

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
San Francisco Housing Authority
Controller's Office of Public Finance

Potrero HOPE SF - Block B
\$12,057,404 in Preliminary Gap loan
and
\$1,500,000 in AHP bridge loan
For a Total Preliminary Gap Loan Request Up to \$13,557,404
(including previously loaned funds)

Evaluation of Request for:	Preliminary Gap Financing
Loan Committee Date:	January 22, 2021
Prepared By:	Sara Amaral
Source of Funds Recommended:	\$5,468,273 – 2015 GO Bonds \$2,976,278 – LMIAHF \$5,112,853 - COPs
NOFA/PROGRAM/RFP:	HOPE SF
Total Previous City Funds Committed:	\$2,206,907 - 2015 GO Bonds
New Loan Amount:	\$13,557,404
Applicant/Sponsor Name:	Potrero Housing Associates II, L.P

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	Potrero HOPE SF-Block B	Sponsor(s):	BRIDGE Housing Corporation
Project Address (w/ cross St):	1801 25 th Street	Ultimate Borrower Entity:	Potrero Housing Associates II, L.P.

Project Summary:

Potrero Block B is a 157-unit affordable housing development (Project) within the footprint of Potrero Phase 2 Infrastructure. One two-bedroom unit will be set aside for a manager and 117 units (75%) will be set aside as replacement units for existing Potrero public housing residents and supported by Project Based Section 8 rental subsidy (PBVs) and Rental Assistance Demonstration (RAD) subsidy, and will be restricted at 60% SFAMI (San Francisco Area Median Income). The remaining 39 units will be for households earning between 30% SFAMI and 60% SFAMI. The Project will feature a large courtyard for residents and a public mini park. Additionally, the onsite early childhood education center, run by Cross Cultural Family Center, will provide childcare for up to 50 children and includes a large outdoor play area.

In order to reduce costs attributed to the City, the Sponsor successfully secured a \$20 million soft loan from the State of California’s Department of Housing and Community Development’s (HCD) Affordable Housing and Sustainable Communities (AHSC) grant and will assign a portion of the Potrero Phase 2 Infrastructure costs to the Project, in order to leverage more tax credit equity. The Sponsor plans to apply for federal tax credits in February 2021 and requests \$12,057,404 in preliminary gap funding for vertical construction and a \$1.5M bridge loan to cover the Affordable Housing Program (AHP) award from the Federal Home Loan Bank of San Francisco (FHLBSF), for a total loan amount of \$13,557,505 from MOHCD. If awarded allocations from CDLAC and TCAC, then the Sponsor will return to loan committee in April 2021, after lender and investors are selected for final Gap loan approval. Construction is expected to start in August 2021 and complete in August 2023.

Project Description:

Construction Type:	Type IA, Type IIIA	Project Type:	New Construction
Number of Stories:	7	Lot Size (acres and sf):	1.70 / 74,311 sf
Number of Units:	157	Architect:	HKIT/Y.A. Studio
Total Residential Area:	254,517 sf	General Contractor:	Cahill Contractor
Total Commercial Area:	6,203 sf	Property Manager:	BRIDGE Property Management Company
Total Building Area:	260,720 sf	Supervisor and District:	Supervisor Shamann Walton (D10)
Land Owner:	SF Housing Authority		
Total Development Cost (TDC):	\$175,270,854	Total Acquisition Cost:	\$1
TDC/unit:	\$1,116,375	TDC less land cost/unit:	\$1,116,375
Loan Amount Requested:	\$13,557,404 w/ AHP	Request Amount / unit:	\$86,353 w/AHP
	\$12,057,404 w/o AHP		\$76,799 w/o AHP
HOME Funds?	NO	Parking:	108 spaces/.75 ratio

PRINCIPAL DEVELOPMENT ISSUES

- **Sponsor Performance** – BRIDGE has experienced significant turnover in project management staff working on Potrero HOPE SF, which has caused delays to this Project and other projects in the MOHCD and OCII pipelines. A high level of coordination and attention to detail is essential in ensuring successful coordination of infrastructure improvements and housing construction. Please see Section 1.1 and 1.3 for more information.
- **Additional Predevelopment Sources** - The Sponsor has noted that the remaining predevelopment funds will not be enough to carry the Project through August 2021 construction start and that additional sources of funds are needed. Without funds available from MOHCD, the Sponsor will seek additional sources of funds to cover the predevelopment work through construction start. Please see Section 5.2.
- **Repayment of MOHCD Infrastructure Loan** – The infrastructure construction schedule has been delayed due to the turnover of Sponsor’s staff and to the permitting process. Further delays will result in delays to the start of Block B and Block A, the first market-rate project at Potrero HOPE SF, and may jeopardize repayment to MOHCD of the Affordable Housing and Sustainable Communities (AHSC) grant funds in the amount of \$1,500,000 as well as the Infill and Infrastructure Grant (IIG) award of \$11.7M that is financing Phase 2 infrastructure. Please see Section 5.4 for more information.
- **CDLAC competitiveness** – In its analysis, the Sponsor believes the Project will score 119 points with a tie-breaker of \$347,621.19. In recent rounds, a score of 119 has been too low to be awarded an allocation. In the event that the Project is not awarded, construction start will be delayed. The Sponsor is also asking for a waiver from the max bond allocation of \$75,000,000 to \$101,679,286. Please see Section 5.4 for more information.
- **AHP competitiveness and bridge loan** – The Federal Home Loan Bank of San Francisco (FHLBSF) has made regulatory changes to the Affordable Housing Program (AHP) that affect the competitive scoring of all projects in MOHCD pipeline. The Sponsor has not completed the AHP scoring analysis for the 2021 AHP round yet. However, the Sponsor is anticipating applying for \$1.5M in funds from AHP in March 2021. MOHCD will provide a loan for \$1.5M in anticipation of an AHP award, which the Sponsor will repay upon receipt of the AHP . If AHP does not make an award, the \$1.5M loan will be folded into the larger gap loan.. Please see Section 5.4.
- **TCAC market** – Since the start of the pandemic, the investor market has seen a significant decrease in equity amounts. The Project is anticipating \$0.96 in equity pricing. In the event that the market rebounds considering the new federal administration and vaccine for COVID-19, any increase in equity funding would decrease MOHCD’s contribution. In addition, the new tax rate could reduce MOHCD’s gap significantly. Please see section 5.4.
- **HUD payment standards** – Since the start of the pandemic, rents in San Francisco have declined by 20%. The Sponsor has used the San Francisco Housing Authority’s 2020 payment standards, and has projected these rents to remain constant for six years after initial lease up, after which the 2.5% income inflator will be applied to the rents. Please see section 6.1.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
MOHCD Predevelopment Loan	\$2,206,907	55 yrs. @ 3% Res Rec	Committed
Total	\$2,206,907		

Permanent Sources	Amount	Terms	Status
MOHCD Gap	\$12,057,404	55 yrs. @ 3%	This request
Perm Loan	\$50,516,149	30 yrs. @ 3.46%	Not Committed
Assigned portion of MOHCD Infrastructure loan	\$15,139,390	55 yrs. @ 0%	Committed
Tax Credit Equity	\$65,327,911	\$0.96	Not Committed
AHP	\$1,500,000	Forgivable Loan	Not Committed
HCD AHSC	\$20,000,000	55 yrs. @ 3% Res Rec/.42% fixed	Committed
Deferred Developer Fee	\$5,600,425	N/A	Not Committed
GP Equity	\$5,129,575	N/A	Not Committed
Total	\$175,270,854		

Uses	Amount*	Per Unit	Per SF
Acquisition	\$11,251	\$72	\$0.04
Hard Costs	\$139,753,139	\$890,147	\$536
Soft Costs	\$21,756,464	\$138,576	\$83
Developer Fee	\$13,750,000	\$87,580	\$53
Total	\$175,270,854	\$1,116,375	\$672

1. BACKGROUND

1.1. Project History Leading to This Request.

For a detailed Potrero HOPE SF master project summary narrative, see Attachment L.

At the time of conception of the Potrero Master Plan, Potrero Block B was originally envisioned as a 91-unit affordable housing project located in Potrero Phase 2 footprint as the first affordable development on the Potrero public housing site. HKIT and YA Studio were selected as a joint-venture architecture team in 2011 and developed concept-level plans for the parcel at that time. However, design development of Block B was then paused until full entitlements in the Potrero Development Agreement (DA) were achieved in 2017, which is when Block B originally received predevelopment funds from MOHCD in the amount of \$2,206,907.

During that same period, Block X, aka 1101 Connecticut, was initiated under separate entitlements on a parcel adjacent to, but outside of, the boundaries of the public housing site, enabling 1101 Connecticut to go forward as the first phase in order to speed relocation. All work on Potrero Phase 2 and Block B was placed on hold at that time. Once 1101 Connecticut was completed in February 2019, the Sponsor was able to relocate residents out of the Phase 2 footprint in June 2019 and restarted work related to

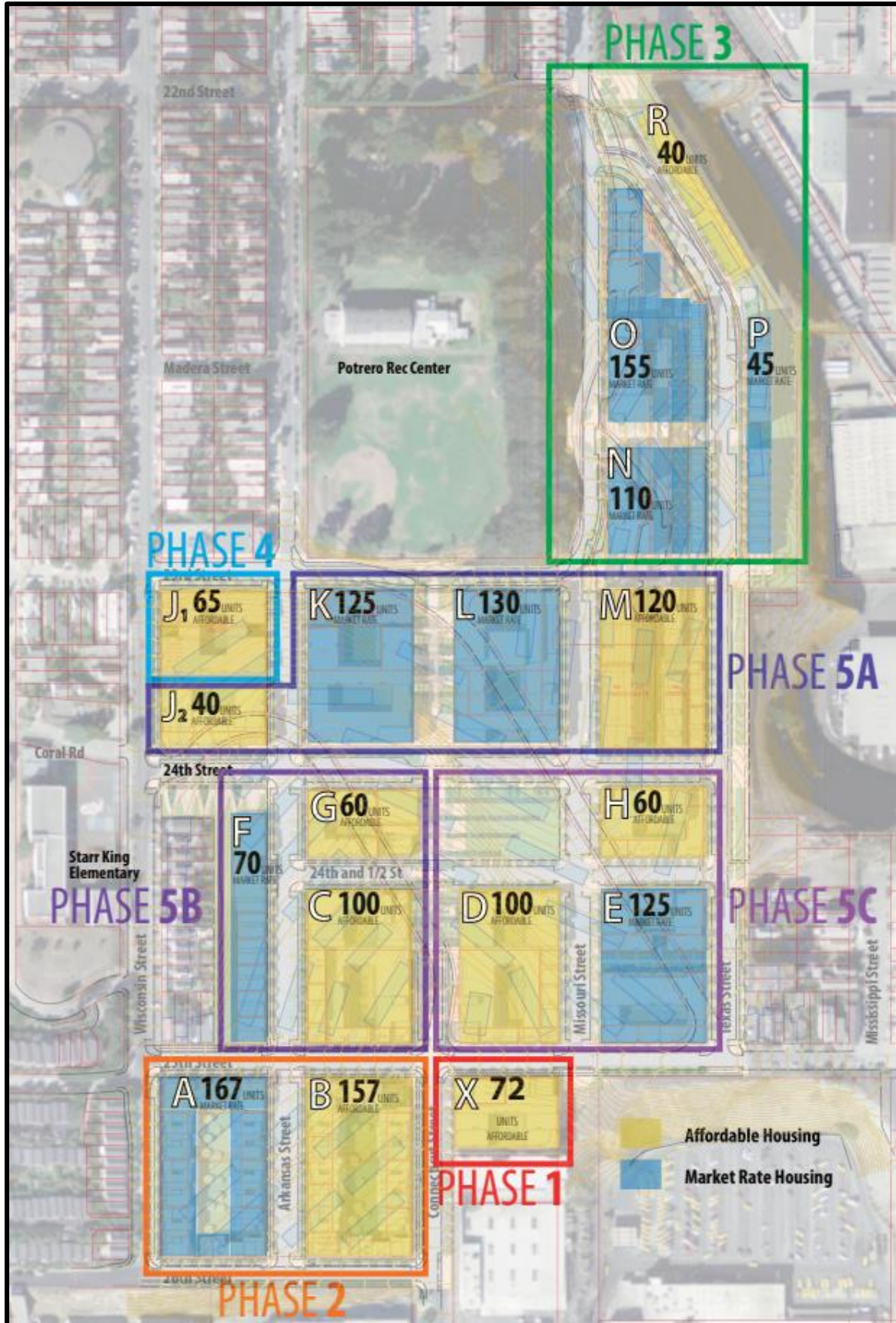
predevelopment of both Phase 2 and Block B. In addition to delays in permitting, design and relocation at 1101 Connecticut and Block B, the Sponsor has also had frequent turnover of staff which further extended delays to Block B.

Block B's original design consisted of eight walk up style buildings with 92 units of housing, which included 68 replacement units, and 60 parking spaces. Due to the steep 20% grade of the slope on site and associated high construction costs, the Sponsor studied increasing the density to achieve greater construction efficiencies. Since 2019, the overall design has been refined, resulting in a unit increase to 157 units, and an increase in parking to 108 spaces. The Sponsor was able to achieve this increase by requesting a density increase from the San Francisco Planning Department and a change to the Design Standard Guidelines (DGS) which is part of the DA. The Project still includes an early childhood education center with 52 spots as well. In addition to the internal community space on site, the Project also includes a 3,373 square feet (sf) public minipark for all residents and community members to enjoy. As of December, the Project is at 75% Construction Drawings (CDs).

Concurrent with design progress, the Sponsor has held 6 community meetings and procured Cahill Contractors as the general contractor. And, in January 2020, the Sponsor secured \$20M in Project funding through the Affordable Housing and Sustainable Communities (AHSC) program for Block B and a \$11.6M Infill Infrastructure Grant Program (IIG) grant, to fund the construction of the infrastructure improvements of Phase 2. The improvements will need to be substantially completed before Block B can start construction, estimated for August 2021, and be completed by August 2023.

1.2. Phasing Map

Below is a phasing map that indicates the order of the phases and type of housing with affordable (in yellow) and market rate (in blue). Please note that future phases include an approximate number of residential units, as indicated in the 2017 Development Agreement. For more detail and updates, please see Attachment A.



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)

Potrero Housing Associates II, L.P., a limited partnership, is the Borrower for the Potrero Block B gap loan. This entity is an affiliate of BRIDGE Housing Corporation, the Master Developer of Potrero HOPE SF.

Kimberly McKay is the Executive Vice President in charge of overseeing the redevelopment of Potrero HOPE SF. Ms. McKay has been with BRIDGE Housing for 10 years and has 30 years of affordable housing experience. Her experience includes the redevelopment of Coliseum Gardens in Oakland; and Pueblo del Sol and Jordan Downs in Los Angeles. She is a licensed Architect in California.

Marie Debor is a Vice President at BRIDGE and is responsible for all day to day activities pertaining to the development of Potrero HOPE SF. Ms. Debor has 20 years of affordable housing experience and has been at BRIDGE for 5 years. She has experience developing affordable housing in San Francisco and was also involved in the redevelopment of Coliseum Gardens in Oakland. Ms. Debor will spend at least 95% of her time on Potrero HOPE SF.

April Talley is a Senior Project Manager at BRIDGE and is responsible for overseeing Block B, the vertical portion of the Phase II development. Ms. Talley has been with BRIDGE for 7 months and has over 7 years of affordable housing experience. She has worked on affordable housing developments in both Richmond, Virginia and Dallas, Texas. Ms. Talley will spend 100% of her time on Potrero HOPE SF Block B.

Cyrus Hoda is an Associate Project Manager at BRIDGE Housing Corporation and is responsible for overseeing the execution of Phase II and Phase III infrastructure activities. Mr. Hoda has both an undergraduate and graduate degree in civil engineering as well as construction management experience. Mr. Hoda will spend 100% of his time working on the Potrero Infrastructure projects.

As noted above in Section 1.1, turnover with Sponsor performance and staff turnover have caused delays on this Project and other Potrero HOPE SF projects. For example, conditions for services and relocation readiness were part of the requested funding for Potrero Master Plan in June 2020 from Loan Committee. To date, those conditions have not been satisfied. As a condition of that loan and all other subsequent loans from MOHCD, the Sponsor regularly provides a staffing report for the BRIDGE projects within the MOHCD portfolio. The Sponsor is currently showing adequate project management? coverage for Potrero HOPE SF, however, due to current Sponsor performance on other MOHCD pipeline projects with similar turnover, appropriate staffing levels continue to be an ongoing concern. In the event that staff turnover continues, Sponsor will need to hire a third-party consultant to mitigate any further delays to Block B or Phase 2 Infrastructure. Cost for this additional capacity will be paid out of the Sponsor's developer fee.

