

Citywide HOPE SF Affordable Housing Loan Committee

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

**Potrero HOPE SF
Phase 2 Infrastructure
\$29,141,134
Final Gap Loan**

Evaluation of Request for:	Infrastructure Gap Financing
Loan Committee Date:	November 20, 2020
Prepared By:	Sara F. Amaral
Source of Funds Recommended:	\$22,701,134 Total 2015 GO Bonds - \$21,853,000 Condo Conversion Fees- \$848,134
NOFA/PROGRAM/RFP:	HOPE SF
Total Previous City Funds Committed:	\$6,440,000 Total \$2,300,000 CPMC \$4,140,000 LMIHAF
Total Loan:	\$29,141,134
Applicant/Sponsor Name:	BRIDGE Housing Corporation

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	Potrero HOPE SF - Phase 2 Infrastructure	Sponsor(s):	BRIDGE Housing Corporation
Project Address (w/ cross St):	Bounded by 25 th and 26 th St. to the north and south; Connecticut to the east and Wisconsin to the west	Ultimate Borrower Entity:	BRIDGE-Potrero Community Associates LLC

Project Summary:

Potrero HOPE SF Phase 2 Infrastructure (Phase 2) is comprised of 3.96 acres of land (Site) at the southern end of the Potrero Terrace and Annex Public Housing site (Potrero HOPE SF). Phase I infrastructure and the construction of a 72-unit affordable housing development (known as 1101 Connecticut) were completed in June 2019. Approximately 77 Potrero Terrace and Annex households living in eight buildings within the Phase 2 footprint were relocated to either 53 new units at 1101 Connecticut or into 24 renovated units on the existing Potrero public housing site. The abatement and demolition of the existing eight buildings within the footprint of Phase 2 was completed in June 2020 and the Phase 2 area is currently vacant. The Sponsor is now ready to start construction on the infrastructure improvements, which are necessary for housing construction to start in August 2021 for both the affordable housing development known as Block B and the market rate development known as Block A.

The Sponsor is requesting an additional \$22,701,134 in funding for the infrastructure improvements, for a total loan amount \$29,141,134. The Sponsor has been successful in applying for additional capital sources from the State of California Department of Housing and Community Development (HCD) for \$13,199,000, however those funds will not become available until after infrastructure construction start. As such, the Sponsor is requesting MOHCD bridge this amount until those funds become available. Upon receipt of those funds, the Sponsor will pay down the MOHCD loan accordingly.

Project Description:

Land Owner:	SF Housing Authority	Supervisor and District:	Supervisor Shamann Walton (D-10)
Total Open Space:	4,000 sf	Total Parcel Size (acres & sf):	3.96 acres / 172,498 sf
Total Street Area:	0.6 acres	Master Plan Architect:	Van Meter Williams Pollack
Civil Engineer:	Carlile Macy	General Contractor:	Cahill Construction
Total Development Cost (TDC):	\$29,141,134	TDC/sf:	\$168.94
Loan Amount after repayment	\$15,942,134	After repayment /sf:	\$92.42

PRINCIPAL DEVELOPMENT ISSUES

- **Sponsor Performance** – BRIDGE has experienced significant turnover in project management staff working on Potrero HOPE SF, which has caused delays to this Project and various other projects in MOHCD pipeline. A high level of coordination and attention to detail is essential in ensuring successful delivery of infrastructure improvements and housing construction. Please see Section 1.2 and 1.4 for more information.
- **Repayment of MOHCD Loan** – The infrastructure construction schedule has been delayed due to the turnover of Sponsor’s staff and to the permitting process. Further delays will result in delays to the start of Block B and Block A. If this happens, the Sponsor will not be able to request repayment of the Affordable Housing and Sustainable Communities (AHSC) grant funds in the amount of \$1,500,000 or Infill and Infrastructure Grant award of \$11.7M in order to repay this MOHCD Infrastructure Gap loan. Please see Section 4.4 for more information.

SOURCES AND USES SUMMARY

Construction Sources from MOHCD	Amount	Terms	Status
Predevelopment	\$2,640,000	55 yrs. @ 0% Deferred	Committed
Abatement/Demo	\$3,800,000	55 yrs. @ 0% Deferred	Committed
Infrastructure Improvements	\$22,701,134	55 yrs. @ 0% Deferred	This Request
Total	\$29,141,134		
Permanent Sources	Amount	Terms	Status
MOHCD -Infrastructure	\$15,942,134	55 yrs. @ 0%; Payable In-Kind	This Request
IIG Grant	\$11,699,000	Grant	Committed
AHSC Grant	\$1,500,000	Grant	Committed
Total	\$29,141,134		
Uses	Amount	Per Unit*	Per SF
Acquisition	\$0	\$0	\$0
Hard Costs	\$23,905,014	\$92,655	\$139
Soft Costs	\$3,986,120	\$15,450	\$23
Developer Fee	\$1,250,000	\$4,845	\$7
Total	\$29,141,134	\$112,950	\$169

*Note: Per Unit column assumes 157 affordable units in Block B and 101 market rate units in Block A. Block A has not yet received Planning approval for increase in density on Site.

1. BACKGROUND

1.1. Project History Leading to This Request.

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

1.2. Phasing Summary Update

As of June 2019, Potrero HOPE SF has completed Phase I construction and lease-up at 1101 Connecticut, a 72-unit affordable housing development adjacent to Phase 2. There were 74 households living within the footprint of Phase 2 that were either relocated to 1101 Connecticut or into rehabbed units on site in later phases. City acceptance of the infrastructure improvements at Phase I is expected to start by Spring 2021 and take up to six months to complete.

Due to delays in construction of 1101 Connecticut, all subsequent phases have been delayed. The Sponsor received MOHCD predevelopment loan approval for Phase 2 and affordable Block B in March 2017. After relocating residents out of the Phase 2 footprint in June 2019, the Sponsor was able to restart work related to predevelopment of both Phase 2 and Block B. However, in addition to delays in permitting, design and relocation, the Sponsor has also had frequent turnover of staff which further extended delays. This is evidenced by the length of time from when residents were relocated out of the footprint (June 2019) to demolition and abatement completion (June 2020). The Sponsor recently prepared a staffing report as a condition of the Summer 2020 Potrero Master Loan request that shows adequate coverage for Potrero HOPE SF currently, however, due to current Sponsor performance on other MOHCD pipeline projects with similar turnover, appropriate staffing levels continue to be a concern.

To date, the Sponsor has completed 100% Construction Drawings (CDs) for Street Improvement Plans (SIPs) for Phase 2. The SIPs were submitted for plan check on August 3, 2020. The Phase 2 tentative subdivision map, originally submitted for review in January 2018 and amended in June of the same year, was approved by Public Works on October 7, 2020. A final subdivision map was requested by Public Works Bureau of Street Use and Mapping on October 9, 2020. The final subdivision map for Phase 2 was submitted on October 23, 2020. The Sponsor is anticipated to start infrastructure construction by January 2020. Substantial construction completion will be in August 2021, when vertical construction of the 157-unit affordable development, Block B, will commence. Full completion of infrastructure improvements is tied to the construction completion of Block B in March 2023 and when the Sponsor intends to start the City acceptance process of the utilities and improved rights of way.

