

Citywide Affordable Housing Loan Committee

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

772 Pacific

\$4,100,000

Predevelopment Loan Request

Evaluation of Request for:	\$4,100,000
Loan Committee Date:	October 15, 2021
Prepared By:	Joyce Slen, Project Manager
MOHCD Asset Manager:	Omar Cortez
Sources and Amounts of New Funds Recommended:	Total: \$4,100,000 \$1,000,000 – Housing Trust Fund \$100,000 – 772 Montgomery donation \$3,000,000 – 2019 GO Bond – Senior
Sources and Amounts of Previous City Funds Committed:	\$0
NOFA/PROGRAM/RFP:	Multi-site Request for Qualifications issued on November 30, 2020
Applicant/Sponsor(s) Name:	Chinatown Community Development Center (Chinatown CDC)

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	772 Pacific Avenue	Sponsor(s):	Chinatown CDC
Project Address (w/ cross St):	772 Pacific Avenue, 94133 (Pacific Ave between Stockton St & Grant Ave)	Ultimate Borrower Entity:	New Asia Housing, L.P.

Project Summary:

Chinatown Community Development Center (“Chinatown CDC”) requests \$4.1MM to finance predevelopment costs for a proposed new construction affordable senior housing development located at 772 Pacific Avenue (the “Site” or the “Project”), a city-owned parcel on Pacific Avenue, between Stockton Street and Grant Avenue. The Chinatown neighborhood has not had new construction affordable housing in the last 15 years-- 772 Pacific will have a significant impact on creating much needed housing in the neighborhood. Through the Multi-site Request for Qualifications (RFQ) issued on November 30, 2020, Chinatown CDC was selected to develop the Site, with Catholic Charities to provide services to the Plus Housing units. The RFQ did not require respondents to provide a conceptual design, and therefore this request is based on a preliminary concept that is expected to be further refined during the initial design phases. The Project responds to the Consolidated Plan, furthers the objectives in the [Strategies for a Sustainable Chinatown](#), and achieves MOHCD’s racial equity goals by advancing opportunities and improving programmatic outcomes for low-income residents; while expanding development opportunity for Black Indigenous People of Color (BIPOC) led, community based organizations like Chinatown CDC.

For feasibility purposes, the base concept presented for 772 Pacific Ave is an 8-story building developed on a small 9,219 square foot (“sf”) lot, with approximately 13,271 sf of ground floor community-serving commercial space, which is planned to be the renovated New Asia Restaurant or a community-serving flex space centered on cultural cuisine in Chinatown. As allowed under SB-35 and the City’s Affordable Housing Bonus Program, the Sponsor will explore developing a high-rise building to increase the number of affordable units.

The proposed Project will provide 86 affordable units (67 studios and 19 1-bedrooms), including a manager studio unit, with 20 units (23% of total units) serving formerly homeless seniors subsidized by the City’s Local Operating Subsidy Program (LOSP), 34 units (40% of total units) serving extremely low-income seniors supported by the City’s Senior Operating Subsidy (SOS), 5 units serving Plus Housing seniors, and the remaining serving low-income seniors at 60% Area Median Income (“MOHCD AMI”). All units will be restricted to at or below 60% MOHCD AMI. The restaurant owner, expressed interest in returning upon development of affordable housing. Yet however, the Project’s commercial space programing will be informed by the Sponsor’s community engagement and outreach.

Proposed permanent financing includes tax-exempt bonds, 4% Low-Income Housing Tax Credits, Federal Home Loan Bank Affordable Housing Program (AHP) funds, Deferred Developer Fee, General Partner Equity, a MOHCD gap loan, and a State of California, Multifamily Housing Program (MHP) loan. Construction is expected to start on April 2024, with a construction completion date of January 2026.

Project Description:

Construction Type:	Type IV over Type I concrete podium	Project Type:	New Construction
Number of Stories:	8	Lot Size (acres and sf):	0.21 acres / 9,219 sf
Number of Units:	86	Architect:	TBD
Total Residential Area:	41,325 sf	General Contractor:	TBD
Total Commercial Area:	13,271 sf	Property Manager:	Chinatown CDC
Total Building Area:	54,596 sf	Supervisor and District:	Supervisor Peskin (D3)
Land Owner:	City & County of San Francisco		

Total Development Cost (TDC):	\$75,395,112	Total Acquisition Cost:	\$0
TDC/unit:	\$876,687	TDC less land cost/unit:	\$876,687
Loan Amount Requested:	\$4,100,000	Request Amount / unit:	\$43,158
HOME Funds?	N	Parking?	N

PRINCIPAL DEVELOPMENT ISSUES

- 1) **Base Concept Scenario** – The 8-story, Type I, 86-unit base concept presented to Loan Committee may change after community feedback and cost efficiency analyses on the Project’s development and operating cost. The Sponsor will be outreaching to the Chinatown community and surrounding neighborhoods about an acceptable building height. The feedback will determine if 772 Pacific will be able to provide more affordable housing units as a high-rise building. Please see Section 4.3 Construction Supervisor/Construction Specialist’s Evaluation and Section 9.3 Recommended Loan Conditions.
- 2) **Community Outreach for Commercial Programming & Building Height** – The ground floor community-serving commercial space at 772 Pacific is expected to play a vital role in the Chinatown community’s food culture, while employing members from the community. Community engagement and outreach is critical to shape and inform the Project’s commercial space programming and inform an acceptable building height. See Section 3 Community Support, Section 4.4 Commercial Space, and Section 9.3 Recommended Loan Conditions.
- 3) **Commercial Space Plan & Tenant Improvement Build Out** – The Sponsor’s primary commercial space goal is to preserve banquet halls and work with the current owner of New Asia to bring the banquet hall back to operation. The Sponsor will work closely with their commercial space consultants – Linda Esposito and Community Vision to explore utilizing New Market Tax Credits (NMTC) to finance the build out of the commercial space. See Section 4.4 Commercial Space, Section 6.2.4 Commercial Space Sources and Uses Narrative, and Section 9.3 Recommended Loan Conditions.
- 4) **General Contractor Design-Build** – 772 Pacific will be one of MOHCD’s initial prototype project to incorporate a General Contractor Design-Build approach with the goal of reducing total construction costs by achieving efficiencies in construction and building systems; as well as utilizing subcontractors’ knowledge and experience to develop and integrate high-performance building systems. The general contractor and construction management are expected to play significant roles in designing and reviewing engineering drawings— requiring upfront hard cost in the predevelopment budget. Similar to MOHCD’s pilot with modular housing, close coordination with MOHCD staff to trial the design-build approach is required. See Section 4.3 Construction Supervisor/Construction Representative’s Evaluation and Section 9.3 Recommended Loan Conditions.
- 5) **Financing Plan** – The proposed financing plan assumes the maximum \$20MM HCD-MHP loan and 4% LIHTC and tax-exempt bonds. HCD revised MHP guidelines to synchronize with the latest TCAC and CDLAC regulation changes. Furthermore, CDLAC bond allocations are competitive and the Project’s estimated score is not competitive compared to past awarded projects. Chinatown CDC will need to track changes to MHP and CDLAC regulations that could impact the maximum MHP request and the Project’s CDLAC bond competitiveness. See Section 6.2 Proposed Permanent Financing and Section 9.3 Recommended Loan Conditions.
- 6) **High Cost to Develop** – Like its contemporary projects, the anticipated cost to develop 772 Pacific is high at \$677K hard cost/unit. The Sponsor is encouraged to evaluate all strategies to reduce overall

costs to the City and the Project, which includes the design-build approach. See Section 4.3 Construction Supervisor/Construction Specialist’s Evaluation and Section 9.3 Recommended Loan Conditions.

- 7) **Catholic Charities Plus Housing Service Program** – As part of Chinatown CDC’s RFQ response, Catholic Charities was selected as the Plus Housing service provider for 772 Pacific. After further evaluation, MOHCD believes services for Plus Housing units are not required given the significant external resources for Plus Housing referrals—and therefore services is not included in the Project’s operating cost. The Sponsor and Catholic Charities will work with MOHCD staff throughout predevelopment to determine the proper services for the Plus Housing units and if applicable, the source to pay for the service program. See Section 8.1 Service Plan and Section 9.3 Recommended Loan Conditions.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
MOHCD	\$4,100,000	3 yrs @ 3% Res Rec	This Request
Total	\$4,100,000		

Predevelopment Uses	Amount	Per Unit	Per SF
Acquisition	\$0	\$0	\$0
Hard Cost	\$1,206,079	\$14,024	\$22
Architecture & Engineering	\$1,201,125	\$13,967	\$22
Soft Cost	\$1,142,796	\$13,288	\$21
Developer Fee	\$550,000	\$6,395	\$10
Total	\$4,100,000		

Permanent Sources	Amount	Terms	Status
MOHCD Gap	\$25,176,182	57 yrs @ 3% / Res Rec	Not Committed
HCD-MHP	\$20,000,000	55 yrs @ 3.0% / 0.42% & Res Rec	Not Committed
AHP	\$860,000	55 yrs @ 0% / Deferred	Not Committed
Tax Credit Equity	\$28,708,830	\$0.910 per credit	Not Committed
General Partner Equity	\$500,000		Not Committed
Deferred Developer Fee	\$150,000		Not Committed
GP Contribution	\$100		Not Committed
Total	\$75,395,112		

Uses	Amount	Per Unit	Per SF
Acquisition	\$0	\$0	\$0.00
Hard Costs	\$58,265,200	\$677,502	\$1,073
Soft Costs	\$13,717,155	\$159,502	\$253
Reserves	\$312,757	\$3,636.71	\$6
Developer Fee	\$3,100,000	\$36,047	\$57
Total	\$75,395,112	\$876,687	\$1,388

1. BACKGROUND

1.1. Project History Leading to This Request.

772 Pacific Avenue (Block 0161 Lot 015) is located on the northern side of Pacific Avenue between Grant Avenue and Stockton Street in San Francisco's Chinatown neighborhood. The Site is a rectangular shaped lot of 9,219 sf and is currently improved with the New Asia Restaurant within a two-story commercial building of 13,271 sf constructed in 1919. There is no basement beneath the structure. The building was renovated circa 1971 into the current restaurant from a former garage facility. The building occupies the majority of the parcel, with the exception of a paved municipal sidewalk on the south side along Pacific Avenue.

The City purchased the Site in June 2017, with the expectation to develop approximately 60 units of affordable housing. Upon purchase, MOHCD acknowledged the presence of the underground storage tank (UST), a recognized environmental condition (REC), and the cost of removal of which will be included as part of the anticipated future affordable housing development. In May 2018, Resolution 143-18 passed to expedite the process of soliciting proposals to develop market rate housing and a new fire station at 530 Sansome, with revenues (approximately \$5.9MM) dedicated towards the 772 Pacific affordable housing development.

In March 2015, the Board of Supervisors created the San Francisco Legacy Business Registry—open to businesses that are 30 years or older that have proven significant impact on the history or culture of their neighborhood. For its cultural importance to the dim sum and banquet hall culture in Chinatown, the New Asia Restaurant is registered as a Legacy Business with the San Francisco Office of Small Business. A potential source to build out the commercial space is the Legacy Business Historic Preservation Fund that would provide grants to both Legacy Business owners and property owners who agree to lease extensions with Legacy Business tenants, pending viability of funds. The Project's commercial programming will be informed by the Sponsor's community engagement and outreach.

1.2. Applicable NOFA/RFQ/RFP. (See Attachment E for Threshold Eligibility Requirements and Ranking Criteria)

Through the Multi-site RFQ issued on November 30, 2020, Chinatown CDC was selected to develop the Site, with Catholic Charities to provide the services for the Plus Housing units. The Sponsor met the minimum threshold eligibility requirements and as the only team to submit qualifications for the Project, was selected as the highest scoring team from the competitive RFQ process. The table below demonstrates the scoring from the selection panel and ranking criteria for selection:

Category	Possible Points	Chinatown CDC/Catholic Charities
Experience	50	35
Vision	50	53
Total Points	100	88

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

1.3.1. Borrower.

Chinatown CDC created New Asia Housing, L.P., which will be the ultimate borrower and have leasehold interest to the Site. Chinatown CDC will be the sole developer, acting as Sponsor and Managing General Partner of the eventual ownership partnership.

1.3.2. Demographics of Board of Directors and Staff.

Chinatown CDC's Board of Directors consists of 23 individuals with a breadth of experience including affordable housing development, supportive housing, real estate, law, and accounting. The Sponsor's Board of Directors is over 80% people of color with a close 50/50 split between male and female representation. Further, our Housing Development Division is a racially diverse team with over 70% people of color, including the Director of Housing Development.

1.3.3. Racial Equity Vision.

Chinatown CDC is a BIPOC-led organization with a 44-year history of advocacy on behalf of low-income residents in Chinatown. Understanding all organizations have room to grow in addressing institutionalized racism, Chinatown CDC has approached this with intention, by modifying organizational policies and procedures to lower barriers of entry to housing, becoming trauma-informed in our services provision, being intentional about hiring bilingual staff that reflects the communities they serve, providing opportunities for BIPOC residents to engage with the neighborhood planning process, and working to heal historic divides between Asian Americans and other BIPOC and White communities.

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

1.3.4. Relevant Experience.

Chinatown CDC began developing affordable housing nearly four decades ago and has built or rehabilitated 36 properties across San Francisco. Totalling 3,194 units, this portfolio includes 874 units for seniors and 314 units are designated as supportive housing. Another 576 are former public housing units with deeply supportive service provision in Chinatown (including 92 apartments for seniors) through the HUD RAD program and completed \$150 million in renovations. About half of our buildings are Type I construction, and an additional five buildings are either Type III/I or Type V/I.

