

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

MEMORANDUM

DATE: MARCH 4, 2022

TO: HOPE SF AFFORDABLE HOUSING LOAN COMMITTEE

FROM: ROBERT BACA (FILLING IN FOR SARA AMARAL, SENIOR PROJECT MANAGER)

RE: **SUNNYDALE BLOCK 3B - PRELIMINARY GAP COMMITMENT
FOR JOINT CDLAC/TCAC APPLICATION FINANCING PURPOSES**

SOURCES OF FUNDS

2015 GO BOND	\$1,850,000 (Previously Committed)
LMIHAF	\$1,176,843
HOME	\$3,361,920
2019 GO BONDS	\$8,000,000
<u>HOPE SF COPS</u>	<u>\$8,133,701</u>
TOTAL	\$22,522,464

Summary of Request

Sunnydale HOPE SF's third affordable housing development, Block 3B, is located on the southwest corner of Sunnydale Ave and Hahn Street in San Francisco's Visitacion Valley neighborhood. Sunnydale Block 3B Housing Partners, L.P. (Partnership or Sponsor) is the responsible entity comprising Related California and Mercy Housing California.

Block 3B will include 90 affordable rental units, of which 75% will be set aside for Sunnydale public housing residents and 3,400 square feet of community serving retail along Sunnydale Ave. The unit mix is as follows: 4 studios, 24 one-bedrooms, 36 two-bedrooms, and 26 three-bedrooms. The public housing replacement units will be restricted to 40% and 50% SF AMI. The additional tax credit affordable units will be restricted to 70% SF AMI / 50% TCAC AMI. The unit mix also includes one three-bedroom manager's unit.

The community serving retail will provide local business opportunities to micro retail (approximately 400 square feet each) to medium sized enterprises (approximately 1,000 square feet). Rents will generate approximately \$44,000 in annual revenue. The total development cost of \$90,943,827 includes \$2,647,374 in cold shell, warm shell, and tenant improvements, and a commercial reserve for the long-term success of the commercial component of the building. MOHCD and the Sponsor will continue to explore funding options.

On January 6, 2020, the Citywide Affordable Housing Loan Committee approved a predevelopment loan request for \$1,850,000. On April 16, 2021, the Citywide Affordable Housing Loan Committee approved a preliminary commitment for \$8,467,000 and approval to apply jointly with the City to the AHSC Program for approximately \$9,381,500 in AHSC funding. Unfortunately, the Project was not awarded.

The Partnership is requesting a preliminary commitment totaling \$22,522,464 to support the Project’s joint CDLAC/TCAC application and a Tier 2 California Housing Accelerator Program application.

Block 3B successfully competed for a \$6,500,000 IIG award. Once Block 3B closes, these funds will decrease the City’s contribution by \$6,500,000 to the Phase 1A3 infrastructure project, which is currently fully financed by MOHCD. Thereby, the net Block 3B MOHCD commitment will be \$16,022,464.

Background

Sunnydale HOPE SF’s progress to date includes the following:

- Construction completion of the first housing project, Casala, in October 2019 for 55 affordable residential units.
- Construction completion of the first on-site infrastructure project, Phase 1A1 and 1A2, in December 2021 with the process for the City’s acceptance of the improvements underway. It included abatement and demolition of 120 units over 16 buildings.
- Construction completion of the second housing project, Block 6, in December 2021. It includes 167 affordable residential units.
- Demolition and abatement of the second on-site infrastructure project, Phase 1A3, began in October 2021. The scope includes 84 units over 13 buildings.
- Infrastructure construction of Phase 1A3 is expected to start April 2022 and be completed by December 2022. Part of this infrastructure scope is to provide a pad-ready condition for Block 3B as well as Block 1 (a future community center) and Block 3A (another affordable housing development).

	Status	Sunnydale Replacement Units	Additional Affordable Units (incl. mgr. unit)	Total Units
Natalie Gubb Commons	Completed 2018	24	off-site*	24
Casala Apartments	Completed 2019	41	14	55
691 China Basin	Leased Up	38	off-site*	38
Block 6	Completed 2021	125	42	167
Balboa Park Upper Yard	Under Construction	39	off-site*	39
Block 3A and 3B	Predevelopment	128	42	170
Block 7	Predevelopment	52	17	69
Block 9	Predevelopment	75	25	100
TOTAL		522	140	662

*Off-site units are not included in Sunnydale’s Master Plan unit numbers.

Update on Project Status

1. Design/Planning

The Sponsors submitted the Phase Application to SF Planning and received approval on January 29, 2021. The Phase Application includes Infrastructure Phase 1A3, Block 1, Block 3A, and Block 3B. The Sponsors with MOHCD issued a CMD-approved RFP to procure a General Contractor in December 2020 and selected the Baines/Nibbi JV. The Block 3B design team is currently cost estimating the 70% CD set. Based on the current project schedule, Block 3B can commence construction as early as September 2022.

2. Updated Sources and Uses Summary

On June 7, 2019, Loan Committee approved \$1,850,000 in predevelopment funding for Block 3B. The budget and preliminary gap analysis for Block 3B have been updated using the 100% design development plan set with a general contractor, Baines/Nibbi JV.

Block 3B Sources & Uses

Predevelopment Sources	Amount	Terms	Status
MOHCD	\$1,850,000	55 yrs @ 3.00% RR	Committed
Permanent Sources	Amount	Terms	Status
Permanent Loan	\$23,839,196	35 yrs @ 5.25%	Not Committed
Tax Credit Equity	\$40,439,184	\$0.97 pricing	Not Committed
FHLB AHP	\$1,000,000		Not Committed
GP Equity Contribution	\$100		Committed
Deferred Costs	\$3,142,883		Committed
MOHCD Gap	\$22,522,464	55 yrs @ 3.00% RR	This Request
Total	\$90,943,827		
Uses	Amount	Per Unit	Per GSF
Acquisition	\$20,000	\$222	\$0
Hard Costs	\$71,571,738	\$795,242	\$555
Soft Costs	\$13,809,207	\$153,436	\$107
Developer Fee	\$5,542,883	\$61,588	\$43
Total	\$90,943,827	\$1,010,487	\$705

3. Block 3B (West Building) Sources and Uses Narrative

a. Permanent Sources Evaluation Narrative

MOHCD Gap Loan – \$22,522,464. This gap loan is inclusive of the \$1,850,000 in predevelopment funds that have already been committed to the Project. Block 3B successfully competed for a \$6,500,000 IIG award. Once Block 3B closes, MOHCD will be able to use these funds to decrease its contribution by \$6,500,000 to the Phase 1A3 infrastructure project, which is currently fully financed by MOHCD. Thereby, the net Block 3B MOHCD commitment is \$16,022,464. Please note that the project budget does not include a transition reserve to minimize the MOHCD Gap Loan amount for the purpose of the CDLAC and Tier 2 applications. The Sponsor will revise the project budget to reflect a transition reserve should it be required at Final Gap and thereby the MOHCD Gap Loan may increase.

Permanent Mortgage – \$23,839,196 of permanent debt underwritten by a Section 8 Project Based Voucher contract for 68 units with a 5.25% rate and a 35-year term. At final Gap request, if the payment standards and interest rates improve, MOHCD’s loan to the Project will be reduced.

FHLB AHP - \$1,000,000 is currently included as part of the Project’s sources. It is understood that this Project will not be very competitive for AHP and thereby the MOHCD Gap Loan may increase.

Tax Credit Equity – \$40,439,184 of equity derived from the sale of 4% Low Income Housing Tax Credits (LIHTC) assuming aggressively \$0.97 per credit and an applicable tax credit rate of 4.00%. If equity pricing improves, this will further reduce MOHCD’s contribution to the project.

Deferred Developer Fee - \$3,142,883. The sponsor is requesting the stated amount in deferred developer fee plus \$2,400,000 in cash developer fee for a total of \$5,542,883. The deferred developer fee increases equity payout by \$1,585,270 and does not increase MOHCD’s debt.

b. Permanent Uses Evaluation:

Below is a chart with narrative analysis of the permanent uses as they relate to the MOHCD underwriting guidelines.

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit are within standards	Y	\$795,242/unit. Hard costs are higher than MOHCD average of \$606,653 per unit for comparable projects. This Project includes a significant portion of large apartments (40% 2BDs, 29% 3BDs), an active non-residential ground floor, a 0.75% parking ratio.
Construction Hard Cost Contingency is at least 5% (new construction)	Y	Hard Cost Contingency is at 5.0%.
Architecture and Engineering Fees are within standards	Y	The A&E scope of work and fee structure has been reviewed and approved by CR staff.
Construction Management Fees are within standards	N	The CM fees are slightly higher than MOHCD’s underwriting guidelines, which was last updated in June 2019. The CM fees for this Project has been approved by MOHCD CR Staff and are in line with market.
Developer Fee is within standards, see also disbursement chart below	Y	Developer Fee meets MOHCD guidelines Project Management Fee: \$1,100,000 At Risk Fee: \$1,100,000 Commercial: \$200,000 Deferred Fee: \$3,142,883 Total \$5,542,883
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10%.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 4 months.

c. Developer Fee Analysis:

Below is a chart outlining the developer fee schedule per the HOPE SF developer fee policy.

Payment Milestone	% of Project Mgmt. Fee	Amount
At closing of initial pre-development financing	14%	\$150,000
MOHCD approval of commercial space plan	18%	\$200,000
At CDLAC/TCAC application	14%	\$150,000
Construction Close	25%	\$270,000
During Construction at 50% Complete	20%	\$220,000
At 100% Lease up	10%	\$110,000
<i>Total Project Management Fee</i>		<i>\$1,100,000</i>
At-Risk: Draft Cost Certification	17%	\$187,000
At-Risk: Permanent Loan Closing	28%	\$308,000
At-Risk: Project Close Out	55%	\$605,000
<i>Total At Risk Fee</i>		<i>\$1,100,000</i>
<i>Total Commercial Fee</i>		<i>\$200,000</i>
Total Cash Developer Fee		\$2,400,000
Deferred Fee		\$3,142,883
Total Developer Fee		\$5,542,883

4. Block 3B (West Building) Operating Budget Updates

The operating budget is being presented to demonstrate the Project's overall feasibility. The Sponsors will return to Loan Committee for final Gap numbers before closing.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio stays above 1:1 through Year 17	Y	DSCR is 1.15 at Year 1.
Vacancy meets TCAC Standards	Y	Vacancy is 5.0%.
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is the MOHCD standard of 2.5%.
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is the MOHCD standard of 3.5%.
Base year operating expenses per unit are reasonable per comparable	Y	Operating budget shows \$13,154 PUPA before reserves and ground lease and \$14,321 PUPA after. This is in line with other HOPE SF projects. Including all commercial expenses, the operating budget is \$14,570 PUPA.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$82,080 or \$76 PUPM.
Property Management staffing level is reasonable per comparable	Y	2.5 FTEs management as well as 1 FTE janitorial; 0.5 FTE maintenance, and 0.5 FTE tech
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$24,280/yr. Annual PM Fee is \$24,280/yr.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 PUPA per HCD guidelines.
Limited Partnership Asset Management Fee meets standards	Y	LP Asset Management Fee of \$5,000.

Commercial Operating Income Growth	Y	Commercial income escalation factor is the MOHCD standard of 2.5%
Services Paid from Operating	Y	The operating budget includes 0.9 FTE Resident Service Coordinator plus supervision as well as benefits and supplies comparable to Block 6/290 Malosi.

5. Property Management and Maintenance

Due to the proximity of Block 3B to existing buildings in operations at Sunnydale, there are operational cost savings in the property management, resident service, and maintenance positions. Block 3B assumes the following staff: 0.5 FTE Property Manager, 1.0 FTE Assistant Property Manager, 1.0 FTE Janitor, 0.5 FTE Senior Maintenance Manager, and 0.5 FTE Maintenance Technician. These costs are covered as part of operations. All positions with fractional allocations to Block 3B will also support adjacent affordable housing developments such as the future Block 3A or other existing buildings such as Casala or 290 Malosi.

6. Services Budget Updates

Block 3B assumes 0.9 FTE Resident Service Coordinator or a ratio of 1:100 units. This is comparable to Block 6/290 Malosi and Parcel Q/Casala.

7. Next Steps

The Sponsor will submit a joint CDLAC/TCAC application on/around February 2022. If successful, the Sponsor would be awarded a CDLAC/TCAC allocation around April 2022 and close in Q4 2022.

8. Staff Recommendation

Staff recommends approval of the commitment letter for \$21,785,577 for Block 3B for the Project Sponsor to submit for a joint CDLAC/TCAC application and a Tier 2 California Housing Accelerator Program application.

9. LOAN CONDITIONS

a. Loan conditions presented below are carried over from the June 7, 2019 predevelopment request.

- Sponsor will provide a detailed commercial plan analysis 6 months before Gap request, including researching financing options for the commercial space in order to minimize the need for MOHCD funding for the space. In addition, the analysis will include a schedule and plan on the commercial space's lease-up, including identifying potential commercial tenants. LOIs will be required for all community serving spaces by gap loan approval.

Status: In process. The Sponsor has provided a commercial plan to MOHCD.

- Sponsor must provide marketing plan for child-care units by gap financing request.

Status: In process

- Sponsor must apply to AHP before gap financing request, and subsequent to Gap request as needed, to offset MOHCD contribution.

Status: Due to Related's for-profit status, the Sponsor is not considered competitive for the program.

- Sponsor will work with MOHCD staff to reduce Operating Expenses to be further in line with underwriting guidelines.
Status: In process
- Sponsor will work with SFHA to provide funding commitments for the PBVs for the development.
Status: In process
- Sponsor will work with MOHCD to bring marketing costs in line with other projects in MOHCD pipeline prior to Gap.
Status: In process
- Sponsor must provide services plan and budget prior to Gap.
Status: In process. Sponsor is working with MOHCD and HOPE SF to finalize services plan and budget.
- Sponsor must provide security plan and budget prior to Gap.
Status: In process. Sponsor is working with MOHCD and HOPE SF to finalize plan and budget.
- Sponsor must provide Request for Proposals for the equity investor before the RFP is issued to investors.
Status: To be completed
- Sponsor must provide all responses to lender and investor RFP prior to selections.
Status: To be completed

b. Loan condition here are required per this preliminary gap request:

- Sponsor will reduce the DSCR for all vertical projects to 1.15 in year 1
Status: Updated
- Sponsor will increase income and expenses assumptions to match MOHCD underwriting standards.
Status: Updated
- Sponsor will provide analysis for increased developer fee to ensure MOHCD is not covering the delta
- *Status:* In process
- Sponsor will look to lower permanent debt interest rate and payment to more appropriate market standards.
Status: Updated

10. LOAN COMMITTEE MODIFICATIONS

11. LOAN COMMITTEE RECOMMENDATIONS

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Date: _____

Tonja Lediju, Chief Executive Officer
San Francisco Housing Authority

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Friday, March 4, 2022 11:27 AM
To: Chavez, Rosanna (MYR)
Subject: Sunnydale Block 3B Preliminary Gap

I approve

Eric D. Shaw
Director/ Interim Director HopeSF

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

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Monday, March 7, 2022 3:53 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: SUNNYDALE BLOCK 3B - PRELIMINARY GAP COMMITMENT FOR JOINT CDLAC/TCAC APPLICATION FINANCING PURPOSES

I approve Related California and Mercy Housing California (The Partnership) for a preliminary loan commitment totaling \$22,522,464 to support the Project's joint CDLAC/TCAC application and a Tier 2 California Housing Accelerator Program application. Since Block 3B successfully competed for a \$6,500,000 IIG award. Once Block 3B closes, these funds will decrease the City's contribution by \$6,500,000 to the Phase 1A3 infrastructure project, which is currently fully financed by MOHCD. Thereby, the net Block 3B MOHCD commitment will be \$16,022,464.

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, March 4, 2022 11:27 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Sunnydale Block 3B Preliminary Gap

Hi Rosie-
On behalf of OCII, I approve this request.
Thanks!
E



Elizabeth Colomello
Housing Program Manager

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

Chavez, Rosanna (MYR)

From: Pereira Tully, Marisa (CON)
Sent: Friday, March 4, 2022 11:27 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Sunnydale Block 3B Preliminary Gap

Approve

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

Chavez, Rosanna (MYR)

From: Tonia Lediju, PhD <ledijut@SFHA.ORG>
Sent: Friday, March 4, 2022 11:28 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Prelim GAP Funding Sunnydale BLK 3 -- Approved

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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

Attachment A- Project Milestone and Schedule
Attachment B- Borrower Org Chart
Attachment C- Development Staff Resume
Attachment D- Updated Permanent Sources and Uses Block
Attachment E- 1st Year Operating Budget and Cashflow Block
Attachment F- Elevations and Floor Plans
Attachment G – December 20, 2019 Preliminary Predevelopment Loan Memo

Attachment A- Project Milestone and Schedule

Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	<u>12/6/2019</u>	
1	Acquisition/Predev Financing Commitment	<u>1/6/2020</u>	
2	Site Acquisition	<u>3/3/2017</u>	Placeholder
3	Development Team Selection		
a.	Architect	<u>10/11/2019</u>	
b.	General Contractor	<u>5/13/2021</u>	
c.	Owner's Representative	<u>7/21/2020</u>	
d.	Property Manager	<u>3/3/2017</u>	Project Award Date
e.	Service Provider	<u>3/3/2017</u>	Project Award Date
4	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>10/15/2020</u>	
b.	Submittal of Design Development & Cost Estimate	<u>2/19/2021</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>10/5/2021</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>1/31/2022</u>	
5	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	<u>N/A</u>	
b.	CEQA Environ Review Submission	<u>11/17/2016</u>	
c.	NEPA Environ Review Submission	<u>11/17/2016</u>	
d.	CUP/PUD/Variances Submission	<u>2/3/2017</u>	
6	PUC/PG&E		
a.	Temp Power Application Submission	<u>1/1/2022</u>	
b.	Perm Power Application Submission	<u>1/1/2022</u>	
7	Permits		
a.	Building / Site Permit Application Submitted	<u>5/25/2021</u>	
b.	Addendum #1 Submitted	<u>3/24/2022</u>	
c.	Addendum #2 Submitted	<u>3/24/2022</u>	
8	Request for Bids Issued	<u>6/20/2022</u>	
9	Service Plan Submission		
a.	Preliminary	<u>7/15/2022</u>	
b.	Final	<u>10/12/2023</u>	
10	Additional City Financing		
a.	Preliminary Gap Financing Application	<u>3/4/2022</u>	

b.	Gap Financing Application	<u>8/12/2022</u>	Final gap post CDLAC/TCAC approval
11	Other Financing		
a.	HCD Application	<u>Multiple</u>	
b.	Construction Financing RFP	<u>7/15/2022</u>	
c.	AHP Application	<u>N/A</u>	
d.	CDLAC Application	<u>3/16/2022</u>	
e.	TCAC Application	<u>3/16/2022</u>	
f.	Other Financing Application	-	
12	Closing		
a.	Construction Loan Closing	<u>12/12/2022</u>	
b.	Conversion of Construction Loan to Permanent Financing	<u>6/12/2025</u>	
13	Construction		
a.	Notice to Proceed	<u>12/12/2022</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>10/12/2024</u>	
14	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>10/12/2023</u>	
b.	Commence Marketing	<u>10/12/2024</u>	
c.	95% Occupancy	<u>3/12/2025</u>	
15	Cost Certification/8609	<u>10/12/2025</u>	
16	Close Out MOH/OCII Loan(s)	<u>10/12/2025</u>	

Attachment B- Borrower Org Chart

ORGANIZATIONAL CHART FOR SUNNYDALE BLOCK 3B HOUSING PARTNERS, L.P.