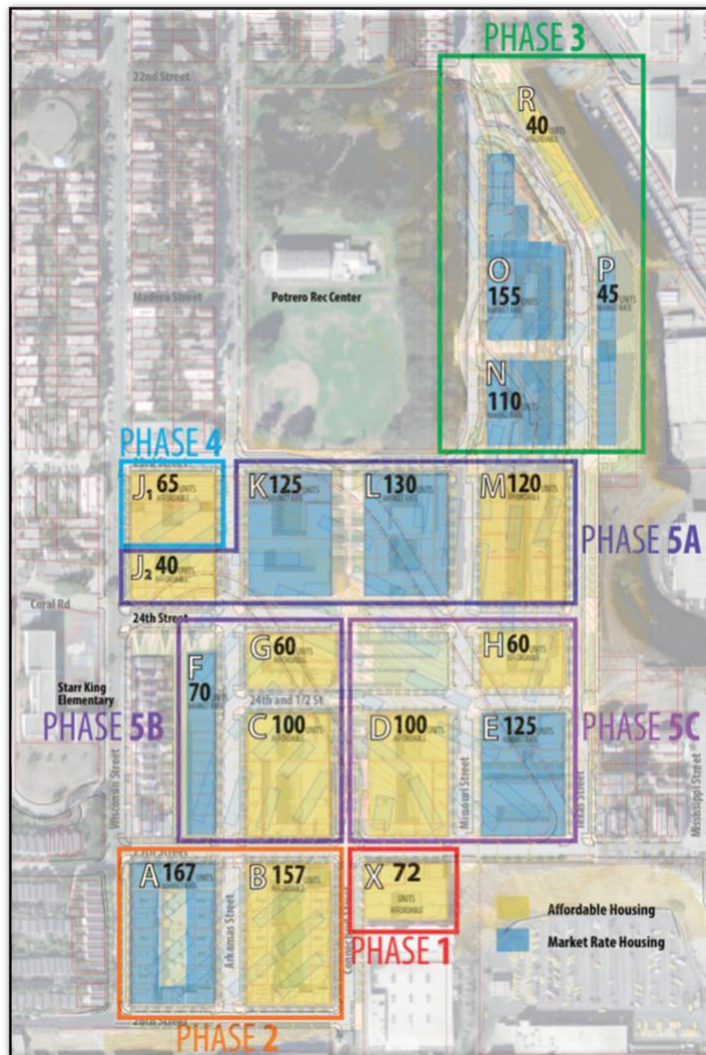
Design drawings pertaining to Block B vertical construction are at 50% CDs; the Project will reach 95% CD's in December 2020 and is planning to submit for Addenda 1 plan check on December 21, 2020, with construction start scheduled for August 2021. In addition, Block A, originally envisioned as a 101-unit market rate rental development, is anticipated to start construction in July 2022. BRIDGE has proposed a joint venture with Strada Investment Group for Block A, and will seek to increase density through a Planning Commission action for an additional 137 units, for a total of 238 market rate units. Block A will also

require extensive community outreach for approval. The Block A transaction is still under review by SFHA, OEWD and MOHCD.

Phase 3, which includes affordable blocks Q & R, was originally scheduled to start predevelopment work in 2019. It is expected that the Sponsor will start this work in the fall of 2021, before submission of a Phase Application to Planning. Households within this footprint will either move to vacant units on site, into Block B or into offsite opportunities as they arise. Like all previous phases, abatement and demolition cannot start before all residents are relocated. Predevelopment work related to Phase 4 and Phase 5 is scheduled to start in 2024 and 2026, respectively. Please see Attachment A for more information.

1.3. Phasing Map

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



1.4. Borrower/Grantee Profile. (See Attachment D for Borrower Org Chart, Attachment E for BRIDGE Organization Chart for Potrero HOPE SF)

BRIDGE-Potrero Community Associates LLC, a limited liability company, is the Borrower for the Potrero Hope SF Phase 2 Infrastructure loan. This entity is an affiliate of BRIDGE Housing Corporation which is the Master Plan Developer of Potrero HOPE SF.

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

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

Cyrus Hoda started as Associate Project Manager at BRIDGE Housing Corporation in October 2020 and is responsible for overseeing the execution of Phase 2 and Phase 3 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 various Potrero HOPE SF projects.

As noted above in Section 1.2, turnover with Sponsor staff has caused delays on this Project and other Potrero HOPE SF projects. For example, the Sponsor requested funding for Potrero Master Plan in June 2020 from Loan Committee; loan documents were provided to the Sponsor in August 2020 and have yet to be executed. As a condition of that loan, the Sponsor recently prepared a staffing report showing adequate 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 a concern. In the event that staff turnover continues, Staff is recommending that Sponsor hire a third party consultant to mitigate any further delays to this Project or Block B. Cost for this additional coverage will be paid out of the Sponsor's developer fee.

1.5. Procurement

The Contract Management Division (CMD) established an overall SBE/WBE goal of 20% for Phase 2 infrastructure. To date, the Sponsor has exceeded this goal. Current SBE/WBE as a percentage of contracts is at 77%. To date, all contracts have been executed. A formal RFP process was initiated on December 16, 2019 for the Infrastructure work. Cahill Contractors was selected as the General Contractor with A&B Contractors as the civil sub-contractor.

Consultant Type	Name & Company	SBE/LBE	Procurement Issues
Material Hygienist	Chris Yama, ACC Environmental Consultants	Y	N
Demolition and Abatement Contractors	Polat Shamyradov, Azul	Y	N
Construction Manager	Mark Stevenson, CM Squared	N	N
Infrastructure Construction	Rami El Khoury, A&B Construction	N	N
Infrastructure Construction	Robert Saravia, Cahill	N	N
Geotechnical Engineer	Brooke Spruit, Engeo	N	N
Environmental	Csilla Kenny, Engeo	N	N
Master Architect	Fred Pollack, Van Meter Williams Pollack	Y(LBE)	N
Civil Engineer	Mark Hale, Carlile Macy	Y	N
Joint Trench	Arnold Saenz, Giacalone Design Services Inc.	N	N
Landscape	Dean Williams, GLS Architecture	N	N
Bird Nesting	Amy Poopatanapong, ICF	N	N
Fence	Cheryl Swann, Tri-City Fence	N	N
Site Security	Elizah Abduh-Salam, Bay Area Security Services (B.A.S.S.)	N	N
Electrical Site Survey	Rosanna Lerma, EDesignC	Y	N
Temp Power & Single Line Diagram	Pablo Cazarez, Power Plus!	N	N
Site Clean Up	Kevin Gonzalez, Consolidated Cleaning	N	N

2. SITE

Site Description	
Zoning:	SU-08 Potrero Hill Hope SF Special Use District / RM-2
Maximum units allowed by current zoning:	Maximum units allowed for the site per the 2017 Development Agreement. Individual buildings subject to SU-08 Potrero HOPE SF Special Use District (SUD), not zoning. Maximum number of units currently allowed under SUD amendment is 157 units for Block B. Block A is originally estimated to have 101 units; Sponsor and market rate developer will seek planning amendment to SUD for up to 238 units.
Seismic (if applicable):	Class C Seismic Area
Soil type:	Soil Type is primarily Franciscan Bedrock. Minor amounts of artificial fill are present throughout the site, extending to depths of 1 to 12 feet below the existing ground surface. The fill typically consisted of clayey sand to sandy clay with abundant construction debris, including wood and both clay and metal pipes. Fragments of the underlying bedrock are also present in this layer. The Franciscan Complex bedrock encountered below the fill in test pits is highly variable. It fluctuates in color from pale green to almost black. Samples range from friable to very strong and weathering appears to range from slightly weathered to completely weathered. In general, the bedrock on site is highly fractured with blocks of more competent material. Bedrock structure is somewhat chaotic with fractures and foliations in various directions.
Environmental Review:	Block B Phase I 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 is completing further soil sampling at shallow locations of former structures to accurately determine existence of lead-based paint or termiticide. Naturally occurring asbestos is found in the soil per Phase I report. Please see more information below.
Adjacent uses (North):	Potrero Hill public housing site and single family housing.
Adjacent uses (South):	Light Industrial
Adjacent uses (East):	Potrero Hill public housing site, single family housing, Production, Distribution & Repair facilities.
Adjacent uses (West):	Residential – Single Family
Neighborhood Amenities within 0.5 miles:	Nearby Schools: Rise Institute, Potrero Terrace Nursery & School, Daniel Webster Elementary School, Downtown High School, Friends of Potrero Hill Nursery School, San Francisco International High School, Meadows Livingstone School, Hilltop High School, Starr King Elementary School Healthcare: Zuckerberg San Francisco General Hospital, Potrero Hill Health Center. Grocery Stores: Potrero Terrace Market, The Good Life Grocery, New Potrero Market Places of Worship: House of God San Francisco, City View Church, St Teresa of Avila Catholic Church
Public Transportation within 0.5 miles:	Bus Lines: 19 Polk, 48 Quintara/24 th Street Muni Lines: T Third Street Bus
Article 34:	Exempt for infrastructure but not residential. Article 34 will be updated for Block B prior to construction start.
Article 38:	Not exempt; Article 38 will be completed before construction on Block B and all other affordable housing developments in Potrero HOPE SF.
Recycled Water:	Exempt
Storm Water Management:	Storm Water Plan was submitted October 30, 2020 to SFPUC for approval

2.1. Site Description

Phase 2 is a rectangular-shaped 3.96-acre parcel owned by the San Francisco Housing Authority (SFHA). The Site is bordered by 25th Street to the north and by 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. The Site is currently vacant land, surrounded by perimeter fencing for security.

