

Citywide HOPE SF Affordable Housing Loan Committee

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

Sunnydale HOPE SF \$3,500,000 Funding Amount Block 9 Predevelopment Loan Request

Evaluation of Request for:	Predevelopment Loan (vertical)
Loan Committee Date:	May 7 2021
Prepared By:	Sara F. Amaral
Source of Funds Recommended:	\$2,000,000 - 2019 General Obligation Hous for Affordable Housing \$850,000 – Low Moderate Income Housing Funds \$650,000 – HOPE SF General Funds
NOFA/PROGRAM/RFP:	HOPE SF
Applicant/Sponsor Name:	Related/Mercy
Borrower Name:	TBD limited partnership with Mercy and Related as co-general partners

Sponsor Information

Project Name:	Sunnydale Block 9	Sponsor(s):	Related & Mercy
Project Address (w/ cross St):	SE corner of Sunnydale Avenue & Santos Street, 94134	Ultimate Borrower Entity:	To-be-formed L.P.

Project Summary

Block 9 is within Phase 3 of Sunnydale HOPE SF (Site), which is the next affordable development phase after Casala, Block 6, and Sunnydale Blocks 3A and 3B. Combined, these five affordable developments will represent a total of 389 combined units, of which 291 are replacement units. Block 9 is estimated to consist of 100 units of affordable housing as well as parking for 75 vehicles and 69 bikes, and is expected to be 4 stories of wood over podium (Project). Project design, parking, and building staff will be evaluated during predevelopment.

Based on current Sunnydale household data from the San Francisco Housing Authority (SFHA) provided from Fall 2020, Block 9 is estimated to consist of 30 one-bedroom, 34 two-bedrooms, 25 three-bedrooms, and 10 four-bedrooms. The unit mix will be refined as part of the predevelopment scope. As with all previous buildings at Sunnydale and per the Development Agreement, 75% of the units, or 75 units, will be set aside for Sunnydale public housing households subsidized through a 20-year Project Based Section 8 contract with a maximum affordability of 50% San Francisco AMI. The remaining 25 units will be marketed as tax credit units at 60% TCAC AMI, or 81% SFAMI based on 2020 San Francisco AMIs.

Predevelopment is expected to continue through 2023. Vertical construction of Block 9 is expected to start in June 2023. The construction period is expected to be 20 months with full lease up in 2025. Relocation of all residents living within the Phase 3 footprint is expected to be completed by March 2023, which will allow Block 9 to start two years earlier than originally anticipated.

Vertical Loan Request - Project Description

Project Name:	Sunnydale Block 9	Sponsor(s):	Related & Mercy
Project Address:	corner of Sunnydale Avenue & Santos Street, 94134	Ultimate Borrower Entity:	To-be-formed L.P.
Construction Type:	TBD/Type V over Podium	Project Type:	New Construction
Land Owner:	San Francisco Housing Authority (“SFHA”)	Supervisor and District:	Walton, D10
Number of Stories:	4 stories over podium	Lot Size:	1.20 acres/52,272 SF
Number of Units:	100	Architect:	TBD
Total Residential Area:	88,595 GSF	General Contractor:	TBD
Total Commercial Area:	0 GSF	Property Manager:	Mercy Housing Management Group
Total Building Area:	108,644 GSF	Total Acquisition Cost:	\$10,000
TDC:	\$100,684,933	TDC Less Land Cost/Unit:	\$3,345,978
TDC/Unit:	\$1,006,849	Request Amount/Unit:	\$35,000 in predevelopment
Loan Amount Requested:	\$3,500,000 in predevelopment		

PRINCIPAL DEVELOPMENT ISSUES

- **Relocation & Schedule:** The Phase 3 area contains 137 existing units of which 114 are occupied and will need to be vacated prior to the start of the infrastructure construction for this phase in June 2022. These households will be moving into new units at Block 6 or to later phases on site. If households are unable to move by Spring 2022, construction of Block 9 could be delayed up to two years, which puts the already high construction budget at risk of rising and delays to residents moving into better quality housing. See Section 3.5.
- **Bonds:** The 2021 CDLAC regulations and the expected high level of competition for tax exempt bonds and 4% credits will require Sponsor to focus on cost containment to be competitive for these funding resources. In addition, due to the size of the Project and potential bedroom mix, the Sponsor will provide an analysis to see if the Project can qualify for a 9% tax credit deal, in which then the Sponsor would not have to apply for Bonds. Sponsor will also work with MOHCD and SFHA on projected housing demand for the right to return units and refine the unit mix and unit count, which currently include a significant number of three and four bedroom units. See Sections 4.4 and 5.4.
- **High Costs:** Multiple factors lead to larger all-in Total Development Cost (TDC), anticipated to be approximately \$1,006,849 per unit. The TDC includes 3% design, 3% bid, and 2% owner contingency which totals \$5,271,935. The budget also includes 6% escalation to account for a June 2023 construction start date. The Project also includes more parking and larger units than typical MOHCD affordable projects. Please see Section 5.4.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
MOHCD	\$3,500,000	55 yrs. @ 3% Def / RR	This Request

Permanent Sources	Amount	Terms	Status
MOHCD	\$18,660,015	55 yrs. @ 3.00% / RR	Not Committed
Permanent Bank Loan	\$25,681,784	30 yrs. @ 5.68%	Not Committed
HCD AHSC	\$10,000,000	55 yrs. @ 3.00% / RR	Not Committed
Tax Credit Equity	\$43,343,134	\$0.93 per credit	Not Committed
Def Dev Fee	\$3,000,000		Not Committed
Total	\$100,684,933		

Uses	Amount	Per Unit	Per GSF
Hard Costs	\$80,087,484	\$800,875	\$737
Soft Costs	\$14,897,449	\$148,974	\$137
Developer Fee	\$5,700,000	\$57,000	\$52
Total	\$100,684,933	\$1,006,849	\$927

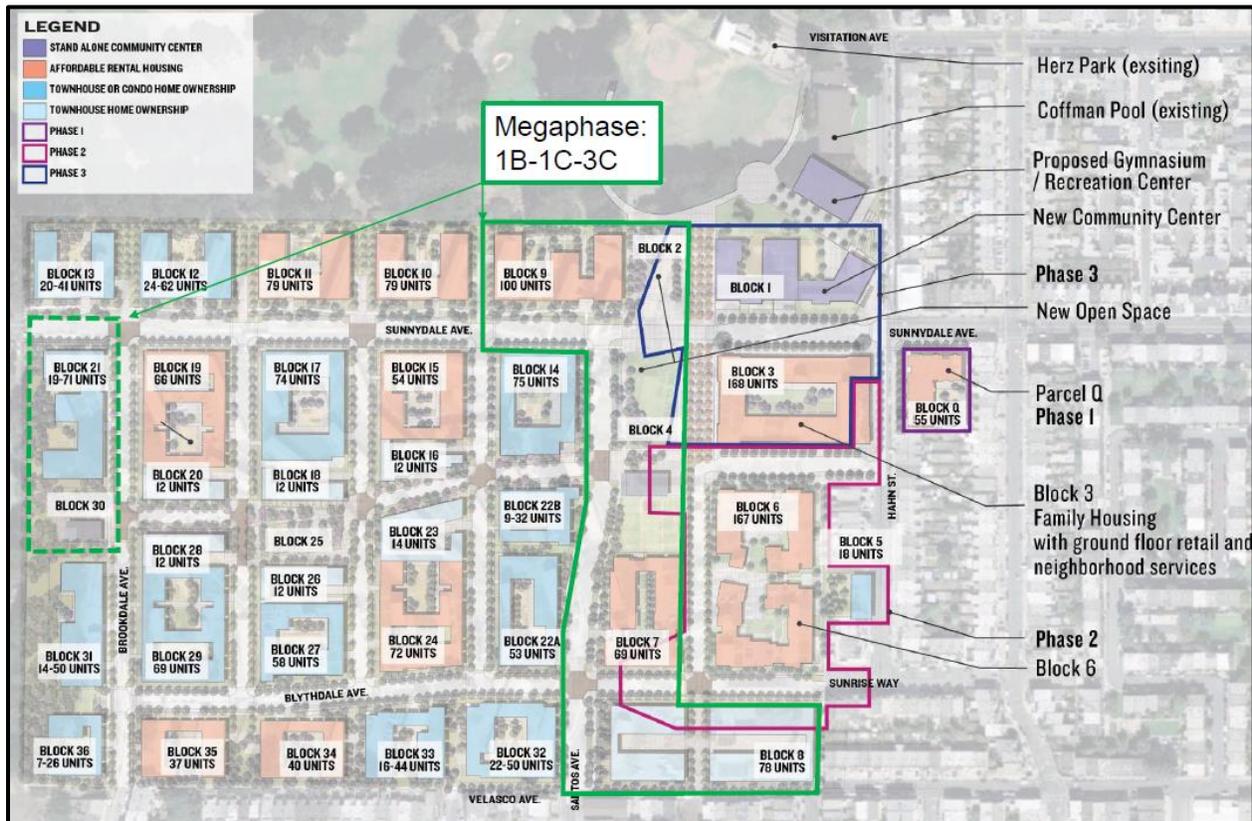
1. Background

1.1. Project History Leading to This Request

See Exhibit A for more information on the history of Sunnydale Master Plan

Upon predevelopment funding approval, the Sponsors will bring on the full development team. Analysis of massing will be fully examined and vetted as well. Block 9 will provide one building with approximately 100 family units, with 75% of all units designated to existing Sunnydale public housing households. 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 households in the Block 9 footprint to refine the unit mix.

1.2. Phasing Map



2. BORROWER/GRANTEE PROFILE. (See Attachment A for HOPE SF Project Summary and Attachment C for Asset Management Analysis)

The Sponsors of Block 9 are Related (Lead Developer) and Mercy (Co-Developer). These two entities 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 this Project and borrower of City funds.

2.1. Development Team for Vertical

Related will serve as the Lead Developer and will project manage Block 9 through a joint venture with Mercy, who will serve as Co-Developer.

The Related real estate development team working on Sunnydale Block 9 is made up of Thu Nguyen (Project Manager, with 30% of her time on Block 9) and Kaitlin Roth (Project Coordinator, with 30% of her time on Block 9) with support from Ann Silverberg (CEO of NorCal Affordable).

2.2. Procurement

The Sponsor will engage Contract Management Division (CMD) to obtain overall SBE goal for this Project before procuring any other contract. SBE goal and milestones will be presented at all subsequent returns to Loan Committee.

A design team will be selected using CMD protocols. Related will also issue RFQs 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 9.

Vertical Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Project Manager	Related CA	N	N
Joint Venture	Mercy Housing CA	N	N
Architect	TBD		Y
Landscape Architect	TBD		Y
General Contractor	TBD		Y
Owner's Rep/CM	TBD		Y
Financial Consultant	CHPC	N	N
Legal	Bocarsly Emden Cowan Esmail & Arndt LLP	N	N
Property Manager	Mercy Housing Management Group	N	N
Services Provider	Mercy Housing CA	N	N

3. DEVELOPMENT PLAN

3.1. Site Description

Site Description	
Parcel Mapping:	The City approved a tentative map with all parcels for the entire master plan in May 2017. The final map for the Phase3, which includes Block 7, will be submitted to the City for approval as part of the predevelopment scope.
Zoning:	Sunnydale HOPE SF Special Use District (Approved Jan. 31, 2017)
Maximum units allowed by current zoning:	No restriction on Block 9. 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 9 to date. The adjacent parcels, Block 6 and 3, are comparable developments to Block 9. The Sponsor expects Block 9 to mirror Block 6's soil type:</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 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):	Existing Sunnydale public housing units and single family homes. Future development will include townhomes and home ownership.
Adjacent uses (East):	Sunnydale Community Center owned by Mercy and Related entity.
Adjacent uses (West):	Existing Sunnydale public housing units.
Neighborhood Amenities within 0.5 miles:	<p>Community and social services planned to be located on the ground floor of Block 3A and 3B (Est 2024): Health and Wellness Center operated by the San Francisco Department of Public Health (DPH) with space for VisValley Strong Families case management, YMCA case management, as well as Felton Early Childhood Education Center and Mercy Housing’s customer service center. The Block 3 ground floor will also include neighborhood retail and the Sponsor is planning a grocery store and resident owned businesses.</p> <p>Grocery Outlet and the Leland Avenue small business retail corridor is approximately three-fourths of a mile away. The Schlage Lock development, about one mile away, will include a major grocery store.</p> <p>Small churches and places of worship are located throughout the neighborhood.</p> <p>McLaren School, Visitacion Valley Elementary School, Visitacion Valley Middle School, June Jordan Equity School, and Our Lady – The Visitacion School are in the area.</p> <p>There are no medical health care providers in the neighborhood.</p>
Public Transportation within 0.5 miles:	MUNI Bus Lines 8, 8BX, 9, 9R, 56, 91
Article 34:	Article 34 Authority will need to be secured for any additional affordable units created at the site.
Article 38:	Exempt. The Sunnydale site is not located in an Article 38 Air Pollutant Exposure Zone.
Accessibility:	12% of units are accessible (Mobility featured, Hearing and Visual Aid featured); 88% of units are adaptable
Green Building:	Block 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 9 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 9 predevelopment loan agreement.