Sunnydale Block 3B Housing Partners, L.P., a California limited partnership
Property Owner
Tax ID: 84-4073811

Related/Sunnydale Block 3B Development Co., LLC, a California limited liability company
0.005% Administrative General Partner
Tax ID: 84-4068018

Mercy Transformation, LLC, a California limited liability company
0.005% Managing General Partner
Tax ID:

The Nicholas Company, Inc., a Delaware corporation
99.99% Limited Partner
Tax ID: 33-0579010

The Related Companies of California, LLC, a California limited liability company
90% Member
Tax ID: 33-0851672

A&Z, LLC, a California limited liability company
10% Member
Tax ID:

Mercy Housing Calwest, a California nonprofit public benefit corporation
Its: Sole Member
Tax ID: 94-2963228

Attachment C- Development Staff Resume



ANN SILVERBERG
Chief Executive Officer, NorCal Affordable
Related California

As Chief Executive Officer for Related California's Northern California Affordable Division and recently opened office in Portland, Oregon, Ms. Silverberg is responsible for the strategic direction, overall management and daily operation of the company's Northern California affordable pipeline and portfolio.

Prior to joining Related California, Ms. Silverberg was Executive Vice President and Chief Investment Officer at BRIDGE Housing Corporation where she was responsible for directing and overseeing their Northern California Division. She led the development and redevelopment of more than 8,000 affordable, mixed-income, mixed-use and transit-oriented housing units, including the acquisition and redevelopment of nearly 1,000 public housing units in San Francisco and Sacramento, the joint venture development of mixed-income residential units with Essex in the Transbay area of San Francisco, and 306 mixed-income residential units in Milpitas. She was also responsible for the capital aggregation and equity and debt for their Low Income Housing Tax Credit (LIHTC) and non-LIHTC developments and has overseen the negotiation and placement of over \$2 billion in project level debt and equity. Ms. Silverberg brings more than 25 years of development and finance experience to Related.

Ms. Silverberg holds a Master of City and Regional Planning from the University of California, Berkeley and a Bachelor of Arts from the University of California, Los Angeles. She is a past President of the Board of Directors of the Non-Profit Housing Association. She currently serves on the Board of Directors and Executive Committee of the California Housing Consortium and is a faculty lecturer at the University of California, Berkeley.



THU NGUYEN
Project Manager
Related California

As Project Manager for Related California, Ms. Nguyen is responsible for supporting the design, financing and construction of Related's Northern California affordable developments, including the redevelopment of San Francisco's largest public housing site, Sunnydale-Velasco, a 50-acre site currently home to more than 1,700 people.

Before joining Related, Ms. Nguyen worked for The Community Builders, Inc. in Washington, D.C. where she directed the application submission for the Choice Neighborhoods Initiative Implementation Grant with the City of Baltimore, secured over \$200 million in funds for affordable housing, and won the company's 2015 Top Contributor Award for initiating impactful urban neighborhood projects. Prior to The Community Builders, Ms. Nguyen was a research associate at The Urban Institute in Washington, D.C., specializing in housing discrimination.

Ms. Nguyen graduated from The Wharton School at the University of Pennsylvania with a Master in Business Administration, and from Cornell University with a Bachelor of Science in Urban and Regional Studies and a Bachelor of Arts in Africana Studies.



PAIGE PELTZER
Senior Development Associate
Related California

As Senior Development Associate for Related California, Ms. Peltzer is responsible for supporting and assisting in all aspects of project management, including the design, financing, preconstruction and construction of more than 300 affordable housing units in the Sunnydale Hope SF Master Plan in Northern California.

Ms. Peltzer brings more than 5 years of public and private sector experience to Related. Prior to joining Related, she was a Senior Associate for Economic & Planning Systems, Inc. where she conducted feasibility and market assessment studies for future development, and managed the project budgets for more than 18 projects and over 30,000 proposed units. As Development Specialist for the Office of Community Investment and Infrastructure, she facilitated three redevelopment areas planned for 21,846 housing units in San Francisco with an annual budget of \$565.8 million, and collaborated with private and public entities to enforce agency land use and policy regulations.

Ms. Peltzer holds a Master in Urban Planning from Harvard University and a Bachelor of Arts in Political Science from the University of Chicago. She is the Northern California Young and Emerging Planners Coordinator for the American Planning Association California Board of Directors.



KAITLIN ROTH
Project Coordinator
Related California

As Project Coordinator for Related California, Ms. Roth is responsible for supporting Northern California's Affordable Division project management team in all aspects of the design, financing and construction of more than 400 affordable units throughout Northern California.

Prior to joining Related, Ms. Roth was an Investor Relations and Project Coordinator for Prado Group where she supported the development team on all projects in varying stages of the development process and facilitated investor reporting of over twenty investments. As a Legal Assistant for Colantoni, Collins, Marren, Phillips & Tulk, LLP, she supported several senior litigation attorneys with complex insurance claims.

Ms. Roth holds a Bachelor of Science in Biology from Saint Mary's College of California. She is a member of the Urban Land Institute and the Non-Profit Housing Association Emerging Leaders Peer Network.

Attachment D- Updated Permanent Sources and Uses

Attachment E- 1st Year Operating Budget and 20 Year Cashflow

Application Date: 3/4/2022 Project Name: Sunnydale HOPE SF Block 3B
 Total # Units: 90 Project Address: TBD TBD TBD
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2025 Project Sponsor: Related & Mercy
TCAC Income Limits In Use! Correct errors noted in Col NI

INCOME	Total	Comments
Residential - Tenant Rents	1,492,387	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	1,614,029	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	44,880	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	0	
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	3,151,296	
Vacancy Loss - Residential - Tenant Rents	(74,619)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(80,701)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	(22,440)	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
EFFECTIVE GROSS INCOME	2,973,535	PUPA: 33,039

OPERATING EXPENSES

Management		
Management Fee	82,080	
Asset Management Fee	24,280	
Sub-total Management Expenses	106,360	PUPA: 1,182
Salaries/Benefits		
Office Salaries	48,193	1 FTE APM @ \$23.17/hour
Manager's Salary	44,250	1 FTE PM to be split with 3A, plus Reg. Management Specialist
Health Insurance and Other Benefits	9,430	Retirement
Other Salaries/Benefits	2,115	Staff dev/training, conferences
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	103,988	PUPA: 1,155
Administration		
Advertising and Marketing	2,700	\$20 PUPA for resident engagement; \$10 PUPA for MHMG collateral
Office Expenses	39,015	Office eqmt and supplies, incl. postage, telephone, computer, and support
Office Rent		
Legal Expense - Property	5,000	
Audit Expense	20,070	
Bookkeeping/Accounting Services	13,500	
Bad Debts		
Miscellaneous		
Sub-total Administration Expenses	80,285	PUPA: 892
Utilities		
Electricity	54,000	
Water	54,000	
Gas		All electric building
Sewer	68,490	
Sub-total Utilities	176,490	PUPA: 1,961
Taxes and Licenses		
Real Estate Taxes	3,000	
Payroll Taxes	62,515	Taxes/benefits/workers comp @ 35%
Miscellaneous Taxes, Licenses and Permits		
Sub-total Taxes and Licenses	85,515	PUPA: 950
Insurance		
Property and Liability Insurance	108,000	
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
Sub-total Insurance	108,000	PUPA: 1,200
Maintenance & Repair		
Payroll	95,120	1FTE SMM, 1 FTE MT both to be split w Block 3A, 1 FTE Janitor, plus RMS \$36 PUPA
Supplies	10,160	
Contracts	88,314	Laundry eqmt, window cleaning, elevators, extermination, fire protection
Garbage and Trash Removal	62,586	
Security Payroll/Contract	99,211	Comp from Block 6, Casala
HVAC Repairs and Maintenance	10,845	
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses		
Sub-total Maintenance & Repair Expenses	366,236	PUPA: 4,069
Supportive Services	108,810	\$1209 PUPA per Block 6 approved staffing
Commercial Expenses	19,322	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
TOTAL OPERATING EXPENSES	1,155,006	PUPA: 12,833

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent	15,000	Ground lease with SFHA	Provide additional comments here, if needed.
Bond Monitoring Fee			
Replacement Reserve Deposit	45,000	Per HCD, \$500 PUPA	
Operating Reserve Deposit			
Other Required Reserve 1 Deposit	45,000	\$500 PUPA Community	
Other Required Reserve 2 Deposit			
Required Reserve Deposits, Commercial	3,118	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	108,118	PUPA: 1,201	

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	1,263,124	PUPA: 14,035	Min DSCR: 1.15 Mortgage Rate: 4.60%
NET OPERATING INCOME (INCOME minus OP EXPENSES)	1,710,412	PUPA: 19,005	Term (Years): 30 Supportable 1st Mortgage Pmt: 1,487,314 Supportable 1st Mortgage Amt: \$24,177,164 Proposed 1st Mortgage Amt: \$23,839,196

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)

Hard Debt - First Lender	1,489,691	Permanent Loan	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	0		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	1,489,691	PUPA: 16,552	

CASH FLOW (NOI minus DEBT SERVICE)

CASH FLOW (NOI minus DEBT SERVICE)	167,669
USES OF CASH FLOW BELOW (This row also shows DSCR.)	1.11

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)	24,280	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	
Other Payments		
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt => Max Fee from cell I130)	69,190	Def. Develop. Fee split: 68% Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	98,470	PUPA: 1,094

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	44,504		
Residual Receipts Calculation			
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?	No
Will Project Defer Developer Fee?	Yes		
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	50%	Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):	69,190
% of Residual Receipts available for distribution to soft debt lenders in	50%		

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. recs	\$22,522,464	100.00%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Acquisition Cost	\$1	0.00%
HCD (soft debt loan) - Lender 3			0.00%
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	44,504	50% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	44,504	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 repaymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE	0
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE	
HCD Residual Receipts Amount Due	0
Lender 4 Residual Receipts Due	0
Lender 5 Residual Receipts Due	0
Total Non-MOHCD Residual Receipts Debt Service	0

REMAINDER (Should be zero unless there are distributions below)

REMAINDER (Should be zero unless there are distributions below)	0
Owner Distributions/Incentive Management Fee	0
Other Distributions/Uses	0
Final Balance (should be zero)	0

Attachment F- Elevations and Floor Plans

SUNNYDALE BLOCK 3B

70% CONSTRUCTION DOCUMENTS

ED 13-01 & 17-02 Priority Permit - 100% Affordable Housing

Block 3 is part of the Sunnydale HOPE SF Development, per:
 • Sunnydale HOPE SF Special Use District Ordinance 16-17
 • Sunnydale HOPE SF Development Agreement Ordinance 18-17



SUNNYDALE
BLOCK 3B

SAN FRANCISCO, CA



David Baker Architects
 dbarchitect.com
 461 Second St. Loft c127
 San Francisco, CA 94107
 415.896.6700

Mayor's Office on Disability

DISABILITY ACCESS COMPLIANCE FOR CITY FUNDED PROJECTS

Permit Applicant: Fill in project name and address and then scan onto plans.

PROJECT: _____
 Project Address: _____

Leave Area Below Blank - For MOD Staff Use Only

PLAN REVIEW STAGE: MOD has approved:

Comprehensive Inspection by Technical Specialist Date: _____

Prepayment ADA Inventory Form Date: _____

Final Accessibility Review Date: _____

Final Construction Plans Date: _____

INSPECTION STAGE: The following inspections are required, if selected. Call MOD at 415.477.9100 to schedule:

The Contractor/Consultant, and contractor must be complete.

Make up inspection of building's address.

Identification of accessible address.

Change, including curb and color complete prior to fabrication.

Clear zone around and through.

Prepayment equipment, surface, and path of travel.

Final Report of Project.

The following additional documents are required:

Reasonable Accommodation Notice.

Change Approval from City for the Street.

Final Construction Plans, including all drawings.

Inspection matrix listing each corrected building code or common issue.

By: MOD Homeless Outreach Officer Date: _____

Mayor's Office of Housing and Community Development
 City and County of San Francisco

London N. Breed
 Mayor

Eric D. Shaw
 Director

Letter Confirming City Priority Permit Status of
 Address TBD (1500 Block of Sunnydale) Lot 3 & 4 of Sunnydale HOPE SF
 Tentative Map 9537

November 12, 2020

Ann Silberberg
 CEO
 Novati
 Related California
 44 Montgomery Street, Suite 1300
 San Francisco, CA 94104

Good afternoon, Ann

On behalf of the Mayor's Office of Housing and Community Development (MOHCD) this letter confirms the priority status of your 100% affordable housing project (listed below) as Executive Directive 13-02 & 17-02 priority project. MOHCD acknowledges that Sunnydale Block 3A and 3B, which comprises 170 units of affordable housing for low and very low income families, with ground floor commercial and community serving amenities including early childcare education and a wellness center, is being developed by your organization, Related California and Mercy Housing California (Mercy), a 501(c)(3) nonprofit.

This priority letter is applicable for Electronic Plan Review during the SFDEIR upload intake process and for CTC submissions; the letter shall be scanned onto the permit sets. For Fair-early permits, such as spreader system and fire alarm permits, your selected contractor and/or it's sub-contractors may include this letter as part of their permit application.

Thank you and please contact the staff person listed below with any questions.

Eric Carson

Eric Carson
 Director of Construction Services
eric@omhcd.sfgov.org

One South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103
 Phone: (415) 761-5200 Fax: (415) 761-5201 TDD: (415) 761-5203 www.omhcd.org

Mayor's Office of Housing and Community Development
 City and County of San Francisco

London N. Breed
 Mayor

Eric Shaw
 Director

March 16, 2021

Mr. Patrick O'Rourke
 Director, Department of Building Inspection City and County of San Francisco
 49 South Van Ness Avenue, Suite 500
 San Francisco, CA 94103

RE: Request for Permit Fee Deferral: 1500 Sunnydale Avenue, San Francisco, CA 94134
 Lot 4 of Sunnydale HOPE SF
 Tentative Map 9537 APNs: 8111-0603

Dear Director O'Rourke:

On behalf of the Mayor's Office of Housing and Community Development, I would like to request approval of the deferral for the above described property which represents an 100% affordable housing project of a total of 90 units of low and very low income, and replacement housing along with community serving amenities, which will be developed by Related California and Mercy Housing a 501(c)(3) nonprofit. Payment of fees will be made upon issuance of the Permit.

If this request meets with your approval, please sign below and return to my attention. If you have questions or need anything further regarding this request, please feel free to contact me at (415)602-2145 or eric@omhcd.sfgov.org. Thank you in advance for your assistance.

Sincerely,
Eric Carson

Eric Carson
 Mayor's Office of Housing and Community Development

Department of Building Inspection
 Approval to defer fees as requested: 3/17/21

Patrick O'Rourke
 Director, Department of Building Inspection

1 South Van Ness Avenue - Fifth Floor, San Francisco, CA 94103
 Phone: (415) 761-6500 Fax: (415) 761-5201 TDD: (415) 761-5203 www.sfdem.org



Description	Issuances	Date
100% SD		10/15/2020
Vertical Design Review		11/05/2020
50% DD		12/22/2020
100% DD		02/19/2021
35% CD		10/05/2021
70% CD		01/31/2022

Rev.	Description	Revisions	Date

Development ID: F43C93D2-F08-4BA3-B0E2-8B28024726

San Francisco Planning

PARALLEL PROCESSING PROGRAM AND STATEMENT OF ELIGIBILITY APPLICATION

Property Information

Main residential address: 1555 Sunnydale Ave
 Project Address: Additional email address: _____ (Block/Lot/Unit)
 1565, 1567, 1568, 1571, 1572, 1573, 1577
 Sunnydale Ave

Related Applications

Preliminary Project Application and/or Environmental Evaluation Applications No(s): _____
 Building Permit Applications No(s): _____

Eligibility Criteria

To be eligible for parallel processing, a project must meet the following criteria:

FEATURES	YES	NO
Member of Cities: The development must include either 15 or more net new dwelling units with no net new residential uses excepting ancillary ground floor uses, or 25 or more new units along with other non-residential uses.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Height: The development must be less than 240 feet in height. Projects over 200 feet in height require three early permit reviews, which add greatly to the cost of the project.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
New Construction: The development must be new construction and not an alteration.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Access to Public Right of Way: The development must not be landlocked and have legal access to existing public right of way.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Subdivisions & Mergers: The development may include a lot merger or a new construction continuation application; however, it may not include any land subdivision application.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Development ID: F43C93D2-F08-4BA3-B0E2-8B28024726

APPLICANT'S AFFIDAVIT

Under penalty of perjury the following declarations are made:

- The undersigned is the owner or authorized agent of the owner of this property.
- The information presented is true and correct to the best of my knowledge.
- Other information or applications may be required.
- I hereby authorize City and County of San Francisco Planning staff to conduct a site visit of this property as part of the City's review of this application, making all portions of the interior and exterior accessible through completion of construction and in response to the monitoring of any condition of approval.
- I attest that personally identifiable information (PII) - i.e. social security numbers, driver's license numbers, bank accounts - has not been provided as part of this application. Furthermore, where supplemental information is required by this application, PII has been redacted prior to submission to the Planning Department. I understand that any information provided to the Planning Department becomes part of the public record and can be made available to the public for review and/or posted to Department websites.

