

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 Master Plan

\$1,000,000 Funding Amount

Evaluation of Request for:	Additional Master Planning	
Loan Committee Date:	May 7, 2021	
Prepared By:	Sara F. Amaral	
Source of Funds Recommended:	\$1,000,000	Low Moderate Income Housing Asset Fund
NOFA/PROGRAM/RFP:	HOPE SF	
Previous City Funds Committed (Since 2009):	\$825,200	HOPE SF Funds
	\$1,000,000	GO Bonds
	\$44,269	Planning Department Funds
	\$2,800,000	2015 GO Bonds
	\$1,079,577	Low Moderate Income Funds
	\$1,012,000	Affordable Housing Funds
	\$675,000	HUD EDI
	\$1,287,393	Prop A funds
Total Funds Previously Committed:	\$8,723,439	
Applicant/Sponsor Name:	Sunnydale Development Co., LLC (Mercy Housing CA and Related CA)	

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	Sunnydale HOPE SF Master Plan	Sponsor(s):	Mercy Housing CA and Related CA
Project Address:	1654 Sunnydale Ave, San Francisco, CA 94134	Ultimate Sponsor Entity:	Sunnydale Development Co, LLC

Master Plan Project Summary:

Mercy Housing California and The Related Companies of California (Sponsor) are requesting additional funding for Sunnydale HOPE SF Master Plan (Master Plan) level work. Since 2007, the Sponsor has worked with residents and neighbors to create a master development plan for the revitalization of Sunnydale-Velasco (Sunnydale) public housing site (Site). Including Casala (fka Parcel Q) across the street from the Sunnydale public housing site, the Master Plan consists of a maximum of 1,770 units, which includes 969-994 affordable units, of which 775 are replacement units for existing Sunnydale-Velasco households, and approximately 600 units of market rate housing. The Plan also includes all new streets and utility infrastructure, 4.6 acres of new open spaces, and approximately 60,000 square feet of new neighborhood serving spaces in a new neighborhood “Hub”. This development is part of the City and County of San Francisco’s (City) HOPE SF Initiative to transform severely distressed public housing into thriving mixed-income neighborhoods with targeted strategies to improve the educational, economic and health outcomes for existing public housing residents.

The Sponsor is requesting an additional \$1,000,000 from the Mayor’s Office of Housing and Community Development (MOHCD) to develop the master plan branding and naming; continue community outreach for master plan as it relates to ongoing construction updates and new work such as Phase 3, coordination on Block 2 and Block 4 open spaces with Recreations and Parks Department (RPD), and coordination with Municipal Transportation Agency (MTA) on transportation and mobility planning work in Visitacion Valley; continued planning and development of the Hub, including design, consulting, and technical assistance for ground-floor retail and service spaces; and continued development of a Community Association site-wide structure, operational plan and budget.

Master Plan Project Description:

Loan Amount Requested:	\$1,000,000	Total Master Planning funding to date:	\$8,723,439
Total Development Cost:	Approx. \$1.1B	Supervisor and District:	Sup. Shamann Walton, D10
Total Residential Area:	2,184,560 s.f. max.	Number of Units:	1,770 max
Total Commercial Area:	72,500 s.f. max.	Architect:	Van Meter Williams Pollack LLP (master plan architect)
Total Building Area:	2,843,157 s.f. max.	General Contractor:	N/A – Master Planning

PRINCIPAL DEVELOPMENT ISSUES

Term of Loan: As is MOHCD policy, all loans were written with a 55 year term. With this request, the Sponsor is asking that MOHCD consider the loans previously funded Master Planning loan be paid in full based on the delivered work product of those loans. Potrero has a similar repayment provision included in the master planning loan for that project, in which 50% of the loans are considered paid in full upon satisfactory completion of work product. Staff supports this similar provision and will work with Sponsor on identifying delivered work products. Please see Section 3.

Community Building Goals: Formal goals and metrics have not been provided to MOHCD or HOPE SF to date, although the Sponsor continues to work with the community. COVID-19 restrictions have made this work more difficult. The Sponsor will provide these goals and metrics before the end of 2021 to be implemented on all phases. Please see Section 4.2 and Section 5.

Campus Staffing Plan: As more affordable projects are completed, it has become evident that campus wide planning is crucial for the ongoing operations of the Master Plan. The Sponsor is requesting funds to create a campus-wide staffing plan for services, property management and security. See Section 6.4.2.