Fifteen years ago, Chinatown CDC developed the 105 apartments for seniors at International Hotel, Chinatown's last new affordable housing project. And in 2017, Chinatown CDC launched their Small Sites and SRO Programs to acquire and complete critical life-safety repairs in Chinatown buildings with vulnerable residents at risk of eviction. And have since preserved 130 units, primarily serving seniors, as permanent affordable housing.

1.3.5. Project Management Capacity.

Preston Lam started in Chinatown CDC's Housing Division in 2014 and has acquired, developed, or substantially renovated 396 apartments and performed green retrofits benefitting an additional 507 units throughout San Francisco. He will devote 40% of his time to the Project. He is currently leading permanent conversion for 2060 Folsom. Tony Li, who is bilingual in Cantonese and managed relocation for all RAD properties, will support as Assistant Project Manager with 40%. And Joanna Ladd, Associate Director of Housing Development, will support the overall Project with 10% of her time. Preston and Tony will work with Chinatown CDC's Community Planning team will lead the community outreach process.

1.3.6. Past Performance.

1.3.6.1. City audits/performance plans.

Chinatown CDC holds at least 15 contracts/grants with the City-- from tenant counseling (eviction prevention counseling), rental housing counseling (BMR rental housing counseling), and case management for SRO families to CCDC Youth Leadership, Campaign Academy, and Service connections for the API community. The organization has performed exceptionally well programmatically in MOHCD contract/grants.

Chinatown CDC received a waiver to submit an audit report, since there were no previous findings and were fiscally healthy in Fiscal Year 18-19 and 17-18. The organization was not chosen for discretionary fiscal monitoring this past year. In FY 19-20,

1.3.6.2. Marketing/lease-up/operations.

Chinatown CDC’s approach to leasing their own buildings focuses on outreach to Black and Latin-X community members-- including partnering with Cathy Davis, San Francisco’s expert in outreach to Certificate of Preference (COP) holders, and helping tenants secure rental subsidies to meet income requirements. The results of the Sponsor’s latest lease-ups prove the success of these strategies: at 1296 Shotwell, over 60% of tenants selected via lottery were priority populations: 3 COP holders, 14 displaced tenants, and 28 neighborhood residents. The Sponsor attracts more COP holders at buildings in preferred neighborhoods, including 8 at Mary Helen Rogers Senior Community in the Western Addition. MOHCD marketing staff reported that in recent lease ups, the Sponsor has progressively improved now that the organization has stable property management staffing. However, HSH expressed concern on the Sponsor’s capacity to lease up recent formerly homeless households through the Coordinate Entry System. As a loan condition, staff recommends the Sponsor create more structure around marketing meetings leading up to the lease up process, which includes identifying clear roles and responsibilities and preparing meeting agendas outlining clear next steps.

MOHCD staff also conveyed concerns around how Chinatown CDC will outreach to seniors outside the Chinatown neighborhood, specifically to low-income households who are COP and Displaced Tenants Housing Preference (DTHP) holders. The Sponsor is expected to engage with subcontractors like Young Community Developers (YCD), Cathy Davis, and the Black Women’s Social Circle comprised of Black residents at Ping Yuen and Ping Yuen North public housing across from the Project, to focus on non-Asian homeless seniors for marketing outreach.

As a loan condition, Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City’s preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor’s Racial Equity statement and promotion of positive outcomes for African American San Franciscans. See Section 4.1.1 Marketing/lease-up/operations for more information.

Out of all the units Chinatown CDC manages in the Real Estate Owned (REO) schedule, the breakdown by race includes: 61% Asian, 12% White, 10.5% Black, 9% other, 6% declined to report, 1% Native American, and 0.5% Pacific Islander. There was only one recorded eviction in the year 2021.

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

Site Description	
Zoning:	CRNC – Chinatown-Residential-Neighborhood Commercial
Maximum units allowed by current zoning (N/A if rehab):	N/A

Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Hazard Zone - Liquefaction
Soil type:	A Phase One Environmental Site Assessment (“ESA”) was conducted on November 21, 2016 by EBI Consulting (“EBI”). The report stated the Site is located within the Pacific Border physiographic province, which is characterized by steep rolling hills and mountains and consists of severely folded, faulted, and commonly metamorphosed marine and continental sediments. The soil type beneath the Site is classified as Urban Land which reportedly exhibits very slow infiltration rates. Estimation of local subsurface parameters such as permeability, moisture content, and organic fraction is not feasible without site-specific testing data. No current or historic oil and gas activity was identified at the Site.
Environmental Review:	<p>A Phase One Environmental Site Assessment (“ESA”) was conducted on November 21, 2016 by EBI Consulting (“EBI”). The ESA found no evidence of recognized, historical, or controlled environmental conditions. However, EBI made the following recommendations:</p> <ul style="list-style-type: none"> • Conduct a Ground Penetrating Radar (“GPR”) survey and Phase II Assessment to evaluate potential presence and impact from gasoline Underground Storage Tank (“UST”) installed in 1953. • Develop and implement an Asbestos Operations and Maintenance (O&M) Plan. Address limited damaged suspect ACM in accordance with O&M Plan. • Conduct a limited subsurface investigation to characterize subsurface conditions at this location. <p>TR&A Inc. also conducted a Phase II site assessment in March 2017 which confirmed the presence of an abandoned UST. An updated Phase I Environmental report will be prepared during predevelopment. In addition, to the cost of removal will be included as part of the Project’s development budget.</p>
Adjacent uses (North):	Chung Chou City Inc. Grocery Store
Adjacent uses (South):	Central Ping Yuen Public Housing
Adjacent uses (East):	Yummy Yummy Restaurant
Adjacent uses (West):	Gum Sing Market
Neighborhood Amenities within 0.5 miles:	<p>Chinese Hospital- 845 Jackson St, Presbyterian Church-Chinatown – 925 Stockton St Saint Peter and Paul Church- 666 Filbert St Trader Joe’s – 401 Bay St Long Hua’s Grocery Store – 906 Stockton St Mel’s Groceries Inc. – 1037 Stockton St Chinatown Branch Library- 1135 Powell St North Beach Branch Library – 850 Columbus Ave City College of San Francisco, Chinatown/North Beach Branch - 808 Kearny St Garfield Elementary School-420 Filbert St Jean Parker Elementary School- 840 Broadway Francisco Middle School – 2190 Powell St Jamie Food Co- 1135 Stockton St, #2 Man Sung Co – 1116 Grant Ave Kin Tat Co- 1248 Stockton St Charming Sun Market Inc. – 49 Walter U Lum Pl. C&Z Grocery- 1002A Jackson St Kiki Supermarket- 1165 Powell St May Sun Market- 1101 Grant Ave Wing Sun Co- 1201 Stockton St Lien Hing Supermarket- 1121 Stockton St Sun Kau Shing Co- 1352 Stockton St</p>

	J &L Vegi Supermarket- 1221 Stockton St Powell Grocery- 1301 Powell St Golden Mountain Market- 844 Jackson St Pang Kee Bargain Market- 1308 Stockton St S&S Grocery- 1461 Grant Ave Grant & Green Market- 1401 Grant Ave ABC Supermarket Inc. – 641 Broadway V J Grocery – 1199 Clay St Safeway- 350 Bay St Sheng Hing Market Inc. – 1107 Stockton St J&W Market- 723 Pine St Old Saint Mary’s Cathedral – 660 California St Chinese United Methodist Church- 920 Washington St Buddha’s Universal Church- 720 Washington St Chinese Independent Baptist Church – 981 Washington St Hop Hing Market -1211 Stockton St Tian Tian Market Inc. -1117 Stockton St
Public Transportation within 0.5 miles:	Cable Car lines: Powell/Hyde & Powell/Mason (Stops on Washington/Mason, Jackson/Mason). Muni bus lines: 12, 10, 1, 8, 30, 45, 41, 8AX, 8BX.
Article 34:	The Project is existing affordable housing and will seek an exemption that will be obtained in October 2021 and prior to executing the predevelopment loan
Article 38:	Not exempt. The Project is within the Air Pollutant Exposure Zone (2020)
Accessibility:	TCAC and California Building Code (CBC) 11B requires 10% of total units to be accessible for mobility impaired and 4% of total units accessible for hearing and visually impaired.
Green Building:	Project will meet the minimum TCAC Green Building requirements and the City’s Green Building Code.
Recycled Water:	Exempt.
Storm Water Management:	Applicable. The Storm Water Management (SWM) Ordinance is applicable to the Project and will need to submit a SWM Plan during the predevelopment phase.

2.1. Description.

The Site is an infill development-- located at an elevation of approximately 85 feet above mean sea level (msl), the Site slopes down to the east along the front sidewalk. The New Asia Restaurant, one of the last banquet halls in the Chinatown neighborhood, is the current use of the Site. Discussions on the Restaurant’s relocation and return to the Site will be determined through the Project’s predevelopment phase. See Section 4.10 Relocation for more information.

2.2. Zoning.

The Project is eligible for approval using the State Density Bonus Program for 100% Affordable Housing (also known as AB 1763), which provides three additional stories, form-based density, and up to four incentives/concessions. The Project may also be eligible for approval under the Affordable Housing Density Bonus Program (AHBP), as long as the Project is compliant with all objective standards of the Planning Code plus the allowable Zoning Modifications provided by the AHBP in Planning Code Section 206.4(c)(5). The AHBP also provides three additional stories of height and form-based density. Either program may be used in conjunction with SB 35 for ministerial approval.

2.3. Probable Maximum Loss.

N/A, new construction.

2.4. Local/Federal Environmental Review.

The Project is expected to be exempt from CEQA Review, per the streamlining allowed by SB35. However, Chinatown CDC will complete a NEPA, in anticipation of applying to the Continuum of Care, a federally funded rental subsidy that will help subsidize the formerly homeless senior households and supplant the City’s LOSP subsidy.

2.5. Environmental Issues.

- Phase I/II Site Assessment Status and Results.
Information about the Phase I and Phase II is in the chart above. There is no new information for this item other than what has been previously reported.
- Potential/Known Hazards.
TR&A Inc. also conducted a Phase II site assessment in March 2017 which confirmed the presence of an abandoned UST. An updated Phase I Environmental report will be prepared during predevelopment. The removal of the UST will be included as part of the Project's development budget.

In regard to asbestos, the federal government banned most spray-applied asbestos product in 1973, following a full ban in 1989. Lead-containing paints were also banned a few years later in 1978. Given, the two-story commercial building on Site was constructed in 1919, the Sponsor expects to find both lead and asbestos on the building. Further environmental testing will be conducted during the Project's predevelopment phase.

2.6. Adjacent uses and neighborhood amenities.

Predominately monolingual Cantonese speaking seniors living in Chinatown are able to age in place. Seniors in Chinatown have easy access to parks, public transit, markets, healthcare, financial institutions, and cultural associations that are all within walking distance. See Attachment F. Site Map with amenities for more information.

2.7. Green Building.

Per the City's Green Building Code, the Sponsor is required to achieve an all-electric building. Green features will be determined during predevelopment and expected to meet the minimum TCAC Green Building Requirements. Chinatown CDC will build on their development experience with all-electric buildings and will pursue a GreenPoint Rated Platinum rating for the Project.

3. **COMMUNITY SUPPORT**

3.1. Prior Outreach.

Chinatown CDC has met with the owner of New Asia several times while responding to the MOHCD RFQ in the first quarter of 2021. Community organizers from Chinatown CDC's Planning team, alongside business consultant Linda Esposito, spoke with the owner in person to gauge interest in working with the development team should they be selected to develop the Site. At the time, the owner expressed interest with caution, noting that he would like to understand the options available to him should he resume operating New Asia as a restaurant.

The Sponsor has not engaged other Project stakeholders or neighborhood groups prior to being selected for the RFQ.

3.2. Future Outreach.

Outreach for this Project will occur in multiple waves and builds on the 4+ decades of existing community organizing and relationship-building that Chinatown CDC has conducted. The Sponsor is a comprehensive community development organization that has helped build many tenant and community organizations, and works with residents, businesses, merchant organizations, CBOs, and family organizations, and has a wealth of collaborative relationships, trust and social capital in advocating and organizing for issues facing Chinatown both in the past and ongoing.

Chinatown CDC is deploying the same team that led community engagement for Central Subway Chinatown Station to implement the community engagement plan for 772 Pacific. This process will be linguistically appropriate through either the Sponsor's staff's language capacity or translation/interpretation from Cyber Specialist, as needed, and in compliance with the City's Language Access Ordinance.

The community outreach process will occur in two phases over the course of 12 months starting in October 2021 and ending in September 2022. The first phase of community outreach will include 1-on-

1 informational interviews with key community and project stakeholders. The second phase of community outreach will involve the broader community to inform the ground floor commercial program and schematic design— specifically around the Project’s building height and whether to provide more affordable housing units as a high-rise building.

Phase 1 - 2021

- 1) **Two listening tours (September)** will be conducted with key community leaders, community organizations, business owners, and restaurateurs. These stakeholders will have a sense of community history, experience, and perspective; with a deep understanding of the community economics around restaurants, banquet halls, and the dim sum “yum cha” culture and traditions that will shape the future of Chinatown. The listening tours will inform Chinatown CDC’s initial concept design and commercial programming for the Project.
- 2) **Assemble a focus group of key Project stakeholders (October-December)** to review the conceptual designs and 2 to 3 options of the commercial program that will move forward to the Schematic Design phase. In searching for focus group participants in the listening tour, the Sponsor will look for members of the Chinatown community who have explicitly worked in critical issues in the community, like housing, and economic development, and have a deep understanding and often lived experience of the profile of the neighborhood. Mr. So, the owner of the New Asia Restaurant, is also expected to participate in the focus group. The design that emerges from the focus group will be presented in 2 to 3 public meetings.