Ann Silberberg
 Signature: _____ Name (Printed): Ann Silberberg

05/25/2021
 Date

Owner: (415)677-9000
 Relationship to Project: _____ Phone: _____ Email: asilberberg@related.com

Application received and verified by Planning Department:
 By: _____ Date: _____
 Title: _____
 Yes No

Set Title
 70% CD

Drawing Title
 COVER SHEET

Sheet No.
 G000B

Date 2022-01-31
 Project No. 21845

SUNNYDALE
BLOCK 3B

SAN FRANCISCO, CA



David Baker Architects
dbarchitect.com
461 Second St. Loft c127
San Francisco, CA 94107
415.896.6700

License Stamp



Issuances	
Description	Date
100% SD	10/15/2020
Vertical Design Review	11/05/2020
50% DD	12/22/2020
100% DD	02/19/2021
35% CD	10/05/2021
70% CD	01/31/2022

Revisions		
Rev.	Description	Date

Set Title

70% CD

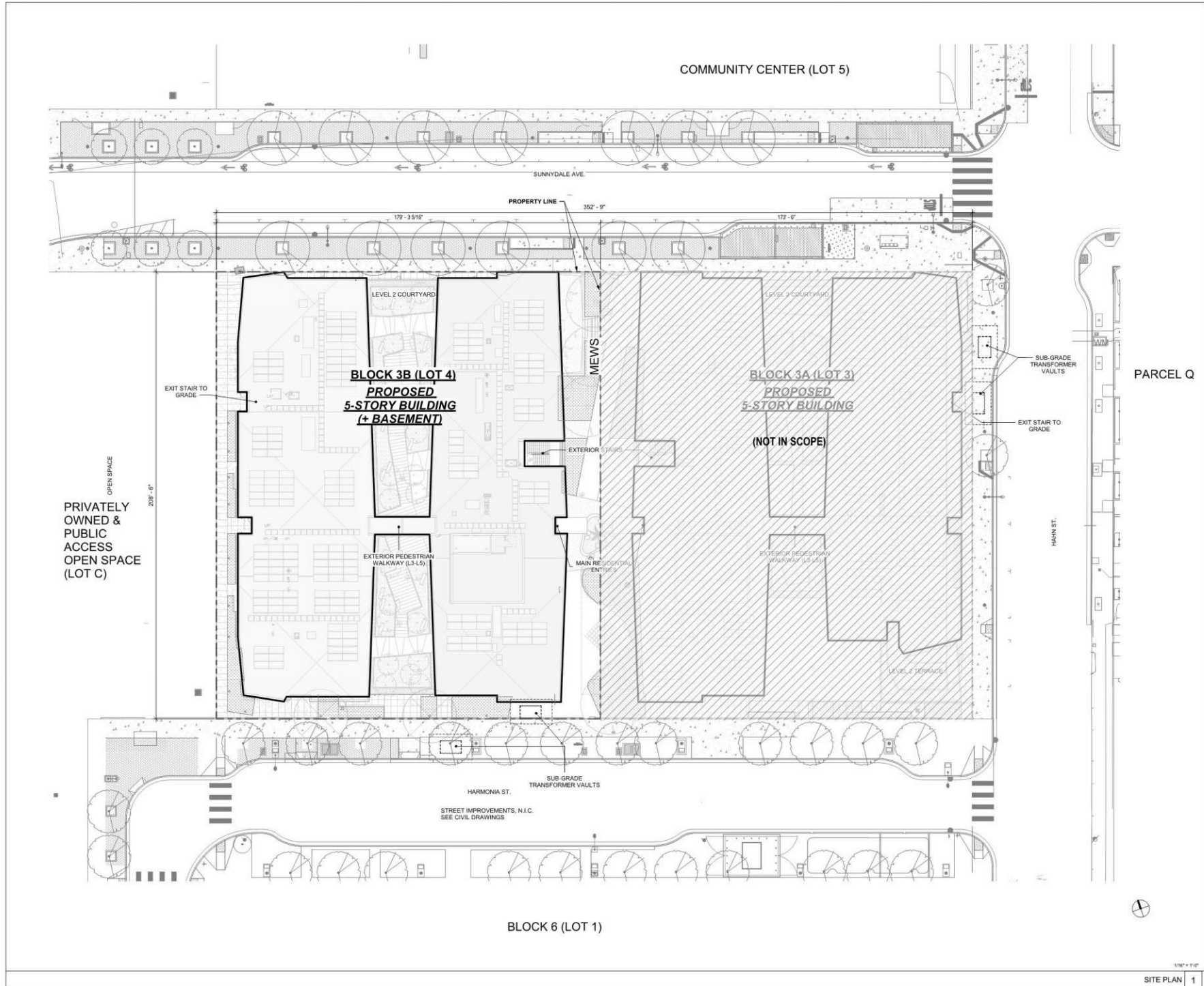
Drawing Title

SITE PLAN

Sheet No.

A001

Date 2022-01-31
Project No. 21845



SUNNYDALE
BLOCK 3B

SAN FRANCISCO, CA



David Baker Architects
dbarchitect.com
461 Second St. Loft c127
San Francisco, CA 94107
415.896.6700

License Stamp



Issuances

Description	Date
100% SD	10/15/2020
Vertical Design Review	11/05/2020
50% DD	12/22/2020
100% DD	02/19/2021
35% CD	10/05/2021
70% CD	01/31/2022

Revisions

Rev.	Description	Date
------	-------------	------

Set Title

70% CD

Drawing Title

EXTERIOR ELEVATIONS -
BLOCK 3B

Sheet No.

A203B

Date 2022-01-31
Project No. 21845



BLOCK 3B - WEST ELEVATION (OPEN SPACE) 2

KEYNOTE LEGEND	
05 12 00 AS	Architecturally Exposed Structural Steel Framing, SSD
05 22 13 MR	Mesh Railing
07 42 13 LP	Metal Panel Wall Panel
08 91 19	Frosted Louver
08 91 19 EL	Exterior Frosted Louver, See Glazed Wall Schedule for Dimensions
10 71 00 B2	Fixed Prefabricated Sunshade, TYPE B2 (See A610)
21 10 00 FD	Fire Department Connection
26 51 00 EL	Exterior Light Fixture, Linear Wall Mount, SED
26 51 00 SC	Exterior Light Fixture, Square, SED

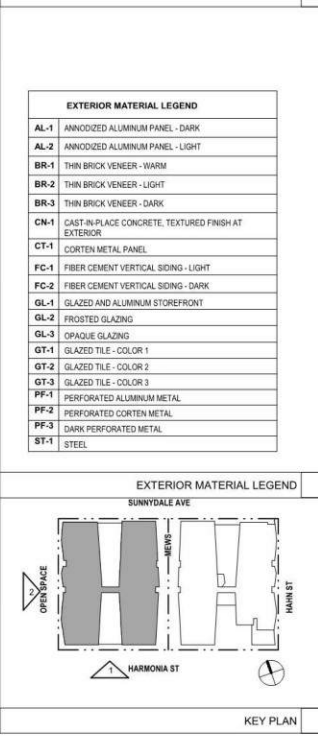
ARTISIAN SIDING PROFILES	
	SHIPLAP
	SQUARE CHANNEL
	BEVEL CHANNEL

EXTERIOR MATERIAL LEGEND	
AL-1	ANNOXIDIZED ALUMINUM PANEL - DARK
AL-2	ANNOXIDIZED ALUMINUM PANEL - LIGHT
BR-1	THIN BRICK VENEER - WARM
BR-2	THIN BRICK VENEER - LIGHT
BR-3	THIN BRICK VENEER - DARK
CN-1	CAST-IN-PLACE CONCRETE, TEXTURED FINISH AT EXTERIOR
CT-1	CORTEN METAL PANEL
FC-1	FIBER CEMENT VERTICAL SIDING - LIGHT
FC-2	FIBER CEMENT VERTICAL SIDING - DARK
GL-1	GLAZED AND ALUMINUM STOREFRONT
GL-2	FROSTED GLAZING
GL-3	OPAQUE GLAZING
GT-1	GLAZED TILE - COLOR 1
GT-2	GLAZED TILE - COLOR 2
GT-3	GLAZED TILE - COLOR 3
PF-1	PERFORATED ALUMINUM METAL
PF-2	PERFORATED CORTEN METAL
PF-3	DARK PERFORATED METAL
ST-1	STEEL

ELEVATION - SIDING PROFILE LEGEND



HARMONIA ST. ELEVATION - BLOCK 3B 1



KEY PLAN

TYP GROUND UNIT ENTRY - SOUTH 6

TYP GROUND UNIT ENTRY - NORTH 4

**SUNNYDALE
BLOCK 3B**

SAN FRANCISCO, CA



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dbarchitect.com
461 Second St. Loft c127
San Francisco, CA 94107
415.896.6700

License Stamp



Issuances

Description	Date
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50% DD	12/22/2020
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35% CD	10/05/2021
70% CD	01/31/2022

Revisions

Rev.	Description	Date
------	-------------	------

Set Title

70% CD

Drawing Title

**EXTERIOR ELEVATIONS -
BLOCK 3B**

Sheet No.

A204B

Date 2022-01-31
Project No. 21845



BLOCK 3B - WEST COURTYARD 2



BLOCK 3B - EAST COURTYARD 1

KEYNOTE LEGEND

05 70 00 AW	Cable hung steel awning
07 42 13 16	Metal Plate Wall Panel
08 42 56	Architectural Terrace Door
10 71 00 E1	Fixed Perforated Sunshade, TYPE E1 (See A610)
26 51 00 PS	Exterior Lighting, Patio Sconce: SED

ARTISIAN SIDING PROFILES

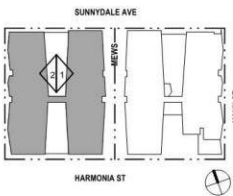
	SHIPLAP
	SQUARE CHANNEL
	BEVEL CHANNEL

ELEVATION - SIDING PROFILE LEGEND

EXTERIOR MATERIAL LEGEND

AL-1	ANNOXIDIZED ALUMINUM PANEL - DARK
AL-2	ANNOXIDIZED ALUMINUM PANEL - LIGHT
BR-1	THIN BRICK VENEER - WARM
BR-2	THIN BRICK VENEER - LIGHT
BR-3	THIN BRICK VENEER - DARK
CN-1	CAST-IN-PLACE CONCRETE, TEXTURED FINISH AT EXTERIOR
CT-1	CORTEN METAL PANEL
FC-1	FIBER CEMENT VERTICAL SIDING - LIGHT
FC-2	FIBER CEMENT VERTICAL SIDING - DARK
GL-1	GLAZED AND ALUMINUM STOREFRONT
GL-2	FROSTED GLAZING
GL-3	OPAQUE GLAZING
GT-1	GLAZED TILE - COLOR 1
GT-2	GLAZED TILE - COLOR 2
GT-3	GLAZED TILE - COLOR 3
PF-1	PERFORATED ALUMINUM METAL
PF-2	PERFORATED CORTEN METAL
PF-3	DARK PERFORATED METAL
ST-1	STEEL

EXTERIOR MATERIAL LEGEND



KEY PLAN

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

Sunnydale HOPE SF
Block 3 Vertical and Phase 1A3 Infrastructure
\$9,500,000 Predevelopment Loan Requests

Evaluation of Request for:	Vertical Predevelopment & Horizontal Predevelopment
Loan Committee Date:	June 7, 2019
Prepared By:	Sara Amaral
Source of Funds Recommended:	2015 General Obligation Housing Bond for Affordable Housing
NOFA/PROGRAM/RFP:	HOPE SF
Applicant/Sponsor Name:	Related California ("Related") & Mercy Housing California ("Mercy")

EXECUTIVE SUMMARY

Please see Attachment A for the HOPE SF master project summary.

Horizontal Loan Request – Project Description

Phase Name:	Phase 1A3	Sponsor:	Related & Mercy
Phase Location:	SE corner of Sunnydale Avenue & Hahn Street, 94134	Ultimate Borrower Entity:	Sunnydale Infrastructure, LLC
Land Owner:	SFHA	Supervisor and District:	Walton, D10
Total Open Space:	0 SF	Total Parcel Size:	4.75 acres/207,000 SF
Total Street Area:	1.62 acres/71,000 SF	Master Plan Architect:	Van Meter Williams Pollack
TDC:	\$22,760,670	Civil Engineer:	TBD
TDC/SF:	\$110	TDC Less Land Cost/SF:	\$110
Loan Amount Requested:	\$5,800,000	Request Amount/SF:	\$28

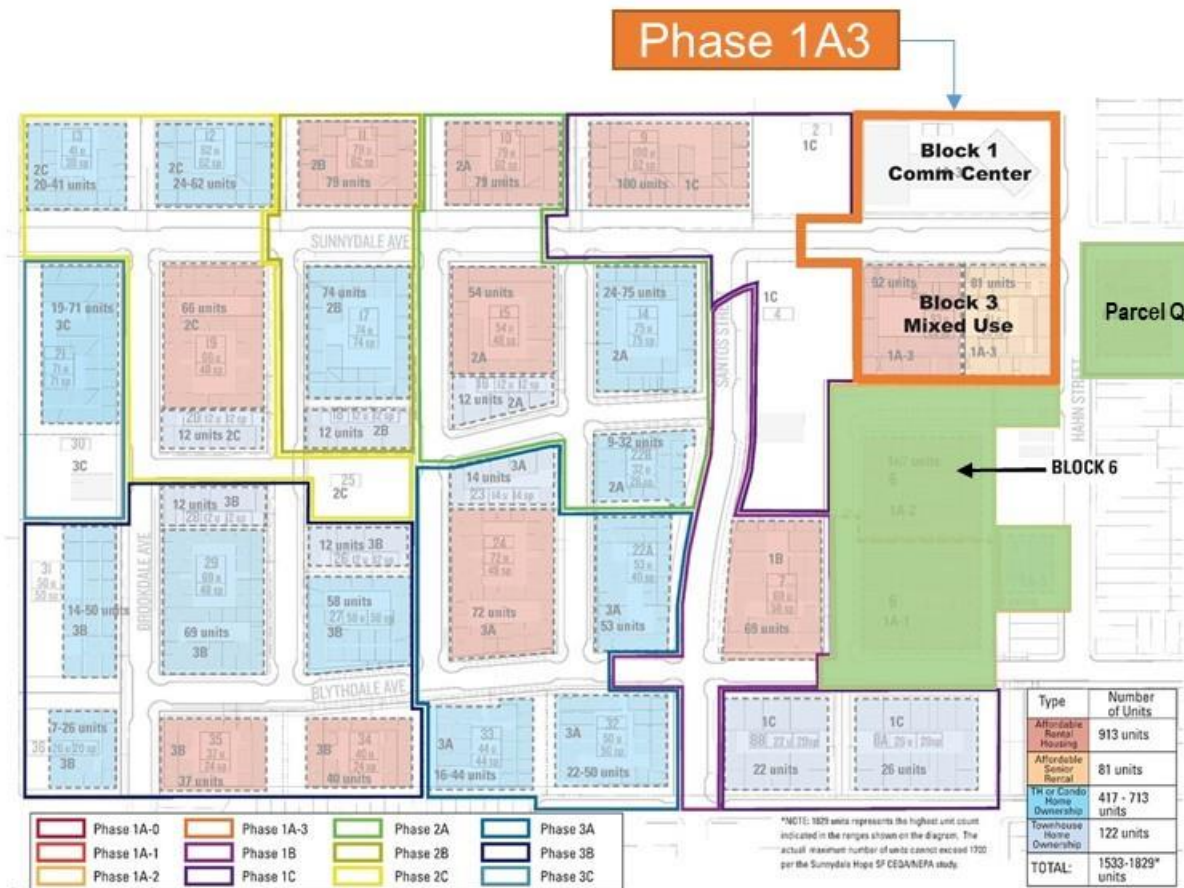
Vertical Loan Request – Project Description

Project Name:	Sunnydale Block 3	Sponsor:	Related & Mercy
Project Address:	SE corner of Sunnydale Avenue & Hahn Street, 94134	Ultimate Borrower Entity:	To-be-formed L.P.
Construction Type:	Type V over Podium	Project Type:	New Construction
Land Owner:	San Francisco Housing Authority (“SFHA”)	Supervisor and District:	Walton, D10
Number of Stories:	5	Lot Size:	1.67 acres/73,000 SF
Number of Units:	168	Architect:	David Baker Architects
Total Residential Area:	187,000 GSF	General Contractor:	TBD
Total Commercial Area:	30,000 GSF	Property Manager:	Mercy Housing Management Group
Total Building Area:	217,000 GSF		
TDC with Infrastructure:	\$163,519,442	Total Acquisition Cost:	\$0
TDC/Unit w/ Infrastructure:	\$973,330	TDC Less Infrastructure Cost/Unit:	\$925,377
Loan Amount Requested:	\$3,700,000	Request Amount/Unit:	\$22,024

1. Phasing Map

This joint predevelopment loan evaluation is for Sunnydale HOPE SF’s second infrastructure phase (“Phase 1A3”) and its third affordable housing development (“Block 3”). The first two affordable housing developments to be approved were Parcel Q and Block 6, shown in light green below.

Phase 1A3, highlighted below, is in the northeast corner of the Sunnydale public housing site. Block 3 is on the south side of Phase 1A3. It will include 168 units of affordable housing and 30,000 s.f. of ground floor retail and neighborhood services. Block 1, on the north side of Phase 1A3, is outside the scope of this loan evaluation. It will be the future site of a privately funded (estimated cost \$30 million) 30,000 s.f. community center, which will include a Boys and Girls Club, a Wu Yee early childhood education center, and 10,000 s.f., of additional community space.



SUNNYDALE HOPE SF MARKET RATE / AFFORDABLE DEVELOPMENTS DIAGRAM

SAN FRANCISCO, CA | MAY 17, 2017 | MERCY HOUSING, THE RELATED COMPANIES OF CALIFORNIA



2. Phasing Summary and Updates

The current buildout by phase is projected as follows with the current requests in bold:

Start Year	Finish Year	Block Name	Phase	Phase Type	Total units	Status	Total MOHCD Loan Amount	TDC
2018	2019	Block Q	1A-0	Affordable	55	Gap Approved	\$8,905,799	\$46,139,312
2019	2021	Block 6	1A1/2	Infrastructure		Gap Approved	\$28,478,891	\$28,478,891
2019	2021	Block 6	1A1/2	Affordable	167	Gap	\$28,188,533	\$136,746,201
2022	2023	Block 5	1A1/2	Market Rate	8	Gap	N/A	N/A
2021	2021	Block 3	1A3	Infrastructure		Predev	\$5,800,000	\$22,760,670
2021	2023	Block 3	1A3	Affordable	168	Predev	\$3,700,000	\$157,060,269
<i>Total to Date</i>							<i>\$75,073,223</i>	<i>\$391,185,343</i>

2022	2034			Affordable	596	Projected	\$369,231,610	\$773,486,661
2022	2034			Infrastructure		Projected	\$72,019,150	\$158,465,066
<i>Projected</i>							<i>\$441,250,760</i>	<i>\$931,951,727</i>

<i>Total Cost of Sunnydale</i>							<i>\$516,323,983</i>	<i>\$1,323,137,070</i>
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HOPE SF HORIZONTAL LOAN REQUEST

Sunnydale HOPE SF
\$5,800,000 Funding Amount
Infrastructure Phase 1A3
Horizontal Predevelopment Loan Request

Evaluation of Request for:	Horizontal Predevelopment
Loan Committee Date	June 7, 2019
Prepared By:	Sara Amaral
Borrower Name:	Sunnydale Infrastructure, LLC
Source of Funds Recommended:	2015 General Obligation Housing Bond for Affordable Housing
NOFA/PROGRAM/RFP:	HOPE SF
Applicant/Sponsor Name:	Related/Mercy

Sponsor Information

Phase Name:	Phase 1A3	Sponsor:	Related & Mercy
Phase Location:	SE corner of Sunnydale Avenue & Hahn Street, 94134	Ultimate Borrower Entity:	Sunnydale Infrastructure, LLC

Project Summary

Phase 1A3 is the second infrastructure development phase within the Sunnydale HOPE SF Master Plan, after the combined Phases 1A1/1A2. Phase 1A3 is 4.75 acres (207,000 s.f.), of which 1.46 acres represent the Block 1/community center site, 1.67 acres represent the Block 3 mixed-use building site, and 1.62 acres represent the to-be-improved Sunnydale Avenue between Hahn Street and where the SF Housing Authority (SFHA) Administrative Building currently stands. The upgraded street will accommodate a new bike lane, MTA bus stops, and loading areas in front of the community center building and Block 3 building.

Prior to the construction of the new streets and utility infrastructure, the Sponsor will abate and demolish 80 units in 12 buildings and all existing infrastructure within the Phase 1A3 boundary. Mercy Housing’s Resident Service team and SFHA will work with the affected households to prepare them for relocation, either on site to existing Sunnydale public housing units, Parcel Q (41 replacement units) or Block 6 (125 replacement units).