Master Association: The Sponsor was provided \$80,000 in the last master plan loan to develop the Master Association concept and structure, but to date, this work has not been completed. However, planning meetings were held between MOHCD, HOPE SF, Enterprise and the HOPE SF Potrero team in 2020, and draft documents have been developed. With the advent of construction on Phase 1A3 and community facilities, the Sponsor needs to finalize this process before the end of 2021. Please see Section. 6.5.

SOURCES AND USES SUMMARY

Total Master Planning Sources	Amount	Terms	Status
HOPE SF Loan 1 2009	\$1,400,000	55 yrs. @ 0%	Disbursed
HOPE SF Loan 2 2010	\$1,724,593	55 yrs. @ 0%	Disbursed
HOPE SF Loan 3 2011	\$1,000,000	55 yrs. @ 0%	Disbursed
HOPE SF Loan 4 2014	\$1,123,846	55 yrs. @ 0%	Disbursed
HOPE SF Loan 5 2016	\$1,000,000	55 yrs. @ 0%	Disbursed
HOPE SF Loan 6 2017	\$1,800,000	55 yrs. @ 0%	\$286,285 left
HOPE SF Loan 7 2017	\$675,000	55 yrs. @ 0%	Disbursed
HOPE SF Loan 8	\$1,000,000	55 yrs. @ 0%	This Request
Total	\$9,723,439		

Total Master Planning Uses*	2009-2017	This request	New Total
Architecture & Design	\$2,118,155	\$608,000	\$2,726,155
Legal	\$378,561	\$75,000	\$533,561
Engineering & Environmental	\$1,695,412		\$1,695,412
Permits/Fees	\$95,000		\$95,000
Other Consulting	\$839,954	\$207,000	\$966,954
Community Building and Direct Outreach	\$1,038,314	\$110,000	\$1,148,314
Relocation	\$184,946		\$184,946
Misc. Other	\$973,099		\$973,099
Developer Fee	\$1,400,000		\$1,400,000
Total	\$8,723,441	\$1,000,000	\$9,723,441

***See Section 6.4.1, page 16, for a detailed narrative regarding specific uses of this master planning funding request.**

1. BACKGROUND

1.1. PHASING SUMMARY

For a detailed Sunnydale HOPE SF master project summary narrative, see Attachment A.

The Sponsor completed construction of Parcel Q (Casala Apartments) affordable housing (55 units) in late 2019. Construction on Block 6 affordable housing (167 units) and Phase 1A-1 and Phase 1A-2 infrastructure is currently underway with anticipated construction completion late 2021. The Sponsor is currently in predevelopment for Phase 1A3 Infrastructure, the Block 1 community center, and Block 3A and Block 3B affordable housing (80 units, and 90 units respectively), with construction scheduled to start in 2022 and 2023; the Herz Recreation Center adjacent to Block 1 is also in predevelopment with SF Recreation and Park Department (RPD). In addition, the Sponsor will be presenting predevelopment loan requests for the next phase of development, Phase 3 and Block 7 and Block 9 affordable developments, in May 2021.

Per the preliminary phasing in the Master Development Agreement, the entire Sunnydale revitalization project is slightly behind schedule. For Phase 1A-1 and