3.2. Site Description

Block 9 is 1.20 acres (52,272 SF) and located South of Herz Recreation and North of existing Sunnydale public housing units and single family homes. The City approved a tentative map with all parcels for the entire master plan in May 2017. The final map for the Phase 3, which includes Block 9, will be submitted to the City for approval as part of the predevelopment scope.

3.3. Environmental

Based on the environmental due diligence done at Block 6, the Sponsor anticipates similar conditions on the site and will conduct a site specific Phase I and II if needed.

3.3.1. Potential Known Hazards - No known potential hazards.

3.4. Community Outreach/Support

Since early 2009, Mercy Housing's community building staff has been located on site, currently at 1657 and 1711 Sunnydale Avenue. The goals of the community building scope of work are to support an operating culture in which residents and staff create a community network that embodies a culture of empowerment, aspiration, and shared accountability. This includes building and maintaining trust and relationships, mutual support, creative problem solving amongst residents and staff, as well as resident-led initiatives. Part of this work includes social activities that encourage relationship-building in addition to sharing about pertinent services and development-related work. Mercy Housing has worked with community development and organizing consultants to help guide this ongoing scope of work.

Community engagement around Block 9 design will commence in late 2021 and continue throughout predevelopment. The team has adapted to the virtual world and will build on the current community engagement process which includes a monthly Zoom Neighbor Up meeting, regular Pop Up community events, and through website posts and newsletters.

3.5. Relocation

As required in the DA, Mercy/Related's approach to supporting Sunnydale/Velasco households in relocating to new 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, who 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.

As mentioned previously, there are 137 units within the Phase 3 footprint currently. Construction cannot start on Block 7 or 9 until these households are relocated, either to new units onsite, various offsites or rehabbed units onsite. In addition to these various options, accelerated conversion will begin again towards the middle of 2021, putting additional restrictions on site. The Sponsor will work with MOHCD and SFHA to

identify opportunities for residents to move to units that will require the least amount of moves and disruptions for the residents, as part of the Phase 3 relocation planning. Block 9 move-in costs are included in the Phase 3 Infrastructure Loan budget.

4. Development Plan

4.1. Site Control

The site is currently 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. A long-term vertical ground lease between SFHA and the Sponsor will take effect at construction loan closing.

4.2. Proposed Design

Block 9 will be a wood construction, elevator building with residential stories comprising 100 units. The Sponsor intends to involve the Sunnydale community through a formal design process once predevelopment funding is secured.

On the ground floor, the building will include a main lobby for residents, property management and resident services offices, parking for 75 vehicles and 100 bicycle spots, a trash/recycling/compost room, and a utility room. 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 and two bathrooms. Community rooms will be available for residential use.

Of the 100 units, there will be 75 replacement units for Sunnydale residents, 25 additional tax credit units, and one 2-bedroom apartment for the manager. The unit sizes will mirror Block 6, which is closely aligned with what currently exists at the Sunnydale public housing community and exceeds TCAC minimum unit size requirements (450 s.f., for one-bedrooms and 700 s.f. for two-bedrooms). The building assumptions shown below are reflected in the building square footage.

Avg Unit SF by type:	1-bdrm avg sf - 600 sf 2-bdrm avg sf - 850 sf 3-bdrm avg sf - 1,100 sf 4-bdrm avg sf - 1,325 sf
Residential SF:	88,595 sf
Circulation SF:	21,728 sf
Parking Garage SF:	31,125 sf
Common Area SF:	20,049 sf
Building Total SF:	108,644 sf

4.2.1. Units Mix

Of the estimated 100 units, there will be 75 replacement units for Sunnydale residents, 25 additional tax credit units, and one 2-bedroom apartment for the manager. The unit sizes closely resemble Block 6, which is closely aligned with what currently exists at the Sunnydale public housing community and exceeds TCAC minimum unit size requirements (450 s.f., for one-bedrooms and 700 s.f. for two-bedrooms).

Unit Size	GSF	Units	Total %
1 Bedroom	560	30	30%
2 Bedroom	825	34	34%
3 Bedroom	1100	25	25%
4 Bedroom	1,325	10	10%

The unit count and mix above is based on current SFHA data regarding the projected need to house Sunnydale households. One of the predevelopment tasks will be to refine this projection after the lease ups of Block 6 and 691 China Basin are completed in early 2022. SFHA, MOHCD and Mercy/Related will need to collaborate to assess the household data to determine whether the three and four bedroom units are required in these numbers, and if there is any room to increase the unit count if less bedrooms are required.

Units Sizes	TCAC	Sunnydale PH	Parcel Q (Casala)	Block 6	Block 3A	Block 3B
1bd	450	559	775	660	560	560
2bd	700	680	968	946	825	825
3bd	900	995	1380	1250	1100	1100
4bd	1100	0		1547	1325	1325

4.3. Parking

Parking is not governed by zoning, but by the 2017 Sunnydale Special Use District and the 2017 Development Agreement, which requires, as stated in the Transportation Demand Management Plan (TDM) exhibit, a parking maximum of 1-to-1 off-street parking for all units built. At full build out, it is expected that there would be about 1360 total off-street parking spots (.76 spaces per dwelling unit), which is higher than the .55 ratio for the 775 units originally on Sunnydale. . In the TDM, the Sponsor has proposed a maximum ratio of 0.75 off-street parking for all affordable housing units. While parking supply may be aggregated, the total must not exceed the maximum across the site.

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

The original footprint of Phase 3 included only 50 off-street parking spots for 132 households, resulting in a .36 ratio. Due to the lack of parking on- and off- street and inadequate transit opportunities, the Sponsor has increased off-street parking at Blocks 3A, 3B, 7 and 9 to a .75 ratio. The breakdown of the number of on-street spaces in building block and off-street parking associated with each built property is listed below.

Phase	Block	Units	On-Street Spaces	Off-Street Spaces	Total Spaces	Spaces / Unit	Parking Ratio Per Development, excludes On-Street
	Casala (Parcel Q)	55		30	30	0.55	0.55
1A-1, 1A-2	Block 6	167	50	78	128	0.77	0.47
1A-3	Block 3A & 3B	170	18	138	156	0.92	0.81
1B	Block 7	69	89	52	141	2.04	0.75
1C	Block 9	100	14	75	89	0.89	0.75

*excludes unpainted red zones or non-designated parking

** Parking associated with each built property

In addition, HOPE SF, MOHCD, SFMTA and SF Planning need to work closely with each other to address parking challenges while also considering the inadequate transportation options for the large families. For example, while most HOPE SF Master Developers considered providing parking on a phase-by-phase basis, residents do not consider their neighborhood in phases. As on-street parking decreases in the phases due to increased density, many residents feel they are losing an amenity especially when their large families’ primary transportation option, due to income, becomes the inadequate public transit system for basic needs like school, food shopping, and other essentials. SF Planning’s “transit-first” policy, which governs the provision of parking at HOPE SF sites, does not always adequately address transportation needs and options for large low-income families. This is particularly important as reductions in transit service during COVID-19 have exacerbated the problem; furthermore, due to the pandemic SFMTA may have limited future investments for the HOPE SF communities. SFMTA was awarded a Visitacion Valley community planning grant in 2021-2022. The grant will look at viable transportation options for the neighborhood.

4.4. Target Population

Per the Sunnydale HOPE SF Development Agreement, 75% of the units, or 75 units, will be set aside for Sunnydale public housing households with a maximum affordability of 60% TCAC AMI or 81% San Francisco AMI. The replacement units will be subsidized through a 20-year Project Based Section 8 (PBV) contract with SFHA.

Also, per the DA, Sunnydale residents of all income levels with a Right to Return will be offered a units. However, the non PBV-supported units will be limited to 60% TCAC/81% SFAMI, per the DA.

The Sponsor anticipates various funding sources in the Project, including the State’s Department of Housing and Community Developments (HCD) Affordable Housing and Sustainable Communities (AHSC) grant funds, which may require AMIs to be lower than 81% MOHCD AMI. In addition, in order for Block 9 to be competitive for CDLAC a 40% TCAC AMI (48% MOHCD AMI) bracket would be required given that Sunnydale is in a Low Resource/High Segregation area. Furthermore, in order to be competitive for HCD funding, at least 20% of all units would need to be set at 20% TCAC AMI, of about 30% MOHCD AMI.

4.5. Marketing & Occupancy Preferences

For the public housing replacement units, residents living within the footprint of Sunnydale/Velasco will need to be in good standing to be eligible for a new housing unit under the SFHA Right to Return policy and City ordinance. The replacement units will be available to current residents based upon their random drawing number within their assigned relocation group.

In 2019, the City amended the Right to Return Ordinance to give any member of a current or former HOPE SF Sunnydale public housing household a priority in a HOPE SF Non-PBV tax credit unit, pursuant to Chapter 39 of the San Francisco Administrative Code. These households will have the 1st preference to the remaining 25% of units, for which the target population are households who qualify based on income restriction and selected through MOHCD’s typical lottery process.

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

*If State funding is awarded, the Neighborhood Preference is decreased to from 40% to 25% of TCAC units.

5. VERTICAL FINANCING PLAN (See Attachment D for Cost Comparison of City Investment in Other Housing Developments; See Attachment E for Sources and Uses)

5.1. Vertical Proposed Predevelopment Sources Evaluation Narrative

Funding for predevelopment activities for Block 9 will be funded through the 2019 Affordable Housing Bond (GO Bond), HOPE SF General Funds, and Low Moderate Income Housing Asset Funds. The Sponsor does not anticipate requesting additional predevelopment funding from MOHCD.

5.2. Predevelopment Uses Evaluation

Predevelopment Budget		
Underwriting Standard	Meets Standard?	Notes
Acquisition Cost is based on appraisal	Y	No land costs incurred. Developer will enter into a long-term ground lease with SFHA annual rent that includes base and residual rents.
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	N/A	Being carried in Permanent S&U
Construction Management Fees are within standards	Y	Costs are in line with MOHCD underwriting guidelines
Developer Fee is within standards	Y	Total developer fee is \$550,000 during predevelopment.
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10.1%
Financing Costs are reasonable	Y	Only consulting and TCAC application costs are included
Permit Fees	Y	\$1,875,000 for building permits and planning fees.
Commercial Costs	N/A	The building does not have commercial space

Architecture: Predevelopment amount of approximately \$2M will cover architectural costs through Construction Development. The Structural, MEP, Civil, Landscape, and Lighting consultants cost of \$878,324 is included in this total.

Construction Management: The Construction Management cost of \$80,000 assumes a construction start date of 2023 at \$2,500 a month.

5.3. Proposed Permanent Financing

The permanent financing and development budget are being presented to demonstrate the Project’s overall financial feasibility. The Loan Committee is not approving the Project permanent sources and/or uses at this time. The Sponsor will return to Loan Committee for preliminary permanent approval for future funding applications and for a permanent funding commitment from MOHCD.