2.2. Parking

Parking is not governed by zoning, but by the 2017 Potrero Special Use District and the 2017 Development Agreement, which requires, as stated in the Transportation Demand Management Plan (TDM) exhibit, a parking maximum of 1-to-1 off-street parking for all units built. However, a requirement of the TDM is to reduce this level, which at full build out would be 1100 total off-street parking spots, by providing mitigating options, including increased transportation opportunities from SFMTA. In the TDM, the Sponsor has proposed a maximum ratio of .5 off-street parking for all affordable housing and the market rate developer will provide a maximum of .75 space ratio, and while parking supply may be aggregated, the total must not exceed the maximum across the site.

Potrero Hill, partly due to its hilly geography, and partly due to lack of City investment in this neighborhood, has been underserved by SFMTA and as such, residents have been reliant upon automobiles. Parking, and more specifically any decrease in overall parking onsite

after revitalization, has been a contentious issue on all HOPE SF sites, across both affordable and market rate developments. The lack of adequate on-street and off-street parking is exacerbated by delays in planned transportation improvements at the HOPE SF sites.

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

While the number of units to parking that will be built back is similar to what was on Site previously, it should be noted that HOPE SF and MOHCD need to work closely with SFMTA to ensure better transit connections and improvements in the area. This is particularly important as COVID-19 has restricted funding for SFMTA which can limit future investment from the agency.

Phase 2 Parking Analysis	Original Phase 2 Site	Block B*	Block A*	Phase 2 New Total	% Increase
Units	92	157	238	395	329%
Off-Street	50	118	113	231	362%
On Street	45	46	46	92	104%
Total	95	164	159	323	240%
Ratio to Units (including on street)	1.03	1.04	0.67	0.82	-21%
Ratio to Units (off Street only)	0.54	0.75	0.47	0.58	8%

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

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

2.3. Relocation.

Relocation of the 74 households within Phase 2 was completed in July 2019. Fifty-three households were relocated to 1101 Connecticut, and 24 households were relocated to rehabilitated units within the existing Potrero public housing complex. A phase-specific relocation plan was prepared by the Sponsor in conformance with the approved Potrero HOPE SF Relocation Plan for the entire site, and based on direct interviews with households impacted by demolition and the need for relocation. The phase-specific plan was approved by the SFHA Commission on July 26, 2018.

In the event of delays in construction for Phase 2, Block B will also be delayed. Residents from Phase 3 will not be able move into Block B, further continuing long term site delays.

2.4. Environmental

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 2 Investigation report recommends a Soil Management Plan, Asbestos Dust Mitigation Plan (ADMP), Dust Mitigation Control Plan and Health & Safety Plan for workers. The ADMP was approved October 16, 2020. All additional plans relating to Phase 2 environmental investigation recommendations are expected to be completed by December 2020.

2.5. Environmental Risks

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.

Lead Mitigation – BRIDGE has engaged environmental consultant ENGEO to collect soil and bedrock samples from areas within anticipated excavation areas within Block A and Block B. Soil samples will be analyzed for the following environmental hazards: Metals, Volatile Organic Compounds (VOC's), pesticides, Asbestos, lead, chromium, and nickel. 20 soil sample tests were conducted at various locations throughout Phase 2 infrastructure locations. 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. This funding request contains hazmat testing & reporting reserves of \$274,725 in addition to environmental consulting/monitoring reserves \$221,500 to fund future Phase 2 infrastructure hazardous remediation. Furthermore, a 10% owner contingency is in place to cover added soil remediation costs in the event soil mitigation scope exceeds current Engeo recommendations based on current soil sampling.

Naturally Occurring Asbestos Risk – Residents of 1101 Connecticut, existing SFHA Potrero Terrace residents, and adjacent residential households are located in close proximity to Phase 2 construction of Block A, Block B, and infrastructure soil excavation. Airborne soils resulting from Phase 2 excavation pose Air Quality risks to adjacent communities. Naturally occurring asbestos is present within Phase 2 soil. All onsite personnel, SFHA Potrero Terrace residents and the adjacent Potrero Hill community members are vulnerable to adverse health risks arisen from disrupting soil containing naturally occurring asbestos

Naturally Occurring Asbestos Mitigation – BRIDGE has contracted ENGEO environmental consultants to prepare a Soil Management Plan, Dust Control Plan, and Health and Safety Plan. BRIDGE has also budgeted weekly dust monitoring services to cover the entire excavation period scheduled by the General Contractor – Cahill Contractors (Cahill). Cahill will be responsible for implementation of the Health and Safety Plan for the duration of construction. BRIDGE has contracted ACC Environmental Consultants to create an Asbestos Dust Mitigation Plan (ADMP) to protect onsite workers and adjacent residences. Through the ADMP, air monitoring and abatement will be done to contain dust during earthwork. Cahill Constructors will perform abatement work under the supervision of ACC Environmental.

2.6. Mapping.

A Tentative Subdivision Tract Map was submitted January 2018, amended on June 12, 2018 and approved by Public Works on October 7, 2020. The Map creates three new parcels consisting of 2 residential parcels, Block A and Block B, and the extension of Arkansas Street, which will be dedicated to the City once complete. A final subdivision map was requested by Public Works Bureau of Street Use and Mapping on October 23, 2020. The Street Vacations and Dedication legislation is scheduled to be approved by the Board of Supervisors by November 2020.

2.7. Permits and Planning Review

Permit	Submission Requirement	Review Entity	Est. Submission Date
Phase Application	Narrative and diagrammatic explanation of the nature and extent of infrastructure included in phase. Building setbacks and height requirements will be identified for consistency with Development Agreement.	Planning Department will review and approve at the staff level for consistency with Potrero HOPE SF Special Use District and Potrero Design Guidelines. Planning Dept. staff will solicit MOHCD approval.	Approved November 2017.
Demolition Permit	BRIDGE will submit an application for demolition permit from the City.	City departments (DBI, SFPUC, and Fire). Permit approval will come from DBI.	Completed June 2020
Street Improvement Plan	30%, 60%, and 90% plans will be reviewed and City comments will be incorporated into each iteration. A final 100% set of plans will be submitted for approval and initiation of Public Improvement Agreement (PIA).	City departments (DPW-IFT, SFPUC, Fire, SFMTA) will review. Review, commenting, and approval to be centralized through the DPW Taskforce	100% set submitted August 2020 and awaiting approval. Delay in approval due in part to many moving targets. Generally, process should take about 30 days.

3. DEVELOPMENT PLAN

3.1. Site Control.

3.1.1. Proposed Property Ownership Structure

The Project Sponsor entered into a construction license agreement with SFHA for demolition and grading, which was approved by SFHA Commission on July 26, 2018. The Project Sponsor received Commission approval for the short-term ground lease on September 24, 2020, which will be in place throughout the construction of the infrastructure improvements. Upon completion of the improvements and as part of the City acceptance process, SFHA will convey the parcel that comprises the street improvements fee-simple to the City for long-term ownership and maintenance as public Rights-of-Way (ROWs). The Sponsor and SFHA will prepare for the formal acceptance of street improvements and street dedication upon completion of Block B vertical construction, which is scheduled for June 2023.