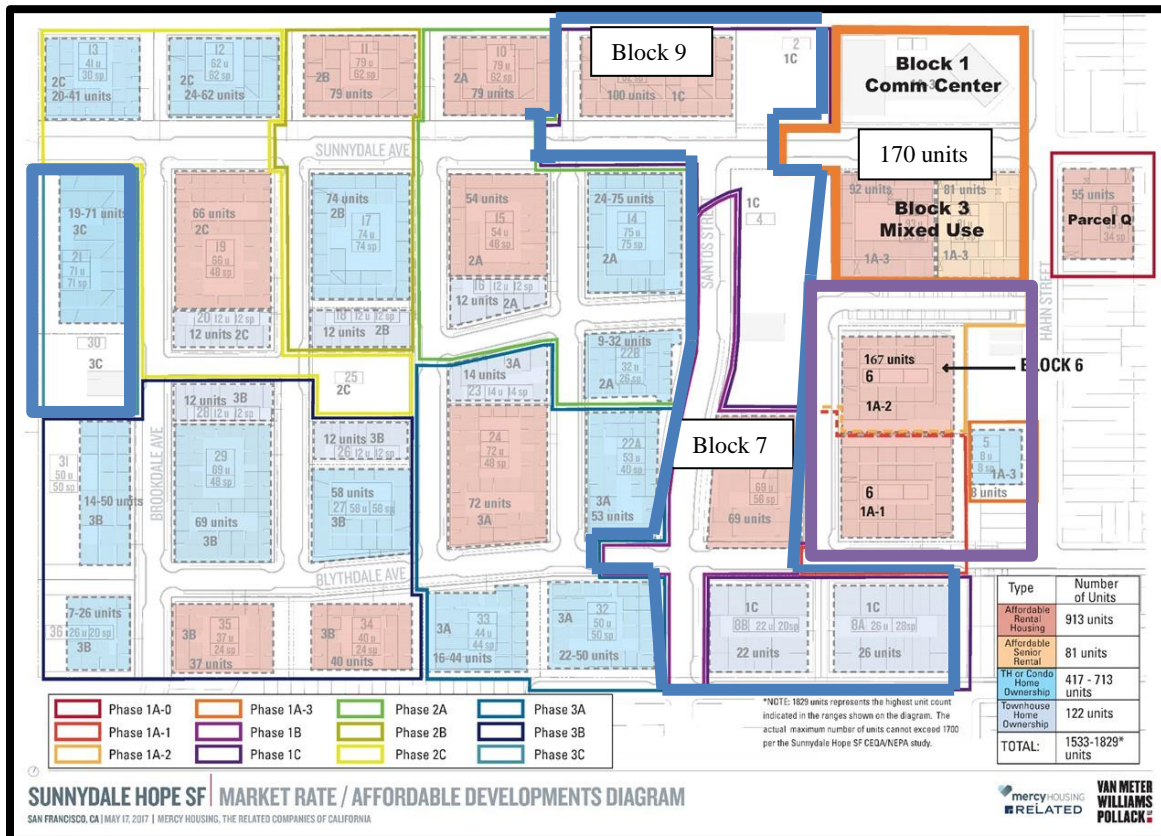
Phase 1A-2 the Sponsor received gap financing commitment, executed the abatement/demolition and started the infrastructure and Block 6 construction in 2019, later than the original target of FY 2017-18. The one year delay was a result of the Street Improvement Permit process taking two years instead of the 9 months that was originally planned, because:

- The Sponsor Team underestimated the complexity of designing, permitting and mapping three new rights of way with all new wet and dry utilities and of the complexity of relocating existing electrical utilities which was a separate “shoofly” project;
- City agencies’ review and comment periods exceeded the 30 or 60 day timeframe stated in the Development Agreement;
- Department of Public Works Infrastructure Task Force (DPW-ITF) at that time was not as proactive at managing the issues and conflicts between City infrastructure agencies;
- DPW-ITF lacked written procedures and guidelines for many of the difficult and complex processes required to start infrastructure construction, such as Tentative Map and Final Map processes and the Public Improvement Agreement, and
- HUD approval of the infrastructure and Block 6 ground leases and the removal of the Declaration of Trust required to start construction took 6 months, longer than anticipated.

As a result, the next phase, Phase 1A3 is also delayed. Phase 1A3 is expected to receive a gap financing commitment in the fall of 2021, past the FY 2018-19 target date in the Master Development Agreement. Overall, the Sponsor estimates that the actual schedule is 12-18 months behind the originally projected schedule in the Master Development Agreement. However, with Phase 3, the Sponsor hopes to reduce that delay significantly.

	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
TOTAL		522	140	662

This is the 8th request for funding for Master Plan level work since 2009. MOHCD is committed to ensuring that the master plan is delivered in accordance with the HOPE SF principals and entitlement guidelines, however, as more housing developments come online, including market rate, it is intended that the funding for work relative to community outreach, security, and services would be maintained through the site-wide plans that are a requirement of this loan and MOHCD contributions to Master Plan work will decrease significantly.



