

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

Hunters View HOPE SF
Infrastructure Phase IIIA(2-3)
Gap Loan
\$33,903,540
(\$30,894,198 Additional Funds)

Evaluation of Request for:	Infrastructure Gap Loan Request
Loan Committee Date	June 18, 2021
Prepared By:	Cindy Heavens
NOFA/PROGRAM/RFP:	HOPE SF
Previous City Funds Committed:	Total: \$3,009,342 LMIHAF: \$1,500,000 Certificates of Participation: \$1,509,342
New Funds Requested:	Total: \$30,894,198 Street Funds: \$420,624 Tax Increment Excess Proceeds: \$3,000,000 HOPE SF General Funds: \$6,500,000 Certificates of Participation: \$20,973,574
Applicant/Sponsor Name:	Hunters View Associates, L.P., a California Limited Partnership

Sponsor Information

Phase Name:	Phase IIIA(2-3)	Sponsor:	Hunters View Associates, L.P.
Phase Location:	Eastern side of Middle Point Road, 94124	Ultimate Borrower Entity:	Hunters View Associates, L.P.

Project Summary

Infrastructure Phase IIIA(2-3) is the third and final infrastructure development phase within the Hunters View HOPE SF Master Plan. The land owner is the San Francisco Housing Authority (SFHA). Phase IIIA(2-3) comprises infrastructure improvements on 7.43 acres (332,253 SF) and includes mass grading to prepare for future affordable and market-rate development on Blocks 12 through 18 (5.19 acres), construction of a privately owned, publicly accessible park between the future affordable Blocks 14 and 17 (0.71 acre); construction of additional open space near Innes Avenue (0.08 acre); and roadway and utility improvements for Streets 1 and 2 (1.45 acres), which will be named at a later date through a community process with Hunters View residents and the District 10 Supervisor (“Project.”) The future streets will include parallel, on-street parking and loading areas near the Blocks 14 and 17 community serving commercial spaces. The privately owned, publicly accessible park will be constructed concurrent with or after vertical construction of Blocks 14 and 17 is complete. Phase IIIA(2-3), excluding the park, is anticipated to begin in August 2021. Once infrastructure begins, it is anticipated to take 14 months to complete, with City acceptance of rights of way, sidewalks and utilities to occur two-years after completion of Block 14 and 17.

Horizontal Loan Request – Project Description

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

Land Owner:	SFHA	Supervisor and District:	Walton, D10
Total HV Phase IIIA (2-3) Parcel Size:	7.43 acres/332,253 SF	Master Plan Architect:	Mithun
Total Street Area:	1.45 acres/63,682 SF	Civil Engineer:	Carlile Macy
Total Open Space:	0.79 acres/34,239 SF	General Contractor:	Cahill Nibbi Joint Venture
TDC:	\$33,903,540	TDC/SF:	\$102.04
Land Acquisition:	N/A- no land cost	TDC Less Land Cost/SF	N/A- no land cost
Loan Amount Requested:	\$30,894,198	Loan Amount Requested/SF:	\$92.98
HOME funds:	Not Applicable	Parking:	56 for on-street for all of Phase IIIA(2-3)

PRINCIPAL DEVELOPMENT ISSUES

- **Interagency Coordination.** The Street Improvement Plan (SIP) was submitted to the Department of Public Works Taskforce (DPW-Taskforce) on June 22, 2018. The Street Improvement Plan must be completed/approved prior to the final map recordation and both are needed to begin infrastructure construction. It was not until fall 2019 that significant progress was made by the DPW-Taskforce on review of the SIP, and the lack of coordination on infrastructure has affected the start of vertical building financing, delivery, and completion. Start of infrastructure construction requires permit from the Department of Public Works (DPW) and Sponsors are on their fourth round of comments to the 100% SIP. See Section 2.6.
- **Infrastructure Start without Vertical Funding Commitments.** This request is an uncoupling of the infrastructure from the vertical construction. This decoupling allows the infrastructure project to begin while the vertical project continues to seek bond and tax credit financing. Until bonds are secured with the tax credits, there is a possibility that there will be a gap between when infrastructure is completed and the vertical scope begins. This timing gap will require ongoing security monitoring and maintenance of a completed site. The budget with this request includes 1 year of interim cost, estimated at \$491K annually or \$41K monthly, from completion of infrastructure to start of vertical. However, any additional months or years beyond the budgeted interim period will require additional interim costs from MOHCD. See Section 1.2 and Section 4.3. Section 4.3 includes a discussion regarding estimated timing for securing bonds and credits for Hunters View Phase III vertical development.
- **Infrastructure Costs not Leveraged.** In prior phases of Hunters View, as well as at other HOPE SF sites, the infrastructure costs were assigned to the vertical affordable housing projects and financed using tax-exempt bonds and tax credits, the basis from which generated additional tax credit equity, and reduced the total City funding required for the combined vertical and infrastructure developments. Beginning in 2020, however, the tax-exempt bond program became competitive and starting in 2021, the competition for bond funding relies upon a per-unit efficiency of bonds scoring metric. Assigning any infrastructure costs to the vertical project (HV Phase IIIA(1) – the affordable Blocks 14 and 17) would produce a per unit cost over \$1M which would render the project not competitive for the current CDLAC tie-breaker scoring system. Like other recent HOPE SF projects, infrastructure costs have been removed from the vertical project. Even with this financing structure no San Francisco project has been able to receive bond funding under cost-efficiency metrics in the adopted regulations for 2021. The consequences of this lack of CDLAC/TCAC funding for the vertical development is that the City infrastructure funds will not be leveraged and the City will cover the entire cost of construction of infrastructure in order to proceed. See Section 4.3.
- **Park Start after Vertical.** The park will be used for construction staging of the affordable housing development in Phase III, Blocks 14 and 17. Due to this plan, costs of the park construction included in the infrastructure budget will not be drawn down or disbursed until sometime during construction of the vertical development when the staging area is no longer needed or after completion of the affordable buildings. Given the uncertainty of when the affordable housing development will begin due to bond financing competition, the park costs more than likely will change. If the park costs increase, the Sponsor may request additional funds from MOHCD. However, the infrastructure loan will include a condition that the Sponsor apply for other park funding sources and provide evidence of park financing applications before additional funds are requested from MOHCD. If park costs have decreased due to market conditions or other financing is obtained that lowers MOHCD's contribution to the park, the MOHCD loan will be reduced. Also, the loan will include a disbursement condition that park costs will not be disbursed until written approval is provided by MOHCD. See Section 2.3, 3.2.2, and 4.3.1.

SOURCES AND USES SUMMARY

MOHCD Predevelopment Sources	Amount	Terms	Status
LMIHAF	\$1,500,000	55 yrs. @ 0.25% residual receipts	Committed
Certificates of Participation	\$1,509,342	55 yrs. @ 0.25% residual receipts	Committed
Total	\$3,009,342		

MOHCD Permanent Sources	Amount	Terms	Status
Predev - LMIHAF	\$1,500,000	55 yrs. @ 0.25% residual receipts	Previously approved
Predev - Certificates of Participation	\$1,509,342	55 yrs. @ 0.25% residual receipts	Previously approved
Certificates of Participation	\$20,973,574	30 yrs. @ 0.25% residual receipts	This Request
HOPE SF General Funds	\$6,500,000	30 yrs. @ 0.25% residual receipts	This Request
Funds originated from OCII HV II-III – City Loan Asset	\$3,000,000	30 yrs. @ 0.25% residual receipts	This Request
Streets Bonds	420,624	30 yrs. @ 0.25% residual receipts	This Request
Total MOHCD Permanent Sources	\$33,903,540		

Uses	Amount	Per SF
Demolition	\$1,115,501	\$3.36
Hard Costs	\$21,707,275	\$65.33
Hard Costs – Park	\$2,976,064	\$8.96
Soft Costs	\$6,496,174	\$19.55
Developer Fee	\$1,608,526	\$4.84
Total	\$33,903,540	\$102.04

1. BACKGROUND

1.1. Project History Leading to This Request

For HOPE SF Hunters View master project summary narrative, see Attachment A.