Horizontal Loan Request – Project Description

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

Land Owner:	SFHA	Supervisor and District:	Walton, D10
Total Open Space:	0 SF	Total Parcel Size:	4.75 acres/207,000 SF
Total Street Area:	1.62 acres/71,000 SF	Master Plan Architect:	VMWP
TDC:	\$22,760,670	Civil Engineer:	TBD
TDC/SF:	\$110	TDC Less Land Cost/SF:	\$110
Loan Amount Requested:	\$5,800,000 in predevelopment	Request Amount/SF:	\$28 in predevelopment

PRINCIPAL DEVELOPMENT ISSUES

- **Resident Relocation.** Development of Phase 1A3 requires the abatement and demolition of 80 units in 12 buildings. Accordingly, the 80 households living in this phase's boundary must relocate before demolition can take place. There may be opportunities for some households to move voluntarily and permanently to an offsite Right-to-Return units, Parcel Q, or Block 6. Otherwise, SFHA must rehab vacant units on the Sunnydale site outside of Phase 1A3 for temporary relocation. The Sponsor will work closely with SFHA to outreach and inform residents in a timely manner so that demolition can start by spring 2021. See Section 6.3.
- **Interagency Coordination.** Coordination with various infrastructure agencies is critical, outlined in the Development Agreement, and facilitated by the Office of Economic and Workforce Development (OEWD). Several City permitting agencies are currently backlogged and the project reviews are regularly delayed, however HOPE SF projects have priority in the Housing Executive Directive. See Sections 6.5 and 8.
- **Funding.** A portion of this Horizontal Loan Request will be assigned, to the greatest extent possible, to the vertical affordable housing development, in order to maximize equity and decrease MOHCD's contribution in the affordable projects. If there are Horizontal Loan proceeds that cannot be assigned to the vertical affordable housing developments, that portion of the loan will be forgiven in exchange for the Borrower's transfer of the improvements to City ownership. This transfer will occur through a formal review and acceptance process. At the Block 3 construction closing, \$8,056,081 of the Phase 1A3 infrastructure loan is expected to be assigned from Sunnydale Infrastructure, LLC to the Block 3 limited partnership to increase eligible basis from the LIHTC investor, and reduce the amount of City gap financing needed. See Section 8.1.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
MOHCD	\$5,800,000	5 yrs. @ 0%	This Request

Permanent Sources	Amount	Terms	Status
MOHCD	\$14,704,589	0% interest/Forgiven upon City Acceptance of Improvements	Not Yet Requested
MOHCD Assignment to Block 3	\$8,056,081	55 yrs. @ 0% residual receipts	Not Yet Requested
Total	\$22,760,670		

Uses	Amount	Per Unit	Per SF
Hard Costs	\$16,379,465	\$97,497	\$79
Soft Costs	\$5,926,658	\$35,278	\$29
Developer Fee	\$454,545	\$2,706	\$2
Total	\$22,760,670	\$135,480	\$110

1. BACKGROUND

1.1. Project History Leading to This Request

In 2010, the Sponsor completed and submitted the Sunnydale HOPE SF Master Plan to the City with the expectation that the environmental review process would take about 12 months. The Sponsor, with approval from MOHCD, engaged the civil engineer, master landscape architect, and other consultants to work on the schematic design of the Phase 1 Infrastructure, which is now broken up into Phase 1A1/1A2 and 1A3. In 2012, this work halted when the San Francisco Redevelopment Agency was eliminated by the State and the City's affordable housing funding was reduced by half.

In summer 2015, the Sponsor and the City began working on the Development Agreement and other master planning level land use entitlements, including the master infrastructure plan required for the Development Agreement. The entitlements were approved in March 2017, enabling the Sponsor to engage the design team to work on Phase 1A1/1A2 of the infrastructure improvement plans and Block 6, the building within that site. Phase 1A1/1A2 began abatement and demolition in February 2019, and construction on Block 6 is slated to begin immediately after the infrastructure is completed in September 2019. Once Block 6 lease up commences, which is anticipated to be January 2021, the Phase 1A3 infrastructure improvements can begin followed by the development of Block 3 and Block 1.

2. BORROWER/GRANTEE PROFILE

The Borrower of this infrastructure predevelopment loan will be Sunnydale Infrastructure, LLC. The LLC's sole members are Mercy and Related entities.

2.1. Development Team for Infrastructure

Consultants with an anticipated contract amount above CMD’s max contract limit for a non-competitive bid were selected through a competitive bid process approved by CMD under Phase 1A1/1A2 with contract extension opportunities to pursue work on Phase 1A3 and other future infrastructure phases. As such, the core infrastructure team for Phase 1A3 is expected to be consistent with Sunnydale’s first infrastructure phase. As part of the predevelopment scope, the Sponsor will define which consultant types are outstanding and which are required to be procured through CMD’s bid process.

Infrastructure Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Project Manager	Related CA		N
Civil Engineer	TBD		Y
Landscape Architect	TBD		Y
Joint Trench Consultant	TBD		Y
General Contractor	TBD		Y
Owner’s Rep/CM	TBD		Y
Financial Consultant	TBD		Y
Geotechnical	TBD		Y
Legal	TBD		Y
Master Plan Architect	TBD		Y
Stormwater Management Designer	TBD		Y
Surveyor/Mapping	TBD		Y
Environmental Consultant	TBD		Y

3. PRIOR MOHCD FUNDING FOR CURRENT REQUEST

N/A. This is the initial funding request related to Sunnydale HOPE SF Phase 1A3 and Block 3 sites.

3.1. Disbursement Status. N/A

4. SITE DESCRIPTION

Phase 1A3 forms a rectangular shaped site bisected by the realigned Sunnydale Avenue between Hahn Street and Santos Street. It is bordered to the south by the to-be-developed Block 6, Hahn Street to the east, McLaren Park to the north, and existing public housing buildings to the west. Infrastructure improvements will support two new buildings, Block 1 and Block 3, within Phase 1A3. Block 1, a community center that will be paid for by private fundraising, will be situated north of Sunnydale Avenue. Block 3 is a 168-unit multifamily affordable housing building that will be situated south of Sunnydale Avenue.

The realigned Sunnydale Avenue will be a residential scaled street connecting Hahn Street to Santos Street with a dedicated bicycle travel lane on the north side of the roadway for westbound bicycle traffic. A new San Francisco Municipal Transportation Agency (SFMTA) bus stop and shelter will be located on the south side of Sunnydale Avenue directly west of Hahn Street. A garage entry to Block 3 will be located on Center Street, which will be constructed as part of the Phase 1A1/1A2 infrastructure improvements. The main lobby and retail entries will most likely be located on Sunnydale Avenue, serving as the primary “front door” to the Block 3 development. No off-street parking will be provided at Block 1. Prior to the construction of the new street and utility infrastructure, the Sponsor will abate and demolish the 80 existing units in 12 buildings, all of which are occupied, and the existing infrastructure.

The following table summarizes the allocation of this Development Area:

	SF	Acres	% of Site	Asso. Costs
Phase 1A3 Area	207,000	4.75	100%	\$22,766,000
Block 1 Development Site	63,700	1.46	31%	\$7,057,000
Block 3 Development Site	72,700	1.67	35%	\$8,056,000
Public Right-of-Way	70,600	1.62	34%	\$7,653,000

5. PROPOSED PROPERTY OWNERSHIP STRUCTURE

The ownership structure and sequence is contemplated as follows:

The Sunnydale Infrastructure, LLC (“LLC”) entity will execute a short term demolition license agreement with SFHA through which the LLC can abate and demolish the existing buildings in the Phase 1A3 area.

After demolition, a short-term ground lease will be executed between SFHA and the LLC to allow the LLC to demolish and construct the utility and street infrastructure, as well as grade and prepare the Block 1 and 3 sites. This ground lease will be in effect until the City accepts the infrastructure through a Board of Supervisors action.

At the construction closing for Block 3, the vertical development parcel will be ground leased for 99 years by SFHA to a California limited partnership consisting of Mercy and Related as co-general partners.

6. HORIZONTAL WORK

6.1. Phasing

Phase 1A3 will begin after construction completion of Phase 1A1/1A2 and Block 6 in order to minimize relocation for the affected Sunnydale public housing residents. Phase 1A3 is currently contemplated to begin as early as February 2021. The demolition and infrastructure construction period is estimated to take six months with some infrastructure and vertical construction overlap. The predevelopment budget includes the cost for a general contractor to abate lead, asbestos, and polychlorinated biphenyls (PCBs) in the existing buildings.

6.2. Demolition

As part of predevelopment activities, the Sponsor will engage an environmental consultant to complete a hazardous material testing report and biddable abatement scope of work for the existing buildings. The hard costs related to hazardous materials abatement is \$557,000, and the hard costs related to demolition is \$1,507,000. This cost is provided for in the predevelopment loan request, in the event that the occupied units within Phase 1A3 are vacated earlier and can be demolished before infrastructure work is scheduled to commence.

6.3. Relocation

Mercy’s Relocation Team will work with SFHA to prepare and relocate residents as efficiently as possible. Per the Master Development Agreement, SFHA leads relocation when current public housing residents need to move due to revitalization. The MDA also requires the Sponsor to present the phased Relocation Plan to the SFHA Commission before any moves can take place. The Sponsor will work with SFHA, MOHCD, and HOPE SF to finalize that plan before presenting to the Commission.

The infrastructure budget includes relocation (\$456,000) and security management (\$139,000) for a total of \$595,000. This relocation expense includes moving allowances to assist the 126 Sunnydale residents that will move to Block 3. The cost of moving 80 residents out of the Phase 1A3 footprint so construction can start is also included in the budget, as well as costs related to potential offsite moves. With regard to security management, this budget includes 1.0 FTE security manager for a two year period.

6.4. Permits & Planning Review

The Sponsor will be responsible for submitting a Phase Application for this project to the Planning Department. The Phase Application describes the scope of the vertical and horizontal development and how the phase relates to the previous and future phases. The Sponsor will also submit the design of the phase streetscape through a formal design review process for Planning Department review.

Department of Building Inspection (DBI) must permit the demolition of the 12 existing buildings. San Francisco Department of Public Health (DPH) and Bay Area Air Quality Management Department (BAAQMD) must approve the abatement of the lead, asbestos, and other hazards in the buildings.

The infrastructure construction (ROWs, utilities, etc.) will be reviewed and approved by the City through Street Improvement Permit applications, which will consist of horizontal drawings at the 30%, 60%, 90% and 100% construction document level. The Department of Public Works (DPW) Infrastructure Task Force will intake these drawings and coordinate the review and comments by DPW, Planning, San Francisco Municipal Transportation Agency (SFMTA), San Francisco Public Utilities Commission (SFPUC), Fire Department (SFFD), and Department of Technology.

None of the above have been drafted or submitted for Phase 1A3. The Sponsor anticipates preparing and submitting the Phase 1A3 permit application to the City in August 2019.

As noted in Principal Development Issues, coordination with various infrastructure agencies is outlined in the DA as well as a schedule which should be kept. OEWD will be working with City partners, including Planning and the DPW Task Force, to achieve a timely review; however, there are many DA projects under review at the City currently. Costs for OEWD coordination services are paid directly by MOHCD.

6.5. Mapping

The Master Developer has prepared a site wide Master Tentative Map, which Bureau of Street-Use and Mapping is currently reviewing. Upon its approval, expected in December 2019, the Sponsor will prepare and submit Final Map applications for the Phase 1A3 infrastructure improvements and Blocks 1 and 3 vertical development. It is expected that the Final Map will be completed by May 2021.

6.6. Roads

6.6.1. Existing Roads

Sunnydale Avenue, an existing residential street, will be realigned in this phase from Hahn to Santos.

6.6.2. Design

The two-way, impervious asphalt over concrete, paved street will include sharrows, curb and gutter, sidewalks, on-street loading zones, street trees with grates, street & pedestrian

lighting, corner bulb-outs with ramps and crosswalks, ornamental planters, street furnishings (e.g. street signs, utility meter boxes, sewer traps/vents, fire hydrants, fire pull boxes, site benches, bike racks, irrigation control boxes and covers, bollards, etc.), and underground utilities (combined sewer system (CSS) with manholes & catch basins, domestic water, auxiliary water supply system (AWSS), and joint trench (electrical/gas/telecommunications/street light conduit).

6.7. Open Space. N/A. This phase does not include open space.

6.8. Market Rate Parcels. N/A. This phase does not include any market rate parcels.

6.9. Utilities to Parcels

Irrigation, domestic water, Auxiliary Water Supply System (AWSS), combined sewer services, electrical, gas and telecommunications utilities will be installed to serve Blocks 1, 3 and future Blocks 2 and 4. These agencies will be reviewing and approving the installations: San Francisco Public Utilities Commission (SFPUC) for street lighting & electrical, irrigation, domestic and Auxiliary Water Supply System (AWSS), stormwater management and Combined Storm Sewer and Grading and Overland Release; PG&E for natural gas; AT&T for telecommunications; Department of Technology for emergency communications and City fiber installation; and DPW for road and sidewalk construction including accessible path of travel. Utility connections will be typical and comply with utility company and City standards.

7. CONSTRUCTION SUPERVISOR

N/A. Costs for Phase 1A3 are based on the costs received on Phase 1A1/2. Once infrastructure plan is created, these costs will be reviewed by DPW, as done with Phase 1A1/2.

8. HORIZONTAL FINANCING PLAN

8.1. Horizontal Financing Narrative

Upon construction start for the vertical Block 3, a portion of the Phase 1A3 infrastructure funds will be assigned to the housing block in order to maximize equity funds and reduce MOHCD's contribution to the vertical block. MOHCD will also require that the Sponsor work with the developer of Block 1, in order to analyze whether Block 1 can absorb a portion of the infrastructure loan in eligible basis for New Market Tax Credits. The Sponsor will provide analysis before seeking gap funding.

8.2. Horizontal Uses Evaluation

The Sponsor has based all infrastructure costs on consultation with various consultants. The development budget is being presented to demonstrate the project's overall finances at this time. The Loan Committee is not approving the full infrastructure budget.

INFRASTRUCTURE DEVELOPMENT BUDGET		
Underwriting Standard	Meets Standard?	Notes
Bid Contingency is at least 5% of total hard costs	Y	Bid and hard cost contingencies are 20%
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	Y	Escalation is 5% per annum
Construction Management Fees are within standards	Y	Costs are comparable to Block 6 contract

Developer Fee is within standards	Y	Total dev fee based on HOPE SF Developer Fee Policy
Soft Cost Contingency is 10% per standards	Y	Soft cost contingency is 10%
Infrastructure Project Management Fees included in Developer Fee	Y	No additional project management fee

Demo/Abatement: Building demolition is expected to cost \$1,507,000 and building abatement is expected to cost \$557,000, based on Block 6’s cost estimated infrastructure budget. The funds for demolition and abatement are included in the predevelopment request in case the opportunity arises to demolish the building before the start of infrastructure work. This will only happen if the tenants in Phase 1A3 are provided adequate housing earlier in the schedule.

Block 2 and 4 Schematic Design: Block 2 and 4 are public open spaces that are partially included within the Phase 1A3 footprint. The Phase 1A3 predevelopment budget includes \$100,000 for landscape architectural services so that the schematic design of these open spaces can be thought through and help inform the planning of Phase 1A3’s right-of-way area and Block 3 development.

Bid Contingency: The budget includes \$2,480,000 in bid and hard cost contingency, which equates to 20% of hard costs. Additionally, the budget includes a 5% per annum escalation or \$1,525,000 total.

Construction Management Fee: The Sponsor is awaiting proposals from the infrastructure team, including the preconstruction and construction management consultants. Townsend Management Inc. and Hollins Consulting Inc, a joint venture, were selected through formal a procurement process for Sunnydale HOPE SF Infrastructure Phase 1A1 and 1A2. The contract for construction management for that phase was \$508,880 and included services for preconstruction infrastructure coordination and during construction based on an hourly contract. Phase 1A3 is using the same cost assumptions as Phase 1A1/1A2’s infrastructure budget. The construction management consultants were selected through a competitive bid process approved by CMD under Phase 1A1/1A2 with contract extension opportunities to pursue work on Phase 1A3 and other future infrastructure phases.

9. HORIZONTAL DEVELOPER FEE

Per the HOPE SF Developer Fee Policy (Attached as Exhibit B), which is part of the Development Agreement, the Sponsor is eligible for \$454,545 in developer fee for this phase.

Total HOPE SF Developer Fee Disbursement For Infrastructure			
Phase	Square Feet	% of fee	Fee amount earned
1A1 Infrastructure	124,411	9.09%	\$454,500
1A2 Infrastructure	102,881	9.09%	\$454,500
1A3 Infrastructure	207,020	9.09%	\$454,545
1B Infrastructure	333,413	9.09%	\$454,545
1C Infrastructure	106,830	9.09%	\$454,545
2A Infrastructure	354,425	9.09%	\$454,545
2B Infrastructure	216,943	9.09%	\$454,545
2C Infrastructure	289,388	9.09%	\$454,545
3A Infrastructure	129,791	9.09%	\$454,545
3B Infrastructure	209,483	9.09%	\$454,545
3C Infrastructure	40,026	9.09%	\$454,640
Totals	2,114,610	100%	\$5,000,000

HOPE SF Developer Fee Disbursement For Infrastructure		
Payment Milestone	% of Project Mgmt. Fee	Amount
60% Construction Documents	15%	\$68,181
Construction Commencement	25%	\$113,636
50% Completion of Phase	20%	\$90,909
DPW Determination of Completion	30%	\$136,364
BOS Acceptance	10%	\$45,455
Total Developer Fee	100%	\$454,545

10. STAFF RECOMMENDATIONS

10.1. Proposed loan/grant terms

Financial Description of Proposed Loan	
Loan Amount:	\$5,700,000
Loan Term:	5 years
Loan Maturity Date:	2074
Loan Repayment Type:	Deferred, In-kind transfer of work product to City
Loan Interest Rate:	0%

10.2. Recommended conditions prior to financing gap

- Sponsor must complete relocation plan related to demolition of existing buildings and secure SFHA Commission approval.
- Sponsor must submit Phase schedule, including sequencing of relocation, demolition, infrastructure construction and construction start to MOHCD for approval by December 31, 2019.
- Sponsor must submit Phase Application prior to submission for Planning approval.

- Sponsor must submit Construction Management RFQ to MOHCD for approval and include MOCHD on selection panel. Sponsor must provide Construction Management contract to MOCHD for approval.
 - Sponsor work with the developer of Block 1, in order to analyze whether Block 1 can absorb a portion of the infrastructure loan in eligible basis for New Market Tax Credits. The Sponsor will provide analysis before seeking gap funding.

