

Citywide Affordable Housing Loan Committee

San Francisco Mayor's Office of Housing and Community
Development

Department of Homelessness and Supportive Housing

Office of Community Investment and Infrastructure

Controller's Office of Public Finance

Housing Authority of the City and County of San Francisco

Potrero HOPE SF Block B

Up to \$17,680,000 Total Gap Funding Amount

Evaluation of Request for:	Gap Loan
Loan Committee Date:	May 6, 2022
Prepared By:	Ryan VanZuylen
MOHCD Asset Manager:	Scott Madden
MOHCD Construction Representative:	Brendan Dwyer
Sources and Amounts of New Funds Recommended:	\$9,169,425 – HOME \$3,261,366 – 2015 GO Bonds \$1,327,889 – 2019 GO Bonds \$3,921,320 – LMIHAF
Sources and Amounts of Previous City Funds Committed:	\$2,206,907 – 2015 GO Bonds (predevelopment)
NOFA/PROGRAM/RFP:	HOPE SF
Applicant/Sponsor(s) Name:	BRIDGE Housing Corporation

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 (at Connecticut Street) 94107	Ultimate Borrower Entity:	Potrero Housing Associates II, L.P.

Project Summary:

BRIDGE Housing Corporation (Sponsor) requests final gap financing approval in the amount of up to \$17,680,000 for the HOPE SF Potrero Block B project (Project), a proposed 157-unit affordable housing development within the footprint of the Potrero Phase 2 Infrastructure. On January 22, 2021, Loan Committee approved a preliminary gap loan of up to \$13,557,404. Since then, the Project has qualified for the California Housing Accelerator (CHA) program from HCD, which requires MOHCD to increase its gap loan.

Seventy-five percent of these (117 units) will be set aside as replacement units for existing Potrero public housing residents, with 108 supported by Project Based Section 8 rental subsidy (PBV) and 9 by Rental Assistance Demonstration (RAD) subsidy, and will be restricted at 30% and 50% MOHCD AMI. Another 38 lottery units will be for households earning 30% and 50% MOHCD AMI. One two-bedroom and one three-bedroom unit will be set aside for managers, with the two-bedroom unit restricted to 60% MOHCD AMI. 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 52 children and includes a large dedicated outdoor play area.

The Sponsor 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) program. The Sponsor was also awarded Infill Infrastructure Grant (IIG) funds of \$11.7 million which will be used to repay part of MOHCD's Potrero Phase 2 Infrastructure loan. After not being awarded tax-exempt bonds and tax credits, the Project became eligible for the new California Housing Accelerator fund and was awarded \$94.84 million in December 2021. Construction is scheduled to start in July 2022 and be completed in June 2024.

Project Description:

Construction Type:	Type IA, Type IIIA	Project Type:	New Construction
Number of Stories:	7	Lot Size (acres and sf):	1.7 acres / 74,311 sf
Number of Units:	157	Architect:	HKIT/Y.A. Studio
Total Residential Area:	254,517 sf	General Contractor:	Cahill
Total Commercial Area:	6,203 sf	Property Manager:	BRIDGE Property Management Company
Total Building Area:	260,720 sf	Supervisor and District:	Sup. Walton District 10

Land Owner:	San Francisco Housing Authority		
Total Development Cost (TDC):	\$186,626,439	Total Acquisition Cost:	\$11,251
TDC/unit:	\$1,188,703	TDC less land cost/unit:	\$1,188,703
Loan Amount Requested:	\$17,680,000	Request Amount / unit:	\$112,611
HOME Funds?	Y	Parking?	Y (108 spaces/ .75 ratio)

PRINCIPAL DEVELOPMENT ISSUES

- **Rising permanent loan interest rate.** Due to rising interest rates and rising 10-year Treasury rate, the permanent loan interest rate increased from 3.79% to 5.248% and is projected to continue increasing. This has lowered the amount of permanent debt the project can support. If this trajectory continues then the permanent loan amount may be further reduced. While the project continues to conduct significant value engineering and MOHCD staff continue to underwrite to find cost savings, there may reach a point where further VE cannot make up for the lower permanent loan and additional gap loan may be needed. The requested MOHCD gap loan has been increased from \$15.69 million to up to \$17.86 million to cover a potentially reduced permanent loan amount due to higher interest rates. Any increase above the \$15.69 million original amount will only be used to offset potential decreases in the permanent loan. This amount will only be added to the \$15.69 million loan if additional interest rate increases further impact the permanent loan. This is reflected in the permanent sources and uses below as “Perm Loan Gap Interest Coverage.” See Section 6.4.1.
- **Delays with HUD for RAD units.** The project currently assumes nine 1 BR RAD units along with 108 PBV units. The current submission for RAD conversion has been rejected twice by HUD due to a proposed higher number of accessible units than what HUD requires. With an almost two-month delay in the RAD conversion schedule, the Project could risk missing the 180-day closing deadline imposed by the California Housing Accelerator (CHA) Fund (August 15, 2022). MOHCD, the Sponsor and SFHA are currently discussing shifting these 9 RAD units to a future phase in Potrero and replacing them with PBVs for Block B. See Section 7.1.
- **Increased MOHCD gap loan.** When the Sponsor applied CHA, HCD required that MOHCD commit the highest gap amount provided in any Block B state funding application to date. While the most recent TCAC tax credit application in May 2021 assumed only \$10,617,635 in MOHCD funds, the 2019 IIG application assumed \$15,688,292 in MOHCD funds. After negotiations with HCD it was agreed that MOHCD would contribute this larger amount. See Section 6.4.1.
- **Relocation (Terrace and Annex residents).** Due to public safety issues between the northern Annex and southern Terrace portions of Potrero 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 of current Potrero Annex residents into Block B remains a concern. See Section 4.11.
- **Sponsor Performance.** The Sponsor 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. See Section 1.3.7.1.

SOURCES AND USES SUMMARY

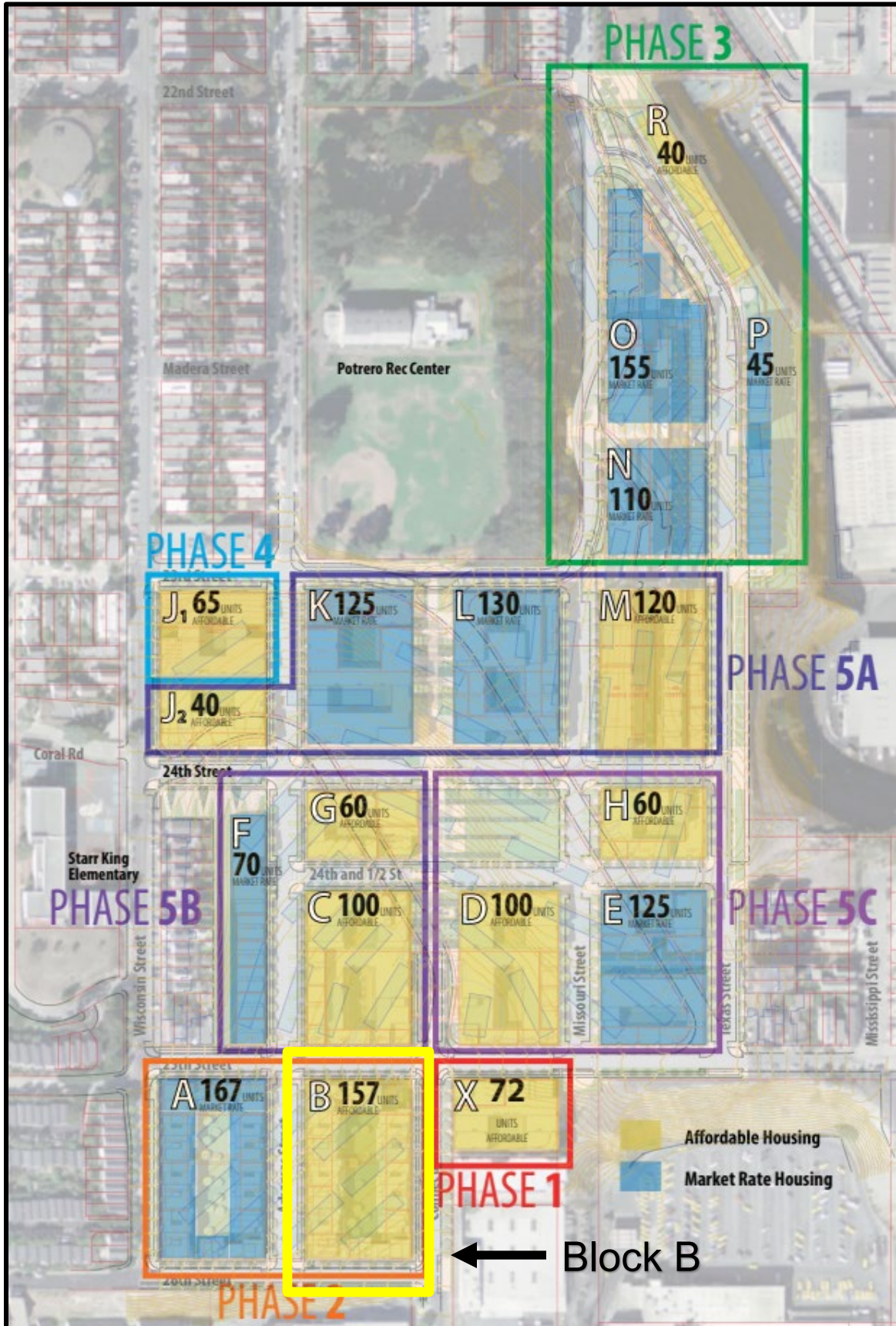
Predevelopment Sources	Amount	Terms	Status
MOHCD	\$2,206,907	55 yrs @ 3%, Residual Receipts	Closed
Total	\$2,206,907		

Permanent Sources	Amount	Terms	Status
MOHCD Loan	\$17,680,000	57 yrs @ 3% / Res Rec	This Request
Permanent Loan	\$43,305,000	20 yrs @ 5.25%	Committed
AHSC Loan	\$20,000,000	55 yrs @ 3% / Res Rec, 0.42% annual fee	Committed
IIG	\$11,699,000	Grant	Committed
HCD Accelerator	\$94,836,486	20 yrs @ 0%	Committed
Accrued Deferred Interest (MOHCD)	\$526,868		
Accrued Deferred Interest (IIG)	\$570,793		
Total	\$188,618,147		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	\$11,251	\$72	\$0.04
Hard Costs	\$150,318,733	\$957,444	\$577
Soft Costs	\$30,342,251	\$193,263	\$116
Perm Loan Gap Interest Coverage	\$1,991,708	\$12,686	\$7.64
Reserves	\$3,504,204	\$22,320	\$13.44
Developer Fee	\$2,450,000	\$15,605	\$9.40
Total	\$188,618,147	\$1,201,389	\$723

1. BACKGROUND

1.1. Project History Leading to This Request.



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 the 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 resume 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 (1:.75). 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 (DSG) which is part of the Development Agreement (DA). The Project still includes an early childhood education center with 52 spots. 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. The minipark will be owned and managed by the Potrero Hill Community Association once it is formed.

Concurrent with design progress, the Sponsor held six (6) community meetings and procured Cahill Contractors as the general contractor. In January 2020, the Sponsor secured \$20M in Project funding through the Affordable Housing and Sustainable Communities (AHSC) program for Block B and a \$11.69M Infill Infrastructure Grant Program (IIG) grant, to fund the construction of the infrastructure improvements of Phase 2.

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

N/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)

1.3.1. Borrower. 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.

1.3.2. Joint Venture Partnership. N/A

1.3.3. Demographics of Board of Directors, Staff and People Served. The Sponsor's Board is 80% white and 20% persons of color, with roughly 30% female and 70% male. Ten percent of the Board identifies as LGBTQ. The Sponsor's entire staff is 43% white, 30% Asian, 10% Black or African American, 11% Hispanic or Latinx, 1% Native Hawaiian or Other Pacific Islander, and 5% two or more races.

1.3.4. Racial Equity Vision. The following is a statement from the Sponsor: BRIDGE believes that diversity enhances our ability to serve communities. BRIDGE recognizes, respects and affirms diversity, including all identities, lived experiences, backgrounds, beliefs and perspectives that make individuals unique. The Sponsor has provided their Diversity, Equity and Inclusion Plan for 2021-2024. As part of the Sponsor's Diversity Equity and Inclusion plan, they are committed to contracting 30% directly or through subcontracts with businesses owned by persons of color, indigenous people and women.

1.3.5. Relevant Experience. The Sponsor completed Potrero Phase 1, 1101 Connecticut, in 2019 which consists of 72 units of affordable housing across from the proposed Block B development. The Sponsor is also currently developing several other affordable housing projects across the City including 4840 Mission, multiple phases of Balboa Reservoir, Mission Bay Block 9, and future phases of Potrero HOPE SF. This totals 18 projects with roughly 2,991 units.

1.3.6. Project Management Capacity. 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 7 years. She has experience developing affordable housing in San Francisco and was also involved in the redevelopment of Coliseum Gardens in Oakland. Recently in San Francisco, she oversaw development of the

88 Broadway and 735 Davis projects. Ms. Debor will spend at least 95% of her time on HOPE SF Potrero.

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 2 years and has over 9 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.

1.3.7. Past Performance.

1.3.7.1. City audits/performance plans. MOHCD is not currently engaged with the Sponsor for community development contracts.

The Sponsor has experienced significant turnover in project management staff while working on Potrero HOPE SF, which has caused delays to the Project and various other projects in the MOHCD pipeline. As a condition of previous MOHCD loans, 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, Phase 2 Infrastructure, or Phase 3. Cost for this additional capacity will be paid out of the Sponsor's developer fee.