SFHA will retain underlying ownership of the Block B land parcel and Potrero Housing Associates II, L.P., a limited partnership, will enter into a long-term ground lease with

SFHA for the affordable housing improvements on site. The Block A market rate parcel will be sold fee simple to a market-rate developer. Currently, the Project Sponsor has partnered with Strada Investment Group to develop Block A. The proceeds of the sale will be distributed to MOHCD to cross-subsidize the Potrero HOPE SF project as described in the Surplus Cash Memorandum (MOU), an attachment to the Potrero HOPE SF Master Development Agreement. The terms of a Purchase and Sale Agreement and Option for the market rate parcel are under negotiation with MOHCD, the Office of Economic and Workforce Development (OEWD), SFHA, Strada, and BRIDGE. Strada/BRIDGE team is working with MOHCD to finalize appraisal instructions for Block A by the end of 2020 and is currently projecting a close of escrow and commencement of construction in February 2022. While the original proposed market rate unit count for Block A was 101 units, the Strada/BRIDGE team is will seek the Planning Department's approval of its height and density increase to accommodate up to 238 units.

3.2. Proposed Design.

Planned Infrastructure improvements are based on the 100% Street Improvement Plans that were submitted to Department of Public Works Infrastructure Task Force (DPW-IFT) in August 2020 and include the following scope of work:

- Excavating & removing existing utilities
- Installation of new utilities (water, combined sewer, gas, electric, cable & phone) & backfilling trenches
- Staging and off-hauling spoils generated from trenching activities
- Installing new retaining wall
- Installing extension of Arkansas Street (25th Street through 26th Street)
- Demolishing and upgrading existing streets
- Trenching and installing new irrigation and landscaping
- Grading to slopes matching the Master Improvement Plans
- Environmental screening & soil/ dust management
- New mini park

Cost estimates for Phase 2 Infrastructure improvements, as provided by Cahill Contractors, are \$22,125,942 and included a 2% cost escalation in the numbers. Updated cost estimates are due by November 20, 2020, but will not be vetted before Loan Committee. The Sponsor will continue to contain costs and in the event that the updated cost estimate amount is below what is approved by Loan Committee, the MOHCD loan will be reduced accordingly, including removing escalation.

3.3. Proposed Infrastructure Use and Narrative.

Task	Cost
Abatement/Materials Containment	\$350,000
Soil and Material Off-Haul	\$350,000

Construction costs for electrical services to 4 neighboring buildings	\$100,000
Site work & Improvements	\$3,448,270
Hardscape, Site Utilities & Landscaping	\$9,033,746
General Requirements & Contracting Costs	\$1,814,398
Owner's Contingency (10%) & Other Fees	\$4,763,350
2% Escalation	\$334,882
Engineering & other consultants	\$203,750
Special Inspections	\$200,000
Environmental Consulting/ Monitoring	\$221,500
Hazmat Testing & Reports	\$274,725
Insurance	\$192,986
Legal	\$30,000
Soft Cost Contingency	\$236,027
Other Soft Costs (Bird Nesting + Tree Removal hearing support)	\$10,000
Developer Overhead & Profit	\$1,137,500
TOTAL	\$22,701,134

Infrastructure cost estimates have been vetted by the Sponsor's Infrastructure construction manager in consultation with the civil engineer and general contractor, as well as DPW-ITF. Phase 2 infrastructure estimates were analyzed against actual costs for Phase I infrastructure. The following are contributors to why Phase 2 has higher costs:

- Phase 2 infrastructure includes more square footage than Phase I.
- Phase 2 has higher structural engineering costs due to the number of retaining walls and accessible public spaces that will be provided. This is due to the 20% slope associated with the street grade.
- Lighting and electrical calculations and designs are included for the Mini Park.
- Additional funds are included for coordination with the Public Utilities Commission (SFPUC) on the electrical plan and for coordinating the electrical upgrades and tie-in to the new system for four neighboring buildings on 25th Street.

Underwriting	Notes
Architecture and Engineering Fees are within standards	Civil Engineering: \$499,400
Bid Contingency is at least 5% of total hard costs	Bid Contingency is 10%
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	2% of construction costs
Construction Management Fees are within standards	Within MOHCD Underwriting guidelines.
Developer Fee is within standards	Total Dev Fee is \$1,250,000
Soft Cost Contingency is 10% per standards	Soft Cost Contingency is 10%
Infrastructure Project Management Fees included in Developer Fee	Developer confirms that there is no additional project management fee.

3.3.1. Construction Management

As noted previously, the Sponsor was awarded predevelopment funding in 2017. At that time, the Sponsor believed that CMD had approved the Infrastructure Construction Manager, CM2, with a previous Request for Qualifications (RFQ) from Potrero Master Plan, but after further review with CMD in 2019, this was not the case. In March 2020, after a competitive RFQ process, CM2 was formally selected as the Infrastructure Construction Manager for the Project. At the time, MOHCD approved the Infrastructure Construction Management contract for \$349,000 for services from predevelopment through construction completion.

The Sponsor has since requested another \$68,400 in fee for CM2 to cover the 6 month delay in predevelopment work. Since the RFQ process was not established at the beginning of predevelopment as is required, nor is it inherently clear that the delay was due to forces outside of the Sponsor's control, MOHCD does not support payment of this fee in the Phase 2 infrastructure budget. The Sponsor can elect to pay any amount over the CM2 contract of \$349,200 from the developer fee for this Project.

In future phases, the Sponsor will undertake the Infrastructure Construction Management RFQ process at the time of MOHCD predevelopment approval or submission to Planning for the Phased Application process, whichever is sooner. This process and selection of construction manager is subject to MOHCD approval.

3.3.2. Environmental

Soil Management - Due to hazardous material, as noted in Section 2.4 above, the Sponsor is budgeting another \$200,000 for implementation costs for the Soil Management Plan, Asbestos Dust Mitigation Plan, Dust Mitigation Control Plan and Health and Safety Plan for workers.

Dust Management - Sponsor expects about 10.5 months of earthwork from January 18, 2021 through December 1, 2021. Dust monitoring services cost \$6,105 weekly (based on costs observed during demo). Total additional cost of dust monitoring services for Phase 2 infrastructure is \$274,725.

3.3.3 Site Security (Fencing)

Sponsor has included \$42,000 for fence rental costs, covering the period from demolition completion to infrastructure commencement. This rental will run from July 2020 to January 2021 for a total of 7 months.

The contractor is including \$151,125 for 12 months of security from January 2021 to December 2021. This cost will cover security fencing and a "live monitored" camera system that allow offsite security personnel to speak to anyone attempting to access the Site after hours. This system has proven to be more effective and less expensive than providing security guards or off-duty police officers after business hours.

3.3.4 Electrical Services

Four neighboring properties along 25th Street are affected by Phase 2 utility work and the service for these buildings will need to be tied into the new infrastructure improvements.

PG&E is requiring the Project Sponsor to underground the utilities and to upgrade the existing panel services for these four buildings. The Project Sponsor estimates this cost at \$50,000 per building.

3.3.5 Contingencies

The Project Sponsor is currently carrying a 10% owner construction contingency, which is standard. However, the Sponsor is also carrying another 2% for escalation. As noted above, updated cost estimates are due by November 20, 2020, but will not be vetted before Loan Committee. The Sponsor will continue to contain costs and in the event that updated cost estimate is below what is approved by Loan Committee, the MOHCD loan will be reduced accordingly, including removing escalation.

3.3.6 Special Inspections

Costs for special inspections are estimated at \$200,000. Special inspections include soil compaction, concrete and asphalt testing, as well as City inspections.

3.3.7 Legal Fees

An additional \$30,000 was added to the legal costs to cover expenses related to the tentative and final map, street vacations and dedications.

3.4. Construction Specialist's Evaluation

The design of the civil and landscape improvements in this infrastructure phase is almost entirely driven by City standards (DPW-IFT, SFPUC, DT, etc.) and the Master Plan for the overall Potrero HOPE SF development, and as such the design and construction team do not have the flexibility to consider other design or construction options as would be possible in the construction of an apartment building.