Completed or Active Phases noted above:
Parcel Q (Casala) – Completed, outlined in maroon
Phase 1 – Includes 1A1 and 1A2, active, outlined in purple
Phase 2 – Includes 1A3, active, outlined in orange
Phase 3 – Includes 1C, 1C and 3C, outlined in blue above

At the same time as development is moving forward, Master Plan work is still continuing. The Sponsor was last awarded Master Plan funding in 2017 for community building, streetscape planning, master association planning, and Hub programmatic planning. The Sponsor is requesting an additional \$1,000,000 in MOHCD funding to continue the Master Plan level work in 2021 and 2022, which will include:

- completing the master association,

- implementation of the master brand plan (including environmental graphics, naming, website),
- “Hub” design development for Block 3A and Block 3B, as well as ground floor programming
- the campus wide staffing plan and budget for property management, security and services, and
- community engagement for upcoming housing developments and other site wide development work.

2. DEVELOPMENT TEAM

- 2.1. Sponsor/Grantee Profile. (See Attachment C for Sponsor Org Chart and Staffing Chart)
The Sponsor is Sunnydale Development Co., LLC, a California limited liability corporation consisting of Mercy Housing California (MHC) and The Related Companies of California as joint and equal members.

MHC is a California-based, non-profit housing development corporation with the mission of creating and strengthening healthy communities through the provision of quality, affordable, service-enriched housing for individuals and families who are economically poor. MHC has a strong presence in San Francisco reflected in its 32 housing developments, including four family and senior properties in the Visitacion Valley neighborhood in which Sunnydale is located. MHC is an affiliate of Mercy Housing, Inc. (MHI), a national non-profit that provides housing development, management and resident services with sponsorships from eleven women’s religious congregations. The MHC real estate development team working on Sunnydale HOPE SF master planning includes:

- Ramie Dare, Director of Real Estate Development, with 50% her of time on Sunnydale Master Planning and 90% of her total time on Sunnydale,
- Elizabeth Kuwada, Associate Director of Real Estate Development, with 20% on Sunnydale Master Planning and 90% of her total on Sunnydale, and
- Nyla Hill, Assistant Project Manager, with 15% of her time on Sunnydale Master Planning and 65% of her total time on Sunnydale.

The Related Companies of California (Related) is well versed in public/private collaborations, having partnered with 23 municipalities throughout California. Related provides in-house financial, design, and construction consulting and expertise to the team. The Related Companies of California has extensive experience in master planning and development of three HOPE VI communities in California. In addition, they have developed, own and manage almost 7,000 units of affordable and market rate housing in California. The Related staff working on Sunnydale HOPE SF includes:

- Thu Nguyen, Project Manager, with 15% of her time on Sunnydale Master Planning and 50% total on Sunnydale,
- Kaitlin Roth, Project Coordinator, with 10% of her time on Sunnydale Master Planning and 40% total on Sunnydale, and

- Ann Silverberg CEO of Related California Affordable, Northern California Division, overseeing and providing senior direction with 15% of her total time on Sunnydale.

2.2. Consultants

The following development team members are for the master plan and master site level work.

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Van Meter Williams Pollack, LLP	N	Selected via SFHA/City RFQ process in 2007
Landscape Architect	SWA and Merrill Morris Partners (MMP)	MMP is an LBE	Selected via an RFQ
Green Stormwater Infrastructure Consultant	MIG/SvR	N	Selected via SFHA/City RFQ process in 2007
JV/JV/another Architect	Wraight Architects (owner's rep)	N	Related CA's rep for architecture
Owner's Rep/	CRM with Ben Golvin developed the master infrastructure plan	N	CRM was Related CA's rep for construction
Financial Consultant	CHPC for master finance plan and projections; John Beatty Associates for community master association	N	
Civil Engineer	KPFF with Avila	Avila is an MBE and WBE	Selected via RFQ
Surveyor and mapping	Ben Ron & Associates	N	
Dry utility consultant/joint trench design	Giacalone	N	Selected via RFP
Geotechnical engineer	ENGEO	N	Selected via RFQ
Environmental Phase I and II	AEW	Y	Selected via RFQ
Legal	Bocarsly Emden Cowan Esmail & Arndt and Gubb & Barshay for MDA and Hub; Farella Braun & Martel for land use entitlements and mapping; Miller Star Regalia for community master association	N	Related and Mercy's counsel
Property Manager	Mercy Housing Management Group	N	
Services Provider	Mercy Housing CA as service coordinator		
Relocation	Overland Pacific Cutler for Relocation Plan and resident engagement; Mercy Housing	N	OPC via RFP

	CA relocation team and SFHA for implementation		
Branding (master brand plan and implementation including website, graphics, standards)	Argus	N	Selected for limited scope in 2019 due to specialized nature of this work

2.3. SBE Participation

For the Master Planning work, the City's Contract Management Division (CMD) provided the Sponsor with an overall goal of 20% of professional services as Small Business Enterprises (SBE). As of the end of 2020 SBE contract percentage was 35% for Master Planning, which significantly exceeds the Project's overall SBE goal of 20%.