Phase 2 - 2022

- 1) **Two to three public meetings (January-February)** will be organized with translation. Chinatown CDC will reach out to neighborhood associations in the adjacent communities of North Beach, Nob Hill, and Barbary Coast. The Sponsor will send meeting notices ahead of time in multiple primary languages. The stakeholder outreach list will include: the Chinatown Tenants Association, Community Youth Center, Chinatown organizations serving working class monolingual residents and people of color, and the Sponsor’s building portfolio in the Chinatown neighborhood. Feedback from the public meetings will inform a final schematic design that will be unveiled at a community celebration in early 2022.
- 2) **Commercial programming will be identified and acceptable building height will be determined (March).** MOHCD will approve the commercial space program and final building height prior to submission of the Project’s SB-35 entitlement application in late spring 2022.

As a condition of this loan, staff recommends the Sponsor provide a community outreach plan for the period of June 2021 through construction completion. The plan should identify key community stakeholders that will be outreached to and should describe the team’s overall community outreach strategy and timeline.

3.3. Proposition I.

Chapter 79 of the City’s Administrative Code requires public noticing (Prop I) for any new City construction project. Chinatown CDC will need to complete the 30-day noticing process immediately following Loan Committee’s approval of this request.

4. DEVELOPMENT PLAN

4.1. Site Control.

The Site has been owned by the City since June 2017 and currently houses the New Asia Restaurant.

4.1.1. Proposed Property Ownership Structure

At construction closing, MOHCD will transfer the property through a 75-year initial term ground lease agreement (with an option to extend up to 99-years) to the New Asia Housing, L.P. The City’s execution of a long-term ground lease for the MOHCD Parcel is subject to approval by the City’s Board of Supervisors.

- Annual rent shall be set at 10% of the fair market appraised value, re-determined on

- the 15th anniversary date of ground lease and every 15 years thereafter.
- Payment shall consist of an annual Base Rent of \$15,000, collected annually regardless of cash flow and considered a project expense.
- Residual Rent of 10% of the appraised unrestricted value of the Site. Residual Rent will only be collected to the extent that cash flow is available and does not accrue.

4.2. Proposed Design.

The Sponsor seeks to maximize density within a modern building that responds to its context while attracting residents and visitors alike. The building will be secured by an elevator lobby with a front desk coverage on the ground floor, providing access to the residential program above. The upper stories will likely be a L- or T-shape given the narrow site and adjacent properties. The second floor will be primarily occupied with amenities for residents, including property management and resident services offices, and a community room with a kitchen for residential programming and family events. The design of the courtyard will provide a tranquil refuge from Chinatown’s busy streets, with a calisthenics park and walking circuit to promote wellness. Resources permitting, the Project will have a roof deck to maximize open space and take advantage of views and a multipurpose room with exercise, mental health support, and other programming all year round.

Avg Unit SF by Type:	Studio avg sf - 350 sf 1-br avg sf- 500 sf
Do all units meet CTCAC minimum SF?	Yes, all units are expected to meet the CTCAC minimum SF.
Residential SF:	~41,325 sf
Commercial SF:	13,271 sf
Building Total SF:	54,596 sf

The Sponsor and their design team will also rigorously analyze their impact on per-unit costs and impact on the CDLAC bond scoring. A benefit of Type I construction is major savings on construction insurance, which currently Chinatown CDC estimates to exceed over \$1MM for wood frame.

4.3. Construction Supervisor/Construction Representative’s Evaluation

772 Pacific will be one of MOHCD’s pilot project to incorporate a General Contractor Design-Build approach, with the goal of reducing total construction costs by achieving efficiencies in construction and building systems as well as utilizing subcontractors’ knowledge and experience to develop and integrate high-performance building systems.

For fact-finding and informational purposes, Chinatown CDC will be contacting General Contractors with Design-Build experience to initially discuss (with no obligations) the design-build approach and determine its positives and negatives and its contractual team structure. Through the Contract Monitoring Division (CMD) selection process, the Sponsor would select and hire the General Contractor. One scenario would have the General Contractor, after a subsequent CMD selection process, contract the Architect, Engineering Consultants, and Subcontractors.

However, after Chinatown CDC’s research and interviews with Design-Build General Contractors, the Sponsor will discuss with MOHCD on whether this approach will be incorporated or whether the traditional approach of hiring the Architect first to develop the conceptual design and having the General Contractor selection follow would be the preferred direction.

As a result of the State and Local Affordable Housing Guidelines/Ordinances for Density Bonus, the Planning Department has indicated that building setbacks may not be required and that variances for Planning Code’s requirements for rear yard, open space, minimum distances for light/air exposure,

etc. may be granted. Therefore, with less Planning Code restrictions, the configuration of 772 Pacific could have more residential units per floor.

For feasibility purposes, the Project is underwritten to a base scenario of 8-stories with 86 units, but may change after community feedback and cost efficiency analyses on the Project's development and operating cost. As permitted under SB-35 and the City's Affordable Housing Bonus Program, the Sponsor will explore constructing an additional 3 stories to develop a high-rise building and increase the number of affordable units. Chinatown CDC's community outreach and feedback will help determine the Project's building height.

Chinatown CDC will be initiating discussions with the former ground floor tenant, New Asia Restaurant and the Chinatown community on whether the restaurant should return in its entirety or whether a mixed retail/restaurant will be the Ground Floor use. The Project is assuming cost for warm shell improvements.

772 Pacific's location in the heart of Chinatown has construction logistics due to the normally-high automobile and pedestrian flow and certain construction activities like concrete foundation pour, etc. may be restricted to be performed overnight with special night noise permits and overtime coordination, which will add to the total construction costs.

4.4. Commercial Space.

- Space Description.

Chinatown CDC's goal for the ground floor commercial program is to honor the social and economic drivers of Chinatown by preserving the banquet hall while pursuing innovative compatible uses. Preliminary conversations with community leaders suggest that preserving banquet culture—which COVID-19 has pushed to the verge of extinction—is a major priority for the neighborhood. Banquet halls are critical economic engines for Chinatown because they employ newly arrived immigrants and source ingredients from the many small markets along Stockton Street. The Sponsor is also open to other commercial uses if a different program emerges from the community engagement process that is of similar significance to the community.

Overall, Chinatown CDC intends to keep the commercial space one large and flexible space that can accommodate multiple community serving uses throughout the day. The Sponsor is amendable to mimicking the current direct lease model in place, but are open to subdividing or master leasing as well depending on funding requirements i.e. New Market Tax Credits. The affordable housing project will not be dependent on commercial space income.

The below scenarios will be refined through the community engagement process, but provide examples of how Chinatown CDC seeks to balance the physical and economic needs of a banquet hall with compatible uses that are accessible to all community members.

Scenario 1 – New Asia Returns. The current restaurateur at 772 Pacific, Mr. So, has operated New Asia for the past 20 years and registered a Legacy Business in San Francisco. His family may be interested in returning to operate the restaurant, and the Sponsor will make every effort to accommodate them, if so. Evening banquets are New Asia's primary revenue stream, and the restaurant serves dim sum during the day and provide steady employment for servers and chefs. The dim sum restaurant pairs well with the residential program, providing affordable meals to seniors who struggle with food security. A key feasibility question for this scenario will be how to maintain the minimum of 80 ten-person tables. The current space does this via a ground floor ceiling height that can accommodate a mezzanine.

Should Mr. So decide to retire, Chinatown CDC is well-positioned to find another operator with both dim sum and banquet hall experience, if this is the community's preferred scenario. The Sponsor

and their consultants can also explore other ownership models or an alternate day use, described below.

Scenario 2 – Flexible Multi-Use Space. When the pandemic began, New Asia shifted its business model first to emergency meal preparation and then to a grocery store. An alternate vision for the ground floor program would be similarly adaptable: pairing a nighttime banquet hall with one or more community-serving day uses. The most compelling models of this combine social equity and cultural place-keeping is a food hall celebrating cuisine from the Chinese diaspora that could also support a workforce development program or cultivate restaurant entrepreneurs, all while attracting tourists. Another vibrant model is 41 Ross Alley, a gallery with rotating exhibitions that doubles as a community events space. These uses would all require a non-profit operator selected via a request for proposals (RFP). The Sponsor would collaborate with the City College of San Francisco's Culinary Arts program and the Angel Island Immigration Station Foundation, which currently has an online exhibition about the role of food in bridging, healing, and advancing BIPOC communities.

- Commercial Leasing Plan.

Currently, New Asia operates as a grocery store while indoor dining has been curtailed during the COVID-19 pandemic. The Sponsor's primary goal is to preserve banquet halls and work with the current owner of New Asia, Mr. So, to bring the banquet hall back to operation. Should Mr. So decide not to return, Chinatown CDC will identify another banquet hall operator; and will work with business consultant Linda Esposito to help identify a flexible commercial program that can operate as a restaurant in the evening and community event space, culinary program training dim sum master chefs, and/or affordable commercial kitchen space for food entrepreneurs to rent during the day. Linda recently led the financing, design, and build out of La Cocina's Municipal Marketplace at 101 Hyde Street, another city-owned parcel. She brings a wealth of general management, business planning, and project management experience to the project team having previously worked in the private sector as a marketing and operations professional.

The Sponsor will formalize a relationship with the commercial tenant at or shortly after construction loan closing. Their leasing strategy advances racial equity goals by supporting immigrant entrepreneurs to become economically self-sufficient while providing a community benefit that will actively preserve Chinese-American culture in Chinatown.

- Operating Pro Forma.

Chinatown CDC does not intend to underwrite commercial income to the affordable housing project at this early stage of development. For feasibility purposes, the commercial operating proforma reflects standard commercial underwriting standards and an assumption of \$2 rent/sf/month for a community serving commercial space. Chinatown CDC will explore subdividing the commercial space as a condominium—allowing the Sponsor to collect an additional \$50K in commercial developer fee (totaling \$300K).

- Tenant Improvement Build Out.

Chinatown CDC's role will be to engage partners with the expertise to ensure the financial and market feasibility of the banquet hall model: Linda Esposito and Community Vision—the team behind La Cocina's Municipal Marketplace—have agreed to advise on both the business plan for the restaurant and the financing plan for the build-out. The Project development budget includes \$60K for Linda Eposito's consulting and \$28K for Community Vision. With the exception of the Project's warm shell development, the Sponsor acknowledges that MOHCD will not pay for future tenant improvements.

Overall, Chinatown CDC will provide a preliminary commercial space plan prior to the Project's site permit submittal, an updated commercial space plan and tenant improvement plan prior to 100% design development and executed Letter of Intent (LOI) with commercial tenants, a commercial development budget, a tenant improvement proforma for MOHCD review and approval, prior to gap

funding request.

4.4 Service Space.

Chinatown CDC anticipates at least 2 service spaces, but ideally 3 depending on spatial constraints-- including a flex room for residential community use.

4.5 Interim Use.

The Site is currently the New Asia Restaurant, with a lease that will expire December 31, 2021. However, MOHCD intends to extend the lease up till construction start.

4.6 Infrastructure.

N/A.

4.7 Communications Wiring and Internet Access.

MOHCD Communications Wiring Standards is under review will be released soon. Costs permitting, the Sponsor will work with the MOHCD Construction Representative to determine the appropriate communications wiring scope that meets MOHCD's standards.

4.8 Public Art Component.

The Project's public art requirement calculation is based off 1% of expected construction cost multiplied by the percent of Project funded by MOHCD. Currently, the Project's development budget includes \$200K.

MOHCD Estimated Committed	\$25,176,182
TDC	\$75,395,112
Total Hard Cost	\$58,265,200
Public Art Requirement Calculation	
1%	1%
Construction Cost	\$58,265,200
Percent funded by MOHCD (MOHCD Committed / TDC)	33.39%
Public Art Requirement	\$194,561

4.9 Marketing, Occupancy, and Lease-Up.

MOHCD's marketing policies and procedures will be applied to all units. Marketing and occupancy outreach for the Project will be conducted in accordance with all applicable fair housing laws. Chinatown CDC will conduct outreach to neighborhood-based, non-profit housing corporations, agencies and other low-income housing advocacy organizations that maintain waiting lists. Units that are not Plus Housing or subsidized by LOSP or SOS, will be entered in a lottery and subject to San Francisco preferences. Among all eligible applicants, additional preference will be observed in the following order:

1. San Francisco Redevelopment Agency Certificate of Preference Holders,
2. Displaced Tenant Housing Preference (Ellis Act/OMI) Certificate Holders,
3. Neighborhood Resident Preference (25% of lottery units given the expected HCD-MHP funding to the Project), and
4. Live or Work in San Francisco.

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

Leasing 60% MOHCD AMI senior units is a Sponsor concern – the \$1,400 rent is significantly higher than the targeted rents of Chinatown seniors living on a fixed-SSI. Furthermore, the 5 Plus Housing units in the Project are restricted at 50% MOHCD AMI. Incomes of Plus Housing participants,

however, are primarily at or below 30% AMI. As a loan condition, the Sponsor will work with seniors in the community and Plus Housing participants to seek a tenant-based rental subsidy from programs like the Q Foundation to help meet the Sponsor’s affordability goals for the Project.

As previously discussed, the Sponsor is expected to engage with subcontractors like Young Community Developers (YCD), Cathy Davis, and the Black Women’s Social Circle comprised of Black residents at Ping Yuen and Ping Yuen North public housing across from the Project, to focus on non-Asian homeless seniors for marketing outreach. A loan condition prior to gap, Chinatown CDC will provide a clear marketing strategy plan targeting Black/African American households for the Project’s marketing and lease up.