Communication and transparency with the Sponsor continue to be challenging. The Sponsor has met and continues to meet with MOHCD senior leadership to discuss opportunities to enhance communication and build the working relationship between the Sponsor and MOHCD. The Sponsor has committed to improving communication and transparency with MOHCD and staff.

1.3.7.2. Marketing/lease-up/operations. In two recent developments (La Fenix and Avanza 490) the Sponsor’s staff was fair, culturally competent, and allowed time for applicants that needed further assistance related to the Fair Chance Ordinance. Compliance turnaround time is slower for the Sponsor than most other 100% affordable project sponsors. This may be a result of changing TCAC compliance rules during the pandemic or site staff inexperience in completing the TIC and other lease up documentation. There were sometimes multiple rounds of corrections.

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.
Number of units added or removed (rehab only, if applicable):	N/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

	<p>somewhat chaotic with fractures and foliations in various directions.</p>
<p>Environmental Review:</p>	<p>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.</p>
<p>Adjacent uses (North):</p>	<p>Potrero Hill Hope SF Special Use District and RH-2 Residential House – Two Family</p>
<p>Adjacent uses (South):</p>	<p>M-1 / Light Industrial</p>
<p>Adjacent uses (East):</p>	<p>Potrero Hill Hope SF Special Use District and /RM-2, PDR 1-G Production, Distribution & Repair – 1 - General</p>
<p>Adjacent uses (West):</p>	<p>RH-1 – Residential – Single Family</p>
<p>Neighborhood Amenities within 0.5 miles:</p>	<p>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</p>
<p>Public Transportation within 0.5 miles:</p>	<p>Bus Lines: 19 Polk, 48 Quintara/24th Street Muni Lines: T Third Street</p>
<p>Article 34:</p>	<p>Article 34 compliance is approved.</p>

Article 38:	Not exempt; Article 38 compliance 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 on October 27, 2020.

2.1. Description. The Phase 2 site where Block B will be constructed is a rectangular-shaped 3.96-acre parcel owned by the 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 began in February 2021.

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

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

2.3. Probable Maximum Loss. N/A

2.4. Local/Federal Environmental Review. EIS/EIR Complete. Planning Approval and Authorization for Use of Grant Funds received 1/5/2016.

2.5. Environmental Issues.

- 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.

- 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: The Sponsor has engaged environmental consultant ENGEO to collect soil and bedrock samples from areas within excavation areas at 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 the Phase II infrastructure location. One sample was identified to 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, or Block X, 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 arising from disrupting soil containing naturally occurring asbestos.

Mitigation: The Sponsor has contracted ENGEO environmental consultants to prepare a Soil Management Plan, Dust Control Plan, and Health and Safety Plan. The Sponsor has also budgeted weekly dust monitoring services to cover the entire excavation period scheduled by the General Contractor Cahill. Cahill will be responsible for implementation of the Health and Safety Plan for the duration of construction. The Sponsor 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 Contractors will perform abatement work under the supervision of ACC Environmental. The Project budget includes \$800,000 for air monitoring at the site while earthwork is taking place.

- 2.6. Adjacent uses and neighborhood amenities. The Block B site is directly across the street from the first phase of the HOPE SF Potrero redevelopment, 1101 Connecticut. Other amenities include Potrero Branch public library, Starr King Elementary and the Potrero Hill Recreation Center all located less than 1 mile from the site. Additionally, there are two SFMTA bus routes, 19 Polk and 48 Quintara, within 1/3 mile of the Block B site.
- 2.7. Green Building. The Potrero Master Plan is certified under the LEED for Neighborhood Development. Block B will pursue LEED Gold certification. 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.

3. COMMUNITY SUPPORT

- 3.1. Prior Outreach. 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 for Block B. In August 2020, 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.

The Sponsor also holds monthly HOPE SF Potrero community meetings to discuss updates to the infrastructure and individual project plans. Block B as well as Phase 2 infrastructure and future Potrero phases are often discussed during these meetings.

- 3.2. Future Outreach. BRIDGE plans to return to in-person meetings on a bi-monthly basis starting April 28, 2022, to provide community with relevant

project/construction and community updates.

3.3. 1998 Proposition I Citizens' Right-To-Know. Neighborhood notification was required under Prop I and the notification was posted in April 2017.

4. DEVELOPMENT PLAN

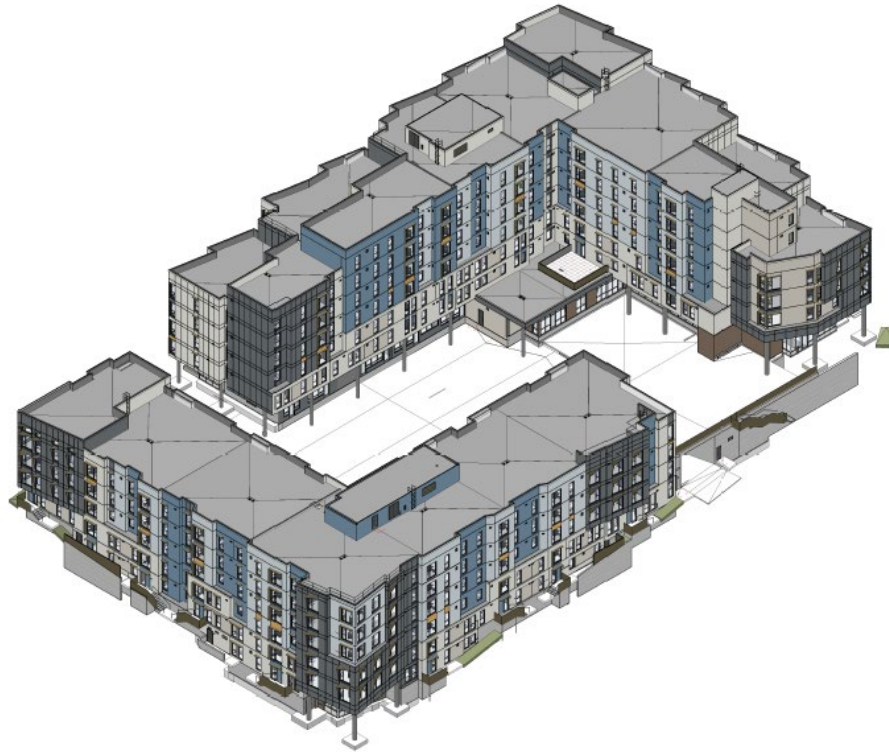
Site Control. The Sponsor entered into a construction license agreement with SFHA for demolition and grading of the entire Potrero Phase 2 site, which was approved by SFHA Commission on July 26, 2018. The Sponsor received SFHA Commission approval for the short-term ground lease for the site on September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

The Sponsor, SFHA and MOHCD are finalizing the form of the long-term ground lease with SFHA which will be executed at construction loan closing. The term of the long-term ground lease will be 75 years with an extension of 24 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.

4.1.1. Proposed Property Ownership Structure. Potrero Housing Associates II, L.P. a limited partnership, is the borrower for the Potrero Block B gap loan. Potrero Housing II, LLC is the general partner with BRIDGE Housing as the sole member. San Francisco Housing Authority owns the land and will enter into a 75-year ground lease (see above) with the partnership.

4.2. Proposed Design.





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 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 Design Standard Guidelines, 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 95% Construction Drawings and is currently undergoing value engineering to review systems, materials and methods to further reduce project costs.

Units sizes in Block B are larger than TCAC standard and most infill projects within MOHCD pipeline (see chart below). 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	0	1547	n/a

4.3. Construction Supervisor/Construction Representative'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 address: 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 development to increase the parking ratio, in order to address on-street parking issues and inadequate public

transportation, which resulted in additional excavation into the hillside to allow room for parking stackers. All these factors result in a per-unit construction cost that is well above average compared to comparable MOHCD/OCII projects (\$883K for Block B vs. \$678K average), somewhat less above average on a per-bedroom basis (\$398K vs. \$340K) and close to average on a per-SF basis (\$551 vs. \$542).

The bidding as it currently stands came in higher than expected, but in a comparable way to other projects in this highly volatile market (inflation, commodities increases, high fuel costs, etc.). Luckily the somewhat atypically high number of contingencies being carried on the project through to the bidding stage has basically covered the overage. The team is doing a final round of VE efforts, and have to-date identified about \$500K in savings, with approximately \$1M under review.

4.4. Commercial Space.

- Space Description. 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 of the redevelopment plan. The existing childcare center on site is 3,877 square feet and serves up to 32 children. 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 larger 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.
- Commercial Leasing Plan. 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. The first year's vacancy is projected at 50% and 5% every year after that with a 3.5% expense inflator.
- Operating Pro Forma. The budget and drawings currently include cold shell and warm shell construction. CCFC will pay \$1/month with a triple net lease.

Tenant Improvement Build Out. CCFC has a construction budget of \$3,627,718, which is hard cost only, based on the space and requirements of the center. This budget includes both interior tenant improvement and play area buildout and does not include any items provided to the TI space through MOHCD warm shell guidelines.

CCFC also anticipates spending an additional \$283,968 in soft cost associated with the construction phase. This number is not included in the abovementioned hard cost number. The soft cost includes permit fees, construction management fees, and anticipated construction administration cost for architect, engineers, and landscape designer. This will bring the total TI cost in the construction phase to \$3,911,686.

Funding Plan: CCFC will receive \$2,000,000 from the Low Income Investment Fund (LIIF) New Development Grant for the Block B child care center tenant improvements. It is receiving \$50,000 in other childcare grants and plans on applying for an additional \$1,000,000 from state and city funded for child development centers. The remaining \$861,686 will be financed by CCFC or through fundraising. CCFC believes they will be able to secure the additional funding.

The CCFC childcare space is fully designed and is currently in the permit process with the City of San Francisco through the Prop H process. The project is in the process of clarifying the warm shell scope with MOHCD, and issuing the project for competitive bids. The contractor will be selected by the end of May 2022.

- 4.5. Service Space. The Project features two Resident Coordinator offices at 159 sf and 171 sf for Shanti Project, a Potrero-based service provider that will provide on-site support to residents of Block B. Offices will be located on the ground floor of Building A adjacent to the building lobby. The service agreement between Shanti Project and the Sponsor is for a period of 10 years.
- 4.6. Interim Use. N/A
- 4.7. Infrastructure. As part of the Phase 2 infrastructure project (funded under a separate MOHCD loan), construction activities include installing extension of Arkansas Street (25th Street through 26th Street), demolishing and upgrading existing streets, trenching and installing new irrigation and landscaping and installation of new utilities. The Sponsor and MOHCD are involved in infrastructure task force meetings for this infrastructure phase that include DPW, OEWD, and SFPUC. After delays due to permitting and staffing issues, Phase 2 infrastructure is expected to be complete in December 2022. Block B will be able to start vertical construction while horizontal infrastructure work continues.
- 4.8. Communications Wiring and Internet Access. Potrero Block B is designed to be fully wired for high speed internet access.
- 4.9. Public Art Component. While the Charter provision that requires public art in new construction projects funded by MOHCD does not apply to Plan

Areas such as HOPE SF, the Sponsor has budgeted \$30,000 for an art enrichment project at Potrero Block B. The Sponsor plans to solicit community residents input on the theme. The Project’s architectural drawings show placement of the mural on the exterior side of building opposite the public mini park. The Sponsor plans to survey Potrero public housing residents and neighbors for input on the public art to reflect the history of Potrero, its community and future. They will solicit bids from various organizations and artists.

- 4.10. Marketing, Occupancy, and Lease-Up. 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 for these units, followed by households on the SFHA waitlist.

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

MOHCD Preference	Applicant Category
1	HOPE SF Right to Return (Potrero Residents)
2	Certificate of Preference (COP) Holders
3	Displaced Tenants Housing Preference (DTHP) Certificate Holders (20%)
4	Neighborhood Preference (25%)*
5	Live or Work in San Francisco
6	All Other Applicants

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

- 4.11. 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 relocated to 1101 Connecticut, or Block X, with the remaining 25 households relocated to rehabilitated units within the existing Potrero public housing complex.

This request for funding includes \$171,842 in relocation costs. This includes relocation benefits paid to residents who move into replacement units within Block B such as self-move allowances, utility transfer fees, pest inspections, and a ten percent contingency. There are no long-term relocation payments needed for rent at other sites, often a large source of relocation funds, since residents will

be moving to Block B. SFHA is responsible for coordinating the household moves with assistance from MOHCD, the Sponsor and the services team.

The Sponsor currently holds funds in the Potrero Master Loan budget to pay Shanti, a Potrero-based 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 started 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, Shanti, MOHCD and SFHA have recurring meetings to problem solve for the challenges of relocating Annex and Terrace residents and are considering? potential revisions to the Phase 3 design to incorporate resident feedback.

5. DEVELOPMENT TEAM

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

5.1. Procurement Plan. 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. For this phase, the Sponsor decided to sole source a new construction manager and has chosen Waypoint Consulting for Block B, Phase 2 infrastructure and the remaining HOPE SF Potrero Phases.

5.2. Opportunities for BIPOC-Led Organizations. Through the Sponsor's partnership with Shanti Project, community based and BIPOC led organizations such as CARE and Stand In Peace (SIP) International are able to provide various community events to residents in the Potrero Hill neighborhood. As part of the Sponsor's Diversity Equity and Inclusion

plan, they are committed to contracting 30% directly or through subcontracts with businesses owned by persons of color, indigenous people and women.

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

6.1. Prior MOHCD/OCII Funding:

Loan Type/ Program	Loan Date	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Outstanding Principal Balance	Accrued Interest to Date
Predevelopment	June 26, 2017	\$2,206,907	3%	57 years from recorded DOT	Residual Receipts	\$2,206,907	\$120,703.83
Total:		\$2,206,907				\$2,206,907	

6.2. Disbursement Status. There are no funds remaining on the predevelopment loan listed above. The last draw was in March 2021.