The 2020 activity related to Small Business Enterprises (SBE) participation is summarized below. The results were approved by CMD as part of the Developer's annual compliance reporting to CMD and the Planning Department.

<u>Development</u>	<u>SBE Construction % Goal</u>	<u>SBE Construction %</u>	<u>SBE Professional Services Goal</u>	<u>SBE Professional Services %</u>
Parcel Q	20%	26.37%	20%	32%
Ph 1A-1/1A-2 Abatement Demo	20%	59%	Included in Ph 1A/2 Infrastructure	Included in Ph 1A1/2 Infrastructure
Ph 1A-1/1A-2 Infrastructure	20%	52%	20%	39%
Block 6	20%	29.86%	20%	83%
Ph 1A-3 Infrastructure	20%	No construction yet; n/a	20%	50%
Blocks 3A & 3B (Block 3)	20%	No construction yet; n/a	25%	26%
Master plan level contracts	No construction; n/a	No construction; n/a	20%	35%

3. Prior MOHCD Funding (this project and historical for the project):

As noted above, MOHCD has provided approximately \$8M in previous loans for Sunnydale HOPE SF Master Planning funding since 2009. As of the HOPE SF Loan Committee date of May 7, 2021, there is \$286,285 available to disburse. This request for funds is to continue Master Plan development. As more housing developments come online, including market rate, it is intended that the funding for work relative to community outreach, security, and services would be maintained through the site-wide plans that are a requirement of this loan and MOHCD contributions to Master Plan work will decrease significantly.

Master Planning Sources	Amount	Date Committed	Amount Disbursed
HOPE SF Loan 1	\$1,400,000	March 2009	\$1,400,000

HOPE SF Loan 2	\$1,724,593	August 2010	\$1,724,593
HOPE SF Loan 3	\$1,000,000	December 2011	\$1,000,000
HOPE SF Loan 4	\$1,123,846	August 2014	\$1,123,846
HOPE SF Loan 5	\$1,000,000	May 2016	\$1,000,000
HOPE SF Loan 6	\$1,800,000	April 2017	\$286,285.24
HOPE SF Loan 7	\$675,000	April 2017	\$675,000
HOPE SF Loan 8	\$1,000,000	This Request	
Total	\$9,723,439		

As is MOHCD policy, all loans were written with a 55 year term. It was originally conceived that repayment of the Master Planning loan was to come through various means:

1. A portion of the Master Planning loan would be assigned to each vertical affordable housing development, in order to leverage more equity and decrease MOHCD gap commitment on those loans. A Deed of Trust would have been recorded against those affordable properties. However, as cost have risen exponentially on City funded projects over the years, this is not amenable to the affordable projects. In addition, MOHCD cannot record a Deed of Trust on SFHA land for the master planning loan.
2. Additional sources of third party funds, such as Choice Neighborhood Initiative (CNI) from HUD would be targeted by the Sponsors in order to reduce MOHCD commitment on Master Planning funds. The Sponsor and MOHCD were successful in obtaining CNI planning grant and Economic Development Initiative (EDI) funds in the preliminary phases, but have since not sought additional funds, partly due to capacity issues.
3. Finally, after the above two options were exhausted, at the end of the Master Planning process, once the development was completely built out, MOHCD would consider the loan paid in full with the final work product.

Master Planning is now in its 11th year, with many deliverables provided by the Sponsor to date, but with also much more work left to complete. There does not seem to be vehicle to show the Master Planning loans paid in full at this time. The Sponsors is requesting MOHCD consider repayment of the current loans based on the work product delivered to date. Potrero Master Planning Loans have a similar provision that states payment:

1. partially, or in full, by assignment of such partial or full obligations, through the assignment of the Note or a portion of the obligation thereof, to any Affordable Parcel (as defined in the City DA) developer or
2. at the Borrower's sole discretion, 50% of Borrower's repayment obligation deemed satisfied in exchange for in-kind payments of the work product produced by the Loan at the closing of construction financing of the last Affordable Parcel project in Phase 3 and Phase 5 respectively. In either such event, the Note shall be deemed

MOHCD believes the above provision should be included with the Sunnydale Master Planning loan. This will allow the Sponsor to continue to identify third party sources in

the future and pivot to include assignment of funds to vertical affordable developments if the regulations change in the future. Sponsor and MOHCD will work on identifying what loans in the past meet the new requirement, based on the work products identified in those loans. This work will be completed before execution of the new Master Planning loan of \$1M included in this request.