The Phase I infrastructure was completed in 2014 and received the Determination of Completeness from the Department of Public Works (DPW) in 2017. The Phase I infrastructure

includes Middle Point Road from Acacia Avenue to Catalina Street, Acacia Avenue, Catalina Street, Ironwood Way between Acacia Avenue and Catalina Street, and the northwestern portion of Fairfax Avenue, as well as associated utilities improvements. The Sponsor since 2014 was working with DPW-Taskforce to accept the Phase I infrastructure improvements. It should be noted that until the City accepts the infrastructure from the time of infrastructure completion to City acceptance, the Sponsor maintains the streets and maintains liability insurance on the streets. The cost to maintain the streets and insurance liability at Hunters View is paid by Hunters View Community Association (HVCA), the master homeowners association, for the entire Hunters View HOPE SF that is managed by the Sponsor. Since there are no market rate developments currently contributing to HVCA, the affordable housing developments maintain streets and insurance for the entire redeveloped sites through their operating budget contributions. Sponsor is currently working with the DPW-Taskforce, MOHCD, and the SFHA to formally reconvey the Phase I Infrastructure to the City. The City acceptance of the Phase I infrastructure is anticipated to be completed in July 2021. Reconveyance of the infrastructure loans that are with the affordable housing limited partnership are under discussion with the Sponsor's tax attorney but will be finalized prior to City acceptance of the Phase I infrastructure.

Phase II infrastructure was completed in 2018. The Phase II infrastructure includes Ironwood Way south of Catalina Street, the southwestern portion of Fairfax Avenue, and all of Middle Point Road, as well as associated utilities improvements. The City is slated to accept Ironwood Way and the southwestern portion of Fairfax Avenue in late summer 2021. A portion of Middle Point Road requires repairs and those repairs will be completed at the same time as the Phase IIIA(2-3). The Sponsor will apply for City acceptance of Middle Point Road along with the Phase IIIA(2-3) streets after November 2022.

1.2. This Phasing Summary Update

Phase IIIA(2-3) is the final infrastructure phase to be completed as part of the Hunters View HOPE SF revitalization. Phase IIIA(2-3) includes demolition of the existing dead-end right-of-way of Wills Street, West Point Road, and Hare Street, along with demolition of those streets' existing sidewalks, curbs, and gutters. As a neighborhood safety measure, Sponsor demolished the 18 original buildings to their foundations during predevelopment, in 2017, whose costs are not included in this scope. However, the budget also includes removal of concrete foundations from the original buildings, and the removal and abatement of asbestos-wrapped utility pipes, estimated to cost approximately \$205,000.

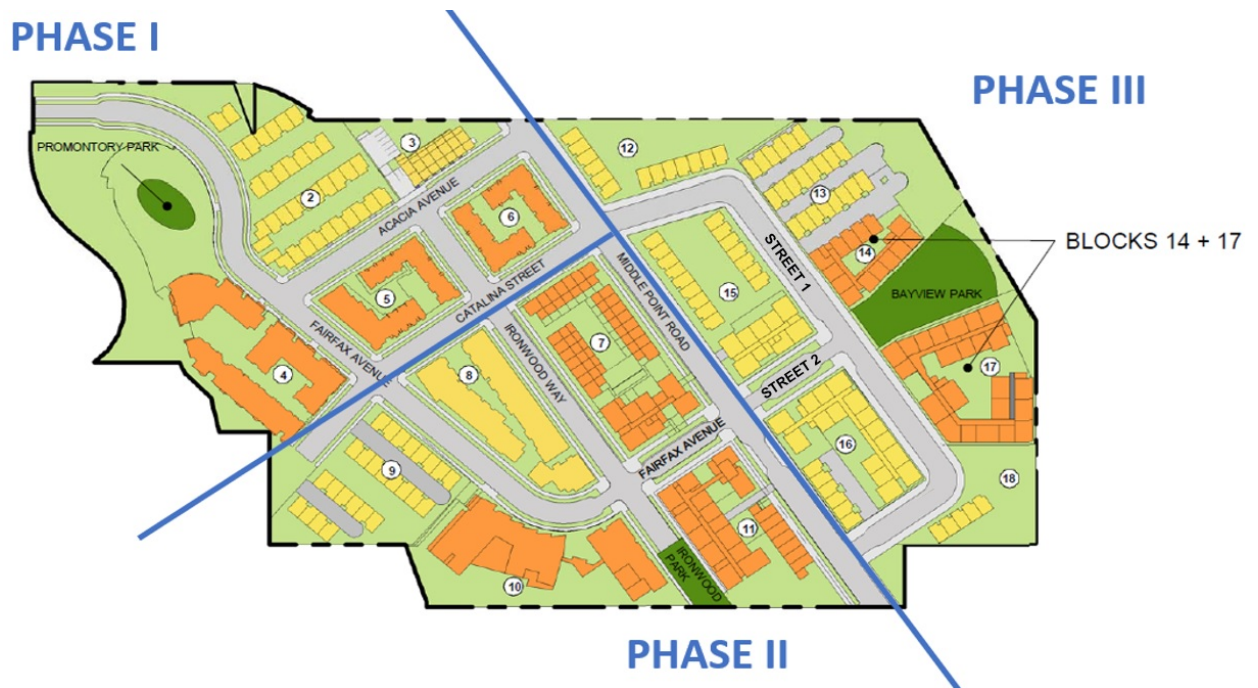
Phase IIIA(2-3) is slated to begin construction in August 2021, prior to Sponsor securing all of the funding for Blocks 14 and 17, the vertical affordable housing project (Phase IIIA(1)). At the request of MOHCD, the Sponsor has agreed to begin infrastructure prior to securing vertical financing in order to demonstrate the City's commitment to HOPE SF and demonstrate to CDLAC that the vertical development is ready to begin construction. However, this early infrastructure start scenario includes certain additional risk and the budget includes 1 year of additional interim costs before the start of vertical construction. Site security costs are estimated to be \$491,000 annually. Any months beyond the one year estimated interim period will require additional financing from MOHCD.

The market rate parcels of Hunters View Phase III will follow a similar process for marketing and sales interest that occurred with Phase I and II. After the Phase IIIA(2-3) is complete, the John Stewart Company, lead developer, will issue a prospectus inviting any market rate

developer to provide an offer for the Phase III lots. This prospectus is anticipated to be issued after the start of current Market Rate Phase I- Blocks 2 and 3 and Phase II-Block 9 (Market Rate Phase I). For more detail about market rate homeownership development see Section 3.2.3 – Market Rate Parcels.

1.3. Phasing Map

Below is a phasing map that indicates the order of the phases and type of housing with affordable (in orange) and market rate (in yellow). The affordable housing developments in Phase I and II, indicated as orange buildings in the chart below, are complete. The parks in Phase I and II, indicated in dark green below, are complete. The yellow buildings below are market rate building and none are complete. See following Attachment A for detailed phasing chart with current approximate number of units.



1.4 Borrower/Grantee Profile. (See Attachment B - Borrower Organization Chart and Land Use Chart for the affiliate entities of the agencies described below).

Master Developer and Borrower of Predevelopment Loan: Hunters View Associates, L.P. (HVA). The following agencies are the partners in HVA.

The John Stewart Company (JSCo): Founded in 1978, JSCo is a for-profit company that provides property management, construction management, and financial consulting services and develops affordable communities in the Bay Area and throughout California. JSCo is the lead master developer of HVA. Catherine Etzel, Director of Development, is the lead and primary contact. Ms. Etzel spends 65% of her time on Hunters View HOPE SF. Julie Mendel works with Ms. Etzel on Hunters View. Ms. Mendel spends 45% of her time on Hunters View HOPE SF.

Devine and Gong, Inc. (DGI): Formed in 1985, DGI is a Small Business Enterprise and a for-profit real estate finance and development services company that specializes in government-subsidized affordable housing. DGI is the co-lead master developer of HVA. Andrew Buhrmann, primary contact and lead for DGI, spends 30% of his time on Hunters View HOPE SF. Tara Bott works with Mr. Buhrmann and is primarily responsible for packing financial billing requests. Ms. Bott spends 20% of her time on Hunters View HOPE SF.

Ridge Point Non-Profit Housing Corporation (Ridge Point): Founded in 1968, Ridge Point develops and operates low and moderate-income housing and community facilities for the residents of Bayview Hunters Point. Ridge Point places special emphasis on resident and community involvement and generates training and employment opportunities in all of its development efforts. Regina Coleman is the current President & CEO of Ridge Point. Ms. Coleman has been involved with public meetings relating to Hunters View on topics such as community safety. In addition, she works in a property management capacity at the adjacent Ridgeview Terrace property and has close relationships with many community members of Hunters Point and residents of Hunter View. Within her role as President of Ridge Point, she spends approximately 10% of her time on Hunters View and reviews all annual audits and legal documents as required by the co-general partner of HVA.

Ultimate Borrower of Infrastructure Loan: HVA. HVA will retain the loans that are solely for infrastructure. Prior to infrastructure loan closing, an amendment of the predevelopment loan that includes vertical and infrastructure will be completed in order to assign all predevelopment cost expended on infrastructure into the infrastructure gap loan. The remaining predevelopment loan vertical costs will be assigned to HV Partners 3, LP, the ultimate borrower of the vertical loan. Unlike infrastructure completed on the previous phases that has loans with the affordable housing limited partnership, infrastructure loans with HVA will be deferred and considered paid with City acceptance of the infrastructure.