6.3. Fulfillment of Loan Conditions. Below is the status of Loan Conditions since this project was last at Loan Committee for a Preliminary Gap Loan Request on January 22, 2021:

- Sponsor will apply to FHLBSF for \$1.5M in AHP in March 2021 and will provide self-score to MOHCD in February 2021. **Status: Complete.** The sponsor’s most recent score for AHP is 62.
- MOHCD must approve of the RFP for lender and investors and approve all selections. **Status: Complete.**
- MOHCD must approve raw financial data from Sponsor or financial consultant prior to selection of lender/investor. **Status: Complete.**
- Sponsor will decrease DSCR to 1.1 in year 1 as well as maximize the amount of permanent debt. **Status: Chase requires 1.15 in Year 1.**
- Sponsor will continue to value engineer design. **Status: In progress.**
- Sponsor will issue a services RFP and will have selected a MOHCD/HOPE SF approved service provider and provide a MOU. **Status: Complete.**
- Sponsor will provide source and terms to MOHCD for approval before executing or drawing on the additional source. **Status: In progress.** The Sponsor has provided a draft MOU for a \$10M

predevelopment loan with Google that is being reviewed by the City.

- Sponsor will execute an MOU with CCFC and finalize buildout numbers with MOHCD. **Status: Complete.**
- Sponsor will work with MOHCD to bring staffing and annual costs in line with MOHCD underwriting guidelines. **Status: In progress.**
- Sponsor will work with MOHCD to bring uses in line with MOHCD underwriting conditions, including escalation, hard cost contingency, capitalized reserves, etc. **Status: In progress.**
- 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. **Status: In progress.**

6.4. Proposed Permanent Financing

6.4.1. Permanent Sources Evaluation Narrative: The Borrower proposes to use the following sources to permanently finance the project:

- Private mortgage (\$45,690,000): Chase Bank, 20-year term, 40-year amortization, 5.25% interest rate (subject to change and currently being negotiated).

Due to rising interest rates from the Federal Reserve, the permanent lender has increased interest rates since their original term sheet was submitted from 3.79% to 5.248%. This has resulted in an initial permanent loan offer of \$51.4 million reduced to \$45.7 million in late March, to the current loan amount of \$43.3 million. The Sponsor is exploring entering into a forward rate lock with Chase which would incur a breakage fee but may prove less expensive as interest rates increase. At this time, Chase does not seem willing to allow the forward rate lock for the permanent loan but the Sponsor is continuing conversations. The Sponsor is working with their financial advisor to run analyses of potential interest rate increases on the development budget while keeping a 25 bps cushion on the permanent loan. The all-in rate including the 25 bps cushion is 5.25%.

The development team and MOHCD have been involved in numerous rounds of value engineering to attempt to lower costs to mitigate the effect created by the reduction in permanent loan. MOHCD staff continue to conduct detailed underwriting with the Sponsor to find more cost savings in the soft costs and the operating budget. Potential savings are being incorporated into soft cost contingency. If the permanent loan is reduced further then

more MOHCD gap funding may be needed. The nearly \$2 million in additional MOHCD funds will be used only as a last resort in case the permanent loan is reduced due to higher interest rates. Once a rate is locked, if it is determined that this extra funding is not needed then it will be returned to MOHCD immediately. This is the rationale for the higher up to loan amount of \$17,680,000.

- AHSC (\$20,000,000): 35-year term, 3% interest rate, residual receipts repayment, \$20M in Loan funds and \$9,829,178 in Grant funds, with .42% required debt payment.

Potrero Block B will consist of AHD (affordable housing development), STI (sustainable transportation infrastructure), TRA (transit-related amenities) and PGM (program activity) components. The AHD component will consist of 157 units of which 156 will be restricted for households earning 60% AMI or less. The STI component will consist of walkway, intersection and streetscape improvements. The TRA component will consist of the extension of the Minnesota Grove, a 0.4-acre 'street park' along the east side of a short stretch of Minnesota Street, between 24th and 25th Streets. The PGM component will consist of transit passes for each household and a Walking School Bus program for a minimum of 3 years. The grant portion of AHSC funds will be used for STI, TRA and PGM.

STI: Cesar Chavez/Bayshore/Potrero intersection improvements including protected bikeway between Pennsylvania and Illinois Street in both directions. It will also include improved transit operations and traffic safety on Folsom and Howard streets including improving transit performance of 5 muni routes, constructing transit boarding islands, red transit only lanes, new traffic signals, and improved curb management. Will also add 2,524 linear feet of new sidewalks.

TRA: Project will extend the Minnesota Grove, a .4 acre street park along east side of Minnesota Street between 24th and 25th streets. Includes landscaping and trees, seating, pedestrian lighting, and green infrastructure.

PGM: Will provide at no charge monthly transit passes to all units restricted at 60% AMI or less. Passes will be provided monthly for 3 years. Will also include a walking school bus that for students to walk to and from school together to provide

academic benefits.

- IIG Grant (\$11,699,000): Grant. These funds will be used to repay the MOHCD infrastructure loan for Potrero Phase 2. In order to leverage more tax credit equity in earlier TCAC applications, part of the Potrero Phase 2 Infrastructure loan was assigned to Block B. MOHCD provided \$29,141,134 in gap funding for the Phase 2 infrastructure loan with the expectation that \$11.699 million from IIG would be used to repay part of that loan. This portion of the infrastructure loan, \$11.699 million, will be assigned from the Potrero Master Developer to the Block B LP through a Note and secured by Block B's Deed of Trust. MOHCD will be reimbursed with IIG funds starting at construction closing.

Since this grant will be used to repay the MOHCD infrastructure loan, the this amount was not used for hard cost comparisons or to calculate hard cost contingency.

- MOHCD Loan (\$17,680,000): 55-year term, 3% interest, residual receipts.

When applying for Accelerator funds, it was originally believed that MOHCD's gap amount would be the same reflected in the most recent TCAC submission and the Accelerator amount would reflect the anticipated funds from tax credit equity (roughly \$101.97 million). However, HCD required that MOHCD commit the highest gap amount provided in any state application submitted for the Project. While the most recent TCAC tax credit application in May 2021 assumed only \$10,617,635 in MOHCD funds, the 2019 IIG application assumed \$15,688,292 in MOHCD funds. After negotiations with HCD it was agreed that MOHCD would contribute this larger amount and HCD would provide \$94.84 million instead of \$101.97 million.

MOHCD approved roughly \$2 million in additional funds only in the event that higher interest rates result in a reduced permanent loan. This increased the MOHCD gap from \$15,688,292 to \$17,680,000.

- California Housing Accelerator (\$94,836,486): 20-year term at 0% interest, with no residual receipts nor periodic payment required during the life of the loan.
- Construction Loan (\$157,752,059): While not a permanent source, the construction loan terms are with Chase with a 3.6% interest rate for a 30-month term. The Sponsor is also

exploring a forward rate lock with Chase on the construction loan and is waiting for Chase to make a proposal on what the breakage fee would be. The Sponsor has requested a draw down schedule from the GC to produce an analysis of how much interest will be needed. They are working with their financial advisor and MOHCD to run scenarios of increased interest rates and their effect on the development budget.

6.5.2 CDLAC Tax-Exempt Bond Application:
 Potrero Block B does not include tax-exempt bonds.

6.5.3 HOME Funds:

HUD HOME limits - High Cost Multiplier: 240%

Bedroom size	2021 limit	2021 w/ multiplier
0 BR	\$66,564	\$159,754
1 BR	\$76,305	\$183,132
2 BR	\$92,789	\$222,694
3 BR	\$120,039	\$288,094
4+ BR	\$131,765	\$316,236

Potrero Block B non-rental subsidy/non-replacement units:

Bedroom size	# units	HOME funds limit
0 BR	0	\$0
1 BR	10	\$1,831,320
2 BR	12	\$2,672,323
3 BR	14	\$4,033,310
4+ BR	2	\$632,472

Total Home Funds: \$9,169,425

6.5.4 Commercial Space Sources and Uses Narrative:

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 larger 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. The Sponsor has included \$400,000 from MOHCD in the permanent commercial financing sources to fund the cold and warm shell which is permitted under the MOHCD commercial underwriting guidelines since CCFC is a community serving commercial use.

The development budget includes \$400,000 in cold and warm shell costs for the commercial space and \$250,000 in commercial developer fee.

6.5.5 Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit is within standards	N	<p>\$883,000/unit.</p> <p>The per-unit construction cost is well above average compared to comparable MOHCD/OCII projects (\$883K for Block B vs. \$678K average), somewhat less above average on a per-bedroom basis (\$398K vs. \$340K) and close to average on a per-SF basis (\$551 vs. \$542). This does not include the IIG infrastructure assignment.</p> <p>Compared to similar HOPE SF projects at Hunter’s View, Sunnydale and Block X, Block B averages are higher.</p> <p>This Project site is extremely steep and the building steps in a terraced way that removes construction efficiencies from simply, boxy projects. Block B is required to have entry stoops on first floor units, include a switchgear room and provide a parking ratio of .75:1. Further cost accelerators in all HOPE SF projects include off street parking, large bedroom sized, and in-unit laundry hookups for 3 and 4 BR units. See Section 4.3 for more information.</p>
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	

		Hard Cost Contingency is 5% of the construction contract. Does not include the \$11.7 million from IIG.
Architecture and Engineering Fees are within standards	Y	Architecture fees are \$4.2M which includes \$300K cushion for future requests for additional service/change orders. Engineering and environmental fees are \$1.49M.
Construction Management Fees are within standards	N	Construction manager fees are \$551K which is higher than other projects. The Sponsor recently changed to a new CM and provided the contract amount that is significantly less than this amount. MOHCD staff is working with the Sponsor to explain and reduce this cost.
Developer Fee is within standards, see also disbursement chart below	Y	Project management fee: \$1.1M At risk fee: \$1.1M Deferred fee: \$0 GP equity: \$0 Commercial fee: \$250,000 Total fee: \$2,450,000
Consultant and legal fees are reasonable	Y	Financial consultant fees are \$60K and Legal costs are \$282,500.
Entitlement fees are accurately estimated	Y	Entitlement and permit fees are \$3,146,243.
Construction Loan interest is appropriately sized	Y	Construction loan is \$157,752,059 with 3.6% interest. MOHCD is working with the Sponsor to finalize construction interest sizing.
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 4.5%. We are working with the Sponsor to increase soft cost contingency.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months operating expenses and debt service

6.5.6 Developer Fee Evaluation: The milestones for the payment of the developer fee to the sponsor are specified below:

Total Developer Fee:	\$2,450,000	
Project Management Fee Paid to Date:	\$250,000	
Amount of Remaining Project Management Fee:	\$850,000	
Amount of Fee at Risk (the "At Risk Fee"):	\$1,100,000	
Amount of Commercial Space Developer Fee (the "Commercial Fee"):	\$250,000	
Amount of General Partner Equity Contribution (the "GP Equity"):	\$0	

Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
Predevelopment milestone	\$250,000	23%
Construction close	\$220,000	20%
Construction completion	\$520,000	47%
Project close-out	\$110,000	10%
Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee		Percentage At Risk Fee
100% lease up and draft cost certification	\$220,000	20%
Permanent conversion	\$550,000	50%
Project close-out	\$330,000	30%

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

7.1. Annual Operating Budget.

Project Based Section 8 (PBV) Units: The Project has been awarded 108 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 2022 Payment Standards, less utility allowances. Total annual rent collected is projected to be \$3,194,472 for the PBV units.

RAD units: For Potrero, the Sponsor and MOHCD have agreed to place the Block B RAD subsidies in 9 one-bedroom replacement units at 30% MOHCD AMI. The Project is underwritten to 2020 RAD rents as agreed upon by MOHCD, the Sponsor, SFHA and HUD. If these units are switched to PBVs for this project, MOHCD will ask the Chase to resize their loan as the PBVs provide higher payments than RAD.

The Sponsor, SFHA and MOHCD have been in conversations with HUD to complete the RAD Conversion Commitment (RCC) which is required to process the RAD conversion process. Due to some initial miscommunication about responsibilities for submitting documents, there was a slight delay in processing the checklist. Then on February 17, 2022, HUD’s Office of Fair Housing and Equal Opportunity (FHEO) sent a disapproval letter for the proposed number of accessible units. Of the Project’s 157 units, 24 (15%) are mobility units and 17 (11%) are sensory units which exceeds the 5% and 2% accessible unit requirement by FHEO. This has not been an issue in previous developments, such as HOPE SF Sunnydale, as TCAC regulations require the higher number of accessible units. While this project does not have tax credits

and is not bound to TCAC regulations, the California Housing Accelerator guidelines also require the higher number of accessible units.

HUD regulations require SFHA to maximize the utilization of accessible units by people who need them and FHEO believes this Project will create a concentration of accessible units compared to the overall public housing inventory which, in their opinion, violates Section 504 of the Rehabilitation Act of 1973 and the Federal Fair Housing Act. FHEO requested that SFHA resubmit additional data and information demonstrating a need for higher percentages of mobility and sensory accessible units. SFHA responded on March 30, 2022, to FHEO's letter and provided information related to its waitlists and the need for accessible units. FHEO sent another letter on April 15, 2022, that disapproved of the proposed number of accessibility units, again, without more documentation to demonstrate need.

