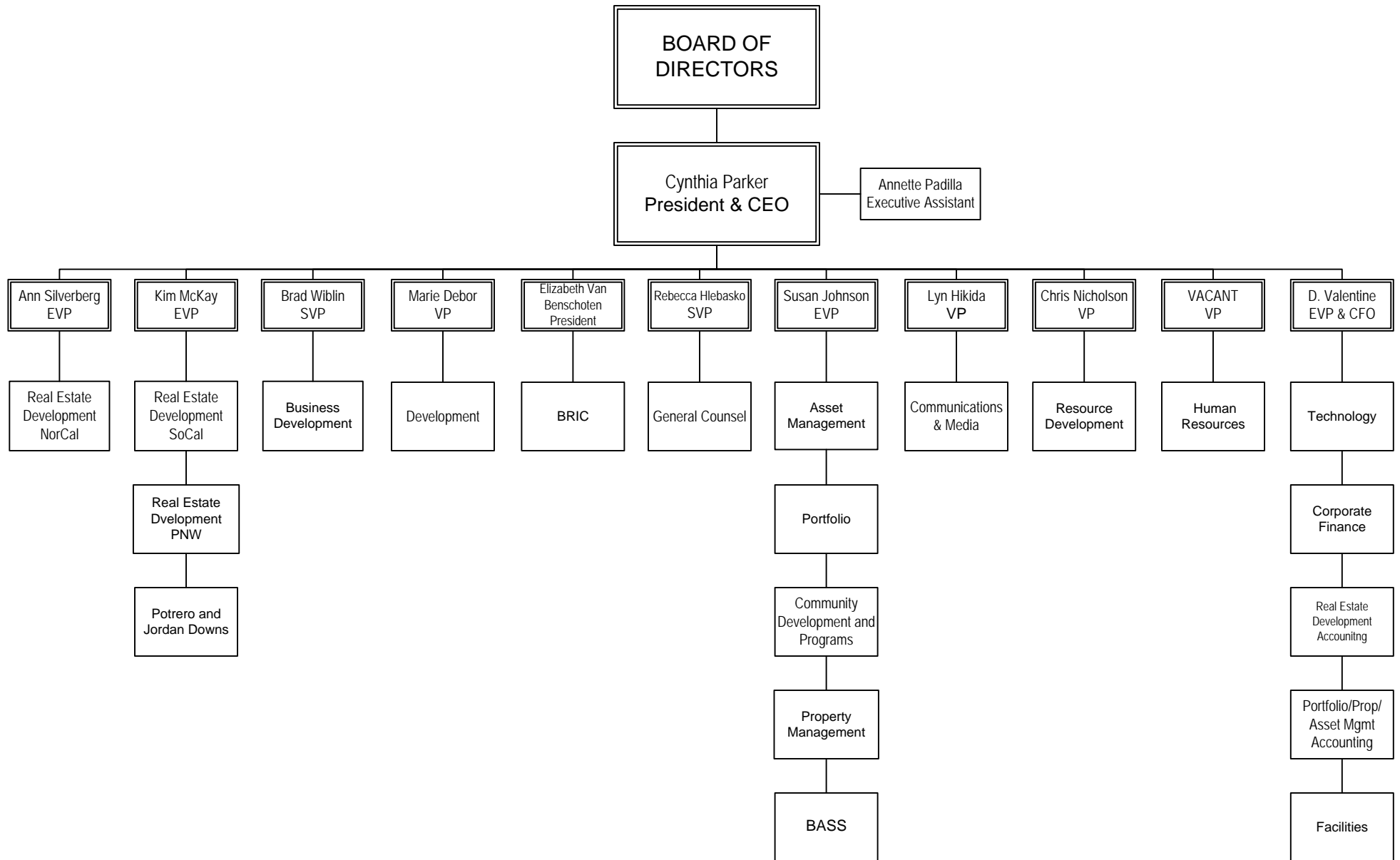
**Attachment B: Borrower Org Chart**

## 4840 Mission Street – Proposed Ownership Structure



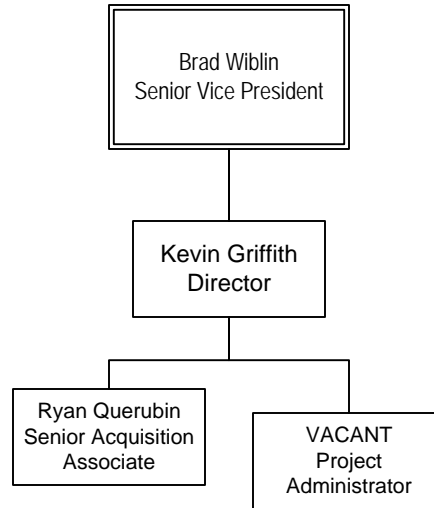


### Overall Organization Structure and Functions



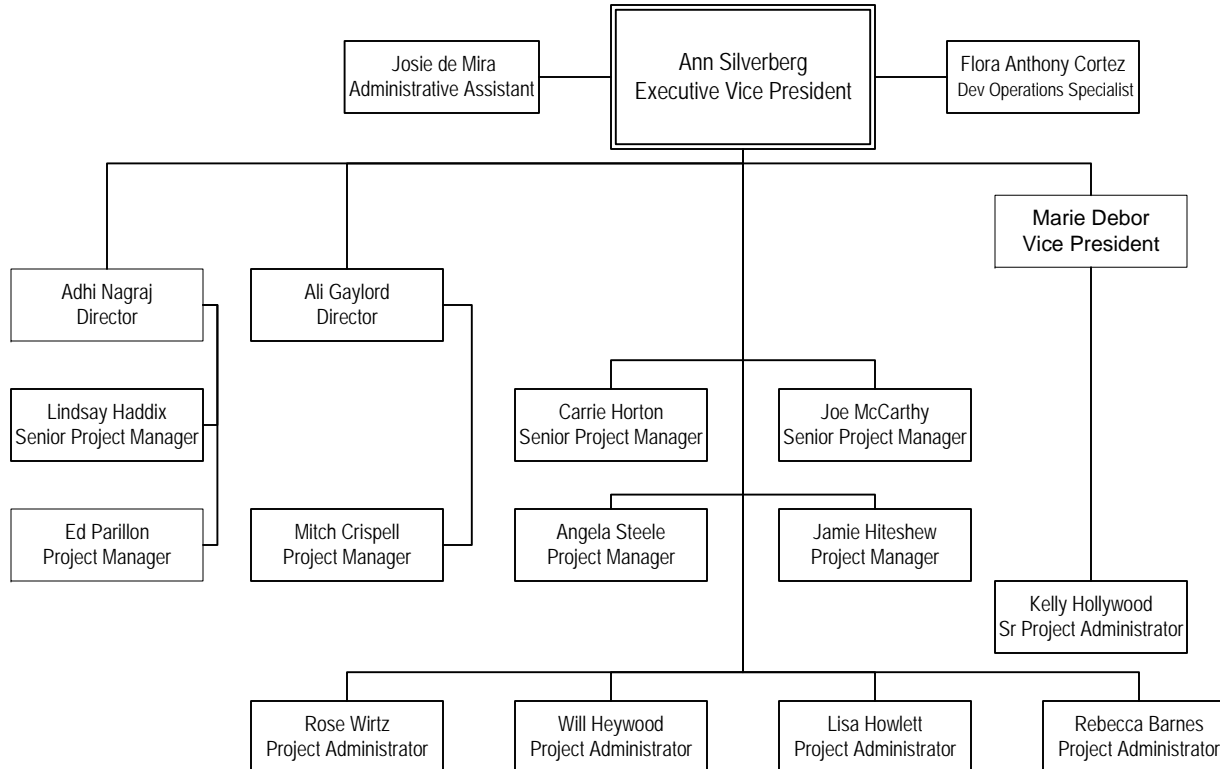