Infrastructure Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Civil Engineer	Carlile Macy	N	N
Landscape Architect	Fletcher Studio	N	N
Joint Trench Consultant	Urban Design Consulting Engineers	SBE/LBE	N
Infrastructure General Contractor	Cahill Nibbi Joint Venture	N	N
Owner's Rep/CM for Infrastructure	Allan Butler/APC International	SBE	N
Financial Consultant	Devine & Gong, Inc.	N	N
Geotechnical	Rockridge Geotechnical	LBE (Oakland)	N
Legal	Lubin Olson Niewiadomski, LLP	N	N
Master Plan Architect	Mithun	N	N
Stormwater Management Designer	Hydroconsult Engineers, Inc.	LBE	N
Surveyor/Mapping	Carlile Macy	N	N
Environmental Consultant	PSI	N	N

Fence	Diamond Fence	N	N
Site Security	TBD	TBD	N

1.5 Procurement

The Contract Management Division confirmed on May 11, 2021 that the procurement goals are the same as those on prior phases and are consistent with the goals set forth in the Contract/Workforce Compliance Workforce Development and Training Interagency Memorandum of Understanding between former San Francisco Redevelopment Agency, SFHA, MOHCD, and the Department of Economic & Workforce Development (OEWD) dated January 11, 2011. Sponsor’s SBE goal for professional service contracts and construction contracts is 50% and the goal for Minority Business Enterprises (MBE) and/or Women Business Enterprises (WBE) is 20%. To date, the Sponsor has exceeded this goal. Current SBE/WBE participation, as a percentage of all contracts, is at 50%.

To date, almost all contracts for the Infrastructure consultants have been executed. The Project Sponsor solicited civil contractor bids as part of the initial RFP process and retained Carlile Macy, who worked on the two previous infrastructure phases.

2. SITE

Site Description	
Zoning:	RM-1 (Residential, Mixed, Low-Density) which allows 1 dwelling unit per 800 SF of lot area.
Maximum units allowed by current zoning (N/A if rehab):	Up to 1,000 units allowed for the entire Hunters View development area.
Seismic:	The entire Hunters View site is located in Seismic Zone 4.
Soil type:	The near surface soil consists primarily of 1 ½ to 15 feet of dark brown to grayish-brown silty clay and silt with varying amounts of sand/gravel. Under this is serpentine bedrock. Further information is in the Phase I report by ENGEO dated May 21, 2010.
Environmental Review:	CEQA/NEPA was approved in 2008 for the entire site.
Adjacent uses (North):	An operating PGE operating power station.
Adjacent uses (South):	Residential neighborhood on Innes Avenue.
Adjacent uses (East):	PGE vacant land next to steep hill.
Adjacent uses (West):	Hunters View Phase IIA – Block 7 & 11.
Neighborhood Amenities within 0.5 miles:	Malcolm X Academy is directly adjacent to the Hunters View site; Hilltop Park is within 0.25 miles, and Promontory Park, the new park in Phase I is 4 blocks away. Ironwood Park, the new park in Phase II is 2 blocks away. Hunters View Wellness Center, operated by Department of Public Health (DPH) and located at 901 Fairfax, an affordable development is 2.5 blocks

	away. Indian Basin Shoreline Park is 0.4 miles from the site. In addition, the new Hunters View Park in Phase IIIA (2-3) will be located between Block 14 and 17, the affordable developments.
Public Transportation within 0.5 miles:	Muni 19 and 44 bus lines run directly through Hunters View along Middle Point Road with stops about a block from Blocks 14 and 17.
Article 34:	Article 34 authorization obtained in February 2020.
Article 38:	Exempt. While the project will be a new construction development, it is not listed within the Article 38 Air Pollution Exposure Zone Map area.
Accessibility:	The improved Phase IIIA(2-3) streets will include one accessible on-street parking stall and accessible curb ramps at all intersections.
Green Building:	The Master Plan for Hunters View has been certified LEED Silver for Neighborhood Development.
Recycled Water:	In spring 2020, it was determined that recycled water is not required for Blocks 14 and 17 as they are affordable housing. The park in Phase III and the market-rate lots will contain recycled water piping.
Storm Water Management:	A discrete and specific SWPPP for Phase III will be developed by the start of infrastructure construction.

2.1. Environmental Review

- Phase I/II Site Assessment Status and Results

As stated in Smith-Emery GeoServices Phase I site assessment dated July 25, 2003, “no items of any negative environmental conditions were observed onsite,” for the entire 22-acre Hunters View site. In addition, there were no records of underground storage tanks on file at the San Francisco Department of Public Health. The original multi-unit residential buildings were developed between 1954 and 1956, which was prior to the federal regulations banning the manufacturing of asbestos containing building materials (ACBM). ACBMs and lead based paints were present in the original public housing buildings. Most of the ACBM’s and lead-based paint was abated prior to the demolition of the original public housing buildings to their foundations. ACBM’s in the foundations from pipes remaining in the foundation will be abated prior to the demolition of the foundations which were left on site after the main building structures were demolished.

PSI (the consultant replacing ENGEO for Phase II and remaining as consultant for Phase III) was approved by Bay Area Air Quality Management District (BAAQMD) on January 3, 2014. PSI prepared a Phase I environmental site assessment for the Phase III site area dated February 13, 2020, that found no negative environmental conditions.

The underlying soil of the Hunters View revitalization area contains naturally occurring asbestos in the serpentine soil. The dust control measures are in place and outlined in the Asbestos Dust Management Plan (ADMP) updated for Phase III and approved by the

BAAQMD on June 11, 2020, and the Dust Control Plan (DCP) updated for Phase III and approved by the Department of Public Health (DPH) on September 15, 2020.

- Potential/Known Hazards

There is naturally occurring asbestos in the serpentine soil, which typically requires off-haul and excavation to construct the infrastructure (roads, sewer, curbs, and gutters) and affordable buildings. At this time, due to some soil placement during the demolition of the foundations, Sponsor assumes a balanced site with no anticipated off-haul.

2.2. Adjacent uses and neighborhood amenities

In addition to the neighborhood amenities within 0.5 miles from the site listed in the chart above, the Bayview Shopping Plaza, Southeast Health Center, City College of San Francisco School of Design, and the T-Street light rail line along 3rd Street are within one mile of the site. Heron’s Head Park is 0.7 miles from the site. Foods Co. is approximately 1.12 miles away. Numerous places of worship are also within 2 miles of the site

2.3. Site Description

Phase IIIA(2-3) is bordered to the south by residential homes on Innes Avenue, Middle Point Road to the west, and PG&E sites to the north and east. Infrastructure improvements on the 1.45 acres of future public right-of-way will support two new affordable buildings, Block 14 and Block 17, as well as future market rate developments on Blocks 12, 13, 15, 16, and 18. Blocks 14 and 17 will contain a total of 118 units and both will be situated on the new Street 1 (working name). To accommodate the sitewide need for parking and make Phase III have a higher parking ratio than previous affordable housing development, an 88-stall parking garage (including parking stackers) will be included in Block 14, with the garage entry located on Street 1. No off-street parking will be provided at Block 17. Phase IIIA(2-3) will also include a new 0.71-acre privately-owned publicly accessible park, situated between Blocks 14 and 17, and an additional 0.08-acre of landscaped open space between Block 18 and Middle Point Road. The park will be constructed after vertical construction of Blocks 14 and 17 is complete since the park area is used for construction staging for the affordable housing building in Phase III. Please see discussion in Section 3.2.2 – Open Space for a discussion about park construction related to affordable housing development and loan conditions for the park expenses in the budget.

The following table summarizes the allocation of this Development Area:

	SF	Acres	% of Site
Block 14 Development Site	24,072	0.55	7%
Block 17 Development Site	39,307	0.90	12%
Public Right-of-Way	63,682	1.45	20%
Future Park	30,925	0.71	10%
Open Space	3,847	0.08	1%
Future Market-Rate Parcels	170,420	3.74	50%
Total Phase III Area	332,253	7.43	100%

2.4. Mapping

A Tentative Map was submitted on April 3, 2018 to subdivide the Phase III parcel into 11 new parcels. The 11 parcels will consist of affordable housing parcels Block 14 and Block 17; future market-rate parcels Blocks 12, 13, 15, 16, and 18; open space parcels at Lot A and Lot B; and

new public streets that will be constructed and dedicated to the City of San Francisco. The Bureau of Street-Use and Mapping (BSM) issued the Final version of the Conditions of Approval for the Tentative Map on October 13, 2020. The Sponsor submitted the Final Map Application and check print on December 28, 2020. Final Map and check print were resubmitted on March 11th to reflect the lot line adjustment required to incorporate the parking stackers into Block 14 for the additional parking related to the affordable housing for Block 14 and 17. Sponsor is working with DPW, City Attorney, Supervisor and staff to introduce the Final Map legislation by June 30, 2021.