Based on HUD's review schedule for these nine RAD units, the Project already faces challenges meeting the California Housing Accelerator 180-day deadline to close which is August 15, 2022. One option is to continue to present information showing the need for accessible units, however FHEO will need a couple weeks to respond and the schedule will be delayed further. Another option, which is currently being explored, is to shift these nine RAD units to another Phase at Potrero and use project-based vouchers for this Project instead. HUD confirmed that this option is possible but that the same issue will arise in a future phase. SFHA, MOHCD and the Sponsor are currently discussing this possibility. While SFHA would need to demonstrate the need for the accessible units eventually, by shifting these RAD units to another phase it would allow for more time to compile the necessary data and not risk such a significant and immediate funding source such as the Accelerator fund.

Replacement Reserve: There is an annual replacement reserve deposit of \$78,500 which comes to \$500 per unit. RAD requires at least \$450 per unit.

7.2. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	Y	DSCR is 1.15 at Year 1 and 1.41 at Year 17. Permanent lender requires 1.15 @ Year 1.
<i>For TCAC projects:</i> Vacancy rate meets TCAC Standards	Y	Vacancy rate is 5%
<i>For non-TCAC existing projects:</i> Vacancy rate is based on project's historical actuals		

Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	Y	Income escalation factor is 2.5%
<i>For TCAC projects:</i> Annual Operating Expenses are increased at 3.5% per year <i>For non-TCAC existing projects:</i> Annual Operating Expense escalation is based on project's historical actuals	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are <u>\$12,859</u> per unit. This is comparable to similar projects: SD Block 3B: <u>\$12,833</u> TI C3.1: <u>\$14,505</u> SD Block 6: <u>\$12,776</u> (adj. 3.5%/yr) Potrero Block X: <u>\$15,137</u> (adj. 3.5%/yr)
Property Management Fee is at allowable <u>HUD Maximum</u>	Y	Total Property Management Fee is \$122,460 or \$65 PUPM.
Property Management staffing level is reasonable per comparables	Y	Property management staff include 3 FTE office staff, 1 FTE janitor, 1 FTE maintenance supervisor, and 1 FTE technician.
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$22,670/yr. There is no PM fee since this is not a tax credit deal.
<i>For TCAC projects:</i> Replacement Reserve Deposits meet or exceed TCAC minimum standards <i>For non-TCAC existing projects:</i> Replacement Reserve Deposits meet project needs based on CNA	Y	Replacement Reserves are \$500 per unit per year as required by HCD.
Limited Partnership Asset Management Fee meets standards	N/A	

7.3. Staffing Summary. Bridge property management staff will include 3 FTE office staff (property manager, resident administrator, leasing officer), 1 FTE janitor, 1 FTE maintenance supervisor, and 1 FTE technician. This includes 1 FTE property manager at \$70,000 salary. The resident administrator is primarily responsible for working with residents on annual recertifications and will provide support for processing vacancy files. The leasing agent will also serve an administrative role and take care of

move-ins, move-outs, assist with tenant accounts receivable collection, posting notices, helping with rent relief applications and managing resident requests.

7.4. Income Restrictions for All Sources.

UNIT SIZE		MAXIMUM INCOME LEVEL	
NON-LOTTERY	No. of Units	MOHCD	HCD
1 BR – [RAD]	9	30% MOHCD AMI	30% TCAC AMI
1 BR – [PBV]	21	50% MOHCD AMI	50% TCAC AMI
2 BR – [PBV]	16	30% MOHCD AMI	30% TCAC AMI
2 BR – [PBV]	25	50% MOHCD AMI	50% TCAC AMI
3 BR – [PBV]	12	30% MOHCD AMI	30% TCAC AMI
3 BR – [PBV]	25	50% MOHCD AMI	50% TCAC AMI
4 BR – [PBV]	4	30% MOHCD AMI	30% TCAC AMI
4 BR – [PBV]	5	50% MOHCD AMI	50% TCAC AMI
Sub-Total	117		
LOTTERY			
1 BR	2	30% MOHCD AMI	30% TCAC AMI
1 BR	8	50% MOHCD AMI	50% TCAC AMI
Sub-Total	10		
2 BR	3	30% MOHCD AMI	30% TCAC AMI
2 BR	9	50% MOHCD AMI	50% TCAC AMI
Sub-Total	12		
3 BR	3	30% MOHCD AMI	30% TCAC AMI
3 BR	11	50% MOHCD AMI	50% TCAC AMI
Sub-Total	14		
4 BR	2	50% MOHCD AMI	50% TCAC AMI
Sub-Total	2		
STAFF UNITS			
2 BR	1	60% MOHCD AMI	
3 BR	1		
TOTAL	157		
PROJECT AVERAGE		44.12%	44.12%
AVERAGE FOR LOTTERY UNITS ONLY		44.61%	44.61%

7.5. MOHCD Restrictions.

Unit Size	No. of Units	Maximum Income Level
1 BR	11	30% of Median Income
2 BR	19	30% of Median Income
3 BR	15	30% of Median Income
4 BR	4	30% of Median Income
1 BR	29	50% of Median Income
2 BR	34	50% of Median Income
3 BR	34	50% of Median Income
4 BR	7	50% of Median Income
2 BR	1	60% AMI of Median Income (Manager's Unit)
3 BR	1	Manager's Unit (Unrestricted)

Two Staff Units: The Sponsor requested two staff units so that both a manager and maintenance employee can live on-site to handle after hours calls and emergencies based on their best practices for developments of this size. MOHCD agreed to the second staff unit as long as it is income qualified and the affordability is restricted to 60% MOHCD AMI.

8. SUPPORT SERVICES

8.1. Services Plan.

The Sponsor has engaged Shanti Project as the on-site services provider and executed a ten-year MOU with them on January 19, 2021. There will be two FTE service coordinators on-site. The Program Manager will not work full time on-site but will offer supervision and administrative oversight.

Shanti will provide resident services coordinators who will provide referral information and emotional support to residents; link them with primary care, mental health services, substance use services, legal referrals, and transportation and food services; and collaborate with property management to assist residents with maintaining their housing. They will also provide community building through activities and events such as food pantry distribution, computer skills workshops, cooking classes, and coffee socials. They will also hold monthly community meetings and various holiday and cultural events.

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.

This services contract and strategy is consistent with HOPE SF goals and continues to promote the community stewardship model.

8.2. Services Budget. The operating budget includes \$180,550 for 2 FTE on-site service coordinators. The ratio of service staff to units is 1:79.

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan Terms

Financial Description of Proposed Loan	
Loan Amount:	\$17,680,000
Loan Term:	57 years
Loan Maturity Date:	2079
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	March 17, 2017

9.2. Recommended Loan Conditions

1. Sponsor must provide MOHCD with detailed monthly updates via the MOH Monthly Project Update, including on:
 1. Community outreach completed,
 2. Outcomes achieved related to racial equity goals,
 3. Progress on relocation, and
 4. Commercial-use programming.
2. Sponsor to provide services budget and scope of work for MOHCD and HOPE SF approval 6 months before TCO.
3. Sponsor to provide security budget and scope of work to MOHCD and HOPE SF 6 months prior to TCO.
4. Sponsor will continue to work with MOHCD to reduce costs and bring them in line with MOHCD underwriting guidelines.

5. Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.
6. Sponsor must provide quarterly updated response to any letters requesting corrective action.
7. Sponsor must submit alternative development phasing plans for Phase 3 relocation before construction close of Block B.
8. Sponsor may only use the additional MOHCD gap financing (Perm Loan Gap Interest Coverage) of \$1,991,708 to offset decreases in the permanent loan due to rising interest rates. If the permanent loan is not reduced due to higher interest rates, and once the interest rate is locked in, then any unused money from this additional amount will be immediately returned to MOHCD.
9. If the 9 RAD units are converted to PBVs, Sponsor must work with lender to resize permanent loan.

10. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Thor Kaslofsky, Executive Director
Office of Community Investment and Infrastructure

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Tonia Lediju, Director
Housing Authority of the City and County of San Francisco

Date: _____

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

Chavez, Rosanna (MYR)

From: Ely, Lydia (MYR)
Sent: Monday, May 9, 2022 12:06 PM
To: Chavez, Rosanna (MYR)
Subject: Potrero Block B gap loan commitment

Hi Rosie-

On behalf of MOHCD, I approve the funding request for the subject project.

Thank you,

Lydia

Lydia Ely

Deputy Director for Housing

SF Mayor's Office of Housing and Community Development

Work from home: (415) 225-2936

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Thursday, May 12, 2022 12:19 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: HOPE SF Potrero Block B

I approve the request from BRIDGE Housing Corporation for final gap financing in the amount of up to \$17,680,000 for the HOPE SF Potrero Block B project.

Best,

salvador



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

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Chavez, Rosanna (MYR)

From: Colomello, Elizabeth (CII)
Sent: Friday, May 6, 2022 11:35 AM
To: Chavez, Rosanna (MYR)
Cc: Ely, Lydia (MYR); Kaslofsky, Thor (CII)
Subject: Potrero HOPE SF Block B

Hi Rosie-
On behalf of OCII, I approve the funding request for the subject project.
Thanks-
Elizabeth



Elizabeth Colomello
Housing Program Manager

📍 One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
☎ 415.749-2488, Cell 415.407-1908
🏠 www.sfocii.org

Chavez, Rosanna (MYR)

From: Katz, Bridget (CON)
Sent: Friday, May 6, 2022 11:33 AM
To: Chavez, Rosanna (MYR)
Subject: Potrero HOPE SF Block B

Approve

Bridget Katz

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

Chavez, Rosanna (MYR)

From: Tonia Lediju, PhD <ledijut@SFHA.ORG>
Sent: Friday, May 20, 2022 11:43 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: RE: Potrero HOPE SF Block B votes loan committee held 5/6

Importance: High

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

I apologize for not responding. My vote is a “yes”.

Respectfully,

Tonia Lediju, PhD
Chief Executive Officer
Housing Authority of the City & County of San Francisco
(650) 356-8401
(415) 619-1936

Clear is kind. Unclear is unkind -- Brene' Brown, PhD

From: Chavez, Rosanna (MYR) <rosanna.chavez@sfgov.org>
Sent: Friday, May 20, 2022 11:33 AM
To: Tonia Lediju, PhD <ledijut@SFHA.ORG>
Subject: FW: Potrero HOPE SF Block B votes loan committee held 5/6

Hello Tonia,

I wanted to follow-up and request for your vote for Potrero HOPE SF Block B, which was presented to loan committee on Friday, May 6.

Thank you,

Rosie Chavez

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

****Please provide any June draws by June 13th. Fiscal blackout period is from June 17th - July 5th.****

From: Chavez, Rosanna (MYR) <>

Sent: Monday, May 9, 2022 10:27 AM

To: Menjivar, Salvador (HOM) <salvador.menjivar1@sfgov.org>; Tonia Lediju, PhD <ledijut@sfha.org>; Ely, Lydia (MYR) <lydia.ely@sfgov.org>

Subject: Potrero HOPE SF Block B votes loan committee held 5/6

Good morning loan committee members,

If you could please provide your votes, for Potrero HOPE SF Block B, which was presented at loan committee on Friday, 5/6.

Thank you,

Rosie Chavez

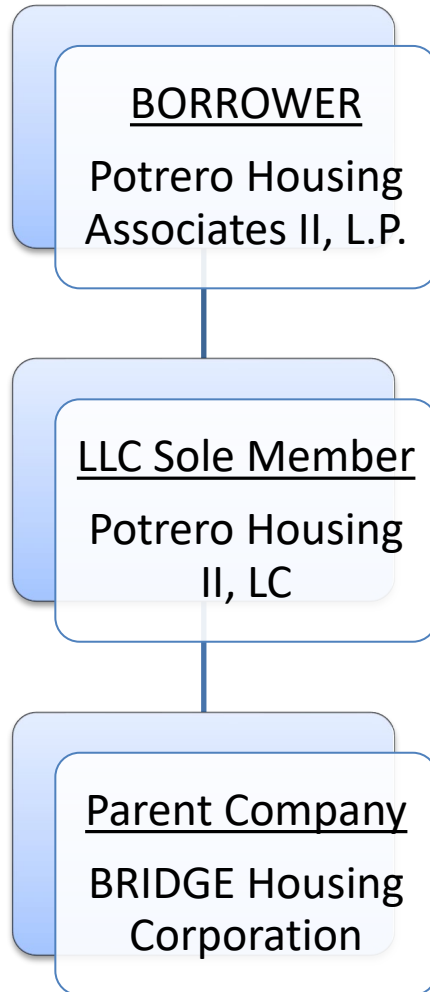
Asset Manager/Assistant Housing Loan Administrator
Mayor's Office of Housing and Community Development
1 South Van Ness, 5th Floor, San Francisco, CA 94103

Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Notes
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.	Commercial Space		
a.	Commercial Space Plan Submission	<u>3/15/21</u>	
b.	LOI/s Executed	<u>1/26/21</u>	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	<u>n/a</u>	
b.	CEQA Environ Review Submission	<u>Completed</u>	
c.	NEPA Environ Review Submission	<u>Completed</u>	
d.	CUP/PUD/Variances Submission	<u>_____</u>	
7.	PUC/PG&E		
a.	Temp Power Application Submission	<u>Completed</u>	
b.	Perm Power Application Submission	<u>Completed</u>	
8.	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>	
9.	Request for Bids Issued	<u>Completed</u>	
10.	Service Plan Submission		
a.	Preliminary	<u>7/8/21</u>	
b.	Final	<u>7/8/21</u>	
11.	Additional City Financing		
a.	Preliminary Gap Financing Application	<u>1/22/21</u>	
b.	Gap Financing Application	<u>5/6/22</u>	
12.	Other Financing		
a.	Accelerator Application	<u>11/3/21</u>	
b.	Construction Financing RFP	<u>1/15/22</u>	
c.	AHP Application	<u>3/1/21</u>	
d.	CDLAC Application	<u>2/1/21</u>	
e.	TCAC Application	<u>2/1/21</u>	
f.	Other Financing Application	<u>n/a</u>	
g.	LOSP Funding Request	<u>n/a</u>	
13.	Closing		
a.	Construction Loan Closing	<u>7/1/22</u>	
b.	Conversion of Construction Loan to Permanent Financing	<u>12/31/24</u>	
14.	Construction		
a.	Notice to Proceed	<u>7/12/22</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>7/15/24</u>	
15.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>7/15/23</u>	
b.	Commence Marketing	<u>1/30/24</u>	
c.	95% Occupancy	<u>12/30/24</u>	
16.	Cost Certification/8609	<u>n/a</u>	
17.	Close Out MOH/OCII Loan(s)	<u>12/30/25</u>	

Attachment B: Borrower Org Chart



Attachment C: Development Staff Resumes

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. See attached for resumes.