CDLAC: With approval of this request, the Sponsor will review the competitiveness of the Project for CDLAC based on the updated regulations and new restrictions. Competitive projects require at least 119 – 120 points and a tiebreaker score that favors lower per-unit costs. Sponsor will provide this analysis by the end of 2021 and before funding requests are due in 2022 for additional financing.

Permanent Loan: The Sponsors estimate a total permanent loan of \$25M leveraging tenant rent payments from 100 units, and a projected PBV contract award for 75 units, at a 5.68% interest rate, 30-year term. The tenant assistance payments will support an additional first year income of \$2.1M.

MOHCD believes the terms and interest rate are high based on current market conditions. Per the MOHCD proforma, the sponsor should increase the term to at least 40 years, assume a 5% interest rate and a 1.15 DSCR, per MOHCD underwriting standards, which would increase the permanent debt to \$32M and lower the MOHCD debt. The Sponsor will lower the terms and interest rate to more reasonable terms before returning to MOHCD for additional approvals.

Tax Credit: The Sponsors estimate a tax credit equity contribution of \$37M, contingent on a successful 4% application to be submitted to TCAC in 2024. The assumed credit pricing is \$0.93. The Sponsors hope that the tax credit equity market will improve by construction closing, thereby increasing the overall equity amount. During predevelopment, the Sponsor will look at other options, including utilizing the 9% application or hybrid options.

HCD AHSC: The Sponsors are optimistic that AHSC from the state of California's Housing and Community Development Department (HCD) will continue to receive funding for several rounds. The Sponsors are projecting a max allocation of \$10M based on the 2020 NOFA guidelines. It should be noted that the current draft guidelines for 2020 require 47% of units to be at 20% TCAC AMI/30% SFAMI, and given the Project's location in a high segregation area, 20% of units must be above 60% TCAC AMI/81% SFAMI. If these guidelines remain unchanged, the Project would not be competitive for HCD funding.

HCD IIG: In addition, with the approval of this request, the Sponsor will look at HCD's Infill Infrastructure Grants (IIG) to understand if these funds can be leveraged to reduce MOHCD's contribution to gap financing, or Phase 3 Infrastructure funding. Currently, as noted above, Phase 3 Infrastructure costs are assumed under a separate loan and no infrastructure costs are included in this budget, even though these costs could generate more equity. The Sponsor will provide an analysis before gap to see if the Project could generate more equity.

Gap Funding: Based on the above, the Sponsors anticipate a vertical gap loan of \$18,660,015 or \$186,600 per unit.. The Sponsors commit to providing analysis for other funding options as they become available in order to reduce MOHCD's debt on the Project, such as AHP and increasing the permanent loan.

DEVELOPMENT BUDGET		
Underwriting Standard	Meets Standard?	Notes
Hard Cost per unit are within standards	N	Hard Costs are \$800,875/unit, including the general conditions, GC overhead, and GC insurance. The Sponsor will work with MOHCD to reduce overall project costs
Construction Hard Cost Contingency is at least 5% (new construction)	N	Hard Cost Contingency is 13.2%, including owner contingency at 5% and 6% escalation. Sponsor to lower these to MOHCD UW standards.
Architecture and Engineering Fees are within standards	Y	A&E fees are within MOHCD underwriting guidelines.
Construction Management Fees are within standards	N	Fees are slightly higher than the MOHCD UW guidelines. Sponsor to be procured as part of predevelopment scope and reduce the fees
Developer Fee is within standards, see also disbursement chart below	Y	Project Management Fee is \$1.1M At Risk is \$1.1M GP Equity is \$500k Deferred Fee is \$3,000,000 Total Fee: \$5,700,000
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 8.4%
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is within guidelines.
HOPE SF Tenant Readiness	Y	Readiness costs are included in the Infrastructure Predev Loan request

5.4. Permanent Uses Evaluation

Contingencies: Project includes \$1,976,975 design contingency at 3% of hard cost, \$1,976,975 bid contingency at 3% of hard cost, and \$1,317,984 bid contingency at 2% of hard cost.. Contingency percentages reflect the MOHCD 2020 underwriting guidelines.

Infrastructure: Due to high costs associated with HOPE SF requirements, the infrastructure costs have not been assigned to the vertical projects to keep costs low.

Architecture: The architecture design and consultant costs equal approximately \$2M. The \$200,000 third party cost includes any BIM coordination which has been an additional cost during construction on Sunnydale Block 6.

Financing costs: If this Project is feasible as a 9% tax credit deal, the Project would see a reduction of approximately \$500,000 for bond issuance costs, though these savings may be reduced due to other financing changes such as a potentially higher interest rate. The Sponsor will analyze whether this Project can be structured as a 9% tax credit deal given the cap on tax credits and the high-cost test, and the resulting impact to the overall project financing.

Permit Fees: The permit fees and utility fees equal \$1,875,000 which is in line with other Mercy projects.

Hard Costs: The residential structure totals \$737 PSF which is \$224 more PSF on average than another project in MOHCD pipeline, but similar at \$335k per unit to other units in MOHCD pipeline. Furthermore, the total development costs per unit are higher than other project in Sunnydale portfolio of similar size and scope. The hard costs include a parking ratio of 1:.75, which is higher than other projects at Sunnydale. The general conditions, contractor overhead, and contractor insurance make up 14% of hard costs and construction contingency is an additional 5% of hard costs. A flat 6% escalation is also included in the numbers. At this point in time, the design is conceptual.

Project Name	SF	Units	TDC	TDC/ SF	TDC/Unit
Block 6	243,721	167	\$133,717,205	\$549	\$800,702
Block 3B(less retail)	125,800	90	\$85,066,422	\$676	\$85,066,422
Casala	75,356	55	448,281,472	\$641	\$877,845
Block 7	100,939	69	\$73,455,388	\$723	\$1,057,324
Block 9	139,769	100	\$101,184,933	\$724	\$1,011,849

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 \$843k based on the first three months of stabilized cash flow.

Transition Reserves: Per HCD guidelines, the Sponsor included \$1,776,753 in transition reserves in the event that HCD awards AHSC, which is equal to 6 months of operating costs.

Marketing/Rent-up: \$375,518 - The costs shown on this line item are a cost per unit based on the Block 6 budget. MOHCD believes these costs to be high, considering the size of Block 9. The Sponsor will work with MOHCD to reduce these costs before gap.

Relocation: No relocation costs, including relocation readiness, are considered in this request or permanent uses. All relocation costs are included in Phase 3 Infrastructure.

5.5. Construction Supervisor/Construction Specialist’s evaluation

The overall square footage presented at this very early stage is rather high given the number of units planned, and the amount of parking that will need to be provided. However, the per Bedroom costs seem appropriate when compared to similar projects, and projecting cost escalation for projects that won’t be breaking ground for several years. As is typical for HOPE SF projects, the per unit cost is on the high end, but the per bedroom cost is about \$15k less per unit than the MOHCD average. The soft

costs currently shown are approximate to other projects currently in predevelopment, and might need to be adjusted upwards as they go out to bid on the design.

6. PROJECT OPERATIONS

6.1. Annual Operating Budget

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

The Project includes 100 affordable units and one manager unit:

Summary	Studio	1BD	2BD	3BD	4BD	Total	Percent
TC		6	13	6			25%
PBV		24	22	19	10	75	75%
Total	0	30	35	25	10		

Project Based Section 8 (PBV) Units: The Project will apply for Section 8 Project Based Vouchers from SFHA before requesting gap. 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 2020 utility allowances.

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 per the Master Development Agreement (MDA). Because of the income limitations imposed by the MDA and DA, income averaging is not allowed for the HOPE SF projects.

6.2. Unit Matrix

Unit Type	Unit Count	Max Gross Rent	MOHCD % AMI	TCAC % AMI	Type
1BR	4	\$652	25%	20%	PBV
1BR	20	1281	50%	39%	PBV
2BR	9	\$782	27%	20%	PBV
2BR	13	\$1441	50%	37%	PBV
3BR	5	\$904	20%	28%	PBV
3BR	13	\$1,601	50%	35%	PBV
4BR	2	\$1009	20%	29%	PBV
4BR	8	\$1,730	50%	40%	PBV
1BR	6	\$1,957	76%	60%	TC
2BR	12	\$2,348	81%	60%	TC
3BR	6	\$2,714	85%	60%	TC

MGR	1			
Total	100			

6.3. Annual Operating Expenses Evaluation

Operating Proforma		
Underwriting Standard	Meets Standard?	Notes
Debt Service Coverage Ratio is between minimum 1.10:1	N	DSC is 1.21:1 in Year 1. Sponsor will lower DSCR to MOHCD approved levels.
Debt Service Coverage Ratio stays above 1.00:1 for entirety of projected 20-year cash flow	N	DSC is 1.7:1 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	N	Total Operating Expenses are \$14,129 per unit. Please see below
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	.3 FTE CMO + 2.5 FTE ACMO, 1 FTE Customer Service Rep, .29 FTE SMM + 1 FTE MT + 1 FTE Janitor Total 6.09 FTE
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$24,270/yr. Annual PM Fee is \$24,270/yr.
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	Total LP AM fee is \$21,900 per year. \$5,000 AM fee

The operating cost per unit per annum (PUPA) is \$14,129, not including reserves, ground lease payment to SFHA, Master Association fee or debt. This is significantly higher than any other project in the HOPE SF's portfolio, which average \$12,167 PUPA, and higher than other Sunnydale projects that are of the same size. The high costs are attributable to higher security, services, overall staffing fees and sitewide Master Association fees.

The Sponsor will work with MOHCD to bring PUPA in line with MOHCD underwriting standards before gap financing through measures such as cost sharing with other developments through site-wide security, property management, and services.

HOPE SF Developments	Units	PUPA*
Sunnydale Block 3A	80	\$ 13,011
Sunnydale Block 3B	90	\$ 13,230
Potrero Block B	157	\$ 11,750
Sunnydale Block 6	176	\$ 12,513
Potrero Block X	72	\$ 13,114

Sunnydale Parcel Q	55	\$ 12,454
Alice Griffith Phase 4	31	\$ 13,405
Alice Griffith Phase 3	122	\$ 10,901
Alice Griffith Phase 2	91	\$ 10,768
Alice Griffith Phase 1	93	\$ 10,786
Hunters View Phase I	107	\$ 13,882
Hunters View Phase IIB	179	\$ 13,317
Hunters View Phase III	100	\$ 11,074
Hunters View Phase IIA	107	\$ 11,628
<i>Average</i>	104	\$ 12,274

Community Master Association fee: \$50,000. This is based on the Sunnydale campus planning approach. All buildings within the Master Development will be charged \$500 per unit, per year.

Property Management & Maintenance Staffing: The operating budget includes a total of 6.09 FTE:

- 0.3 FTE for a Community Manager Officer,
- 2.5 FTE for an Assistant Community Manager Officer,
- 1 FTE for a Customer Service Representative,
- 0.29 FTE for a Senior Maintenance Manager,
- 1 FTE for a Maintenance Tech, and
- 1 FTE for a Janitor.

MOHCD believes this level of service is high for a building of this size, specifically related to property management and maintenance for a building under 100 units. The Sponsor will reduce the level of services to conform to MOHCD underwriting standards.

In addition, Mercy/Related have introduced a new role of Community Coordinator which aims to provide a welcoming environment to residents as the first point of contact. The Community Coordinator will identify and develop strategies to link residents with needed services and triage to the appropriate on-site staff. This position has not been vetted or approved by HOPE SF or MOHCD and seems redundant to the level of service that's requested for the resident services coordinator, which is also showing as a higher level of service than what's approved for HOPE SF sites of 1 FTE to 100 units. Sponsor will provide detailed description and requirement, as it pertains to the building but also to the campus-wide services approach.

The staffing is based on Mercy/Related's preliminary campus wide staffing plan. We expect to further refine the budget during predevelopment.