## Business Development



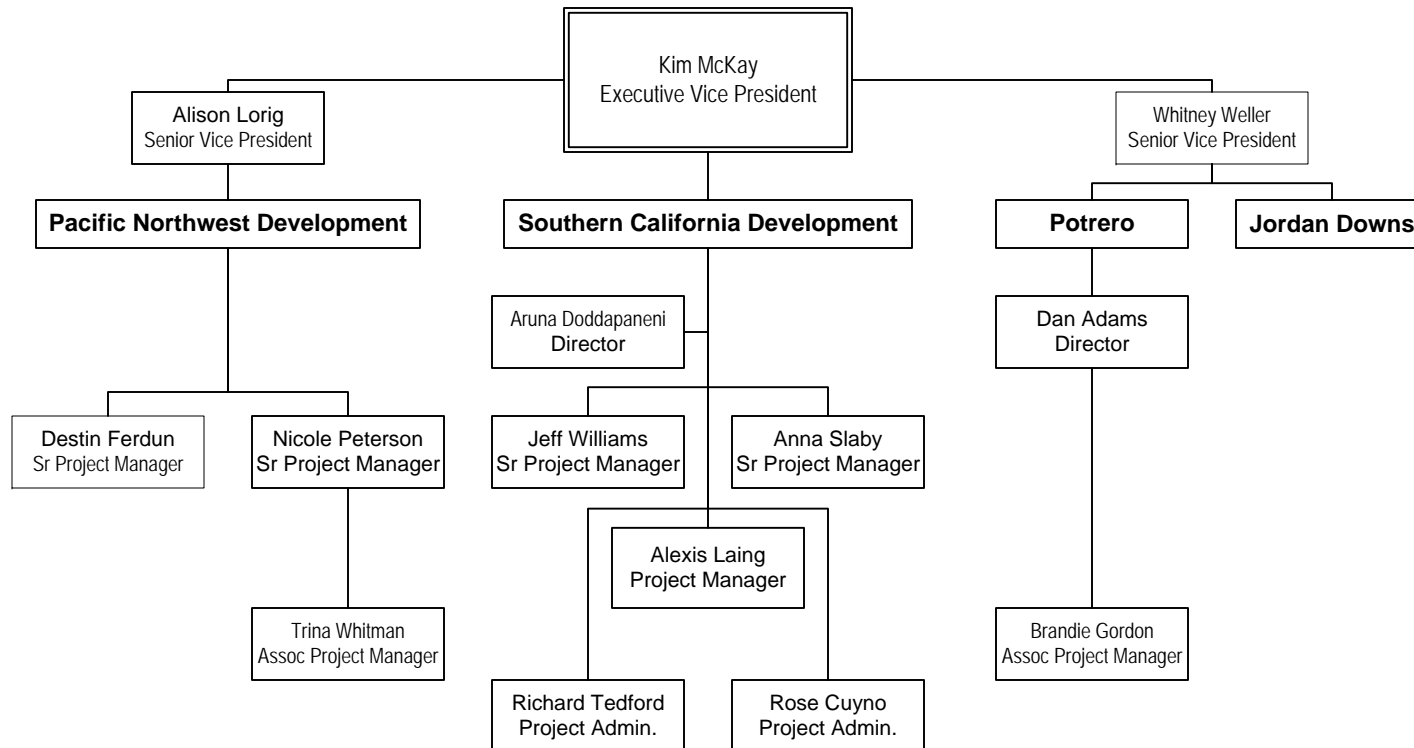


## Real Estate Development Northern California





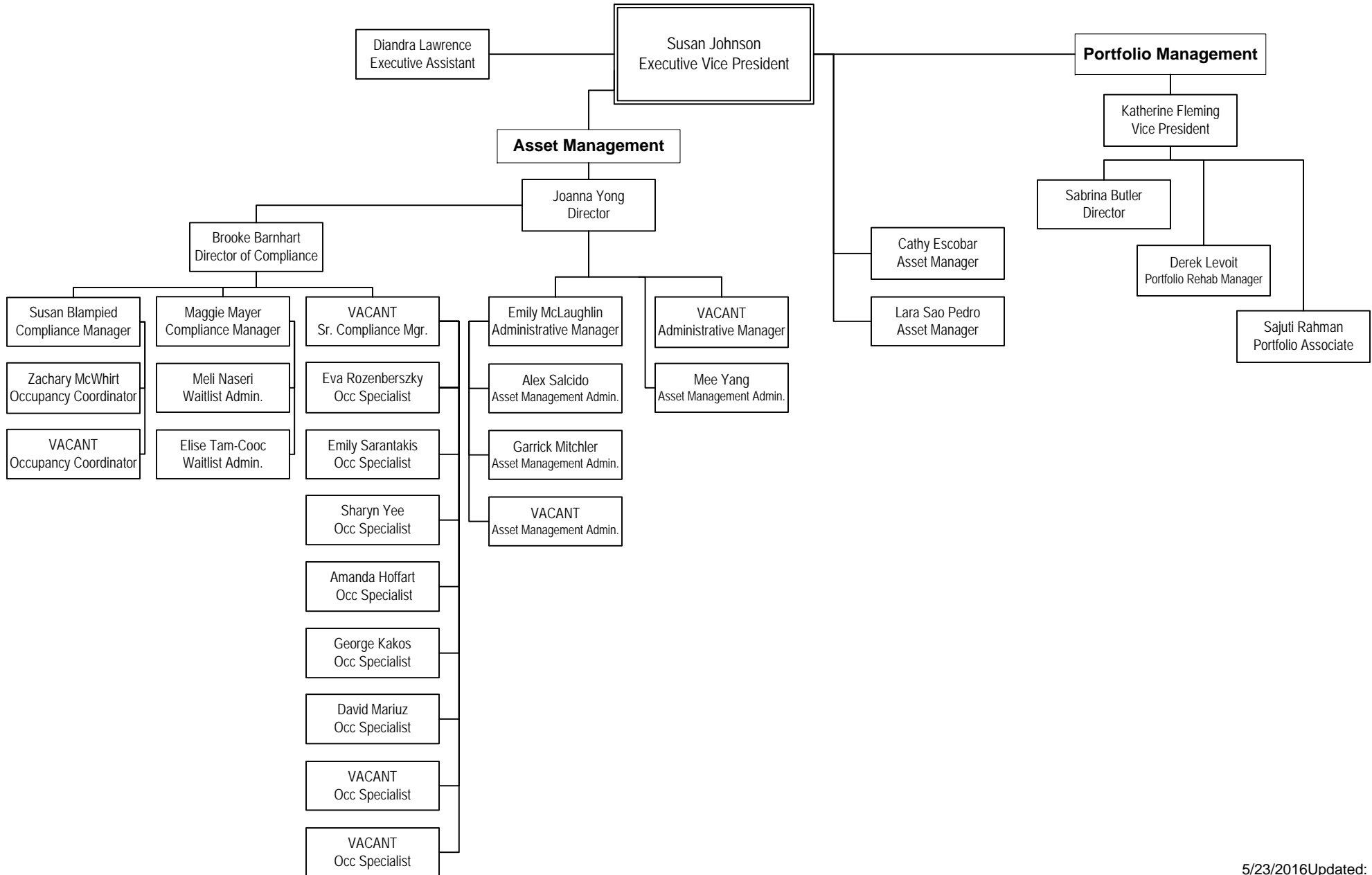
Real Estate Development  
Pacific Northwest, Southern California & Rebuild Potrero