1.4. Procurement

The Contract Management Division (CMD) established an SBE/LBE goal of 20% for Block B. To date, the Sponsor has exceeded this goal. Current SBE/LBE as a percentage of contracts is at 68% overall. For Block B, a formal RFP process was initiated on June 3, 2020 for the General Contractor and another RFP was issued on July 20, 2020 for Construction Management services.

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	HKIT Architects	Y	Y
Landscape Architect	Gary Strang, GLS Architecture	N	N
JV/other Architect	Y.A. Studio	Y	Y
General Contractor	Cahill Contractors	N	Y
Owner's Rep/Construction Manager	Mark Stevenson, CM Squared	N	N
Financial Consultant	CHPC	N	N
Legal	Gubb & Barshay, LLP	N	N
Property Manager	BRIDGE Property Management Company	N	N
Services Provider	TBD		Y

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

Site Description	
Zoning:	Potrero Hill Hope SF Special Use District / RM-2
Maximum units allowed by current zoning (N/A if rehab):	Maximum units allowed per Potrero HOPE SF Special Use District (SUD), not zoning. Maximum number of units currently allowed under SUD is 157 units for Block B and 101 units for Block A.
Seismic (if applicable):	Class C Seismic Area
Soil type:	Soil Type is primarily Franciscan Bedrock. Minor amounts of artificial fill are present throughout the site, extending to depths of 1 to 12 feet below the existing ground surface. The fill typically consisted of clayey sand to sandy clay with abundant construction debris, including wood and both clay and metal pipes. Fragments of the underlying bedrock are also present in this layer. The Franciscan Complex bedrock encountered below the fill in test pits is highly variable. It fluctuates in color from pale green to almost black. Samples range from friable to very strong and weathering appears to range from slightly weathered to completely weathered. In general, the bedrock on site is highly fractured with blocks of more competent material. Bedrock structure is somewhat chaotic with fractures and foliations in various directions.
Environmental Review:	EIS/EIR Complete. Planning Approval and Authorization for Use of Grant Funds received 1/5/2016. Additionally, Block B Phase I environmental report was published June 2020 and did not show findings of soil, soil gas, or groundwater impairments. Lead abatement performed on existing structures in 1995

	indicates possibility of elevated lead levels near former structures, although the consultant report did not find any specific instance of this occurrence. ENGEO performed additional soil sampling at shallow locations of former structures to accurately determine existence of lead-based paint or termites. It was found that the hazardous material is concentrated in the northeast region of the Block B site.
Adjacent uses (North):	Potrero Hill Hope SF Special Use District and RH-2 Residential House – Two Family
Adjacent uses (South):	M-1 / Light Industrial
Adjacent uses (East):	Potrero Hill Hope SF Special Use District and /RM-2, PDR 1-G Production, Distribution & Repair – 1 - General
Adjacent uses (West):	RH-1 – Residential – Single Family
Neighborhood Amenities within 0.5 miles:	Nearby Schools: Rise Institute, Potrero Terrace Nursery & School, Daniel Webster Elementary School, Downtown High School, Friends of Potrero Hill Nursery School, San Francisco International High School, Meadows Livingstone School, Hilltop High School, Starr King Elementary School Healthcare: Zuckerberg San Francisco General Hospital, Potrero Hill Health Center. Grocery Stores: Potrero Terrace Market, The Good Life Grocery, New Potrero Market Places of Worship: House of God San Francisco, City View Church, St Teresa of Avila Catholic Church
Public Transportation within 0.5 miles:	Bus Lines: 19 Polk, 48 Quintara/24 th Street Muni Lines: T Third Street Bus
Article 34:	Article 34 is approved.
Article 38:	Not exempt; Article 38 will be completed as part of Phase II before construction on Block B and all other affordable housing developments in Potrero HOPE SF.
Accessibility:	30 units, or 19% of total, will be accessible (Mobility featured, Hearing and Visual Aid featured); 127 units, or 81% of total, will be adaptable.
Green Building:	Project is seeking LEED Gold certification
Recycled Water:	Exempt
Storm Water Management:	Storm Water Plan was submitted by October 27, 2020. PUC is expected to review in January 2021.

2.1. Site Description

Phase 2 is a rectangular-shaped 3.96-acre parcel owned by the San Francisco Housing Authority (SFHA). The site is bordered by 25th Street to the North and 26th Street to the South, Connecticut Street to the east and Wisconsin Street to the West. Wisconsin Street has a 20% grade down-sloping south to 26th Street and east to Connecticut Street. The Sponsor completed abatement and demolition of the eight buildings within the Phase 2 footprint in June 2020. Phase 2 is currently vacant land, surrounded by perimeter fencing for security. Horizontal (infrastructure) construction is expected to start in February 2021, once approved by BOS in January 2021.

The Block B site is 74,311 square feet on the eastern side of the Phase 2 footprint (Site). The Site is steeply sloped with serpentine soil and naturally occurring asbestos. Block B will sit directly across from 1101 Connecticut, which was completed in 2019.

2.2. Parking

Parking is not governed by zoning, but by the 2017 Potrero Special Use District and the 2017 Development Agreement, which requires, as stated in the Transportation Demand Management Plan (TDM) exhibit, a parking maximum of 1-to-1 off-street parking for all units built. However, a requirement of the TDM is to reduce this level, which at full build out would be about 1100 total off-street parking spots, by providing mitigating options, including increased public transportation opportunities. In the TDM, BRIDGE has proposed a maximum ratio of 0.5 off-street parking for all affordable housing units and the market rate developer will provide a maximum ratio of 0.75. While parking supply may be aggregated, the total must not exceed the maximum across the site.

Potrero Hill, partly due to its hilly geography and lack of City investment in this neighborhood, has been historically underserved by SFMTA and as such, residents have been reliant upon automobiles. Parking generally, and more specifically the decrease in overall parking onsite after revitalization, has been a contentious issue at all HOPE SF sites, across both affordable and market rate developments. The lack of adequate on-street and off-street parking is exacerbated by delays in planned public transportation improvements at the HOPE SF sites.

The original footprint of Phase 2 included only 50 off-street parking spots for 92 households, resulting in a .54 ratio. Due to the lack of parking on- and off- street and inadequate transit opportunities, the Sponsor has increased off-street parking at Block B to a .75 ratio. The Block A market rate developer has agreed to limit parking to no more than Block B's off-street spots, as requested by HOPE SF as a demonstration of racial equity in design allowing the market rate building to have similar design standards as affordable housing. Once built, the total ratio to housing will be slightly higher than what it was originally within the Phase II footprint but well within the TDM guidelines.

HOPE SF, MOHCD, SFMTA and SF Planning need to work closely with each other to address parking challenges while also considering the inadequate transportation options for the large families. For example, while most HOPE SF Master Developers considered parking on a phase-by-phase basis, the lived experience of the residents did not consider their neighborhood in phases. As on-street parking decreases in the phases due to increased density, many residents feel they are losing an amenity especially when their large families' primary transportation option, due to income, becomes the inadequate public transit system for basic needs like school, food shopping, and other essentials. SF Planning's "transit-first" policy, which governs the provision of parking at HOPE SF sites, does not adequately address transportation needs and options for large low-income families. This is particularly important as COVID-19 has exacerbated the problem and due to the pandemic SFMTA may have limited future investments for the HOPE SF communities, and this Project particularly.

Phase 2 Parking Analysis	Original Phase 2 Site	Block B*	Block A*	Phase 2 New Total	% Change of Parking Planned
Units	92	157	238	395	329%
Off-Street	50	118	113	231	362%
On Street	45	46	46	92	104%
Total	95	164	159	323	240%
Ratio to Units (including on street)	1.03	1.04	0.67	0.82	-21%
Ratio to Units (off Street only)	0.54	0.75	0.47	0.58	

* Block A units and spaces are based on proposed density increase

** Block B parking ratio is based on proposed ratio of .75 against the entitled 157 units and includes stackers

2.3. Zoning.

Design is governed by the Potrero Special Use District, enacted August 2017 and amended in June 2020.

2.4. Local/Federal Environmental Review.

All entitlement work on the land use portion of the Potrero Master Plan is complete. Following a five year process, the Planning Commission certified the EIR on December 10, 2015 and HUD issued an Authorization to Use Grant Funds on January 5, 2016. On December 8, 2016 the San Francisco Housing Authority Commission approved the Potrero HOPE SF DA and the Master Development Agreement (MDA) unanimously. On January 31, 2017, the San Francisco Board of Supervisors (BOS) unanimously approved the DA, MDA, and all required zoning approvals.

The land use entitlement approvals also included Planning Code, Zoning Map, and General Plan Amendments to establish the Special Use District, which in turn establishes the zoning for the HOPE SF site, and to which the Design standards and Guidelines (DSG) are an attachment.

2.5. Environmental Issues.

2.5.1. Phase I/II Site Assessment Status and Results.

An environmental study to assess the presence of hazardous materials onsite revealed the presence of Naturally Occurring Asbestos in underlying bedrock as well as various elevated metals requiring special handling and disposal requirements. Soil is expected to be off-hauled as part of the trenching activities and the budget assumes a hybrid of Class II and Class I off-haul based on current soil characterizations. In addition, the Phase II Investigation report recommends a Soil Management Plan, Asbestos Dust Mitigation Plan (ADMP), Dust Mitigation Control Plan and Health & Safety Plan for workers. The ADMP was approved October 16, 2020. All additional plans relating to Phase II environmental investigation recommendations are expected to be completed by December 2020.

2.5.2. Potential/Known Hazards.

Lead - Review of previous reports and records indicate former structures on the Property contained lead-based paint. Lead abatement was undertaken for the structures in 1995. It is possible that soils around the footprints of the former structures contain elevated lead or termiticide concentrations

Mitigation – BRIDGE has engaged environmental consultant ENGEO to collect soil and bedrock samples from areas within anticipated excavation areas within Block A and Block B. Soil samples will be analyzed for the following environmental hazards: Metals, Volatile Organic Compounds (VOC's), pesticides, Asbestos, lead, chromium, and nickel. There were 20 soil sample tests conducted at various locations throughout Phase II infrastructure location. One sample was identified to be have elevated lead concentrations. The approximate volume of hazardous waste based on Engeo soil sampling is 400 cubic yards. Engeo has also noted hazard impacts of the elevated lead concentration sample may be isolated. Cahill has estimated the cost for off haul and dispose of class I of hazardous soil to be \$250,000.

Air Quality/Naturally Occurring Asbestos Risk – Residents of 1101 Connecticut, existing SFHA Potrero Terrace public housing, and adjacent 1-4-unit residential households live in close proximity to the Phase II construction site. Airborne soils resulting from Phase II excavation pose Air Quality risks to adjacent communities. Naturally occurring asbestos is present within Phase II soil. All onsite personnel, SFHA Potrero Terrace residents and the adjacent Potrero Hill community members are vulnerable to adverse health risks arisen from disrupting soil containing naturally occurring asbestos

Mitigation – BRIDGE has contracted ENGEO environmental consultants to prepare a Soil Management Plan, Dust Control Plan, and Health and Safety Plan. BRIDGE has also budgeted weekly dust monitoring services to cover the entire excavation period scheduled by the General Contractor – Cahill Contractors (Cahill). Cahill will be responsible for implementation of the Health and Safety Plan for the duration of construction. BRIDGE has contracted ACC Environmental Consultants to create an Asbestos Dust Mitigation Plan (ADMP) to protect onsite workers and adjacent residences. Through the ADMP, air monitoring and abatement will be done in the form of spraying water to contain dust during earthwork. Cahill Constructors will perform abatement work under the supervision of ACC Environmental. The Project budget includes \$111,000 for air monitoring at the site while earthwork is taking place.

2.6. Green Building.

The Potrero Master Plan is certified under the LEED for Neighborhood Development. Block B will pursue LEED Gold. A LEED certification authenticates the Project was designed and constructed using strategies aimed at improving performance related to energy savings, water efficiency and improved indoor quality.

2.7. Density.

The Potrero HOPE SF site is governed by the Design Standards and Guidelines and as such the original design of 92 units adhered to the 40ft height limit. However, beginning in 2018 the Sponsor began to study increasing density at the site due to the steep grade and high construction costs related to being on the hill. Building configurations changed from 8 different buildings, with 7 buildings being walk up style, to two elevator-served “L” shaped buildings. Density thus increased from 91 units to 157 units, but required an amendment to the Design Standards and Guidelines, as building height increased from 40ft to 50ft heights, and in one area 65ft high. In May 2020, the Sponsor presented the proposed changes to the community and to SF Planning Commission in June 2020 for approval.

3. OTHER ENTITLEMENTS ISSUES

3.1. Community Support.

In May 2020, the Sponsor held three community outreach meetings to share project design and share updates around the increased height and density. Meetings were held with the Potrero Terrace and Annex Tenant Councils, Parkview Heights Homeowners Association and Potrero Boosters. Each meeting was held separately and via Zoom due to COVID-19. In June 2020, the Sponsor made presentations to both the community and the San Francisco Planning Commission to obtain approval for a height and density increase. In August, a design charrette was held to present residents and community members with design options/updates and solicit comments, particularly around outdoor space and play areas. A follow up meeting was held in September 2020 to show how feedback was incorporated into the design, including incorporating more two and three bedroom units and decreasing one bedroom units. The Sponsor plans to have another community meeting pertaining to the schedule of Block B before construction start.

4. DEVELOPMENT PLAN

4.1. Site Control.

The Sponsor has entered into a construction license agreement with SFHA for demolition and grading of the entire Potrero Phase 2 site, which was approved by SFHA Commission on July 26, 2018. The Sponsor received SFHA Commission approval for the short-term ground lease for the site on September 24, 2020 for the installation of the infrastructure improvements.

The Sponsor, SFHA and MOHCD are finalizing the form of the long-term vertical ground lease which will be executed at construction loan closing. The term of the long-term ground lease will be 57 years with an extension of 42 years, \$15,000 base annual rent payment, residual rent of up to 10% of the restricted value and a residual rent payment that does not accrue if not payable through cash flow. The Sponsor will obtain an appraisal closer to construction financing close in order to assess the restricted value.

4.2. Proposed Design.

As mentioned in Section 1.1 above, the design has evolved into two seven-story “L” shaped buildings (Building A and Building B) of Type IIIA construction set on a stepped,

podium of Type IA construction consisting of 157 units. Both buildings will share the central courtyard and play area and will have two elevators each. Building A will feature the main lobby and will house the property management and services offices, a large community room and teen room. Building B will feature a learning center, fitness center and a smaller community room. Each building will have laundry rooms on each floor in addition to washers and dryers in each of the three and four bedroom units. The garage entrance/exit is located on Connecticut Street and is located below ground in order to maximize the number of housing units and to address the 80 foot (20% grade) slope difference between the northern and southern edges of the site. Per the Potrero Hope SF DSG, which the Sponsor and Van Meter Williams Pollack (VMWP) formulated with the Planning Department, some units have direct entries off the street. The design of the building is intended to somewhat mimic the pedestrian experience of the surrounding Potrero neighborhood by stepping down the hill. The materials and color of the building serve to break down the massing of the buildings. The public mini park will be located at street level on Connecticut, close to 25th Street, facing 1101 Connecticut housing development.

The Project is currently at 75% CDs and is currently undergoing value engineering to review systems, materials and methods to further reduce project costs.

The proposed development includes:

- 157 total units
 - 40 one-bedroom units
 - 54 two-bedroom units
 - Includes 1 manager unit
 - 52 three-bedroom units
 - 11 four-bedroom units
- Per HOPE SF practice there is one common laundry room located on each floor. The three and four bedroom units have in-unit washer/dryer,
- The main floor of Building A will include property management offices, resident services coordinator office, mail room, community room and adjoining outdoor area,
- Interior resident courtyard featuring tot lot, community garden and BBQ area
- A 3,373 sf public mini park in the north east portion of the site, open to both Block B residents and greater community,
- The subterranean garage has a .75 ratio of auto parking (118 parking spaces) to units with entrance on Connecticut,
- The Project also includes required bicycle parking at a 1:1 ratio, family storage lockers for car seats, a trash room in in each building with trash rooms on each floor, and a maintenance shop,
- Building A will feature a 6,203 sf childcare center that will serve 52 children, and
- The community room will be located near the property management office, off Building A's lobby. The community room is designed to connect both indoor and outdoor spaces.
- Units sizes in Block B are larger than TCAC standard and most infill projects within MOHCD pipeline. However, existing public housing units at Potrero are slightly

larger than the TCAC standard overall and due to private entrances and townhome styles, feel larger than a standard unit in a double hung corridor building. In recognition of the significant change in unit flow, the Sponsor has provided larger units overall. The Sponsor will continue to work with MOHCD and community on future projects to find the optimal unit size for Potrero residents.