Security: Security cost is based the cost per unit in the Block 6 budget. As part of the Master Plan loan, the Sponsor s required to provide a site-wide staffing analysis for security, services and property management.

7. DEVELOPER FEE

7.1. Cash Out Fee

Total Development Fee is \$5,700,000. This will include \$3,000,000 in deferred fee which does not generate more equity or limit the amount of MOHCD subsidy. Sponsor will work with MOHCD to bring the fee in line with MOHCD underwriting guidelines.

Sponsor and MOHCD will retain the 50%/50% cash flow split until the developer fee is paid with HCD in the deal.

Payment Milestone	% of Project Mgmt. Fee	Amount
At closing of preconstruction financing	15%	\$165,000
Proj Mgt Fee portion 1 of 3: Predevelopment - GC selection approval	15%	\$165,000
Proj. Mgt Fee portion 2 of 3: Predevelopment - Submission of HCD funding application	10%	\$110,000
Proj Mgt Fee portion 3 of 3: Predevelopment - Submission of joint CDLAC and TCAC application	10%	\$110,000
At Construction Close	20%	\$220,000
End of Construction	20%	\$220,000
Project close-out: PIS application; 100% lease-up; City Approval of Sponsor's project completion report and documents, including final cost certification	10%	\$110,000
Total Project Management Fee	100%	\$1,100,000
At-Risk Fee		\$1,100,000
Total Cash Fee		\$2,200,00
GP Capital Contribution		\$0
Deferred Developer Fee		\$3,000,000
Total Developer Fee		\$5,200,000

7.2. At-Risk Developer Fee Payment

Payment Milestone	% of At Risk Fee	Amount
95% Leased Up and Draft Cost Certification	20.00%	\$220,000
Permanent Loan Closing/Conversion (Final Cost Certification)	50.00%	\$550,000
Project Close Out (See Project Management Project Close-Out milestone activities)	30.00%	\$330,000
Total At Risk Fee		\$1,100,000

8. SUPPORTIVE SERVICES

8.1. Services Plan

The services plan and budget will be developed as part of the predevelopment scope under this loan request. The preliminary plan does not conform with MOHCD underwriting or HOPE SF practice and proposes 1.33 FTE Mercy Housing California

Resident Services Coordinators II (RSCs) and \$20,500 for Resident Service Manager to be located on site and provide service coordination and housing stability support for Block 9 residents. The RSCs will also organize and implement community building activities for all building residents, as well as partner with community building work in the wider Sunnydale and Visitacion Valley community. The RSCs will be supported by a Resident Service Manager (RSM) who oversees the resident service coordinators in the new on-site buildings as well as the ones working site-wide at Sunnydale. MOHCD staff and the Director of HOPE SF will have the opportunity to review and approve the final service plan.

The current service level for the building is higher than MOHCD underwriting guidelines for 1 RSC for 100 units. The Sponsor will provide a master service plan to MOHCD and HOPE SF before gap financing of this loan for approval. MOHCD staff and the Director of HOPE SF will review and approve the final service plan.

8.2. Service Budget

The first-year service budget is estimated at \$1,539 per resident unit per annum, or \$153,914 to be paid out of the operating budget. The RS staff represents the campus staff plan. The Sponsors project the need for 1.33 FTE Senior RSCs and a typical budget for supplies and other reasonable costs. The Sponsor anticipates that the service budget may need to be amended once more information is provided. As mentioned above, the costs and level of services are higher than MOHCD and HOPE SF underwriting and the Sponsor will provide full analysis as part of the Master Loan conditions.

8.3. HOPE SF Assessment of Service Plan and Budget

The Services plan and budget has not been reviewed by HOPE SF. The Sponsors will have the 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:	\$3,500,000
Loan Term:	55 years
Loan Maturity Date:	2074
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	0-3%

9.2. Recommended disbursement conditions/schedule

- Sponsor must provide evidence of Limited Partnership creation
- Prop I might be satisfied

9.3. Recommended conditions prior to financing gap

- Sponsor work with MOHCD to complete and bring on Construction Manager and General Contractor through RFQ process.
- Sponsor will provide 9% feasibility for Project or hybrid option before the end of 2021.
- The Sponsor will return with a marketing and lease up plan before gap.
- Sponsor will provide a updated service plan and budget to MOHCD at gap financing.
- Sponsor will provide analysis on competitiveness for various funding sources, including CDLAC, FHLBSF and HCD.
- MOHCD must approve RFP for the RFP for lender and investors and approval of all selections.
- MOHCD must approve raw financial data from Sponsor or financial consultant prior to selection of lender/investor
- Sponsor will decrease DSCR to 1.1 in year 1 as well as maximize the amount of permanent debt.
- Sponsor will seek to increase permanent mortgage term and decrease rate to market levels before returning for gap.
- Sponsor will work with MOHCD staff to bring Operating Expense in line with underwriting guidelines.
- Sponsor will work with SFHA to provide 75 PBVs for the development.
- Sponsor to work with MOHCD construction manager and other resources to bring hard costs and A&E costs within an acceptable range for MOHCD approval.

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

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

Date: _____

APPROVE DISAPPROVE TAKE NO ACTION

Salvador Mejia, Deputy Director for Programs
Department of Homelessness and Supportive Housing

Date: _____

APPROVE DISAPPROVE TAKE NO ACTION

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

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

APPROVE DISAPPROVE TAKE NO ACTION

Tonia Lediju, Chief Executive Officer
San Francisco Housing Authority

Date: _____

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Tuesday, May 11, 2021 7:13 PM
To: Chavez, Rosanna (MYR)
Subject: Sunnydale Block 9

I approve

Get [Outlook for iOS](#)

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Friday, May 14, 2021 12:46 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: REQUEST FOR PREDEVELOPMENT FINANCING FOR SUNNYDALE HOPE SF BLOCK 9

I approve Mercy Housing request for \$3,500,000 in predevelopment funds for Block 9 (Phase 3 of Sunnydale HOPE SF)

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: Oerth, Sally (CII)
Sent: Friday, May 7, 2021 11:59 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR); Amaral, Sara (MYR)
Subject: Sunnydale HOPE SF Block 9 - 5.7.21 Loan Committee

I approve the predevelopment funding for Sunnydale Block 9, as presented at the 5.7.21 Loan Committee



Sally Oerth
Interim Executive Director

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

Chavez, Rosanna (MYR)

From: Pereira Tully, Marisa (CON)
Sent: Friday, May 7, 2021 11:58 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Sunnydale HOPE SF Block 9

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, May 7, 2021 11:58 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Sunnydale HopeSF Block 9

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

Yes

Respectfully,

Tonia Lediju, PhD
SF Housing Authority Transition Lead
Acting Executive Director
Office of the Mayor
(415) 715-3276
(415) 619-1936

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

From: Chavez, Rosanna (MYR) <rosanna.chavez@sfgov.org>
Sent: Friday, April 30, 2021 5:11 PM
To: Taylor, Rommel (MYR) <rommel.taylor@sfgov.org>; Wong, Harry (MYR) <harry.j.wong@sfgov.org>; Defiesta, Agnes (MYR) <agnes.defiesta@sfgov.org>; Travis, Paul (MYR) <paul.travis@sfgov.org>; Mara Blitzer <mara.blitzer@sfgov.org>; Lee, Jonah (MYR) <jonah.lee@sfgov.org>; Carson, Erin (MYR) <erin.carson@sfgov.org>; Ely, Lydia (MYR) <lydia.ely@sfgov.org>; Obstfeld, Kimberly (CII) <kimberly.obstfeld@sfgov.org>; Wong, Annie (CII) <annie.h.wong@sfgov.org>; Colomello, Elizabeth (CII) <elizabeth.colomello@sfgov.org>; Sims, Pamela (CII) <pam.sims@sfgov.org>; Romero, Anne (MYR) <anne.romero@sfgov.org>; Gagen, Jonathan (MYR) <jonathan.gagen@sfgov.org>; Slen, Joyce (MYR) <joyce.slen@sfgov.org>; McCormack, Caroline (MYR) <caroline.mccormack@sfgov.org>; Lopez, Viviana (MYR) <viviana.lopez@sfgov.org>; Heavens, Cindy (MYR) <cindy.heavens@sfgov.org>; Amaral, Sara (MYR) <sara.amaral@sfgov.org>; Van Degna, Anna (CON) <anna.vandegna@sfgov.org>; Menjivar, Salvador (HOM) <salvador.menjivar1@sfgov.org>; White, Jeffrey (CII) <jeffrey.white@sfgov.org>; Oerth, Sally (CII) <sally.oerth@sfgov.org>; Gotthelf, Felicia (MYR) <felicia.gotthelf@sfgov.org>; Shaw, Eric (MYR) <eric.shaw@sfgov.org>; Tonia Lediju, PhD <ledijut@SFHA.ORG>; Kitchingham, Kevin (MYR) <kevin.kitchingham@sfgov.org>; Benioff, Martha (HOM) <Martha.Benioff@sfgov.org>; Barnes, Maximilian (MYR) <maximilian.l.barnes@sfgov.org>; Baca, Robert (MYR) <robert.baca@sfgov.org>; Cortez, Omar (MYR) <omar.cortez@sfgov.org>; Faust, Holly (MYR) <holly.faust@sfgov.org>; Noonan, Jacob (MYR) <jacob.noonan@sfgov.org>; Dwyer, Brendan (MYR) <brendan.dwyer@sfgov.org>; Ausman, Bao-Tran (MYR) <baotran.ausman@sfgov.org>; Madden, Scott (MYR) <scott.madden@sfgov.org>; McLoone, Michael (MYR) <michael.mcloone@sfgov.org>; Pereira Tully, Marisa (CON) <marisa.pereira.tully@sfgov.org>; Nusser, Sarah (MYR) <sarah.nusser@sfgov.org>; Leatutufu, Saidah (MYR) <saidah.leatutufu@sfgov.org>
Subject: Citywide Affordable Housing Loan Committee - Friday, May 7, 2021 11:15 a.m.

Dear Loan Committee, MOHCD staff and community partners,

Attached are the agenda and materials for next week's meeting, which **will be held Friday, May 7, 2021 at 11:15 am via Microsoft Teams.**

You can join via the link or the phone number below. Within Teams you will have the option to mute your microphone and hide your video. If this will be your first time using Teams, please sign into the meeting a few minutes early.

Microsoft Teams meeting

Join on your computer or mobile app

[Click here to join the meeting](#)

Or call in (audio only)

[+1 415-906-4659,,985935179#](#) United States, San Francisco

Phone Conference ID: 985 935 179#

Thank you,

Rosie Chavez

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

Attachments:

- A. HOPE SF Summary
- B. HOPE SF Developer Fee
- C. Borrower Organization Chart
- D. Cost Comparison Chart
- E. Predevelopment Sources and Uses
- F. Permanent Sources and Uses
- G. 1st year operating budget
- H. 20 yr. operating budget

Attachment A: HOPE SF 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.