The Phase IIIA(2-3) Street Vacation legislation was approved by the Board of Supervisors on January 5, 2021. The Street Vacation Quitclaim Deed was recorded on April 27, 2021. Currently, no additional changes or adjustments are anticipated on those documents because they are required in order to begin infrastructure and have no impact on completed infrastructure in Phase I and Phase II.

2.5. Relocation

There is no physical relocation of residents associated with Phase III. All residents that lived on site in 2012 at the establishment of SFHA’s Right to Return processing order have been relocated into new units in Phase I and/or Phase II.

2.6. Permits and Planning Review

Below in the chart DBI means the San Francisco Department of Building Inspection; SFPUC means the San Francisco Public Utilities Commission; and Fire means San Francisco Fire Department.

Permit	Submission Requirement	Review Entity	Status	Est. Submission Date (See Attachment D for Timeline)
Phase Application	Hunters View received site wide entitlements in June 2008. Site wide entitlements were extended in February 2020.	Each project within each phase must work with Planning to ensure the design conforms to the Design for Development controls for the project and present at Planning Commission via an informational	HV Block 14/17 (affordable vertical project) was approved by both the Planning staff and Planning Commission at its on February 20, 2020.	N/A
Grading Permit	Sponsor submitted a grading permit application in September 2020.	City departments (DBI, SFPUC, and Fire). Permit approval will come from DBI.	Under City Review. On April 8 th , the Sponsor was informed that due to legislation passed in 2018, large grading developments that have slopes above 25% are required to have the site grading permit reviewed by 3 separate and independent consultants. Sponsor has begun this review and anticipate completion by June 1, 2021.	Submitted September 2020.

Street Improvement Plan	30%, 60%, and 90% plans have been reviewed and City comments have been incorporated into each iteration. Two versions of 100% plans have also been reviewed. A third 100% set of plans will be submitted for final construction approval and initiation of Public Improvement Agreement (PIA).	City departments (DPW, SFPUC, Fire, SFMTA) will review. Review, commenting, and approval to be centralized through the DPW Infrastructure Taskforce.	Comments on the third set of 100% plans were received the last week of March. Sponsor's Civil Engineer is submitting the 4 th set of 100% plans by April 15 th	<p>First submission (30% plans) occurred 6/22/2018. Second submission (65% plans) occurred 5/24/2019 and comments were received in July 2019. Third submission (90% plans) occurred 9/10/2019 and comments were received 11/5/2019.</p> <p>First 100% submission was on 2/4/2020 and comments were received on 4/15/2020. Second 100% submission was on 8/12/2020 and comments were received on. Third 100% submission was on 1/11/2021 and comments were received on 3/23/2021. Fourth and final 100% submission is targeted for 4/26/2021. Sponsors received comments on 6/8/2021.</p>
-------------------------	--	--	--	--

3. DEVELOPMENT PLAN

3.1 Site Control

3.1.1. Proposed Property Ownership Structure

SFHA owns the land for the entire HV Phase III. For Phase III, after completion of the Final Map, SFHA will lease the land at no cost to HVA, who will own the improved infrastructure prior to acceptance, the future privately-owned, publicly accessible space (park), and open space, and the ownership market rate parcels until a market rate developer is secured. HVA will be the agent of SFHA to procure a developer for the market rate parcels. Once the park is completed, HVA will transfer the park in Phase III to Hunters View Community Association (HVCA), the master association in which HVA has the majority control. HVCA maintains all the parks in Hunters View through fees it receives from the affordable housing developments and market rate developments. HVCA currently maintains the completed parks in Phase I and Phase II.

Please note that all parks in the Hunters View redeveloped site are privately-owned, publicly accessible space and not privately-owned, public open (“Po-Po”) space. Po-Po spaces have agreements with the City. Hunters View parks do not. MOHCD and the Sponsor in the early master planning phase of Hunters View that occurred in 2008 approached San Francisco Parks and Recreation (SFPR) about operating and maintaining the parks in Hunters View and due to SFPR’s financial and staff capacity, MOHCD and the Sponsor were turned down. For this reason, all privately-owned, publicly accessible parks in Hunters View are operated, maintained by the sitewide HVCA. Also, any and all planned activities temporary or ongoing, as a means for community cohesion and safety

in the Hunters View parks are controlled by HVCA through the overall affordable housing site property manager, the John Stewart Company.

Once the streets and affordable sites are completed, all infrastructure, except the park and ownership parcels, will be conveyed to the City. Approximately two years after completion of vertical construction, the infrastructure will be transferred to the City through a Determination of Completeness and street reconveyance Board of Supervisors (BOS) approval process lead by DPW Infrastructure Task Force (DPW-ITF). The market rate parcels will continue to have a ground lease between SFHA and HVA until a market rate developer is secured. Once secured, SFHA will terminate its ground lease on the market rate parcels with HVA and transfer the land fee-simple to the market rate owner, as required by the DDA for Hunters View and as has been in the case in Phase I and Phase II. Please see Attachment B - Hunters View Phase Land Use Plan for ownership entities of all Hunters View parcels. This plan follows the organizational chart.

3.2. Proposed Design

The proposed infrastructure design includes the new Street 1, which will connect with Middle Point Road at the northern and southern intersections of the Phase III site, and the new Street 2, which will extend from Middle Point Road to the new park between Blocks 14 and 17. The infrastructure construction will also include all new sidewalks, utilities, curbs, gutters, streetlights, and storm and sewer drains.

Cost estimates and scope are based upon 100% Street Improvement Plans that were submitted in January 2021. The hard cost estimate for Phase IIIA(2-3) infrastructure improvements, as provided by Cahill Contractors, is \$21,707,276.

In addition, the Sponsor will include the section of Middle Point Road that was part of Hunters View Phase II infrastructure to be repaired concurrent with and during the Hunters View IIIA(2-3) work because this section is exhibiting extensive cracking and deterioration. Sponsor has done extensive testing on Middle Point Road and there is no consensus on the reason for the cracking. Middle Point Road was built to the street construction specification of the City “standard”. The cost for the repair is approximately \$100K and will be paid for with funds from a separate Phase IIA infrastructure loan that has not been fully disbursed. The costs for this repair are not included in the Phase III infrastructure budget. Sponsor has also filed an insurance claim against the Owner Controlled Insurance Program (OCIP) and expects to receive insurance proceeds to cover this cost. If sufficient funds are received from insurance, the unused funds allocated from the Phase IIA infrastructure loan will be returned to MOHCD.

3.2.1 Roads

3.2.1.1 Existing Roads

On January 5, 2021, the Board of Supervisors approved vacation of the existing dead-end streets of Willis Street, West Point Road, and Hare Street, along with a very small portion of Middle Point Road and Ingalls Street. The total estimated square footage of the vacated areas is 61,120. HVA will then lease this area from SFHA to undertake the infrastructure work.

3.2.1.2 New Roads

The new Street 1 will serve as the “spine” of the Phase III site and connect with Middle Point Road at the northern and southern intersections of Phase III. Street

1 will be a two-way street with on-street parking and red zones to indicate fire staging areas.

The new end of Street 2 will connect Middle Point Road to Street 1 at the center of the Phase III site and serve as a thoroughfare from the existing Block 10 community center downhill to the new park between Blocks 14 and 17. This portion of Street 2 will be a two-way street with on-street parking.

The total estimated square footage of the new streets is 63,682, a 1,916-net gain to the City.

3.2.1.3 Street Parking

The new Streets 1 and 2 will add 56 on-street parking spaces to the Hunters View Phase III area and these 56 spaces were in the original sitewide plan for Hunters View. It should be noted that while a parking stacker has been added to Block 14, the excavation for the stacker is included in the infrastructure cost.