11. LOAN COMMITTEE

11.1. Modifications

11.2. Recommendations

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

APPROVE DISAPPROVE TAKE NO ACTION



Date: 6/7/19

Kale Hartley, Director
Mayor's Office of Housing and Community Development

APPROVE DISAPPROVE TAKE NO ACTION



Date: 6-7-19

Kerry Abbott, Deputy Director for Programs
Department of Homelessness and Supportive Housing

APPROVE DISAPPROVE TAKE NO ACTION



Date: 6/7/19

Nadia Sesay, Interim Executive Director
Office of Community Investment and Infrastructure

APPROVE DISAPPROVE TAKE NO ACTION



Date: 6/7/19

Barbara Smith, Acting Director
San Francisco Housing Authority

HOPE SF VERTICAL LOAN REQUEST

Sunnydale HOPE SF
\$3,700,000
Block 3 Vertical Predevelopment Loan Request

Evaluation of Request for:	Vertical Predevelopment
Loan Committee Date:	June 7, 2019
Prepared By:	Sara Amaral
Source of Funds Recommended:	2015 General Obligation Housing Bond for Affordable Housing
NOFA/PROGRAM/RFP:	HOPE SF
Applicant/Sponsor Name:	Related/Mercy
Borrower Name:	TBD limited partnership with Related and Mercy as co-general partners

Sponsor Information

Project Name:	Sunnydale Block 3	Sponsor:	Related & Mercy
Project Address (w/cross St):	SE corner of Sunnydale Avenue & Hahn Street, 94134	Ultimate Borrower Entity:	To-be-formed L.P.

Project Summary

This request is for predevelopment funding for the third affordable housing development (Block 3) of the Sunnydale HOPE SF project. Block 3 is a mixed-use vertical development within the second infrastructure phase (Phase 1A3). Parcel Q and Block 6 are previous developments that are currently underway. Parcel Q, directly east of Block 3, is expected to start lease up before the end of this year. Block 6, situated directly south of Block 3, will begin construction by September of 2021.

Block 3 is designed to be a five-story type V wood construction over podium building. The ground floor will hold 30,000 s.f. of retail and neighborhood services, including an early childhood education center and wellness center. Additionally, the ground floor will feature a residential lobby from Sunnydale Avenue and parking for 50 vehicles and 168 bikes, accessed from Center Street in the rear. The distribution of parking spaces for residential tenants, commercial tenants, and building staff will be evaluated during predevelopment. The building does not include subterranean parking due to financial constraints.

Block 3 will include a two-bedroom manager's unit and approximately 167 units of affordable housing, currently planned to consist of 56 one-bedrooms, 68 two-bedrooms, 39 three-bedrooms, and 4 four-bedrooms. Per HOPE SF's mission of providing mixed income communities, 75% of the units (126 units) will be set aside for existing Sunnydale public housing households, subsidized by project -based 20-year PBV contract, and limited to households at 50% MOHCD AMI. Of the 126 units, 30 will be RAD units and 96 will be standard PBV units. The remaining 41 units will be marketed as tax credit units at a maximum of 60% TCAC AMI/74% MOHCD AMI, based on 2018 AMI limits. The overall income average of all 167 units is 45% TCAC AMI or 56% SFAMI. The second story will also feature a 15,000 s.f. courtyard for tenants. Please note that financing exhibits reflect 2018 AMIs and an early unit mix. These will be updated during predevelopment.

Predevelopment activities will commence upon Loan Committee approval and are expected to continue through 2021. Vertical construction of Block 3 is expected to start in January 2022 once all residents within the Phase 1A3 footprint are able to move into Block 6, Parcel Q, or to recently renovated units at Sunnydale. The construction period is expected to be 24 months with full lease up by June 2024.

Vertical Loan Request - Project Description

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

Project Name:	Sunnydale Block 3	Sponsor:	Related & Mercy
Project Address:	SE corner of Sunnydale Avenue & Hahn Street, 94134	Ultimate Borrower Entity:	To-be-formed L.P.
Construction Type:	Type V over Podium	Project Type:	New Construction
Land Owner:	SFHA	Supervisor and District:	Walton, D10
Number of Stories:	5	Lot Size (acres and sf):	1.67 acres/73,000 SF
Number of Units:	168	Architect:	David Baker Architects
Total Residential Area:	187,000 GSF	General Contractor:	TBD
Total Commercial Area:	30,000 GSF	Property Manager:	Mercy Housing Mgmt. Group
Total Building Area:	217,000 GSF	Acquisition Costs:	\$0
TDC/unit w/ Infrastructure Assignment:	\$973,330	TDC Less Infrastructure Cost/Unit:	\$925,377
Parking/Bike Spaces	50/168	HOME Funds?	No

PRINCIPAL DEVELOPMENT ISSUES

- Financing gap of \$19,393,000 (\$115,435/unit): After all permanent sources are included, including a MOHCD commitment of \$28,233,976, there remains a significant gap. The Sponsor is looking to other sources of funds, as well as a variety of other options, including a 9%/4% Tax Credit hybrid allocation and modular construction. Please see Section 5.3.
- High Costs: Multiple factors lead to larger all-in Total Development Cost (TDC) anticipated to be approximately \$973,330 per unit, including assignment of infrastructure costs, which are higher than the average MOHCD project and sloped site. Sponsor shall work with MOHCD to identify innovative design and construction methods to reduce cost or construction schedule. See Sections 4.4 and 5.4.
- Impact of Relocation on Project Schedule: The construction of Block 3 as well as Block 1 cannot start until the 80 households within this infrastructure footprint are relocated to new housing in Parcel Q, Block 6, or other vacancies onsite, and until the Phase 1A3 buildings are subsequently demolished and new infrastructure is installed. The Phase 1A3 budget, separate from the Block 3 development, includes \$456,000 for Sunnydale resident relocation moving allowances and \$139,000 for security management. See Section 6.1.
- The Sponsor received guidance from the team's commercial development arm that the 30,000 s.f. of ground floor retail and community serving spaces will not likely support commercial debt. As part of predevelopment, the Sponsor will continue to look into other options to increase the financial viability of the ground floor space. The Sponsor will provide a detailed commercial analysis by June 2020, that would include additional financing options for the commercial space in order to minimize MOHCD's support of the space. In addition, the analysis will include schedule and plans on the commercial space to ensure the spaces are occupied by construction completion. This would include identifying commercial tenants. LOIs will be required for all community serving spaces by gap loan approval. See Section 5.2.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
MOHCD	\$3,700,000	55 yrs. @ 3% Def / RR	This Request
Permanent Sources	Amount	Terms	Status
Tax Credit Equity	\$62,834,697	\$1.01 per credit	Not Committed
Permanent Bank Loan	\$28,172,160	30 yrs. @ 6.50%	Not Committed
MOHCD Vertical	\$28,233,976	55 yrs. @ 3.00% / RR	Not Committed
MOHCD Assign. Infrastructure	\$8,056,081	55 yrs. @ 0.00% / RR	Not Committed
HCD MHP	\$7,000,000	55 yrs. @ 3.00% / RR, .42% annual fee	Not Committed
HCD IIF	\$5,000,000	55 yrs. @ 3.00% / RR, .42% annual fee	Not Committed
Def Dev Fee	\$2,830,000		Not Committed
GP Equity Contribution	\$2,000,000		Not Committed
Vertical Financing Gap	\$19,392,528		Not Committed
Total	\$163,519,442		
Uses	Amount	Per Unit	Per GSF
Hard Costs	\$132,917,369	\$791,175	\$613
Soft Costs	\$22,902,073	\$136,322	\$106
Developer Fee	\$7,700,000	\$45,833	\$35
Total	\$163,519,442	\$973,330	\$754

1. **BACKGROUND**

1.1. **Project History Leading to This Request**

In 2011, the Sponsor issued a Request for Qualifications (RFQ) for architectural services for the first several phases of the Sunnydale Master Plan, with the expectation that three to four buildings could be designed and built at the same time. David Baker Architects and Interstice Architects, the design team that were selected through the competitive procurement process, tested the Design for Development (D4D) Guidelines for implementation and preliminary design work for Block 3 yielding rough schematic designs. However, shortly after beginning this engagement, Block 3 was halted for various reasons, including finalization of the Master Development Agreement and Developer Agreement, full entitlements for the site, and MOHCD’s commitment to RAD.

Originally, Block 3 was conceptualized to be two connected buildings with 92 family and 81 senior units. The Sponsor has elected to provide one building with 168 family units. This decision, based on an analysis for Sunnydale senior housing needs and supported by the community, will best support the relocation needs of Sunnydale residents in the current and next development phases. Further, the development of a single project will also streamline project financing and development processes. As part of predevelopment, the Sponsor will work with SFHA and Mercy’s Resident Services team to interview and ascertain the specific relocation needs of all 80 households in the Phase 1A3 footprint to refine the Block 3 unit mix.

1.2. **Phasing Map**

Please see Page 3 of Executive Summary for phasing map.

2. **BORROWER/GRANTEE PROFILE.** (See Attachment A for HOPE SF Project Summary)
The Sponsors of Block 3 are Related (“Lead Developer”) and Mercy (“Co-Developer”) which are also sole members of the Sunnydale HOPE SF Master Developer entity, Sunnydale Development Co., LLC. The Sponsors will be co-general partners of a California limited partnership that will be the owner of Block 3 and borrower of City funds.

2.1. **Development Team for Vertical**

Related will serve as the Lead Developer and project manager of Block 3 through a joint venture with Mercy, which will serve as Co-Developer. A design team comprising of David Baker Architects as the lead architect and Interstice Architects as the landscape architect was competitively procured in 2011 using Contract Management Division (“CMD”) protocols. Related and David Baker Architects will work together to solicit proposals for remaining architecture and engineering services using CMD protocols when required. Related will also issue RFQ/RFPs for a general contractor and construction manager as part of the predevelopment scope of work. Related has elected to use Bocarsly Emden Cowan Esmail & Arndt LLP for legal services. Mercy and its affiliates will provide property management and resident services for Block 3.

Vertical Development Team			
Consultant Type	Name	SBE/L BE	Outstanding Procurement Issues
Project Manager	N.A./Related CA		N
Joint Venture	Mercy Housing CA		N
Architect	David Baker Architects		N
Landscape Architect	Interstice Architects	WBE, LBE	N
General Contractor	TBD		Y
Owner’s Rep/CM	TBD		Y
Financial Consultant	N/A		N
Legal	Bocarsly Emden Cowan Esmail & Arndt LLP		N
Property Manager	Mercy Housing Management Group		N
Services Provider	Mercy Housing CA		N

3. **PRIOR MOHCD/OCII FUNDING FOR CURRENT REQUEST**

N/A. This is the initial funding request related to Sunnydale HOPE SF Phase 1A3/Block 3.

4. DEVELOPMENT PLAN

4.1. Site Description

Site Description	
Parcel Mapping:	The parcel map for Block 3 will be submitted after a master tentative map application for the entire Sunnydale HOPE SF site is submitted and approved by September 2019. The Sponsor is currently awaiting the City surveyor's conditions of approval for the tentative map.
Zoning:	Sunnydale HOPE SF Special Use District (Approved Jan. 31, 2017)
Maximum units allowed by current zoning:	No restriction on Block 3. There is a maximum unit count and density limitation for the entire Sunnydale HOPE SF site.
Seismic (if applicable):	Seismic Zone 4
Soil type:	<p>A geotechnical report has not been procured for Block 3 to date. Block 6, is a comparable development to Block 3 in terms of size and building type, and soil conditions at Block 3 will likely mirror those in Block 6:</p> <p>The top one to five feet of soil is loose. ENGEO, the geotechnical engineer, recommends the removal and amendment of the existing soils to one to five feet depth for development. The soil has poor infiltrative capacity and water quality, in which flow attenuation will likely need to be achieved via horizontal filtration (conveyance) and storage rather than groundwater recharging and vertical infiltration. The expansive soils also make the location of the infiltration facilities in relation to other improvements (such as foundations, walls, and roads) more critical.</p>
Environmental Review:	The Planning Commission approved a joint Sunnydale HOPE SF EIR/EIS and CEQA clearance on July 9, 2015. HUD issued Authorization to Use Grant Funds (AUGF) on September 1, 2015.
Adjacent uses (North):	Sunnydale San Francisco Recreation and Parks Department's (RPD) Herz Playground and Coffman Pool
Adjacent uses (South):	Vacant Sunnydale public housing units and single family homes. The first infrastructure phase and Block 6 affordable housing development will start construction in 2019.
Adjacent uses (East):	Sunnydale Parcel Q, a 51-unit affordable housing development owned by Mercy and Related entity.
Adjacent uses (West):	Sunnydale public housing units and a number of community-serving spaces.
Neighborhood Amenities within 0.5 miles:	<p>On site is the Sunnydale Health and Wellness Center run by Department of Public Health (DPH) and these Community Benefit Organizations (CBOs): TURF, Vis Valley Strong Families case management, YMCA case management, Samoan CDC, Wu Yee Head Start, Boys & Girls Clubhouse.</p> <p>Grocery Outlet and Leland Ave small business retail corridor are approximately ¾ miles away. The Schlage Lock development, 1 mile away, will include a major grocery store. Small churches/places of</p>

	worship are located throughout the neighborhood. McLaren School, Visitacion Valley Elementary School, Visitacion Valley Middle School, June Jordan Equity School and our Lady of Visitacion private school are in the area.
Public Transportation within 0.5 miles:	Bus Lines 8, 8BX, 9, 9R, 56, 91
Article 34:	Article 34 Authority will need to be secured for the 41 new affordable units created at the site.
Article 38:	Exempt. The Sunnydale site is not located in an Article 38 Air Pollutant Exposure Zone.
Accessibility:	Per TCAC requirements there are a total of 23 (13.7%) mobility units and 9 (5.4%) communication units.
Green Building:	Block 3 will meet Green Point Rated Requirements in the San Francisco Green Building Ordinance.
Recycled Water:	Exempt. Per the Development Agreement, all Sunnydale HOPE SF development is exempt.
Storm Water Management:	A specific stormwater mitigation plan for Block 3 will be developed as part of the predevelopment scope.
Prop I Noticing:	Not completed. The Prop I noticing process will be completed before execution of the Block 3 predevelopment loan agreement.

4.2. Site Control

The site is owned by SFHA. The forms of the horizontal and vertical ground leases, the demolition license agreement to abate and demolish existing buildings, and the form of short-term ground lease to construct the new infrastructure have been negotiated by the Sponsor, MOHCD, and SFHA for this phase before on-site activities take place. A long-term vertical ground lease between SFHA and the Sponsor will take effect at construction loan closing.

4.3. Proposed Design

Block 3 will be a five-story elevator building with a ground floor dedicated to commercial and neighborhood services and four residential stories comprising 168 multifamily units. The Sponsor intends to involve the Sunnydale community through a formal design process once predevelopment funding is secured. Analysis of massing will also be fully examined and vetted once predevelopment funding is approved by MOHCD and the architecture contract is executed.

On the ground floor, the building will include a main lobby for residents, property management and resident services offices, parking for 50 vehicles (0.30 ratio) and 168 bicycle spots, a trash/recycling/compost room, and a utility room, in addition to up to 30,000 s.f. of commercial and neighborhood services. A laundry room will be available on each residential floor for all residents, and three- and four-bedroom units will have in-unit washers and dryers. Community rooms will be available for residential use.

Of the 168 units, there will be 126 replacement units for Sunnydale residents, 41 additional tax credit units, and one 2-bedroom apartment for the manager. The unit sizes are identical to Block 6, which is closely aligned with what currently exists at the Sunnydale public housing community and exceeds TCAC minimum unit size requirements. The Sponsor will work with the Mercy Housing services team to complete a detailed analysis of appropriate bedroom need of

incoming residents by the time of the gap financing request to MOHCD. As such, bedroom count may change.

Unit Size	GSF	Units	Total %
Studio		0	0%
1 Bedroom	560	56	33%
2 Bedrooms	825	69	41%
3 Bedrooms	1,100	39	23%
4 Bedrooms	1,325	4	2%
Total		168	100%

4.4. Construction Supervisor/Construction Specialist's Evaluation

No schematic plans have been provided for review, so a thorough analysis is not possible at this time. The current Sunnydale Housing Authority property lacks any commercial space at all, and the immediately surrounding neighborhood has very few commercial spaces, all of which are relatively small in size, so the concept of providing approximately 30,000 SF of commercial / neighborhood services space has the potential to be a great asset to the neighborhood. As with all Sunnydale projects, the remote location within the City triggers a need for some amount of on-site parking, while other projects in development in more central locations are trending towards little or no parking. Also, as with other HOPE SF projects, the larger units will be provided with in-unit laundry. All of these factors, in addition to the sloped topography, are cost escalators. Current construction estimates are based on Block 6 costs, which will start construction in October 2019. These costs are based upon the actual Block 6 costs and includes 12% plan check, design, bid contingencies. Sponsor shall work with MOHCD to identify innovative design and construction methods to reduce cost or construction schedule.

4.5. Target Population

Per HOPE SF's mission of providing mixed income communities, 75% of the units (126 units) will be set aside for Sunnydale public housing households, with 30 of the units subsidized by RAD and 96 units subsidized through typical PBVs; all units will be administered through 20-year Project Based Section 8 contracts. The public housing households must be currently residing at Sunnydale/Velasco, need to be in good standing, and be eligible for a new housing unit under the SFHA Right to Return policy and City ordinance. For the remaining 25% of units, the target population are households who qualify based on income restriction and selected through MOHCD's typical lottery process. All units will be restricted to 60% TCAC AMI (78% MOHCD AMI, per 2019 limits), per the Master Development Agreement and the Developer Agreement.

4.6. Marketing & Occupancy Preferences

The Sunnydale/Velasco replacement units will be available to current residents through a random drawing of households located in the initial demolition phases, a process determined and agreed upon by MOHCD, HOPE SF, SFHA, and the Sponsor. SFHA will refer future residents from its waitlist for these units after the existing residents have exercised their HOPE SF Right to Return. The tax credit units will be marketed through MOHCD's typical lottery process, including MOHCD's required preference system detailed below.

MOHCD Preference Level	Applicant Category
1	Certificate of Preference (COP) Holders
2	Displaced Tenants Housing Preference (DTHP) Certificate Holders (20%)
3	Neighborhood Preference (40%*)
4	Live or Work in San Francisco Preference
5	All Other

*If State funding is awarded, the Neighborhood Preference is decreased to 25% of TCAC units.

Revisions to the existing Right to Return legislation, if approved by the Board of Supervisors later this year, will establish an additional preference for former Sunnydale households who can document their previous Sunnydale tenancy but do not have a formal right to return. This preference has been implemented at Alice Griffith and, based on that experience, will most likely be exercised by households who were not on the original SFHA lease, who were on lease but now want or need to start their own household, or households who moved away from the property before HOPE SF launched and the Right to Return was instituted.

5. VERTICAL FINANCING PLAN

5.1. Vertical Proposed Predevelopment Sources Evaluation Narrative

Predevelopment activities for Block 3 will be funded by the 2015 Affordable Housing Bond (GO Bond). The Sponsor does not anticipate requesting additional predevelopment funding from MOHCD.

5.2. Predevelopment Uses Evaluation

PREDEVELOPMENT BUDGET		
Underwriting Standard	Meets Standard?	Notes
Architecture and Engineering Fees are within standards	Y	A&E fees are within MOHCD underwriting guidelines.
Bid Contingency is at least 5% of total hard costs	Y	N/A for predevelopment budget
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	Y	No escalation for predevelopment budget
Construction Management Fees are within standards	Y	To be procured as part of predevelopment scope
Developer Fee is within standards	Y	Total developer fee is \$500,000 during predevelopment.
Soft Cost Contingency is 10% per standards	Y	Soft cost contingency is 10%
Permit Fees	Y	\$350,000 for Permit Fees and processing fees during predevelopment (and \$1.69M for building permits at construction closing)

5.3. Potential/Proposed Permanent Financing

The permanent financing and development budget are being presented to demonstrate the project's overall finances at this time. The Loan Committee is not approving the Project sources and/or uses described in this request.