4. SCOPE OF WORK TO DATE.

4.1. Environmental and Entitlement Review.

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

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

4.2. Community Building Scope Of Work.

Since early 2009, Mercy Housing's community building staff has been located on site, currently at 1657 and 1711 Sunnydale Avenue. In 2015, Mercy Housing opened a Health and Wellness Center with the San Francisco Department of Public Health (DPH) at 1709-1711 Sunnydale Avenue, which recently relocated to the Willie L Brown Center and is now operated by DPH. Currently, Mercy's on-site staff includes a Resident Services Manager, three Community Liaisons, two permanent Resident Services Coordinators (RSC), and a temporary RSC, as well as staff working at Parcel Q (Casala Apartments). The Mercy Housing youth center staff includes a Youth Center Safety and Workforce Administrator, a Youth Center Manager, Community Ambassador, and an Outreach Services Coordinator. There is also a Contract and Grants Analyst to manage the various funding contracts for the youth center and resident services. Collectively this staff is conversant in Cantonese, English, Spanish and Samoan.

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.

These activities include monthly NeighborUp community meetings, game nights, pop-up's, and special events such as backpack giveaways and holiday gatherings, all where information about relocation, services and development is disseminated at fun, social gatherings. Other relationship-building and culture shift work includes a floor ambassador program at Casala, where resident volunteers serve as ambassadors for their floor and encourage residents to attend events, support planning for resident events, and bring forward resident-raised items. The Sponsor is also planning to integrate this culture shift work into the lease-up and operations of Block 6 to foster positive resident experiences and support community connections. Mercy Housing has worked with community development and organizing consultants to help guide this ongoing scope of work.

5. PREVIOUS MASTER LOAN CONDITIONS/SCOPE OF WORK.

Below are required conditions from the previous Master Planning request in 2017 and status of those conditions.

1. Sponsor will work with the City's CMD on identifying the SBE goals for particular contracts or procurement, including Infrastructure Construction Manager and Sponsor's Construction Manager and any other potential contract over \$110,000.
Status: Complete. Sponsor has established a goal of 20% with CMD. See Section 2.3 above.
2. Sponsor, Services team, and HOPE SF team will create community-building outcome goals and metrics for next-phase implementation
Status: Ongoing. Formal goals and metrics have not been provided to MOHCD or HOPE SF. COVID-19 restrictions has made this work more difficult as of late. The Sponsor will provide these goals and metrics before the end of 2021 to be implemented on all phases. See Section 4.2 above for current work.
3. Sponsor will work with SFHA and MOHCD to develop the forms of ground leases for the affordable vertical developments and the infrastructure phases, as well as the form of demolition license agreement.
Status: Complete. Sponsor finalized boilerplate construction license agreement, infrastructure ground lease and affordable housing ground lease in 2019.
4. Sponsor will work with MOHCD to bring vertical and horizontal development costs down where possible.
Status: Ongoing. See individual loans for horizontal and vertical projects.
5. Sponsor will prepare a master plan level tentative map and street vacation application for the entire Site.
Status: Complete. Master Plan level tentative map and street vacation completed and approved by the City in May 2018.
6. Sponsor will develop Master Association plan with the assistance of HOPE SF

staff, that includes equitable resident input and community stewardship.
Status: Ongoing. Please see Section 6.5.

7. Sponsor will provide for MOHCD, SFHA and HOPE SF approval a plan to relocate 24 Sunnydale households who will move permanently and voluntarily to Transbay Block 7 .

Status: Complete. Plan was approved 2016. Residents moved in 2018.

8. Sponsor will work with HOPE SF staff, local CBOs, MOHCD, Recreation and Parks Department, DPH, Sunnydale and Visitacion Valley residents and other stakeholders to develop a program and space plan for the Hub, which includes Herz and Coffman, new open spaces, community center and neighborhood serving spaces.

Status: Ongoing. See Section 6.4.