The Supervisor and residents have concerns about the parking in a completed Hunters View. The Supervisor has requested that parking be increased in the entirety of Phase III and alternative transportation be provided to residents to reduce cars. The Supervisor's concerns originate from the original entitlement sitewide parking ratio of 1.20 decreasing in February 2020 with the entitlements and planning approvals extended to Phase III and reducing the sitewide parking to 1.05. The original sitewide parking ratio of 1.20 in the entitlements was based on 729 total units built at Hunters View HOPE SF, 236 on-street spaces and 639 off-street/in-buildings spaces. Since 2008, several factors have drastically changed. The market rate unit count has decreased as Sponsor and market rate developers studied the blocks and determined tall buildings with deep piles were infeasible due to the serpentine rock and steep grades. Also, structured parking is extremely expensive and Sponsor and MOHCD limited the amount of structured off-street parking in each affordable housing developments as other costs escalated. Also, there was not a push for structured parking from 2010-2017. As non-residents or people without leases who may have or had family or community ties to Hunters View began gathering with loud music and talking beginning at dusk until 4A, and exhibited aggressive behavior to residents with leases, and what appears to be an exchange of a product that these individual attempt to hide from onsite security and property management, and some residents with leases had their cars parked on newly completed streets in Phase I and II damaged due to fast driving, residents began stating to onsite staff, MOHCD, and HOPE SF that more off-street/on-site parking was needed and should be a priority at Hunters View. The Hunters View residents spoke to the Supervisor directly about parking issues. The Supervisor was also aware of the parking issues at Alice Griffith HOPE SF became concerned about lowering parking ratios at Hunters View. With limited transit in the area and high car ownership, possibly related to the site topography, parking continues to be a challenge.

To address these concerns, the Sponsor hired a consultant to help draft a resident survey and produce recommendations for sitewide parking and transit improvements. The Sponsor and MOHCD staff reviewed a draft memo outlining

the survey results in March. The consultant portion of the parking and transportation survey and report is complete. In June, Sponsor will complete their review and analysis of the recommendations and add any recommendations the Sponsor can implement with its staff capacity and overall site resources. The Sponsor plans to share the final version with HOPE SF and the Supervisor in July 2021.

The parking study includes a survey completed by residents, a review of existing City policies related to parking and previous planning documents submitted regarding parking and transportation. The study includes an analysis completed by the Sponsor to increase street parking in Phase III by 16 spaces and bring on-street parking from 56 to 72. If this increase were to occur, the sitewide total parking ratio would increase from 1.05 with 88 off-street spaces in Block 14 to 1.07 with 88 off-street spaces in Block 14 and 16 additional perpendicular on-street spaces near Block 16. However, the cost to make this change is \$5.14M and adding these spaces significantly reduces the developable square footage of Block 16, a market rate lot, making a future market rate proposal infeasible. Also, creating mixed, economically integrated communities, not only within affordable developments but throughout the sitewide redevelopment HOPE SF area, is a stated HOPE SF goal.

The parking survey will also include the Sponsor's analysis of changing Block 8, originally planned to be below market rate single family homes, to a permanent parking lot. Block 8 sits vacant in Phase II surrounded by completed affordable housing buildings. Block 8 could provide 36 permanent parking spaces for an estimated cost of \$1.24M. If developed the sitewide parking ratio would increase from 1.05 (including the 88 off-street spaces in Block 14) to 1.11 with the 88 off-street spaces in Block 14 and 36 additional on-street spaces on Block 8. While developing Block 8 for parking is a viable option, due to the cost to develop the steep lot and the need to complete a market rate for-sale project prior to determining the ability to develop, the cost is not included in the infrastructure budget for Phase III and staff does not support this parking option.

Additionally, HUD must approve changing the site to parking and further reducing any market rate development potential and cost to build parking spaces on Block 8 is costly due to the lot's topography. However, if resident and/or community pressure require development of Block 8 for parking, there would be a cost saving and efficiency if Block 8 parking lot development cost are added to Phase III(2-3) infrastructure budget before the general contractor completes work on Phase III(2-3) to take advantage of an existing site mobilization.

3.2.2 Open Space

The proposed Hunters View Phase III site plan includes one new to-be-named park located between Blocks 14 and 17, at the eastern end of Street 2. The park will be privately owned and publicly accessible and will be maintained by the HVCA using annual homeowner association fees paid by market rate and affordable developments. The park is included in the infrastructure budget but will not be constructed until construction of the affordable housing, Blocks 14 and 17, has started. As discussed in Section 4.3.1, the development of the affordable housing is not fully known. Given the uncertainty of when the affordable housing development will begin due to bond financing

competition, the park costs more than likely will change. If the park costs increase, the Sponsor may request additional funds from MOHCD. If park costs have decreased due to market conditions or other financing is obtained that lowers MOHCD's contribution to the park, the MOHCD loan will be reduced. Also, the loan will include a disbursement condition that park costs will not be disbursed until written approval is provided by MOHCD.

Phase III infrastructure, excluding the park, will ultimately be reconveyed to the City. HVCA will be the long-term owner and operator for the park. The park will be the largest Hunters View HOPE SF neighborhood park at 0.71 acres (30,925 SF).

At the predevelopment loan evaluation, a small 0.19-acre park (Hudson Park) was planned between Blocks 17 and 18. This park was eliminated when it was determined that the topography made it difficult to build. When that park was eliminated, the size of Hunters View Park was increased and the previously planned Hudson Park area is now a landscaped open space.

3.2.3 Market Rate Parcels.

Infrastructure Improvements

There are five market rate parcels in HV Phase III: Blocks 12, 13, 15, 16, and 18 (Market Rate Phase III). Market rate infrastructure improvements include rough grading of the market rate pads and utility stub outs to the market rate pads. The utility stub-outs allow the market rate developer to connect the site utilities without ripping up the newly completed streets.

Marketing

After the Phase IIIA(2-3) is complete, the JSCo, lead developer, will issue a prospectus inviting any market rate developer to provide an offer for the Phase III lots that includes development of Phase II-Block 8. In 2010, the Sponsor with MOHCD slated Phase II-Block 8 to be a 100% below market rate (BMR) ownership development. Later, it was identified that because of the steep topography Phase II-Block 8 would be extremely difficult to construct and as a result would have increased/high costs. Also, previously planned affordable housing financing for Block 8 was expended on other affordable housing developments in Hunters View.

In order to complete development of Block and have some BMR units in the Hunters View redevelopment site, MOHCD determined that it would ask SFHA to complete a market study prior to the issuance of the Market Rate Phase III prospectus. The value of Phase II-Block 8 would be included in the Market Rate Phase III prospectus. The successful Market Rate Phase III bidder would propose to develop Phase II-Block 8 and transfer the Phase II-Block 8 land value toward the purchase of completed market rate units of various sizes with similar base features of the market rate units in Market Rate Phase III and Phase II-Block 8. SFHA and MOHCD would enter into an agreement allowing land value exchange units to be part of MOHCD's BMR program with a preference for legacy Hunters View HOPE SF families first, followed by a preference for other families in HOPE SF developments. The Market Rate Phase III prospectus is anticipated to be issued after the start of current Market Rate Phase I and after the financial analysis of the exchange is provided to MOHCD by JSCo. Due to the current market conditions, the start of Market Rate Phase I is delayed. Any proceeds from the

units not purchased in exchange for the land value of Block 8 will fund future HOPE SF projects.

Note that BMR units are not a Planning department requirement. The Sponsor developed more affordable housing units than anticipated and planned during the initial entitlement process, and as such met all affordable housing development requirements of Hunters View HOPE SF. Any below market rate units included in the market rate developments will be completed at the request of residents, especially long-term residents, MOHCD and HOPE SF, and are not required by City Planning.

While a preference to Hunters View HOPE SF first and other HOPE SF residents second is assumed in the Market Rate Phase III, there are no preferences or BMR units assumed in Market Rate Phase I. SFHA staff has requested that a preference to SFHA residents be an allowable marketing and determining factor in awarding the Market Rate Phase I units. The Sponsor will make this request to the current developer of Market Rate Phase I and negotiations will continue on this request with the Market Rate Phase I developer.

3.2.4 Utilities to Parcels

HVA and HVP 3 will construct all required utilities in Phase III. HVA and/or the limited partnership of the affordable sites in Phase I and Phase II also constructed all utilities in those phases. Utilities include the major sanitary sewer/water/storm lines by and for SFPUC and gas/electric by and for PGE. All parcels will also be stubbed out for Comcast and AT&T connections. City Fiber will be stubbed out for the affordable housing blocks. Sponsor with MOHCD are still determining if City Fiber will be stubbed out for the market rate parcels. DPW provides oversight and sign off for all infrastructure.

3.3 Construction Supervisor/Construction Representative and/or DPW Design and Cost Evaluation.

The design of the Civil and Landscape improvements in this infrastructure phase is almost entirely driven by City standards (DPW, SFPUC, Department of Technology (DT), etc.) and the Master Plan for the overall Hunters View Development, and as such the design and construction team do not have the flexibility to consider other options as they would in the construction of an apartment building.