4.10 Relocation.

Chinatown CDC’s in-house community organizing, and relocation staff will work closely with the commercial tenant during construction to relocate to an appropriate temporary space. Should New Asia choose to return to the Project, the development budget holds \$736,000 for relocation costs, which includes \$96K for a relocation consultant, \$540K for 24-months of temporary off site relocation, and \$100K in other relocation expenses. Assuming there will not be any federal funds in the Project, California Relocation Law will govern over the Project.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Financial Consultant	California Housing Partnership	N	N
Legal	Gubb & Barshay	N	N
Services Provider	Catholic Charities (Plus Housing)	N	N

5.1. Procurement Plan.

Chinatown CDC will need to meet with the Contract Monitoring Division (CMD) to establish the professional services goals for the Project. Further procurement will be in the forthcoming months.

5.2. Opportunities for BIPOC-Led Organizations

Chinatown CDC has actively pursued joint ventures with other community development organizations including Mission Economic Development Agency (MEDA) and Young Community Developers (YCD) to build their development capacity such that they are able to administrate projects without a development partner. The Sponsor will continue building diverse development teams at 772 Pacific by working with consultants that are BIPOC owned and led.

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 Proposed Predevelopment Financing

6.1.1 Predevelopment Sources Evaluation Narrative

The predevelopment budget is sized to take the Project through construction closing, totaling \$4,100,000.

6.1.2 Predevelopment Uses Evaluation:

Predevelopment Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes

Acquisition Cost is based on appraisal	N/A	Not included. Site is currently owned by the City. Since the City owns there is no property taxes or other holding cost associated with the site.
Holding costs are reasonable	N/A	Not included.
Architecture and Engineering Fees are within standards	Y	Total Predev Architectural and Engineering fees are \$1,269,125, which is within Underwriting Guidelines (“UG”). An additional \$1,206,079 is budgeted for the Design-Build General Contractor.
Consultant and legal fees are reasonable	N	\$65K for legal fees and \$85K for financial consultant fees are reasonable for the Project. However, \$50K of the \$95K budgetted for relocation consultant fees in the permanent sources and uses is low. Most or not all of relocation fees are expected to be paid by construction closing.
Entitlement fees are accurately estimated	Y	\$180,169 for entitlement/permit fees is reasonable for the Project.
Construction Management Fees are within standards	Y	CM fee sized at \$126,000 (\$3,500/month) for the estimated 36-month predevelopment period does not comply with underwriting guidelines
Developer Fee is within standards	Y	Total Dev Fee during predevelopment of \$550,000 complies with MOHCD Developer Fee Policy.
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 8.9%.

6.2 Proposed Permanent Financing.

The permanent financing being presented to demonstrate the project's overall feasibility but not intended to be presented for their approval at this time.

6.2.1 Permanent Sources Evaluation Narrative:

The Borrower proposes to use the following sources to permanently finance the Project:

- 1) **MOHCD Loan (\$25,176,182)** - The estimated amount for MOHCD’s gap loan on this project is \$25,176,182 or \$292,746 per unit, which exceeds the targeted \$250K per unit stated in the RFQ. When the Project applies for state financing during the predevelopment phase, it’s anticipated that MOHCD will bridge the Project’s \$860K AHP loan. If approved, MOHCD’s \$4.1MM predevelopment loan will be rolled into MOHCD’s final gap loan amount for 57-year term at 3.00% simple interest rate, and a residual receipt payment.
- 2) **HCD-MHP (\$20,000,000)** – MHP prioritizes providing permanent financing to extremely low-income units at or below 60% TCAC AMI. HCD is updating their guidelines for the MHP as well as 5 other programs (including VHHP, TOD and IIG

that will be part of HCD’s “Super-NOFA” published annually in the spring. MHP is expected to be extremely competitive and will award the highest scoring projects with the lowest tiebreakers based on a project’s average AMI of MHP Assisted units. Preliminary scoring based off the 2021 MHP guidelines (out for public comment) forecast the Project achieving 143 out of 160 points with a tiebreaker of 1.020 by further restricting LOSP and SOS units 20% TCAC AMI. See Section 7.1 Income Restrictions for All Sources for more information.

- 3) **Federal Home Loan Bank of San Francisco (FHLBSF) Affordable Housing Program (AHP) (\$860,000)** –The Project will be competitive based on the senior population and timing of submitting the application to maximize Project readiness points, for a request of \$860K or \$10,000 per unit. The Sponsor will apply for AHP financing in 2023 and if not awarded, will apply again in 2024. The Sponsor will identify the bank sponsor closer to the application date, with a successful award to be disbursed at closing or during construction.
- 4) **Deferred Developer Fee (\$150,000)** – Chinatown CDC will take the maximum MOHCD allowable deferred developer fee on the non-LOSP units and generate tax credit equity by this use of funds.
- 5) **General Partner Equity (\$500,000)** – The amount meets the minimum \$500K GP Equity under MOHCD’s Developer Fee policy. Chinatown CDC is not including the maximum allowed developer fee allowed by TCAC to be competitive for a CDLAC bond request.
- 6) **4% Tax Credit Equity (\$28,708,830)** - Chinatown CDC is assuming \$0.910 per federal credit pricing, which is consistent with the current credit market. Should the market improve, the increase in tax-credit equity will reduce MOHCD’s gap loan to the Project.
- 7) **GP Contribution (\$100)** – This is the Sponsor’s 0.01% equity share.

As a loan condition, the Sponsor will track new federal funding initiatives under the Biden Administration, including the potential release of a HUD 202 NOFA, which would allow the Project to support permanent debt and work with Community Vision to explore New Market Tax Credits for the commercial space build-out.

6.2.2 CDLAC Tax-Exempt Bond Application:

- o Construction Loan (\$38,000,000): While not a permanent source, the construction loan terms are a 30-month term, with a 3.5% interest rate. The Project will not support a permanent mortgage.

The Project scoring will be competing in the ELI/VLI set-aside within the New Construction pool and the Bay Area’s geographic set-aside.

CDLAC Self-Score	
Opportunity Map Resource Level	Low Resource Area
TCAC Housing Type (new construction only)	Senior
Bond Allocation Request Amount	\$38,000,000
Total Self-Score (out of 120 points)	119
Tiebreaker Score	2021 Tiebreaker - \$335,435.06 Stat Controller’ Tiebreaker

	Total Public Benefit /	37,328,388
	Total State Investment	42,391,304
	Multiplied by Conversion Factor	10
		8.806

The Project will apply to CDLAC-TCAC in September 2023 for a December 2023 allocation with an approximate \$38MM tax-exempt bond request, scoring 119 out of 120 total points, with a tiebreaker of \$335,435 (based off the 2020 tiebreaker calculation). With two opportunities to compete in the New Construction set-asides – ELI/VLI and Bay Area regional pool -- the Project's tiebreaker score is not competitive for an allocation in either pool because Bay Area projects are disadvantaged by higher development cost.

In addition to the hard cost interventions to increase competitiveness, the Sponsor reduced the general partner equity contribution from the TCAC's maximum developer fee of 15% eligible basis to at least the minimum \$500,000 established in MOHCD's Developer Fee Policy. Although general partner equity would generate additional eligible basis to increase tax credit equity and lower MOHCD's gap loan, the Project's tax-exempt bond request would consequently have to increase to meet the 50% test.

6.2.3 HOME Funds Narrative:
N/A

6.2.4 Commercial Space Sources and Uses Narrative:
For feasibility purposes, the commercial sources and uses assumes a rough estimate of \$750K in New Market Tax Credits (NMTC) to construct the tenant improvements. Another potential source to build out the commercial space is the Legacy Business Historic Preservation Fund that would provide grants to both Legacy Business owners and property owners who agree to lease extensions with Legacy Business tenants, pending viability of funds. Chinatown CDC will leverage the expertise of Linda Esposito and Community Vision to advise the Sponsor on both the business plan for the restaurant and the financing plan for the commercial space build out.

The overall development budget includes costs to build out a warm shell and \$250K in commercial developer fee, as permitted under MOHCD's Commercial Space Underwriting Guidelines for a community serving space. During the predevelopment phase, Chinatown CDC will explore subdividing the commercial space as a condominium—permitting the Sponsor to an additional \$50K in commercial developer fee (totaling \$300K).

6.3 Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit are within standards	N	\$677,502/unit
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 is \$3,643,200, which is within underwriting guidelines

Construction Management Fees are within standards	Y	CM is sized at \$246,000 (36 months for predev and 18 months for construction) meets underwriting guidelines for predev (\$3,500/month) and construction (\$5K/month) period.
Developer Fee is within standards, see also disbursement chart below	Y	PM Fee: \$1,100,000 At Risk: \$1,100,000 Commercial Developer Fee: \$250,000 Deferred Developer Fee: \$150,000 GP Equity: \$500,000 Total Developer Fee: \$3,100,000 Total cash-out fee of \$2.35MM is allowed under HCD's 2017 UMR and MOHCD's Developer Fee Policy. HCD allows a max cash-out fee of \$3.5MM.
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 7.4%.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve of \$312,757 (25% of operating expenses + 25% annual debt service) is a minimum of 3 months.

6.4 Developer Fee Evaluation:

Below is the breakdown of the total development fee in the Project, which meets MOHCD's Developer Fee Policy.

Residential & Commercial Developer Fee		
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	
Commercial Space Developer Fee	\$250,000	This amount is the maximum under MOHCD Commercial Space UG for a community-serving commercial use.
Amount of Developer Fee allocated as General Partner Equity:	\$500,000	This amount meets MOHCD minimum general partner equity requirement of \$500K to be recontributed to the Project.
Amount of Developer Fee allocated as Deferred Developer Fee:	\$150,000	\$150,000 of deferred developer fee is shown on the 20-year cash flow.
\$3,100,000		

The milestones for the payment of the developer fee to the sponsor are specified below.

Total Developer Fee:	\$3,100,000	
Project Management Fee Paid to Date:	\$0	
Amount of Remaining Project Management Fee:	\$1,100,000	
Amount of Fee at Risk (the "At Risk Fee"):	\$1,100,000	

Amount of Commercial Space Developer Fee (the "Commercial Fee"):	\$250,000	
Amount of Fee Deferred (the "Deferred Fee"):	\$150,000	
Amount of General Partner Equity Contribution (the "GP Equity"):	\$500,000	
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
At closing of initial predevelopment loan	\$165,000	15.0%
Site Permit	\$110,000	10.0%
Submission of HCD funding application	\$110,000	10.0%
Submission of joint CDLAC and TCAC application	\$110,000	10.0%
Construction close	\$220,000	20.0%
At Certification of Construction Completion	\$220,000	20.0%
Project close-out	\$110,000	10.0%
Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee		Percentage At Risk Fee
100% lease up and draft cost certification	\$220,000	20.0%
Permanent conversion	\$550,000	50.0%
Project close-out	\$330,000	30.0%
Milestones for Disbursement of that portion of Developer Fee defined as Commercial Fee		Percentage Commercial Fee
Executed LOI with commercial tenants(s)	\$62,500	25.0%
Executed lease with commercial tenant(s)	\$87,500	35.0%
Occupancy by commercial tenant(s)	\$100,000	40.0%

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

7.1. Annual Operating Budget

Please note that the annual operating budget presented is to demonstrate the project's overall feasibility, but not intended for Loan Committee approval at this time.

Chinatown CDC's operating budget is generally in compliant with MOHCD policies. The proposed staffing plan is comparable to other buildings of size and target population in the Sponsor's portfolio – 1296 Shotwell, Mary Helen Rogers Senior Community, and Parkview Terraces, which are 90+ unit senior buildings with a formerly homeless household component.

With new property management leadership in the past year, Chinatown CDC's operational practices are evolving to meet industry standards-- such as lowering maintenance staff ratios. Furthermore, operational costs have risen with utilities and property insurance.

7.2. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	Y	Although the Project is not supporting permanent debt, the DSCR is 1.461 in Year 1 and stays above 1.0 at 1.211 DSCR in Year 17.

		TCAC regulations dated October 28, 2019, requires at least a 1.15 DSCR in at least one of the project's first 3 years. The DSCR in Year 3 is 1.15.
Vacancy meets TCAC Standards	Y	Vacancy is 5.0%.
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5%. SOS escalation factor at 4.0%, per program requirements.
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	N	Total Operating Expenses are \$14,274/unit for 2026 (Year 1), which are high due to the 24-hour desk clerk for homeless seniors units, with 75% of the desk clerk paid by the 20 LOSP units. Operational costs are slightly higher than comparable senior projects like 1296 Shotwell at \$13.9K/unit with a 2026 escalation.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$70,176 or \$68 PUPM.
Property Management staffing level is reasonable per comparables	Y	See above staffing chart in Section 7.3 Staffing Summary, which includes total of 3.0 FTE property management staff and 3.6 FTE front desk clerk.
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$20,320/yr (\$19.69 PUPM). Annual PM Fee is \$7,500/yr with first operating year of 2026.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 PUPA, per HCD standard.
Limited Partnership Asset Management Fee meets standards	Y	\$5,000/yr. with no escalation.

7.3. Staffing Summary.

The staffing plan is also subject to further review by the Department of Homelessness and Supportive Housing (HSH) and the Department of Aging and Adult Services (DAAS).