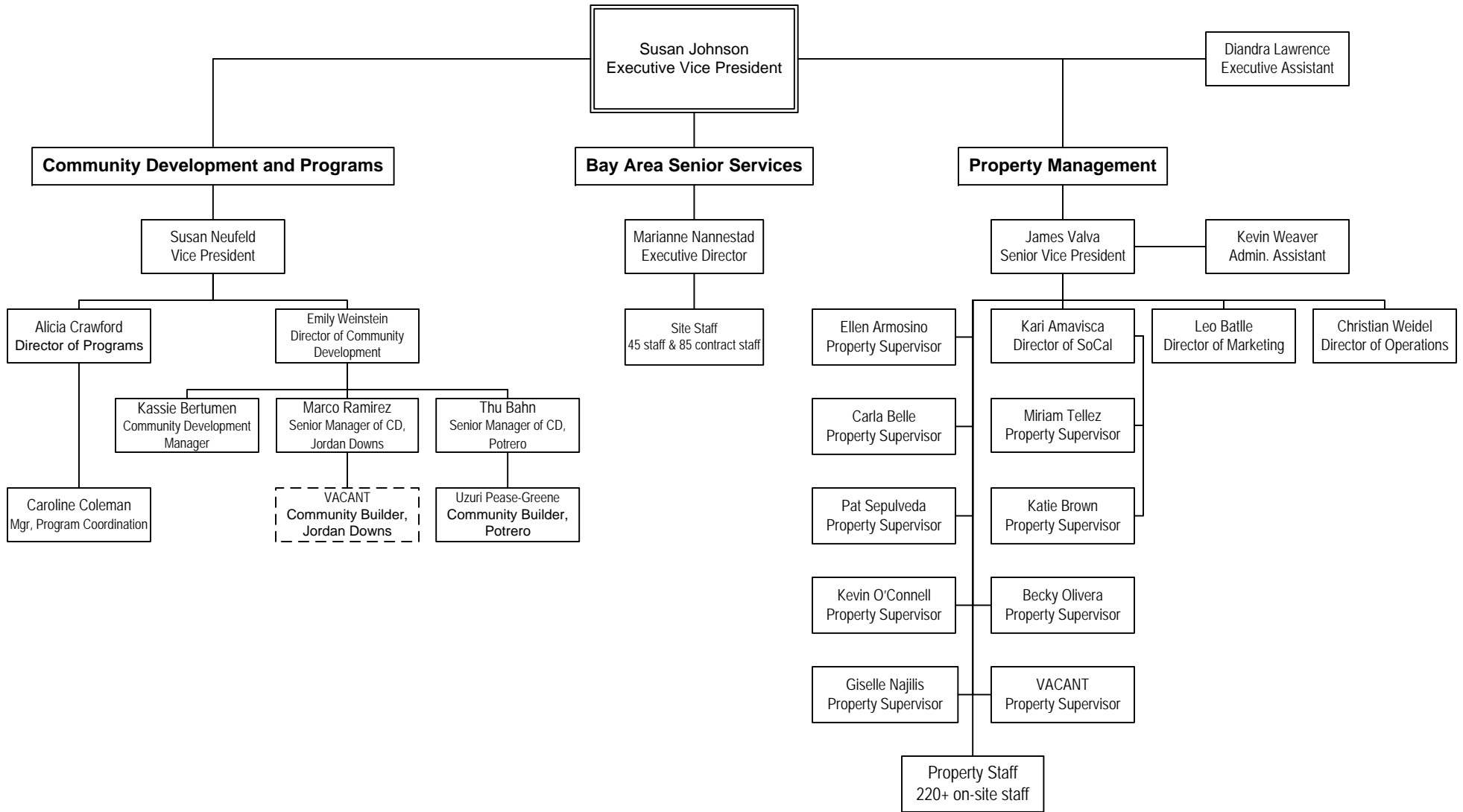


### Asset and Portfolio Management





Community Development and Programs | Bay Area Senior Services | Property Management



## **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

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**AERIAL VIEW**

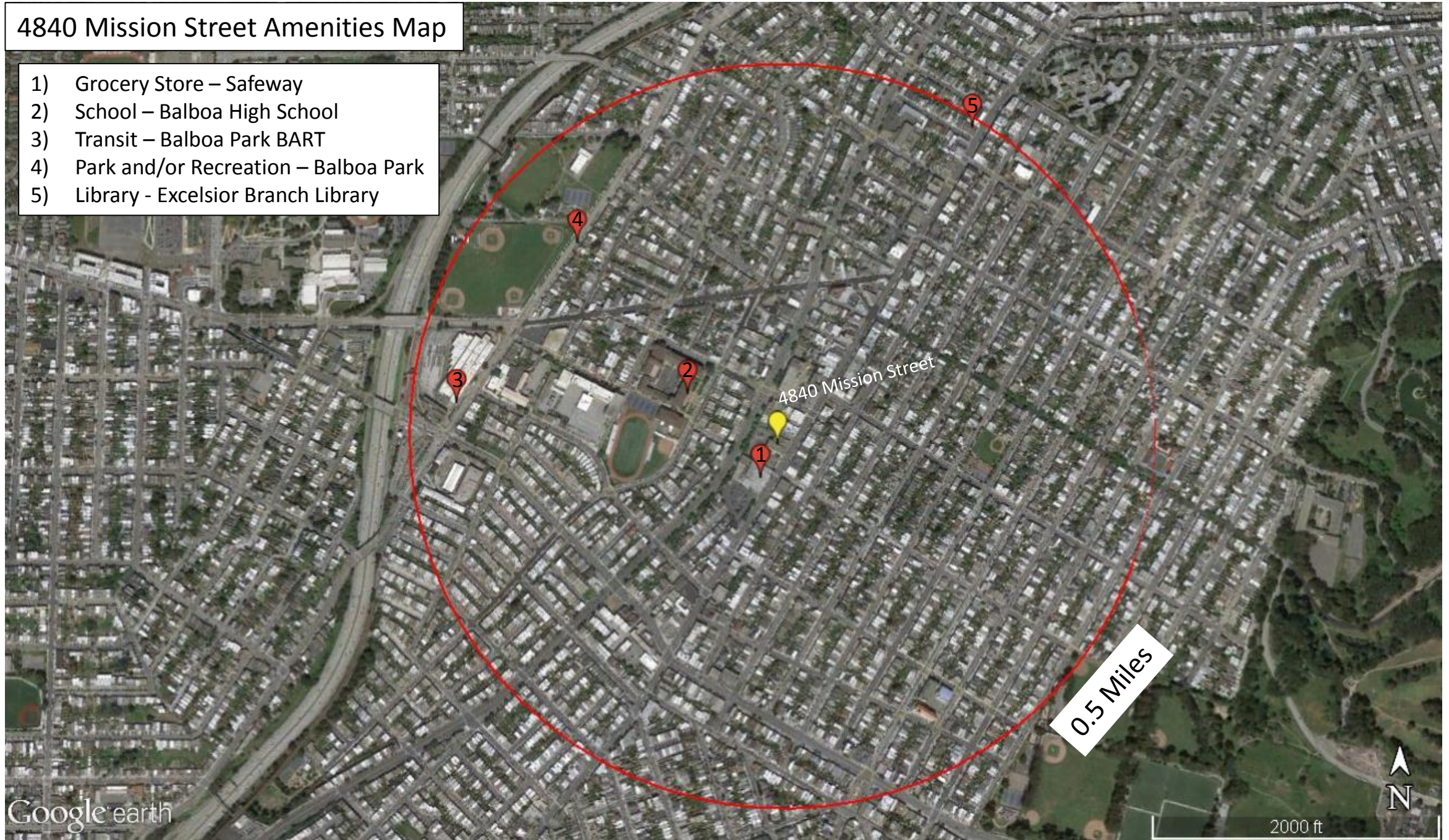


**FRONT VIEW**



# 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.

**Attachment G: Comparison of City Investment in Other Housing Developments**

## Affordable Multifamily Housing New Construction Cost Comparison

Updated 8/30/2019

PROJECTS COMPLETED						Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost					
Dr. George Davis Senior Comm.	1751 Carroll Ave	80,209	Jun-16	121	125	90,475	62,340	152,815	\$ 4,991,545	\$ 47,429,896	\$ 11,557,097	\$ 63,978,538	\$ 26,221,201	\$ 58,986,993		4 Type V over 2 Type IA, (bsmt pkg) & comml. Kitchen (significant non-res.)
95 Laguna Senior	95 Laguna	14,300	May-19	79	82	59,785	7,316	67,101	\$ 5,012,000	\$ 31,233,860	\$ 11,343,750	\$ 47,589,610	\$ 21,234,000	\$ 42,577,610	9% LIHTC	7 Story - 5 stories Type III over 2 stories Type IA + Community Services space (Open House)
Hunters View Phase II - BI 7 & 11	227-229 West Point Rd	82,703	May-17	107	239	117,023	23,857	140,880	\$ -	\$ 56,596,546	\$ 9,272,003	\$ 65,868,549	\$ 19,737,243	\$ 65,868,549	2 HCD Loans (MHP & IIG)	Mixed Townhome stepping downslope and Type III-V over Type I flats w/pkg
Hunters View Phase II - Block 10	146 West Point Road	52,333	Jun-18	72	144	90,274	13,328	103,602	\$ -	\$ 43,842,614	\$ 2,506,028	\$ 46,348,642	\$ 19,737,243	\$ 46,348,642	9% LIHTC	Type IIIA over Type I Podium 5 Stories + Parking, Community Hub and Childcare
Mission Bay Block 7 West	588 Mission Bay Blvd. N	43,560	Apr-17	200	328	204,965	5,035	210,000	\$ -	\$ 75,329,355	\$ 14,094,767	\$ 89,424,122	\$ 16,975,000	\$ 89,424,122		Type V over Type I Podium
Booker T Washington	800 Presidio	8,000	Feb-18	50	52	40,340	20,700	61,040	\$ 3,323,000	\$ 32,019,027	\$ 6,019,350	\$ 41,361,377	\$ 9,026,304	\$ 38,038,377	HCD MHP Loan	Type V over Type I Pod. Total cost includes a Community Center of \$8.4MM
Transbay 7 - Natalie Gubb Comm	222 Beale Street	29,209	Oct-18	120	208	118,251	5,000	123,251	\$ 35,000	\$ 58,230,905	\$ 16,314,468	\$ 74,580,373	\$ 25,560,000	\$ 74,545,373	HCD AHSC Loan	3 Buildings - Type I Podium, 4-8 stories (Pueblo structural system), plus Childcare shell
Mission Bay BI 6 East	626 Mission Bay Blvd. North	63,250	Nov-18	143	276	162,080	9,719	171,799	\$ 148,125	\$ 76,222,834	\$ 15,222,907	\$ 91,593,866	\$ 35,750,000	\$ 91,445,741	HCD AHSC Loan	Type IIIA & V over Type I podium, 41 pkg spaces, Mission Bay soils and infrastructure
Potrero Block X (Vertical)	25th and Connecticut	30,000	Sep-19	72	139	86,569	28,952	115,521	\$ 20,700	\$ 57,742,405	\$ 12,766,230	\$ 70,529,335	\$ 17,693,093	\$ 70,508,635		Type IIIA & V over Type I Podium (4-6 stories) stepped w/ topography. No infrast. Cost
<b>Completed Projects:</b>	<b>Average:</b>	<b>44,840</b>		<b>107</b>	<b>177</b>	<b>107,751</b>	<b>19,583</b>	<b>127,334</b>	<b>\$ 2,255,062</b>	<b>\$ 53,183,049</b>	<b>\$ 11,010,733</b>	<b>\$ 65,697,157</b>	<b>\$ 21,326,009</b>	<b>\$ 64,193,783</b>		