Units Sizes	TCAC	Potrero PH	Block X	Block B	% Dif. Block B From Potrero PH
1bd	450	559	775	660	18%
2bd	700	680	968	946	39%
3bd	900	995	1380	1250	26%
4bd	1100	0		1547	

Avg Unit SF by type:	1-bdrm avg sf - 660 sf 2-bdrm avg sf - 946 sf 3-bdrm avg sf - 1,250 sf 4-bdrm avg sf - 1,547 sf
Residential SF:	185,337 sf
Circulation SF:	26,595 sf
Parking Garage SF:	36,054 sf
Common Area SF:	6,531 sf
Building Total SF:	260,720 sf
Childcare Center	6,203 sf

4.3. Construction Supervisor/Construction Specialist’s evaluation

The Block B site is extremely steep, and the push to maximize the unit count created a real challenge to get the massing of the two buildings to work within the guidelines prescribed by the Planning Department. As a result, the buildings step in a terraced way that creates a large number of separate roof areas and creates a very complicated façade. The end result is really quite impressive in the way it allows for so many units on the site within Planning’s guidelines, but comes at the cost of lost construction efficiencies compared to a simpler, boxy form that might have been developed were the topography less severe. The program was further hampered by the cost accelerators that all HOPE SF sites must deal with: Off street parking, large number of multibedroom units, and in-unit laundry hookups for 3 and 4 bedroom units.

Potrero and Sunnydale are further required by Planning guidelines to have entry stoops on first floor units, another cost that many comparable projects don’t have to carry. Block B also includes a PUC switchgear room that will serve future Potrero HOPE SF buildings, and a community-serving mini park, both of which are highly atypical features adding to the construction cost. In addition, and in line with ongoing efforts to learn from previous HOPE SF developments, MOHCD provided the team with direction very late in design to

increase the parking ratio, in order to address on-street parking issues and the inadequate frequency of public transportation, which resulted in addition excavation into the hillside to allow room for parking stackers. All these factors result in a per-unit cost that is well above average compared to comparable MOHCD/OCII projects (\$794K for Block B vs. \$655K average), but is roughly average on a per-bedroom basis (\$358K vs. \$343K) and actually below average on a per-SF basis (\$478 vs. \$521). Please note these numbers do not include the assigned infrastructure costs of \$15M, which was added to the Project to leverage more tax credit equity. However, compared to other HOPE SF projects currently under construction, including Sunnydale Block 3A & 3B, and Hunters View Block 17, construction costs per unit are very much the same.

The Project is at 75% CDs currently. The team has done some value engineering along the way, but there is still more work to be done that should be able to realize some further savings. The Sponsor will return to Loan Committee for permanent gap financing and will provide an update at that time.

The budget currently carries typical contingencies of 3% for Bid, 2% for Plan Check, and 5% for Owner's Hard Cost. The Project also carries escalation of 4% and a hard cost contingency of 9.2%. These will be reduced to 0% and 5% at final gap.

4.4. Commercial Space.

Cross Cultural Family Center (CCFC), the childcare provider, is currently located on the east side of Potrero Hill in two apartment units in what is Phase 3. Per the Relocation Plan approved by HUD in 2017, CCFC will be relocated to the new childcare space located on the ground floor of Building A in Block B. At 6,203 square feet, the center will serve up to 52 children from age 4 months to 4 years old. There will be 45 slots set aside for low to moderate income households and 7 slots for market rate households.

As part of the Potrero HOPE SF relocation plan, the Sponsor is required to provide a new site up to the standard warm shell and fund CCFC's moving costs. CCFC is working with LIIF and the City's Human Services Agency (HSA) to determine overall costs and financing. It is estimated to cost \$4.5M to develop the CCFC space and tenant improvements, of which MOHCD is covering approximately \$901,932 in warm and cold shell costs and LIIF will provide \$2.4M in capital funding. This leaves \$1.2M left to fund. LIIF is investigating whether CCFC can secure additional funds from Implementing Our Communities Plan (IPIC) with the Planning Department, or low interest rate loans.; fundraising is also an option. The Sponsor will work with MOHCD and HOPE SF to identify additional funding sources for capital improvements to the childcare center. The final numbers will be provided at Gap financing request in the Spring of 2021.

The Commercial Operating budget assumes a lease of \$1 per square foot monthly with a 1.5% inflator year over year, and a triple net lease, so expenses are low for the Sponsor and only include \$15,450 for liability insurance for the Sponsor. The first year's vacancy is projected at 50% and 5% every year after that with a 3.5% expense inflator. The Sponsor is currently working on a MOU agreement to spell out buildout, financing details and lease terms which will be complete prior to returning to MOHCD for gap financing.

4.5. Service Space.

Block B will contain a property management office and a services office. The offices will total 4,371 sf and will be located on the ground floor of Building A adjacent to the building lobby. The Sponsor will go through the procurement process to select a service provider that will utilize the service office before returning the Loan Committee in the Spring of 2021 for Gap financing.

4.6. Target Population

Per the Development Agreement, the Project will serve households with incomes up to 60% TCAC AMI (74% SFAMI). However, as a requirement of AHSC, the project will designate 49 units at 30% SFAMI, 72 units at 50% SFAMI and 36 units at 60% SFAMI.

For 75% (117) of the units, the target population is existing residents of the Potrero Annex and Terrace public housing site, who are in good standing, and eligible for a new housing unit under the SFHA Right to Return policy and City Ordinance #227-12. The Master Development Agreement with SFHA restricts incomes in these units to 60% TCAC AMI (74% SFAMI), however, over-income residents who are in good standing are also guaranteed a unit within this building.

The remaining 25% (39 units) of the units will be subject to San Francisco’s standard marketing and occupancy preferences, as outlined below. There is one 2-bedroom managers unit, for a total of 157 units in Block B.

4.7. Marketing & Occupancy Preferences

The 117 public housing replacement units under a PBV or RAD contract will be filled by current Potrero Annex and Terrace public housing residents with a Right to Return and referred by SFHA. SFHA publishes the Potrero preferences in the Administrative Plan annually. As tenants vacate the PBV or RAD units, HOPE SF residents with a Right to Return will have first priority followed by households on the SFHA waitlist.

The preferences for the 25% of units subject to the standard marketing and occupancy preferences are as follows:

MOHCD Preference	Applicant Category
1	Certificate of Preference (COP) Holders
2	Displaced Tenants Housing Preference (DTHP) Certificate Holders (20% - 8 units)
3	Neighborhood Preference (25% - 10 units)*
4	Live or Work in San Francisco Preference
5	All Others

*Due to this Project receiving state funding for AHSC, the Neighborhood Preference set aside is reduced to 25% of available units, instead of 40%.

4.8. Relocation.

A phase-specific relocation plan prepared by the Sponsor was approved by the SFHA Commission on July 26, 2018. Relocation of Phase 2 households was completed in July 2019. There were 53 households that were relocated to 1101 Connecticut, with the remaining 25 households relocated to rehabilitated units within the existing Potrero public housing complex.

This request for funding includes \$344,000 in relocation costs. These includes permanent relocation benefits paid to residents who move into replacement units within Block B. SFHA is responsible for coordinating the household moves, with the Sponsor and services assistance.

The Sponsor currently holds funds in the Potrero Master Loan budget to pay Shanti, a Potrero service provider, for relocation readiness services for households who will relocate to the completed Block B units from Phase 3 public housing units. This work will start in January 2021 and include outreach to residents in the Potrero Annex area specifically. Due to turf issues and complex perspectives on the revitalization of the neighborhood, much outreach is needed to ensure residents move into safe locations within the development area. Relocation readiness remains a concern. The Sponsor and Shanti will provide a plan of action to MOHCD and HOPE SF to address these concerns, in order to ensure proper lease up for the building once complete.

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

5.1. Prior MOHCD/OCII Funding.

Loan Committee approved a predevelopment loan in the amount of \$2,206,907 on March 17, 2017. There have been no other approvals or adjustments.

5.2. Disbursement Status.

There is \$495,707 remaining for disbursement on the predevelopment loan. The Sponsor has noted that the remaining funds will not be enough to carry the Project through August 2021 construction start and that additional sources of funds are needed. Without funds available from MOHCD, the Sponsor will seek additional sources of funds to cover the predevelopment work through construction start. Sponsor will provide source and terms to MOHCD for approval before executing or drawing on the additional source prior to Gap request.

5.3. Fulfillment of Loan Conditions.

Condition: Project Sponsor must complete template site control documents with SFHA, including but not limited to construction license and ground lease.

Status: Construction license, short term ground lease documents are complete. Sponsor needs to finalize affordable housing ground lease before construction start.

Condition: Project Sponsor must complete relocation plan related to demolition of existing buildings in Phase II.

Status: Completed. See section 4.2 above.

Condition: MOHCD must review and approve Phase II schedule, including sequencing of relocation, demolition, infrastructure construction and construction start of Block B.

Status: Completed. Construction start on infrastructure improvements in Phase 2 begins February 2021.

Condition: Project Sponsor must complete MOHCD AHSC funding review.

Status: Completed. Sponsor was awarded AHSC funds in HCD's round 5.

Condition: Project Sponsor must have secured adequate PBV funding award to facilitate relocation of existing residents into Block B upon construction completion.

Status: In Process. The Sponsor has PBV allocation per the Section 18 Demolition and Disposition award from HUD. SFHA is leading this application process for Block B's PBV award. The Sponsor will execute an AHAP with SFHA before construction start.

Condition: MOHCD must review and approve design and financing plan for the childcare space.

Status: In process. The Sponsor is working with CCFC to finalize budget with LIIF. These numbers will be finalized before construction start.

Condition: MOHCD must review and approve the architect contract.

Status: Completed.

Condition: MOHCD must review and approve the construction management contract.

Status: Completed.

Condition: MOHCD must review Request For Proposals (RFPs) for equity investors before it is finalized and released for investors.

Status: In Process. This funding request is for a Gap commitment to allow the Sponsor to apply to CDLAC and TCAC. The Sponsor will begin to prepare the equity RFP in January of 2021 and distribute in early February after MOHCD review and approval.

Condition: MOHCD must review all responses to lender and investor RFP from developer or financial consultant prior to selection.

Status: In Process. This funding request is for Gap commitment to allow the Sponsor to apply to CDLAC and TCAC. Once awarded, the Sponsor will draft the investor RFP and MOHCD will approve of the selection.

Condition: MOHCD and HOPE SF Director must review and approve services plan and services budget, security plan and budget, and marketing/lease-up budget.

Status: In Process. Final approval of approve services plan and services budget, security plan and budget, and marketing/lease-up budget will be approved 6 month before TCO.

5.4. Permanent Sources Evaluation Narrative:

Permanent loan: Based on a DSCR of 1.10 in the 1st year and current income mix, the Project can support a first mortgage of \$57M at a 3.455% fixed interest rate with a 30

year amortization. However, the Sponsor currently shows a permanent mortgage of approximately \$52M at a rate of 3.55% for 30 years. The Sponsor will look at other financing options before returning for final gap approval, including extending permanent loan to 35 or 40 years, or providing additional tranche funding for the taxable tail portion of the construction loan, in order to reduce MOHCD debt even further.

Construction Loans: The Sponsor will apply for a CDLAC allocation in February 2021 for \$101,679,286 in tax exempt bonds, after requesting a waiver from the \$75M cap, and with a competitive score of 119 for the tiebreaker. The Sponsor is assuming a 30 month construction term loan at 2.87%. There is increased competition given limited available funds.

In initial analysis, the Sponsor believes the competitive score for the tiebreaker can be improved if only a portion of the eligible Phase 2 infrastructure loan is assigned to the Project, however, as noted below this will reduce the leveraged equity by approximately \$7M. The Sponsor will work with MOHCD to find the best course of action of lowering MOHCD debt before returning for gap financing commitment. If the Sponsor is unsuccessful at obtaining an award this round, it will resubmit in the next application round. This would further delay the Project from an August 2021 start to a December 2021 start.

Taxable Construction loan amount is estimated to be \$24M at a rate of 3.07% for 30 month which is industry standard. As noted above, the Sponsor will look to see if these costs can be offset by additional permanent tranche, before returning to request final gap.

Tax Credit Equity: The Sponsor will apply for 4% tax credits in February 2021. Due to the current market conditions, the Sponsor anticipates \$0.96 tax credit pricing for a total of \$65,327,911 in equity. The Sponsor's numbers and assumptions do not take into account the recent upgrade in pricing to 4%, which was included in the December 2020 stimulus bill. If the Sponsor were to achieve the 4% rate, this could greatly reduce or eliminate MOHCD debt from the Project.

There are many items for consideration that are still to be determined, including tax credit pricing, or removing the assigned infrastructure loan. In the event that this Project receives better tax credit pricing, which considering the large amount of PBVs in the Project and the significant cash flow, then the MOHCD loan will be decreased. The Sponsor will return to MOHCD with updated numbers for gap.

AHSC: The Sponsor was awarded \$20,000,000 in 2020. The Sponsor can request these funds for the grant activities once construction starts, which would include partial repayment of the Phase 2 Infrastructure loan of \$1.5M. The Sponsor will draw from the \$101M construction loan during the construction period and the AHSC funds will be a source at permanent conversion.

AHP: The Sponsor will apply for \$1.5M in AHP funds in March 2021, the maximum amount allowed under the program currently. The Sponsor has not completed an analysis

of competitiveness for the program nor have they selected a member bank for the March application. This MOHCD loan request includes bridging the AHP funds until awarded by FHLBSF. In the event that the Sponsor is not awarded in the 2021 round, the Sponsor will continue to apply until construction is complete. However, in the event that AHP is awarded in the March 2021 round, the MOHCD will reduce the final MOHCD gap loan amount before construction close.

Assignment of Potrero Phase 2 Infrastructure Loan: In order to leverage more tax credit equity, up to \$15,153,390 of Potrero Phase 2 Infrastructure loan may be assigned to Block B at a 0% rate for 55 years. Assigning this amount increases the overall project budget and generates \$7,879,763 amount in additional tax credits. Assigning this amount would mean that the residual amount left on the Phase 2 Infrastructure loan, after payment from IIG and AHSC, would be \$788,744. A final update will be provided by the Sponsor at the Gap request.

MOHCD Infrastructure Loan	\$	15,942,134
Infill Infrastructure Grant Program	\$	11,699,000
AHSC Sustainable Transportation Infra Grant	\$	1,500,000
TOTAL SOURCES of Potrero Phase 2 Infrastructure	\$	29,141,134

MOHCD: The Sponsor is requesting \$12,057,404 from MOHCD in gap financing. On a cost per unit basis, this is \$76,799 of MOHCD subsidy per unit, which is significantly less than the \$227,189 per unit average of other projects within MOHCD pipeline. This is inherently due to the increase equity and debt that the Project can generate due to the PBV contracts, as well as the additional AHSC capital source.

Adding in the Assigned Infrastructure Loan to the MOHCD subsidy would increase the subsidy amount per unit to \$173,228, still \$53,961 per unit below the MOHCD subsidy per unit average. Alternatively, not assigning the debt, increasing tax credit pricing, and factoring in the 4% tax rate could also reduce MOHCD debt. The Sponsor will return to MOHCD in the spring with final numbers.

5.4.1. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit are within standards	N	\$793,722/unit vs \$655,693 See section 4.3 for CR narrative on hard cost expenditures.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	N	Hard Cost Contingency is 9.2%. Sponsor will decrease this amount to 5% at permanent gap request.
Architecture and Engineering Fees are within standards	Y	Contract is approx. \$3.7M which is within MOHCD underwriting guidelines.
Construction Management Fees are within standards	Y	\$288K per CM2 RFP response.
Developer Fee is within standards, see also disbursement chart below	Y	Total Dev Fee is \$13,750,000 Project Management Fee is \$1,100,000

		Total At-Risk Dev Fee is \$1,670,000 Commercial Fee is \$250,000
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 5%
Capitalized Operating Reserves are a minimum of 3 months	N	Capitalized Operating Reserve is equal to 7 months
Construction Security	Y	24/7 security is covered in the GC contract.

Hard Costs: Hard costs are estimated by Cahill as approximately \$113M. In addition, there is a 9% hard cost contingency, and 4% for escalation to construction start in August 2021. The actual unit construction hard cost, infrastructure costs, including all contingencies and escalation equals \$124,616,299, without the infrastructure assignment. This includes the cost of the partially subterranean parking garage (\$2,100,000 total or \$17,797 per spot), as well as the 1:1 bicycle parking that is required by the Planning Code.

Capitalized Operating Reserve: The standard operating reserve, per MOHCD underwriting guidelines, is three months of Year One Operations expenses. Due to the size of the Project that amount would be \$723,146. However, \$1.2M is currently showing in the budget. In the event that this amount is not a requirement of the lender/investor, as seen on other HOPE SF projects, this amount will be reduced. The Sponsor will return for permanent gap financing in the Spring of 2021.