Title	FTE allocated to Project	Expenses allocated to Project	Total Fringe (FICA, WC, Health, 403B)
Office Salaries			
<i>Assistant Property Manager</i>	1.0	\$47,927	\$18,490
<i>Desk Clerk</i>	3.6	\$159,034	\$61,355
Subtotal	4.6	\$286,806	\$79,845
Manager Salaries			

<i>Property Manager</i>	1.0	\$72,573	\$27,999
Subtotal	1.0	\$100,572	\$27,999
Janitorial			
<i>Janitor</i>			
Subtotal	0.0	\$0	
Maintenance			
<i>Technician</i>	1.0	\$57,564	\$22,208
Subtotal	1.0	\$79,772	\$22,208
Resident Services			
<i>CCDC Resident Services Coordinator</i>	0.80	\$46,400	\$17,910
<i>CCDC Resident Services Supervisor</i>	0.125	\$9,750	\$3,764
Subtotal	0.9	\$77,824	\$21,674
Total FTEs and Expenses	7.5	\$544,974	\$151,726

7.4. Income Restrictions for All Sources.

UNIT SIZE		MAXIMUM INCOME LEVEL		
		MOHCD	TCAC	HCD
NON-LOTTERY				
Studio – LOSP	No. of Units: 20	50% MOHCD AMI (25% MOHCD for MHP)	20% TCAC AMI	MHP
Studio – SOS (15% MOHCD AMI)	13	60% MOHCD AMI (25% MOHCD for MHP)	20% TCAC AMI	MHP
Studio – SOS (25% MOHCD AMI)	13	60% MOHCD AMI (25% MOHCD for MHP)	20% TCAC AMI	MHP
1 BR – SOS (15% MOHCD AMI)	4	60% MOHCD AMI (25% MOHCD for MHP)	20% TCAC AMI	MHP
1 BR – SOS (25% MOHCD AMI)	4	60% MOHCD AMI (25% MOHCD for MHP)	20% TCAC AMI	MHP
Sub-Total	54			
LOTTERY				
Studio-Plus Housing	5	50% MOHCD AMI	60% TCAC AMI	
Sub-Total	5			
Studio	14	60% MOHCD AMI	60% TCAC AMI	
1 BR	12	60% MOHCD AMI	60% TCAC AMI	
Sub-Total	26			
STAFF UNITS				
Studio	1	N/A	N/A	
TOTAL	86			

MOHCD staff recommends restricting the 34 SOS units (or 40% of total units) at 60% MOHCD AMI and the 20 LOSP units at 50% MOHCD AMI. Five Plus Housing units will be restricted at 50% MOHCD AMI, with the remaining 26 lottery units at 60% MOHCD AMI.

The 34 SOS units are based off the following assumptions:

- Up to 40% of total units are SOS – 34 units is 40% of total 86 units.
- Half of SOS rents at 15% MOHCD AMI (13 Studios & 4 1brs) and half at 25% MOHCD AMI (13 Studios & 4 1brs), spread evenly across unit size/type
- Subsidy sized at difference between 60% MOHCD AMI rents and the 15% or 25% MOHCD AMI rents
- 4% escalation on subsidy
- Max rents at 60% MOHCD AMI

Chinatown CDC is advocating for additional SOS units-- beyond the 40% of total units assumed for this request. The Sponsor believes there is a strong financial and programmatic argument to be made that 60% MOHCD AMI senior units are not lease-able in the current market. However, a SOS unit with a 60% MOHCD AMI payment standard is lease-able, covers operating costs, and makes the Project more competitive for MHP financing. The Sponsor would like to work with MOHCD during the predevelopment period to secure as much SOS for the Project. The AMI levels and services plan for the SOS units will need to be reviewed and approved by the Department of Disability and Aging Services (DDAS).

Preliminary MHP scoring illustrates the Project will need to achieve a competitive MHP tie-breaker to secure an award. Chinatown CDC is proposing the following TCAC restrictions for the Project’s future MHP application:

- **20 LOSP & 34 SOS units restricted at 20% TCAC AMI.** The LOSP units will serve formerly homeless seniors at this income level coming through the Coordinated Entry System (CES), paying approximately \$175 a month for rent; and SOS units will serve seniors with incomes at 15% or 25% MOHCD AMI. Restricting LOSP and SOS units at 20% TCAC AMI further improves the Project’s estimated MHP tie-breaker score.
- **5 Plus Housing & 26 Lottery units restricted at 60% TCAC AMI,** will be excluded from the MHP tie-breaker calculation and not considered MHP Assisted Units. MOHCD will restrict the Plus Housing units to 50% MOHCD AMI and lottery units to 60% MOHCD AMI.

Prior to preliminary gap for the Project’s MHP application specifically, HSH and MOHCD will need to approve the Sponsor’s final proposed income restrictions for the Project’s MHP application.

7.5. MOHCD Restrictions.

Unit Size	No. of Units	Maximum Income Level
Studio	25	50% of Median Income
Studio	50	60% of Median Income
1 BR	19	60% of Median Income
Studio	1	Manager’s Unit
	86	

All Units must be rented at all times to tenants who are seniors, as defined in the MOHCD loan agreement. 20 units must be made available to the chronically homeless or those at risk of homelessness during the period in which the City’s Local Operating Subsidy program is in operation and the City provide such subsidy to the project under LOSP. 34 units must be made available to Senior Households with a maximum income of 15% and 25% of Median Income during the period in which the City’s Senior Operating Subsidy program is available.

If the LOSP is terminated, discontinued or reduced at no fault of Borrower with respect to the Project, then the rent restrictions above may be altered but only to the extent necessary for the Project to remain financially feasible, as determined in City’s reasonable discretion; provided that:

- (a) Borrower diligently pursues an additional or alternative source of income or subsidy acceptable to the City to replace the rental subsidies.

(b) One hundred percent (100%) of the Units formerly under the LOSP must at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed fifty percent (50%) of Median Income and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of fifty percent (50%) of Median Income, (b) less utility allowance. The maximum initial occupancy income level restrictions when averaged for all Residential Units in the Project may not exceed sixty percent (60%) of Median Income and subject to any applicable regulatory agreement, restrictive covenant, or other encumbrance. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units.

8. SUPPORT SERVICES

8.1. Services Plan.

Chinatown CDC will be the service provider for the general population and the permanent supportive housing units, with Catholic Charities Client Services to serve the Plus Housing units. However, after further evaluation, MOHCD believes services are not necessary to be paid through the Project, given the additional outside resources Plus Housing referrals receive. MOHCD will not allow Plus Housing services to be paid through the operating budget. The Sponsor and Catholic Charities will work with MOHCD staff throughout predevelopment to determine the program for the Plus Housing units and if applicable, the source to pay for the services.

The Sponsor will enter into a services contract funded by HSH. Chinatown CDC is proposing the following on-site support services staff:

Staff Position	Employed	FTE	Residents Served	Staff to Resident Ratio	Funding Source
Resident Services Coordinator	CCDC	0.80 FTE	61 senior households	1:61	Operating Budget
Resident Services Supervisor	CCDC	.125 FTE	61 senior households	1:80	Operating Budget
Intensive Case Manager	CCDC	1.0 FTE	20 formerly homeless households	1:20	HSH

Chinatown CDC’s Resident Services works individually and collaboratively with all residents, in an integrated partnership with Property Management and third-party services providers, to tailor trauma-informed services according to each household’s specific needs, goals, and cultural context. Catholic Charities intends to provide service coordination with a focus on physical health for the Plus Housing households. Foundational to the Sponsor’s approach for services provision is the employment of Trauma-Informed Care (TIC) in all aspects of interacting with residents, including property management functions. Services staff are trained on an on-going basis in both TIC and cultural competency to tailor services to the individual and avoid re-traumatization. A TIC model necessitates that Chinatown CDC maintains an environment for staff that addresses secondary traumatic stress. Their team also recognizes that access to clinical mental health care is key to stability for formerly homeless households. And have connections to nearby culturally competent mental health care providers. With the resident’s permission, the ICM coordinates care with the resident’s mental health and primary care providers. Catholic Charities also has existing programs to provide on-site therapy and substance abuse counseling with clinical graduate students seeking licensure.

8.2. Service Budget.

The Project’s preliminary services budget below.

Position	Salary	FTE	FTE Amount	SF HSA Budget	Operating Budget	TOTAL
Intensive Case Manager (CCDC)	\$ 67,000	100%	\$67,000	\$67,000		
Resident Services Coordinator (CCDC)	\$ 58,000	80%	\$46,400		\$46,400	
Resident Services Supervisor (CCDC)	\$ 78,000	12.5%	\$9,750		\$9,750	
Plus Housing Coordinator (CC)	\$ -	0.0%	\$0		\$0	
Fringe @ 38.6%			\$47,536	\$25,862	\$21,674	
Personnel Subtotal		193%	\$170,686	\$92,862	\$77,824	\$170,686

Operating Expenses	SF HSA Budget	Operating Budget	Total
Job posting fees	\$0	\$375	\$375
Staff retreat/orientation	\$0	\$140	\$140
Rental of Property	\$0	\$0	\$0
Utilities: phone	\$1,200	\$1,080	\$2,280
Utilities: electrical	\$0	\$1,200	\$1,200
Utilities: garbage	\$0	\$600	\$600
Office Supplies	\$1,200	\$1,500	\$2,700
Building Maintenance Supplies and Repair	\$0	\$0	\$0
Printing and Reproduction	\$1,200	\$400	\$1,600
Insurance	\$0	\$0	\$0
Staff Training	\$250	\$850	\$1,100
Staff Travel	\$500	\$1,200	\$1,700
Rental of Equipment	\$0	\$0	\$0
Clinical consultation fees	\$0	\$0	\$0
Dues/data management subscription	\$0	\$780	\$780
Meeting Expenses	\$0	\$250	\$250
IT expenses	\$0	\$1,000	\$1,000
Janitorial	\$0	\$1,000	\$1,000
Miscellaneous Admin	\$0	\$100	\$100
Tenant Activities and Supplies (\$5 PUPM)	\$5,220	\$10,320	\$15,540
Community meals & events (\$25 PUPM)	\$8,700	\$0	\$8,700
Food vouchers (\$25 PUPM)	\$8,700	\$0	\$8,700
Move-in allowance (\$250 PU)	\$7,250	\$0	\$7,250
Operating Subtotal	\$34,220	\$20,795	\$55,015

Subtotal	\$127,082	\$98,619	\$225,701
Indirect Cost @ 10%	\$19,048	\$9,862	\$33,855
Total Expenditures	\$146,130	\$108,481	\$259,556

Approval of a preliminary services budget will be a condition of Site Permit milestone approval by MOHCD. The AMI levels and services plan for the SOS units will need to be reviewed and approved by the Department of Disability and Aging Services (DDAS) and MOHCD.

8.3. HSH Assessment of Service Plan and Budget.

Three HSH staff were part of the developer RFQ selection panel. HSH will review and assess the Services Plan and Budget once submitted and will remain involved during the predevelopment phase while the homeless resident programming and model are being developed.

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan/Grant Terms.

Financial Description of Proposed Loan	
Loan Amount:	\$4,100,000
Loan Term:	3 years (rolled into 57-year loan at construction closing)
Loan Maturity Date:	2024
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	0-3% at a rate that may be adjusted at the discretion of the MOHCD Director to attain financial feasibility for the Project (pending true debt analysis).
Date Loan Committee approves prior expenses can be paid:	July 1, 2021

9.2. Recommended disbursement conditions/schedule

Prior to initial predevelopment disbursement:

- Sponsor must provide evidence of Limited Partnership formation.
- Sponsor must provide evidence of Prop I sign posting.

9.3. Recommended Loan Conditions

During Predevelopment:

- Sponsor must provide MOHCD with detailed monthly updates on Community Outreach completed, outcomes achieved related to racial equity goals, and commercial-use programming (this may be included in the standard MOHCD monthly report form).
- Sponsor must track new federal funding initiatives under the Biden Administration, including the potential release of a HUD 202 NOFA, which would allow the project to support permanent debt and work with Community Vision to explore New Market Tax Credits for the commercial build-out.
- Sponsor must work with MOHCD staff to determine the proper services for the Plus Housing units and if applicable, the source to pay for the service program
- Sponsor must submit an updated 1st year operating budget and 20-year cash flow – if any changes have occurred – by November 1st before the year the project will achieve TCO so that MOHCD may request the LOSP subsidy.
- Sponsor to work with MOHCD and HSH to establish the LOSP budget and income restrictions for the referrals from Coordinated Entry.
- Sponsor to implement cost containment strategies to reduce overall project costs and maximize efficiencies to MOHCD gap loan, while meeting the goal of the total hard costs to be less than \$600K per unit. Sponsor must identify and implement cost containment strategies for construction and present them at the various cost estimates with narrative analysis of the pricing from the general contractor.

By April 30, 2022:

- Sponsor must provide a community outreach plan for the period of July 2021 through construction completion. The plan should identify key community stakeholders that will be outreached to, describe the team's community outreach strategy, and overall timeline.
- Sponsor must provide the Architect RFQ for MOHCD review and approval.
- Sponsor must provide the Subconsultants RFQ for MOHCD review and approval.
- Sponsor must provide the construction manager RFQ for MOHCD review and approval.
- Sponsor must provide the general contractor RFQ for MOHCD review and approval.
- Sponsor must provide the contract for Construction Management for MOHCD review and approval.

By July 31, 2022 (100% Schematic Design & prior to Site Permit Submittal):

- Sponsor must provide analysis of different construction types like the Pueblo Structural System, which could potentially provide cost savings and provide overall analysis to MOHCD for review.
- Sponsor must submit a preliminary services plan and budget covering the formerly homeless households for HSH and MOHCD review and approval.
- Sponsor must submit application to the Planning Department for SB35 and Site Permit review.
- Sponsor must research alternate funding sources, such as Infill Infrastructure Grant (IIG), and provide analysis to MOHCD for review to reduce MOHCD's gap.
- Sponsor must submit a preliminary commercial space plan, commercial financial assumptions, and commercial development timeline for MOHCD review and approval.

By November 30, 2022 (100% Design Development):

- Sponsor must submit an updated commercial space plan, commercial financial assumptions, and commercial development timeline for MOHCD review and approval.
- Sponsor must submit a tenant improvement plan for MOHCD review and approval.

Prior to Preliminary Gap Request for the Project's MHP and CDLAC-TCAC Application:

- Sponsor must receive approval from DDAS on the income restrictions and service plan for the SOS units.
- Sponsor must receive approval from HSH on the income restrictions for MHP and service plan for the LOSP units.