Permanent Loan: The Sponsor estimates a total permanent loan of \$28,172,000 leveraging tenant rent payments, a projected PBV contract award for 96 units, and a projected RAD contract award for an additional 30 units. The Tranche A loan is \$4,355,000 based on an NOI of tenant-paid rents only. The tenant assistance payments will support an additional \$23,818,000 loan in Tranche B loan. The Sponsor is assuming a lender requirement of 1.20 DSCR. The Sponsor will work to reduce the DSCR to MOHCD underwriting standards before gap.

The Sponsor received guidance from the team's commercial development arm that the 30,000 s.f. of ground floor retail and community serving spaces will not likely support commercial debt. As part of predevelopment, the Sponsor will continue to look into other options to increase the financial viability of the ground floor space. The Sponsor will provide a detailed commercial analysis by June 2020, that would additional financing options for the commercial space in order to minimize MOHCD's support of the space. In addition, the analysis will include schedule and plans on the commercial space to ensure the spaces are occupied by construction completion. This would include identifying commercial tenants. LOIs will be required for all community serving spaces by gap loan approval.

MOHCD: Currently, the development budget shows a MOHCD commitment of \$28,233,976, not including the assignment infrastructure loan, and accounts for \$168,059 per unit. If the infrastructure assignment is included, the total contribution of MOHCD goes to \$36,290,057, or \$216,012 per unit. In both instances, this subsidy per unit is less than all the projects in the MOHCD portfolio.

Tax Credits: The Sponsor estimates a tax credit equity contribution of \$62,835,000, contingent on a successful 4% application to be submitted to TCAC. The assumed credit pricing is \$1.01. The Sponsor hopes that the tax credit equity market will improve by construction closing, thereby increasing the overall equity amount. MOHCD must review Request for Proposals for the equity investor before the RFP is issued to investors as well as all responses to lender and investor RFP prior to selections.

HCD MHP: The Sponsor is optimistic that HCD MHP funding will be available for several rounds and are projecting a max allocation of \$7,000,000 based on the 2015 NOFA guidelines. It should be noted that the current draft guidelines for 2019 require 47% of units to be at 20% TCAC AMI, and given Block 3's location in a "high segregation area" as defined by the HCD, 20% of units must be above 60% TCAC AMI. If these guidelines remain, Block 3 would not be competitive for MHP funding. Sponsor will work with MOHCD to complete an analysis of MHP funding by December 31, 2019.

HCD IIG: The Sponsor is also optimistic that IIG will remain a viable funding source for several more rounds. The Sponsor is assuming a \$5,000,000 award in line with the current program guidelines. Sponsor will work with MOHCD to complete an analysis of IIG funding by December 31, 2019.

Financing Gap: The development budget is showing a financing gap of \$19,393,000. The Sponsor will work with MOHCD to eliminate this, including looking at a 9%/4% hybrid from TCAC, potential market rate sales, cost savings on Parcel Q and Block 6, and other cost savings

measures. Sponsor will return to MOHCD in one year from predevelopment approval with additional financing options.

DEVELOPMENT BUDGET		
Underwriting Standard	Meets Standard?	Notes
Hard Cost per unit are within standards	N	Hard costs are \$791,175 per unit. The Sponsor will work with MOHCD to reduce overall project costs.
Construction Hard Cost Contingency is at least 5% (new construction)	Y	Hard cost contingency is 5%, not including the infrastructure loan assignment in hard costs.
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	Y	Design, bid, and plan check contingencies are 12% total. There is no escalation.
Architecture and Engineering Fees are within standards	Y	A&E fees are within MOHCD underwriting guidelines.
Construction Management Fees are within standards	Y	To be procured as part of predevelopment scope
Financing Costs are reasonable	Y	The construction interest rate is 5.50% with a 1.00% loan fee. The permanent interest rate is 6.50% with a 0.50% loan fee and 30 year term.
Permit Fees	Y	\$350K for Permit Fees and processing fees. \$1.69M for building permits.
Developer Fee is within standards, see also disbursement chart below	N	Total Maximum cash out fee is \$1.10M. The total At-Risk Fee is \$1.77M. See also below
Soft Cost Contingency is 10% per standards	Y	Soft cost contingency is 10%
Capitalized Operating Reserves are a minimum of 3 months	Y(per below)	Based on HCD guidelines
Rental Assistance Reserve	Y	Based on HCD guidelines
HOPE SF Tenant Readiness	Y	Readiness costs are included in the Infrastructure Predev Loan request

5.4. Permanent Uses Evaluation

Hard Costs: As mentioned above, early hard cost estimates \$791,175 per unit, based on Block 6 which is scheduled to begin construction in October 2019. These costs are based upon the actual Block 6 costs and includes 12% plan check, design, bid contingencies. This includes \$502K/unit for residential structures; \$17K/unit for parking and site improvements; and \$46K/unit for the commercial area. General conditions, contractor profit, and contract insurance is an additional 14%. The residential structure totals \$84,369,000 or \$490 p.s.f. based on Block 6, which is \$487 p.s.f as compared to other MOHCD projects. The ground floor hard costs total \$7,750,000: 30,000 s.f. of retail and neighborhood services at \$250 p.s.f and a 2,500 s.f. daycare play area at \$100 p.s.f. The hard costs include another \$2,856,000 for parking and \$835,000 for landscaping and common areas. The general conditions, contractor overhead, and contractor insurance make up an additional 14% of hard costs and construction contingency is another 5% of hard costs. Additionally, the development budget includes \$8,056,000 in assigned infrastructure costs to the vertical project to boost tax credit eligible basis.

Capitalized Operating Reserve: Per HCD underwriting guidelines, the capitalized operating reserve is calculated as three months of operations plus debt service minus social services. This project’s capitalized operating reserve comes to a total of \$1,022,000 based on the first three months of stabilized cash flow.

Rental Assistance Transition Reserve: Block 3 is not a LOSP project, however, the Sponsor believes that HCD will require a rental assistance transition reserve in the amount sufficient to prevent one year rent increases for units that formerly received rental assistance and were restricted to households with incomes not exceeding a percent of AMI. The year one additional annual income generated by rental assistance payments is \$2,168,000. Sponsor will review UMRs for HCD to verify this for potential cost savings.

Developer Fee: The developer fee is more conservative than Block 6; Block 3 assumes a 10 year payout of deferred fee, instead of 15, due to the NOI being lower due to the RAD units. The Sponsor are proposing a total developer fee of \$7,700,000, which is higher than MOHCD standards. If this Project were to exclude the deferred developer fee of \$2,415,000 and GP equity contribution of \$2,415,000, the Project loses \$2,007,000 in potential tax credit equity. The Sponsor is not requesting a commercial developer fee.

Marketing/Rent-up: The costs shown on this line item are the same as Block 6 and are higher than other properties in the MOHCD portfolio. MOHCD and the Sponsor will work to reduce these costs accordingly.

6. PROJECT OPERATIONS

6.1. Annual Operating Budget

The proposed operating budget is included to demonstrate Block 3’s overall financial feasibility at this time. The Loan Committee is not approving the operating budget in this request.

The Project includes 167 affordable units and one manager unit:

<u>Summary</u>	<u>Studio</u>	<u>1BD</u>	<u>2BD</u>	<u>3BD</u>	<u>4BD</u>	<u>Total</u>	<u>Percent</u>
TC	0	18	11	12	0	41	25%
PBV	0	8	57	27	4	96	57%
RAD	0	30	0	0	0	30	18%
Total	0	56	68	39	4	167	100%

Project Based Section 8 (PBV) Units: Block 3 will apply for Section 8 Project Based Vouchers from SFHA. Per SFHA’s updated Administrative Plan, all future Housing Assistance Payment (HAP) contracts will be 20 years with an automatic 20-year renewal. Income from the PBV Section 8 units is based on current Payment Standards less utility allowances. If payment standards increase, the Project gap will decrease.

RAD Units: The SFHA has been awarded a RAD contract for 48 units, which constitutes vacant units that would not be allocated a TPV under the Section 18 Demolition and Disposition application, for the entire Sunnydale site. Because the RAD award may be used on units throughout the site and is not tied to replacing existing vacant units, and because the RAD subsidies are relatively low compared to the PBV subsidies, the Sponsor has chosen to place the RAD units in 18 one-bedroom replacement units in Block 6 and 30 one-bedroom units in Block 3. The original HUD Commitment to Enter into HAP (CHAP) for the RAD units was for a variety of unit types, so the Sponsor will need to work with HUD to amend the existing CHAP.

The Project is underwritten to 2019 RAD rents, which are significantly lower than PBV FMRs overall.

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

TCAC Units: Approximately 25% of units are set aside as family units subject to the City’s regular occupancy preferences with income limits at 60% TCAC AMI (78% 2019 MOHCD AMI). Any income averaging will be conducted within this limit, as required in the Project’s Development Agreement between the City and Sponsor, and the Master Development Agreement between the City, Sponsor, and SFHA. Currently MOHCD’s income averaging policy limits maximum incomes to 60% TCAC AMI, or 78 % 2019 MOHCD AMI. Please note that financing exhibits reflect 2018 AMIs and an early unit mix. These will be updated during predevelopment.

Commercial Rents: Once stabilized, the 30,000 s.f. of ground floor retail and neighborhood serving space will generate approximately \$171,700 in annual revenue based on base rents averaging \$5.71 p.s.f. per year plus tenant-paid CAM expenses. The Sponsor is envisioning a combination of retail and community-serving tenants. As part of the predevelopment scope, the Sponsor will engage with the San Francisco Office of Early Care and Education to discuss funding and occupancy of the designated 10,000 s.f. daycare center. The Sponsor will also continue to meet with prospective retail tenants. The Sponsor will fine-tune the analysis of the commercial space before future funding is approved. One year after Loan Committee approval of predevelopment funds, the Sponsor will provide a detailed analysis via a Commercial Development Plan to include an operating budget, a development budget (including analysis of warm shell needs), and lease terms. LOIs will be required for all community serving spaces by gap loan approval. See section 5.3 above for more information on commercial underwriting.

6.2. Unit Matrix. Based on 2018 MOHCD AMI. These numbers will be updated before Gap.

Unit Type	Unit Count	S.F.	Max Gross Rent	Max % MOHCD AMI	Target % MOHCD AMI	Rent, Operating Subsidy
1BR	30	560	\$908	50%	50%	RAD
1BR	8	560	\$1,184	50%	50%	PBV
2BR	57	825	\$1,332	50%	50%	PBV
3BR	27	1,100	\$1,480	50%	50%	PBV
4BR	4	1,325	\$1,579	50%	50%	PBV
1BR	18	560	\$1,650	74%	74%	
2BR	11	825	\$1,980	74%	74%	
3BR	12	1,100	\$2,287	74%	74%	
2BR	1 mgr.					
Total Units	168					

6.3. Annual Operating Expenses Evaluation

Operating Proforma		
Underwriting Standard	Meets Standard?	Notes
Debt Service Coverage Ratio is between minimum 1.10:1	N	DSCR is 1.20:1 in Year 1 and includes the commercial component
Debt Service Coverage Ratio stays above 1.00:1 for entirety of projected 20-year cash flow	Y	DSC is at 1.71 in year 20
Vacancy meets TCAC Standards	Y	Vacancy is 5%
Annual Income Growth is increased at 2.5% per year	Y	
Annual Operating Expenses are increased at 3.5% per year	Y	
Base year operating expenses per unit are reasonable per comparables	Y	Total operating expenses are \$11,900 per unit before reserves and ground lease rents
Property Management Fee is at allowable HUD Maximum	Y	Total property management fee is \$76 PUPM
Property Management staffing level is reasonable per comparables	Y	1 FTE property manager, 2 FTE assistant manager, 1 FTE maintenance manager, 1 FTE maintenance technician, 1 FTE janitor
Asset Management and Partnership Management Fees meet standards	Y	Based on a 2024 first year occupancy
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement reserves are \$500 PUPY per HCD underwriting guidelines
Limited Partnership Asset Management Fee meets standards	Y	Based on a 2024 first year occupancy

Operating Expenses: The base operating budget is approximately \$2,000,000 (\$11,900 PUPY) not including \$15,000 per year in mandatory ground lease payment to SFHA, \$84,000 per year (\$500 PUPY) in replacement reserve per HCD requirements, and \$84,000 per year for mandatory HOA fees to the Sunnydale HOPE SF community association. This amount also includes a commercial space deficit of \$62,009 in year one. The operating costs, aside from the commercial deficit, are in line with Block 6's and other HOPE SF projects. . The Sponsor will work with MOHCD to bring costs line before gap commitment.

Commercial Expenses: The Sponsor assumes that non-residential tenants will cover their own utilities and services and contribute proportionally to CAM expenses. Additionally, these tenants will be charged a total of \$5,000 per year in commercial management fee and will contribute proportionally to the \$57,000 per year in real estate taxes to the owner. Currently, the Sponsor is showing commercial tenants not coming online until year 3 of operations, which would create a deficit of \$125,000 for property taxes in year 1 and 2 of the commercial budget to be offset by the housing component of the Project. As mentioned previously, the Sponsor will provide a detailed analysis of commercial financing and plan one year after predevelopment approval.

RAD Expenses: The operating budget includes \$25 PUPA for the tenant association. The tenant association also receives all money from the communal washers and dryers.

HOPE SF Development	Units	PUPA*
<i>Sunnydale Block 3 – this request</i>	<i>168</i>	<i>\$12,993</i>

Sunnydale Block 6	176	\$12,513
Potrero Block X	72	\$13,114
Sunnydale Parcel Q	55	\$12,454
Alice Griffith Phase 4	31	\$13,405
Alice Griffith Phase 3	122	\$10,901
Alice Griffith Phase 2	91	\$10,768
Alice Griffith Phase 1	93	\$10,786
Hunters View Phase I	107	\$13,882
Hunters View Phase IIB	179	\$13,317
Hunters View Phase III	100	\$11,074
Hunters View Phase IIA	107	\$11,628
<i>Average</i>	<i>103</i>	<i>\$12,221</i>

*Does not include Debt Service

7. DEVELOPER FEE

The Sponsor is requesting a base developer fee of \$2,870,000, of which \$1,770,000 will be at risk. Additionally, the Sponsor is proposing \$2,415,000 in deferred developer fees supported by project cash flow and \$2,415,000 in GP equity. The Sponsor is currently seeking a waiver of MOHCD Developer Fee policy, for deferred fee and GP equity allocation. Sponsor and MOHCD will work together once outside financing is secured to formalize developer fee.

7.1. Permanent Financing Developer Fee

Payment Milestone	% of Project Mgmt. Fee	Amount
At closing of initial pre-development financing	14%	\$150,000
MOHCD approval of commercial space plan	18%	\$200,000
At CDLAC/TCAC application	14%	\$150,000
Construction Close	25%	\$270,000
During Construction at 50% Complete	20%	\$220,000
At 100% Lease up	10%	\$110,000
<i>Total Project Management Fee</i>		<i>\$1,100,000</i>
At-Risk: Draft Cost Certification	17%	\$300,000
At-Risk: Permanent Loan Closing	28%	\$500,000
At-Risk: Project Close Out	55%	\$970,000
<i>Total At Risk Fee</i>		<i>\$1,770,000</i>

Total Cash Developer Fee	Project Management and At-Risk	\$2,870,000
Deferred Fee		\$2,415,000
GP Equity		\$2,415,000
Total Developer Fee		\$7,700,000

8. SUPPORTIVE SERVICES

8.1. Services Plan

The ratio of Mercy Housing California Resident Services Coordinator II (RSC) staff to units will be 1:100, per the HOPE SF standard. The RSCs will have offices on site and provide service coordination and housing stability support to the Block 3 residents. The RSCs will also organize and implement community building activities for the residents, as well as partner in the community building work with the wider Sunnydale and Visitacion Valley community. The RSCs will be supported by a Resident Service Manager (RSM) who oversees the RSCs in the new on site housing as well as the RSCs and Community Liaisons working site wide at Sunnydale.

The final Service Plan will be approved by MOHCD staff and the Director of HOPE SF six months before lease up starts. As Sunnydale HOPE SF revitalization site matures and more affordable housing developments come on the market, the Sponsor is aware of the need for a more comprehensive campus-wide services approach. This is currently being developed with the help of HOPE SF. The Sponsor will provide more details on the plan in later funding requests.

8.2. Service Budget

The salaries and benefits for the RSCs are included in the operating budget. The services budget may include the cost of office and activities supplies, staff training, and other reasonable services costs.

The service budget is estimated at \$168,000, or \$977 PUPA and is paid out of the operating budget. Given the large property size and neighborhood, there will be 1.67 FTE RSCs. The budget includes \$83,000 for the RSCs and \$18,000 for the 0.2 FTE Resident Services Manager salary. Benefits are budgeted at \$32,000 and the total staffing cost including training, program and program expenses. The services budget is approximately \$168,000 annually. Pending changes include the campus-wide services plan, therefore this personnel budget may be revised.

8.3. HOPE SF Assessment of Service Plan and Budget

The Services plan and budget has not been reviewed by HOPE SF. The Sponsor will have the services plan and budget reviewed by HOPE SF before final MOHCD gap loan approval.

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$3,700,000
Loan Term:	5 years
Loan Maturity Date:	2024
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	0-3%

9.2. Recommended disbursement conditions/schedule

- Sponsor must provide evidence of Limited Partnership creation prior to initial disbursement.

9.3. Recommended conditions prior to financing gap

- Sponsor must provide contract for Construction Management for MOHCD to review and approve.
- Sponsor will work with services to complete a detailed analysis of appropriate unit size/bedroom need of incoming residents by gap loan request.
- Sponsor will provide a detailed commercial plan analysis by June 2020, including researching financing options for the commercial space in order to minimize the need for MOHCD funding for the space. In addition, the analysis will include a schedule and plan on the commercial space's lease-up, including identifying potential commercial tenants. LOIs will be required for all community serving spaces by gap loan approval.
- The Sponsor will work with MOHCD to eliminate financing gap, including looking at a 9%/4% hybrid from TCAC and construction cost savings such as modular construction. Sponsor will return to MOHCD in one year from predevelopment approval with additional financing options.
- Sponsor must provide marketing plan for child-care units by gap financing request.
- Sponsor must apply to AHP before gap financing request, and subsequent to Gap request as needed, to offset MOHCD contribution.
- Sponsor will work with MOHCD staff to reduce Operating Expenses to be further in line with underwriting guidelines.
- Sponsor will work with SFHA to provide funding commitments for the 96 PBVs for the development.
- Sponsor will work with MOHCD to bring marketing costs in line with other projects in MOHCD pipeline prior to Gap.
- Sponsor must provide services plan and budget prior to Gap.
- Sponsor must provide security plan and budget prior to Gap.
- Sponsor must provide Request for Proposals for the equity investor before the RFP is issued to investors.
- Sponsor must provide all responses to lender and investor RFP prior to selections.