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





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.



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.

BRIDGE takes a proactive approach to being a good steward and long-term owner of its 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.

BRIDGE tracks operational and dashboard performance in a number of ways. They have a monthly key indicator report that Asset Managers review for variances from our standards. They 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 their entire portfolio every five years on a rolling basis. As part of that process, they load the reserve tables to their Asset Management database to track. Their Portfolio Rehabilitation Manager oversees all capital needs assessments as well as significant repair projects within their 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's 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 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.

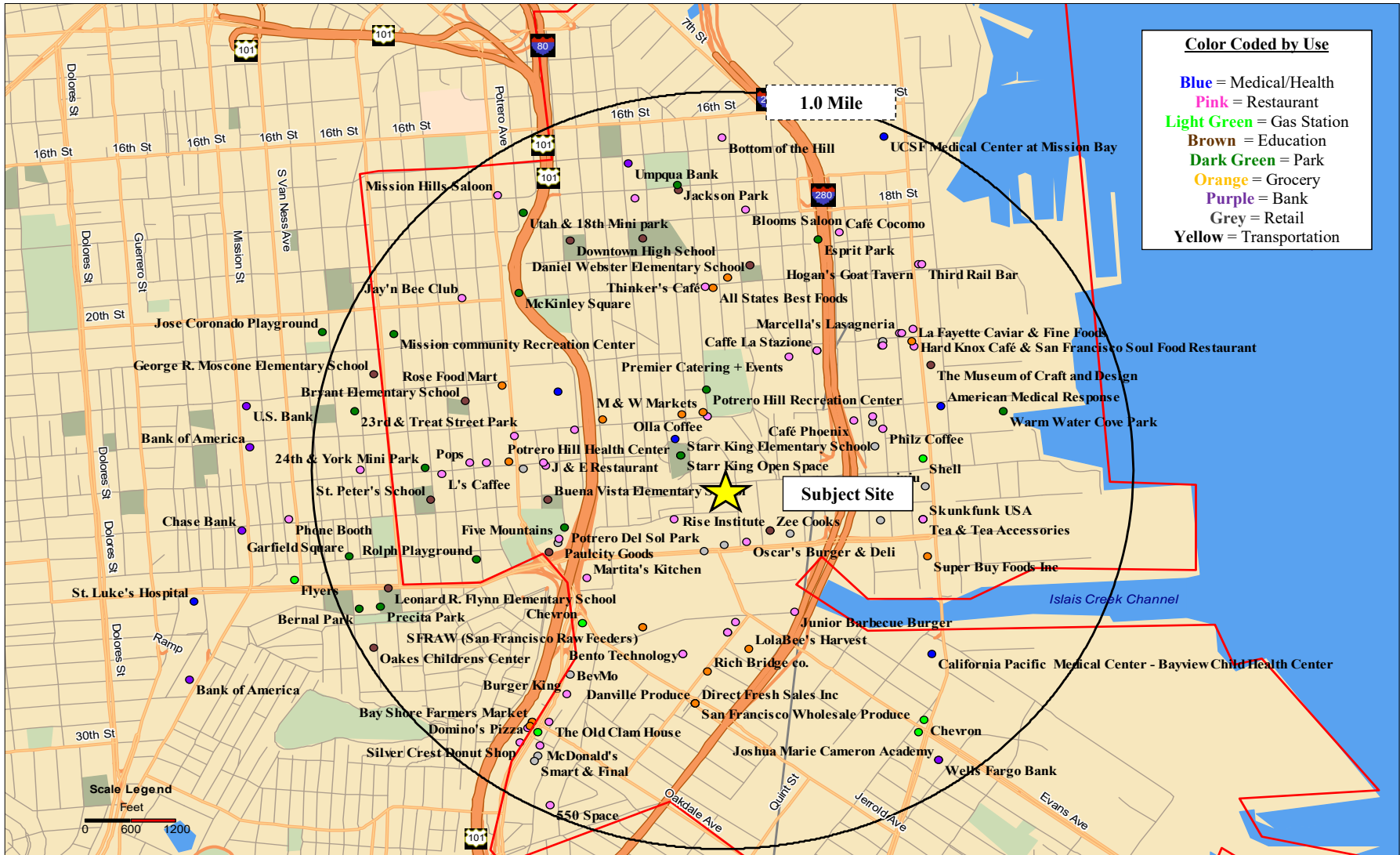
Attachment E: Threshold Eligibility Requirements and Ranking Criteria

N/A

Attachment F: Site Map with amenities

See attached.

LOCATION OF AMENITIES PROXIMATE TO SITE



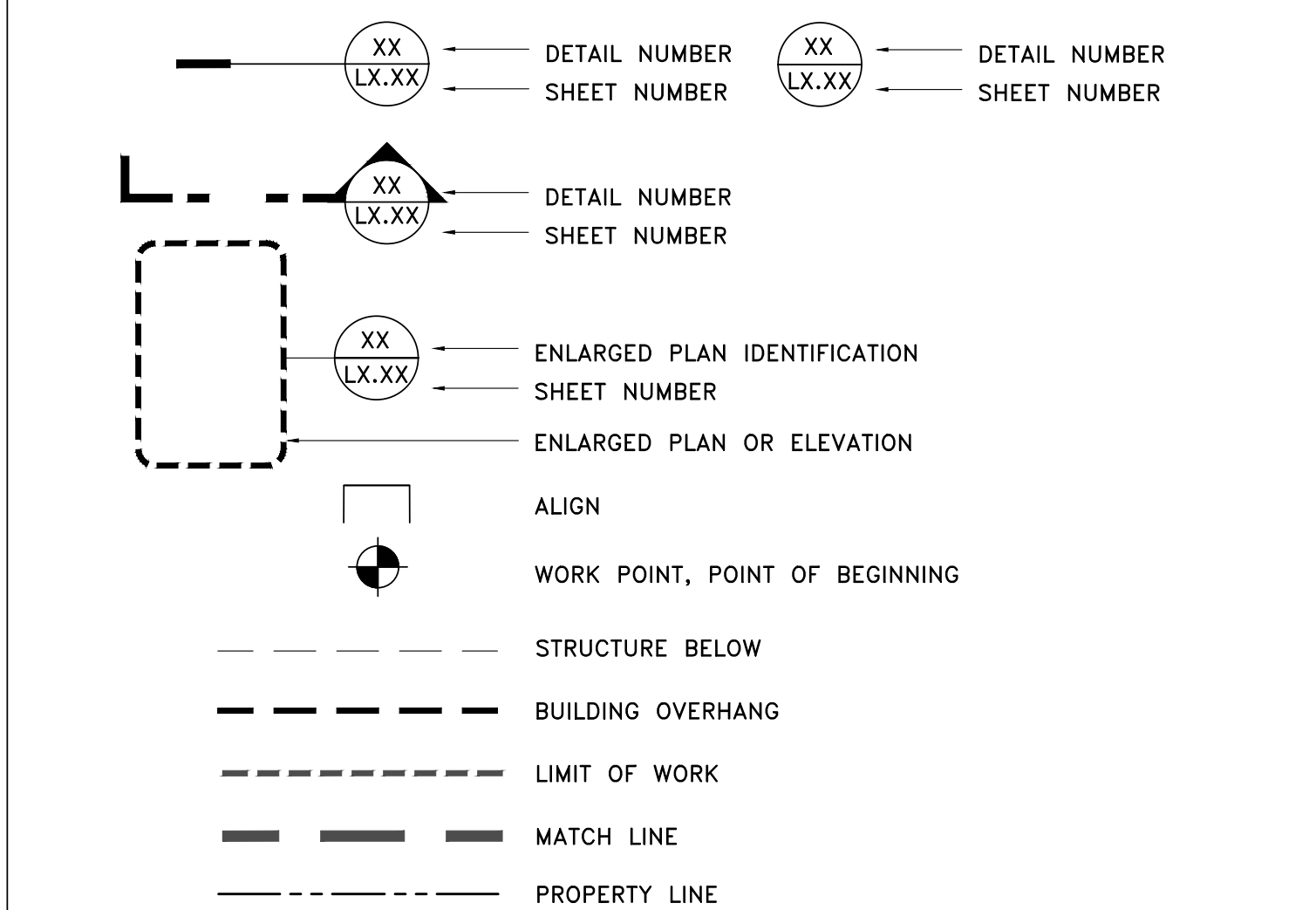
Attachment G: Elevations and Floor Plans

See attached.