PROJECTS UNDER CONSTRUCTION						Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost					
Parcel O	455 Fell Street	37,428	Jun-19	108	165	82,117	31,128	113,245	\$ -	\$ 52,717,335	\$ 9,994,087	\$ 66,648,743	\$ 17,309,250	\$ 66,648,743	HCD AHSC Loan	Type V over Type I from approved eval dated 05/05/17
Sunnydale Parcel Q	1477-1497 Sunnydale Ave	21,757	Jun-20	55	102	75,101	0	75,101	\$ -	\$ 33,327,716	\$ 10,072,197	\$ 43,399,913	\$ 9,652,147	\$ 43,399,913	9% LIHTC	Type IV - 5 Stories over grade podium parking
1990 Folsom Street	1990 Folsom	29,047	Dec-20	143	226	138,824	15,063	153,887	\$ 8,407,380	\$ 73,760,332	\$ 25,616,512	\$ 107,784,224	\$ 46,711,496	\$ 99,376,844		Mixed type - Type VA (townhomes) and 8 story Type I over Podium
735 Davis Senior Housing	735 Davis	10,165	Nov-20	53	54	46,143	1,257	47,400	\$ -	\$ 29,049,637	\$ 11,846,397	\$ 40,896,054	\$ 18,525,949	\$ 40,896,054		Type IIIA & V over Type I Podium (5-6 stories) - Senior
88 Broadway - Family Housing	88 Broadway	38,182	Mar-21	125	221	140,279	8,700	148,979	\$ 14,900,000	\$ 69,461,936	\$ 27,758,226	\$ 112,120,162	\$ 27,908,676	\$ 97,220,162		Type IIIA & V over Type I Podium (5-6 stories) - family
691 China Basin (MB South 6W)	691 China Basin St	49,437	Mar-21	152	294	178,050	7,098	185,148	\$ -	\$ 97,322,472	\$ 27,507,082	\$ 124,829,554	\$ 47,361,690	\$ 124,829,554	HCD IIG Grant	Type III/podium and Type V/podium on mews wing, incl. 28 parking spaces, 4,640 sf child care sp
<b>Under Construction:</b>	<b>Average:</b>	<b>31,003</b>		<b>106</b>	<b>177</b>	<b>110,086</b>	<b>10,541</b>	<b>120,627</b>	<b>\$ 11,653,690</b>	<b>\$ 59,273,241</b>	<b>\$ 18,799,084</b>	<b>\$ 82,613,108</b>	<b>\$ 27,911,535</b>	<b>\$ 78,728,545</b>		

PROJECTS IN PREDEVELOPMENT						Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost					
TI Parcel C3.1	Treasure Island C3.1	49,497	Mar-21	135	320	137,000	62,000	199,000	\$ -	\$ 73,424,638	\$ 16,402,762	\$ 89,827,400	\$ 2,000,000	\$ 89,827,400	HCD AHSC Loan	Type IIIA & V over Type I Podium (5-6 stories)
Candlestick Point 10a	Ingerson & Earl	57,190	Dec-22	156	373	158,514	84,012	242,526	\$ -	\$ 100,458,934	\$ 20,016,694	\$ 120,475,628	\$ 65,088,319	\$ 120,475,628		Type III over Type I podium incl. 85 parking spaces, 13,400sf retail
Candlestick Point S. 11a	Candlestick Pk Dr. S. / Harney W.	62,500	Dec-22	176	355	199,995	40,510	240,505	\$ -	\$ 110,293,957	\$ 23,227,067	\$ 133,521,024	\$ 66,656,056	\$ 133,521,024		3-5 Stories of Type III and V over Type I incl. structured pkg & retail - design refinements
Francis Scott Key Ed Housing	1351 42nd	60,000	Mar-21	129	189	94,690	23,804	118,494	\$ -	\$ 60,260,622	\$ 12,479,898	\$ 72,740,520	\$ 25,469,902	\$ 72,740,520	9% LIHTC	Type V 4 stories on grade courtyard, 9% LIHTC proposed
Mission Bay S. Block 3E	1150 Third Street	47,140	Oct-19	119	192	83,138	41,062	124,200	\$ -	\$ 60,923,451	\$ 17,881,720	\$ 78,805,171	\$ 20,093,600	\$ 78,805,171	HCD VHPH Loan	Type V over Type I podium strong articulation / ext. skin added due to D4D reqmts.
Casa de la Mision	3001 24th Street	6,715	Feb-20	45	45	26,439	1,239	27,678	\$ 3,225,000	\$ 17,049,794	\$ 425,847	\$ 20,700,641	\$ 1,313,694	\$ 21,988,460	9% LIHTC & private donation	Type V over Type I podium
Sunnydale Block 6	242 Hahn Street	95,213	Nov-19	167	375	167,065	76,656	243,721	\$ -	\$ 107,749,928	\$ 28,896,989	\$ 136,646,917	\$ 28,109,924	\$ 136,646,917		Type V over Podium (does not include infrastructure assignment)
<b>In Predevelopment</b>	<b>Average:</b>	<b>54,036</b>		<b>132</b>	<b>264</b>	<b>123,834</b>	<b>47,040</b>	<b>170,875</b>	<b>\$ 3,225,000</b>	<b>\$ 75,737,332</b>	<b>\$ 17,047,282</b>	<b>\$ 93,245,329</b>	<b>\$ 29,818,785</b>	<b>\$ 93,429,303</b>		

<b>ALL PROJECTS</b>	<b>Average:</b>	<b>43,293</b>		<b>115</b>	<b>206</b>	<b>113,890</b>	<b>25,721</b>	<b>139,612</b>	<b>\$ 5,711,251</b>	<b>\$ 62,731,208</b>	<b>\$ 15,619,033</b>	<b>\$ 80,518,531</b>	<b>\$ 26,352,110</b>	<b>\$ 78,783,877</b>		
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4840 Mission Street	4840 Mission	64,350	3/1/2021	137	232	162,914	33,181	196,095	\$ 14,189,452	\$ 83,009,415	\$ 35,458,571	\$ 132,657,438	\$ 52,588,800	\$ 118,467,986	4% LIHTC	Type V over Type I sloped w/ townhomes and large commercial
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PROJECTS COMPLETED		Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft <sup>6</sup>	Soft/unit	Soft/BR	Soft/sq.ft <sup>6</sup>	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft <sup>6</sup>	Subsidy / unit	Leveraging <sup>7</sup>
Dr. George Davis Senior Comm.	Jun-16	41,252	39,932	62	391,983	379,439	310	95,513	\$ 92,457	\$ 76	\$ 528,748	\$ 511,828	\$ 419	\$ 216,704	59.0%
95 Laguna Senior	May-19	63,443	61,122	350	395,365	380,901	465	143,592	\$ 138,338	\$ 169	\$ 602,400	\$ 590,361	\$ 709	\$ 268,785	55.4%
Hunters View Phase II - BI 7 & 11	May-17	-	-	-	528,940	236,806	402	86,654	\$ 38,795	\$ 66	\$ 615,594	\$ 275,601	\$ 468	\$ 184,460	70.0%
Hunters View Phase II - Block 10	Jun-18	-	-	-	608,925	304,463	423	34,806	\$ -	\$ 24	\$ 643,731	\$ 321,866	\$ 447	\$ 274,128	57.4%
Mission Bay Block 7 West	Apr-17	-	-	-	376,647	229,663	359	70,474	\$ 42,972	\$ 67	\$ 447,121	\$ 272,635	\$ 426	\$ 84,875	81.0%
Booker T Washington	Feb-18	66,460	63,904	415	640,381	615,751	525	120,387	\$ 115,757	\$ 99	\$ 827,228	\$ 795,411	\$ 678	\$ 180,526	78.2%
Natalie Gubb Commons (TB7)	Oct-18	292	168	1	485,258	279,956	472	135,954	\$ 78,435	\$ 132	\$ 621,503	\$ 358,559	\$ 605	\$ 213,000	65.7%
Mission Bay S6E	Nov-18	1,036	537	2	533,027	276,170	444	106,454	\$ 55,155	\$ 89	\$ 640,517	\$ 331,862	\$ 533	\$ 250,000	61.0%
Potrero Block X (Vertical)	Sep-19	288	149	1	801,978	415,413	500	177,309	\$ 91,843	\$ 111	\$ 979,574	\$ 507,405	\$ 611	\$ 245,737	74.9%
<b>Completed Projects:</b>	<b>Average:</b>	<b>28,795</b>	<b>27,635</b>	<b>139</b>	<b>529,167</b>	<b>346,507</b>	<b>433</b>	<b>107,905</b>	<b>\$ 74,573</b>	<b>\$ 92</b>	<b>\$ 656,268</b>	<b>\$ 439,503</b>	<b>\$ 544</b>	<b>\$ 213,135</b>	<b>67%</b>