Phasing Overview:

This chart shows the projected buildout by phase, with the active phases highlighted:

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	\$8,905,799	\$46,139,312
2019	2021		1A-1/2	Infrastructure		Gap	\$28,478,891	\$28,478,891
2019	2021	Block 6	1A-1/2	Affordable	167	Gap	\$23,910,414	\$144,717,205
2022	2023	Block 5	1A-1/2	Market Rate	8	Gap		
2021	2022		1A-3	Infrastructure		Predev	\$22,271,663	\$22,271,663
2022	2024	Block 3A	1A-3	Affordable	80	Predev	\$6,828,000	\$73,760,039
2022	2024	Block 3B	1A-3	Affordable	90	Predev	\$8,072,868	\$84,916,931
2022	2023		1B, 1C, 3C	Infrastructure		Projected	\$39,821,767	\$39,821,767
2023	2025	Block 7	1B	Affordable	69	Projected	\$12,743,082	\$73,455,388
2023	2025	Block 9	1C	Affordable	100	Projected	\$8,920,116	\$91,445,034
2024	2026	Block 8A	1C	Market Rate	26			
2024	2026	Block 8B	1C	Market Rate	22			
2026	2027		2A	Infrastructure		Projected	\$55,581,504	\$55,581,504
2027	2029	Block 10	2A	Affordable	79	Projected	\$11,931,633	\$81,667,215
2027	2028	Block 14	2A	Market Rate	24			
2027	2028	Block 16	2A	Market Rate	12			
2027	2020	Block 15	2A	Affordable	54	Projected	\$8,007,041	\$60,765,836
2027	2028	Block 22B	2A	Market Rate	9			
2027	2029		2B	Infrastructure		Projected	\$34,004,409	\$34,004,409
2027	2029	Block 11	2B	Affordable	79	Projected	\$5,476,997	\$88,898,168
2028	2029	Block 17	2B	Market Rate	74			
2028	2029	Block 18	2B	Market Rate	12			
2029	2030		2C	Infrastructure		Projected	\$47,913,754	\$47,913,754
2029	2031	Block 19	2C	Affordable	66	Projected	\$4,650,874	\$78,486,667
2029	2030	Block 12	2C	Market Rate	24			
2029	2030	Block 13	2C	Market Rate	20			
2029	2030	Block 20	2C	Market Rate	12			
2029	2030		3A	Infrastructure		Projected	\$21,503,462	\$21,503,462
2029	2030	Block 24	3A	Affordable	72	Projected	\$12,620,894	\$85,621,818

2029	2030		3B	Infrastructure		Projected	\$34,708,608	\$34,708,608
2029	2030	Block 34	3B	Affordable	40	Projected	\$6,288,258	\$43,727,285
2030	2031	Block 23	2C	Market Rate	14			
2030	2031	Block 22A	3A	Market Rate	48			
2030	2031	Block 32	3A	Market Rate	22			
2030	2031	Block 33	3A	Market Rate	16			
2029	2030	Block 35	3B	Affordable	37	Projected	\$5,810,127	\$40,447,845
2030	2031	Block 21	3C	Market Rate	19			
2030	2031	Block 26	3B	Market Rate	12			
2030	2031	Block 27	3B	Market Rate	58			
2030	2031	Block 28	3B	Market Rate	12			
2030	2031	Block 29	3B	Market Rate	63			
2030	2031	Block 31	3B	Market Rate	50			
2030	2031	Block 36	3B	Market Rate	26			
		TOTAL			1491		\$408,450,161	\$1,169,653,211

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	\$286,285 remaining to draw
Total	\$8,723,438	

Vertical and Horizontal Funding to Date:

	Amount	Status
Sunnydale Parcel Q Vertical Predevelopment	\$2,000,000	Closed Dec 2016
Sunnydale Parcel Q Acquisition	\$3,000,000	Closed Dec 2016
Sunnydale Parcel Q Gap	\$6,905,799	Closed Jan 2018
Sunnydale Block 6 Predevelopment	\$4,000,000	Closed Oct 2017
Sunnydale Phase 1A1/2 Predevelopment	\$4,433,153	Closed Feb 2018
Sunnydale Phase 1A1/2 Partial Gap	\$28,478,891	Closed May 2019
Sunnydale Phase 1A1/2 Gap	\$20,478,891	Closing May 2019
Sunnydale Block 6 Gap	\$12,910,414	Closed Dec 2019
Phase 1A3 Predevelopment	\$5,800,000	Closed Aug 2019
Sunnydale Block 3A	\$1,850,000	Closed Aug 2019
Sunnydale Block 3B	\$1,850,000	Closed Aug 2019
	\$91,707,148	

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 are repaid in kind when the City accepts the streets and public infrastructure. 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 Visitacion 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, who 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.

History from 2017 to Date:

The Sponsor has made significant progress with master plan and project level work since the last Master Plan loan approved in 2017, including the completion of streetscape planning and Master Utility Plans (MUP). The Sponsor has also completed the master tentative map and street vacation application for the entire site, as well as negotiated the forms of the horizontal and vertical ground leases and license agreements with the San Francisco Housing Authority (SFHA). The Sponsor completed master planning of the Hub community serving space, which included planning with project partners (Boys & Girls Club, Wu Yee Children's Services, San Francisco Recreation and Parks Department) to develop the campus approach for these services and programs, selection of the community center and recreation center architect, and a community planning process to develop and locate the programming elements within the Hub (including open space, food and retail, and neighborhood services). This master planning work allowed the Sponsor to start on development activities for the individual developments such as Block 3A and 3B, the community center and recreation center within the Hub. The Sponsor also completed the master brand plan and is now making progress on elements and implementation of the plan. Throughout all of this work, the Sponsor has focused on community building and outreach related to relocation support and development activities, including hosting monthly community meetings beginning in 2016. While these monthly in-person meetings were put on hold during the pandemic, the Sponsor continued to engage the community during this time through virtual community meetings and presentations, newsletters, flyers, project websites, and other communication tools, and is resuming monthly community meetings in a virtual format until they can be held in-person again.

In addition, the Sponsor completed construction of the first affordable housing development, Casala Apartments (55 units), in 2019 and completed lease-up and permanent conversion in 2020. Phase 1A1/2 infrastructure improvements started in 2018, with construction of Block 6 housing(167 units), the second affordable development, starting construction December 2019 and expected to start lease up by November 2021. The Sponsor is also working on predevelopment for the next Infrastructure Phase, Phase 1A3, and on predevelopment for both Block 3A and 3B, the next two affordable developments on site totaling 170 units. Construction on this phase is expected to start later this year after all residents are relocated from the Phase 1A3 footprint.

Additionally, relocation work continues on the Sunnydale HOPE SF site. Currently, The Sponsor's real estate development team and resident services staff, in collaboration with MOHCD and SFHA, to assist residents with a Right to Return to voluntarily move offsite to units at 691 China Basin in Mission Bay

(38 units). This is the second offsite option for Sunnydale residents after the completion of 24 units at Natalie Gubb Commons in the Transbay neighborhood. To date, onsite, the Sponsor has completed or is in predevelopment for 561 total units at Sunnydale, which include 420 Replacement Units and 141 tax credit units' households. This includes for Block 7 and Block 9, which are currently in schematic design. Including offsite units, this brings the total affordable units completed or in progress to 662 units. This total includes 522 Replacement Units for Sunnydale households. To date, the Sponsor is on track to build back 67% of the original 775 units on site as required per the Development Agreement.

	Completion Date	Replacement Units	Tax Credit Units (Inc. mgr. unit)	Total Units
Natalie Gubb Commons (off-site)	2018	24	-	24
Casala Apartments	2019	41	14	55
691 China Basin (off-site)	2021	38	-	38
Block 6	2021	125	42	167
Balboa Park Upper Yard (off-site)	2023	39	-	39
Block 3A and 3B	2024/2025	128	42	170
Block 7	2027	52	17	69
Block 9	2027	75	25	100
		522	140	662

In addition to the above-mentioned housing and infrastructure accomplishments at Sunnydale HOPE SF thus far, the Sponsor has progressed with predevelopment work on approximately 60,000 square feet of new neighborhood-serving spaces (Hub) that sits at the nexus of Sunnydale and Visitacion Valley neighborhoods. The Hub is the only mixed-use setting in the Sunnydale HOPE SF development where residents, neighbors, and visitors across incomes, ages, and race/ethnicity will be able to access the same quality neighborhood amenities that other neighborhoods currently include. The Hub is envisioned to be inclusive and family friendly, reflect the diversity of the residents, and inspire people to play, eat, and learn together in a common neighborhood.

The Hub, which includes the ground floor space at Blocks 3A and 3B and a new community building in Block 1,, is a significant community development endeavor that will be transformative for the community, as well as for individuals. The Hub components are made up of the following elements:

- Community Center in Block 1
 - The Sponsor will acquire the land for the Community Center from SFHA, the Community Center will be managed by Mercy Housing and the land and improvements will owned by the New Market Tax Credit QALICB entity (Qualified Active Low-Income Community Business)
 - Programming:
 - 29,000 square feet community center
 - Boys & Girls Clubhouse for 125 school aged youth,
 - Wu Yee Children's Services Early Childhood Education Center for 81 pre-school children, and
 - multi-purpose spaces for neighborhood activities.
 - The Sponsor is underway in design development following in person and virtual community engagement in 2018-2021 to inform project design and programming. Construction is expected to begin in 2022 after infrastructure improvements in Phase 1A3.

- The Sponsor has also moved forward with project financing, including a New Market Tax Credit application and Capital Campaign activities to finance the development of the Block 1 community center. The Capital Campaign is led by the Sponsor and includes the Boys and Girls Club and Wu Yee Children's Services in raising \$35,000,000 total in private philanthropy to fund the new Community Center (\$25,000,000) and Recreation Center (\$10,000,000). To date, \$20,000,000 of the Capital Campaign has been pledged.
- Block 3A and 3B Ground Floor:
 - The Sponsor will set up two commercial condominiums to own and manage the improvements for the Block 3A and 3B ground floor programming spaces and will ground lease the land from SFHA.
 - An Early Childhood Education Center consisting of 7,000 square foot center serving 60 children and operated by Felton Institute,
 - A Health and Wellness Center of 2,500 square foot operated by the San Francisco Department of Public Health (DPH) to provide a range of mental and physical health care services to Sunnydale residents. The Wellness Center will also include meeting space for some of the Community Benefit Organizations (CBO's) currently serving the community, and
 - A Mercy Neighborhood Customer Service Center, which includes 5,000 square foot for Mercy property management and services staff, as well as work space for the community master association, transit demand management coordinator, and resident association.
 - Neighborhood Retail spaces for approximately 6,200 square feet that will be place-making, demand-serving and provide entrepreneurial and employment opportunities for Sunnydale residents, such as a green grocer and café.
 - Construction is set to start on this building pending a successful award from CDLAC, in 2022.
- A new 11,500 square feet Recreation Center within Herz Park that will include an indoor gymnasium for sports and other community activities and a multi-purpose room.
 - The Sponsor is developing this Recreation Center in partnership with the San Francisco Recreation and Parks Department (RPD) and RPD will own and manage the property.
 - The Sponsor is underway in design development following extensive community engagement. Construction is expected to begin in 2022.
 - The Sponsor is working with RPD on project financing, including \$10 million from Capital Campaign activities and securing \$10 million from the voter-approved 2020 Proposition A Health and Recovery Bond to finance the development of the recreation center.
- Improvements at the 6-acre Herz Park by RPD including a new playground.
 - Improvements such as outdoor fitness and play areas are part of the Herz Recreation Center project in partnership with the Sponsor and RPD.
 - RPD is leading the Herz Playground renovation project, a Tier II Let'sPlaySF! Initiative Project. Construction is expected to begin in 2022.
- New open spaces at Blocks 2 and 4 that will include space for active recreation as well as urban agriculture and that will be developed in this upcoming phase by the Sponsor.
 - The Sponsor will acquire the land from SFHA and the Sponsor will own and manage the improvements.
 - Predevelopment for these open spaces will begin in mid-2021 and construction is expected to begin in 2023.

The Sponsor is also underway with a Food Sovereignty Project that will inform the Block 3A and 3B food-based retail businesses and other elements of the Hub. Through a grant awarded by the Stupski

Foundation, Mercy is collaborating with residents and community partners to address issues of food insecurity and limited access to healthy food in the neighborhood. This collective process includes:

1. Exploring the dynamics of food insecurity impacting residents (with an emphasis on Sunnydale residents who are disproportionately affected by food insecurity) in-depth;
2. Brainstorming and visioning feasible systems and solutions for this changing community; and
3. Creating 2-4 business plans to implement that will improve neighborhood food systems (including food access and quality) while prioritizing resident dignity and self-efficacy.

Intended outcomes include financial and operating models for a neighborhood green grocer within Block 3A, community garden in Block 4 open space, and recommendations to improve existing neighborhood food systems.