Construction Loan: At predevelopment, these costs were estimated at \$101,341,915. The cost is now \$101,679,286, with an assumed term of 30 months and interest rate of 2.87% with a 50 bp floor, and \$4.5M in construction interest reserve. Higher construction costs, rather than adjustments to the estimated loan terms, increased the estimated tax-exempt construction loan amount. The Project also includes a taxable construction loan amount of \$23,884,299 at 3.07% for a 30 year term, with \$312k in construction interest reserve. . The increase in loan amounts also increased bond issuance costs. The AHSC grant will pay down a substantial portion of the taxable loan at permanent conversion.

Security: During construction, the General Contractor will use a full surveillance system with security cameras that is budgeted at \$146,088 and is included in the GMP amount. Previous MOHCD projects, including those at HOPE SF sites, have seen success with these systems.

Marketing/Lease Up: The marketing budget is \$650,000 which includes a 3-month lease up reserve. The reserve is expected to cover expenses for staffing and building operations that occur while the building is not yet fully leased up and the sponsor is unable to collect the full amount of rent necessary for building operations. The Sponsor will work with MOHCD on bringing these reserve costs in line with MOHCD standards before applying for final gap

5.5. Permanent Financing Developer Fee

5.5.1. Cash Out Fee.

The developer fee at predevelopment funding was \$4M. The Sponsor is requesting an exception to the Developer Fee approves at predevelopment to increase the developer fee to \$13,750,000. This will include \$2,570,000 in cash out fee, \$5,129,175, in GP equity, and another \$5,600,425 of deferred developer fee.

Increasing the developer fee by \$9.75M increases the eligible basis and generates \$5.2M more in equity. Staff recommends this waiver. In addition, the cash out fee does not increase MOHCD loan.

Sponsor and MOHCD will retain the 40%/60% cash flow split until the developer fee (at the lower level) is paid with HCD in the deal. MOHCD agrees to work with the developer and its financial advisor to adjust developer fee allocations prior to construction loan closing for the purpose of maximizing private debt and equity contributions to the project and minimizing public funding obligations.

Payment Milestone	% of Project Mgmt. Fee	Amount
At closing of preconstruction financing	23%	\$250,000
PM Fee portion 1 of 3: Predevelopment - HCD awards	9%	\$100,000
PM Fee portion 2 of 3: Predevelopment - CDLAC/TCAC award	9%	\$100,000
PM Fee portion 3 of 3: Predevelopment - final Gap commitment from MOHCD	9%	\$100,000
At Construction Close	20%	\$220,000
End of Construction	20%	\$220,000
Project close-out: PIS application; 100% lease-up; City Approval of Sponsor's project completion report and documents, including final cost certification	10%	\$110,000
Total Project Management Fee	100%	\$1,100,000
At-Risk Fee		\$1,570,000
Total Cash Fee		\$2,570,000
GP Capital Contribution		\$5,129,575
Deferred Developer Fee		\$5,640,425
Commercial Developer Fee		\$250,000
Total Developer Fee		\$13,750,000

5.5.2. At-Risk Developer Fee Payment

Payment Milestone	% of At Risk Fee	Amount
95% Leased Up and Draft Cost Certification	20.00%	\$334,000
Permanent Loan Closing/Conversion (Final Cost Certification)	50.00%	\$835,000
Project Close Out (See Project Management Project Close-Out milestone activities)	30.00%	\$501,000
Total At Risk Fee		\$1,670,000

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

6.1. Annual Operating Budget

Project Based Section 8 (PBV) Units: The Project has been awarded 107 PBVs from SFHA to support the public housing replacement units, as allowed under HUD’s Section 18 Demo Dispo program. Per SFHA’s updated Administrative Plan, all future Housing Assistance Payment (HAP) contracts will be 20 years in duration, with an automatic 20 year renewal. Income from the PBV units reflected in the loan underwriting for this evaluation is based on current 2020 Payment Standards, less utility allowances.

Considering the current market rents are down over 20% in 2020 due to the pandemic, the Sponsor has kept rents at the 2020 payment standard through year six of lease up, after which the 2.5% income inflator starts. Total annual rent collected is projected to be \$3,178,344 for the PBV units.

RAD units: For Potrero, the Sponsor and MOHCD have agreed to place the Block B RAD subsidies in 8 one-bedroom replacement units at 30% SFAMI in order to minimize the loss of subsidy to the Project. The total annual rent received for these 8 one-bedroom units is \$1,846,881 in Year One. The Project is underwritten to 2020 RAD rents, which are far lower than PBV FMRs overall.

SFHA and MOHCD are investigating the potential use of public housing DDTF funds to augment the RAD award rents by \$500-\$600 per unit per month. If this is allowed by HUD, the Project’s RAD units will be able to generate additional debt and the MOHCD gap will be reduced.

TCAC units: There are 39 units subject to the City’s occupancy preferences, with income limits from 30% SFAMI up to 60% SFAMI. Total rental income expected for these units in the 1st year of operations is \$926,412.

6.2. Income

Potrero Block B Unit and SF AMI Set-aside				
Unit Type/SFAMI	30%	50%	60%	Total
1BR	11	19	10	40
2BR	19	24	11	54
3BR	15	26	11	52
4BR	4	4	3	11
Total	49	73	35	157

6.3. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is between minimum 1.10:1 and maximum 1.15:1 at year 15	N	DSCR is 1.16:1 in year 1 Based on an assumed flattening of PBV FMRs for an initial period of 5 years, the DSCR trends down to 1.24.DSC is

		1.46:1 in year 15 due to the required 2.5% escalation factor, which has a greater effect on PBV unit rents. Sponsor will work with MOHCD to bring the DSCR in line with MOHCD underwriting guidelines before final gap by increasing the permanent loan.
Debt Service Coverage Ratio stays above 1.00:1 for entirety of projected 20-year cash flow	Y	DSCR does not go below 1.00:1
Vacancy meets TCAC Standards	Y	Vacancy is 5%
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5%; for PBVs rents the escalation is applied in year 6.
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 comparable	Y	Total Operating Expenses are \$11,750 per unit, before debt service payment and includes ground lease.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$122,460 or \$65 PUPM
Property Management staffing level is reasonable per comparable	Y	3 FTEs, 2 maintenance and 2 security guards (shared with Block X)
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$22,000/yr. Annual PM Fee is \$22,000/yr.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$400 per unit per year
Limited Partnership Asset Management Fee meets standards	Y	LP Asset Management fee is \$5,000/yr. and does not increase annually

Operating costs: The operating cost per unit per annum (PUPA) is \$11,750, including reserves, ground lease payment to SFHA and Master Association fee. This is slightly lower than HOPE SF's portfolio average of \$12,167 PUPA.

HOPE SF Developments	Units	PUPA*
Potrero Block B	157	\$ 11,750
Sunnydale Block 6	176	\$ 12,513
Potrero Block X	72	\$ 13,114
Sunnydale Parcel Q	55	\$ 12,454
Alice Griffith Phase 4	31	\$ 13,405
Alice Griffith Phase 3	122	\$ 10,901
Alice Griffith Phase 2	91	\$ 10,768
Alice Griffith Phase 1	93	\$ 10,786
Hunters View Phase I	107	\$ 13,882
Hunters View Phase IIB	179	\$ 13,317
Hunters View Phase III	100	\$ 11,074
Hunters View Phase IIA	107	\$ 11,628
<i>Average</i>	<i>103</i>	<i>\$ 12,167</i>

*Does not include debt service

Property Management Staff Costs: Currently, the Sponsor is budgeting these positions in the operating budget:

- 1 FTE Manager - A senior property manager at \$70,000 annual salary is proposed given the large size of the property and the high number of units.
- 1 FTE Assistant Manager, 1 FTE Building Maintenance, and 1 FTE leasing Office assistant is budgeted at \$126,000 annually.

The budget includes costs for managers unit, which is not allowable per MOHCD guidelines. In addition, MOHCD staff believes this level of management staffing may be too low for the number of units. The Sponsors will work with MOHCD to bring coverage in line with other HOPE SF projects before applying for gap financing.

Master Association Fee: The annual association fee per unit is estimated at \$500 per unit per year. The Sponsor will determine the actual fee closer to the sale of the market rate parcels. This cost isn't set to be paid from the operating budget until the public open spaces come on line around 2025, but for budgeting purposes, it is included now. For the years that the HOA is not paid for by the budget, this will be treated as residual receipts and subject to the cashflow split.. This estimate is also based on previous HOPE SF development sites.

Security: The Project budget includes cost of security to walk the property 7 days a week for an 8 hour shift, when property management is not on Site. There are economies of scale, since this Project will share security services with 1101 Connecticut. In the event that Potrero switches to a campus-wide approach to security, this number will be potentially reduced.

RAD Tenant Protections: The operating budget does not include \$25 PUPA for the tenant association, as required by the RAD contract. The Sponsor will work with MOHCD to bring all costs in line with guidelines before gap financing request.

7. SUPPORT SERVICES

7.1. Services Plan.

HOPE SF's model is based on the notion of *community stewardship*, which is necessary to support the long term vibrancy of revitalized mixed-income communities where all can thrive. Different from community building, resident leadership, or service provision, community stewardship prioritizes mutual accountability and respect and the understanding that all stakeholders have a role in envisioning and cultivating a very different "operating culture" in the community - from one dominated by fear, isolation and a focus on compliance to one dominated by aspiration, inclusion and a focus on creative ways to co-design a more vibrant, inclusive community. In a stewardship model, there is consistent and intentional action to promote inclusion and self-agency and residents are positioned as the driving force that will ultimately enabling the conditions for services to work more effectively.

For the duration of the Project, BRIDGE will continue to implement trauma-informed practices while remaining attuned to the evolving needs and aspirations of the Potrero Community. BRIDGE staff is currently revising its community engagement plan to ensure engagement activities meet the needs of community and proposed changes to physical plant, phasing, governance, and community services reflect community aspirations and input. Illustrations from 2019/2020 include design charettes for Block B and input on community agreements (formerly known as “House Rules”) for 1101 Connecticut. The updated community engagement plan will reflect learnings from prior engagements and provide space for residents to recommend improvements,

Currently, there are two broad types of services at Potrero: 1) services or interventions that support personal/community needs (food security, housing stabilization, case management), and 2) services or interventions that support positive relationships between and amongst Potrero residents and the institutions that serve them. BRIDGE partners with a myriad of service providers in either a coordinating or supporting capacity. Funding for these activities is derived in three ways: direct funding from BRIDGE through internal sources; funding derived from development sources such as City managed vertical/infrastructure loans; and direct funding from City and County of San Francisco to the provider.

To support the residents who reside in the Block B development at Potrero Hill Terrace/Annex, the team has identified two service priorities: service coordination/care navigation (with an emphasis on supporting residents with resources that promote housing stability) and adult education. Provider contracts will be executed on a one-year term with the option to renew for up to 5 years, to allow both scope and providers to change along with resident needs.

Currently, the Sponsor has not identified a service provider for Block B. The Sponsor will have identified a Sponsor before requesting permanent gap financing from MOHCD. A MOU will be provided at that time.

7.2. Services Budget.

The Services Budget totals \$180,550 per year. To date, the Sponsor has not yet been able to establish a level of service consistent with HOPE SF and MOHCD guidelines. The Sponsor will work with MOHCD to bring these costs and coverage in line with these guidelines as well as identify a service provider by the time the Sponsor applies for gap financing from MOHCD.

8. STAFF RECOMMENDATIONS

8.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$13,557,404
Loan Term:	57 years
Loan Maturity Date:	2080

Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%

8.2. Conditions prior to Gap

- Sponsor will apply to FHLBSF for \$1.5M in AHP in March 2021 and will provide self-score to MOHCD in February 2021.
- MOHCD must approved of the RFP for lender and investors and approval of all selections.
- MOHCD must approve raw financial data from Sponsor or financial consultant prior to selection of lender/investor
- Sponsor will decrease DSCR to 1.1 in year 1 as well as maximize the amount of permanent debt.
- Sponsor will continue to value engineer design.
- Sponsor will issue a services RFP and will have selected a MOHCD/HOPE SF approved service provider and provide a MOU.
- Sponsor will provide source and terms to MOHCD for approval before executing or drawing on the additional source.
- Sponsor will execute an MOU with CCFC and finalize buildout numbers with MOHCD.
- Sponsor will work with MOHCD to bring staffing and annual costs in line with MOHCD underwriting guidelines.
- Sponsor will work with MOHCD to bring uses in line with MOHCD underwriting conditions, including escalation, hard cost contingency, capitalized reserves, etc.
- Sponsor will work with MOHCD to bring operating proforma in line with MOHCD underwriting guidelines, including RAD protection amounts, removing manager unit costs, updating appropriate staffing levels and services costs.

8.3. Conditions Prior to Closing

- The Sponsor will obtain an appraisal closer to construction financing close in order to assess the restricted value.
- Sponsor to provide BRIDGE resolution approval to enter into loan before closing.
- Executed NTP and ground lease.
- Sponsor will continue to value engineer design and any decrease will reduce the MOHCD gap amount. Final budgets will be due to MOHCD at by the time the gap loan is submitted to BOS for approval.

8.4. After Construction Close Loan Conditions

- Sponsor to provide services budget and scope of work for MOHCD and HOPE SF approval 6 months before TCO.
- Sponsor to provide security budget and scope of work to MOHCD and HOPE SF 6 months prior to TCO.
- Sponsor must provide marketing plan and lease up budget 6 months prior to TCO.
- MOHCD must review and approve commercial LOI or MOU before CDLAC application.

- Sponsor will re-apply to AHP in order to decrease MOHCD contribution in the event the Project is not award in 2021 round.
- Sponsor with work with SFHA and MOHCD to investigate the potential use of public housing DDTF funds to augment the RAD rents by \$500-\$600 per unit per month. If this is permissible, the project will be able to generate additional debt and the MOHCD gap will be reduced.
- Add early marketing condition for the lottery units?

9. LOAN COMMITTEE MODIFICATIONS

10. LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____

Tonia Lediju, Acting Executive Director
San Francisco Housing Authority

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Friday, January 22, 2021 1:31 PM
To: Chavez, Rosanna (MYR)
Subject: Potrero Block B Gap

Approve

Eric D. Shaw
Director

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

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Wednesday, January 27, 2021 9:13 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: BRIDGE FINANCING FOR POTRERO BLOCK B -Bridge Housing Co.

I approve the gap loan for Bridger Housing Co. requests request for \$12,057,404 in preliminary gap and \$1,500,000 in AHP bridge loan for a total preliminary gap loan request up to \$13,557,404.



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)

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Chavez, Rosanna (MYR)

From: Oerth, Sally (CII)
Sent: Friday, January 22, 2021 1:30 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR); Ely, Lydia (MYR)
Subject: Potrero Block B Prelim Gap Request- 1.22.21 Loan Committee

I approve the Prelim Gap Request for the Potrero Block B HOPE SF project, presented at the 1.22.21 Loan Committee.