PROJECTS UNDER CONSTRUCTION		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft <sup>6</sup>	Soft/unit	Soft/BR	Soft/sq.ft <sup>6</sup>	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft <sup>6</sup>	Subsidy / unit	Leveraging <sup>7</sup>
Parcel O	Jun-19	-	-	-	488,123	319,499	466	92,538	\$ 60,570	\$ 211	\$ 617,118	\$ 403,932	\$ 589	\$ 160,271	74.0%
Sunnydale Parcel Q	Jun-20	-	-	-	605,958	326,742	444	183,131	\$ 98,747	\$ 134	\$ 789,089	\$ 425,489	\$ 578	\$ 175,494	77.8%
1990 Folsom Street	Dec-20	58,793	37,201	289	515,807	326,373	479	179,136	\$ 113,347	\$ 166	\$ 753,736	\$ 476,921	\$ 700	\$ 326,654	56.7%
735 Davis	Nov-20	-	-	-	548,107	537,957	613	223,517	\$ 219,378	\$ 250	\$ 771,624	\$ 757,334	\$ 863	\$ 349,546	54.7%
88 Broadway - Family Housing	Mar-21	119,200	67,421	390	555,695	314,307	466	222,066	\$ 125,603	\$ 186	\$ 896,961	\$ 507,331	\$ 753	\$ 223,269	75.1%
691 China Basin MBS 6W	Mar-21	-	-	-	640,279	331,029	526	180,968	\$ 93,562	\$ 149	\$ 821,247	\$ 424,590	\$ 674	\$ 311,590	62.1%
<b>Under Construction:</b>	<b>Average:</b>	<b>88,996</b>	<b>52,311</b>	<b>340</b>	<b>558,995</b>	<b>359,318</b>	<b>499</b>	<b>180,226</b>	<b>\$ 118,534</b>	<b>\$ 183</b>	<b>\$ 774,963</b>	<b>\$ 499,266</b>	<b>\$ 693</b>	<b>\$ 257,804</b>	<b>67%</b>

PROJECTS IN PREDEVELOPMENT		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Start Date (anticipated)	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft <sup>6</sup>	Soft/unit	Soft/BR	Soft/sq.ft <sup>6</sup>	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft <sup>6</sup>	Subsidy / unit	Leveraging <sup>7</sup>
TI Parcel C3.1	Mar-21	-	-	-	543,886	229,452	369	121,502	\$ 51,259	\$ 82	\$ 665,388	\$ 280,711	\$ 451	\$ 14,815	97.8%
Candlestick Point 10a	Dec-22	-	-	-	643,968	369,327	414	128,312	\$ 53,664	\$ 93	\$ 772,280	\$ 322,991	\$ 497	\$ 417,233	46.0%
Candlestick Point S. 11a	Dec-22	-	-	-	626,670	310,667	459	131,972	\$ 65,428	\$ 97	\$ 758,642	\$ 376,116	\$ 555	\$ 378,728	50.1%
FSK Educator Housing</															

**Attachment H: Sources and Uses**

Application Date: 8/15/19 # Units: 137  
 Project Name: 4840 Mission # Bedrooms: 232  
 Project Address: 4840 Mission Street # Beds:  
 Project Sponsor: BRIDGE Housing

SOURCES	6,000,000	12,510,000	239,602	113,056	-	-	Total Sources	18,862,658	Comments
Name of Sources:	MOHCD/OCII	MOHCD Predev 2	Third Party	BRIDGE DWC					

USES

ACQUISITION

Acquisition cost or value	3,000,000	9,000,000					12,000,000	
Legal / Closing costs / Broker's Fee	47,911						47,911	
Holding Costs	1,425,887	407,657	161,820	456			1,995,820	includes SFHAF interest (\$1.2M), predev loan interest (\$90K), and security/maintenance (\$843K)
Transfer Tax							0	
<b>TOTAL ACQUISITION</b>	<b>4,473,798</b>	<b>9,407,657</b>	<b>161,820</b>	<b>456</b>	<b>0</b>	<b>0</b>	<b>14,043,731</b>	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab							0	Include FF&E
Commercial Shell Construction							0	
Demolition							0	
Environmental Remediation							0	
Onsite Improvements/Landscaping							0	
Offsite Improvements							0	
Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.
Parking							0	
GC Bond Premium/GC Insurance/GC Taxes							0	
GC Overhead & Profit							0	
CG General Conditions							0	
Sub-total Construction Costs	0	0	0	0	0	0	0	
Design Contingency (remove at DD)							0	\$45MM+
Bid Contingency (remove at bid)							0	\$45MM+
Plan Check Contingency (remove/reduce during Plan Review)							0	\$45MM+
Hard Cost Construction Contingency							0	5% new construction / 15% rehab
Sub-total Construction Contingencies	0	0	0	0	0	0	0	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

Architect design fees	416,989	352,180		35,549			804,718	See MOHCD A&E Fee Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
Design Subconsultants to the Architect (incl. Fees)		894,870					894,870	
Architect Construction Admin							0	
Reimbursables		56,250					56,250	
Additional Services	271,490						271,490	Townhouse Design (\$121,170), 175-unit
Sub-total Architect Contract	688,479	1,303,300	0	35,549	0	0	2,027,328	
Other Third Party design consultants (not included under Architect contract)	26,507	499,199		5,923			531,629	Consultants not covered under architect contract; other testing including acoustical and
<b>Total Architecture &amp; Design</b>	<b>714,986</b>	<b>1,802,499</b>	<b>0</b>	<b>41,472</b>	<b>0</b>	<b>0</b>	<b>2,558,957</b>	

Engineering & Environmental Studies

Survey	3,155	15,000		6,076			24,231	
Geotechnical studies	3,000	50,000					53,000	
Phase I & II Reports	2,132	15,000		31,054			48,186	
CEQA / Environmental Review consultants	95,314						95,314	CEQA cost paid during previous 2 designs
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants							0	Name consultants & contract amounts
<b>Total Engineering &amp; Environmental Studies</b>	<b>103,601</b>	<b>80,000</b>	<b>0</b>	<b>37,130</b>	<b>0</b>	<b>0</b>	<b>220,731</b>	

Financing Costs

<b>Construction Financing Costs</b>								
Construction Loan Origination Fee	135,000						135,000	
Construction Loan Interest							0	
Title & Recording							0	
CDLAC & CDIAC fees							0	
Bond Issuer Fees							0	
Other Bond Cost of Issuance							0	
Other Lender Costs (specify)							0	
Sub-total Const. Financing Costs	135,000	0	0	0	0	0	135,000	
<b>Permanent Financing Costs</b>								
Permanent Loan Origination Fee							0	
Credit Enhance. & Appl. Fee							0	
Title & Recording							0	
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0	
<b>Total Financing Costs</b>	<b>135,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>135,000</b>	

Legal Costs

Borrower Legal fees	66,798	62,218	37,782	24,305			191,103	
Land Use / CEQA Attorney fees							0	
Tax Credit Counsel							0	
Bond Counsel							0	
Construction Lender Counsel							0	
Permanent Lender Counsel							0	
Other Legal (specify)							0	
<b>Total Legal Costs</b>	<b>66,798</b>	<b>62,218</b>	<b>37,782</b>	<b>24,305</b>	<b>0</b>	<b>0</b>	<b>191,103</b>	

Other Development Costs

Appraisal	8,093			2,031			10,124	
Market Study	10,394	43,171		7,611			61,176	
Insurance	2,378						2,378	
Property Taxes	289,105	200,000	40,000				529,105	
Accounting / Audit							0	
Organizational Costs		7,500					7,500	
Entitlement / Permit Fees		12,235					12,235	
Marketing / Rent-up							0	
Furnishings							0	\$2,000/unit; See MOHCD U/W Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
PGE / Utility Fees							0	
TCAC App / Alloc / Monitor Fees		103,319					103,319	
Financial Consultant fees	13,862	38,638					52,500	
Construction Management fees / Owner's Rep	20,000	30,000					50,000	
Security during Construction							0	
Relocation							0	
Other (Community Outreach)	1,500	10,000					11,500	
Other (specify)							0	
Other (specify)							0	
<b>Total Other Development Costs</b>	<b>345,332</b>	<b>444,863</b>	<b>40,000</b>	<b>9,642</b>	<b>0</b>	<b>0</b>	<b>839,837</b>	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	0	323,248	0	51	0	0	323,299	Should be either 10% or 5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>1,365,717</b>	<b>2,712,828</b>	<b>77,782</b>	<b>112,600</b>	<b>0</b>	<b>0</b>	<b>4,268,927</b>	8.2%