10. LOAN COMMITTEE

10.1. Modifications

10.2. Recommendations

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

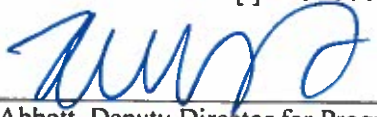
APPROVE DISAPPROVE TAKE NO ACTION



Kate Hartley, Director
Mayor's Office of Housing and Community Development

Date: 6/7/19

APPROVE DISAPPROVE TAKE NO ACTION



Kerry Abbott, Deputy Director for Programs
Department of Homelessness and Supportive Housing

Date: 6-7-19

APPROVE DISAPPROVE TAKE NO ACTION



Nadia Sesay, Interim Executive Director
Office of Community Investment and Infrastructure

Date: 6/7/19

APPROVE DISAPPROVE TAKE NO ACTION



Barbara Smith, Acting Director
San Francisco Housing Authority

Date: 6/7/2019

ATTACHMENTS

- A. HOPE SF Project Summary
- B. Applicable HOPE SF Developer Fee Policy
- C. Project Milestones and Schedule (Vertical and Infrastructure)
- D. Site Map with Amenities
- E. Infrastructure Budget
- F. Vertical Predevelopment Development Budget
- G. Sources and Uses
- H. 1st Year Operating Budget
- I. 20-year Operating Pro Forma
- J. MOHCD OCII Family Cost Comparison Chart

Attachment A: HOPE SF Project Summary

HOPE SF Initiative:

HOPE SF, established in 2007, seeks to transform four of San Francisco's most distressed public housing sites into new mixed-income communities. HOPE SF sites share unified principals and goals to eradicate intergenerational poverty by:

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

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

Project Summary:

The 48.8-acre Sunnydale HOPE SF site is located in the western end of the Visitacion Valley neighborhood in San Francisco. The Sunnydale and Velasco public housing, together referred to as Sunnydale, are currently owned, and operated by the San Francisco Housing Authority (SFHA), with 775 public housing units on site. The team of Mercy Housing California and The Related Companies of California 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 Sunnydale HOPE SF master planning process included an extensive resident and community engagement that spanned over 18 months. The goals for the revitalization of Sunnydale is to create a vibrant and healthy mixed-income neighborhood in which residents thrive. The development should reconnect Sunnydale residents with the surrounding neighborhood and reconnect the surrounding neighborhood with the Sunnydale residents. It is envisioned that the new community will bring in new residents of different incomes, new quality programs for youth and families, and new open space and green landscaping will provide healthy places to play and to grow local produce.

The master plan as described in the Development and Master Development Agreements includes:

- Up to 1,770 housing units consisting of a mix of one-for-one replacement public housing pending availability of project based rental subsidies, and tax credit affordable units for a total of 994 total affordable units, and approximately 600 market rate units;
- A 30,000 square foot Community Center with recreational facility and family and youth development programs for the entire neighborhood and early childhood learning center, located at the gateway on Hahn and Sunnydale Avenue;
- 22,000 square feet for a neighborhood health clinic, arts program, early childhood education center, and job training for youth and adults located in the ground floor of the senior and family mixed use buildings across the street from the Community Center.
- 8,000 square feet of neighborhood serving retail including a corner grocery, financial services, and healthy eating establishments also located in the ground floor of the senior housing/mixed use building;

- 4.6 acres of open spaces in four blocks and a linear open space on the north side of Sunnydale Avenue. The program for these open spaces includes a community garden, orchards, plazas, play areas, and neighborhood green.

The Sunnydale HOPE SF development received CEQA clearance on July 9, 2015 and NEPA clearance with CPD and PIH Authorization to Use Grant Funds on September 1, 2015. An EIR/EIS Addendum for Parcel Q was approved on June 16, 2016. The Board of Supervisors approved the Master Development Agreement with SFHA and City on December 8, 2016 by SFHA Commission and on January 31, 2017. The Development Agreement, which vests entitlements for the project for 25 years, was approved by the Board of Supervisors on January 31, 2017. Both the MDA and DA were recorded on March 3, 2017.

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:

Total Master Planning Sources	Amount	Status
HOPE SF Loan 1	\$1,400,000	Disbursed
HOPE SF Loan 2	\$1,724,593	Disbursed
HOPE SF Loan 3	\$1,000,000	Disbursed
HOPE SF Loan 4	\$1,123,846	Disbursed
HOPE SF Loan 5	\$1,000,000	Disbursed
HOPE SF Loan 6	\$2,475,000	\$458,532 remaining to draw
Total	\$8,048,439	

Vertical and Horizontal Funding to Date:

	Amount	Status
Sunnydale Parcel Q Vertical Predevelopment	\$ 2,000,000	Disbursed, closed in Dec 2016
Sunnydale Parcel Q Acquisition	\$ 3,000,000	Disbursed, closed in Dec 2016
Sunnydale Parcel Q Gap	\$ 7,466,847	Disbursed, closed in Feb 2018
Sunnydale Block 6 Predevelopment	\$ 4,000,000	\$2,743,115 left to disburse, closed in Oct 2017
Sunnydale Phase 1Ae1/1A2 Predevelopment	\$ 4,433,153	\$2,546,870 left to disburse, closed Feb 2018
Sunnydale Phase 1A1/1A2 Gap	\$24,045,828	Closed May 2019
Sunnydale Block 6 Gap	28,188,533	Closing Sept 2019
	\$73,134,361	

Overall Funding and Ownership Structure:

The Master Planning loan is made to the Master Developer, which is Sunnydale Development Co., LLC (which consists of Mercy Housing California and The Related Companies of California as sole members). Horizontal (infrastructure) loans will be made to an LLC entity that will consist of affiliates of Mercy and

Related as members, and when the City accepts the streets and public infrastructure, the loan will be considered forgiven. Vertical loans are made to single purpose Limited Partnerships that will own and operate the individual affordable housing buildings. The general partners of these limited partnerships will be affiliates of Mercy Housing and Related CA. Vertical loans are payable on residual receipts basis and due in 55 years. The infrastructure LLC may assign any portion of the 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 infrastructure LLC, will be sold fee simple by SFHA to a third party. All infrastructure parcels will be dedicated to the City through their infrastructure acceptance process. All parks and open spaces will be sold fee simple by SFHA to the master plan developer entity or its affiliate, and maintained by the master HOA.

Services Plan and Relocation Summary:

Overall Services approach

Since 2009, Mercy/Related has staffed community liaisons or other community staff at Sunnydale to engage residents, neighbors, Community Based Organizations (CBOs) and other stakeholders in community building and programs and services. Currently located on site at 1711 and 1657 Sunnydale Ave, Mercy's on-site staff includes six staff that collectively represents Sunnydale residents, including the racial diversity of the Sunnydale/Velasco community, language fluency in Samoan, Cantonese, Mandarin, Taiwanese, and Spanish. Managed by a senior Resident Services Manager, two Resident Services Coordinators (RSC) and three Community Liaisons together engage residents and neighbors in community building events such as:

- Weekly game nights and senior teas
- Annual events: Back to school, Thanksgiving, Christmas, Family Day, Game Day
- Support residents in their organizing, such as the women's group
- Special events such Black History Month Talent Show and Literacy Career Day
- Monthly or special community meetings with various topics related to the development or to engage them in neighborhood issues such as parks, transit or safety
- Community gardening with Urban Sprouts and the Greenway

The team, in particular the Resident Services Coordinators, connects residents with services and programs that they desire or need. This includes connecting them to the CBO's that serve Sunnydale and Visitation Valley, or finding resources in other neighborhoods as needed. This also includes connecting with SFHA staff to assist residents with urgent or long-standing maintenance issues.

Mercy assists in the management of a Collective Impact table and the Vis Valley Collaborative. The latter is a coalition of CBOs and City agencies that serve the Sunnydale and Vis Valley community that serves as a central place for information sharing and coordination of activities. The Collective Impact table is a subset of the CBOs and City agencies that is focused on strategic and collective action for maximum impact on the community, as opposed to each CBO or agency working on their own.

Overall Relocation Approach:

Mercy/Related's approach to supporting Sunnydale/Velasco households in relocating to new on site or off-site permanent housing units and/or temporarily to vacant units and then to new permanent housing units involves pre and post move work by Mercy's Sunnydale Resident Services team and others as follows:

- One on one household engagement to obtain household data, provide information about the new development and relocation process, and to offer Mercy's assistance in connecting residents with services.

- Preparing residents for relocation by identifying and helping them to remove barriers to relocation. This includes collaborating with CBO's for case management services and legal and housing groups on legal support to residents.
- Working closely with SFHA, which will manage the household moves
- Work with Mercy property management, who will manage the new housing units, to develop and execute a plan for a seamless lease up, move in and transition of households into the new units.
- Work with the Mercy resident services coordinator for the new development for a "warm handoff" of households from the Mercy Sunnydale Resident Services team so that residents continue to obtain resident services support from Mercy Housing in the new development.

Attachment B: Applicable HOPE SF Developer Fee Policy

The HOPE SF Developer Fee Policy for Sunnydale HOPE SF is attached as Exhibit B to this loan evaluation. A summary of the policy is as follows:

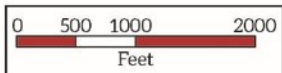
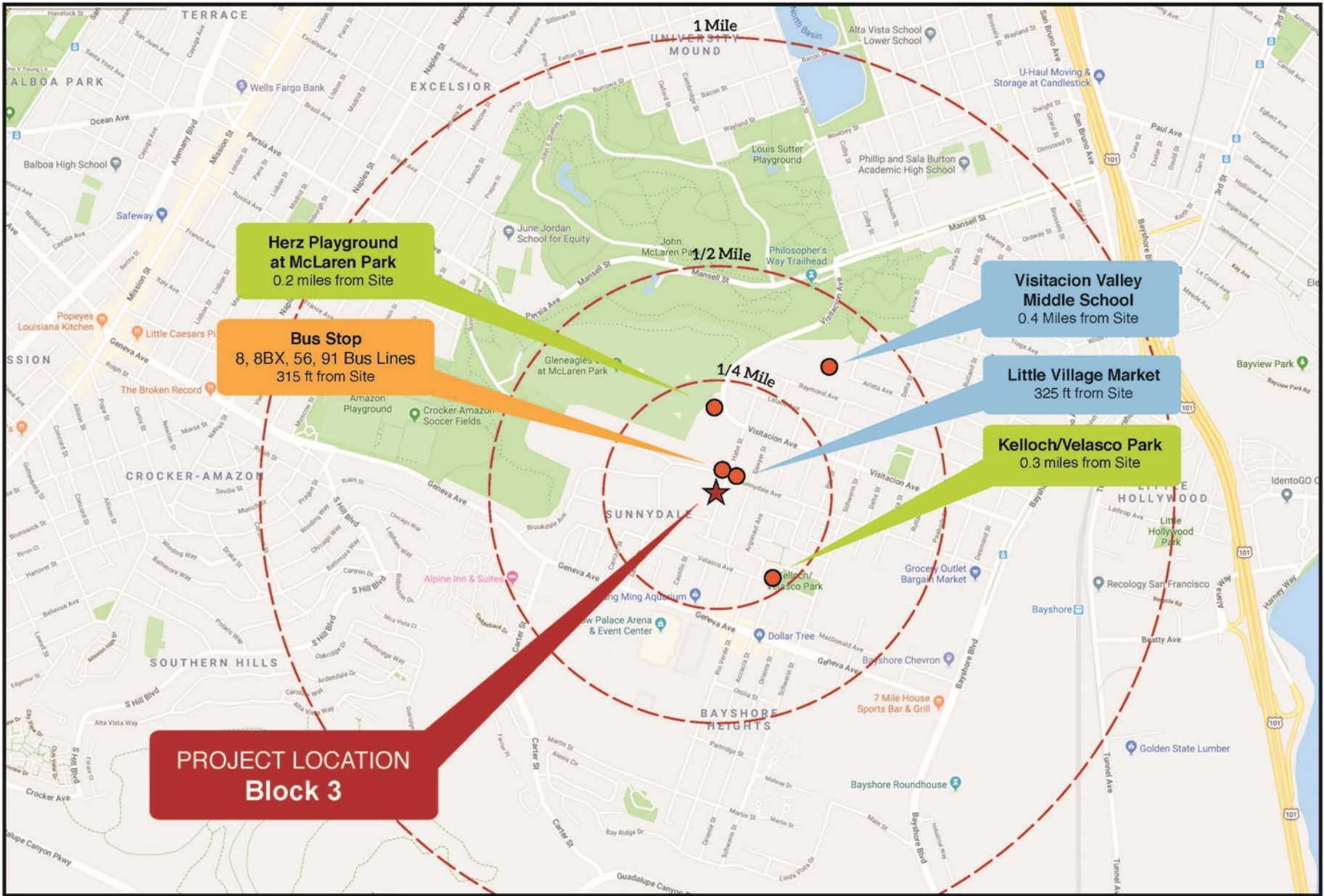
HOPE SF DEVELOPER FEE STRUCTURE BY FEE TYPE AND MILESTONE	
Master Planning Fee	\$1,400,000
Management cost reimbursement during planning/entitlement	\$1,000,000
Land use approval - DA	\$200,000
HUD Section 18 approval	\$200,000
Master Planning Additional Residential Fee (as applicable on a per-building 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 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)	

Attachment C: Project Milestones and Schedule (Horizontal & Vertical)

Block 3 Vertical		
Task	Initiate	Complete
Conceptual Design	06/2019	09/2019
Vertical Design Review by Planning Dept.	09/2019	12/2019
Schematic Design	12/2019	04/2020
Design Development	04/2020	10/2020
Construction Documents	10/2020	06/2021
Vertical Design Review by Planning Dept.	06/2021	01/2022
AHAP application and commitment	07/2020	11/2020
MOHCD Vertical Gap Commitment	11/2020	05/2021
Tax credit and CDLAC applications and commitments	05/2021	07/2021
Construction	01/2022	11/2023
TCO, HQS	11/2023	01/2024
Lease Up/Move Ins	01/2024	05/2024

Phase 1A3 Horizontal		
Task	Initiate	Complete
Phase Application Submittal	08/2019	09/2019
Street Improvement Permit Plans: Design and Permitting	09/2019	11/2020
Final Map for this phase	11/2020	05/2021
Street Improvement Plans and Specs, Final Map and Public Improvement Agreement approved by BOS and signed/recorded	11/2020	05/2021
Abatement and Demolition of Existing Buildings under License Agreement	05/2021	07/2021
Block 3 vertical construction (see above) with some infrastructure construction overlapping	01/2022	11/2023
Estimated period for infrastructure departments' approval procedures of infrastructure for formal acceptance by City	11/2023	05/2025

Attachment D: Site Map with Amenities



Community Amenities



Attachment E: Infrastructure Budget

Phase 1A-3 Infrastructure Budget

Phase 1A-3	Total	Predevelopment		Construction		Block 3	Block 1	ROW	Notes
						35%	31%	34%	<i>Pct of Site (4.75 acres total)</i>
Acquisition									
License Agreements and Ground Leases	2	2	100%	0	0%	1	1	0	
Total Acquisition Costs	2	2	100%	0	0%	1	1	0	
Hard Costs									
General Requirements & Conditions	1,007,256	201,451	20%	805,805	80%	356,432	312,249	338,575	<i>Nibbi Cost Estimate</i>
Building Demolition	1,507,462	1,507,462	100%	0	0%	533,437	467,313	506,712	<i>Nibbi Cost Estimate</i>
Hazardous Materials Abatement	556,700	556,700	100%	0	0%	196,996	172,577	187,127	<i>Nibbi Cost Estimate</i>
Screen Fencing / Community Design	50,000	50,000	100%	0	0%	17,693	15,500	16,807	<i>Nibbi Cost Estimate</i>
Grading & Paving	3,167,884	0	0%	3,167,884	100%	1,121,001	982,044	1,064,839	<i>Nibbi Cost Estimate</i>
Storm, Sewer, Water, Power, Joint Trench	3,281,930	0	0%	3,281,930	100%	1,161,358	1,017,398	1,103,174	<i>Nibbi Cost Estimate</i>
Kubota Ductile Iron Pipes and Fitting	275,000	0	0%	275,000	100%	97,313	85,250	92,437	<i>Kubota Quote</i>
Planting & Irrigation	787,274	0	0%	787,274	100%	278,588	244,055	264,631	<i>Nibbi Cost Estimate</i>
Site Concrete	387,386	0	0%	387,386	100%	137,082	120,090	130,214	<i>Nibbi Cost Estimate</i>
City of SF Business Tax	34,606	34,606	100%	0	0%	12,246	10,728	11,632	<i>Nibbi Cost Estimate</i>
GC Prop. Liability & Damage Insurance	127,006	25,401	20%	101,605	80%	44,943	39,372	42,691	<i>Nibbi Cost Estimate</i>
GC Overhead & Profit	408,916	81,783	20%	327,133	80%	144,701	126,764	137,451	<i>Nibbi Cost Estimate</i>
GC Payment & Performance Bond	82,415	16,483	20%	65,932	80%	29,164	25,549	27,702	<i>Nibbi Cost Estimate</i>
GC Construction Contingency 2%	201,918	0	0%	201,918	100%	71,452	62,595	67,871	<i>Nibbi Cost Estimate</i>
GC Estimating/Design Contingency 5%	504,795	0	0%	504,795	100%	178,629	156,486	169,680	<i>Nibbi Cost Estimate</i>
Subtotal Hard Costs	12,380,548	2,473,887	20%	9,906,661	80%	4,381,033	3,837,970	4,161,545	
Bid and Hard Cost Contingencies 20%	2,476,110	247,611	10%	2,228,499	90%	876,207	767,594	832,309	
Escalation (Per Annum) 5.0%	1,522,807	152,281	10%	1,370,527	90%	538,867	472,070	511,870	<i>Two years</i>
Total Hard Costs	16,379,465	2,873,778	18%	13,505,687	82%	5,796,106	5,077,634	5,505,725	
Civil Engineering									
Permit Improvement Drawings (kpf)	331,820	248,865	75%	82,955	25%	117,419	102,864	111,537	
Stormwater Mitigation Designer	180,000	135,000	75%	45,000	25%	63,696	55,800	60,504	
Surveyor/Mapping	42,300	42,300	100%	0	0%	14,968	13,113	14,219	
Utility Design (Joint Trench)	180,000	135,000	75%	45,000	25%	63,696	55,800	60,504	
Streetscape Design									
Permit Improvement Drawings (Landscape Architectur	110,000	82,500	75%	27,500	25%	38,925	34,100	36,975	
Master Plan Architect (Coordination)	66,000	49,500	75%	16,500	25%	23,355	20,460	22,185	
Open Space Schematic Design	100,000	100,000	100%	0	0%	35,386	31,000	33,614	
Geotechnical Engineer									
Environmental Consultant (Phase I/II)	82,250	82,250	100%	0	0%	29,105	25,498	27,647	
Environmental Monitoring	15,040	15,040	100%	0	0%	5,322	4,662	5,056	
Environmental Monitoring	157,920	157,920	100%	0	0%	55,882	48,955	53,083	
HazMat Testing and Reports	67,849	67,849	100%	0	0%	24,009	21,033	22,807	
Infrastructure Construction Manager	450,000	268,885	60%	181,115	40%	161,136	137,603	151,261	
Relocation & Security Manager	594,812	297,406	50%	297,406	50%	210,483	184,392	199,937	<i>See Relocation Tab</i>
Permit Fees & City Plan Check Fees	2,539,880	634,970	25%	1,904,910	75%	898,773	787,363	853,744	
Insurance	188,000	47,000	25%	141,000	75%	66,526	58,280	63,194	
Legal for Developer	188,000	141,000	75%	47,000	25%	66,526	58,280	63,194	
Maintenance Prior to Dedication to City	94,000	0	0%	94,000	100%	33,263	29,140	31,597	
Subtotal Soft Costs	5,387,871	2,494,910	46%	2,892,961	54%	1,908,470	1,668,343	1,811,058	
Soft Cost Contingency 10%	538,787	249,491	46%	289,296	54%	190,657	167,024	181,106	
Total Soft Costs	5,926,658	2,744,401	46%	3,182,257	54%	2,099,127	1,835,367	1,992,164	
Developer Fee	454,545	181,818	40%	272,727	60%	160,847	140,909	152,789	
TOTAL USES	22,760,670	5,800,000	25%	16,960,671	75%	8,056,081	7,053,911	7,650,678	
Acre	4.75	4.75							
SF	207,020	207,020							
\$PSF	110	28							