Sally Oerth
Interim Executive Director

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

Chavez, Rosanna (MYR)

From: Katz, Bridget (CON)
Sent: Friday, January 22, 2021 1:28 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Potrero Block B Vote

Yes

Bridget Katz

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

Chavez, Rosanna (MYR)

From: Tonia Lediju, PhD <ledijut@SFHA.ORG>
Sent: Friday, January 22, 2021 1:30 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Potrero Block B Gap

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

Yes

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

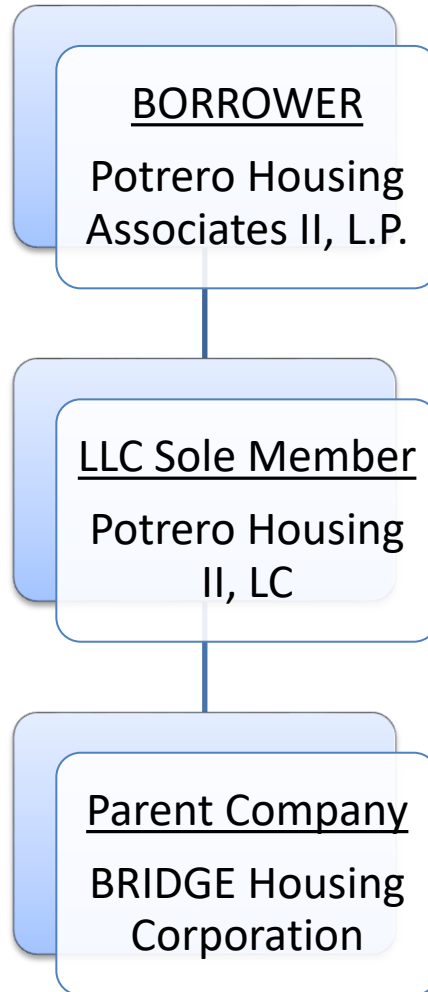
- Attachments:
- A. Project Milestones/Schedule
 - B. Borrower Org Chart
 - C. Developer Resumes
 - D. Asset Management Analysis of Sponsor
 - E. Site Map with amenities
 - F. Elevations and Floor Plans, if available
 - G. Comparison of City Investment in Other Housing Developments
 - H. Sources and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

Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)		
1	Acquisition/Predev Financing Commitment	<u>Completed</u>	
2.	Site Acquisition	<u>Completed</u>	_____
3.	Development Team Selection		
a.	Architect	<u>Completed</u>	
b.	General Contractor	<u>Completed</u>	
c.	Owner's Representative	<u>Completed</u>	
d.	Property Manager	<u>Completed</u>	
e.	Service Provider	<u>Completed</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>Completed</u>	_____
b.	Submittal of Design Development & Cost Estimate	<u>Completed</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>10/2/20</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>2/28/21</u>	
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	<u>Completed</u>	
b.	NEPA Environ Review Submission	<u>Completed</u>	
c.	Design Standards Variances Approved	_____	
6.	Permits		
a.	Building / Site Permit Application Submitted	<u>Completed</u>	_____
b.	Addendum #1 Submitted	<u>1/25/21</u>	
c.	Addendum #2 Submitted	<u>1/25/21</u>	
7.	Request for Bids Issued	<u>Completed</u>	
8.	Service Plan Submission		
a.	Preliminary	<u>12/2020</u>	
b.	Interim	<u>08/22</u>	
c.	Update	<u>02/23</u>	

9.	Additional City Financing		
a.	Predevelopment Financing Application #2	<u>N/A</u>	
b.	Gap Financing Application	<u>12/2020</u>	
10.	Other Financing		
b.	Construction Financing RFP	<u>N/A</u>	
c.	AHP Application	<u>3/2021</u>	<u>3/2023</u>
d.	CDLAC Application	<u>2/2021</u>	
e.	TCAC Application	<u>2/2021</u>	
11.	Closing		
a.	Construction Closing	<u>8/2021</u>	
b.	Permanent Financing Closing	<u>2/2024</u>	
12.	Construction		
a.	Notice to Proceed	<u>8/2021</u>	_____
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>8/2023</u>	_____
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>1/2023</u>	_____
b.	Commence Marketing	<u>02/2023</u>	
c.	95% Occupancy	<u>01/2024</u>	_____
14.	Cost Certification/8609	<u>5/2024</u>	
15.	Close Out MOH/OCII Loan(s)	<u>02/2024</u>	

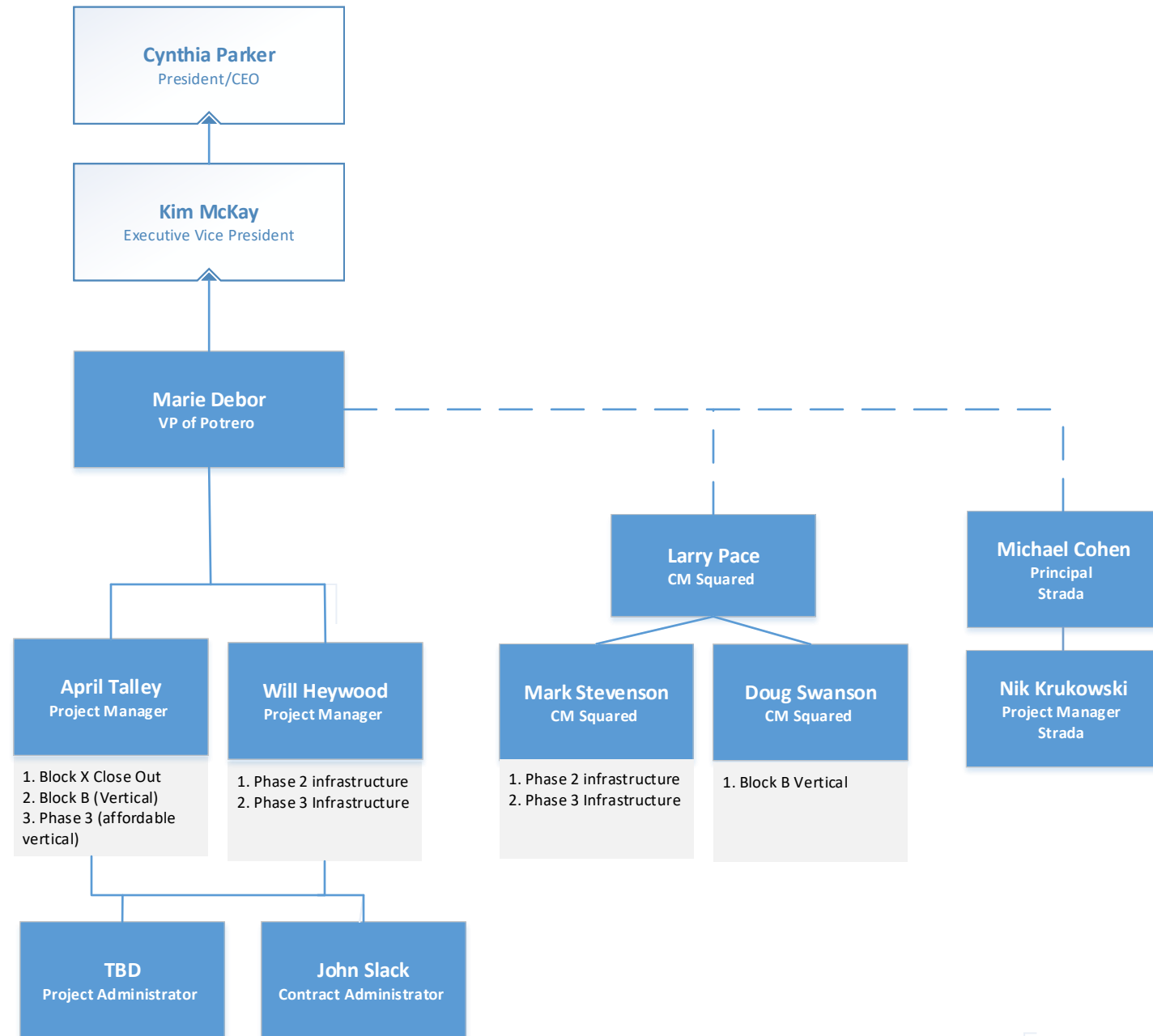
Attachment B: Borrower Org Chart



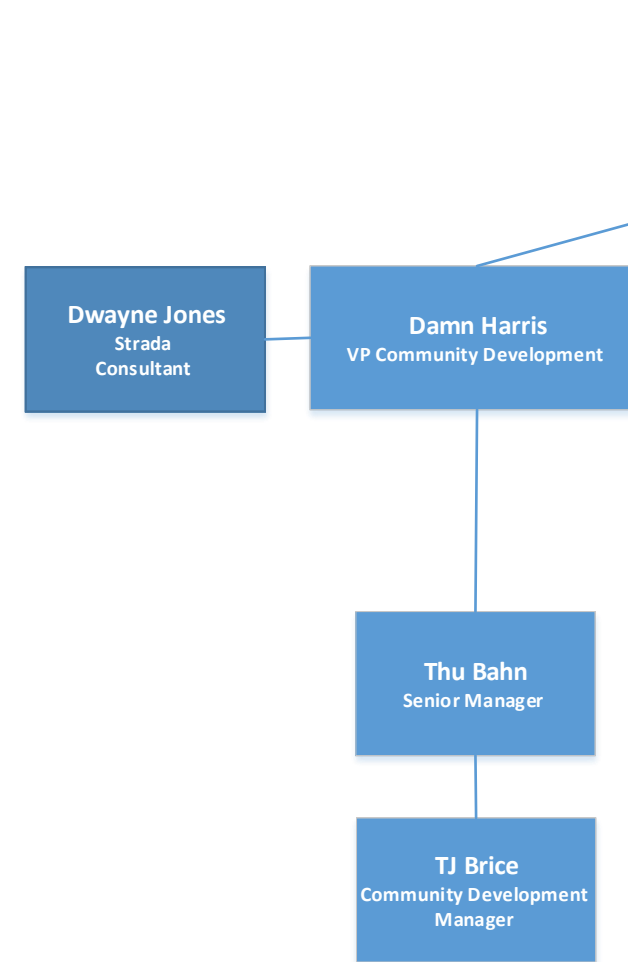
Potrero Org Chart

August 2020

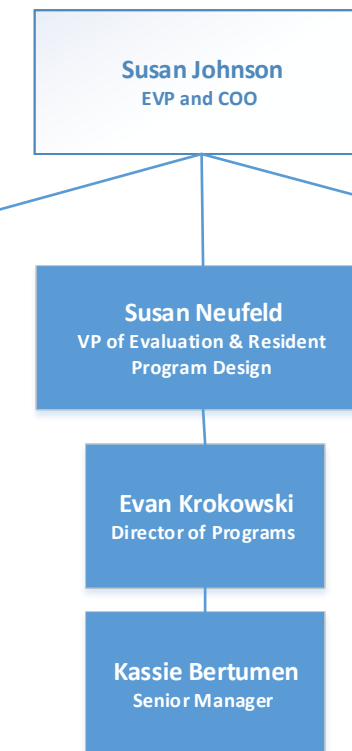
Development & Construction Mgmt



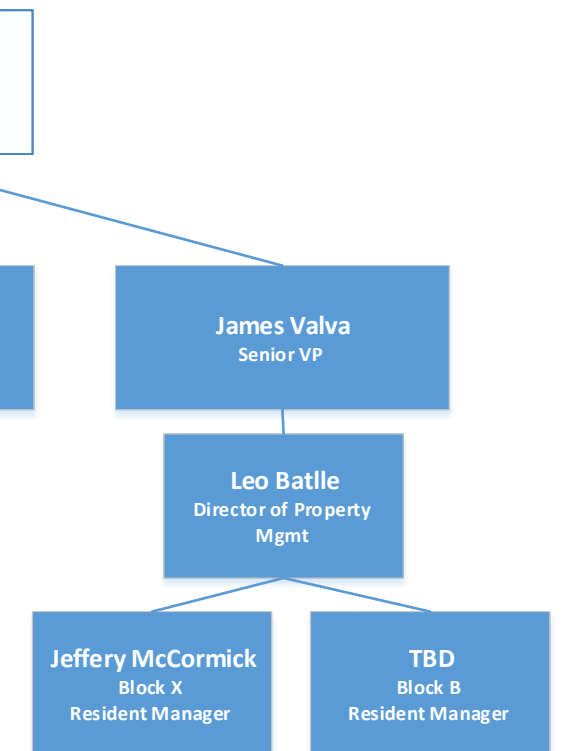
Community Development



Resident Services



Property Management



Attachment C: Developer Resume

BRIDGE Housing Corporation (“BRIDGE”): founded and headquartered in San Francisco, is the largest developer of affordable and workforce housing in California. Our mission is to produce high-quality homes for families and seniors at a variety of income levels, with a focus on those who are not served by the housing market. BRIDGE is organized as a non-profit. Since beginning active operations in 1983, BRIDGE has participated in the development of 14,000 homes and over 350,000 square feet of retail/commercial space in close to 100 properties valued at more than \$3 billion.

April Talley, Senior Project Manager, will be managing the development of Block B and will be managed by Marie Debor.



MARIE-THERESE DEBOR
Vice President

Date of Hire: 09/21/15

Division: Real Estate Development - Northern California

Work Experience

2002-2015: VP, The Related Companies.

2002: Commercial Real Estate Appraiser, FMV-Opinions.

2000-2001: Market Research Analyst, Cushman & Wakefield.

Education

BA, Business Administration, University of San Diego.

Associates, Hotel & Restaurant Management, Institute Hotelier Cesar Ritz.

Marie Debor joined BRIDGE in 2015 and has significant experience with long-term and multi-phase developments. In 2019 she began serving as Director of Potrero, and has continued to move the complex revitalization forward on all fronts. Over the past 17 years, Marie has developed and repositioned more than 1,600 multifamily units and secured nearly half a billion dollars of public and private financing. Her recent experience includes the \$20 million sale of two entitled market-rate housing sites at MacArthur Station in Oakland, and closing financing for a complex and controversial \$140 million affordable housing development in San Francisco, which will be the first in the city to include middle-income units under the 2015 Prop. A housing bond.

Marie previously spent 13 years at The Related Companies, most recently as Vice President of Development. Marie and her team were responsible for all aspects of the development process including financial analysis, acquisition, governmental subsidy negotiation, purchase contract/development agreement negotiation, planning and design, entitlement processing and financing. She recently completed the last two phases of a multi-phase redevelopment of Lion Creek Crossings, a former public housing site in Oakland, and a \$50 million construction loan closing for the first phase of Paradise Creek, a transit-oriented development in National City. Earlier, she worked as a Commercial Real Estate Appraiser for FMV-Opinions and a Market Research Analyst for Cushman & Wakefield in Irvine.

Marie holds a Bachelor of Business Administration with an emphasis on finance from the University of San Diego. She also earned an Associate Degree in Hotel & Restaurant Management from the Institute Hotelier Cesar Ritz, Le Bouveret, Switzerland.



APRIL TALLEY
Senior Project Manager

Date of Hire: 04/01/2020

Division: Real Estate Development – Northern California

Work Experience

2019-2020: Asset & Risk, Manager-Contract, Atlantic Housing Foundation, Inc.

2017-2019: Manager, Corporate Real Estate Analytics, Charles Schwab Corporation.

2016-2017: Development Manager, Fort Worth Housing Solutions

2014-2016: Project Manager, Better Housing Coalition

2013-2014: Asset Manager, Better Housing Coalition

2012-2013: Business Analyst, Klockner Pentaplast of America

Education

2011: Masters of Science in Finance, Virginia Commonwealth University.

2007: Bachelor of Arts in Finance.

April Talley is a Senior project manager at BRIDGE Housing Corporation, where she focuses on developing the affordable phases of Potrero starting with Block B in San Francisco, California.

April previously was Manager, Corporate Real Estate Analytics for Charles Schwab Corporation, where she conducted financial analyses of company owned and franchise real estate project proposals. Earlier, as Development Manager for Fort Worth Housing Solutions, she managed the conversion of more than 300 public housing units under HUD's Rental Assistance Demonstration program. At the Better Housing Coalition in Richmond, VA, she served as an Asset Manager and then as a Project Manager overseeing new construction and acquisition-rehab projects.

April holds a B.A. in Finance from Hofstra University and an M.S. in Finance from Virginia Commonwealth University.

Projects (current)

Potrero Block B



Attachment D: Asset Management Evaluation of Project Sponsor

Currently, there are 114 projects in the BRIDGE portfolio (note: this includes properties that are co-asset managed), including 18 operational projects financed by MOHCD, for a total of 12,404 units and an average of 109 units per project.

For sponsor's current asset management please see attached Org Chart.

BRIDGE takes a proactive approach to being a good steward and long-term owner of our portfolio. The Portfolio Asset Management Group at BRIDGE consists of seven full time staff and one half time administrator. The group is headed by our Vice President of Portfolio, Katherine Fleming, who has over 20 years of experience in affordable housing development and asset management, two Directors of Asset Management, Shanon Lampkins, who has over 19 years' experience and Cathy Escobar, who has over 20 years' experience. There are also two Asset Managers, a Portfolio Rehabilitation Manager and a Senior Portfolio & Sustainability Associate.

We track operational and dashboard performance in a number of ways. We have a monthly key indicator report that Asset Managers review for variances from our standards. We also utilize the MRI Developer Central Asset Management database to run portfolio wide performance reports. The Directors and Asset Managers are responsible for these monthly & quarterly reviews.

BRIDGE has implemented a standard of conducting a capital needs assessment on our entire portfolio every five year on a rolling basis. As part of that process, we load the reserve tables to our Asset Management database to track. Our Portfolio Rehabilitation Manager oversees all capital needs assessments as well as significant repair projects within our portfolio.