MOHCD has funded infrastructure for three HOPE SF projects in the City and therefore the data set to compare costs to is highly limited. To account for this gap in institutional knowledge, MOHCD asked DPW-IFT to compare the general contract budget to other recent comparable DPW-IFT projects. After review of DPW-IFT assumptions regarding the scope of work, the budget provided by the general contractor was found to be approximately \$209,000 above the cost expected by DPW-ITF. This figure represents approximately 1.2% of the overall contract value, which is well within reasonable expectations.

4. FINANCING PLAN (See Attachment F for Phase 2 Sources and Attachment G for Phase 2 Allocation)

4.1. Prior MOHCD/OCII Funding.

This is the third funding request related to Potrero HOPE Phase 2 Infrastructure. A total of \$6,440,000 has been previously loaned. The original pre-development loan agreement was executed on February 9, 2018 in the amount of \$2,640,000; the first amendment to that loan agreement was executed on May 3, 2019 in the amount of \$3,800,000.

4.2. Disbursement Status.

Sponsor has \$2,718,771 remaining for disbursement. A substantial portion of these funds will be expended before the end of 2020 for permitting costs that will be incurred once final designs are submitted for City and other outside agency approvals, including PG&E.

4.3. Fulfillment of Predevelopment Loan Conditions.

MOHCD must review and approve the Phase 2 schedule, including sequencing of relocation, demolition, infrastructure construction and construction start of Block B.

Status: Relocation and demolition are complete. Phase 2 schedule is approved with this loan evaluation. Block B schedule is still under review considering financing application dates.

MOHCD must review and approve Phase 2 infrastructure cost estimates and approve Block B funding strategy.

Status: Block B funding strategy includes sources from HCD and budget is being refined. Final funding will be approved at Block B gap request to Loan Committee when project is ready to submit tax credit and bond applications, likely around February 2021.

4.4. Infrastructure Financing Narrative

The Project Sponsor was successful in applying for two sources of grant funds from the California Department of Housing and Community Development (HCD): an Infill Infrastructure Grant (IIG) award of \$11.7M and an Affordable Housing and Sustainable Communities (AHSC) grant award of \$1.5M.

The IIG funds will become available for repayment after Infrastructure construction start and once the Project has expended the grant amount. HCD will require a restrictive covenant recorded against the property. The Sponsor will work with MOHCD and HCD to request reimbursement of those funds around August 2021.

The AHSC grant will become available for repayment of the MOHCD Infrastructure loan once Block B starts construction and a restrictive covenant from HCD is recorded against the Block B property. The Sponsor will work with MOHCD and HCD to request reimbursement of those funds around September 2021.

MOHCD will bridge these funds until the Sponsor can request disbursement. Once these funds are received and the MOHCD loan repaid, the remainder of the Phase 2 infrastructure loan amount, \$15,942,134, will be considered paid in kind once the Board of Supervisors accepts the completed infrastructure and street improvements through a land dedication process. A detailed breakdown is below. It is expected that the Sponsor will complete the dedication process in 2024.

Phase 2 Infrastructure Permanent Sources	Amount	Date Funds Available
Total MOHCD Sources	\$29,141,134	Jan-21
HCD Infill Infrastructure Grant Program	\$11,699,000	Aug-21
HCD AHSC Sustainable Transportation Grant	\$1,500,000	Sep-21
Residual MOHCD Infrastructure Loan	\$15,942,134	

4.5. Infrastructure Allocation (see Attachment G for more detail)

The chart below indicates the portion of City funds attributed to each portion of this Project. The majority of funds are to cover public infrastructure improvements. A small amount, \$1.7M, are costs for demolition, abatement, and hazardous soil off haul due to grading of Block A, in order to prepare the site for purchase. Another \$11.7M is attributed to Block B and are leveraged funds from the AHSC and IIG awards. The remainder of the costs are for public infrastructure improvements and include new joint trench utilities, streets, lighting, landscaping and sidewalks.

Total Phase 2 Infrastructure Budget 3.96 acres		ALLOCATION OF TOTAL BUDGET		
		Block B	PH2 Infrastructure	Block A
		1.70 acres	0.60 acres	1.66 acres
		40.40%	19.19%	40.40%
Total Hard Costs	\$23,905,014	\$9,658,591	\$12,644,402	\$1,602,020
Total Soft Costs	\$3,986,120	\$3,585,067	\$5,287,974	\$0
Developer Fee	\$1,250,000	\$505,050	\$744,949	\$0
TOTAL USES	\$29,141,134	\$11,774,196	\$15,764,918	\$1,602,020

4.6. Developer Fee (See Attachment B for HOPE SF Developer Fee Policy)

Previous loans did not show the correct allocation of developer fee, per the HOPE SF Developer Fee Policy. This request has been updated to show an increase from \$750,000 in developer fee to \$1.25M, as per the policy.

Per the HOPE SF Developer Fee Policy, the Sponsor is entitled to \$187,500 at 60% CD. To date, the Sponsor has only been paid \$112,500. The Sponsor will request the difference at the next draw request and another allotment of fee at commencement of construction.

In the event that there are significant delays due to performance, future developer fee will be at risk. As mentioned above in Section 1.4, in the event of staff turnover, the Sponsor will be required to bring on a third party consultant within 30 days to keep the project on track. The developer fee will be used to pay this consultant.

Phase	Square Feet	Fee amount earned
Ph-2 Infrastructure	239,920	\$1,250,000
Ph-3 Infrastructure	444,809	\$1,250,000
Ph-4 Infrastructure	64,268	\$1,250,000
Ph-5 Infrastructure	859,289	\$1,250,000
Totals	1,608,286	\$5,000,000

Phase	% of Fee	
--------------	-----------------	--

60% Construction Documents	15%	\$187,500
Construction Commencement	25%	\$312,500
Fifty Percent Completion of the Phase	20%	\$250,000
DPW-IFT Determination of Completion	30%	\$375,000
Board of Supervisors Acceptance	10%	\$125,000
Total	100%	\$1,250,000

5. STAFF RECOMMENDATIONS

5.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$29,141,134
Loan Term:	57 years
Loan Maturity Date:	2078
Loan Repayment Type:	Assignment of portion to the vertical parcel; considered repaid upon City acceptance of infrastructure improvements
Loan Interest Rate:	0%

5.2. Recommended disbursement conditions/schedule

- Receipt and approval of final cost estimate/GMP by MOHCD.
- Execution of Notice to Proceed
- Final Subdivision Map
- Board of Supervisors approval

5.3. Conditions of Loan

- BRIDGE to provide update to October 2020 organizational and project management hiring plan.
- BRIDGE to provide board of directors' approval to execute loan by BOS approval date.
- The Sponsor will work with MOHCD and HCD to request IIG award around August 2021.
- The Sponsor will work with MOHCD and HCD to request AHSC award around September 2021.
- In the event that staff turnover continues, Sponsor will hire a third party consultant within 30 days to mitigate any further delays to this Project or Block B. The Sponsor will use Developer fee to pay the third party consultant.
- The Sponsor will continue to contain costs and in the event that updated cost estimates come in below what is approved by Loan Committee, the MOHCD loan will be reduced accordingly, including removing escalation.

6. LOAN COMMITTEE MODIFICATIONS

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Friday, November 20, 2020 11:17 AM
To: Chavez, Rosanna (MYR)
Subject: Potrero Phase 2

I approve

Eric D. Shaw
Director

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

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Tuesday, November 24, 2020 4:44 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Approval of bridge loan to BRIDGE corporation

I approve the loan to BRIDGE corporation.