Total Soft Cost Contingency as % of Total Soft Costs

RESERVES

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

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	160,485	389,515					550,000	
Developer Fee - Cash-out At Risk							0	
Developer Fee - GP Equity (also show as source)							0	
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)							0	
<b>TOTAL DEVELOPER COSTS</b>	<b>160,485</b>	<b>389,515</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>550,000</b>	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	6,000,000	12,510,000	239,602	113,056	0	0	18,862,658	
Development Cost/Unit as % of TDC by Source	43.796	91.314	1.749	825	0	0	137,684	
	31.8%	66.3%	1.3%	0.6%	0.0%	0.0%	100.0%	

Acquisition Cost/Unit by Source

	21,898	65,693	0	0	0	0	87,591	
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Construction Cost (inc Const Contingency)/Unit by Source

	0	0	0	0	0	0	0	
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Construction Cost (inc Const Contingency)/SF

	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
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City Subsidy/Unit

	43,796							
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Tax Credit Equity Pricing:

	102.00							
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Construction Bond Amount:

	60,827,652							
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Construction Loan Term (in months):

	30 months							
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Construction Loan Interest Rate (as %):

	5.44%							
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Application Date: 8/15/19 # Units: 137  
 Project Name: 4840 Mission # Bedrooms:   
 Project Address: 4840 Mission Street # Beds:   
 Project Sponsor: BRIDGE Housing

SOURCES	Total Sources						Comments
	52,588,800	22,766,476	3,000,000	42,516,587	9,813,387	1,972,188	
Name of Sources:	MOHCD/OCII	Tax Exempt Loan	MNHC	Equity	GP Equity	Deferred Fee	

USES

ACQUISITION

Acquisition cost or value	12,000,000						12,000,000	Property will transfer to MOHCD as a ground lease at close of construction.
Legal / Closing costs / Broker's Fee	174,014						174,014	This is costs from predev plus \$126,103. The \$126,103 is based on 1950 Mission closing costs.
Holding Costs	1,854,114		39,027	122,297			2,015,438	Includes SFHAF interest (\$1.2M), 3rd party loan interest (\$90K), and security/maintenance (\$843K). Please note that property taxes during holding period are shown under other development costs.
Transfer Tax							0	
<b>TOTAL ACQUISITION</b>	<b>14,028,128</b>	<b>0</b>	<b>39,027</b>	<b>122,297</b>	<b>0</b>	<b>0</b>	<b>14,189,452</b>	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab	31,706,752	5,892,694		30,178,539			67,777,985	Include FF&E and includes escalation
Commercial Shell Construction	831,273		1,901,021				2,732,294	
Demolition	500,000						500,000	
Environmental Remediation							0	
Onsite Improvements/Landscaping							0	
Offsite Improvements							0	
Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.
Parking				2,470,593			2,470,593	
GC Bond Premium/GC Insurance/GC Taxes							0	0.0%
GC Overhead & Profit							0	0.0%
CG General Conditions							0	0.0%
<i>Sub-total Construction Costs</i>	<i>33,038,025</i>	<i>5,892,694</i>	<i>1,901,021</i>	<i>32,649,132</i>	<i>0</i>	<i>0</i>	<i>73,480,872</i>	
Design Contingency (remove at DD)			43,789	2,146,668			2,190,456	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)			44,089	2,160,338			2,204,426	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)			29,192	1,430,425			1,459,617	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency			73,481	3,600,563			3,674,044	5% new construction / 15% rehab
<i>Sub-total Construction Contingencies</i>	<i>0</i>	<i>0</i>	<i>190,550</i>	<i>9,337,993</i>	<i>0</i>	<i>0</i>	<i>9,528,543</i>	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>33,038,025</b>	<b>5,892,694</b>	<b>2,091,571</b>	<b>41,987,125</b>	<b>0</b>	<b>0</b>	<b>83,009,415</b>	

SOFT COSTS

Architecture & Design

Architect design fees	769,169			71,098			840,267	See MOHCD A&E Fee Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
Design Subconsultants to the Architect (incl. Fees)	894,870						894,870	
Architect Construction Admin		344,876	12,073	12,074			369,023	
Reimbursables	56,250	18,750					75,000	
Additional Services	271,490						271,490	
<i>Sub-total Architect Contract</i>	<i>1,991,779</i>	<i>363,626</i>	<i>12,073</i>	<i>83,172</i>	<i>0</i>	<i>0</i>	<i>2,450,650</i>	
Other Third Party design consultants (not included under Architect contract)	710,898			174,294			885,192	Consultants not covered under architect contract; name consultant type and contract amount
<b>Total Architecture &amp; Design</b>	<b>2,702,677</b>	<b>363,626</b>	<b>12,073</b>	<b>257,466</b>	<b>0</b>	<b>0</b>	<b>3,335,842</b>	

Engineering & Environmental Studies

Survey	18,155			6,076			24,231	
Geotechnical studies	53,000						53,000	
Phase I & II Reports	17,132		15,527	15,527			48,186	
CEQA / Environmental Review consultants	95,314	10,971	10,971				117,256	
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants							0	Name consultants & contract amounts
<b>Total Engineering &amp; Environmental Studies</b>	<b>183,601</b>	<b>10,971</b>	<b>26,498</b>	<b>21,603</b>	<b>0</b>	<b>0</b>	<b>242,673</b>	

Financing Costs

<b>Construction Financing Costs</b>								
Construction Loan Origination Fee	135,000						135,000	
Construction Loan Interest		7,731,544	400,000				8,131,544	
Title & Recording		46,500	3,500				50,000	
CDLAC & CDIAC fees		251,426					251,426	
Bond Issuer Fees		424,742					424,742	
Other Bond Cost of Issuance		704,076					704,076	LC origination fee
Other Lender Costs (specify)		10,000					10,000	COI contingency
<i>Sub-total Const. Financing Costs</i>	<i>135,000</i>	<i>9,168,288</i>	<i>403,500</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>9,706,788</i>	
<b>Permanent Financing Costs</b>								
Permanent Loan Origination Fee		203,488					203,488	Fees and lender expenses
Credit Enhance. & Appl. Fee							0	
Title & Recording	1,000	17,800	1,200				20,000	Lender counsel and perm expenses
<i>Sub-total Perm. Financing Costs</i>	<i>1,000</i>	<i>221,288</i>	<i>1,200</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>223,488</i>	
<b>Total Financing Costs</b>	<b>136,000</b>	<b>9,389,576</b>	<b>404,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,930,276</b>	

Legal Costs

Borrower Legal fees		137,200	2,800				140,000	Legal construction (\$125k) and Legal conversion (\$15K)
Land Use / CEQA Attorney fees	129,016						129,016	
Tax Credit Counsel		70,000					70,000	
Bond Counsel		89,000					89,000	
Construction Lender Counsel		30,000					30,000	
Permanent Lender Counsel		25,000					25,000	
Other Legal (specify)		8,000					8,000	Trustee fee during construction
<b>Total Legal Costs</b>	<b>129,016</b>	<b>359,200</b>	<b>2,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>491,016</b>	

Other Development Costs

Appraisal	8,093	3,427	240	240			12,000	
Market Study	53,565	7,611					61,176	Includes retail markets study request by MOHCD for construction 100%; br soft costs 30%; general and umbrella liability.
Insurance	2,378	789,471	16,259				808,108	Taxes During Constr (\$224,141), Predev Holding Period (\$609,104)
Property Taxes	489,105	218,718	62,712	61,806			832,341	
Accounting / Audit							0	
Organizational Costs	7,500						7,500	
Entitlement / Permit Fees	12,235	1,176,665	66,050	66,050			1,321,000	Based on 1950 Mission - Planning (\$68K), DPH (\$300K), DBI Add'l (\$18K), MOD (\$460K), SFPU/Utilities (\$475K)
Marketing / Rent-up		325,382					325,382	
Furnishings		280,500					280,500	\$2,000/unit; See MOHCD U/W Guidelines on: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
PGE / Utility Fees		200,000	50,000				250,000	Utility connection fee
TCAC App / Alloc / Monitor Fees	103,319	185,000					288,319	Application origination fee \$135,914; Tcac app and allocation fee - \$102,405; CIP, TCACAudit - \$50,000.
Financial Consultant fees	52,500	10,000					62,500	
Construction Management fees / Owner's Rep	50,000	116,157	10,000				176,157	
Security during Construction		211,360	38,640				250,000	
Relocation							0	
Other (Community Outreach)	11,500	0					11,500	
Other (Impact Fees)		691,800	36,600				728,400	Assumes CPI adjustments from current fees (20.9 per gsf non-res for TSF) Plus PUC and School fees (informed by 1950 actual fees)
Other (Technical Study/Support for Non-Resi Uses)	6,925	124,650	6,925				138,500	
<b>Total Other Development Costs</b>	<b>797,120</b>	<b>4,340,741</b>	<b>287,426</b>	<b>128,096</b>	<b>0</b>	<b>0</b>	<b>5,553,383</b>	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	324,233	528,552	35,905	0	0	0	888,690	Should be either 10% or 5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>4,272,647</b>	<b>14,992,666</b>	<b>769,402</b>	<b>407,165</b>	<b>0</b>	<b>0</b>	<b>20,441,880</b>	4.5%