The Asset Management team works with other BRIDGE departments to ensure the long-term financial and physical health and regulatory compliance of BRIDGE-owned real estate. Examples of BRIDGE Asset Management's cross-department coordination include:

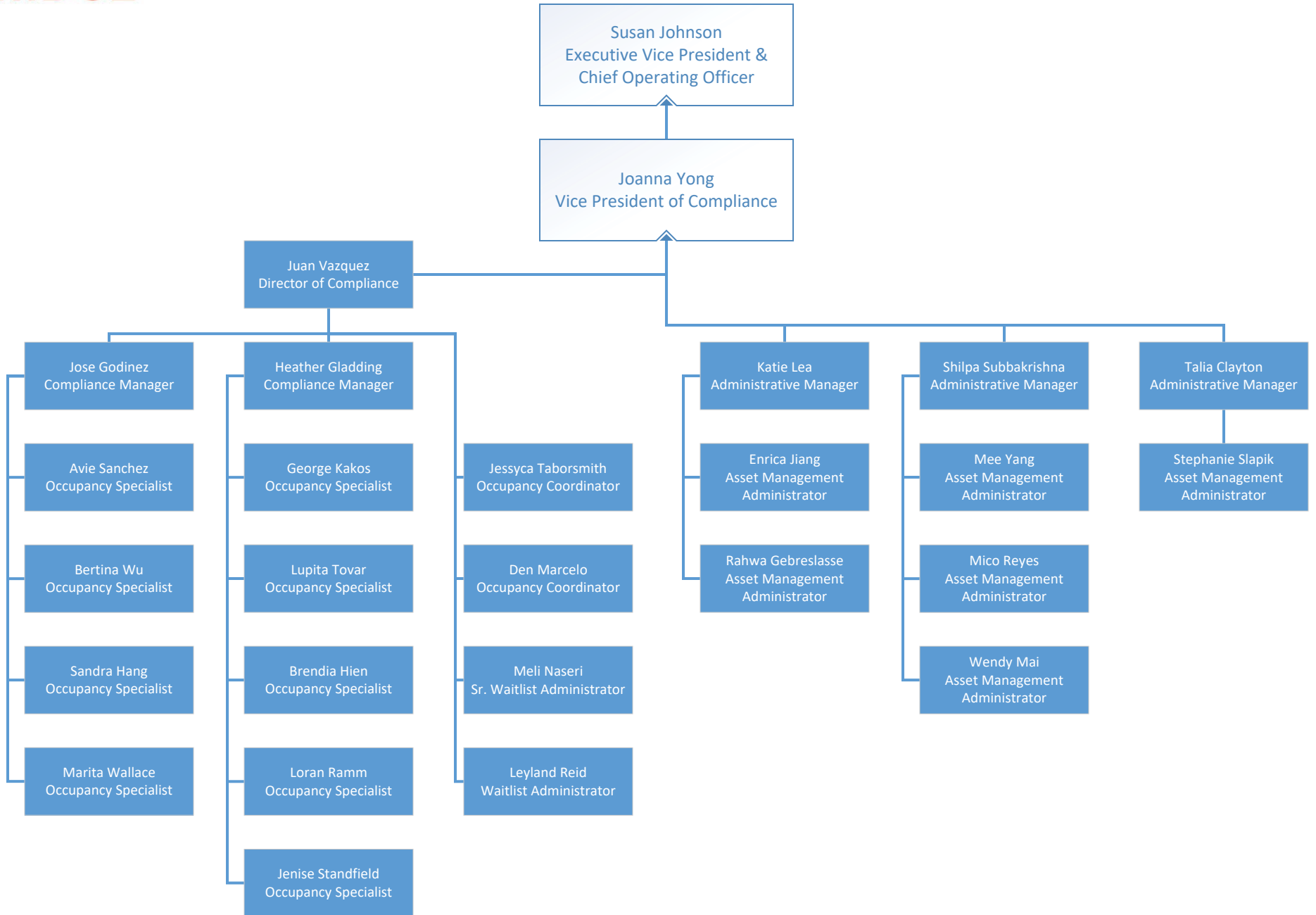
- providing due diligence services to the Real Estate Development team prior to acquisition of new properties
- coordinating with Property Management to ensure that the physical needs of the portfolio are met, including obtaining physical needs assessments and overseeing small and medium-sized rehabilitation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

BRIDGE 5 year pipeline includes 46 properties. Asset management staff will be added as needed to ensure all duties are performed and assets are well maintained.

BRIDGE Housing's asset management operations appear to be adequately staffed and appropriately designed and structured to meet the organization's large and growing portfolio. With a staff of 7.5 FTE and a portfolio of 114 projects, the ratio of asset management staff per project is approximately 1 to 15. With the addition of up to 46 new projects to the portfolio over the next five years, the ratio will increase

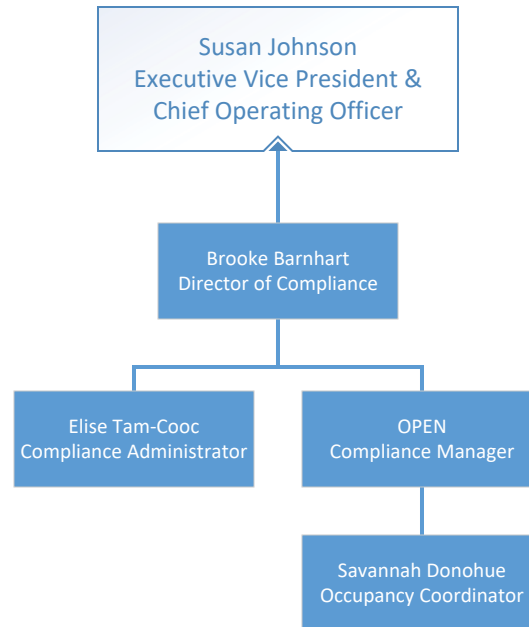


Asset Management / Compliance: Operating Properties



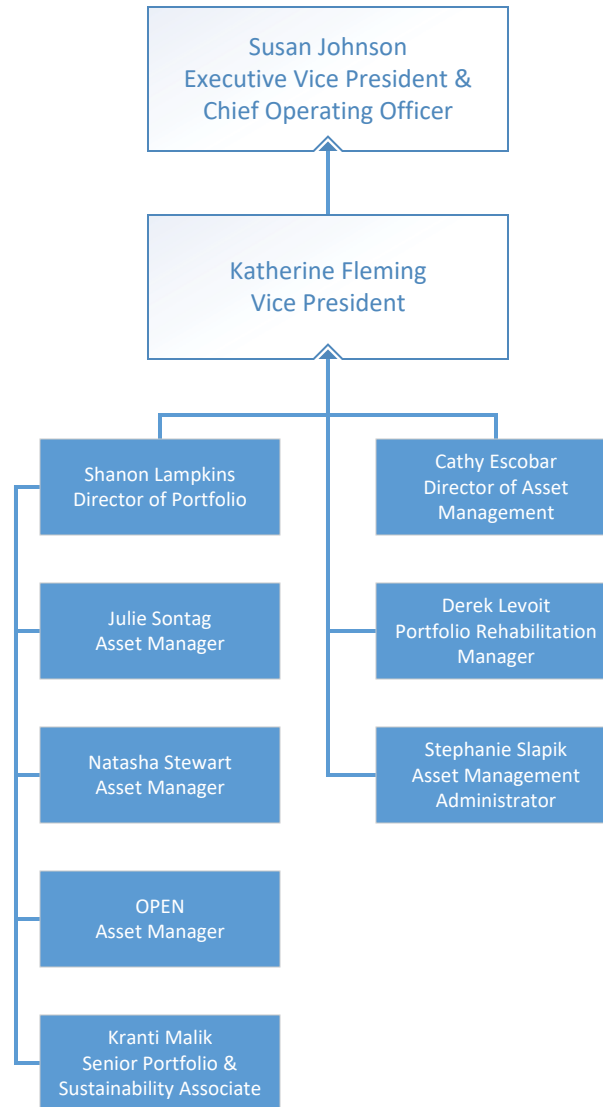


Compliance: New/Repositioned Properties





Portfolio Management



to 1:21. The general industry standard is 1 to 20-25. The executive and director level staff are highly experienced in this area and have been with the organization for three years or more.

Their work includes ongoing monitoring of operations and financial performance through monthly and quarterly reviews of key indicators and variance analyses. In addition, their work entails five-year cyclical assessment of the capital needs of the portfolio by a dedicated staff person who also manages significant repair projects. These activities appear to be properly coordinated with the other functional teams within the organization. Notable is the location of insurance services and risk management within the Portfolio Asset Management Group, which is prudent given the significant portion of operating expenses that insurance costs comprise and the impact of recent, high cost escalation on performance.

BRIDGE Housing's MOHCD-financed projects are currently in good standing with respect to reporting, affordability compliance and loan repayments.

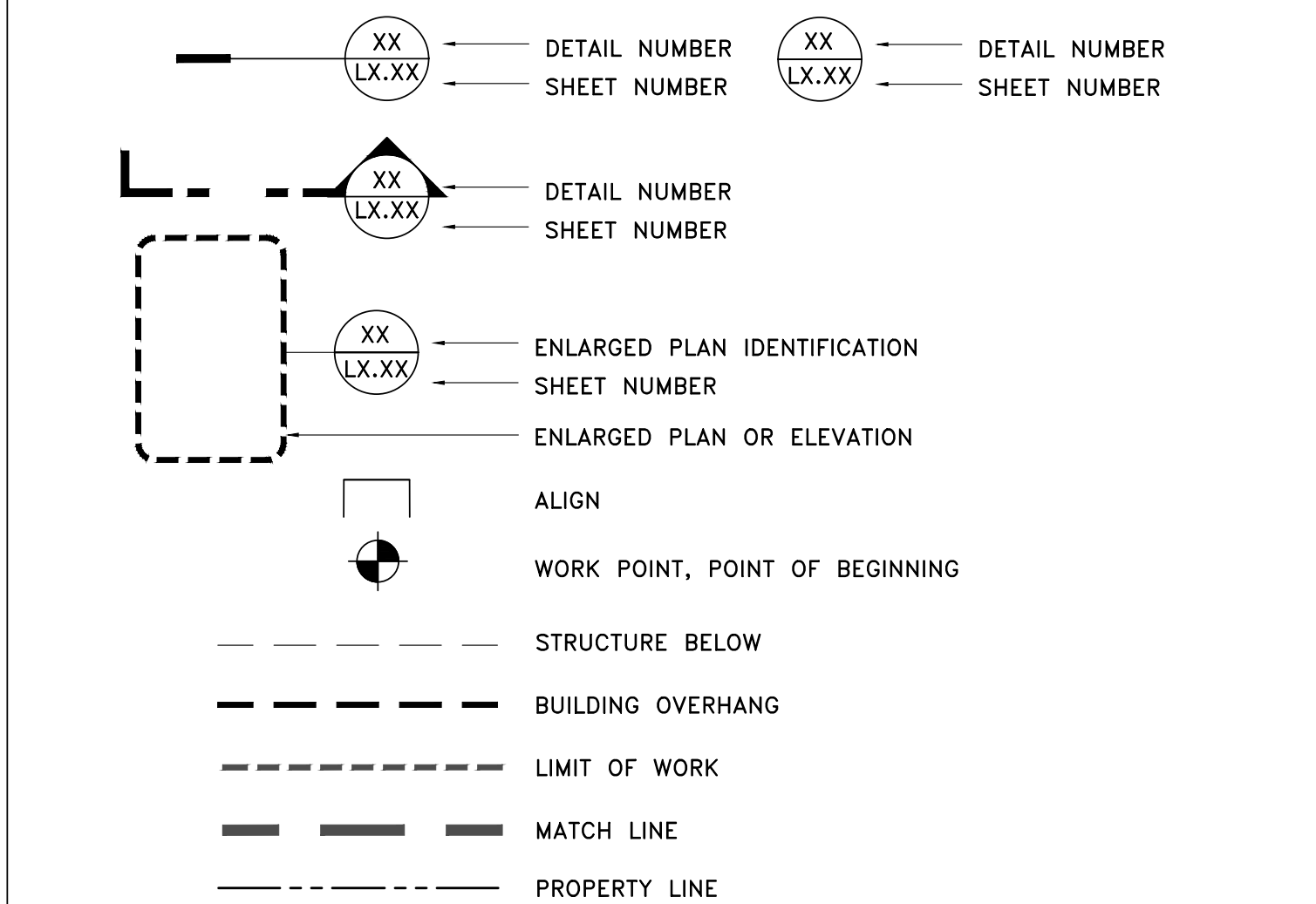
Attachment E: Site Map with amenities

Attachment F: Elevations and Floor Plans

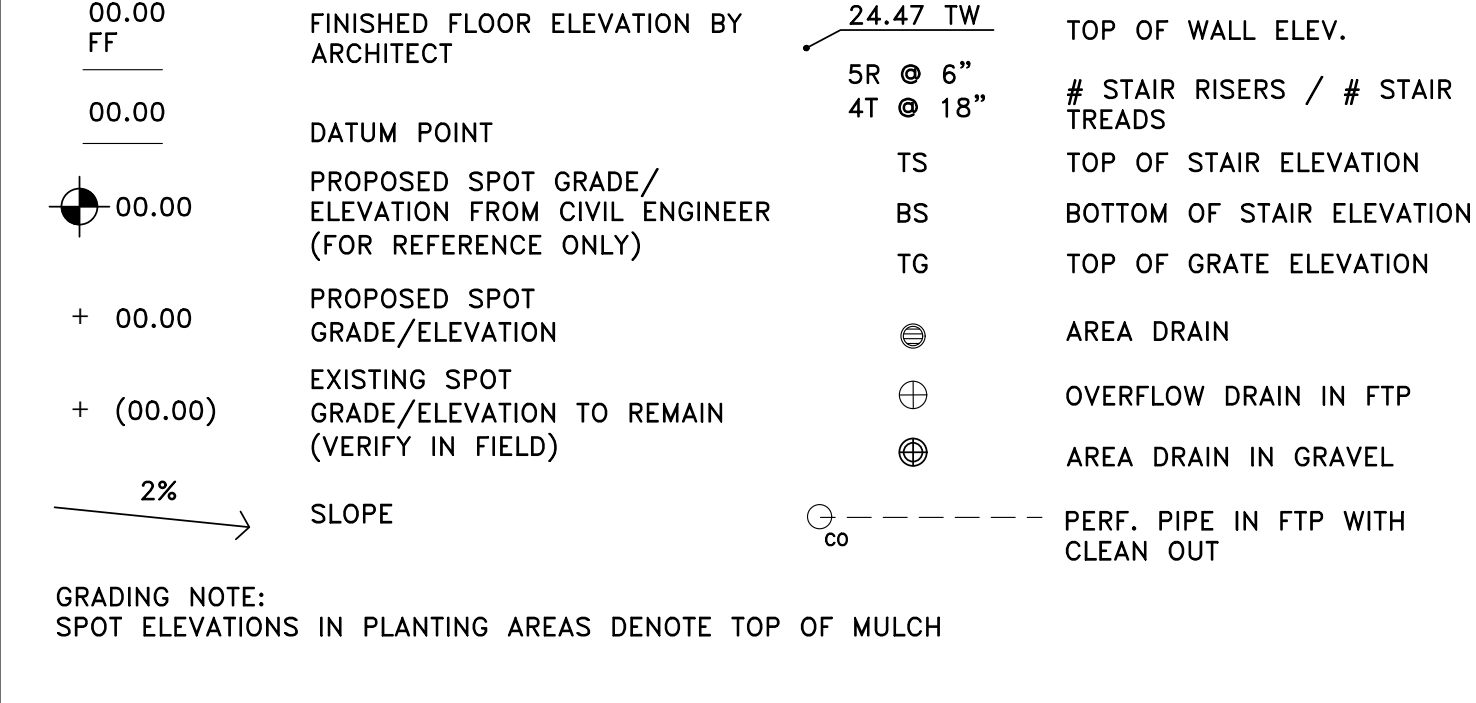
SHEET LIST

Sheet Number	Sheet Title
L0.01	SHEET LIST & KEY PLAN
L0.02	MATERIAL LEGENDS & NOTES
L1.01	PERIMETER LAYOUT & MATERIAL PLAN
L1.02	PERIMETER LAYOUT AND MATERIAL PLAN
L1.03	COURTYARD LAYOUT & MATERIAL PLAN
L1.03A	CHILDCARE YARD MATERIAL PLAN
L1.04	PERIMETER LAYOUT AND MATERIAL PLAN
L2.01	PERIMETER GRADING PLAN
L2.02	PERIMETER GRADING PLAN
L2.03	COURTYARD GRADING PLAN
L2.03A	COURTYARD SUBGRADE GRADING PLAN
L2.04	PERIMETER GRADING PLAN
L3.01	COURTYARD SECTIONS (TO BE UPDATED)
L3.02	COURTYARD SECTIONS (TO BE UPDATED)
L3.03	PERIMETER SECTIONS
L4.01	LANDSCAPE DETAIL
L4.02	LANDSCAPE DETAIL
L4.03	LANDSCAPE DETAIL
L4.10	PLANTERS ON STRUCTURE
L4.11	PLANTERS ON GRADE
L4.20	STAIR ON GRADE
L4.21	STAIR ON STRUCTURE
L4.22	AMPHITHEATER ON STRUCTURE
L4.30	FENCE DETAILS - MINI PARK
L4.31	FENCE DETAILS - COURTYARD FENCE
L4.32	FENCE DETAILS - CHILDCARE ENTRY
L4.33	FENCE DETAILS - MINI PARK GATES
L4.40	LANDSCAPE DETAIL
L4.41	LANDSCAPE DETAIL
L4.42	LANDSCAPE DETAIL
L5.01	PERIMETER SOIL PLAN
L5.02	PERIMETER SOIL PLAN
L5.03	COURTYARD SOIL PLAN
L5.04	PERIMETER SOIL PLAN
L6.01	PERIMETER PLANTING PLAN
L6.02	PERIMETER PLANTING PLAN
L6.03	COURTYARD PLANTING PLAN
L6.04	PERIMETER PLANTING PLAN
L6.05	PLANTING DETAILS
L7.01	PERIMETER IRRIGATION PLAN
L7.02	PERIMETER IRRIGATION PLAN
L7.03	COURTYARD IRRIGATION PLAN
L7.04	PERIMETER IRRIGATION PLAN
L7.05	IRRIGATION DETAILS