Lastly, the Sponsor has been busy with master plan level work including the development of the community master association and governance model, campus property management and resident services staffing plan, branding work including environmental graphics, website, communications, and visual palette, neighborhood transit planning in collaborating with the City (SFMTA, Planning, MOHCD), and public art and placemaking work. In collaboration with the SF Arts Commission and with the endorsement by the Mayor's Office, Mercy submitted a grant application to the National Endowment for the Arts in 2020 and was awarded this grant in mid-2021 to fund an effort to hire local artists to engage Sunnydale residents in telling their stories. The proposed Community Stories Project will support residents in gathering and preserving the stories and memories from their rich multicultural history through creative expression in multiple formats that will be incorporated into the physical design of the site. Mercy is seeking additional grant funding from other foundations to support the implementation of this project.

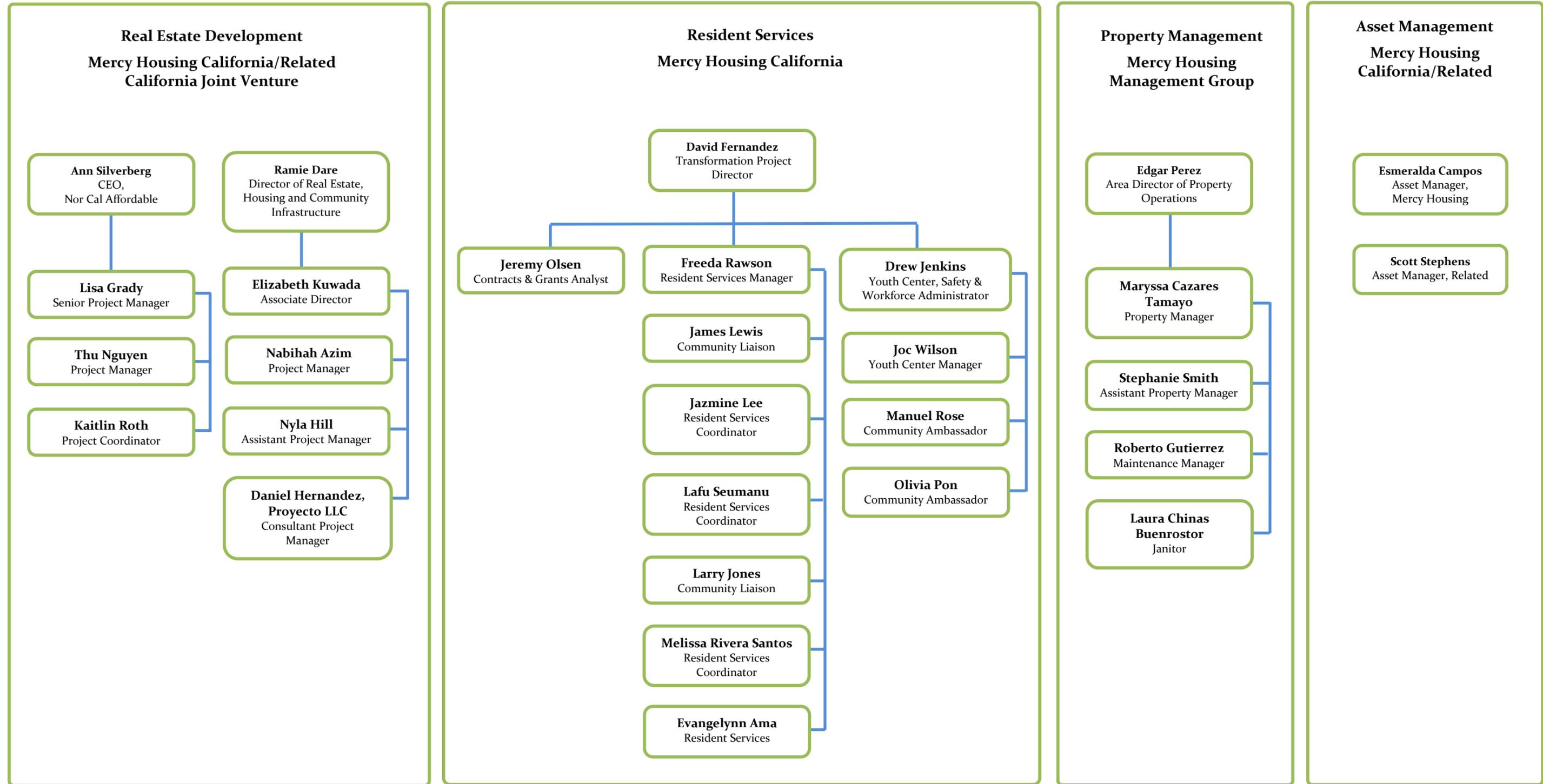
Attachment B: HOPE SF Developer Fee

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: Borrower Organization Chart

Sunnydale HOPE SF
 Developer Organizational Structure, January 2021



Attachment D: Cost Comparison Chart

Affordable Multifamily Housing New Construction Cost Comparison

Updated 4/30/2021

PROJECTS COMPLETED						Building Square Footage			Total Project Costs			Total Dev. Cost w/land			Notes on Financing		Comments
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost ³	Constr. Cost ⁴	Soft Cost	Total Dev. Cost w/land	Local Subsidy ⁵	Total Dev. Cost w/land	Notes on Financing	Comments	
Hunters View Phase II - Bl 7 & 11	227-228 West Point Rd	82,703	May-17	107	239	117,023	23,857	140,880	\$ -	\$ 60,115,237	\$ 9,272,003	\$ 69,387,240	\$ 19,737,243	\$ 69,387,240	2 HCD Loans (MHP & IIG)	Mixed Townhome stepping downslope and Type III-V over Type I lifts w/pkg	
Hunters View Phase II - Block 10	146 West Point Road	52,333	Jun-18	72	144	90,274	13,328	103,602	\$ -	\$ 46,568,375	\$ (219,733)	\$ 46,348,642	\$ 19,737,243	\$ 46,348,642	9% LIHTC	Type IIIA over Type I Podium 5 Stories + Parking, Community Hub and Childcare	
Mission Bay Bl 6 East	626 Mission Bay Blvd. No.	63,250	Nov-18	143	276	162,080	9,719	171,799	\$ 148,125	\$ 80,961,721	\$ 15,222,907	\$ 96,332,753	\$ 35,750,000	\$ 96,332,753	HCD AHSC Loan	Type IIIA & V over Type I podium, 41 pkg spaces, Mission Bay soils and infrastructure	
Mission Bay S. Block 3E	1150 Third Street	47,140	Jan-20	119	192	83,138	41,062	124,200	\$ -	\$ 65,227,607	\$ 13,577,564	\$ 78,805,171	\$ 20,093,600	\$ 78,805,171	HCD AHSC Loan	Type V over Type I podium strong articulation / ext. skin added due to DAD reqmts.	
Potrero Block X (Vertical)	25th and Connecticut	30,000	Sep-19	72	139	86,569	29,952	116,521	\$ 20,700	\$ 61,332,336	\$ 12,766,230	\$ 74,119,266	\$ 17,693,093	\$ 74,096,566	2 HCD Loans (MHP & TOD)	Type IIIA & V over Type I Podium (4-6 stories) stepped w/ topography. No infrastr. Cost	
Eddy and Taylor Family Housing	222 Taylor	22,344	Jun-19	113	211	108,440	21,086	129,526	\$ 9,300,000	\$ 57,684,810	\$ 14,837,459	\$ 82,822,269	\$ 22,187,436	\$ 72,522,269	2 HCD Loans (MHP & TOD)	Type IB - 8 story, extensive PG&E regional switch required	
Parcel O	455 Fell Street	37,428	Jun-19	108	165	82,117	31,128	113,245	\$ -	\$ 58,134,337	\$ 9,994,087	\$ 66,648,743	\$ 17,309,250	\$ 66,648,743	HCD AHSC Loan	Type V over Type I from approved eval dated 05/05/17	
Sunnydale Parcel Q	1477-1497 Sunnydale Ave	21,757	Jun-20	55	102	75,101	-	75,101	\$ -	\$ 35,588,475	\$ 10,072,197	\$ 45,660,672	\$ 9,652,147	\$ 45,660,672	9% LIHTC	Type IV - 5 Stories over grade podium parking	
Completed Projects:	Average:	44,619		99	184	100,593	24,162	121,734	\$ 3,156,275	\$ 58,201,612	\$ 10,690,339	\$ 69,890,594	\$ 20,270,002	\$ 68,706,991			

PROJECTS UNDER CONSTRUCTION						Building Square Footage			Total Project Costs			Total Dev. Cost w/land			Notes on Financing		Comments
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost ³	Constr. Cost ⁴	Soft Cost	Total Dev. Cost w/land	Local Subsidy ⁵	Total Dev. Cost w/land	Notes on Financing	Comments	
2060 Folsom Street	2060 Folsom	29,075	Mar-21	127	252	155,648	11,810	167,458	\$ 134,931	\$ 71,655,660	\$ 20,100,172	\$ 91,890,763	\$ 31,697,110	\$ 91,755,832	HCD AHSC Loan	9 Story Type IB - TAY, Childcare, Community Hub w/AHSC Improvements of \$6MM	
1950 Mission Street	1950 Mission Street	36,590	Mar-21	157	262	113,432	48,142	161,574	\$ 9,775,000	\$ 85,644,853	\$ 15,171,496	\$ 110,591,349	\$ 44,945,740	\$ 100,816,349	HCD AHSC Loan	Type IA - 9 stories with significant (30% of sf) art and PDR spaces and Paseo Des Artes	
1990 Folsom Street	1990 Folsom	29,047	May-21	143	226	138,824	15,063	153,887	\$ 8,407,380	\$ 73,760,332	\$ 25,618,212	\$ 107,784,224	\$ 46,711,496	\$ 99,376,844		Mixed type - Type VA (townhomes) and 8 story Type I over Podium	
88 Broadway - Family Housing	88 Broadway	38,182	Mar-21	125	221	140,279	8,700	148,979	\$ 14,900,000	\$ 69,461,936	\$ 27,556,526	\$ 112,120,162	\$ 27,908,676	\$ 97,202,842		Type IIIA & V over Type I Podium (5-6 stories) - family	
691 China Basin (MB South 6W)	691 China Basin St	49,437	Mar-21	152	294	178,500	7,098	185,148	\$ -	\$ 93,617,452	\$ 27,507,082	\$ 121,124,534	\$ 47,361,690	\$ 121,124,534	HCD IIG Grant	Type III podium and Type V/podium on mews wing, incl. 28 parking spaces, 4,640 sf child care space	
500 Turk Street (555 Larkin)	500 Turk Street	18,906	Dec-21	108	186	82,805	26,586	109,391	\$ 1,853,895	\$ 54,251,461	\$ 29,815,020	\$ 85,920,376	\$ 32,400,000	\$ 84,066,481		Type I 8 stories on constrained site	
Sunnydale Block 6	242 Hahn Street	95,213	Jun-21	167	375	167,065	76,656	243,721	\$ -	\$ 102,447,000	\$ 28,898,989	\$ 131,345,989	\$ 28,109,924	\$ 131,345,989		Type V over Podium (does not include infrastructure assignment)	
681 Florida	681 Florida Street	19,000	Jun-22	130	199	126,830	9,250	136,080	\$ 125,091	\$ 69,184,293	\$ 20,545,793	\$ 99,855,177	\$ 33,826,507	\$ 89,730,086	HCD MHP Loan	Type IB 9 stories, 8,400+ PDR	
4840 Mission	4840 Mission	64,033	Apr-23	137	232	181,711	14,384	196,095	\$ 14,169,802	\$ 83,789,393	\$ 23,931,086	\$ 121,890,281	\$ 51,614,447	\$ 107,720,479	HCD MHP Loan	Type V over Type I Podium + retail + 39 spaces pkg + Health Clinic + POPO (11/20 loan eval)	
Under Construction:	Average:	42,165		138	250	142,378	24,188	158,567	\$ 5,485,122	\$ 78,201,376	\$ 24,371,597	\$ 108,058,095	\$ 38,286,177	\$ 102,572,973			