6. **PROPOSED MASTER PLANNING SCOPE OF WORK** (See Attachment D for Schedule; Attachment A for Phasing Plan; Attachment E for Master Budget)

The current loan request will be used to continue and complete the following key items of master plan level work:

Total Master Planning Uses	This request
Architecture and Design	
Block 3 Customer Service Center Design	\$165,000
Block 3 Retail Tenant Improvement Design & Construction Consulting	\$118,000
Infrastructure CM for TI & Hub	\$77,000
Master Planning Branding	\$160,000
Master Planning Art and Environmental Graphics Fabrication	\$165,000
Commerical Condo and Communtiy Hub Set up	
Commercial Condominium Legal	\$75,000
Consultant for Community Association	\$130,000
Community Outreach	\$110,000
Infrastructure CM for TI & Hub	
Total	\$1,000,000

- 6.1. **Master Planning Branding:** \$160,000

This loan request includes funding for a consultant to develop and implement the branding applications of the completed master brand plan to use throughout the HOPE SF development. The objective of this branding work is to create a unified experience for those who live in or visit Sunnydale through an authentic, engaging brand. With funds from a prior loan, the consultant developed the master brand plan, visual palette, and initial naming guidelines and options. Additional funding is requested to advance the branding with applications such as community identity design, , website design, and open space and street naming, with expected completion by the end of 2021. Deliverables for this work are a community name and logo, completed environmental graphics package (signage to be fabricated and installed in accordance with overall project phasing

schedule), new project website, and proposed names for upcoming Block 2 and 4 open spaces and new streets. Mercy and Related manage this work jointly and plan to continue community engagement for this work, for example seeking input and sharing progress at monthly NeighborUp community meetings, pop-up events, specific focus groups and through website posts and newsletters.

6.2. Master Planning Art and Environmental Graphics Fabrication: \$165,000

The budget includes funds for the fabrication and installation of environmental graphics and for public art artist fees throughout the early phases of the site, to begin in coordination with the Phase 1A-3 infrastructure construction starting in 2022. The budget includes fabrication for 30% of overall site graphics and artist fees for public art work in three locations. The branding consultant will design the environmental graphics and coordinate graphics fabrication and installation, with installation by the horizontal or vertical contractor depending on the location. Additional funds will be requested in a future loan request for fabrication and installation of graphics in later phases of development, with the next request for fabrication funds expected following the construction of the upcoming phase of infrastructure development (Phase 1B-1C-3C, expected construction completion 2024).

6.3. Community Outreach: \$110,000

Virtual and in-person community meeting costs are budgeted for master planning and special events and focus group meetings if needed for more detailed programming or design input. The various engagement activities include:

- Monthly NeighborUp! community meetings through 2022,
- Engagement for branding work, including naming changes on site and environmental graphics, is expected to occur throughout 2021 via virtual and in-person monthly community meetings and pop-up events.
- Outreach for Block 2 and 4 open space design and programming and Block 7 and 9 vertical design is expected to occur in late 2021-2022, through virtual and in-person monthly community meetings, pop-up events, and other venues such as community workshops.
- Community governance engagement for the Master Association and transit and mobility planning are likely to occur in 2022, and
- Transit and mobility planning outreach in coordination with MTA for their VisValley planning work.

Budget for this engagement is \$50,000, assuming 12 months of monthly meetings from June 2021-June 2022 (approximately \$3,500 per meeting) and one special community workshop, which includes costs of equipment rental for community meetings, and translation services, which take up the majority of the money set aside. Budget also includes \$60,000 to 50+1, a strategic engagement consultant, to assist with master plan-level communication and outreach, at a cost of \$5,000 per month for 12 months.

6.4. Hub Design Development: (\$435,000 Total)

At the nexus of the Sunnydale and Visitacion Valley neighborhood areas, at the corner of Sunnydale Avenue and Hahn Ave, will be a new neighborhood Hub, and 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 Sunnydale Hub includes open space and all of the area's community-service space and retail spread over four large blocks: Block 1 (community center), Block 2 and 4 (open space), and Block 3 (Block 3A and 3B mixed-use buildings with neighborhood-serving spaces on the ground floor and affordable housing above). The Hub is envisioned as a place for residents and neighbors to access amenities and build community. As part of the Hub development work, Sponsor is working with HOPE SF staff, local CBOs, MOHCD, RPD, DPH, Sunnydale and Visitacion Valley residents and other stakeholders to develop the program and space plan.