As MOHCD does not have an extensive track record of funding the construction of large-scale infrastructure development, our data set to compare costs to is highly limited. To account for this gap in institutional knowledge, MOHCD asked the DPW-ITF to compare the costs to those seen on recent comparable DPW projects. Cost analysis was completed on 100% Street Improvement Plan drawings and completed in January 2021. The result of that analysis showed that the overall construction budget was approximately \$1.4M above what DPW-ITF would have expected it to be based on a comparison to four recent DPW projects. This figure represents approximately 7% of the overall contract value. Without knowing the exact scope of work of the comparable DPW projects, nor when they were completed, it is difficult to say why the costs might be higher for Hunters View IIIA(2-3) but it seems plausible that labor and material escalation could account for much of the difference, as could certain unique challenges present for this site (very rocky soil containing naturally occurring asbestos, for instance.)

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

4.1 **Prior MOHCD/OCII Funding (this project and historical for the project).**

A predevelopment loan for \$9,455,027 was executed in June 2017, of which \$3,009,342 has been expended for infrastructure and demolition. Unlike Sunnydale and Potrero HOPE SF developments that issued its loans after the predevelopment loan for Hunters View Phase III, predevelopment funds for Hunters View Phase III are under one loan and not separate vertical and horizontal loans. As of May 14, 2021, a total of \$6,154,007 of predevelopment funds have been disbursed with \$3,301,020 remaining. Prior to the infrastructure closing an amendment of the predevelopment loan that includes vertical and infrastructure will be completed in order to assign all predevelopment cost expended on infrastructure into the infrastructure gap loan. The remaining predevelopment loan vertical costs will be assigned to HV Partners 3, LP, the ultimate borrower of the vertical loan.

4.2 **Fulfillment of Loan Conditions.**

Please see Staff Recommendation, Section 6.2 for loan conditions carried over from the predevelopment loan evaluation dated November 4, 2016 and February 23, 2020 related to infrastructure.

4.3 **Infrastructure Financing Narrative.**

The infrastructure plan of finance assumes funding entirely from MOHCD during predevelopment and construction. The total infrastructure loan of \$33,903,540 will be considered paid in kind once the improvements are complete and Board of Supervisors accepts the infrastructure and street improvements through a dedication process.

MOHCD (\$33,903,540): the MOHCD sources included in this loan request are listed below.

- i. **New Certificate of Participation (“COP Funds”)** (\$20,973,574): This total amount excludes the predevelopment COP Funds expended for infrastructure in the amount of \$1,509,342.
- ii. **HOPE SF General Funds** (\$6,500,000). This is a source of funds approved by the Board in 2007 for HOPE SF development to be used toward development of affordable housing or market rate housing in HOPE SF developments. This source was used on Hunters View Phase I and now made available for Phase IIIA(2-3).
- iii. **Funds originated from OCII HV II-III – City Loan Asset** (\$3,000,000): This is the amount of excess proceeds transferred to MOHCD from the Phase II- III OCII loan on Phase IIA. This amount is reduced by \$1.5MM from what was assumed in the Loan Memo in August 2020 for CDLAC vertical application. One reason for the reduction is that some repairs were needed on Middle Point associated with Phase II and these funds were used for these repairs. The second, and more substantial reduction, was due to 4 units in Phase IIA – Blocks 7 and 11 affordable development were over tax credit income limits. Originally it was expected these units could be included under income-averaging rules enacted in 2017 (less than 80% California Tax Credit Allocation Committee (TCAC) area median income (AMI) units qualify under for tax credits under the regulation change). In 2020, as the project was finalizing its tax credit forms with the TCAC, Internal Revenue Service (IRS) guidance was released that prevented the use of income averaging for Phase IIA – Blocks 7 and 11 (the units were placed-in-service prior to the law change). The loss of these units is

- approximately \$1.2M in tax credit equity, and therefore a smaller amount of the funds have been transferred to MOHCD and available for Hunters View Phase IIIA(2-3).
- iv. **Street Bonds** (\$420,624). Since 2016, Sponsor and staff assumed \$5M in Street Funds from DPW would be available to the project based on communication with senior staff. However, in 2020 staff was informed that Street Funds were used on a different affordable housing project and these funds are reduced to the amount shown.
 - v. **Previous Predevelopment funds** (\$3,009,342). The total infrastructure gap loan includes \$1,500,000 in Low- and Moderate-Income Housing Affordable Funds (“LMIHAF”) and \$1,509,342 in COP Funds.

The Sponsor received a sitewide IIG award of \$30M and executed the Standard Agreement on May 12, 2011 prior to start of Phase I. The IIG award math is an algorithm based on total site density and ratios of unit types on a spectrum from unrestricted market rate to deeply affordable. HCD will recalculate the award at completion to ensure the original funding is still substantiated. Sponsor uses the HCD workbook to recalculate the allocation estimated for each phase and confirm the award amount and presents this analysis to MOHCD. Total overall units delivered will be lower due to decreased market rate building density that will be constructed in Phase I Market Rate (Phase I – Blocks 2, and 3 and Phase II – Block 9) and because the same density buildings are anticipated for Phase III. As the HV project’s market rate build projection has become significantly less dense, the expected total award has gone down. To date the Sponsor has expended \$20.89M of the IIG funds through the end of Phase II. With fewer market rate units onsite planned to be delivered overall and in Phase III and based on the HCD algorithm, IIG will not be utilized in Phase III (unless used for a competitive CDLAC application.) The remaining \$9M will be returned to HCD in 2025, the entire sitewide completion date in Hunters View IIG Standard Agreement.

In order to position the vertical project for a CDLAC award, the Sponsor did include approximately \$5M in IIG in its 2021 2nd Round CDLAC application submitted on May 25, 2021. IIG was allocated to the cost of the parking stackers in to the affordable development located on Block 14. If the vertical project is awarded bonds and HCD claws back its \$9M of the remaining IIG that includes the \$5M included in the vertical development project, MOHCD may need to backfill the \$5M on the vertical project or replace the equivalent amount in the funds returned to HCD. Unfortunately, as of the date of this Loan Evaluation, it appears that the vertical development did not received a CDLAC bond award in Round 2, which is the second time the Project has not been awarded bonds this year.

4.3.1 Infrastructure development risk related to vertical construction

Infrastructure uncoupling from vertical allows the infrastructure project to begin while the vertical project continues to seek bond financing. The risk to infrastructure is that the vertical project will not able to begin construction before infrastructure is complete, which is estimated fall 2022, and thereby creates interim site maintenance and security costs. The budget with this request includes 1 year of interim costs, estimated at \$491K annually or \$41K monthly, from completion of infrastructure to start of vertical. However, any additional months or years beyond the budgeted interim period will require additional interim costs from MOHCD.

The availability of bonds for this project are unknown. Based on current information on the 2nd Round 2021 CDLAC applications, the vertical development will not be awarded bonds in its 2nd attempt. There is one more round of bond financing in 2021. Unless significant changes are made to the bond program at the state and federal levels to allow higher-cost neighborhood redevelopment programs, like HOPE SF, to be competitive for bonds, vertical financing for Hunters View Phase III will be delayed indefinitely. As

mentioned Hunters View has a sitewide IIG commitment. HCD has also funded Phase II and Phase IIA with MHP. With the existing IIG investment and investments in previous phases, staff and Sponsor assume that Hunters View Phase III vertical development is positioned to receive some of the Governor’s \$1.75B in the May Revise Budget for backlogged HCD development. However, the outcome for these funds is currently unknown.

With growing neighborhood security issues related to the lack of a directed recidivism programs and the current security issues mentioned above in Section 3.2.1.3 – Street Parking, the security risks related to completed Phase III infrastructure are a fundamental concern for residents and existing staff. The Sponsor may request additional financing after the year of interim financing in this request has been expended.

4.4 Infrastructure Uses Evaluation.

INFRASTRUCTURE DEVELOPMENT BUDGET		
Underwriting Standard	Meets Standard?	Notes
Bid Contingency is at least 5% of total hard costs	Y	Bid and hard cost contingencies are 8.1%.
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	Y	Escalation is 0% is shown because infrastructure is scheduled to begin in summer 2021.
Construction Management Fees are within standards	N	Hollis Consulting has provided predevelopment infrastructure construction management services under contract at \$194,430 which exceeds MOHCD guidelines. APC International will provide construction management services during construction. Their fee is \$165,570 and exceeds MOHCD guidelines. Due to the nature and scope of this work, staff assess that while costs exceed MOHCD standard, they are consistent with other Hunter View infrastructure costs.
Infrastructure Developer Fee is within standards	Y	Total infrastructure developer fee is based on agreement with MOHCD and shown in the predevelopment loan agreement.
Soft Cost Contingency is 10% per standards	Y	Soft cost contingency is 5.9% because all contracts related to infrastructure are executed and soft cost 3 months from start or information is appropriate being slightly below 10% of soft cost.