PROJECTS IN PREDEVELOPMENT						Building Square Footage			Total Project Costs			Total Dev. Cost w/land			Notes on Financing		Comments
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost ³	Constr. Cost ⁴	Soft Cost	Total Dev. Cost w/land	Local Subsidy ⁵	Total Dev. Cost w/land	Notes on Financing	Comments	
TI Parcel C3.1	Treasure Island C3.1	49,497	Jul-21	138	321	140,803	52,000	192,803	\$ 25,000	\$ 100,337,586	\$ 21,841,279	\$ 122,203,865	\$ 33,014,900	\$ 122,178,865	HCD AHSC Loan	Type IIIA and VB over Type I in 3 to 7 stories stepped + 26 pkg and Youth Activity (100% DD 6/20 nc)	
Shirley Chisholm Village Ed Hsg.	1351 42nd	60,000	Mar-21	135	203	157,635	11,322	168,957	\$ -	\$ 80,769,866	\$ 19,603,978	\$ 100,373,844	\$ 25,469,902	\$ 100,373,844	9% LIHTC	Type 3A 4 stories on grade courtyard + IA pkg and Community + POPO 9% LIHTC proposed (11/12)	
Potrero Block B	25th and Connecticut	74,311	Aug-20	157	348	225,601	43,174	268,775	\$ -	\$ 119,309,925	\$ 35,517,065	\$ 154,826,990	\$ 12,057,404	\$ 154,826,990	4% Credits: HCD IIG & AHSC	Type IIIA over Type IA 5-6 stepped, 65 pkg + childcare & park. (per 11/19/20 est. incl. V&E) excl. Infra c	
Hunters View Ph 3 Block 14 & 17	855 & 853 Hunters View Dr	39,355	Oct-21	118	286	172,645	3,881	176,526	\$ -	\$ 99,328,925	\$ 23,897,677	\$ 123,226,602	\$ 37,735,027	\$ 123,226,602	4% Credits: HCD MHP	Type III-A over Type I 5-6 stories with Comm'l (Community svgs) spaces & 56 Pkg spaces (35% CD 8/	
730 Stanyan	730 Stanyan Street	37,813	Dec-21	120	203	124,770	20,000	144,770	\$ -	\$ 79,633,599	\$ 13,958,549	\$ 98,121,310	\$ 34,328,853	\$ 98,121,310	4% Credits: HCD MHP	Type IB 6 stories, passive house design, multiple services spaces, urban farm (100% SD pricing 1/2	
4200 Geary	4200 Geary	16,738	Feb-22	98	98	70,503	1,197	71,700	\$ 11,064,369	\$ 53,417,898	\$ 18,629,458	\$ 83,111,725	\$ 35,251,638	\$ 72,047,356	4% Credits: HCD MHP, AHP, Private Loan	Type III over Type I, 7 stories, TI space, no parking, Urban Agriculture (100% DD est dated 2/12/21)	
Laguna Honda Senior	375 Laguna Honda Blvd	200	Feb-24	200	204	212,000	13,000	225,000	\$ 15,000	\$ 97,750,000	\$ 20,222,441	\$ 117,972,441	\$ 47,272,441	\$ 117,972,441	4% Credits: IIG, HCD, AHP	Type III over I, 7 stories	
The Kelsey	240 Van Ness	18,313	Jul-22	107	117	86,288	1,349	87,637	\$ 9,848	\$ 63,805,025	\$ 23,310,936	\$ 86,925,937	\$ 13,000,000	\$ 86,915,951	4% LIHTC, IIG, AHSC, Large Sponsor Loan	5 stories of Type III over 3 stories of Type I	
2550 Irving	2550 Irving Street	19,125	Apr-23	98	177	105,390	2,228	107,618	\$ 9,426,500	\$ 62,022,139	\$ 15,972,611	\$ 84,019,922	\$ 25,573,912	\$ 84,593,492	MOHCD, 4% LIHTC, HCD - IIG, MHP, AHP	Type I, 7 stories, TI space, 11 parking spaces	
Sunnydale Block 3B	TBD	73,000	Feb-22	90	178	125,800	3,400	129,200	\$ 20,001	\$ 69,588,660	\$ 19,750,187	\$ 89,338,847	\$ 8,466,742	\$ 89,338,847	4% Credits: HCD IIG & AHSC	Type IIIA 5 story, 30k sq ft of commercial, includes infrastructure costs	
Sunnydale Block 3A	TBD	34,400	Aug-22	80	164	83,339	18,461	101,800	\$ 20,001	\$ 60,021,794	\$ 18,364,563	\$ 78,386,357	\$ 7,161,137	\$ 78,386,357	4% Credits: HCD IIG & AHSC	Type IIIA 5 story, 30k sq ft of commercial, includes infrastructure costs	
Reservoir Buiding E	Lee Avenue	31,008	Mar-23	124	192	138,150	1,000	139,150	\$ 1,777,707	\$ 73,866,869	\$ 30,821,255	\$ 106,465,831	\$ 13,628,128	\$ 104,688,124	4% Credits: HCD IIG & AHSC	Type IIIA over Type IA 7 stories	
In Predevelopment	Average:	41,233		122	208	136,910	14,251	151,161	\$ 3,719,737	\$ 79,971,024	\$ 21,824,166	\$ 104,582,383	\$ 24,413,090	\$ 102,722,515			

ALL PROJECTS	Average:	42,672		120	214	126,747	20,867	143,821	\$ 4,120,378	\$ 72,124,671	\$ 18,962,034	\$ 94,177,024	\$ 27,656,423	\$ 91,334,160		
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Sunnydale Block 7	TBD	73,161	Oct-24	69	159	100,939	-	100,939	\$ 10,000	\$ 57,837,582	\$ 15,107,806	\$ 72,955,388	\$ 12,743,082	\$ 72,955,388	4% Credits; HCD IIG & AHSC	4 stories of wood over podium, includes parking at .74 ratio
Sunnydale Block 9	TBD	52,272	Oct-24	100	239	108,644	-	108,644	\$ 10,000	\$ 80,087,484	\$ 20,587,449	\$ 100,684,933	\$ 18,660,015	\$ 100,684,933	4% Credits; HCD IIG & AHSC	4 stories of wood over podium, includes parking at .74 ratio

PROJECTS COMPLETED		Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
Hunters View Phase II - Bl 7 & 11	May-17	-	-	-	\$ 561,825	\$ 251,528	\$ 427	\$ 86,654	\$ 38,795	\$ 66	\$ 648,479	\$ 290,323	\$ 493	\$ 184,460	71.6%
Hunters View Phase II - Block 10	Jun-18	-	-	-	\$ 646,783	\$ 323,391	\$ 449	\$ (3,052)	\$ (1,526)	\$ (2)	\$ 643,731	\$ 321,866	\$ 447	\$ 274,128	57.4%
Mission Bay S6E	Nov-18	1,036	537	-	\$ 566,166	\$ 293,340	\$ 471	\$ 106,454	\$ 55,155	\$ 89	\$ 673,656	\$ 349,032	\$ 561	\$ 250,000	62.9%
Mission Bay S. Block 3 East	Jan-20	-	-	-	\$ 548,131	\$ 339,727	\$ 525	\$ 114,097	\$ 70,716	\$ 109	\$ 662,228	\$ 410,444	\$ 635	\$ 168,854	62.4%
Potrero Block X (Vertical)	Sep-19	288	149	1	\$ 851,838	\$ 441,240	\$ 531	\$ 177,309	\$ 91,843	\$ 111	\$ 1,029,434	\$ 533,232	\$ 642	\$ 245,737	76.1%
Eddy & Taylor Family Housing	Jun-19	82,301	44,076	416	\$ 510,485	\$ 273,388	\$ 445	\$ 131,305	\$ 70,320	\$ 115	\$ 724,091	\$ 387,783	\$ 632	\$ 196,349	72.9%
Parcel O	Jun-19	-	-	-	\$ 538,281	\$ 352,329	\$ 513	\$ 92,538	\$ 60,570	\$ 211	\$ 617,118	\$ 403,932	\$ 599	\$ 160,271	74.0%
Sunnydale Parcel Q	Jun-20	-	-	-	\$ 647,065	\$ 348,907	\$ 474	\$ 183,131	\$ 98,747	\$ 129	\$ 830,194	\$ 447,654	\$ 608	\$ 175,494	78.9%
Completed Projects:	Average:	20,928	11,212	127	\$ 608,821	\$ 327,981	\$ 480	\$ 111,054	\$ 60,578	\$ 103	\$ 728,616	\$ 393,033	\$ 576	\$ 206,912	70%

PROJECTS UNDER CONSTRUCTION		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
2060 Folsom Street	Mar-21														

Attachment E: Predevelopment Sources and Uses

Application Date: 5/7/21 # Units: 100
 Project Name: Sunnydale Block 9 # Bedrooms: 239
 Project Address: TBD TBD # Beds: 0
 Project Sponsor: Related California

Don't forget to fill in D135:D138!

SOURCES	3,500,000	-	-	-	-	-	-	Total Sources	3,500,000	Comments
Name of Sources:	MOHCD/OCII									

USES

ACQUISITION

Acquisition cost or value	0							0	
Legal / Closing costs / Broker's Fee	8,500							8,500	
Holding Costs								0	
Transfer Tax								0	
TOTAL ACQUISITION	8,500	0	0	0	0	0	0	8,500	

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							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	
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	
TOTAL CONSTRUCTION COSTS	0								

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

Architect design fees	1,031,076							1,031,076	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	878,324							878,324	Structural,MEPF,Civil, Landscape, Waterproofing, and Lighting consultants
Architect Construction Admin								0	
Reimbursables								0	
Additional Services								0	
Sub-total Architect Contract	1,909,400	0	0	0	0	0	0	1,909,400	
Other Third Party design consultants (not included under Architect contract)								90,500	Design Assist + BIM coordination
Total Architecture & Design	1,999,900	0	0	0	0	0	0	1,999,900	

Engineering & Environmental Studies

Survey	7,200							7,200	
Geotechnical studies	40,000							40,000	
Phase I & II Reports	18,100							18,100	
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	65,300	0	0	0	0	0	0	65,300	

Financing Costs

Construction Financing Costs								0	
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 (Special Inspections)	0							0	
Sub-total Const. Financing Costs	0	0	0	0	0	0	0	0	
Permanent Financing Costs								0	
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	
Total Financing Costs	0								

Legal Costs

Borrower Legal fees								0	
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	0								

Other Development Costs

Appraisal	15,000							15,000	
Market Study	15,000							15,000	
* Insurance								0	
* Property Taxes								0	
* Accounting / Audit								0	
* Organizational Costs								0	
* Entitlement / Permit Fees	187,190							187,190	
* Marketing / Rent-up								0	
* Furnishings								0	\$2,000/unit; See MOHCD U/W Guidelines: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	225,009							225,009	
TCAC App / Alloc / Monitor Fees	85,380							85,380	
* 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	
Other (specify)								0	
Total Other Development Costs	607,579	0	0	0	0	0	0	607,579	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	268,721	0	0	0	0	0	0	268,721	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	2,941,500	0	0	0	0	0	0	2,941,500	

Total Soft Cost Contingency as % of Total Soft Costs 10.1%

RESERVES

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

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	550,000							550,000	
Developer Fee - Cash-out At Risk								0	
Commercial Developer Fee								0	
Developer Fee - GP Equity (also show as source)								0	
Developer Fee - Deferred (also show as source)								0	
Development Consultant Fees								0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)								0	
TOTAL DEVELOPER COSTS	550,000	0	0	0	0	0	0	550,000	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	3,500,000	0	0	0	0	0	0	3,500,000	
Development Cost/Unit as % of TDC by Source	35,000	0	0	0	0	0	0	35,000	
	100.0%	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	
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Construction Cost (inc Const Contingency)/Unit By Source

	0	0	0	0	0	0	0	0	
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Construction Cost (inc Const Contingency)/SF

	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
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*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	0							0	
	35,000								

Tax Credit Equity Pricing:

Construction Bond Amount:									Fill in with value or 'N/A' if not applicable.
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Construction Loan Term (in months):