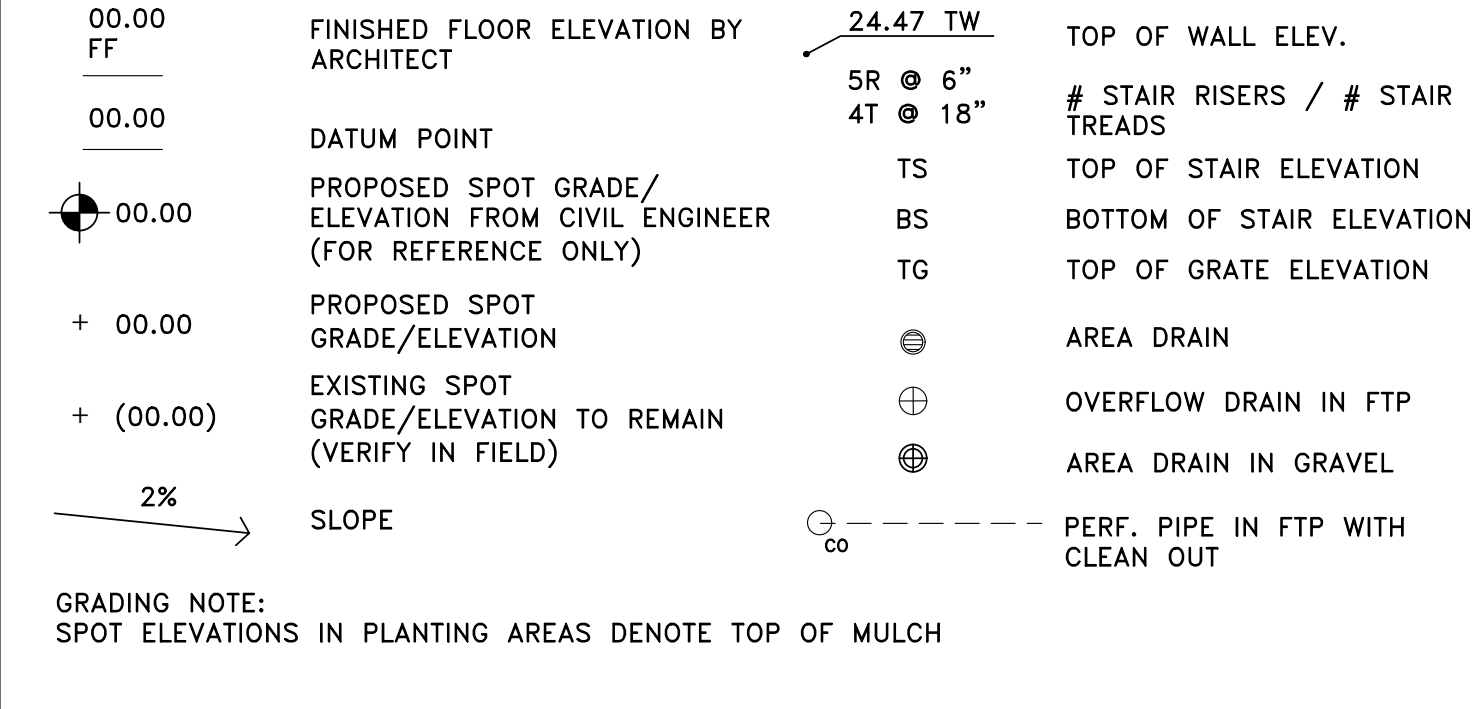
SHEET LIST

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

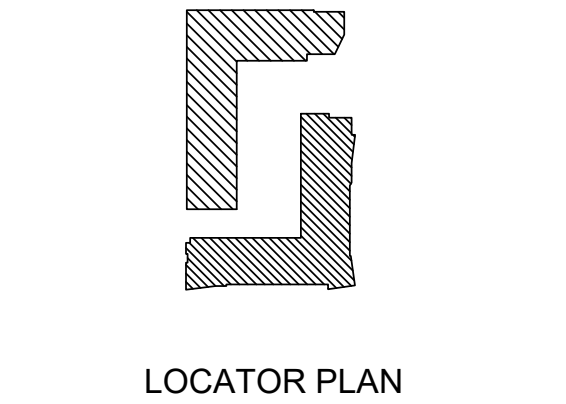
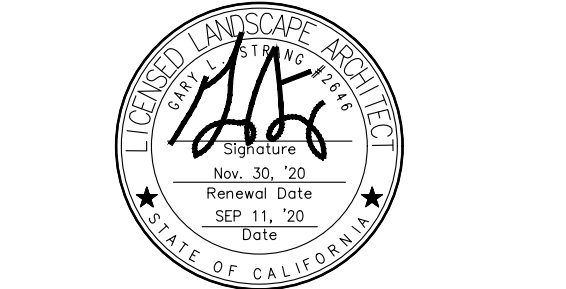
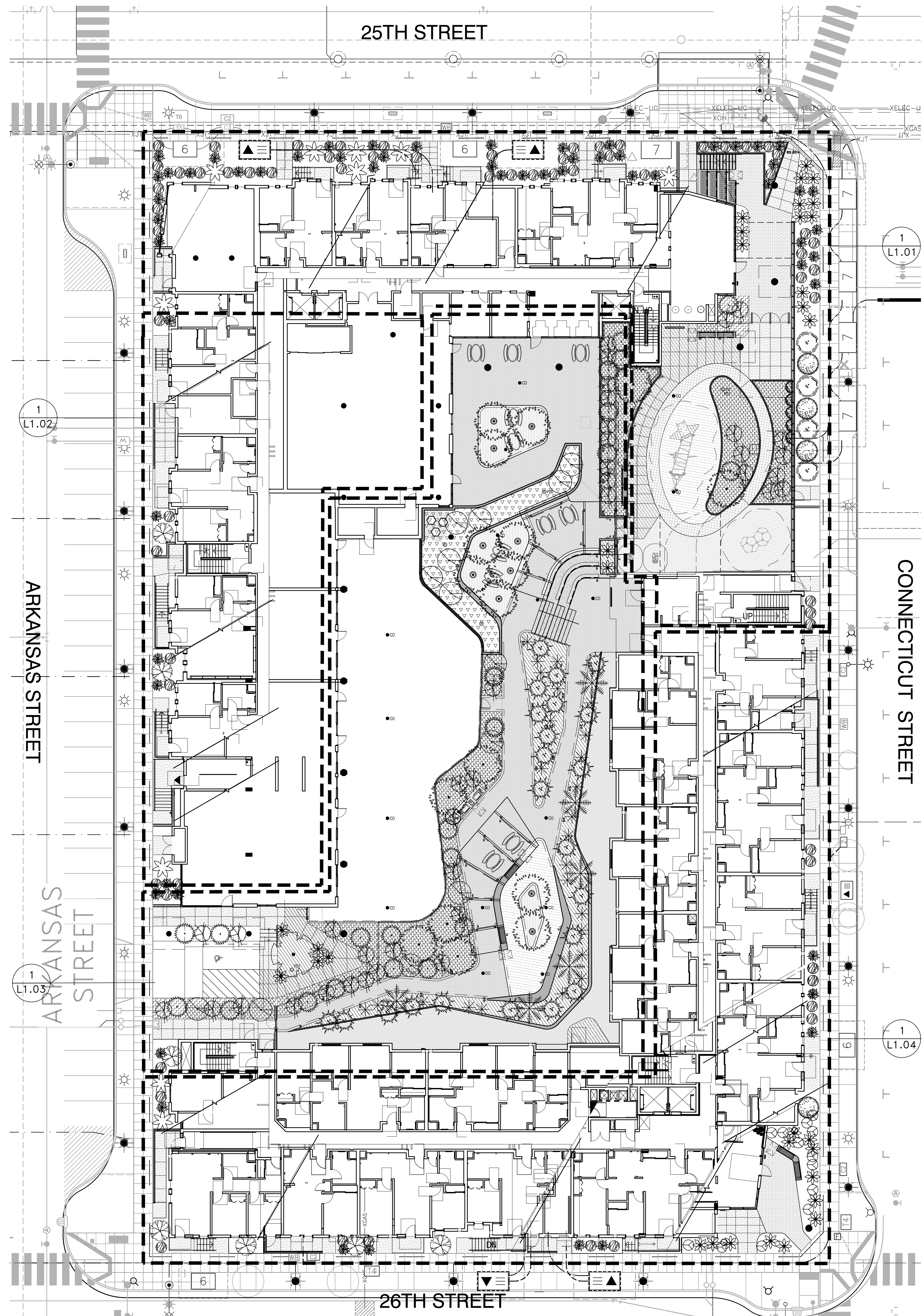


GRADING LEGEND



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		



Potrero Block B
 25th and Connecticut
 San Francisco, CA

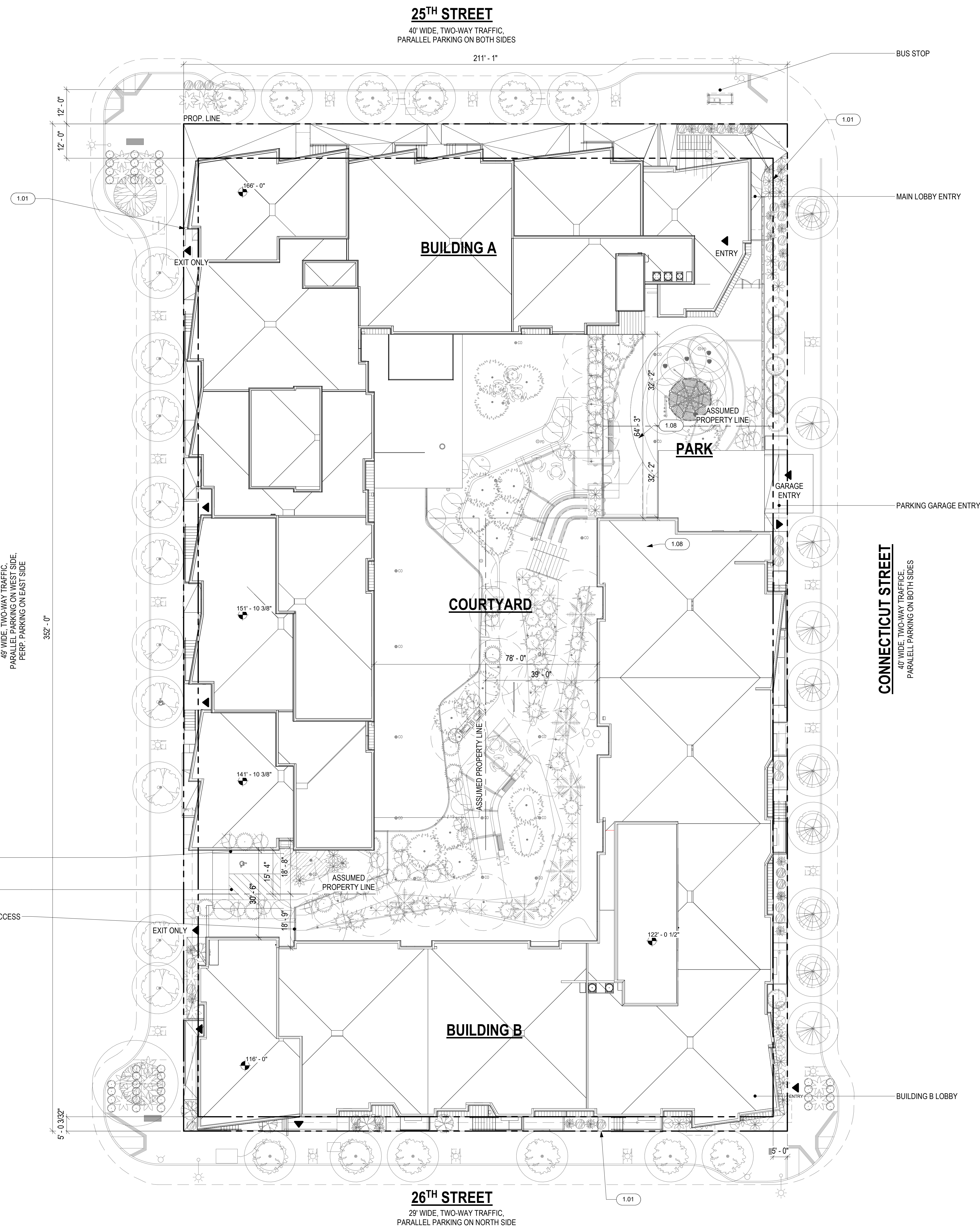
JOB NO.	10227
DRAWN	Author
CHECKED	Checker
JOB CAPTAIN	Approver

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

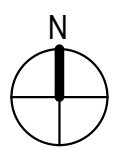


GENERAL NOTES

- A. FOR FENCING, PEDESTRIAN PAVING LAYOUT, LANDSCAPING, IRRIGATION, SITE FURNISHINGS, AND LANDSCAPE LIGHTING, SEE LANDSCAPE DRAWINGS
- B. FOR SITE UTILITIES, VEHICLE PAVING AND STRIPING, PARKING AREA SIGNAGE, GRADING AND STREET IMPROVEMENTS, SEE CIVIL DRAWINGS
- C. FOR SITE LIGHTING, S.E.D. AND S.L.D.

KEYNOTES

- 1.01 PROPERTY LINE



Potrero Block B

1801 25th Street
San Francisco, CA 94107

JOB NO. 10227
 DRAWN AB, FK
 CHECKED
 JOB CAPTAIN

ISSUE

DATE	DESCRIPTION
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
SITE PLAN

0' 8' 16' 32'
 SCALE As indicated

A1.00

1 SITE PLAN - ROOF LEVEL
1/16" = 1'-0"



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

See attached.

Affordable Multifamily Housing New Construction Cost Comparison

Updated 4/29/2022

Review instructions tab before beginning

	Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
	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
Delta of Subject and Comparable Projects	\$ (28,964)	\$ (14,548)	\$ (66)	\$ 204,892	\$ 57,849	\$ 9	\$ 30,323	\$ 5,368	\$ (10)	\$ 206,251	\$ 48,669	\$ (24)	\$ 15,409,938	-7371.5%
Delta Percentage	-100%	-100%	-100%	30%	17%	2%	19%	7%	-7%	24%	11%	-4%	5536%	-10839%
Potrero Block B	\$ 72	\$ 32	\$ 0	\$ 882,928	\$ 398,333	\$ 551	\$ 193,263	\$ 87,190	\$ 121	\$ 1,076,263	\$ 485,555	\$ 671	\$ 15,688,292	-1357.7%
Comparable Projects Average:	\$ 29,036	\$ 14,581	\$ 66.16	\$ 678,036	\$ 340,484	\$ 542	\$ 162,940	\$ 81,822	\$ 130	\$ 870,012	\$ 436,886	\$ 696	\$ 278,354	68.0%

Costs **lower** than comparable average (within 10%) Costs **higher** than comparable average (within 10%)

	Average:	Building Square Footage				Total Project Costs						Notes on Financing	Building Type	Stories	Comments		
		Lot sq.ft	Completion/ start date	# of Units	# of BR ¹	Res. ²	Non-Res. Sq. ft.	Total sq. ft.	Acq. Cost ³	Constr. Cost ⁴	Soft Cost					Total Dev. Cost w/land	Local Subsidy
ALL PROJECTS	Average:	35,156		122	191	116,110	14,677	130,330	\$ 2,662,250	\$ 72,691,060	\$ 19,327,381	\$ 94,586,891	\$ 27,460,169	\$ 91,925,411			
Comparable Projects Completed (filtered)	Average:	52,524		134	251	147,251	12,887	160,139	4,691,101	91,367,760	20,276,996	116,335,857	34,166,848	111,644,756			
Comparable Projects Under Construction (filtered)	Average:	79,623		152	304	174,388	45,520	182,291	7,084,901	93,118,196	26,415,038	126,618,135	39,862,186	119,533,234			
Comparable Projects In Predevelopment (filtered)	Average:	46,298		121	255	156,083	9,867	165,951	\$ 30,000	\$ 91,203,632	\$ 19,559,289	\$ 110,792,922	\$ 39,149,618	\$ 110,764,921			
Total Comparable Projects	Average:	59,482		136	270	159,241	22,758	169,460	\$ 3,935,334	\$ 91,896,529	\$ 22,083,774	\$ 117,915,638	\$ 37,726,217	\$ 113,980,970			
Potrero Block B		74,311	Jul-22	157	348	240,788	10,868	251,656	\$ 11,251	\$ 138,619,733	\$ 30,342,251	\$ 168,973,235		\$ 168,961,984		Type IIIA over Type IA	5-6
Delta of Subject and Comp Project Averages		14,829		21	78	81,547	-11,890	82,196	(\$3,924,083)	\$46,723,204	\$8,258,477	\$51,057,597	(\$37,726,217)	\$54,981,014			
Delta Percentage		25%		16%	29%	51%	-52%	49%	-100%	51%	37%	43%	-100%	48%			

PROJECTS COMPLETED		Building Square Footage				Total Project Costs						Notes on Financing	Building Type	Stories	Comments			
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost ³	Constr. Cost ⁴	Soft Cost					Total Dev. Cost w/land	Local Subsidy ⁵	Total Dev. Cost w/o land
Hunters View Phase II - Bl 7 & 11	227-229 West Point Rd	82,703	May-17	107	239	117,023	23,857	140,880	\$ -	\$ 69,114,567	\$ 9,272,003	\$ 78,386,570	\$ 19,737,243	\$ 78,386,570	2 HCD Loans (MHP & HCD AHSC Loan)	Type III-V over Type I flats	2 +	Mixed Townhome stepping downslope
Mission Bay Bl 6 East	626 Mission Bay Blvd. No.	63,250	Nov-18	143	276	162,080	9,719	171,799	\$ 148,125	\$ 93,081,796	\$ 15,222,907	\$ 108,452,828	\$ 35,750,000	\$ 108,304,703	HCD AHSC Loan	Type IIIA -V over Type I		41 pkg spaces, Mission Bay soils and infrastructure
88 Broadway - Family Housing	88 Broadway	38,182	Jul-21	125	221	140,279	8,700	148,979	\$ 14,900,000	\$ 83,130,211	\$ 27,758,226	\$ 125,788,437	\$ 27,908,676	\$ 110,888,437		Type IIIA & V over Type I	5-6	Family
691 China Basin (MB South 6W)	691 China Basin St	49,437	Aug-21	152	294	178,050	7,098	185,148	\$ -	\$ 119,679,063	\$ 23,515,332	\$ 143,194,395	\$ 40,726,827	\$ 143,194,395	HCD IIG Grant	Type III and Type V		Podium on e/ws wing; Incl. 28 parking spaces, 4,640 sf child care space
1990 Folsom Street	1990 Folsom Street	29,047	Sep-21	143	226	138,824	15,063	153,887	\$ 8,407,380	\$ 91,833,160	\$ 25,616,512	\$ 125,857,052	\$ 46,711,496	\$ 117,449,672		Type I and Type VA	2 & 8	Mixed type - Townhomes + 8 story Type I
Completed Projects:	Average:	33,590		105	172	101,201	17,338	118,539	3,658,905	65,896,480	12,790,887	81,903,556	23,698,722	78,244,651				