BRIDGE completed abatement and demolition of the buildings within the Phase 2 footprint in June 2020 and the Phase 2 area is currently vacant. The Sponsor is now ready to start construction on the infrastructure improvements, which are necessary for housing construction to start in August 2021 for both the affordable housing development known as Block B and the market rate development known as Block A. The Sponsor is requesting an additional \$22,701,134 in funding for the infrastructure improvements, for a total loan amount of \$29,141,134. The Sponsor has secured \$13,199,000 in additional capital sources from the State of California Department of Housing and Community Development (HCD), which will become available after infrastructure construction start. As such, the Sponsor is requesting MOHCD bridge this amount until those funds become available. Upon receipt of those funds, the Sponsor will pay down the MOHCD loan accordingly

Chavez, Rosanna (MYR)

From: Oerth, Sally (CII)
Sent: Friday, November 20, 2020 11:17 AM
To: Chavez, Rosanna (MYR); Shaw, Eric (MYR)
Cc: Amaral, Sara (MYR)
Subject: 11/20/20 Loan Committee: Potrero Phase 2

On behalf of Nadia Sesay, I approve the Potrero Phase 2 Infrastructure Gap Loan request presented at the 11/20/20 Loan Committee.



Sally Oerth
Deputy Director

Chavez, Rosanna (MYR)

From: Van Degna, Anna (CON)
Sent: Friday, November 20, 2020 11:16 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Potrero phase II

Approved

Anna Van Degna

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

Chavez, Rosanna (MYR)

From: Tonia Lediju, PhD <ledijut@SFHA.ORG>
Sent: Friday, November 20, 2020 11:27 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Item 2 Protrero Phase II

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

approved.

Respectfully,

Tonia Lediju, PhD

SF Housing Authority Transition Lead

Acting Executive Director

Office of the Mayor

(415) 715-3276

(415) 619-1936

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

7. 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, Deputy Director of Programs
Department of Homelessness and Supportive Services

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

Nadia Sesay, Executive Director
Office of Community Investment and Infrastructure

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

Tonia Lediju, Acting Executive Director
San Francisco Housing Authority

Date: _____

Attachments: A. HOPE SF Project Summary
 B. HOPE SF Developer Fee Policy
 C. Project Milestones/Schedule
 D. Borrower Org Chart
 E. BRIDGE Organizational Chart for Potrero HOPE SF
 F. Phase 2 Uses
 G. Phase 2 Allocation

Attachment A

HOPE SF PROJECT SUMMARY

HOPE SF Initiative:

HOPE SF, established in 2008, seeks to transform four of San Francisco's most distressed public housing sites into new mixed-income communities. HOPE SF sites share unified principles and goals to eradicate intergenerational poverty by:

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

The four HOPE SF sites are Alice Griffith, Hunter's View, Sunnydale/Velasco and Potrero Annex/Terrace.

Project Summary:

The Potrero HOPE SF site is located on the south side of the Potrero Hill neighborhood in San Francisco. Potrero Annex and Terrace are currently owned and operated by the San Francisco Housing Authority (SFHA), with a total of 619 public housing units on site. BRIDGE Housing was selected as the master developer by the SFHA and entered into an Exclusive Negotiating Rights Agreement with SFHA dated September 11, 2008. Van Meter Williams Pollack LLP was selected as the master plan architect.

The Potrero HOPE SF master planning process included an extensive resident and community engagement that spanned over 18 months and included four design meetings; six focus group sessions; a resident bus tour; two community-building workshops; a community action day; and three town hall type meetings at which residents and community members reviewed and commented on the design concept plans.

Focus groups and design open houses generated key concepts that informed the master site plan. Those key concepts were:

- Promote a strong sense of community by providing opportunities for people to know and watch out for each other.
- Centrally locate community buildings with services and activities for youth, seniors and families.
- Create a more rational street grid and better pedestrian connections to tie new development in with surrounding neighborhoods.

The current master plan includes:

- An increase in density to accommodate an increase from 619 on-site units to up to 1,700 on-site units
- Approximately 800 affordable housing units
 - 619 public housing replacement units
 - Approximately 200 tax credit units
 - 75% of the total affordable units to be subsidized with project-based vouchers, as available
- Approximately 800 market rate rental and/or for-sale housing
- 1,100 off-street parking spaces
- 600 on-street parking spaces

- Public open space equal to approximately 3.5 acres
- Community space of approximately 25,000 - 35,000 sq. ft. including day care and pre-school as well as a Family Resource Center
- Retail (flex) space of approximately 15,000 sq. ft.
- Community garden on Texas Street

The master plan received CEQA clearance with final Notice of Determination on December 10, 2015 and NEPA clearance with Authorization to Use Grant Funds on January 5, 2016. Master Development Agreement with SFHA was approved on December 8, 2015 by SFHA Commission and on January 31, 2017 by the Board of Supervisors. The Development Agreement which vests entitlements for the project for 20 years was approved by the Board of Supervisors on January 31, 2017.

Phasing Overview:

This chart shows the projected buildout by phase, with the current request highlighted and in bold:

Start Year	Finish Year	Block Name	Phase	Phase Type	Total units	Status	Total MOHCD Loan Amount	TDC
2016	2019	Block X	1	Affordable	72	Completed	\$16,799,254	\$70,497,814
2021	2021		Ph-2 Infra	Infrastructure		Predev	\$15,628,942	\$28,827,942
2021	2023	Block B	2	Affordable	157	Predev	\$5,101,960	\$158,879,863
2021	2023	Block A	2	Market	167	Projected	0	\$123,000,000
2023	2025		Ph-3 Infra	Infrastructure		Projected	\$27,871,575	\$62,888,405
2024	2026	Block Q	3	Affordable	55	Projected	\$15,198,084	\$66,728,981
2024	2026	Block R	3	Affordable	40	Projected	\$13,784,933	\$48,530,168
2024	2025	Block N	3	Market	110	Projected	0	\$79,465,968
2024	2025	Block O	3	Market	100	Projected	0	\$72,150,509
2024	2025	Block P	3	Market	45	Projected	0	\$32,274,084
2026	2026		Ph-4 Infra	Infrastructure		Projected	\$0	\$8,984,058
2026	2027	Block J1	4	Affordable	65	Projected	\$16,634,839	\$83,339,596
2028	2029		Ph-5 Infra	Infrastructure		Projected	\$45,666,851	\$122,536,560
2029	2030	Block J2	5A	Affordable	40	Projected	\$16,346,953	\$55,715,671
2029	2030	Block M	5A	Affordable	120	Projected	\$32,438,558	\$167,147,014
2029	2030	Block K	5A	Market	125	Projected		\$102,875,706
2029	2030	Block L	5A	Market	130	Projected		\$106,990,734
2029	2030	Block G	5B	Affordable	60	Projected	\$9,859,493	\$83,573,507
2029	2030	Block C	5B	Affordable	100	Projected	\$34,974,068	\$139,289,178
2029	2030	Block F	5B	Market	80	Projected		\$68,826,316
2030	2031	Block D	5C	Affordable	100	Projected	\$34,662,082	\$143,189,275
2030	2031	Block H	5C	Affordable	60	Projected	\$48,647,960	\$85,913,565
2030	2031	Block E	5C	Market	125	Projected		\$106,476,356
		TOTAL			1,751		\$333,615,552	\$2,018,101,270

Project Funding Summary – Funded to Date

Master Planning Funding to Date:

Master Planning activities related to community building, Choice Neighborhoods Planning, EIR/EIS Planning, Entitlements Legislation etc. has been funded since 2008 in the following amounts:

Loan	Amount	Term	Status
HOPE SF Loan 1 – 2008	\$1,400,000	55 yr. @0% deferred	Disbursed
HOPE SF Loan 2 – 2010	\$1,562,800	55 yr. @0% deferred	Disbursed
HOPE SF Loan 3 – 2011	\$1,000,000	55 yr. @0% deferred	Disbursed
HOPE SF Loan 4 – 2014	\$1,446,165	55 yr. @0% deferred	Disbursed
HOPE SF Loan 5 – 2015	\$821,066	55 yr. @0% deferred	Disbursed
HOPE SF Loan 6 - 2017	\$1,896,000	55 yr. @0% deferred	Partially Disbursed
HOPE SF Loan 7 - 2020	\$1,623,014	55 yr. @0% deferred	Not executed
Total	\$9,749,045		

Vertical and Infrastructure Funding to Date:

Phase I	Total Development Costs	MOHCD Contribution (Year)		Major Funding Source
Block X – Affordable & Ph-1 Infrastructure	\$69,603,115	\$2,251,586	Predev 7/2016	Bonds/4% LIHTCs, MOHCD
		\$15,441,507	Gap 12/2016	
TOTAL	\$69,603,115	\$17,693,093		