GENERAL LEGEND

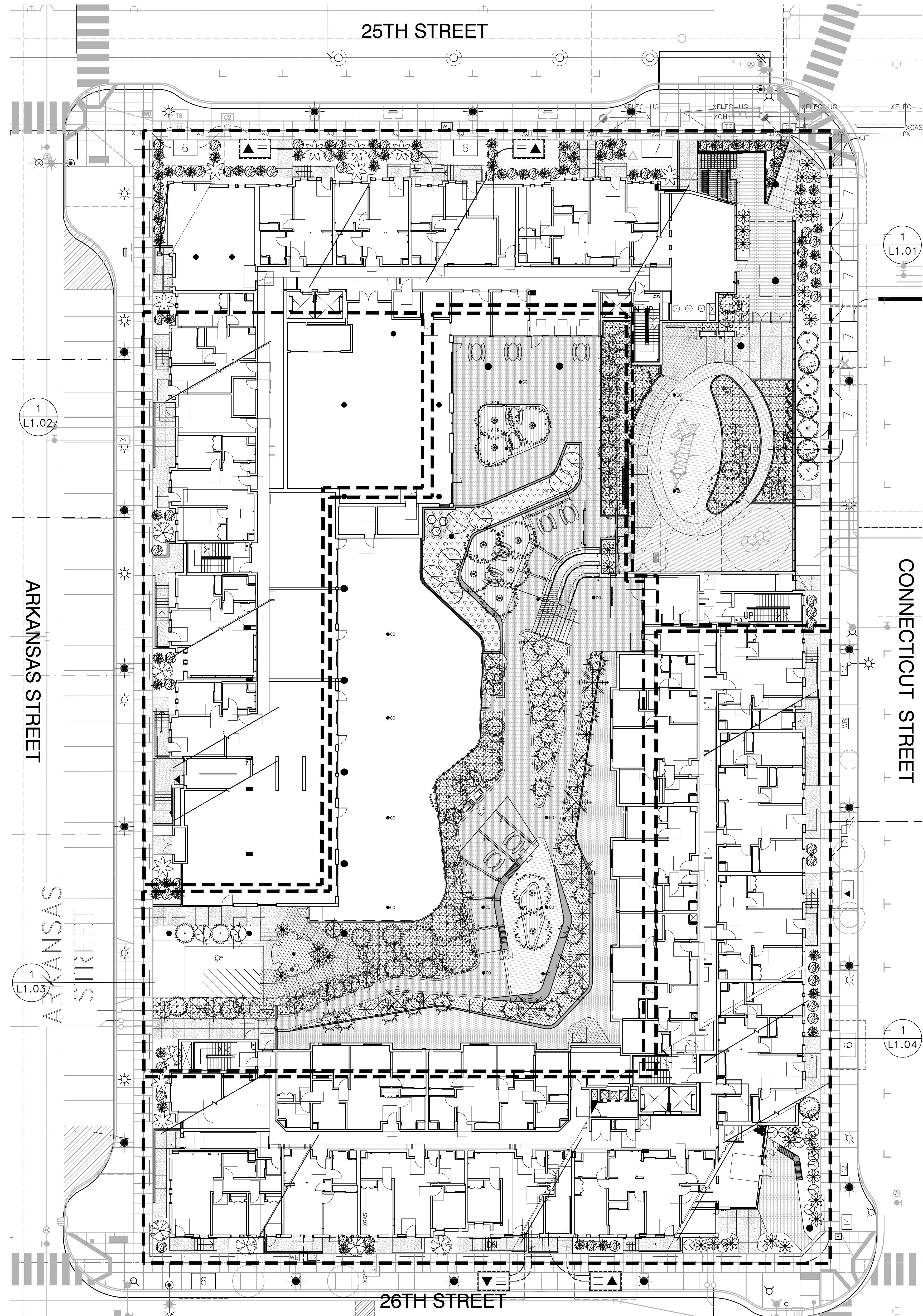


GRADING LEGEND

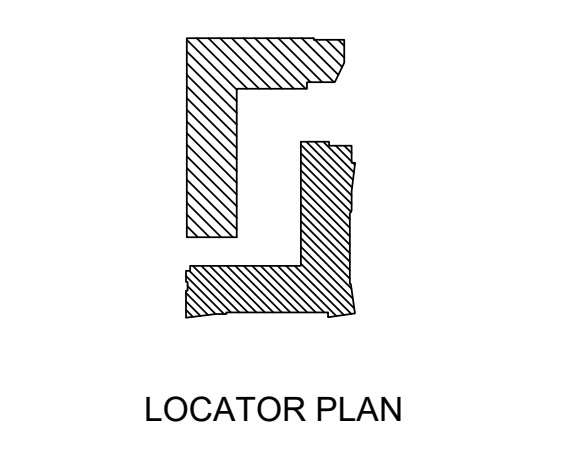


ABBREVIATION LEGEND

BW	BACK OF WALK	N.I.C.	NOT IN CONTRACT
C	CENTER LINE	O.C.	ON CENTER
CONC	CONCRETE	O.D.	OUTSIDE DIAMETER
DIA	DIAMETER	S.A.A.	SEE ARCHITECTURAL DRAWINGS
DWGS	DRAWINGS	S.C.A.	SEE CIVIL DRAWINGS
(E)	EXISTING	S.E.D.	SEE ELECTRICAL DRAWINGS
EF	EACH FACE	S.S.D.	SEE STRUCTURAL DRAWINGS
EJ	EXPANSION JOINT	SIM	SIMILAR
ELEC.	ELECTRICAL ENGINEER	SPEC	SPECIFICATIONS
EQ	EQUAL	STRUC.	STRUCTURAL ENGINEER
EW	EACH WAY	TC	TOP OF CURB
FF	FINISH FLOOR ELEVATION	TG	TOP OF GRATE AT DRAIN
FG	FINISH GRADE	TW	TOP OF WALL
HP	HIGH POINT	TYP	TYPICAL
MAX.	MAXIMUM	UON	UNLESS OTHERWISE NOTED
MECH.	MECHANICAL ENGINEER	VIF	VERIFY IN FIELD
MIX.	MINIMUM	WP	WATERPROOFING
(N)	NEW		



KEY PLAN
SCALE: 1/16" = 1'-0"



Potrero Block B
25th and Connecticut
San Francisco, CA

JOB NO. 10227
DRAWN Author
CHECKED Checker
JOB CAPTAIN Approver

ISSUE

DATE	DESCRIPTION
01/28/20	50% SD
03/13/20	100% SD
04/03/20	DESIGN REVIEW
4/10/20	SITE PERMIT
5/8/20	50% DD
7/10/20	100% DD
10/2/20	25% CD
12/11/20	50% CD

DRAWING TITLE
SHEET LIST, NOTES, KEY PLAN

N
SCALE As indicated
L0.01



2 SOUTH WEST AXON



4 NORTH EAST AXON



3 NORTH WEST AXON



1 SOUTH EAST AXON

Potrero Block B

1801 25th Street
San Francisco, CA 94107

JOB NO. 10227
DRAWN
CHECKED
JOB CAPTAIN

ISSUE

△ DATE	DESCRIPTION
01/28/20	50% SD
03/13/20	100% SD
04/03/20	DESIGN REVIEW
4/10/20	SITE PERMIT
5/8/20	50% DD
6/17/20	80% DD
7/10/20	100% DD
10/2/20	50% CD
12/11/20	75% CD

DRAWING TITLE
3D VIEW

SCALE

A1.05

Attachment G: Comparison of City Investment in Other Housing Developments

Affordable Multifamily Housing New Construction Cost Comparison

Updated 1/14/2021

PROJECTS COMPLETED						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
Hunters View Phase II - Bl 7 & 11	227-229 West Point Rd	82,703	May-17	107	239	117,023	23,857	140,880	\$ -	\$ 60,259,838	\$ 9,272,003	\$ 69,531,841	\$ 19,737,243	\$ 69,531,841	2 HCD Loans (MHP & IIG)	Mixed Townhome stepping downslope and Type III-V over Type I flats w/pkg
Hunters View Phase II - Block 10	146 West Point Road	52,333	Jun-18	72	144	90,274	13,328	103,602	\$ -	\$ 46,680,390	\$ (331,748)	\$ 46,348,642	\$ 19,737,243	\$ 46,348,642	9% LIHTC	Type IIIA over Type I Podium 5 Stories + Parking, Community Hub and Childcare
Mission Bay Block 7 West	588 Mission Bay Blvd. N	43,560	Apr-17	200	328	204,965	5,035	210,000	\$ -	\$ 80,205,155	\$ 14,094,767	\$ 94,299,922	\$ 16,975,000	\$ 94,299,922		Type V over Type I Podium
Mission Bay Bl 6 East	626 Mission Bay Blvd. No.	63,250	Nov-18	143	276	162,080	9,719	171,799	\$ 148,125	\$ 81,156,465	\$ 15,222,907	\$ 96,527,497	\$ 35,750,000	\$ 96,379,372	HCD AHSC Loan	Type IIIA & V over Type I podium, 41 pkg spaces, Mission Bay soils and infrastructure
Potrero Block X (Vertical)	25th and Connecticut	30,000	Sep-19	72	139	86,569	28,952	115,521	\$ 20,700	\$ 61,479,864	\$ 12,766,230	\$ 74,266,794	\$ 17,693,093	\$ 74,246,094		Type IIIA & V over Type I Podium (4-6 stories) stepped w/ topography. No infrast. Cost
Parcel O	455 Fell Street	37,428	Jun-19	108	165	82,117	31,128	113,245	\$ -	\$ 58,274,173	\$ 9,994,087	\$ 66,648,743	\$ 17,309,250	\$ 66,648,743	HCD AHSC Loan	Type V over Type I from approved eval dated 05/05/17
Sunnydale Parcel Q	1477-1497 Sunnydale Ave	21,757	Jun-20	55	102	75,101	-	75,101	\$ -	\$ 35,674,079	\$ 10,072,197	\$ 45,746,276	\$ 9,652,147	\$ 45,746,276	9% LIHTC	Type IV - 5 Stories over grade podium parking
Completed Projects:	Average:	47,290		108	199	116,876	18,670	132,878	\$ 84,413	\$ 60,532,852	\$ 10,155,778	\$ 70,481,388	\$ 19,550,568	\$ 70,457,270		

PROJECTS UNDER CONSTRUCTION						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
88 Broadway - Family Housing	88 Broadway	38,182	Mar-21	125	221	140,279	8,700	148,979	\$ 14,900,000	\$ 69,461,936	\$ 27,758,226	\$ 112,120,162	\$ 27,908,676	\$ 97,220,162		Type IIIA & V over Type I Podium (5-6 stories) - family
691 China Basin (MB South 6W)	691 China Basin St	49,437	Mar-21	152	294	178,050	7,098	185,148	\$ -	\$ 93,617,452	\$ 27,507,082	\$ 121,124,534	\$ 47,361,690	\$ 121,124,534	HCD IIG Grant	Type III/podium and Type V/podium on mews wing, incl. 28 parking spaces, 4,640 sf child care spa
Sunnydale Block 6	242 Hahn Street	95,213	Jun-21	167	375	167,065	76,656	243,721	\$ -	\$ 102,447,000	\$ 28,898,989	\$ 131,345,989	\$ 28,109,924	\$ 131,345,989		Type V over Podium (does not include infrastructure assignment)
Under Construction:	Average:	60,944		148	297	161,798	30,818	192,616	\$ 14,900,000	\$ 88,508,796	\$ 28,054,766	\$ 121,530,228	\$ 34,460,097	\$ 116,563,562		

PROJECTS IN PREDEVELOPMENT						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Comments
TI Parcel C3.1	Treasure Island C3.1	49,497	Jul-21	138	321	140,803	52,000	192,803	\$ 25,000	\$ 100,337,586	\$ 13,766,425	\$ 114,129,011	\$ 2,000,000	\$ 114,104,011	HCD AHSC Loan	Type IIIA and VB over Type I in 3 to 7 stories stepped + 26 pkg and Youth Activity (100% DD 6/20)
4840 Mission	4840 Mission	64,033	Mar-21	137	232	181,711	14,384	196,095	\$ 14,169,802	\$ 81,589,604	\$ 23,931,086	\$ 119,690,492	\$ 51,614,447	\$ 105,520,690	HCD MHP Loan	Type V over Type I Podium + retail + 39 spaces pkg + Health Clinic + POPO (8/27/20 50% CD)
Francis Scott Key Ed Housing	1351 42nd	60,000	Mar-21	135	203	157,635	11,322	168,957	\$ -	\$ 80,756,322	\$ 19,603,978	\$ 100,360,300	\$ 25,469,902	\$ 100,360,300	9% LIHTC	Type 3A 4 stories on grade courtyard + IA pkg and Community + POPO 9% LIHTC proposed (11/17)
Sunnydale Block 3B	TBD	73,000	Feb-22	168	327	187,000	30,000	217,000	\$ 40,002	\$ 136,444,929	\$ 30,647,593	\$ 167,132,524	\$ 33,542,584	\$ 167,092,522	4% Credits; HCD IIG & AHSC	Type IIIA 5 story, 30k sq ft of commercial; includes infrastructure costs
HPSY Block 56	11 Innes Court	28,792	Aug-21	73	145	55,172	35,021	90,193	\$ -	\$ 49,263,904	\$ 13,914,818	\$ 63,178,722	\$ 25,000,000	\$ 63,178,722	Bonds, 4% LIHTC Infill incentive grant, AHP	Type I (podium level) - Type V (levels 2-5)
Hunters View Ph 3 Block 14 & 17	855 & 853 Hunters View Dr	39,355	Jun-21	118	286	172,645	3,881	176,526	\$ -	\$ 95,355,104	\$ 40,432,854	\$ 135,787,958	\$ 37,735,027	\$ 135,787,958	4% Credits; HCD MHP	Type III-A over Type I 5-6 stories with Comm (Community svgs) spaces & 56 Pkg spaces (35% CD)
In Predevelopment	Average:	52,446		128	252	149,161	24,435	161,057	\$ 2,372,467	\$ 90,624,575	\$ 23,716,126	\$ 116,713,168	\$ 29,226,993	\$ 114,340,701		

ALL PROJECTS	Average:	53,560		128	249	142,612	24,641	162,184	\$ 5,785,627	\$ 79,888,741	\$ 20,642,223	\$ 102,908,261	\$ 27,745,886	\$ 100,453,844		
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SUBJECT PROJECT	25th and Connecticut	74,311	Aug-20	157	348	254,517	6,203	260,720	\$ -	\$ 124,614,399	\$ 35,517,065	\$ 160,131,464	\$ 12,057,404	\$ 160,131,464	4% Credits; HCD IIG & AHSC	Type IIIA over Type IA 5-6 stepped, 65 pkg + childcare & park. (per 11/19/20 est. incl VE) excl
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PROJECTS COMPLETED		Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
Hunters View Phase II - Bl 7 & 11	May-17	-	-	-	\$ 563,176	\$ 252,133	\$ 428	\$ 86,654	\$ 38,795	\$ 66	\$ 649,830	\$ 290,928	\$ 494	\$ 184,460	71.6%
Hunters View Phase II - Block 10	Jun-18	-	-	-	\$ 648,339	\$ 324,169	\$ 451	\$ (4,608)	\$ (2,304)	\$ (3)	\$ 643,731	\$ 321,866	\$ 447	\$ 274,128	57.4%
Mission Bay Block 7 West	Apr-17	-	-	-	\$ 401,026	\$ 244,528	\$ 382	\$ 70,474	\$ 42,972	\$ 67	\$ 471,500	\$ 287,500	\$ 449	\$ 84,875	82.0%
Mission Bay S6E	Nov-18	1,036	537	2	\$ 567,528	\$ 294,045	\$ 472	\$ 106,454	\$ 55,155	\$ 89	\$ 675,017	\$ 349,737	\$ 562	\$ 250,000	63.0%
Potrero Block X (Vertical)	Sep-19	288	149	1	\$ 853,887	\$ 442,301	\$ 532	\$ 177,309	\$ 91,843	\$ 111	\$ 1,031,483	\$ 534,293	\$ 643	\$ 245,737	76.2%
Parcel O	Jun-19	-	-	-	\$ 539,576	\$ 353,177	\$ 515	\$ 92,538	\$ 60,570	\$ 211	\$ 617,118	\$ 403,932	\$ 589	\$ 160,271	74.0%
Sunnydale Parcel Q	Jun-20	-	-	-	\$ 648,620	\$ 349,746	\$ 475	\$ 183,131	\$ 98,747	\$ 129	\$ 831,750	\$ 448,493	\$ 609	\$ 175,494	78.9%
Completed Projects:	Average:	662	343	2	\$ 603,164	\$ 322,871	\$ 465	\$ 101,707	\$ 55,111	\$ 95	\$ 702,919	\$ 376,678	\$ 542	\$ 196,424	72%