PROJECTS UNDER CONSTRUCTION		Building Square Footage				Total Project Costs						Notes on Financing	Building Type	Stories	Comments			
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost ³	Constr. Cost ⁴	Soft Cost					Total Dev. Cost w/land	Local Subsidy ⁵	Total Dev. Cost w/o land
Sunnydale Block 6	242 Hahn Street	95,213	Feb-22	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 Type I		Does not include infrastructure assignment	
4840 Mission	4840 Mission	64,033	Jun-23	137	232	181,711	14,384	120,861	\$ 14,169,802	\$ 83,789,393	\$ 23,931,086	\$ 121,890,281	\$ 51,614,447	\$ 107,720,479	HCD MHP Loan	Type V over Type I		Incl retail + 39 spaces pkg + Health Clinic + POPO

PROJECTS IN PREDEVELOPMENT		Building Square Footage				Total Project Costs						Notes on Financing	Building Type	Stories	Comments			
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost ³	Constr. Cost ⁴	Soft Cost					Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land
Treasure Island C3.1	6th St. Avenue C	49,841	May-22	138	321	210,586	-	210,586	\$ 25,000	\$ 98,295,567	\$ 18,953,264	\$ 117,273,831	\$ 28,952,317	\$ 117,248,831		Type IIIA over Type IA	7	4-7 Stories Type V & IIIA over 2 Stories Type IA
Shirley Chisholm Village Ed Hsg.	1351 42nd/1360 43rd	44,444	Aug-22	135	212	141,351	23,915	165,266	\$ 115,002	\$ 86,427,957	\$ 17,518,666	\$ 104,061,625	\$ 51,200,000	\$ 103,946,623	9% LIHTC	Type VA over IA	4	9% TCAC (85% CD est 12/20 esc. to 7/22)
HPSY Block 52-54	151 and 351 Friedell St	45,580	May-22	112	217	147,190	21,541	168,731	\$ -	\$ 91,878,228	\$ 16,839,389	\$ 108,717,617	\$ 59,200,732	\$ 108,717,617	4% credits, bonds	Type III over Type I		2 buildings built on separate non-contiguous parcels. Parking ratio 6/1
Hunters View Ph 3 Block 14 & 17	855 & 853 Hunters View Dr	39,355	May-22	118	286	172,645	3,881	176,526	\$ -	\$ 99,328,925	\$ 23,897,677	\$ 123,226,602	\$ 37,735,027	\$ 123,226,602	4% Credits; HCD MH	Type III-A over Type I	5-6	Incl Comm'l spaces & 56 Pkg (35% CD 8/20)
Sunnydale Block 9	TBD	52,272	Oct-24	100	239	108,644	-	108,644	\$ 10,000	\$ 80,087,484	\$ 20,587,449	\$ 100,684,933	\$ 18,660,015	\$ 100,684,933	4% Credits; HCD IIG	Type IIIA over Type IA	4	Parking at .74 ratio
In Predevelopment	Average:	32,379		114	191	114,444	8,648	129,243	\$ 1,286,183	\$ 74,738,973	\$ 20,002,660	\$ 96,189,133	\$ 26,721,572	\$ 94,905,258				

Attachment I: Predevelopment Budget

N/A

Attachment J: Development Budget

See attached.

Application Date: 3/24/22 # Units: 157
 Project Name: Potrero Block B # Bedrooms: 348
 Project Address: 1801 25th St # Beds:
 Project Sponsor: BRIDGE Housing Corporate

SOURCES	15,688,292	43,305,000	20,000,000	11,699,000	94,836,486	526,868	570,793	Total Sources	186,626,439	Comments
Name of Sources:	MOHCD/OCII	Perm Loan	AHSC	IIG	CHA	Accrued Deferred Interest (MOHCD)	Accrued Deferred Interest (IIG)			

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	11,251	

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab	5,768,595	25,226,220	20,000,000		62,184,023			113,178,838	Include FF&E
* Commercial Shell Construction	400,000							400,000	Childcare center
* Demolition					2,430,146			2,430,146	GC Contingency
Environmental Remediation		800,000						800,000	Outside of GC contract (owner cost)
* Onsite Improvements/Landscaping		3,141,771			2,010,257			5,152,028	Sitework
* Offsite Improvements				11,699,000				11,699,000	Infrastructure (IIG) (Outside of GC contract)
* Infrastructure Improvements								0	HOPE SF/OCII costs for streets etc.
Parking								0	
GC Bond Premium/GC Insurance/GC Taxes		1,963,932			216,646			2,180,578	
GC Overhead & Profit		3,433,129			203,379			3,636,508	
CG General Conditions	1,663,205	1,663,205						3,326,410	
Sub-total Construction Costs	7,831,800	36,228,257	20,000,000	11,699,000	67,044,451	0	0	142,803,508	
Design Contingency (remove at DD)					1,000,000			1,000,000	Escalation for April through June (Owner's escalation)
Bid Contingency (remove at bid)								0	
Plan Check Contingency (remove/reduce during Plan Review)								0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency	0				6,515,225			6,515,225	Owner's contingency
Sub-total Construction Contingencies	0	0	0	0	7,515,225	0	0	7,515,225	
TOTAL CONSTRUCTION COSTS	7,831,800	36,228,257	20,000,000	11,699,000	74,559,676	0	0	150,318,733	

Construction line item costs as a % of hard costs
 1.5%
 2.5%
 2.3%
 0.7%
 0.0%
 0.0%
 4.6%

SOFT COSTS

Architecture & Design

Architect design fees		4,200,000						4,200,000	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)								0	
Architect Construction Admin								0	
Reimbursables								0	
Additional Services								0	
Sub-total Architect Contract	0	4,200,000	0	0	0	0	0	4,200,000	
Other Third Party design consultants (not included under Architect contract)	25,000	116,577			30,000			171,577	Quality control, solar, interior design and TDM contracts
Total Architecture & Design	25,000	4,316,577	0	0	30,000	0	0	4,371,577	

Engineering & Environmental Studies

Survey	50,000							50,000	ALTA survey
Geotechnical studies	30,000							30,000	
Phase I & II Reports	50,000							50,000	
CEQA / Environmental Review consultants	316,000							316,000	ENGEO's oversight for remediation and soil disturbances
NEPA / 106 Review								0	
CNA/PNA (rehab only)								0	
Other environmental consultants	5,500	240,000			800,000			1,045,500	Noise study (\$5,500), testing for soil compaction, concrete/asphalt testing (\$240K) and air monitoring (\$800K)
Total Engineering & Environmental Studies	451,500	240,000	0	0	800,000	0	0	1,491,500	

Financing Costs

Construction Financing Costs									
Construction Loan Origination Fee		748,889			17,622			766,511	
Construction Loan Interest		250,000			9,316,946			9,566,946	Includes \$250K of predev loan interest
Title & Recording					85,000			85,000	
CDLAC & CDIAC fees								0	
Bond Issuer Fees								0	
Other Bond Cost of Issuance								0	
Construction Lender Expense	30,000					526,868	570,793	1,127,661	Lender expense and accrued interest
Sub-total Const. Financing Costs	30,000	998,889	0	0	9,419,568	526,868	570,793	11,546,118	
Permanent Financing Costs									
Permanent Loan Origination Fee	0	0						0	
Credit Enhance. & Appl. Fee		40,000						40,000	Perm lender expense
Title & Recording		15,000						15,000	
Sub-total Perm. Financing Costs	0	55,000	0	0	0	0	0	55,000	
Total Financing Costs	30,000	1,053,889	0	0	9,419,568	526,868	570,793	11,601,118	

Legal Costs

Borrower Legal fees		30,000						30,000	
Land Use / CEQA Attorney fees		87,500						87,500	
Tax Credit Counsel								0	
Bond Counsel								0	
Construction Lender Counsel		125,000						125,000	Owner & lender counsel
Permanent Lender Counsel		40,000						40,000	Perm lender counsel
Other Legal (specify)								0	
Total Legal Costs	0	282,500	0	0	0	0	0	282,500	

Other Development Costs

Appraisal		16,000						16,000	
Market Study		16,526						16,526	
* Insurance	4,014,236				1,443,607			5,457,843	
* Property Taxes	15,800							15,800	
* Accounting / Audit	52,871							52,871	
* Organizational Costs								0	
Entitlement / Permit Fees					3,146,243			3,146,243	Includes impact fees, permits/fees. Fees associated with issuance of site permit and addenda 1-3 (SFUSD impact fee, SFPUC capacity charge, DBI plan review)
* Marketing / Rent-up	685,180	258,785						943,965	Includes start up/lease up costs
* Furnishings	314,000							314,000	\$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees					300,000			300,000	Utility connection fees
TCAC App / Alloc / Monitor Fees								0	
* Financial Consultant fees	60,000							60,000	CHPC consultant
Construction Management fees / Owner's Rep		401,200			150,000			551,200	
Security during Construction								0	
* Relocation	171,842	0						171,842	Resident relocation
Art Enrichment	30,000							30,000	
Other consultants	96,884	8,080						104,964	Other consultants, signage and printing
MOHCD Financial Advisor	97,500							97,500	
Total Other Development Costs	5,538,313	700,591	0	0	5,039,850	0	0	11,278,754	

Total Soft Cost Contingency as % of Total Soft Costs
 4.5%

Contingency (Arch, Eng, Fin, Legal & Other Dev)	550,856	386,708			379,238			1,316,802	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	6,595,669	6,980,265	0	0	15,668,656	526,868	570,793	30,342,251	

RESERVES

* Operating Reserves		96,478			1,100,358			1,196,836	
Replacement Reserves								0	
* Tenant Improvements Reserves								0	
* HCD Subsidy Transition Reserve	749,572				1,557,796			2,307,368	
* Other (specify)								0	
* Other (specify)								0	
TOTAL RESERVES	749,572	96,478	0	0	2,658,154	0	0	3,504,204	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	250,000				1,950,000			2,200,000	
Developer Fee - Cash-out At Risk								0	
Commercial Developer Fee								0	
Developer Fee - GP Equity (also show as source)								0	
Developer Fee - Deferred (also show as source)								0	
Development Consultant Fees								0	Need MOHCD approval for this cost, N/A for most projects
Childcare Project Mgmt Fee	250,000							250,000	
TOTAL DEVELOPER COSTS	500,000	0	0	0	1,950,000	0	0	2,450,000	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	15,688,292	43,305,000	20,000,000	11,699,000	94,836,486	526,868	570,793	186,626,439	
Development Cost/Unit as % of TDC by Source	99,925	275,828	127,389	74,516	604,054	3,356	3,636	1,188,703	
	8.4%	23.2%	10.7%	6.3%	50.8%	0.3%	0.3%	100.0%	

Acquisition Cost/Unit by Source

0	0	0	0	0	0	0	0	0	
---	---	---	---	---	---	---	---	---	--

Construction Cost (inc Const Contingency)/Unit By Source

49,884	230,753	127,389	74,516	474,902	0	0	957,444	
30.04	138.95	76.71	44.87	285.98	0.00	0.00	576.55	

*Possible non-eligible GO Bond/COP Amount:

12,179,225	
City Subsidy/Unit	99,925

Tax Credit Equity Pricing:

N/A	
Construction Bond Amount:	N/A
Construction Loan Term (in months):	30 months
Construction Loan Interest Rate (as %):	3.60%

Attachment K: 1st Year Operating Budget

See attached.