Phase 2	Total Development Costs	MOHCD Contribution (Year)		Major Funding Source
Phase 2 Infrastructure – Predevelopment	\$32,658,453	\$2,640,000	Predev 2/2018	MOHCD, IIG, AHSC
		\$3,800,000	Demo 3/15/19	
Block B - Predevelopment	TBD	\$2,206,907	Predev 6/2017	Bonds/4% LIHTCs, AHSC
TOTAL	TBD	\$17,693,093		

Overall Funding and Ownership Structure:

Master Planning loan is made to BRIDGE-Potrero Community Associates, LLC and is payable with accrued and unpaid interest in 55 years. Horizontal (infrastructure) loans are made to BRIDGE- Potrero Community Associates, LLC and are repayable in kind when the City accepts the streets and public infrastructure and when the market rate parcels are purchased. Vertical loans are made to single purpose Limited Partnerships affiliated with BRIDGE Housing that will own and operate the individual affordable housing buildings. Vertical loans are payable on residual receipts basis and due in 55 years. The master planning entity may assign any portion of the master planning and/or horizontal loans to a vertical developer LP entity to the extent allowable under the tax credit program in order to maximize leveraging of the tax credits.

All affordable parcels will be ground leased to the vertical LP entity by the SFHA for 99 years. All market rate parcels, once improved by the master developer, will be sold fee simple to a third party. All infrastructure parcels will be dedicated to the City through their infrastructure acceptance process. All parks and open spaces

not incorporated in an affordable parcel will be sold fee simple to the master plan developer entity and maintained by the master HOA. There is a provision in the Development Agreement that enables SF Recreation and Park Department to own the large “central park” and that will be determined at that phase.

Services Plan and Relocation Summary - Overall Services approach:

A cornerstone of the HOPE SF initiative is community building, which recognizes the human capital assets onsite and supports services efforts to complement the physical transformation of the site. BRIDGE Housing has implemented a holistic approach to community development that uses trauma-informed engagement practices and interventions to strengthen community.

Since 2014, BRIDGE Housing has worked with the Potrero Terrace and Annex community to develop and implement the Trauma Informed Community Building (TICB) model. The TICB model is a set of iterative practices that seek to address the challenges that community trauma present to traditional community development approaches: lack of social cohesion; lack of stability, reliability, and consistency; inability to vision the future; disempowerment; and the high levels of both personal and community needs. Over the past six years, BRIDGE has implemented resident-centered strategies to address these challenges such as community building group meetings that serve the dual purpose of ensuring residents both understand project progress and have a neutral third space to engage with members of the broader Potrero Hill community and BRIDGE development staff. BRIDGE has also partnered with trusted community institutions to support the provision of additional services and activities such as annual backpack giveaway and community picnics. BRIDGE has also sponsored community-wide activities that build connections amongst residents such as the onsite community garden and healthy living activities that assist residents manage chronic stress.

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

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

An important learning from the lease-up of 1101 Connecticut (Block X), was the importance of early and sustained support for residents moving from legacy public housing into the new affordable housing context. Working with our trusted services partner, The Shanti Project, we were able to provide robust support for residents to deal with both the psychosocial demands of moving but also navigating unfamiliar processes related to lease-up in a LIHTC context. During the course of the lease-up process our service partner and the SFHA reported a high degree of readiness amongst residents to engage in the lease-up process as demonstrated by a lack of “no-show” for appointments, complete vital documents, and general

compliance with applicable procedures. BRIDGE views relocation readiness as an important component to ensuring residents are ready to move but adapt well to their new homes and neighbors.

Collectively, these providers serve the myriad of resident needs, including education support, resource and referral and service navigation support, employment training and placement, parenting classes, and physical and mental health, among others.

Philosophy and Approach to Services for Mixed Income Communities

BRIDGE Housing has had a significant presence at Potrero Hill Terrace and Annex for almost a decade, and has familiarity with the needs, strengths, and dynamics of the current Potrero Hill Terrace and Annex residents. BRIDGE is knowledgeable of the income, racial, and educational disparities that exist between PTA residents and the surrounding neighborhoods. For example, the 2018 median income of PTA residents was \$16,557 per year; the median income of surrounding neighborhood residents is ten times higher at \$152,431 – a profound gap that has persisted over time as a result of historic disinvestment and economic isolation. Consequently, BRIDGE has implemented a variety of community building strategies designed to promote awareness of the project, to engage residents from across Potrero Hill, and to build trust and familiarity among public housing residents, non-public housing residents, and the BRIDGE team.

To date, BRIDGE has conducted or participated in three household surveys in 2012, 2016 and 2019. These surveys provide an opportunity for BRIDGE and service stakeholders (including MOHCD and HOPE SF) to understand how the community is changing and where there is movement in key indicators. It is also an opportunity to understand the inherent strengths of the community, which is informative as service and community building strategies evolve. For example, between 2016 and 2019 the percentage of Potrero Terrace & Annex residents reporting employment as their primary source of income rose from 42 percent of respondents to 58 percent. Similarly, residents are reporting significant increases in a sense of social cohesions and an increase in perception of safety in both their homes and neighborhoods.

Future phases will include additional surveys that build on findings from Block X and that inform how BRIDGE builds community, supports mixed income integration, and adjusts programming and community building.

BRIDGE has adopted a trauma-informed approach to community building and services – an approach that is informed both by BRIDGE’s history at Potrero (and a similar project at Jordan Downs in Watts, Los Angeles), and experience at seven Rental Assistance Demonstration (RAD) developments in San Francisco (including five senior/disabled adult buildings and two multifamily buildings). In our experience, understanding trauma, how to de-escalate trauma, and how services/property management staff partner on supporting residents are key to the foundational goal of housing retention. Consequently, BRIDGE has incorporated several best practices implemented at these buildings, including weekly communications between services staff and property management and a monthly escalation call with services/PM leadership and HOPE SF backbone team to ensure collaboration on addressing (and preventing) resident instability. All services offered at Potrero are free of charge to all residents, and will be located in the onsite community rooms of each phase, the larger campus community center, or at other accessible locations in the larger community.

HOPE SF Background and Purpose

BRIDGE Housing is the Master Developer of Rebuild Potrero, future owner, and an anchor partner of the HOPE SF initiative, the nation's first large-scale public housing transformation effort aimed at creating inclusive mixed-income communities (where concentrated public housing once stood) and advancing social mobility for marginalized low-income communities of color. HOPE SF aims to support families of former public housing in revitalizing their own mixed income communities that are integrated within San Francisco, connected to neighborhood services and amenities, and display the hallmarks of strong and vibrant communities: safe streets, quality schools, and healthy families with living wage jobs. The HOPE SF Theory of Change states: "We believe that if we repair isolated neighborhoods of concentrated poverty – through equitable mixed-income housing, inclusive community leadership, and trauma-informed family systems– we will dramatically improve the long-term health, well-being, and economic mobility of former public housing residents and their communities." The Services Plan contemplated herein and the HOPE SF implementation activities related thereto are organized around a Results Based Accountability framework that ties activities to performance measures, and our strategies to measurable outcomes.

Current Context of Residents at Potrero Hill Terrace and Annex

The Potrero Community is currently responding to the new and emergent needs intensified by both the pandemic and invariant desire for equitable opportunity. BRIDGE partners with community members and social service providers to enact collective impact strategies to address food security, housing security, and economic mobility. However, since the advent of the pandemic our work has centered on supporting the immediate resource needs of the community.

We will continue to prioritize housing stabilization and see relocation readiness and case management as vital components of an enabling framework for resident success and stability.