Prior to Gap Loan Request:

- Sponsor must provide operating and development budgets that meet MOHCD underwriting guidelines and commercial space policy requirements.
- Sponsor must provide MOHCD with a services plan and proposed staffing levels that meet MOHCD underwriting standards prior to gap loan approval. Any changes to the current proposed staffing will need to be presented to MOHCD at least 90 days prior to gap loan approval.
- Sponsor must: a) provide for MOHCD review of the Request for Proposals (RFP) for equity investors and lenders before it is finalized and distributed; b) provide for MOHCD review of all raw financial data from developer or financial consultant prior to selection; c) provide for MOHCD review and approval of all selected investors and lenders; and, d) provide for MOHCD review and approval of all Letters of Intent from financial partners.
- Sponsor must provide executed Letter of Intent (LOIs) with neighborhood serving commercial tenants, a commercial development budget, a tenant improvement proforma for MOHCD review and approval.

Prior to Marketing & Lease Up:

- Sponsor must work with seniors in the community and Plus Housing participants to seek a tenant-based rental subsidy from programs like the Q Foundation to help meet the Sponsor's affordability goals for the Project.

- Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.
- Sponsor must create more structure around marketing meetings leading up to the lease up process, which includes identifying clear roles and responsibilities and preparing meeting agendas outlining clear next steps.

10. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Eric D. Shaw, Director
Mayor's Office of Housing

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

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

Chavez, Rosanna (MYR)

From: Blitzer, Mara (MYR)
Sent: Friday, October 15, 2021 11:39 AM
To: Chavez, Rosanna (MYR)
Cc: Ely, Lydia (MYR); Shaw, Eric (MYR)
Subject: 10/15/21 Loan Committee

Hi Rosie,

On behalf of MOHCD, I approve of the proposed predevelopment loan for 772 Pacific Ave.

My best,
Mara

Mara Blitzer
Director of Housing Development, MOHCD
Working from home, best reached by email
415-350-7831

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Friday, October 15, 2021 5:11 PM
To: Shaw, Eric (MYR)
Cc: Chavez, Rosanna (MYR); Blitzer, Mara (MYR)
Subject: PREDEVELOPMENT FUNDING FOR 772 PACIFIC AVENUE

I vote to approve the request for initial predevelopment funds in the amount of \$4,100,000 for 772 Pacific Avenue.

Best,

salvador



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

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Chavez, Rosanna (MYR)

From: Oerth, Sally (CII)
Sent: Friday, October 15, 2021 11:36 AM
To: Chavez, Rosanna (MYR)
Cc: Slen, Joyce (MYR)
Subject: 772 Pacific Ave Predev Loan - 10.15.21 Loan Committee

I approve the predevelopment funding request for the 772 Pacific Ave project, as presented at the 10.15.21 Loan Committee.



Sally Oerth
Interim Executive Director

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

Chavez, Rosanna (MYR)

From: Pereira Tully, Marisa (CON)
Sent: Friday, October 15, 2021 11:35 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: 772 Pacific Ave Predev Loan

Approve the item

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

Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	<u>10/15/2021</u>	
1	Acquisition/Predev Financing Commitment	<u>10/15/2021</u>	
2.	Site Acquisition	<u>N/A</u>	
3.	Development Team Selection		
a.	Architect	<u>01/31/2022</u>	
b.	General Contractor	<u>01/31/2022</u>	
c.	Owner's Representative	<u>12/01/2022</u>	
d.	Property Manager	<u>N/A</u>	
e.	Service Provider	<u>N/A</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>05/01/2022</u>	
b.	Submittal of Design Development & Cost Estimate	<u>11/01/2022</u>	
c.	Submittal of 50% CD Set & Cost Estimate		
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>05/01/2023</u>	
5.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	<u>5/01/2022</u>	
b.	CEQA Environ Review Submission	<u>N/A</u>	
c.	NEPA Environ Review Submission	<u>N/A</u>	
d.	CUP/PUD/Variances Submission	<u>N/A</u>	
6.	PUC/PG&E		
a.	Temp Power Application Submission	<u>05/01/2023</u>	
b.	Perm Power Application Submission	<u>07/01/2023</u>	
7.	Permits		
a.	Building / Site Permit Application Submitted	<u>05/01/2022</u>	
b.	Addendum #1 Submitted	<u>11/01/2022</u>	
c.	Addendum #2 Submitted	<u>02/01/2023</u>	
8.	Request for Bids Issued	<u>08/01/2023</u>	

9.	Service Plan Submission		
a.	Preliminary	<u>05/01/2022</u>	
b.	Final	<u>12/01/2023</u>	
10.	Additional City Financing		
a.	Preliminary Gap Financing Application	<u>02/01/2023</u>	
b.	Gap Financing Application	<u>02/01/2024</u>	
11.	Other Financing		
a.	HCD Application	<u>03/01/2023</u>	
b.	Construction Financing RFP	<u>08/01/2023</u>	
c.	AHP Application	<u>03/01/2023</u>	
d.	CDLAC Application	<u>08/15/2023</u>	
e.	TCAC Application	<u>08/15/2023</u>	
f.	Other Financing Application	<u>N/A</u>	
g.	LOSP Funding Request	<u>02/01/2024</u>	
12.	Closing		
a.	Construction Loan Closing	<u>04/01/2024</u>	
b.	Conversion of Construction Loan to Permanent Financing	<u>04/01/2026</u>	
13.	Construction		
a.	Notice to Proceed	<u>04/02/2024</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>10/01/2025</u>	
14.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>05/01/2025</u>	
b.	Commence Marketing	<u>06/01/2025</u>	
c.	95% Occupancy	<u>01/01/2026</u>	
15.	Cost Certification/8609	<u>10/01/2026</u>	
16.	Close Out MOH/OCII Loan(s)	<u>04/01/2026</u>	

Attachment B: Borrower Org Chart

ORGANIZATIONAL CHART

New Asia Housing, L.P.



*Upon admission of the LIHTC investor, Chinatown Community Development Center will withdraw as Initial Limited Partner to be replaced by the investor.

Attachment C: Developer Resume

Chinatown CDC has developed over 2,730 units of affordable housing over the course of its 40-year history and has another 765 units in the development pipeline (see below). In addition, San Francisco will release approximately 4 projects under RFPs every year; we plan to submit proposals for many if not all. We are also actively seeking small sites (5- to 25-unit buildings) currently housing low-income residents at risk of displacement to acquire, rehabilitate and maintain as affordable housing to help stabilize households and neighborhoods facing evictions and gentrification.

Development Pipeline:

- 1296 Shotwell; construction completion in January 2020, stabilized occupancy starting May 2020
- 1150 Third Street; TCO received early 2020
- 2060 Folsom; in construction
- Swiss American - 534 Broadway; soft-story only (\$3.5MM rehab); in process of securing funding
- Hamlin - 385 Eddy St (\$13.6MM rehab); construction started beginning of 2020
- Larkin Pine (estimated \$18.5MM refinancing/rehab)
- Golden Gate Apartments (estimated \$14.2MM refinancing/rehab)
- Small Sites (5 buildings rehab projects)
 - 462 Green –\$3.5M rehab, completed in Feb 2020
 - 1535 Jackson – \$4M rehab, in construction; 20% complete
 - 1201 Powell/900 Jackson – \$2M rehab, in design
 - 289 9th/800-810 Clement, \$1M rehab, in design
 - 1300 Powell – \$1.5M rehab, in pre-acquisition
- 937 Clay – \$1.5M rehab, in design
- 1590 Broadway – under renovation
- Maceo May; construction loan closed April 2020
- Throughline (777 Broadway, 1204 Mason, 1525-1529 Grant Ave.) major rehab under design
- 730 Stanyan; predevelopment

Attachment D: Asset Management Evaluation of Project Sponsor

- **# of projects and avg. # of units/project currently in sponsor's asset management portfolio**
33 Projects, 84 average units per project
- **Sponsor's current asset management staffing – job titles, FTEs, org chart and status of each**
The Asset Management Department (AM) is comprised of 4.625 FTE:
 - Director of Asset Management
 - Senior Asset Manager
 - Asset Manager
 - Asset Management Coordinator
 - Asset Management Assistant (25 hours per week)Their duties are outlined in the job descriptions included at the end of the document. All positions are filled.
- **Description of scope and range of duties of sponsor's asset management team**
AM monitors the financial and physical health of the portfolio. They produce financial projections for each building in order to monitor the long-term viability of the property. They commission capital needs analyses for each building every five years and monitor the process of getting all called for repairs and replacements done. They collaborate with the Housing Development Department to develop work-out plans for troubled properties. With the Property Management Department, they set rents at each building according to the various programs and funding sources in place. They are the main point of contact between CCDC and the lenders, partners, and regulators of the portfolio. This includes all periodic reporting.
- **Description of sponsor's coordination between asset management and other functional teams, including property management, accounting, compliance, facilities management, etc.**
AM meets twice-monthly with the Housing Development, Property Management, and Fiscal departments to discuss cross-department topics and coordinate the organization's approach to property and portfolio issues. The Director of Property Management, Compliance Managers, and Property Supervisors, and Fiscal Department are located in the same building as AM, which allows for easy communication and an awareness of each other's roles and challenges.
- **Sponsor's budget for asset management team – shown as cost center for projects in SF**
CCDC does not maintain a separate budget for the Asset Management team since it is part of their Fiscal Department.
- **# of projects expected to be in sponsor's AM portfolio in 5 years and, if applicable, plans to augment staffing to manage growing portfolio**
With respect to the number of projects the Sponsor expects to have in its asset management portfolio in the coming five years, CCDC has provided its Real Estate Owned schedule ("REO schedule." In the next five years, CCDC will add the following projects to the portfolio:
 - 2060 Folsom (127 units)
 - 1150 3rd Street a.k.a. Mission Bay Block 3E (101 units)
 - Treasure Island, with Sword to Plowshares (100 units)
 - 730 Stanyan with TNDC (150+units to be determined)

A number of other projects are under consideration and may be added to the portfolio. In addition, through the Small Sites program we expect to add 15 to 20 new properties totaling between 60 and 400 units.

AM is a relatively new department and has spent considerable time in the past two years developing and implementing policies and procedures that are improving the quality and efficiency of our work. We expect to be able to add these projects without increasing staffing. The asset management activity that creates spikes in our regular work flow is refinancing. If these should prove too great a strain on staffing, we have relationships with very competent consultants who can perform the work for us and charge their time to the project.

Attachment E: Threshold Eligibility Requirements and Ranking Criteria

MINIMUM EXPERIENCE AND CAPACITY REQUIREMENTS

Respondents must meet the following minimum development team characteristics, experience, and capacity requirements in order to qualify to be scored and ranked under this RFQ. For Minimum Qualifications for respondents applying for 100% housing for homeless adults please refer to Sections III.D and IV.C.

Racial Equity Capacity: The proposed Development team must document its capacity to successfully plan, design, and develop racial equity strategies that will lower barriers to obtaining quality affordable housing for communities of color through employment of staff with appropriate experience and capacity, contracted services, and/or collaboration with other organizations. Respondents should submit demographic data of the Boards of Directors of member organizations of the Development Team and of the staff of the various organizations that make up the respondent team.

Minimum Development Team Characteristics

The proposed development team must include members able to work with MOHCD to create developments that are responsive to populations disproportionately impacted by systemic racism; implement a culturally competent approach throughout the development process; align the development program with City policies on anti-displacement, racially inclusive communities, and creation of stable housing for vulnerable populations; and create opportunities for Black- and Brown-led developers to be competitive within the RFQ process.

The proposed Development Team must include:

- At least one San Francisco-based non-profit development entity whose mission includes the development of affordable housing in low-income communities with experience developing housing for the identified priority populations (such as Certificate of Preference Holders, displaced tenants, neighborhood residents, San Francisco residents, seniors, families, Plus Housing waitlist households and/or formerly homeless households) acting either as sole developer or as a partner in a joint venture, or joint-venture partner, defined as a nonprofit organization;
- A property owner entity with experience owning housing for low-income communities, including for priority populations (such as COP Holders, displaced tenants, neighborhood residents, San Francisco residents, seniors, families, Plus Housing waitlist households and/or formerly homeless households);
- A property management entity with experience managing housing for low-income communities, including for priority populations (such as COP Holders, displaced tenants, neighborhood residents, San Francisco residents, seniors, families, Plus Housing waitlist households and/or formerly homeless households);
- At least one services-providing entity with experience providing services appropriate for the intended target population(s) of each site.

Letters of Intent or Memoranda of Understanding from service providers and property management entities that are not affiliated with the developer must be submitted with the application.

Minimum Development Team Experience

Minimum experience must be demonstrated by identifying specific **Qualifying Projects** in which team members have participated, as further described below. The proposed Development Team must submit **Attachment 4 - Qualifying Project Form**, to document how the Qualifying Project characteristics meet each of the experience categories below (developer, owner, property manager, service provider.)

To demonstrate the minimum required development team experience, each team should submit one project for each experience category. When appropriate, teams may submit the same project as

evidence of experience across multiple experience categories or may use different projects to demonstrate experience across categories. In all cases, no more than four (4) total Qualifying Projects should be submitted. **Qualifying Projects will not be scored but are used to determine if the proposed Development Team meets the minimum development team experience required to develop the Site.**

For Developer and Owner, a **Qualifying Project** must have all of the following characteristics:

- New construction in either a Type V over I or Type III over I construction type (not a requirement for Minimum Property Manager and Service Provision Experience)
- At least 75 units in size
- Majority multiple-bedrooms, *only for family projects*
- Mixed-use including residential (not a requirement for Minimum Service Provision Experience)
- Affordable to low- and very low-income households¹, formerly homeless residents, families and/or seniors
- Financed with Low-Income Housing Tax Credits.

a. Minimum Development Experience:

The proposed Developer must have completed within the past ten years at least **one** Qualifying Project located in San Francisco. "Completed" means the Project must have received its Temporary Certificate of Occupancy by the date of the issuance of the RFQ.