Attachment F: Vertical Predevelopment Development Budget

Application Date: 6/7/2019 # Units: 168
 Project Name: Sunnyside Block 3 # Bedrooms: 327
 Project Address: TBD TBD TBD # Beds:
 Project Sponsor: Related CA & Mercy CA

SOURCES	3,700,000	-	-	-	-	-	-	Total Sources	3,700,000	Comments
Name of Sources:	MOHCD/OCII									

USES

ACQUISITION

Acquisition cost or value										
Legal / Closing costs / Broker's Fee										
Holding Costs										
Transfer Tax										
TOTAL ACQUISITION	0	0	0	0	0	0	0	0	0	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab										0	Include FF&E
Commercial Shell Construction										0	
Demolition										0	
Environmental Remediation										0	
Onsite Improvements/Landscaping										0	
Offsite Improvements										0	
Infrastructure Improvements										0	HOPE SF/OCII costs for streets etc.
Parking										0	
GC Bond Premium/GC Insurance/GC Taxes										0	
GC Overhead & Profit										0	
CG General Conditions										0	
Sub-total Construction Costs	0	0	0	0	0	0	0	0	0	0	
Design Contingency (remove at DD)										0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)										0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)										0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency										0	5% new construction / 15% rehab
Sub-total Construction Contingencies	0	0	0	0	0	0	0	0	0	0	
TOTAL CONSTRUCTION COSTS	0	0	0	0	0	0	0	0	0	0	

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

Architect design fees	1,265,000									1,265,000	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	883,000									883,000	
Architect Construction Admin										0	
Reimbursables	42,000									42,000	
Additional Services										0	
Sub-total Architect Contract	2,190,000	0	0	0	0	0	0	0	0	2,190,000	
Other Third Party design consultants (not included under Architect contract)										0	Consultants not covered under architect contract; name consultant type and contract amount
Total Architecture & Design	2,190,000	0	0	0	0	0	0	0	0	2,190,000	

Engineering & Environmental Studies

Survey	40,000									40,000	
Geotechnical studies	75,000									75,000	
Phase I & II Reports	90,000									90,000	
CEQA / Environmental Review consultants										0	
NEPA / 106 Review										0	
CNA/PNA (rehab only)										0	
Other environmental consultants										0	Name consultants & contract amounts
Total Engineering & Environmental Studies	205,000	0	0	0	0	0	0	0	0	205,000	

Financing Costs

Construction Financing Costs											
Construction Loan Origination Fee										0	
Construction Loan Interest										0	
Title & Recording										0	
CDLAC & CDIAC fees										0	
Bond Issuer Fees										0	
Other Bond Cost of Issuance										0	
Other Lender Costs (specify)										0	
Sub-total Const. Financing Costs	0	0	0	0	0	0	0	0	0	0	
Permanent Financing Costs											
Permanent Loan Origination Fee										0	
Credit Enhance. & Appl. Fee										0	
Title & Recording										0	
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0	0	0	0	
Total Financing Costs	0	0	0	0	0	0	0	0	0	0	

Legal Costs

Borrower Legal fees	35,000									35,000	
Land Use / CEQA Attorney fees										0	
Tax Credit Counsel										0	
Bond Counsel										0	
Construction Lender Counsel										0	
Permanent Lender Counsel										0	
Other Legal (specify)										0	
Total Legal Costs	35,000	0	0	0	0	0	0	0	0	35,000	

Other Development Costs

Appraisal	10,000									10,000	
Market Study	15,000									15,000	
Insurance										0	
Property Taxes										0	
Accounting / Audit										0	
Organizational Costs										0	
Entitlement / Permit Fees	350,000									350,000	
Marketing / Rent-up										0	
Furnishings										0	\$2,000/unit. See MOHCD U/W Guidelines: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees										0	
TCAC App / Alloc / Monitor Fees										0	
Financial Consultant fees										0	
Construction Management fees / Owner's Rep	80,000									80,000	
Security during Construction										0	
Relocation										0	
Other (specify)										0	
Other (specify)										0	
Total Other Development Costs	455,000	0	0	0	0	0	0	0	0	455,000	

Total Soft Cost Contingency as % of Total Soft Costs 10.9%

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	315,000	0	0	0	0	0	0	0	0	315,000	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	3,200,000	0	0	0	0	0	0	0	0	3,200,000	

RESERVES

Operating Reserves										0	
Replacement Reserves										0	
Tenant Improvements Reserves										0	
Other (specify)										0	
Other (specify)										0	
Other (specify)										0	
TOTAL RESERVES	0	0	0	0	0	0	0	0	0	0	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	500,000									500,000	
Developer Fee - Cash-out At Risk										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
Other (specify)										0	
TOTAL DEVELOPER COSTS	500,000	0	0	0	0	0	0	0	0	500,000	

TOTAL DEVELOPMENT COST

	3,700,000	0	0	0	0	0	0	0	0	3,700,000	
Development Cost/Unit by Source	22,024	0	0	0	0	0	0	0	0	22,024	
Development Cost/Unit as % of TDC by Source	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	

Acquisition Cost/Unit by Source

	0	0	0	0	0	0	0	0	0	0	
Construction Cost (inc Const Contingency)/Unit By Source	0	0	0	0	0	0	0	0	0	0	
Construction Cost (inc Const Contingency)/SF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

City Subsidy/Unit

22,024

Tax Credit Equity Pricing:

1.01

Construction Bond Amount:

80,146,652

Construction Loan Term (in months):

32 months

Construction Loan Interest Rate (as %):

5.50%

Attachment G: Sources and Uses

Application Date: 6/7/2019 # Units: 168
 Project Name: Sunnysdale Block 3 # Bedrooms: 327
 Project Address: TBD TBD TBD # Beds:
 Project Sponsor: Related CA & Mercy CA

SOURCES	Total Sources										Comments
	28,233,976	28,172,160	12,000,000	2,830,000	8,056,081	62,834,697	2,000,000	19,392,528	-	-	
Name of Sources:	MOHCD/OCII	Perm Loan	HCD - MHP + IIG	Def Dev Fee	Assg Infras	TC Equity	GP Equity	Financing Gap			

USES											
ACQUISITION											
Acquisition cost or value											0
Legal / Closing costs / Broker's Fee	20,000										20,000
Holding Costs											0
Transfer Tax											0
TOTAL ACQUISITION	20,000	0	0	0	0	0	0	0	0	0	20,000

CONSTRUCTION (HARD COSTS)											
Unit Construction/Rehab		9,534,483	12,000,000			62,834,697					84,369,180
Commercial Shell Construction	7,750,000										7,750,000
Demolition											0
Environmental Remediation											0
Onsight Improvements/Landscaping	79,325	713,925			8,056,081						8,849,331
Offsite Improvements											0
Infrastructure Improvements											0
Parking	200,000	1,800,000									2,000,000
GC Bond Premium/GC Insurance/GC Taxes	107,650	968,847									1,076,497
GC Overhead & Profit	609,338	5,484,040									6,093,378
CG General Conditions	664,387	5,979,483									6,643,870
Sub-total Construction Costs	9,410,699	24,480,778	12,000,000	0	8,056,081	62,834,697	0	0	0	0	116,782,256
Design Contingency (remove at DD)								3,796,497			3,796,497
Bid Contingency (remove at bid)								3,796,497			3,796,497
Plan Check Contingency (remove/reduce during Plan Review)								3,796,497			3,796,497
Hard Cost Construction Contingency	1,432,130							3,313,492			4,745,622
Sub-total Construction Contingencies	1,432,130	0	0	0	0	0	0	14,702,983	0	0	16,135,113
TOTAL CONSTRUCTION COSTS	10,842,829	24,480,778	12,000,000	0	8,056,081	62,834,697	0	14,702,983	0	0	132,917,369

Construction line item costs as a % of hard costs
 HOPE SF/OCII costs for streets etc. 1.0%
 1.0%
 5.9%
 6.5%
 4% excluding infrastructure 3.7%
 4% excluding infrastructure 3.7%
 4% excluding infrastructure 3.7%
 5% excluding infrastructure 4.6%

SOFT COSTS											
Architecture & Design											
Architect design fees	1,500,000										1,500,000
Design Subconsultants to the Architect (incl. Fees)	1,282,000										1,282,000
Architect Construction Admin	500,000										500,000
Reimbursables	84,000										84,000
Additional Services											0
Sub-total Architect Contract	3,366,000	0	0	0	0	0	0	0	0	0	3,366,000
Other Third Party design consultants (not included under Architect contract)											0
Total Architecture & Design	3,366,000	0	0	0	0	0	0	0	0	0	3,366,000
Engineering & Environmental Studies											
Survey	40,000										40,000
Geotechnical studies	75,000										75,000
Phase I & II Reports	90,000										90,000
CEQA / Environmental Review consultants											0
NEPA / 106 Review											0
CNA/PNA (rehab only)											0
Other environmental consultants											0
Total Engineering & Environmental Studies	205,000	0	0	0	0	0	0	0	0	0	205,000
Financing Costs											
Construction Financing Costs											
Construction Loan Origination Fee	801,467										801,467
Construction Loan Interest	6,425,473										6,425,473
Title & Recording	100,000										100,000
CDLAC & CDIAC fees	31,080										31,080
Bond Issuer Fees	393,120										393,120
Other Bond Cost of Issuance	20,160										20,160
Sub-total Const. Financing Costs	7,771,299	0	0	0	0	0	0	0	0	0	7,771,299
Permanent Financing Costs											
Permanent Loan Origination Fee	140,861										140,861
Credit Enhance. & Appl. Fee											0
Title & Recording	50,000										50,000
Sub-total Perm. Financing Costs	190,861	0	0	0	0	0	0	0	0	0	190,861
Total Financing Costs	7,771,299	190,861	0	0	0	0	0	0	0	0	7,962,160
Legal Costs											
Borrower Legal fees	100,000										100,000
Land Use / CEQA Attorney fees											0
Tax Credit Counsel	126,000										126,000
Bond Counsel	50,400										50,400
Construction Lender Counsel	100,800										100,800
Permanent Lender Counsel	25,200										25,200
Partnership Formation	5,040										5,040
Total Legal Costs	100,000	307,440	0	0	0	0	0	0	0	0	407,440
Other Development Costs											
Appraisal	10,000										10,000
Market Study	15,000										15,000
Insurance	103,080	927,720									1,030,800
Property Taxes											0
Accounting / Audit	33,600										33,600
Organizational Costs											0
Entitlement / Permit Fees	198,000	1,782,000									1,980,000
Marketing / Rent-up	163,439	483,361									646,800
Furnishings	336,000										336,000
PGE / Utility Fees											0
TCAC App / Alloc / Monitor Fees	130,689										130,689
Financial Consultant fees											0
Construction Management fees / Owner's Rep	200,000										200,000
Security during Construction											0
Relocation											0
Planning/Entitlement Processing Expeditor	70,000										70,000
Other (specify)											0
Other (specify)											0
Total Other Development Costs	1,259,808	3,193,081	0	0	0	0	0	0	0	0	4,452,889
Soft Cost Contingency											
Contingency (Arch, Eng, Fin, Legal & Other Dev)	1,799,040										1,799,040
TOTAL SOFT COSTS	14,501,147	3,691,382	0	0	0	0	0	0	0	0	18,192,528

Total Soft Cost Contingency as % of Total Soft Costs 11.0%

RESERVES											
Operating Reserves								1,021,721			1,021,721
Replacement Reserves								2,167,824			2,167,824
Tenant Improvements Reserves								1,500,000			1,500,000
Rental Assistance Transition Reserves											0
Other (specify)											0
Other (specify)											0
TOTAL RESERVES	0	0	0	0	0	0	0	4,689,545	0	0	4,689,545

DEVELOPER COSTS											
Developer Fee - Cash-out Paid at Milestones	1,100,000										1,100,000
Developer Fee - Cash-out At Risk	1,770,000										1,770,000
Developer Fee - GP Equity (also show as source)							2,000,000				2,000,000
Developer Fee - Deferred (also show as source)				2,830,000							2,830,000
Development Consultant Fees											0
Other (specify)											0
TOTAL DEVELOPER COSTS	2,870,000	0	0	2,830,000	0	0	2,000,000	0	0	0	7,700,000

TOTAL DEVELOPMENT COST											
Development Cost/Unit by Source	168,059	167,691	71,429	16,845	47,953	374,016	11,905	115,432	0	0	973,330
Development Cost/Unit as % of TDC by Source	17.3%	17.2%	7.3%	1.7%	4.9%	38.4%	1.2%	11.9%	0.0%	0.0%	100.0%

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

Construction Cost (inc Const Contingency)/Unit By Source											
	64,541	145,719	71,429	0	47,953	374,016	0	87,518	0	0	791,175
Construction Cost (inc Const Contingency)/SF											
	49.97	112.81	55.30	0.00	37.12	289.56	0.00	67.76	0.00	0.00	612.52

City Subsidy/Unit 168,059

Tax Credit Equity Pricing: 1.01
 Construction Bond Amount: 80,146,652
 Construction Loan Term (in months): 32 months
 Construction Loan Interest Rate (as %): 5.50%

Attachment H: Year Operating Budget

Application Date: 6/7/2019 Project Name: Sunnydale Block 3
 Total # Units: 168 Project Address: TBD TBD TBD
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2024 Project Sponsor: Related CA & Mercy CA
TCAC Income Limits In Use!

INCOME	Total	Comments
Residential - Tenant Rents	2,665,236	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	2,281,188	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	0	0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	0	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	Links from 'Commercial Op. Budget' Worksheet
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	4,946,424	
Vacancy Loss - Residential - Tenant Rents	(133,262)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(114,059)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	4,699,103	PUPA: 27,971

OPERATING EXPENSES

Management		
Management Fee	153,216	1st Year to be set according to HUD schedule.
Asset Management Fee	24,280	
Sub-total Management Expenses	177,496	PUPA: 1,057
Salaries/Benefits		
Office Salaries	75,264	
Manager's Salary	72,408	
Health Insurance and Other Benefits		
Other Salaries/Benefits		
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	147,672	PUPA: 879
Administration		
Advertising and Marketing	1,680	
Office Expenses	31,416	
Office Rent		
Legal Expense - Property	31,416	
Audit Expense	42,504	
Bookkeeping/Accounting Services		
Bad Debts		
Miscellaneous	12,600	Move-in certification; Tenant Association fee
Sub-total Administration Expenses	119,616	PUPA: 712
Utilities		
Electricity	75,936	
Water	92,400	
Gas	104,496	
Sewer	149,520	
Sub-total Utilities	422,352	PUPA: 2,514
Taxes and Licenses		
Real Estate Taxes	3,024	
Payroll Taxes	88,812	
Miscellaneous Taxes, Licenses and Permits		
Sub-total Taxes and Licenses	91,836	PUPA: 547
Insurance		
Property and Liability Insurance	217,056	
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
Sub-total Insurance	217,056	PUPA: 1,292
Maintenance & Repair		
Payroll	129,864	
Supplies	23,016	
Contracts	118,104	
Garbage and Trash Removal	132,216	
Security Payroll/Contract	181,776	
HVAC Repairs and Maintenance	4,200	
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses	5,040	
Sub-total Maintenance & Repair Expenses	594,216	PUPA: 3,537
Supportive Services	167,520	
Commercial Expenses	62,009	Links from 'Commercial Op. Budget' Worksheet
TOTAL OPERATING EXPENSES	1,999,773	PUPA: 11,903
Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	15,000	Ground lease with SFHA Provide additional comments here, if needed.
Bond Monitoring Fee		
Replacement Reserve Deposit	84,000	
Operating Reserve Deposit		
Other Required Reserve 1 Deposit	84,000	HOA Fee
Other Required Reserve 2 Deposit		
Required Reserve Deposits, Commercial	0	Links from 'Commercial Op. Budget' Worksheet
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	183,000	PUPA: 1,089
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	2,182,773	PUPA: 12,993
NET OPERATING INCOME (INCOME minus OP EXPENSES)	2,516,330	PUPA: 14,978
Min DSCR: 1.09 Mortgage Rate: 5.00% Term (Years): 30 Supportable 1st Mortgage Pmt: 2,308,560 Supportable 1st Mortgage Amt: \$35,836,856 Proposed 1st Mortgage Amt: \$4,354,576		
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	330,287	Tranche A Loan Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	1,806,520	Tranche B Loan Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	11,832	HCD MHP + IIG Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	Links from 'Commercial Op. Budget' Worksheet
TOTAL HARD DEBT SERVICE	2,148,639	PUPA: 12,790
CASH FLOW (NOI minus DEBT SERVICE)	367,691	
USES OF CASH FLOW BELOW (This row also shows DSCR.)	1.17	
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	24,280	1st
Partnership Management Fee (see policy for limits)	5,000	2nd
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	24,270	3rd
Other Payments		
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell 1130)	157,071	Def. Develop. Fee split: 50% Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	210,621	PUPA: 1,254
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	157,070	
Residual Receipts Calculation		
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease? No
Will Project Defer Developer Fee?	Yes	
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	50%	Max Deferred Developer Fee Amt (Use for data entry above. Do not link.): 157,071
% of Residual Receipts available for distribution to soft debt lenders in	50%	

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	\$28,233,976	70.17%
MOHCD/OCII - Ground Lease Value	Ground Lease		0.00%
HCD (soft debt loan) - Lender 3	HCD MHP + IIG	\$12,000,000	29.83%
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	110,223	50% of residual receipts, multiplied by 70.17% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment		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
 46,847

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	46,847	50% of residual receipts, multiplied by 29.83% -- HCD MHP + IIG's pro rata share of all soft de
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	46,847	

REMAINDER (Should be zero unless there are distributions below)
 (0)
 Owner Distributions/Incentive Management Fee 0
 Other Distributions/Uses 0
Final Balance (should be zero) 0

Attachment I: 20-year Operating Pro Forma

Attachment J: MOHCD OCII Family Cost Comparison Chart