RESERVES

Operating Reserves		381,177					381,177	3 months operating expenses including reserves, excluding debt payments.
Replacement Reserves							0	
Tenant Improvements Reserves							0	
Other (specify)							0	
Other (specify)							0	
Other (specify)							0	
<b>TOTAL RESERVES</b>	<b>0</b>	<b>381,177</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>381,177</b>	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	1,100,000						1,100,000	
Developer Fee - Cash-out At Risk		1,449,940					1,449,940	
Developer Fee - GP Equity (also show as source)					9,813,387		9,813,387	
Developer Fee - Deferred (also show as source)						1,972,188	1,972,188	
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects
Other (Commercial Developer Fee)	150,000	50,000	100,000				300,000	
<b>TOTAL DEVELOPER COSTS</b>	<b>1,250,000</b>	<b>1,499,940</b>	<b>100,000</b>	<b>0</b>	<b>9,813,387</b>	<b>1,972,188</b>	<b>14,635,515</b>	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	52,588,800	22,766,476	3,000,000	42,516,587	9,813,387	1,972,188	132,657,438	
Development Cost/Unit as % of TDC by Source	383,860	166,179	21,898	310,340	71,631	14,396	968,302	
	39.6%	17.2%	2.3%	32.0%	7.4%	1.5%	100.0%	

Acquisition Cost/Unit by Source

	87,591	0	0	0	0	0	87,591	
--	--------	---	---	---	---	---	--------	--

Construction Cost (inc Const Contingency)/Unit By Source

	241,153	43,012	15,267	306,475	0	0	605,908	
--	---------	--------	--------	---------	---	---	---------	--

Construction Cost (inc Const Contingency)/SF

	168.48	30.05	10.67	214.12	0.00	0.00	423.31	
--	--------	-------	-------	--------	------	------	--------	--

City Subsidy/Unit

	383,860							
--	---------	--	--	--	--	--	--	--

Tax Credit Equity Pricing:

	1.02							
--	------	--	--	--	--	--	--	--

Construction Bond Amount:

	60,827,652							
--	------------	--	--	--	--	--	--	--

Construction Loan Term (in months):

	30 months							
--	-----------	--	--	--	--	--	--	--

Construction Loan Interest Rate (as %):

	5.44%							
--	-------	--	--	--	--	--	--	--



**Attachment I: 1<sup>st</sup> Year Operating Budget**

Application Date: 8/15/2019 Project Name: 4840 Mission  
 Total # Units: 137 Project Address: 4840 Mission Street  
 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	2,466,756	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	726,696	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	0	0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	15,174	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	Links from 'Commercial Op. Budget' Worksheet
Withdrawal from Capitalized Reserve (deposit to operating account)		
<b>Gross Potential Income</b>	<b>3,208,626</b>	

Vacancy Loss - Residential - Tenant Rents	(123,338)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(36,335)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	Links from 'Commercial Op. Budget' Worksheet
<b>EFFECTIVE GROSS INCOME</b>	<b>3,048,954</b>	<b>PUPA: 22,255</b>

**OPERATING EXPENSES**

Management		
Management Fee	97,920	1st Year to be set according to HUD schedule.
Asset Management Fee		
<b>Sub-total Management Expenses</b>	<b>97,920</b>	<b>PUPA: 715</b>

Salaries/Benefits		
Office Salaries	81,578	
Manager's Salary	67,840	
Health Insurance and Other Benefits	77,834	
Other Salaries/Benefits		
Administrative Rent-Free Unit		
<b>Sub-total Salaries/Benefits</b>	<b>227,251</b>	<b>PUPA: 1,659</b>

Administration		
Advertising and Marketing	5,000	
Office Expenses	59,391	
Office Rent		
Legal Expense - Property	3,000	
Audit Expense	11,000	
Bookkeeping/Accounting Services	16,434	
Bad Debts	5,000	
Miscellaneous		
<b>Sub-total Administration Expenses</b>	<b>99,825</b>	<b>PUPA: 729</b>

Utilities		
Electricity	65,280	
Water	73,440	
Gas	35,904	
Sewer	101,184	
<b>Sub-total Utilities</b>	<b>275,808</b>	<b>PUPA: 2,013</b>

Taxes and Licenses		
Real Estate Taxes	3,000	
Payroll Taxes	27,730	
Miscellaneous Taxes, Licenses and Permits	1,250	
<b>Sub-total Taxes and Licenses</b>	<b>31,980</b>	<b>PUPA: 233</b>

Insurance		
Property and Liability Insurance	150,000	
Fidelity Bond Insurance		
Worker's Compensation	24,957	
Director's & Officers' Liability Insurance		
<b>Sub-total Insurance</b>	<b>174,957</b>	<b>PUPA: 1,277</b>

Maintenance & Repair		
Payroll	127,878	
Supplies	20,678	
Contracts	68,582	includes exterminating, grounds, repairs, elevator, and other
Garbage and Trash Removal	57,198	
Security Payroll/Contract	118,423	
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs	9,752	
Miscellaneous Operating and Maintenance Expenses	5,508	heating and cooling and decorating
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>408,020</b>	<b>PUPA: 2,978</b>

Supportive Services	100,912	
Commercial Expenses	0	Links from 'Commercial Op. Budget' Worksheet

**TOTAL OPERATING EXPENSES 1,416,672 PUPA: 10,341**

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	24,534	
Replacement Reserve Deposit	68,500	\$500 PUPA
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
Required Reserve Deposits, Commercial	0	Links from 'Commercial Op. Budget' Worksheet
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>108,034</b>	<b>PUPA: 789</b>

<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>	<b>1,524,706</b>	<b>PUPA: 11,129</b>	Min DSCR: 1.1
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>	<b>1,524,247</b>	<b>PUPA: 11,126</b>	Mortgage Rate: 5.00%
			Term (Years): 35
			Supportable 1st Mortgage Pmt: 1,385,679
			Supportable 1st Mortgage Amt: \$22,880,147
			Proposed 1st Mortgage Amt: \$22,766,476

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	1,322,918	Tax Exempt Loan 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	Links from 'Commercial Op. Budget' Worksheet
<b>TOTAL HARD DEBT SERVICE</b>	<b>1,322,918</b>	<b>PUPA: 9,656</b>

**CASH FLOW (NOI minus DEBT SERVICE) 201,329**  
**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)	22,500	1st
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	2nd
Other Payments		
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	58,464	Def. Develop. Fee split: 34% Provide additional comments here, if needed.

**TOTAL PAYMENTS PRECEDING MOHCD 85,964 PUPA: 627**

**RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) 115,365**

**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.): **86,915**  
 % 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	\$52,588,800	82.47%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Acquisition Cost	\$11,175,000	17.53%
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	115,365	50% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	115,365	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.

**REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS 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	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>0</b>	

**REMAINDER (Should be zero unless there are distributions below) 0**  
 Owner Distributions/Incentive Management Fee 0  
 Other Distributions/Uses 0  
**Final Balance (should be zero) 0**

**Attachment J: 20-year Operating Proforma**

4840 Mission

Total # Units: 137

TCAC Income Limits In Use!