									Fill in with value or 'N/A' if not applicable.
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Construction Loan Interest Rate (as %):

									Fill in with value or 'N/A' if not applicable.
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Attachment F: Permanent Sources and Uses

Application Date: 5/7/21 # Units: 100
 Project Name: Sunnyside Block 9 # Bedrooms: 239
 Project Address: TBD TBD # Beds: 0
 Project Sponsor: Related California

SOURCES	Total Sources					Comments	
	18,660,015	10,000,000	25,681,784	43,343,134	3,000,000		-
Name of Sources:	MOHCD/OCII	AHSC	Tax-Exempt Perm Loan	LP Equity	Deferred Developer Fee		

USES

ACQUISITION

Acquisition cost or value							0
Legal / Closing costs / Broker's Fee	10,000						10,000
Holding Costs							0
Transfer Tax							0
TOTAL ACQUISITION	10,000	0	0	0	0	0	10,000

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab	465,499	10,000,000	5,029,922	43,343,134			58,838,555	Include FF&E
Commercial Shell Construction							0	
Demolition							0	
Environmental Remediation				0			0	
Onsite Improvements/Landscaping							0	
Offsite Improvements	0		0				0	
Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.
Parking							0	
GC Bond Premium/GC Insurance/GC Taxes	1,153,444		0				1,153,444	2.0%
GC Overhead & Profit			3,530,313				3,530,313	6.0%
CG General Conditions	0		3,530,313				3,530,313	6.0%
<i>Sub-total Construction Costs</i>	<i>1,618,943</i>	<i>10,000,000</i>	<i>12,090,548</i>	<i>43,343,134</i>	<i>0</i>	<i>0</i>	<i>67,052,626</i>	
Design Contingency (remove at DD)	1,976,975		0				1,976,975	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)	1,976,975		0				1,976,975	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)	1,317,984		0				1,317,984	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency	0		7,762,924				7,762,924	includes owner contingency @ 5%+ escalation @ 8%
<i>Sub-total Construction Contingencies</i>	<i>5,271,935</i>	<i>0</i>	<i>7,762,924</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>13,034,858</i>	
TOTAL CONSTRUCTION COSTS	6,890,878	10,000,000	19,853,472	43,343,134	0	0	80,087,484	

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

Architect design fees	1,416,636		1,000,000				2,416,636	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	878,323						878,323	Structural,MEPF,Civil, Landscape, Waterproofing, and Lighting consultants
Architect Construction Admin							0	
Reimbursables							0	
Additional Services							0	
<i>Sub-total Architect Contract</i>	<i>2,294,959</i>	<i>0</i>	<i>1,000,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,294,959</i>	
Other Third Party design consultants (not included under Architect contract)							200,000	Consultants not covered under architect contract; name consultant type and contract amount
Total Architecture & Design	2,494,959	0	1,000,000	0	0	0	3,494,959	

Engineering & Environmental Studies

Survey	7,200						7,200	
Geotechnical studies	40,000						40,000	
Phase I & II Reports	18,100						18,100	
CEQA / Environmental Review consultants							0	
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants	0						0	Name consultants & contract amounts
Total Engineering & Environmental Studies	65,300	0	0	0	0	0	65,300	

Financing Costs

Construction Financing Costs								
Construction Loan Origination Fee	68,984		250,983				319,967	
Construction Loan Interest	0		3,765,346				3,765,346	
Title & Recording	30,000						30,000	
CDLAC & CDIAC fees							0	
Bond Issuer Fees							0	
Other Bond Cost of Issuance	138,782						138,782	
Other Lender Costs (lender inspection)	15,000						15,000	
<i>Sub-total Const. Financing Costs</i>	<i>252,766</i>	<i>0</i>	<i>4,016,329</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4,269,095</i>	
Permanent Financing Costs								
Permanent Loan Origination Fee	257,883						257,883	
Credit Enhance. & Appl. Fee	25,000						25,000	
Title & Recording	20,000						20,000	
<i>Sub-total Perm. Financing Costs</i>	<i>302,883</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>302,883</i>	
Total Financing Costs	555,649	0	4,016,329	0	0	0	4,571,978	

Legal Costs

Borrower Legal fees	50,000						50,000	
Land Use / CEQA Attorney fees							0	
Tax Credit Counsel							0	
Bond Counsel							0	
Construction Lender Counsel	50,000						50,000	
Permanent Lender Counsel	65,000						65,000	
Other Legal (specify)							0	
Total Legal Costs	165,000	0	0	0	0	0	165,000	

Other Development Costs

Appraisal	15,000						15,000	
Market Study	15,000						15,000	
Insurance	265,045						265,045	
Property Taxes							0	
Accounting / Audit	30,000						30,000	
Organizational Costs							0	
Entitlement / Permit Fees	1,063,017		811,983				1,875,000	
Marketing / Rent-up	375,518		0				375,518	
Furnishings	200,000		0				200,000	\$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	225,009						225,009	
TCAC App / Alloc / Monitor Fees	85,351						85,351	
Financial Consultant fees	175,000						175,000	
Construction Management fees / Owner's Rep	200,000						200,000	
Security during Construction							0	
Relocation							0	
Other (Env Consultant)	25,000						25,000	
Other (specify)							0	
Other (specify)							0	
Total Other Development Costs	2,673,939	0	811,983	0	0	0	3,485,922	

Total Soft Cost Contingency as % of Total Soft Costs 8.4%

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	983,913						983,913	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	6,938,760	0	5,828,312	0	0	0	12,767,072	

RESERVES

Operating Reserves	843,624						843,624	
Replacement Reserves							0	
Tenant Improvements Reserves							0	
Other (Transition Reserve)	1,776,753						1,776,753	
Other (specify)							0	
Other (specify)							0	
TOTAL RESERVES	2,620,377	0	0	0	0	0	2,620,377	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	2,200,000						2,200,000	
Developer Fee - Cash-out At Risk							0	
Commercial Developer Fee							0	
Developer Fee - GP Equity (also show as source)						0	0	
Developer Fee - Deferred (also show as source)					3,000,000		3,000,000	
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)							0	
TOTAL DEVELOPER COSTS	2,200,000	0	0	0	3,000,000	0	5,200,000	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	186,600	100,000	256,818	433,431	30,000	0	1,006,849
Development Cost/Unit as % of TDC by Source	18.5%	9.9%	25.5%	43.0%	3.0%	0.0%	100.0%

Acquisition Cost/Unit by Source

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

	68,909	100,000	198,535	433,431	0	0	800,875
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Construction Cost (inc Const Contingency)/SF

	63.43	92.04	182.74	398.95	0.00	0.00	737.16
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*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	2,324,686
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Tax Credit Equity Pricing:

	0.930
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Construction Bond Amount:

	49,294,301
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Construction Loan Term (in months):

	25 months
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Construction Loan Interest Rate (as %):

	4.00%
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Attachment G: 1st year Operating Budget

Application Date: 5/7/2021 **Project Name:** Sunnydale Block 9
Total # Units: 100 **Project Address:** TBD TBD
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 46296 **Project Sponsor:** Related California
TCAC Income Limits In Use!

INCOME	Total	Comments
Residential - Tenant Rents	1,770,564	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	2,154,792	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	0	Links from 'Utilities & Other Income' Worksheet
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	6,084	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	3,931,440	
Vacancy Loss - Residential - Tenant Rents	(88,528)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(107,740)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	3,735,172	PUPA: 37,352

OPERATING EXPENSES

Management		
Management Fee	91,200	1st Year to be set according to HUD schedule.
Asset Management Fee	24,280	
Sub-total Management Expenses	115,480	PUPA: 1,155

Salaries/Benefits		
Office Salaries	39,353	1 FTE Customer Service Rep
Manager's Salary	136,110	.3 FTE CMO + 2.5 FTE ACO
Health Insurance and Other Benefits	87,914	calculated based on 32% of salary
Other Salaries/Benefits	750	
Administrative Rent-Free Unit	0	
Sub-total Salaries/Benefits	264,127	PUPA: 2,641

Administration		
Advertising and Marketing		
Office Expenses	10,000	
Office Rent		
Legal Expense - Property	31,229	
Audit Expense	10,300	
Bookkeeping/Accounting Services	15,000	
Bad Debts		
Miscellaneous	8,500	Telecommunications
Sub-total Administration Expenses	75,029	PUPA: 750

Utilities		
Electricity	45,200	
Water	50,800	
Gas	29,300	
Sewer	99,600	
Sub-total Utilities	224,900	PUPA: 2,249

Taxes and Licenses		
Real Estate Taxes	3,000	
Payroll Taxes		
Miscellaneous Taxes, Licenses and Permits		
Sub-total Taxes and Licenses	3,000	PUPA: 30

Insurance		
Property and Liability Insurance	187,419	
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
Sub-total Insurance	187,419	PUPA: 1,874

Maintenance & Repair		
Payroll	99,270	29 FTE SMM + 1 FTE MT + 1 FTE Janitor
Supplies	4,500	
Contracts	70,300	
Garbage and Trash Removal	79,100	
Security Payroll/Contract	108,208	
HVAC Repairs and Maintenance	1,500	
Vehicle and Maintenance Equipment Operation and Repairs	8,000	grounds
Miscellaneous Operating and Maintenance Expenses	18,171	Compliance monitoring and review of all new move-ins, recertifications, uniforms for
Sub-total Maintenance & Repair Expenses	389,049	PUPA: 3,890

Supportive Services	153,914	1.33 FTE + RSC Mgr
Commercial Expenses	0	Links from 'Commercial Op. Budget' Worksheet

TOTAL OPERATING EXPENSES 1,412,919 **PUPA: 14,129**

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	15,000	Francisco Housing Authority Provide additional comments here, if needed.
Bond Monitoring Fee		
Replacement Reserve Deposit	50,000	\$500 per unit per year
Operating Reserve Deposit		
Other Required Reserve 1 Deposit	50,000	HOA Fee
Other Required Reserve 2 Deposit	2,500	RAD payment
Required Reserve Deposits, Commercial	0	Links from 'Commercial Op. Budget' Worksheet
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	117,500	PUPA: 1,175

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	1,530,419	PUPA: 15,304	Min DSCR: 1.09
NET OPERATING INCOME (INCOME minus OP EXPENSES)	2,204,754	PUPA: 22,048	Mortgage Rate: 5.00%
			Term (Years): 30
			Supportable 1st Mortgage Pmt: 2,022,710
			Supportable 1st Mortgage Amt: \$31,399,471
			Proposed 1st Mortgage Amt: \$25,681,784

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	1,786,956	Permanent Loan Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	42,000	AHSC Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	Links from 'Commercial Op. Budget' Worksheet
TOTAL HARD DEBT SERVICE	1,828,956	PUPA: 18,290

CASH FLOW (NOI minus DEBT SERVICE) 375,798

USES OF CASH FLOW BELOW (This row also shows DSCR.) 1.21

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)	48,550	2nd
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	1st
Other Payments		
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt =<= Max Fee from cell I130)		Def. Develop. Fee split: 0% Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	53,550	PUPA: 536

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) 322,248

Residual Receipts Calculation
 Does Project have a MOHCD Residual Receipt Obligation? **Yes** Project has MOHCD ground lease? **No**
 Will Project Defer Developer Fee? **No**
 Max **Deferred Developer Fee/Borrower** % of Residual Receipts in Yr 1: 33%
 % of Residual Receipts available for distribution to **soft debt lenders** in 67%

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	\$18,660,015	64.77%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$150,000	0.52%
HCD (soft debt loan) - Lender 3	AHSC	\$10,000,000	34.71%
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	140,263	67% of residual receipts, multiplied by 65.29% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	140,263	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 181,984

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	74,568	67% of residual receipts, multiplied by 34.71% -- AHSC's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	74,568	

REMAINDER (Should be zero unless there are distributions below) 107,416
 Owner Distributions/Incentive Management Fee 107,416 100% of Borrower share of 33% of residual receipts
 Other Distributions/Uses 0
Final Balance (should be zero) 0

Attachment H: 20 yr. Operating Budget