Based on our experience and these surveys, we understand the need for strong service navigation and housing stabilization services – support that is currently funded to Shanti and YMCA through city contracts. In addition, we seek to promote community integration and community building by offering a range of classes, workshops, and activities that are educational, engaging, and encourage mingling among existing public housing residents who have not yet moved into new phases, mixed income residents who are new to the Potrero neighborhood, and former public housing residents who are a part of the early phased moves. These offerings build on the current community building activities (such as Zumba, community garden, walking club, etc.), and will include additional activities defined through a community stewardship initiative (also funded by the City of SF) that engages BRIDGE to address community building, systems changes, and cross-organizational collaboration, and Shanti as the conduit for building and strengthening resident relationships, ownership, and leadership opportunities.

With each phase, BRIDGE seeks to leverage operating budgets to extend services and community building/stewardship activities at Potrero. This approach serves two goals: first, it mitigates the potential for perceived or real siloed services (i.e., services for residents of new buildings and services for existing public housing residents) and, second, uses resources wisely to maximize offerings to the community. In short, our goal is to integrate services and service providers as much as possible so that the consumer – the resident – has seamless access to a range of resources.

As in 1101 Connecticut, each new phase will have access to case management resources. As the overall project builds out, BRIDGE will study case management utilization to ensure we have the appropriate level of case management services at each building and robust connectivity between those services provided on a campus-wide basis by providers like the Urban YMCA. We are also studying the benefits

of extending the existing relationships established between Shanti staff and residents by contracting with Shanti for building specific services.

For Potrero, our service plan is designed to promote the following key outcomes:

- Housing retention: all residents are stably housed, in good standing, and not at risk for eviction or loss of housing
- Inclusion: residents feel a strong sense of belonging and agency in their immediate community
- Access: residents are referred to on- and off-site resources that support their individual and household needs and goals
- Economic wellness: residents are supported with referrals and resources for educational and vocational services that can benefit their economic well-being and build their financial assets

BRIDGE Housing's model is to hire its own community builders or to contract with third party service providers to deliver the services, which are offered at no charge to residents.

Linkage of Services to Community Stewardship

HOPE SF's model is based on the notion of *community stewardship*, which they believe 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.

Attachment B
HOPE SF Developer Fee Policy

HOPE SF DEVELOPER FEE STRUCTURE BY FEE TYPE AND MILESTONE	
Master Planning Fee	\$1,400,000
Management cost reimbursement during planning/entitlement	\$1,000,000
Land use approval - DA	\$200,000
HUD Section 18 approval	\$200,000
Master Planning Additional Residential Fee (as applicable on a per-building basis pursuant to Section 1) AT RISK	\$800,000
Infrastructure Development Fee: Disbursements Milestones Per Phase	Total Aggregate Fee: \$5 Million (per phase fee values divided equally between DA- defined phases)
60% Construction Documents	15%
Construction Commencement	25%
Fifty Percent Completion of the Phase	20%
DPW-IFT Determination of Completion	30%
Board of Supervisors Acceptance	10%
Residential Developer Fee(s) by Financed Phase (example)	\$2,000,000
HOPE SF Loan Closing	\$150,000
During or at completion of predevelopment/construction closing with no more than 35% of the total project management fee disbursed prior to construction loan closing	\$550,000
During or at Completion of Construction	\$200,000
Project close-out: PIS application; 100% lease-up; City Approval of Sponsor's project completion report and documents, including final cost certification	\$100,000
At-Risk	\$1,000,000
Lot Sales Proceeds (as applicable, pursuant to Section 4)	

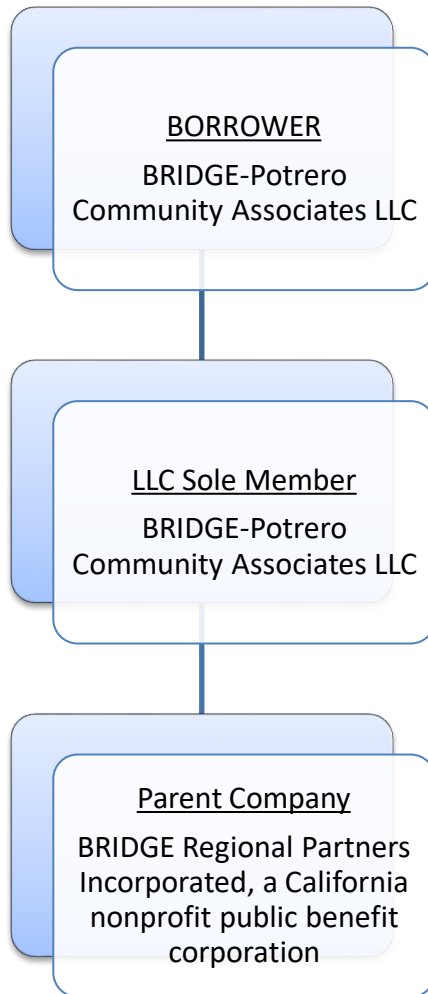
Potrero HOPE SF Developer Fee Drawn to Date	
Master Planning Fee	\$ 1,400,000
Residential – Block X (1101 Connecticut)	\$4,000,000
Infrastructure – Phase 2	\$112,500
Residential – Block B	\$250,000
Total Potrero HOPE SF Developer Fee Drawn to Date	\$5,762,500

Attachment C
Project Milestones and Schedule

2016	
NEPA (Section 106 Clearance)	1/5/16
HUD Approval for Demolition Secured	11/1/16
2017	
A&E Procurement Process	4/11/17
Phase Application (Phase 2) Approval	10/13/17
2018	
Secure Phase 2 Predevelopment Funds	2/9/18
Cost Containment Review	12/19/18
2019	
30% Infrastructure Improvement Plans Approved	2/1/19
A&E Sub-Consultant Procurement	2/15/19
Demolition Contractor Procurement (RFP)	3/1/19
Demolition Permit Package Submit	3/1/19
60% Infrastructure Improvement Plans Submitted	3/15/19
<i>Block B Schematic Design Submitted to SF Planning</i>	<i>4/1/19</i>
Demolition Contractor Secured	4/15/19
<i>Block B Building Schematic Approval by Planning Design Review</i>	<i>5/1/19</i>
Phase 2 Area Vacated	7/30/19
Phase 2 ROW Vacation Approval by BOS	9/10/19
Phase 2 Construction Ground Lease with SFHA	9/24/20
Demolition Permits Secured	11/15/19
Phase 2 Demolition and Abatement Commencement	11/27/19
Infrastructure General Contractor RFP	12/6/19
2020	
Infrastructure General Contractor Secured MOU	3/13/20
90% Phase 2 Infrastructure Improvement Plans Submitted	4/2/20
90% Phase 2 Infrastructure Improvement Plans City Review minutes)	4/2/20
Phase 2 Demolition and Abatement Complete	6/30/20
Phase 2 Tentative Map Approval	10/6/20
Phase 2 Infrastructure Loan Evaluation submission to Loan Committee	11/13/20
Public Improvement Agreement	11/15/20
100% Phase 2 Infrastructure Improvement Plans Permit Approval	12/10/20
Loan Evaluation Approval	11/20/20
Phase 2 Infrastructure Loan BOS Approval –Introduction	12/1/20
BOS Budget and Finance Commission Sub Committee Meeting	12/16/20
Phase 2 Loan Approval at BOS	1/5/20

2021	
Mayor Signature – Phase 2 Infrastructure Loan Documents	1/19/21
Phase 2 Infrastructure Construction Commencement	1/20/21
Block A Planning Commission Density Increase	2/15/21
Block B Loan Evaluation submission to Loan Committee	5/17/21
Block B Loan Evaluation – Committee Introduction	6/18/21
Block B Vertical Construction Commencement	8/1/21
2022	
Block A Purchase and Sale Agreement	2/15/22
Block A Close of escrow and construction commencement (24-month construction)	2/15/22
Phase 2 Infrastructure Construction Completion	3/18/22
2023 + Beyond	
Block B Vertical Construction Completion	6/16/23
Phase 2 AHSC & IIG funding disbursement	2/15/24
Permanent Conversion	2/15/24
Acceptance of Infrastructure Land Dedication and Approval	2/1/24

Attachment D
Borrower Org Chart



Attachment E
BRIDGE Organizational Chart for Potrero HOPE SF

Attachment F
Phase 2 Uses

Attachment G
Phase 2 Allocation