For joint venture Developer teams, the experience of the lead entity may suffice for the joint-venture partnership. A signed Memorandum of Understanding or Term Sheet between joint-venture Development partners that outlines roles and responsibilities, proposed ownership structure, etc. must be submitted with the application. Furthermore, a Respondent can qualify for development experience by contracting with a development consultant for comprehensive project management services. Finally, the requirement to have served formerly homeless residents may be satisfied in a non- Type V over I or Type III over I building. In such a case, the proposed Developer must provide evidence of having completed a partially Type V over I or Type III over I affordable housing building, and separately, an affordable housing building that serves formerly homeless residents.

b. Minimum Ownership Experience: The proposed Owner must have owned at least **one** Qualifying Project for at least four years prior to the Submittal Deadline of this RFQ. For purposes of this requirement, the member of the general partner of the tax credit partnership that will own the completed project is the proposed "Owner."

c. Minimum Property Management Experience: The proposed Property Manager must have managed at least **one** Qualifying Project for at least 24 months.

d. Minimum Service Provision Experience: The proposed service provider(s) must have at least 36 months experience providing services to low-income family residents, communities of color, homeless persons and/or senior citizens within a Qualifying Project.

Note Regarding Experience: For any Respondent team member, the experience of key staff members may be substituted for the experience of the organization as a whole as long as the staff members' experience in other firms was substantive and involved responsibilities similar to those that they are anticipated to perform during the proposed development of the site. Any substitution should be clearly identified in Attachment 4, Qualifying Project Form.

Minimum Developer and Owner Capacity Requirements

¹ "Low Income" is defined as 60% MOHCD AMI and below. "Extremely Low Income" is defined as 30% MOHCD AMI and below.

The proposed Developer and Owner must demonstrate the financial and staffing capacity to successfully complete the project and manage the asset in the long-term, as further described below.

- a. **Financial Capacity:** The proposed Developer (or Guarantor where another entity is providing required guarantees) must demonstrate its ability to obtain competitive financing, as evidenced by submitting the latest (2) years of either signed federal income tax returns (including schedules or attachments, if any); or audited financial statements (with management letters, if any). The proposed Developer must also submit **Attachment 5 – Financing Terms for Developer’s Qualifying Project** documenting the equity pricing and debt terms for the Qualifying Project submitted under Minimum Developer Experience.
- b. **Staffing Capacity:** The proposed Developer must document its capacity to successfully plan, design, and develop the Project, throughout the period of development, either through staff with appropriate experience and capacity, contracted services, or collaboration with other organizations. To document this, the proposed Developer must submit a written narrative **no more than one page** (in Times New Roman font, 12 font size, and 1-inch margins) to document the experience and capacity of key staff, their workloads, and the organizational structure for supporting staff. The proposed Developer must also submit **Attachment 6 – Projected Staffing Workload Form** to document the work assignments (existing or contemplated) associated with each staff person expected to work on the Project for Developer.
- c. **Asset Management Capacity:** The proposed Owner must document its capacity to successfully manage real estate assets in compliance with City regulatory agreements and restrictions. To document this, the proposed Owner must submit a recent Real Estate Owned (REO) schedule, stating the number of projects and average number of units/project currently in Owner’s asset management portfolio, proposed Owner’s current asset management staffing noting job titles, FTEs, and status of each position (filled/vacant) and proposed Owner’s organizational chart.
- d. **Racial Equity Capacity:** The proposed Developer must document its capacity to successfully plan, design, and develop racial equity strategy that will lower barriers to obtaining quality affordable housing for communities of color through staff with appropriate experience and capacity, contracted services, or collaboration with other organizations. Documentation should include information evidencing the Developer’s capacity to achieve the goals of this RFQ (see especially pages 4-5).
 - Select partners that are able to work with MOHCD to deploy city resources, tools and expertise to create developments that are responsive to populations disproportionately impacted by systemic racism;
 - Ensure that development teams are working within a culturally competent approach through the development process;
 - Align each Project with the implementation of City policies on anti-displacement, racially inclusive communities, and creating stable housing for vulnerable populations;
 - Create opportunities for growth of smaller and Black, Indigenous and people of color, (BIPOC)-led organizations in development role or as member of development team
 - Submit demographic data for the Boards of Directors of each Development Team member and for the staff of each organization represented on the Team.

**MINIMUM EXPERIENCE AND CAPACITY REQUIREMENTS FOR
RESPONDENTS APPLYING FOR 100% SUPPORTIVE HOUSING FOR
HOMELESS ADULTS**

Team Member Specific Minimum Requirements

- a. **Minimum Developer Requirements** - Lead Developer itself or in partnership with other co-developers must provide evidence of the following experience:
- New construction of at least two affordable housing developments that are both high-density infill sites, with an aggregate unit count of approximately 75 units or more
 - Development of at least one supportive affordable housing development for formerly homeless adults and/or formerly homeless seniors (may be new construction or substantial rehabilitation of an existing building)
 - Use of Low-Income Housing Tax Credit financing

For joint-venture Development partners, the experience of either entity may suffice for the joint-venture partnership. A Memorandum of Understanding between joint-venture Development partners must be submitted with the application.

Furthermore, a Respondent can qualify for development experience by contracting with a development consultant for comprehensive project management services. Project management services should include financial packaging, selection of other consultants, selection of construction contractor and property management agent, oversight of architectural design, construction management, and consultation on major aspects of the development process. The contract for development services must be submitted with the RFQ response and must be acceptable to MOHCD.

- b. **Minimum Ownership Experience** - The proposed Owner of the Project must have owned at least one supportive formerly homeless project in San Francisco for at least 5 years prior to the Submittal Deadline of this RFQ. In addition, each proposed Owner must provide evidence of experience with owning housing financed with Low Income Housing Tax credits. This experience does not have to be on the same project that satisfies the 5-year ownership requirement. If the Selected Developer entity is not the same entity as the proposed Owner, MOHCD reserves the right to require that certain members of the Selected Developer remain active in the ownership for whatever length of time MOHCD deems necessary to ensure operating and financial stability.

For purposes of this requirement, the managing general partner of the tax credit partnership intended to take ownership of the completed Project and to provide asset management for the Project is the proposed "Owner".

- c. **Minimum Property Manager Requirements** - The proposed property manager for the Project must have managed at least three supportive formerly homeless or supportive senior rental projects, including at least one in San Francisco, each for at least 36 months. In addition, the Property Manager for the Project must provide evidence of experience with managing housing financed with Low Income Housing Tax credits.
- d. **Minimum Service Provision Requirements** - The proposed service provider(s) must have at least 36 months' experience providing supportive services to formerly homeless adults and/or formerly homeless seniors including case management and comprehensive services for homeless households in a residential setting in San Francisco. The proposed service provider(s) must have the infrastructure to supervise and train the onsite staff and their supervisors. The service provider must also have experience with and capacity to bill Medi-Cal.
- e. **Other Consultants** – For any Respondent team, the experience of key staff members or "other consultants" may be substituted for the experience of the organization as a whole as long as the staff member's or consultant's experience in other firms was substantive and involved

responsibilities similar to what they are anticipated to perform as a member of the Respondent's team.

SELECTION CRITERIA AND SCORING

All applications that meet the Minimum Experience and Capacity Requirements will be scored and ranked according to the following selection criteria:

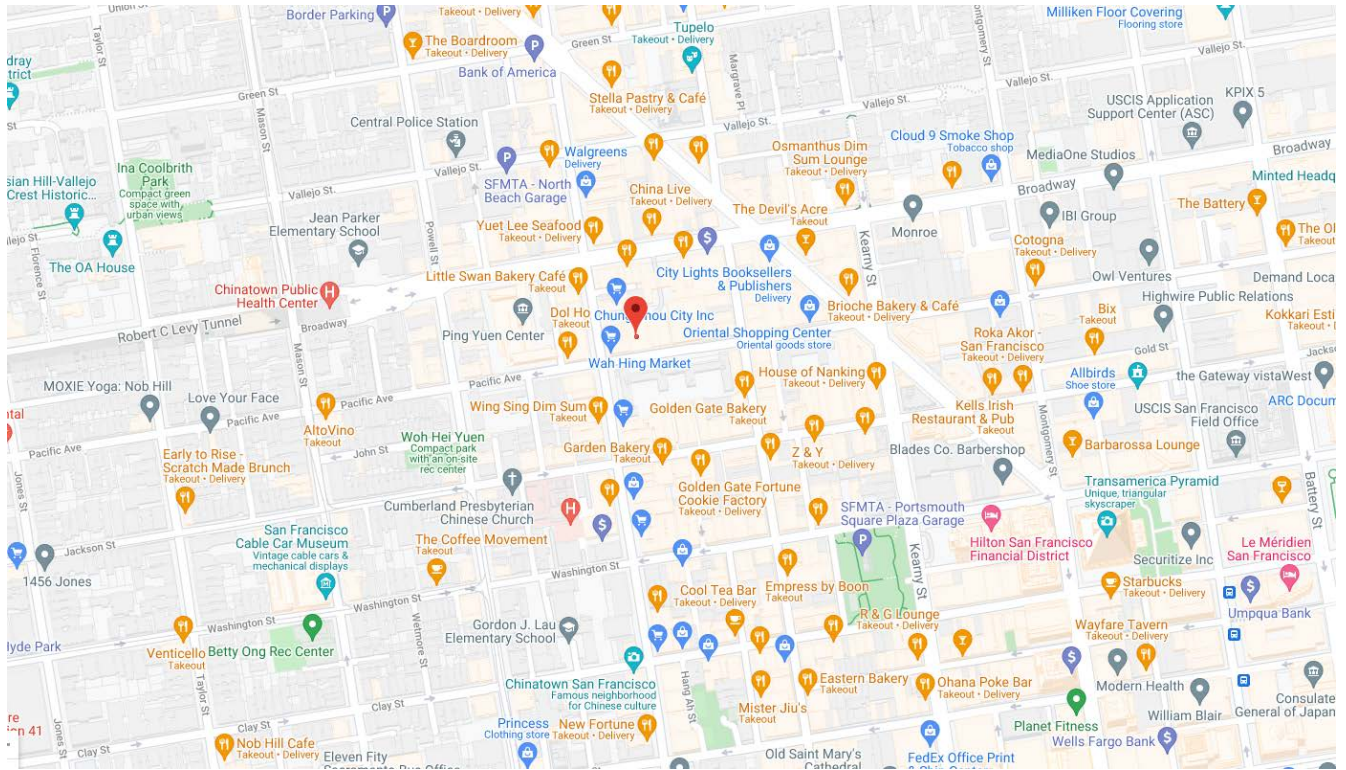
	Category	Points
A.	EXPERIENCE:	40
i.	Developer (12 pts) <ul style="list-style-type: none"> ➤ Experience with the following: <ul style="list-style-type: none"> ○ Completing projects on time and on budget ○ Obtaining competitive financing terms ○ Developing Type V/I or III/I construction ○ Developing housing for low-income families, seniors, or the homeless ➤ Building community support through outreach ➤ Current staff capacity and experience to take on this project type 	
ii.	Owner (4 pts) <ul style="list-style-type: none"> ➤ Track record successfully owning housing financed with Low-Income Housing Tax Credits <ul style="list-style-type: none"> ○ Experience owning affordable housing for low-income families, seniors and/or the homeless ➤ Current asset management structure, staffing, and portfolio ➤ Capacity for assuming asset management of an expanded portfolio once the development is complete 	
iii.	Property Manager (8 pts) <ul style="list-style-type: none"> ➤ Experience managing property for target populations ➤ Experience achieving high rates of housing retention ➤ Implements low barrier tenant selection policies ➤ Contributes to long-term sustainability of the development ➤ Achieves cost efficiencies in operations 	
iv.	Service Providers (8 pts) <ul style="list-style-type: none"> ➤ Experience delivering services to target populations ➤ Experience linking residents to the City's safety net of services ➤ Works with property management to achieve high rates of housing retention ➤ Supports positive outcomes for residents around health and economic mobility ➤ If applicable, provides explanation for service contracts terminated prematurely within the last 5 years ➤ Discusses barriers to communities of color accessing quality health care services, employment and educational opportunities 	
v.	Racial Equity Strategy (8 pts) <ul style="list-style-type: none"> ➤ Describes level of racial equity awareness 	

	<ul style="list-style-type: none"> ➤ Experience providing housing to COP and neighborhood preference holders ➤ Uses innovative approaches to engagement with COP and neighborhood preference holders ➤ Demonstrates commitment to racially diverse project development teams <p>Proposes a substantive partnership that increases opportunity/capacity for growth of smaller and Black, Indigenous and people of color, (BIPOC)-led organizations</p> <ul style="list-style-type: none"> ➤ Demonstrates experience with serving historically excluded communities of color ➤ Describes approaches to overcoming historical obstacles to communities of color obtaining high quality affordable housing ➤ Describes experience providing access and implementing service delivery strategies to historically excluded communities of color 	
B.	VISION:	60
i.	<p>Program Concept (20 pts)</p> <ul style="list-style-type: none"> ➤ Describes vision for a development program at this site, while best achieving the project goals, and includes: <ul style="list-style-type: none"> ○ A residential program and other envisioned uses; ○ Indicates how the proposed uses and amenities will enhance the lives of the proposed target population and the surrounding neighborhood. ➤ Indicates particular groups served by the programs and spaces (tots, children, teens, homeless people, young adults, adults, elderly, disabled etc.). ➤ Describes how the program will contribute to lowering barriers to persons of color seeking and retaining quality housing. 	
ii.	<p>Community Engagement Strategy (10 pts)</p> <ul style="list-style-type: none"> ➤ Describes community engagement strategy and includes: <ul style="list-style-type: none"> ○ The team’s philosophy on community engagement; ○ Process for establishing and/or building positive relationships with surrounding neighbors and the larger community; ○ Efforts designed to engage all interested community members, including monolingual non-English speaking members of the community; ○ How the Development Team intends to comply with the City’s Language Access Ordinance. ➤ Describes the Team’s approach to achieving entitlements for the project expeditiously and the Team’s approach to maintaining and building community relationships after entitlements have been achieved and the development is in operations. ➤ Indicate how particular community engagement strategy will address the historical exclusion of communities of color from 	