Application Date: 3/24/2022 Project Name: Potrero Block B
 Total # Units: 157 Project Address: 1801 25th St
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2024 Project Sponsor: BRIDGE Housing Corporate

INCOME	Total	Comments
Residential - Tenant Rents	2,234,736	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	3,221,364	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	12	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
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	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	5,456,112	
Vacancy Loss - Residential - Tenant Rents	(111,737)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(161,068)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	(6)	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
EFFECTIVE GROSS INCOME	5,183,301	PUPA: 33,015

OPERATING EXPENSES		
Management		
Management Fee	122,460	1st Year to be set according to HUD schedule.
Asset Management Fee	22,670	
Sub-total Management Expenses	145,130	PUPA: 924

Salaries/Benefits		
Office Salaries	128,822	
Manager's Salary	70,000	
Health Insurance and Other Benefits	67,200	
Other Salaries/Benefits	19,792	
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	285,814	PUPA: 1,820

Administration		
Advertising and Marketing	1,500	
Office Expenses	28,432	includes office supplies, printing, postage & telephone
Office Rent		
Legal Expense - Property	6,000	
Audit Expense	11,000	
Bookkeeping/Accounting Services	17,898	
Bad Debts		
Miscellaneous	19,280	credit checks & transportation, dues, functions & software maintenance
Sub-total Administration Expenses	84,110	PUPA: 536

Utilities		
Electricity	71,628	
Water	84,780	
Gas		
Sewer	131,880	
Sub-total Utilities	288,288	PUPA: 1,836

Taxes and Licenses		
Real Estate Taxes	1,000	
Payroll Taxes	32,986	
Miscellaneous Taxes, Licenses and Permits	87,300	Cost of \$800 for annual CA Franchise tax and elevator permits of \$300x4. SF Gross receipts
Sub-total Taxes and Licenses	121,286	PUPA: 773

Insurance		
Property and Liability Insurance	219,680	
Fidelity Bond Insurance		
Worker's Compensation	29,688	
Director's & Officers' Liability Insurance		
Sub-total Insurance	249,368	PUPA: 1,588

Maintenance & Repair		
Payroll	131,040	janitorial and repairs payroll
Supplies	15,700	
Contracts	105,300	cleaning contracts, exterminating, repairs, elevator, decorating & grounds contract
Garbage and Trash Removal	87,280	
Security Payroll/Contract	299,085	
HVAC Repairs and Maintenance	8,000	
Vehicle and Maintenance Equipment Operation and Repairs	1,000	
Miscellaneous Operating and Maintenance Expenses	1,508	\$29 per week for uniforms for maintenance and janitorial staff
Sub-total Maintenance & Repair Expenses	648,913	PUPA: 4,133

Supportive Services	180,550	
Commercial Expenses	15,450	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%

TOTAL OPERATING EXPENSES 2,018,909 **PUPA: 12,859**

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		
Replacement Reserve Deposit	78,500	
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
Required Reserve Deposits, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	93,500	PUPA: 596

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	2,112,409	PUPA: 13,455
NET OPERATING INCOME (INCOME minus OP EXPENSES)	3,070,892	PUPA: 19,560

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	2,591,836	Conventional Perm loan 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	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
TOTAL HARD DEBT SERVICE	2,675,836	PUPA: 17,044

CASH FLOW (NOI minus DEBT SERVICE)	395,056	
USES OF CASH FLOW BELOW (This row also shows DSCR.)	1.15	

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		
Partnership Management Fee (see policy for limits)	1st	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		
Other Payments		
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	Def. Develop. Fee split: 0%	Provide additional comments here, if needed.

TOTAL PAYMENTS PRECEDING MOHCD 0 **PUPA: 0**

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	395,056	
Residual Receipts Calculation		
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease? No
Will Project Defer Developer Fee?	No	
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	33%	
% of Residual Receipts available for distribution to soft debt lenders in	67%	

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. recs	\$15,688,292	43.78%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$150,000	0.42%
HCD (soft debt loan) - Lender 3	HCD AHSC	\$20,000,000	55.81%
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	116,393	67% of residual receipts, multiplied by 44.19% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	116,393	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	278,663	
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NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	146,977	67% of residual receipts, multiplied by 55.81% -- 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	146,977	

REMAINDER (Should be zero unless there are distributions below)		
Owner Distributions/Incentive Management Fee	131,685	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	
Final Balance (should be zero)	0	

Attachment L: 20-year Operating Proforma

See attached.

Potrero Block B

Total # Units: 157

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	
	% annual increase	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	
INCOME																					
Residential - Tenant Rents	2.5%	2,234,736	2,290,604	2,347,870	2,406,566	2,466,730	2,528,399	2,591,609	2,656,399	2,722,809	2,790,879	2,860,651	2,932,167	3,005,471	3,080,608	3,157,623	3,236,564	3,317,478	3,400,415	3,485,425	
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	3,221,364	3,285,791	3,351,507	3,418,537	3,486,908	3,556,646	3,627,779	3,700,335	3,774,341	3,849,828	3,926,825	4,005,361	4,085,468	4,167,178	4,250,521	4,335,532	4,422,242	4,510,687	4,600,901	
Commercial Space	3.0%	12	12	13	13	14	14	15	15	16	16	17	17	18	18	19	19	20	20	20	
Other Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gross Potential Income		5,456,112	5,576,408	5,699,389	5,825,117	5,953,652	6,085,059	6,219,402	6,356,748	6,497,165	6,640,723	6,787,492	6,937,545	7,090,957	7,247,804	7,408,163	7,572,115	7,739,740	7,911,122	8,086,347	
Vacancy Loss - Residential - Tenant Rents	n/a	(111,737)	(114,530)	(117,393)	(120,328)	(123,337)	(126,420)	(129,580)	(132,820)	(136,140)	(139,544)	(143,033)	(146,608)	(150,274)	(154,030)	(157,881)	(161,828)	(165,874)	(170,021)	(174,271)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	(161,068)	(164,290)	(167,575)	(170,927)	(174,345)	(177,832)	(181,389)	(185,017)	(188,717)	(192,491)	(196,341)	(200,268)	(204,273)	(208,359)	(212,526)	(216,777)	(221,112)	(225,534)	(230,045)	
Vacancy Loss - Commercial	n/a	(6)	(6)	(6)	(7)	(7)	(7)	(7)	(8)	(8)	(8)	(8)	(9)	(9)	(9)	(9)	(10)	(10)	(10)	(10)	
EFFECTIVE GROSS INCOME		5,183,301	5,297,582	5,414,414	5,533,855	5,655,963	5,780,800	5,908,425	6,038,904	6,172,300	6,308,680	6,448,110	6,590,660	6,736,401	6,885,406	7,037,747	7,193,500	7,352,744	7,515,557	7,682,020	
OPERATING EXPENSES																					
Management	3.5%	145,130	150,210	155,467	160,908	166,540	172,369	178,402	184,646	191,108	197,797	204,720	211,885	219,301	226,977	234,921	243,143	251,653	260,461	269,577	
Salaries/Benefits	3.5%	285,814	295,817	306,171	316,887	327,978	339,457	351,338	363,635	376,362	389,535	403,169	417,280	431,885	447,001	462,646	478,838	495,597	512,943	530,896	
Administration	3.5%	84,110	87,054	90,101	93,254	96,518	99,896	103,393	107,011	110,757	114,633	118,645	122,798	127,096	131,544	136,148	140,914	145,846	150,950	156,233	
Utilities	3.5%	288,288	298,378	308,821	319,630	330,817	342,396	354,380	366,783	379,620	392,907	406,659	420,892	435,623	450,870	466,650	482,983	499,887	517,383	535,492	
Taxes and Licenses	3.5%	121,286	125,531	129,925	134,472	139,178	144,050	149,091	154,310	159,711	165,300	171,086	177,074	183,271	189,686	196,325	203,196	210,308	217,669	225,287	
Insurance	3.5%	249,368	258,096	267,129	276,479	286,156	296,171	306,537	317,266	328,370	339,863	351,758	364,070	376,812	390,001	403,651	417,778	432,401	447,535	463,198	
Maintenance & Repair	3.5%	648,913	671,625	695,132	719,461	744,643	770,705	797,680	825,599	854,495	884,402	915,356	947,393	980,552	1,014,871	1,050,392	1,087,156	1,125,206	1,164,588	1,205,349	
Supportive Services	3.5%	180,550	186,869	193,410	200,179	207,185	214,437	221,942	229,710	237,750	246,071	254,684	263,598	272,823	282,372	292,255	302,484	313,071	324,029	335,370	
Commercial Expenses	3.5%	15,450	15,991	16,550	17,130	17,729	18,350	18,992	19,657	20,345	21,057	21,794	22,557	23,346	24,163	25,009	25,884	26,790	27,728	28,698	
TOTAL OPERATING EXPENSES		2,018,909	2,089,571	2,162,706	2,238,400	2,316,745	2,397,831	2,481,755	2,568,616	2,658,518	2,751,566	2,847,871	2,947,546	3,050,710	3,157,485	3,267,997	3,382,377	3,500,760	3,623,287	3,750,102	
PUPA (w/o Reserves/GL Base Rent/Bond Fees)		12,859																			
Reserves/Ground Lease Base Rent/Bond Fees																					
Ground Lease Base Rent		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	
Bond Monitoring Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Replacement Reserve Deposit		78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500	
Operating Reserve Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Required Reserve 1 Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Required Reserve 2 Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Required Reserve Deposit/s, Commercial		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees		93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	93,500	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		2,112,409	2,183,071	2,256,206	2,331,900	2,410,245	2,491,331	2,575,255	2,662,116	2,752,018	2,845,066	2,941,371	3,041,046	3,144,210	3,250,985	3,361,497	3,475,877	3,594,260	3,716,787	3,843,602	
PUPA (w/ Reserves/GL Base Rent/Bond Fees)		13,455																			
NET OPERATING INCOME (INCOME minus OP EXPENSES)		3,070,892	3,114,511	3,158,208	3,201,954	3,245,719	3,289,469	3,333,171	3,376,788	3,420,283	3,463,614	3,506,739	3,549,614	3,592,191	3,634,421	3,676,250	3,717,624	3,758,484	3,798,771	3,838,419	
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																					
Hard Debt - First Lender		2,591,836	2,591,836	2,591,836	2,591,836	2,591,836	2,591,836	2,591,836	2,591,836	2,591,836	2,591,836	2,591,836	2,591,836	2,591,836	2,591,836	2,591,836	2,591,836	2,591,836	2,591,836	2,591,836	
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)		84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Hard Debt - Fourth Lender		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Commercial Hard Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL HARD DEBT SERVICE		2,675,836	2,675,836	2,675,836	2,675,836	2,675,836	2,675,836	2,675,836	2,675,836	2,675,836	2,675,836	2,675,836	2,675,836	2,675,836	2,675,836	2,675,836	2,675,836	2,675,836	2,675,836	2,675,836	
CASH FLOW (NOI minus DEBT SERVICE)		395,056	438,675	482,372	526,118	569,883	613,633	657,335	700,952	744,447	787,778	830,903	873,778	916,355	958,585	1,000,414	1,041,788	1,082,648	1,122,935	1,162,583	
USES OF CASH FLOW BELOW (This row also shows DSCR.)																					
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		DSCR:	1.148	1.164	1.18	1.197	1.213	1.229	1.246	1.262	1.278	1.294	1.311	1.327	1.342	1.358	1.374	1.389	1.405	1.42	1.434
Deferred Developer Fee (Enter amt <= Max Fee from row 131)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Partnership Management Fee (see policy for limits)	3.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non-amortizing Loan Pmnt - Lender 1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non-amortizing Loan Pmnt - Lender 2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL PAYMENTS PRECEDING MOHCD		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		395,056	438,675	482,372	526,118	569,883	613,633	657,335	700,952	744,447	787,778	830,903	873,778								

Potrero Block B

Total # Units: 157

		Year 20
		2043
INCOME	% annual increase	Total
Residential - Tenant Rents	2.5%	3,572,561
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	4,692,919
Commercial Space	3.0%	21
Other Income		-
Gross Potential Income		8,265,501
Vacancy Loss - Residential - Tenant Rents	n/a	(178,628)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	(234,646)
Vacancy Loss - Commercial	n/a	(11)
EFFECTIVE GROSS INCOME		7,852,217
OPERATING EXPENSES		
Management	3.5%	279,013
Salaries/Benefits	3.5%	549,478
Administration	3.5%	161,702
Utilities	3.5%	554,234
Taxes and Licenses	3.5%	233,172
Insurance	3.5%	479,410
Maintenance & Repair	3.5%	1,247,536
Supportive Services	3.5%	347,108
Commercial Expenses		29,703
TOTAL OPERATING EXPENSES		3,881,355
PUPA (w/o Reserves/GL Base Rent/Bond Fees)		
Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent		15,000
Bond Monitoring Fee		0
Replacement Reserve Deposit		78,500
Operating Reserve Deposit		0
Other Required Reserve 1 Deposit		0
Other Required Reserve 2 Deposit		0
Required Reserve Deposit/s, Commercial		0
Sub-total Reserves/Ground Lease Base Rent/Bond Fees		93,500
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		3,974,855
PUPA (w/ Reserves/GL Base Rent/Bond Fees)		
NET OPERATING INCOME (INCOME minus OP EXPENSES)		3,877,361
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender		2,591,836
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)		84,000
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		-
Hard Debt - Fourth Lender		-
Commercial Hard Debt Service		-
TOTAL HARD DEBT SERVICE		2,675,836
CASH FLOW (NOI minus DEBT SERVICE)		1,201,525
USES OF CASH FLOW BELOW (This row also shows DSCR.)	DSCR:	1.449
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
Deferred Developer Fee (Enter amt <= Max Fee from row 131)		-
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	-
Partnership Management Fee (see policy for limits)	3.0%	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		-
Other Payments		-
Non-amortizing Loan Pmnt - Lender 1		-
Non-amortizing Loan Pmnt - Lender 2		-
TOTAL PAYMENTS PRECEDING MOHCD		-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		1,201,525
Does Project have a MOHCD Residual Receipt Obligation?	Yes	
Will Project Defer Developer Fee?	No	
Residual Receipts split for all years. - Lender/Owner	37% / 33%	
MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
MOHCD Residual Receipts Amount Due	44.19%	354,000
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease		-
Proposed MOHCD Residual Receipts Amount to Replacement Reserve		-
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE		847,526
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	55.81%	447,017
Lender 4 Residual Receipts Due	0.00%	-
Lender 5 Residual Receipts Due	0.00%	-
Total Non-MOHCD Residual Receipts Debt Service		447,017
REMAINDER (Should be zero unless there are distributions below)		400,508
Owner Distributions/Incentive Management Fee		400,508
Other Distributions/Uses		-
Final Balance (should be zero)		-
RR Running Balance		1,570,000
OR Running Balance		-
Other Required Reserve 1 Running Balance		-
Other Required Reserve 2 Running Balance		-
DEFERRED DEVELOPER FEE - RUNNING BALANCE		
Developer Fee Starting Balance		-
Deferred Developer Fee Earned in Year		-
Developer Fee Remaining Balance		-