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>INCOME</b>	% annual increase										
Residential - Tenant Rents	2.5%	2,466,756	2,528,425	2,591,636	2,656,426	2,722,837	2,790,908	2,860,681	2,932,198	3,005,503	3,080,640
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	726,696	837,884	858,831	880,302	902,310	924,867	947,989	971,689	995,981	1,020,880
Commercial Space	2.5%	-	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	-	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%	-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	15,174	15,553	15,942	16,341	16,749	17,168	17,597	18,037	18,488	18,950
Tenant Charges	2.5%	-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%	-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	-	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>		<b>3,208,626</b>	<b>3,381,862</b>	<b>3,466,409</b>	<b>3,553,069</b>	<b>3,641,896</b>	<b>3,732,943</b>	<b>3,826,267</b>	<b>3,921,924</b>	<b>4,019,972</b>	<b>4,120,471</b>
Vacancy Loss - Residential - Tenant Rents	n/a	(123,338)	(126,421)	(129,582)	(132,821)	(136,142)	(139,545)	(143,034)	(146,610)	(150,275)	(154,032)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	(36,335)	(41,894)	(42,942)	(44,015)	(45,116)	(46,243)	(47,399)	(48,584)	(49,799)	(51,044)
Vacancy Loss - Commercial	n/a	-	-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>		<b>3,048,954</b>	<b>3,213,547</b>	<b>3,293,886</b>	<b>3,376,233</b>	<b>3,460,639</b>	<b>3,547,154</b>	<b>3,635,834</b>	<b>3,726,730</b>	<b>3,819,898</b>	<b>3,915,395</b>
<b>OPERATING EXPENSES</b>											
<b>Management</b>											
Management Fee	3.5%	97,920	101,347	104,894	108,566	112,365	116,298	120,369	124,582	128,942	133,455
Asset Management Fee	3.5%	-	-	-	-	-	-	-	-	-	-
<b>Sub-total Management Expenses</b>		<b>97,920</b>	<b>101,347</b>	<b>104,894</b>	<b>108,566</b>	<b>112,365</b>	<b>116,298</b>	<b>120,369</b>	<b>124,582</b>	<b>128,942</b>	<b>133,455</b>
<b>Salaries/Benefits</b>											
Office Salaries	3.5%	81,578	84,433	87,388	90,447	93,612	96,889	100,280	103,789	107,422	111,182
Manager's Salary	3.5%	67,840	70,214	72,672	75,215	77,848	80,573	83,393	86,311	89,332	92,459
Health Insurance and Other Benefits	3.5%	77,834	80,558	83,377	86,296	89,316	92,442	95,677	99,026	102,492	106,079
Other Salaries/Benefits	3.5%	-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%	-	-	-	-	-	-	-	-	-	-
<b>Sub-total Salaries/Benefits</b>		<b>227,251</b>	<b>235,205</b>	<b>243,437</b>	<b>251,958</b>	<b>260,776</b>	<b>269,903</b>	<b>279,350</b>	<b>289,127</b>	<b>299,247</b>	<b>309,720</b>
<b>Administration</b>											
Advertising and Marketing	3.5%	5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814
Office Expenses	3.5%	59,391	61,469	63,621	65,848	68,152	70,538	73,006	75,562	78,206	80,943
Office Rent	3.5%	-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3,000	3,105	3,214	3,326	3,443	3,563	3,688	3,817	3,950	4,089
Audit Expense	3.5%	11,000	11,385	11,783	12,196	12,623	13,065	13,527	13,995	14,485	14,992
Bookkeeping/Accounting Services	3.5%	16,434	17,009	17,605	18,221	18,859	19,519	20,202	20,909	21,641	22,398
Bad Debts	3.5%	5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814
Miscellaneous	3.5%	-	-	-	-	-	-	-	-	-	-
<b>Sub-total Administration Expenses</b>		<b>99,825</b>	<b>103,319</b>	<b>106,935</b>	<b>110,678</b>	<b>114,551</b>	<b>118,561</b>	<b>122,710</b>	<b>127,005</b>	<b>131,450</b>	<b>136,051</b>
<b>Utilities</b>											
Electricity	3.5%	65,280	67,565	69,930	72,377	74,910	77,532	80,246	83,054	85,961	88,970
Water	3.5%	73,440	76,010	78,671	81,424	84,274	87,224	90,277	93,436	96,706	100,091
Gas	3.5%	35,904	37,161	38,461	39,807	41,201	42,643	44,135	45,680	47,279	48,933
Sewer	3.5%	101,184	104,725	108,391	112,185	116,111	120,175	124,381	128,734	133,240	137,903
<b>Sub-total Utilities</b>		<b>275,808</b>	<b>285,461</b>	<b>295,452</b>	<b>305,793</b>	<b>316,496</b>	<b>327,573</b>	<b>339,038</b>	<b>350,905</b>	<b>363,186</b>	<b>375,898</b>
<b>Taxes and Licenses</b>											
Real Estate Taxes	3.5%	3,000	3,105	3,214	3,326	3,443	3,563	3,688	3,817	3,950	4,089
Payroll Taxes	3.5%	27,730	28,700	29,705	30,744	31,820	32,934	34,087	35,280	36,515	37,793
Miscellaneous Taxes, Licenses and Permits	3.5%	1,250	1,294	1,339	1,386	1,434	1,485	1,537	1,590	1,646	1,704
<b>Sub-total Taxes and Licenses</b>		<b>31,980</b>	<b>33,099</b>	<b>34,257</b>	<b>35,456</b>	<b>36,697</b>	<b>37,982</b>	<b>39,311</b>	<b>40,687</b>	<b>42,111</b>	<b>43,585</b>
<b>Insurance</b>											
Property and Liability Insurance	3.5%	150,000	155,250	160,684	166,308	172,128	178,153	184,388	190,842	197,521	204,435
Fidelity Bond Insurance	3.5%	-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	24,957	25,830	26,734	27,670	28,638	29,641	30,678	31,752	32,863	34,013
Director's & Officers' Liability Insurance	3.5%	-	-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>		<b>174,957</b>	<b>181,080</b>	<b>187,418</b>	<b>193,978</b>	<b>200,767</b>	<b>207,794</b>	<b>215,066</b>	<b>222,594</b>	<b>230,384</b>	<b>238,448</b>
<b>Maintenance &amp; Repair</b>											
Payroll	3.5%	127,878	132,354	136,987	141,781	146,743	151,879	157,195	162,697	168,391	174,285
Supplies	3.5%	20,678	21,402	22,151	22,927	23,729	24,560	25,419	26,309	27,230	28,183
Contracts	3.5%	68,582	70,982	73,467	76,038	78,699	81,454	84,305	87,255	90,309	93,470
Garbage and Trash Removal	3.5%	57,198	59,200	61,271	63,416	65,636	67,933	70,310	72,771	75,318	77,954
Security Payroll/Contract	3.5%	118,423	122,568	126,858	131,298	135,893	140,650	145,572	150,667	155,941	161,399
HVAC Repairs and Maintenance	3.5%	-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	9,752	10,093	10,447	10,812	11,191	11,582	11,988	12,407	12,842	13,291
Miscellaneous Operating and Maintenance Expenses	3.5%	5,508	5,701	5,900	6,107	6,321	6,542	6,771	7,008	7,253	7,507
<b>Sub-total Maintenance &amp; Repair Expenses</b>		<b>408,020</b>	<b>422,300</b>	<b>437,081</b>	<b>452,379</b>	<b>468,212</b>	<b>484,599</b>	<b>501,560</b>	<b>519,115</b>	<b>537,284</b>	<b>556,089</b>
<b>Supportive Services</b>	3.5%	100,912	104,444	108,099	111,883	115,799	119,852	124,047	128,388	132,882	137,533
<b>Commercial Expenses</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>		<b>1,416,672</b>	<b>1,466,256</b>	<b>1,517,575</b>	<b>1,570,690</b>	<b>1,625,664</b>	<b>1,682,562</b>	<b>1,741,452</b>	<b>1,802,403</b>	<b>1,865,487</b>	<b>1,930,779</b>
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>											
Ground Lease Base Rent		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bond Monitoring Fee		24,534	24,534	24,534	24,534	24,534	24,534	24,534	24,534	24,534	24,534
Replacement Reserve Deposit		68,500	68,500	68,500	68,500	68,500	68,500	68,500	68,500	68,500	68,500
Operating Reserve Deposit		-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit		-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit		-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>		<b>108,034</b>	<b>108,034</b>	<b>108,034</b>	<b>108,034</b>	<b>108,034</b>	<b>108,034</b>	<b>108,034</b>	<b>108,034</b>	<b>108,034</b>	<b>108,034</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)</b>		<b>1,524,706</b>	<b>1,574,290</b>	<b>1,625,609</b>	<b>1,678,724</b>	<b>1,733,698</b>	<b>1,790,596</b>	<b>1,849,486</b>	<b>1,910,437</b>	<b>1,973,521</b>	<b>2,038,813</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>		<b>1,524,247</b>	<b>1,639,257</b>	<b>1,668,277</b>	<b>1,697,509</b>	<b>1,726,941</b>	<b>1,756,558</b>	<b>1,786,348</b>	<b>1,816,293</b>	<b>1,846,377</b>	<b>1,876,582</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>											
Hard Debt - First Lender		1,322,918	1,322,918	1,322,918	1,322,918	1,322,918	1,322,918	1,322,918	1,322,918	1,322,918	1,322,918
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		-	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>		<b>1,322,918</b>	<b>1,322,918</b>	<b>1,322,918</b>	<b>1,322,918</b>	<b>1,322,918</b>	<b>1,322,918</b>	<b>1,322,918</b>	<b>1,322,918</b>	<b>1,322,918</b>	<b>1,322,918</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>		<b>201,329</b>	<b>316,339</b>	<b>345,359</b>	<b>374,591</b>	<b>404,023</b>	<b>433,640</b>	<b>463,430</b>	<b>493,375</b>	<b>523,459</b>	<b>553,664</b>
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>											
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>											
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	22,500	-							