PROJECTS UNDER CONSTRUCTION		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
88 Broadway - Family Housing	Mar-21	119,200	67,421	390	\$ 555,695	\$ 314,307	\$ 466	\$ 222,066	\$ 125,603	\$ 186	\$ 896,961	\$ 507,331	\$ 753	\$ 223,269	75.1%
691 China Basin (MB South 6W)	Mar-21	-	-	-	\$ 615,904	\$ 318,427	\$ 506	\$ 180,968	\$ 93,562	\$ 149	\$ 796,872	\$ 411,988	\$ 654	\$ 311,590	60.9%
Sunnydale Block 6	Feb-22	238	122	1	\$ 812,172	\$ 417,263	\$ 629	\$ 182,426	\$ 93,724	\$ 141	\$ 994,836	\$ 511,109	\$ 770	\$ 199,658	79.9%
Under Construction:	Average:	39,813	22,514	130	\$ 661,257	\$ 349,999	\$ 534	\$ 195,153	\$ 104,296	\$ 159	\$ 896,223	\$ 476,809	\$ 726	\$ 244,839	72%

PROJECTS IN PREDEVELOPMENT		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Start Date (anticipated)	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
TI Parcel C3.1	Jul-21	181	78	1	\$ 727,084	\$ 312,578	\$ 520	\$ 99,757	\$ 42,886	\$ 71	\$ 827,022	\$ 355,542	\$ 592	\$ 14,493	98.2%
4840 Mission	Mar-21	103,429	61,077	221	\$ 595,545	\$ 351,679	\$ 475	\$ 174,679	\$ 103,151	\$ 198	\$ 873,653	\$ 515,907	\$ 990	\$ 376,748	56.9%
FSK Educator Housing	Mar-21	-	-	-	\$ 598,195	\$ 397,814	\$ 678	\$ 145,215	\$ 96,571	\$ 116	\$ 743,410	\$ 494,386	\$ 594	\$ 188,666	74.6%
Sunnydale Block 3B	Feb-22	238	122	1	\$ 812,172	\$ 417,263	\$ 629	\$ 182,426	\$ 93,724	\$ 141	\$ 994,836	\$ 511,109	\$ 770	\$ 199,658	79.9%
HPSY Block 56	Aug-21	-	-	-	\$ 674,848	\$ 339,751	\$ 546	\$ 190,614	\$ 95,964	\$ 154	\$ 865,462	\$ 435,715	\$ 700	\$ 342,466	60.4%
Hunters View Ph 3 Block 17	Jun-21	-	-	-	\$ 808,094	\$ 333,409	\$ 540	\$ 342,651	\$ 141,374	\$ 229	\$ 1,150,745	\$ 474,783	\$ 769	\$ 319,788	72.2%
In Predevelopment	Average:	34,616	20,426	74	\$ 702,656	\$ 358,749	\$ 565	\$ 189,224	\$ 95,612	\$ 152	\$ 909,188	\$ 464,574	\$ 736	\$ 240,303	74%

All Projects:	AVERAGE	25,030	14,428	69	\$ 655,693	\$ 343,873	\$ 521	\$ 162,028	\$ 85,006	\$ 135	\$ 836,110	\$ 439,354	\$ 668	\$ 227,189	72.5%
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Attachment H: Sources and Uses

Application Date: 1/22/2021 # Units: 157
 Project Name: Potrero Block B # Bedrooms: 348
 Project Address: 1801 25th Street # Beds:
 Project Sponsor: BRIDGE Housing Corporation

SOURCES	12,057,404	50,516,149	1,500,000	20,000,000	15,139,390	65,327,911	5,129,575	5,600,425	-	-	Total Sources	Comments
Name of Sources: MOHCD/OCII	Perm Loan	AHP	AHSC	MOHCD Infrastructure Loan	Tax Credit Equity	GP Contribution	Deferred Developer Fee	15,139,390			175,270,854	

USES

ACQUISITION

Acquisition cost or value	1										1	
Legal / Closing costs / Broker's Fee											0	
Holding Costs	11,250										11,250	
Transfer Tax											0	
TOTAL ACQUISITION	11,251	0	0	0	0	0	0	0	0	0	11,251	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab	798,083	16,987,011	26,380	20,000,000		57,204,362					95,015,836	Include FF&E
Commercial Shell Construction											0	
Demolition											0	
Environmental Remediation		800,000									800,000	
Onsite Improvements/Landscaping	300,000	7,367,789									7,667,789	Includes costs for grading
Offsite Improvements											0	
Infrastructure Improvements					15,139,390						15,139,390	HOPE SF/OCII costs for streets etc.
Parking						2,100,000					2,100,000	
GC Bond Premium/GC Insurance/GC Taxes		1,467,730									1,467,730	
GC Overhead & Profit		3,071,469									3,071,469	
CG General Conditions	1,319,552	1,413,799				593,059					3,326,410	
Sub-total Construction Costs	2,417,635	31,107,798	26,380	20,000,000	15,139,390	59,897,421	0	0	0	0	128,586,624	
Design Contingency (remove at DD)											0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)											0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)											0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency	2,809,359	8,164,545				191,261					11,165,165	5% new construction / 15% rehab
Sub-total Construction Contingencies	2,809,359	8,164,545	0	0	0	191,261	0	0	0	0	11,165,165	
TOTAL CONSTRUCTION COSTS	5,226,994	39,272,343	26,380	20,000,000	15,139,390	60,088,682	0	0	0	0	139,753,789	

SOFT COSTS

Architecture & Design

Architect design fees		3,754,393									3,754,393	See MOHCD A&E Fee Guidelines: http://slmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)											0	
Architect Construction Admin											0	
Reimbursables											0	
Additional Services		0									0	
Sub-total Architect Contract	0	3,754,393	0	0	0	0	0	0	0	0	3,754,393	
Other Third Party design consultants (not included under Architect contract)	25,000	70,000									95,000	Quality Control, Solar, Interior Design and TDM contracts
Total Architecture & Design	25,000	3,824,393	0	0	0	0	0	0	0	0	3,849,393	

Engineering & Environmental Studies

Survey	60,000										60,000	ALTA Survey
Geotechnical studies	380,000										380,000	Includes cost for environmental testing
Phase I & II Reports											0	
CEQA / Environmental Review consultants	316,500										316,500	Environmental consulting
NEPA / 106 Review											0	
CNA/PNA (rehab only)											0	
Other environmental consultants											0	
Total Engineering & Environmental Studies	756,500	0	0	0	0	0	0	0	0	0	756,500	

Financing Costs

Construction Financing Costs

Construction Loan Origination Fee		24,225	70,221			413,950					508,396	
Construction Loan Interest	2,000,000	2,501,170	312,399			51,631					4,865,200	
Title & Recording			85,000								85,000	
CDLAC & CDIAC fees						40,588					40,588	
Bond Issuer Fees		511,872				6,524					518,396	
Other Bond Cost of Issuance											0	
Construction Lender Expense			40,000								40,000	
Sub-total Const. Financing Costs	2,000,000	3,037,267	507,620	0	0	512,693	0	0	0	0	6,057,580	

Permanent Financing Costs

Permanent Loan Origination Fee		390,053									390,053	
Credit Enhance. & Appl. Fee		40,000	25,000								65,000	Perm Lender Expense & COI Contingency
Title & Recording			15,000								15,000	
Sub-total Perm. Financing Costs	0	430,053	40,000	0	0	0	0	0	0	0	470,053	
Total Financing Costs	2,000,000	3,467,320	547,620	0	0	512,693	0	0	0	0	6,527,633	

Legal Costs

Borrower Legal fees		10,000									10,000	
Land Use / CEQA Attorney fees											0	
Tax Credit Counsel											0	
Bond Counsel		90,000									90,000	
Construction Lender Counsel		60,000									60,000	
Permanent Lender Counsel		20,000									20,000	
Legal (Owner)		230,000									230,000	
Total Legal Costs	0	410,000	0	0	0	0	0	0	0	0	410,000	

Other Development Costs

Appraisal			10,000								10,000	
Market Study			16,000								16,000	
Insurance	1,646,086										1,646,086	
Property Taxes	15,000										15,000	
Accounting / Audit	50,000										50,000	
Organizational Costs											0	
Entitlement / Permit Fees						1,975,668					1,975,668	Includes impact fees, permits/fees-Working to finalize these costs
Marketing / Rent-up	0	650,000									650,000	See breakout on Sheet 3
Furnishings	64,000		250,000								314,000	See breakout on Sheet 3
PGE / Utility Fees						300,000					300,000	http://slmohcd.org/documents-reports-and-forms
TCAC App / Alloc / Monitor Fees		132,131				868					132,999	
Financial Consultant fees	60,000										60,000	
Construction Management fees / Owner's Rep		288,800									288,800	CM Squared total contract
Security during Construction	0	0									0	
Relocation	344,400										344,400	
Predev Loan Interest/Fees	250,000		0								250,000	
Art Enrichment	30,000										30,000	
Total Other Development Costs	2,459,486	420,931	926,000	0	0	2,276,536	0	0	0	0	6,082,953	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)		885,683	0	0	0	0	0	0	0	0	885,683	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	6,126,669	8,122,644	1,473,620	0	0	2,789,229	0	0	0	0	18,512,162	5.0%

RESERVES

Operating Reserves		1,187,527									1,187,527	
Replacement Reserves											0	
Tenant Improvements Reserves											0	
HCD Subsidy Transition Reserve	692,490	1,363,635								0	2,056,125	
Other (specify)											0	
Other (specify)											0	
TOTAL RESERVES	692,490	2,551,162	0	0	0	0	0	0	0	0	3,243,652	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones						1,100,000					1,100,000	\$250,000 has already been paid out.
Developer Fee - Cash-out At Risk		570,000				1,100,000					1,670,000	
Commercial Developer Fee						250,000					250,000	
Developer Fee - GP Equity (also show as source)							5,129,575				5,129,575	
Developer Fee - Deferred (also show as source)								5,600,425			5,600,425	
Development Consultant Fees											0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)											0	
TOTAL DEVELOPER COSTS	0	570,000	0	0	0	2,450,000	5,129,575	5,600,425	0	0	13,750,000	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	12,057,404	50,516,149	1,500,000	20,000,000	15,139,390	65,327,911	5,129,575	5,600,425	0	0	175,270,854	
Development Cost/Unit by Source	76,799	321,759	9,554	127,389	96,429	416,101	32,672	35,671	0	0	1,116,375	
Development Cost/Unit as % of TDC by Source	6.9%	28.8%	0.9%	11.4%	8.6%	37.3%	2.9%	3.2%	0.0%	0.0%	100.0%	

Acquisition Cost/Unit by Source

	0	0	0	0	0	0	0	0	0	0	0	
Acquisition Cost/Unit by Source	0	0	0	0	0	0	0	0	0	0	0	

Construction Cost (inc Const Contingency)/Unit by Source

	33,293	250,142	168	127,389	96,429	382,730	0	0	0	0	890,152	
Construction Cost (inc Const Contingency)/SF	20.05	150										

Attachment J: 1st Year Operating Budget

Application Date: 1/22/2021 **Project Name:** Potrero Block B
Total # Units: 157 **Project Address:** 1801 25th Street
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2023 **Project Sponsor:** BRIDGE Housing Corporation
TCAC Income Limits In Use!

INCOME	Total	Comments
Residential - Tenant Rents	2,250,168	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	3,194,652	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	74,436	Links from 'Utilities & Other Income' Worksheet
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	0	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	Links from 'Commercial Op. Budget' Worksheet
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	5,519,256	
Vacancy Loss - Residential - Tenant Rents	(112,508)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(159,733)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	(37,218)	Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	5,209,797	PUPA: 33,183

OPERATING EXPENSES

Management		
Management Fee	122,460	1st Year to be set according to HUD schedule.
Asset Management Fee	22,000	
Sub-total Management Expenses	144,460	PUPA: 920

Salaries/Benefits		
Office Salaries	126,000	Includes full time Assistant Manager, full time Resident Admin and leasing agent/office admin
Manager's Salary	70,000	
Health Insurance and Other Benefits	88,653	
Other Salaries/Benefits		
Administrative Rent-Free Unit	21,936	Manager Unit Expense
Sub-total Salaries/Benefits	306,589	PUPA: 1,953

Administration		
Advertising and Marketing	1,000	
Office Expenses	45,446	Includes credit check fee of \$2,000, office supplies of \$10,864, printing & copying of \$600.
Office Rent		
Legal Expense - Property	3,000	
Audit Expense	12,000	
Bookkeeping/Accounting Services	17,898	
Bad Debts		
Miscellaneous		
Sub-total Administration Expenses	79,344	PUPA: 505

Utilities		
Electricity	71,628	
Water	84,780	
Gas	38,448	
Sewer	109,272	
Sub-total Utilities	304,128	PUPA: 1,937

Taxes and Licenses		
Real Estate Taxes	1,000	
Payroll Taxes	32,066	Based on 10% of payroll
Miscellaneous Taxes, Licenses and Permits	79,300	\$800 annual California Franchise tax, elevator permits of \$225 x 2, & HOA fee of \$500 ppy.
Sub-total Taxes and Licenses	112,366	PUPA: 716

Insurance		
Property and Liability Insurance	125,787	Based on current insurance premiums for the property, liability and umbrella.
Fidelity Bond Insurance		
Worker's Compensation	30,834	Based on 9% of total payroll plus apartment value for manager/maintenance.
Director's & Officers' Liability Insurance		
Sub-total Insurance	156,621	PUPA: 998

Maintenance & Repair		
Payroll	0	
Supplies	53,708	
Contracts	31,100	Includes extermination, grounds contract and fire pump maintenance at \$250 per month plus
Garbage and Trash Removal	87,280	
Security Payroll/Contract	276,122	\$15,000/yr. to monitor fire panels (fire sprinkler) and semi annual alarm inspections
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs	17,200	Based on projected costs for maintaining equipment (\$1000) and for annual fire extinguisher
Miscellaneous Operating and Maintenance Expenses		
Sub-total Maintenance & Repair Expenses	465,410	PUPA: 2,964

Supportive Services	180,550	Based on Block X service budget with Shanti at \$900 ppy with escalation to \$1,150 ppy
Commercial Expenses	15,450	Links from 'Commercial Op. Budget' Worksheet

TOTAL OPERATING EXPENSES 1,764,918 **PUPA: 11,242**

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent	15,000	Francisco Housing Authority Provide additional comments here, if needed.
Bond Monitoring Fee	2,000	MOHCD monitoring Fee
Replacement Reserve Deposit	62,800	
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
Required Reserve Deposits, Commercial	0	Links from 'Commercial Op. Budget' Worksheet
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	79,800	PUPA: 508

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	1,844,718	PUPA: 11,750	Min DSCR: 1.1
NET OPERATING INCOME (INCOME minus OP EXPENSES)	3,365,079	PUPA: 21,434	Mortgage Rate: 3.46%
			Term (Years): 30
			Supportable 1st Mortgage Pmt: 3,059,163
			Supportable 1st Mortgage Amt: \$57,090,567
			Proposed 1st Mortgage Amt: \$50,516,149

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	2,808,583	Conventional Perm Loan-A Trd Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	84,000	HCD AHSC Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	Links from 'Commercial Op. Budget' Worksheet
TOTAL HARD DEBT SERVICE	2,892,583	PUPA: 18,424

CASH FLOW (NOI minus DEBT SERVICE)	472,496
USES OF CASH FLOW BELOW (This row also shows DSCR.)	1.16

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		
Partnership Management Fee (see policy for limits)	22,000	2nd
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	1st
Other Payments	0	3
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt =<= Max Fee from cell I130)	222,748	Def. Develop. Fee split: 50% Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	249,748	PUPA: 1,591

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) 222,748

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation? **Yes** Project has MOHCD ground lease? **No**
 Will Project Defer Developer Fee? **Yes**
 Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 50% Max Deferred Developer Fee Amt (Use for data entry above. Do not link.): **222,748**
 % of Residual Receipts available for distribution to soft debt lenders in 50%

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	\$12,307,404	38.09%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Acquisition Cost	\$1	0.00%
HCD (soft debt loan) - Lender 3	HCD AHSC	\$20,000,000	61.91%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due	84,855	50% of residual receipts, multiplied by 38.09% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	84,855	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE 137,893

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due	137,893	50% of residual receipts, multiplied by 61.91% -- HCD AHSC's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	137,893	

REMAINDER (Should be zero unless there are distributions below) 0

Owner Distributions/Incentive Management Fee	0
Other Distributions/Uses	0
Final Balance (should be zero)	0

Attachment K: 20-year Operating Proforma