5 Developer Fee

This project is not subject to the HOPE SF Developer Fee Policy as it relates to infrastructure. Infrastructure Developer Fee was agreed upon with two prior MOHCD Directors and there

have been no changes to the Hunters View Infrastructure Developer Fee chart provided in the Predevelopment Loan Evaluation dated November 4, 2016 and as follows.

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

As the first HOPE SF development to begin construction, Hunters View is not subject to the HOPE SF Master Planning Developer Fee Policy that has been applied to Sunnydale Velasco and Potrero and Potrero Annex. Also, unlike Sunnydale Velasco and Potrero and Potrero Annex, the Hunters View master planning fees are paid through the infrastructure loans. The total Hunters View master planning fees to be disbursed with Phase III infrastructure was approved by Loan Committee on November 4, 2016. The Hunters View master planning fees total \$608,526 and is shown in the chart below.

MASTER PLANNING DEVELOPER FEE		
Payment Milestone	% of Project Management Fee	Amount
MP2: Close of Predevelopment Loan (PAID)	15%	\$108,526
MPA: Close on Predevelopment Loan (PAID)	24%	\$170,000
MPA: Interim Payment - Notice to Proceed – Infrastructure	23%	\$165,000
MPA: Interim Payment - Notice to Proceed – Vertical Construction	23%	\$165,000
TOTAL MASTER PLANNING CASH OUT PROJECT MANAGEMENT DEVELOPER FEE	100%	\$608,526
Total Master Planning Fee		\$608,526
Master Planning & Infrastructure Sources of Approval		
MP2: Master Planning Fee held not paid in Phase II (PAID)		\$108,526
MPA: Master Planning Fee, additional approved by MOHCD on June 29, 2015. Disbursed as shown above and as approved for Phase I and II.		\$500,000
TOTAL MASTER PLANNING & INFRASTRUCTURE DEVELOPER FEE		\$608,526

Please note that there will be a separate and independent infrastructure and master planning Developer Fee Agreement associated with the infrastructure loan. Also note that in the loan evaluation memo dated August 21, 2020 for a HCD-MHP preliminary gap commitment letter that included some infrastructure costs assigned to the vertical development, some vertical developer fee was included in the master

planning fee schedule due to MHP limitations on developer fee. MHP general program is no longer a viable financing scenario for the vertical development, so the vertical developer fee that was in the master planning fee schedule has been removed.

6 STAFF RECOMMENDATIONS

6.1 Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$33,903,540
Loan Term:	30 years
Loan Maturity Date:	2051
Loan Repayment Type:	Deferred, In-kind transfer of work product to City
Loan Interest Rate:	0.25%

6.2 Recommended disbursement conditions/schedule

Below are new loan conditions associated with this request.

- Prior to execution of the gap infrastructure loan, Sponsor must complete a third party peer review for cost. Sponsor must identify the third party reviewer, state when review will be completed, method used for review, and state applicable comparable infrastructure developments. Also, any cost savings from general contractor bid must be applied to reduce the City infrastructure loan.
- Parking study must be complete and Sponsor must make a presentation to the Supervisor regarding the parking study before Sponsor's execution of the gap infrastructure loan.
- If any portion of Middle Point repair is paid for or covered by insurance proceeds, Sponsor will first reduce the amount of the Phase IIA MOHCD loan and apply any remaining insurance proceeds to reduce the MOHCD Phase IIIA(2-3) loan.
- Sponsors must return to Loan Committee by December 30, 2021 with updated park design, park hard construction costs, and operations/maintenance expenses. In the event that cost to construct park increase, Sponsor must apply for other park funding before additional funds are requested from MOHCD. If park costs have decreased due to market conditions or other financing is obtained that lowers MOHCD's contribution to the park, the MOHCD loan will be reduced by an equivalent amount. The Sponsor must receive written approval from MOHCD before any disbursements from the park cost line item. For operations/maintenance expenses, Sponsor must provide evidence that the master association fees currently received and planned to be received from the affordable housing developments cover anticipated operations/maintenance expenses of all parks. Sponsor should include in the operations/maintenance analysis the master association fees that will be paid by the to-be-constructed market rate parcels as the market rate parcels are completed over time and show any and all reductions to the affordable housing developments' master association fees as market rate parcels are completed.

7 LOAN COMMITTEE MODIFICATIONS

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

APPROVE DISAPPROVE TAKE NO ACTION

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

Date: _____

APPROVE DISAPPROVE TAKE NO ACTION

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

Date: _____

APPROVE DISAPPROVE TAKE NO ACTION

Sally Oerth, Interim 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: _____

APPROVE DISAPPROVE TAKE NO ACTION

Tonia Lediju, Executive Director
San Francisco Housing Authority

Date: _____

- Attachments:
- A. HOPE SF Project Summary
 - B. Borrower Organization and Phase III Land Use Chart
 - C. Developer Fee for Vertical, Master, and Infrastructure
 - D. Project Milestone and Schedule (Vertical and Infrastructure0
 - E. Infrastructure Sources & Uses

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Friday, July 2, 2021 11:45 AM
To: Chavez, Rosanna (MYR)
Subject: Infrastructure GAP Financing for Hunter's View 3

I approve

Eric D. Shaw
Director/ Interim Director HopeSF

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

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Friday, July 2, 2021 1:11 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: INFRASTRUCTURE GAP FINANCING FOR HUNTERS VIEW

I approve the Hunters View Associates, L.P., request for \$33.9 million in infrastructure financing for Hunters View Phase III.

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

Learn: hsh.sfgov.org | **Follow:** [@SF_HSH](https://twitter.com/SF_HSH) | **Like:** [@SanFranciscoHSH](https://www.facebook.com/SanFranciscoHSH)

CONFIDENTIALITY NOTICE: This e-mail is intended for the recipient only. If you receive this e-mail in error, notify the sender and destroy the e-mail immediately. Disclosure of the Personal Health Information (PHI) contained herein may subject the discloser to civil or criminal penalties under state and federal privacy laws.

Chavez, Rosanna (MYR)

From: Colomello, Elizabeth (CII)
Sent: Friday, July 2, 2021 11:45 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR); Oerth, Sally (CII)
Subject: Infrastructure Gap Financing for Hunters View Phase 3

Hi Rosie-

Confirming that I am voting in favor of the subject request before Loan Committee on behalf of OCII.

Thanks-

Elizabeth



Elizabeth Colomello
Senior Development Specialist

📍 One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
☎ 415.701-5518, Cell 415.407-1908
🏠 www.sfocii.org

Chavez, Rosanna (MYR)

From: Pereira Tully, Marisa (CON)
Sent: Friday, July 2, 2021 11:41 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Infrastructure Gap Financing for Hunters View Phase 3

Approve

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

Chavez, Rosanna (MYR)

From: Linda M. Mason <masonl@SFHA.org>
Sent: Friday, July 2, 2021 11:43 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Infrastructure GAP Financing for Hunter's View

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

SFHA Vote: Approve

Attachment A: HOPE SF Project Summary

HOPE SF Initiative:

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

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

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

Project Summary:

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

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

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

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

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

Project Funding Summary – Funded to Date:

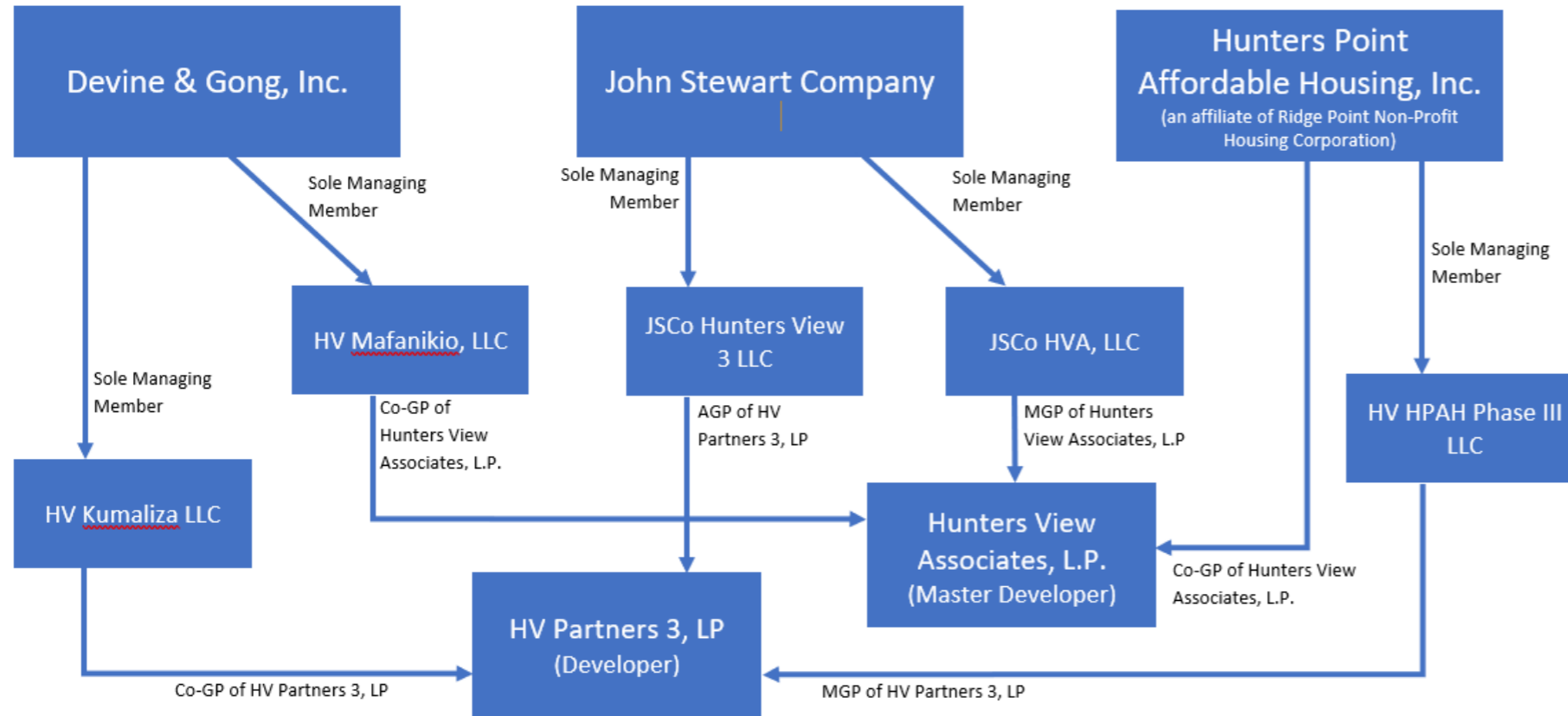
Vertical and Horizontal Funding to Date:

Start Year	Finish Year	Block Name	Phase	Phase Type	Total Units	Status	Total MOHCD Loan Amount	Total OCII Loan Amount	TDC
2009	2011	All Blocks in Phase I	IB	Infrastructure	N/A	Complete	\$3,060,494	\$3,000,000	\$11,917,980
2010	2012	Phase I - Blocks 4, 5, 6	IA-0	Affordable	107	Complete	\$3,994,745	\$19,449,014	\$80,842,334
2015	2017	All Blocks in Phase II	IIB	Infrastructure	N/A	Complete	\$5,679,807	\$0	\$6,383,202
2016	2017	Blocks 7 & 11	IIA	Affordable	107	Complete	\$2,267,134	\$18,026,428	\$84,320,837
2016	2017	Block 10	IIB	Affordable	72	Complete	\$17,393,406	\$0	\$48,417,529
2022	2024	Blocks 2, 3, & 9	IA & IIA	Market Rate	64	In Process	N/A	N/A	N/A
2021	2022	All Blocks in Phase III	IIIA (2-3)	Infrastructure	N/A	This request	\$27,894,198	\$3,000,000	\$33,903,540
						Previously awarded predev	\$3,009,342	\$0	
2022	2024	Block 14 & 17	IIIA(1)	Affordable	118	Previously awarded predev	\$6,445,685	\$0	\$119,342,564 (CDLAC app 5/25/21)
						Previous gap approval (Sept 2020)	\$18,554,315	\$0	
						Anticipated additional gap request	\$2,500,000	\$0	
Total to Date							\$90,799,126	\$43,475,442	\$385,127,986

Total Cost of Hunters View	\$90,799,126	\$43,475,442	\$385,127,986
-----------------------------------	---------------------	---------------------	----------------------

Attachment B: Borrower Organization Chart and Phase III Land Use Chart

Borrower Organization Chart



Land Use Chart

Phase	Site Plan Name	Final Map Reference*	SF/Acreage	Description	Initially Ground Leased To	Ultimate Owner/Operator
Phase IIIA(1)	Block 14	Lot 3	23,862 sq. ft. 0.55 acre	Housing	HVP3	HVP3
	Block 17	Lot 4	39,307 sq. ft. 0.90 acre			
Phase IIIA(2)	Future Park	Lot A	31,135 sq. ft. 0.71 acre	Park	HVA	HVCA
	Open Space	Lot B	3,314 sq. ft. 0.08 acre	Open Space		
Phase IIIA(3)	Public Right of Way/Infrastructure	Lot 9	53,881 sq. ft. 1.22 acres	Street 1	HVP3	DPW
		Lot 8	9,801 sq. ft. 0.23 acre	Street 2		
Phase IIIB	Block 12	Lot 1	26,904 sq. ft. 0.62 acre	For-Sale and/or Rental Housing	HVA	To Be Determined
	Block 13	Lot 2	42,012 sq. ft. 0.96 acre	For-Sale and/or Rental Housing		
	Block 15	Lot 7	40,369 sq. ft. 0.93 acre	For-Sale and/or Rental Housing		
	Block 16	Lot 6	38,823 sq. ft. 0.75 acre	For-Sale and/or Rental Housing		
	Block 18	Lot 5	22,845 sq. ft. 0.48 acre	For-Sale and/or Rental Housing		

*NOTE: Lot numbers restart at each Phase as required by the Bureau of Street Use & Mapping.

Attachment C: Developer Fee Chart for Vertical, Master Planning, Infrastructure

Revised Residential/Vertical Developer Fee Disbursement Schedule on Vertical Loan		
Payment Milestone	% of Project Mgmt Fee	Amount
PM Fee: At closing of initial pre-development financing & Predevelopment	50%	\$550,000
100% Schematic Design (DISBURSED)	15%	\$150,000
Submission of Site Permit (DISBURSED)	10%	\$100,000
MHP Application Submission	10%	\$150,000
Submission of TCAC/CDLAC Application	5%	\$50,000
Remaining Project Management Fee paid at Construction Closing	10%	\$100,000
PM Fee: Construction Close	20%	\$220,000
PM Fee: During or at End of Construction – <i>The interim payments in the two previous loan evaluations apply</i>	20%	\$220,000
PM Fee: At Project Close Out	10%	\$110,000
Total Project Management Fee	100%	\$1,100,000
At Risk: 95% Leased up and Draft Cost Certification	20%	\$256,000
At Risk: Permanent Loan Closing/Conversion (Final Cost Certification Audit)	50%	\$640,000
At Risk: Project Close Out (Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.)	30%	\$384,000
Total At-Risk	100%	\$1,280,000
Total Cash Out Developer Fee		\$2,380,000
Total GP Equity		\$2,000,000
Total Deferred Developer Fee		\$1,300,000
TOTAL RESIDENTIAL/VERTICAL DEVELOPER FEE		\$5,680,000
MASTER PLANNING DEVELOPER FEE ON INFRASTRUCTURE LOAN		
Payment Milestone	% of Project Mgmt Fee	Amount
MP2: Close of Predevelopment Loan (PAID)	15%	\$108,526
MPA: Close on Predevelopment Loan (PAID)	24%	\$170,000
MPA: Interim Payment - Notice to Proceed – Infrastructure	23%	\$165,000
MPA: Interim Payment - Notice to Proceed – Vertical Construction	23%	\$165,000
TOTAL MASTER PLANNING CASH OUT PROJECT MANAGEMENT DEVELOPER FEE	100%	\$608,526
Total Master Planning Fee		\$608,526
Master Planning & Infrastructure Sources of Approval		
MP2: Master Planning Fee held not paid in Phase II (PAID)		\$108,526

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

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

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

Attachment D: Infrastructure Milestones and Schedule

Phase IIIA(2-3)		
Task	Initiate	Complete
Street Improvement Permit Plans: Design and Permitting	6/22/2018	6/30/2021 (Est.)
Final Map for this phase	12/28/2020	4/30/2021
Street Improvement Plans and Specs, Final Map and Public Improvement Agreement approved by BOS and signed/recorded	11/30/2018	5/17/2021
Abatement and Demolition of Existing Buildings under License Agreement	1/1/2018	2/23/2018
Infrastructure Construction	9/1/2021	11/01/2022
Estimated period for infrastructure departments' approval procedures of infrastructure for formal acceptance by City	Estimated 2023	Estimated 2024

Attachment E: Infrastructure Sources & Uses