	<p>quality housing, including but not limited to marketing to attract target populations.</p>	
<p>iii.</p>	<p>Services Delivery Strategy (10 pts)</p> <ul style="list-style-type: none"> ➤ Describes the Development Team’s services delivery strategy and includes: <ul style="list-style-type: none"> ○ The overall service philosophy; ○ Model for providing any anticipated services to formerly homeless residents (including case management ratio and provision of amenities such as front desk clerks, if applicable); ○ The services goals of the proposed vision. ➤ A brief description of the desired outcome of the services to be provided and innovative approaches to services provision, including the strategy of engaging residents and encouraging access to services. ➤ Describes how services for residents will be coordinated with the existing network of services in the neighborhood and community. 	
<p>iv.</p>	<p>Finance & Cost Containment Approach (10 pts)</p> <ul style="list-style-type: none"> ➤ Narration that describes the Development Team’s financing approach to the project. ➤ Includes the Team’s process for structuring the project and controlling development costs. ➤ Includes innovative strategies intended to minimize MOHCD’s projected capital gap financing. ➤ Describes any innovative (i.e. non-standard, routine or commonly used) direct or indirect cost-cutting strategies relevant to overall development, construction or operating expenses. ➤ Do not include proforma financials. 	
<p>v.</p>	<p>Racial Equity Strategy (10 pts)</p> <ul style="list-style-type: none"> ➤ Describes proposed resident services program, including the activities or types of services, how they will be provided, and the approach (such as timeline, hours and days of operation, examples, and best practices). ➤ Explain how the Development Team’s model removes barriers to intergenerational wealth, self-sufficiency and resiliency for persons of color, particularly COP holders, African American households and/or households in historically African American neighborhoods. 	

	➤ Explain how the strategy aligns with the four primary goals of this RFQ set forth in the Introduction.	
TOTAL POSSIBLE POINTS		100

Attachment F: Site Map with amenities



Grocery Stores-

- Long Hua's Grocery Store- 906 Stockton St
- S & S Grocery- 1461 Grant Ave
- Powell Grocery- 1301 Powell St
- ABC Supermarket Inc- 641 Broadway St
- The Nature Stop- 1336 Grant Ave
- Grant and Green Market- 1401 Grant Ave
- VJ Grocery- 1199 Clay St
- Union Street Produce Co- 801 Union Street
- Grant and Green Market- 1401 Grant Ave
- Sheng Hing Market Inc.- 1107 Stockton St
- Tian Tian Market Inc- 1117 Stockton
- Sun Sand Market- 1205 Stockton St

Schools-

- Gordon J Lau Elementary school- 950 Clay St
- Jean Parker Elementary School- 840 Broadway St
- John Yehall Chin Elementary School- 650 Broadway Street
- Chinese Central High School- 829 Stockton St
- Francisco Middle School- 2190 Powell St
- Sterne School- 838 Kearney St
- City College of San Francisco- 808 Kearny St
- Garfield Elementary School- 420 Filbert St
- Miami Ad School San Francisco- 500 Sansome St
- Saints Peter and Paul School- 660 Filbert

Health Care-

Chinese Hospital- 845 Jackson St
Chinese Hospital Outpatient Services- 829 Pacific Ave
San Francisco Outreach Clinic- 1520 Stockton St
Dignity Health- GoHealth Urgent Care- 170 Columbus Ave Ste 110
One Medical- 559 Clay St 1st and 2nd floor
North East Medical Services- 1520 Stockton St
Clay Medical Center- 929 Clay St
Chiro-Medical Express- One Embarcadero Center, Lobby Level

Places of Worship-

San Francisco Evangelical Free Church- 756 Union St
Cumberland Presbyterian Chinese Church- 865 Jackson St
Chinese Congregation Church- 21 Walter U Lum Pl
Chinese United Methodist Church- 920 Washington St
Revive San Francisco- 1630 Stockton St
Saint Peter and Paul Church- 666 Filbert St
True Sunshine Episcopal Church- 1430 Mason St
Presbyterian Church- Chinatown- 925 Stockton St
Chinese Independent Baptist Church- 981 Washington St
First Chinese Baptist Church- 15 Waverly Pl
National Shrine of St. Francis of Assisi- 610 Vallejo St
Gold Mountain Monastery- 800 Sacramento St

Bank/ATM-

Wells Fargo- 1160 Grant Ave
Bank of America- 1455 Stockton St
Chase Bank- 1318 Stockton St
HSBC Bank- 933 Grant Ave
Citibank- 845 Grant Ave
CTBC Bank- 1143 Grant Ave
Bank of the West- 480 Columbus Ave
U.S. Bank Branch- 1435 Stockton St
First Republic Bank- 1088 Stockton St
Umpqua Bank- 450 Sansome St Suite 120
Metropolitan Bank- 1355 Stockton St
East West Bank 555 Montgomery St
First Bank 460 Montgomery St

Library-

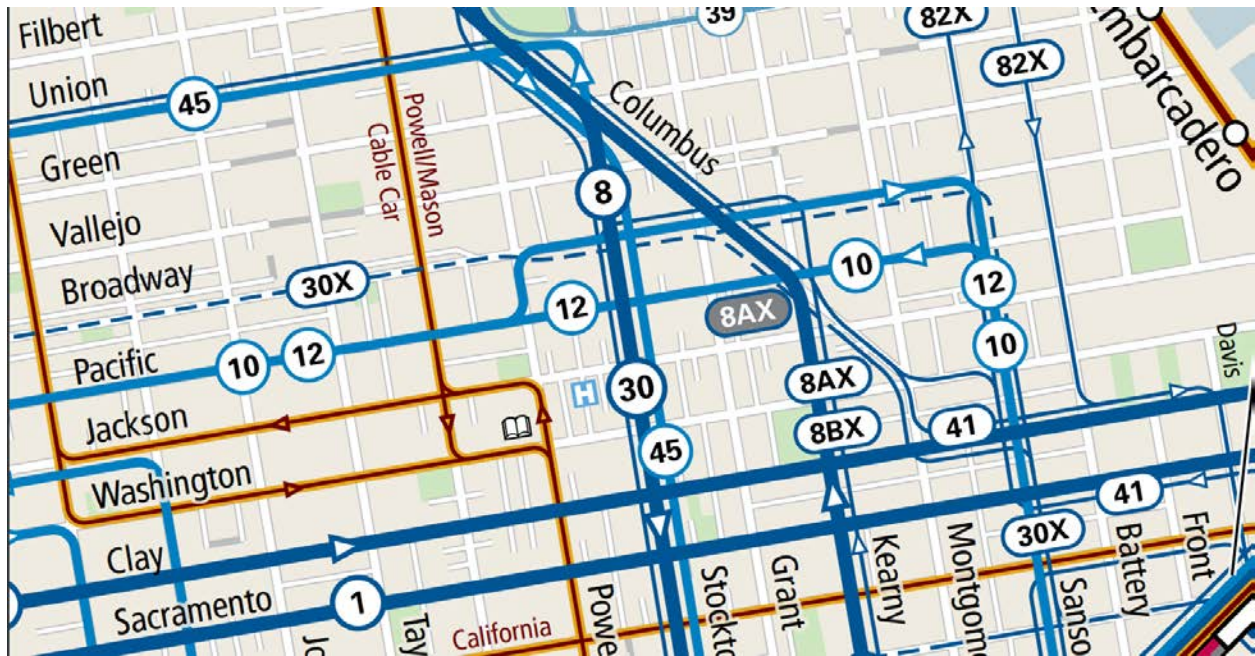
Chinatown Branch Library- 1135 Powell St
North Beach Library- 850 Columbus Ave

Parks and Playgrounds

Huntington Park- California St and Taylor St
Willie "Woo Woo" Wong Playground- 830 Sacramento St
Betty Ong Rec Center- 1199 Mason St
Portsmouth Square- 745 Kearny St
Washington Square- Filbert and Stockton St
Joe DiMaggio Playground- 651 Lombard St

Public transportation routes around 772 Pacific Ave:

8, 30, 45, 10, 12, 1, 41, 82X, 39 and cable cars



Adjacent uses and neighborhood amenities.

The residents who will be occupying 772 Pacific Development will have access to a variety of green grocers and markets on Stockton St known for their fresh fruits, vegetables, fish and poultry. When hungry, there is a plethora of restaurants, dim sum shops, and bakeries near the site to choose from. Nearby are several playgrounds and recreation centers where seniors can exercise and take their daily walks. Available activities are ping pong, basketball, tennis, badminton, swimming, and much more. The Chinatown neighborhood has many commercial retail shops and community serving organizations ready to serve our residents. The Senior population that is being proposed for the building will be able to take advantage of the resources available in the local neighborhood. The site is also surrounded by accessible, walkable transit stops for residents to travel throughout the city.

Attachment G: Elevations and Floor Plans

N/A

Attachment H: Comparison of City Investment in Other Housing Developments

See attached.

Attachment I: Sources and Uses

See attached.

Attachment J: Development Budget

See attached.

Attachment K: 1st Year Operating Budget

See attached.

Application Date: 10/8/2021
 Total # Units: 86
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026

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

OPERATING EXPENSES			
Management			
Management Fee			Approved By (reqd)
Asset Management Fee			
Sub-total Management Expenses			
Salaries/Benefits			
Office Salaries	75.00%	25.00%	Approved By (reqd)
Manager's Salary			
Health Insurance and Other Benefits			
Other Salaries/Benefits			
Administrative Rent-Free Unit			
Sub-total Salaries/Benefits			
Administration			
Advertising and Marketing			
Office Expenses			
Office Rent	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Legal Expense - Property	23.00%	77.00%	
Audit Expense			
Bookkeeping/Accounting Services	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Bad Debts	23.00%	77.00%	
Miscellaneous			
Sub-total Administration Expenses			
Utilities			
Electricity	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Water	23.00%	77.00%	
Gas			
Sewer			
Sub-total Utilities			
Taxes and Licenses			
Real Estate Taxes	LOSP	non-LOSP	Approved By (reqd)
Payroll Taxes			
Miscellaneous Taxes, Licenses and Permits			
Sub-total Taxes and Licenses			
Insurance			
Property and Liability Insurance			
Fidelity Bond Insurance	LOSP	non-LOSP	Approved By (reqd)
Worker's Compensation			
Director's & Officers' Liability Insurance			
Sub-total Insurance			
Maintenance & Repair			
Payroll	LOSP	non-LOSP	Approved By (reqd)
Supplies	23.00%	77.00%	(LOSP-specific expenses must be tracked at entry level in project's)
Contracts			
Garbage and Trash Removal	LOSP	non-LOSP	Approved By (reqd)
Security Payroll/Contract			
HVAC Repairs and Maintenance			
Vehicle and Maintenance Equipment Operation and Repairs			
Miscellaneous Operating and Maintenance Expenses			
Sub-total Maintenance & Repair Expenses			
Supportive Services	LOSP	non-LOSP	Approved By (reqd)
Commercial Expenses			

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

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			
NET OPERATING INCOME (INCOME minus OP EXPENSES)			
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)			
Hard Debt - First Lender	0.00%	100.00%	Approved By (reqd)
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender 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			
TOTAL HARD DEBT SERVICE			

CASH FLOW (NOI minus DEBT SERVICE)			
Commercial Only Cash Flow			
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	non-LOSP (residual income)		
AVAILABLE CASH FLOW			
USES OF CASH FLOW BELOW (This row also shows DSCR.)			
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL			
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)			
Partnership Management Fee (see policy for limits)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	LOSP	non-LOSP	Approved By (reqd)
Other Payments			
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	lender in comments field		
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)			
Deferred Developer Fee (Enter amt =<= Max Fee from cell I130)	0.00%	100.00%	
TOTAL PAYMENTS PRECEDING MOHCD			

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			
Residual Receipts Calculation			
Does Project have a MOHCD Residual Receipt Obligation?			
Will Project Deter Developer Fee?			
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	13,113		
% of Residual Receipts available for distribution to soft debt lenders in	1.000010535		

Soft Debt Lenders with Residual Receipts Obligations			
MOHCD/OCII - Soft Debt Loans			
MOHCD/OCII - Ground Lease Value or Land Acq Cost			
HCD (soft debt loan) - Lender 3			
Other Soft Debt Lender - Lender 4			
Other Soft Debt Lender - Lender 5			
MOHCD RESIDUAL RECEIPTS DEBT SERVICE			
MOHCD Residual Receipts Amount Due			
Proposed MOHCD Residual Receipts Amount to Loan Repayment			
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease			
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE			
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE			
HCD Residual Receipts Amount Due			
Lender 4 Residual Receipts Due			
Lender 5 Residual Receipts Due			
Total Non-MOHCD Residual Receipts Debt Service			
REMAINDER (Should be zero unless there are distributions below)			
Owner Distributions/Incentive Management Fee			
Other Distributions/Uses			
Final Balance (should be zero)			

Attachment L: 20-year Operating Proforma

See attached.

Attachment L: 20-year Commercial Operating Proforma

See attached.