This request includes Block 3 specific design and program costs related to the 30,000 square feet of ground floor commercial space for the Hub development, as highlighted below. The Sponsor is requesting these funds in order to keep costs low on Block 3 developments. By creating a condo parcel and thereby removing the commercial development costs from Block 3 housing numbers, the Sponsor believes that the project will be more competitive for CDLAC award at the end of 2021.

6.4.1. Tenant Improvement Design & Construction Consulting for Block 3
Retail: \$195,000

Block 3 is currently at 100% Design Drawings. The Sponsor is requesting funds for tenant improvement and build-out support, which will reduce the amount of time the spaces remain vacant and reduce burden on tenants for the retail spaces in Block 3. This is made up of consultation time for the architect, construction manager (\$77K), and commercial development project manager to coordinate and provide technical design and construction assistance to tenants to build-out tenant improvements. Budget is based on cost proposal from project architect and the hourly rate for the construction manager and commercial developer project manager.

6.4.2. Customer Service Center Planning and Design: \$165,000

The Mercy Neighborhood Customer Service Center, located in the ground floor of Block 3A in the Hub, is key to the campus staffing model that the Sponsor developed with Mercy Housing Management Group (MHMG). The campus staffing model is a unique operations model for Sunnydale HOPE SF that takes into account the master development's scale, long term build out with numerous transitions for residents, operations within an existing public housing community, and the explicit goals for an inclusive, mixed income, multi-racial community in which existing residents are leaders.

This loan request includes full design services from the Block 3A architect to design the Mercy Staffing space, from schematic design through construction administration. This scope of work was not included in the

architect's Block 3A contract or in the Block 3 budget in order to contain costs on Block 3A. The work will progress concurrently with the design of the Block 3A housing. Given that this customer service center will benefit the entire neighborhood, Sponsor is requesting master plan loan funding for this work.

This request also includes \$30,000 for Mercy Property Management and Resident Services to design an overall campus staffing plan for property management, services and security. The full campus staffing plan will be submitted to MOHCD by April 2022. The plan will detail the schedule and staffing structure by project phase. The plan is structured by geographic zones, with property management and services staffing shared among zones and leadership oversight and specialists based in the Customer Service Center. The Customer Service Center will provide a central place for residents to address property management issues and for management and service staff to collaborate and work. With its conference rooms and hotel desks, the center may also provide working space for the community association staff or board, any residents association, and the Transit Demand Management Coordinator, as required by the Transit Demand Management Plan under the Development Agreement and to supported by the site-wide community association dues.

6.4.3. Commercial Condominium Legal Costs: \$75,000

Two commercial condominiums will be formed for the ground-floor neighborhood-serving spaces at both Block 3A and Block 3B. This loan requests includes funding for legal counsel for this work, including coordination necessary with SFHA, MOHCD, and other City agencies. This cost was excluded from the Block 3 budget in order to be more competitive for funding sources such as CDLAC. The condominium structure will separate all commercial hard and soft costs from the Block 3 housing project budgets into separate project loans, as CDLAC competitiveness is currently contingent on reducing overall project costs.

6.5. Master Community Association Structure and Budget: \$130,000

The Sponsor was provided \$80,000 in the last master plan request for this work. While this has not been completed, groundwork has started with significant planning meetings with MOHCD, HOPE SF, Enterprise and Potrero team in 2020, including draft documents. The Community Association will be responsible for funding and governance of the publicly accessible, privately owned open spaces and neighborhood amenities. This loan request includes additional funding for a consultant and legal counsel to help structure the Association, develop an operating budget and operational plan, and obtain approval from the State.

While funding was included in a prior loan for this work, since that time the Sponsor has progressed on infrastructure development and learned what infrastructure work the City will and will not maintain, and thus what must become an obligation of the Association. Furthermore, the Association budget

will include funds for Hub community-service spaces and now that the Sponsor has made further progress on the development of such spaces, is aware of actual costs to include in the budget. The budget is made up of \$80,000 for legal costs and \$50,000 for John Beatty and Associates to cover consulting costs to develop the operating budget, plan and obtain State approval.

6.6. Master Plan Developer Fee.

No developer fee is included in the budget for this funding request. The maximum developer fee has been fully disbursed to the Project Sponsor per the HOPE SF Developer Fee Policy.

Payment Milestone	Amount
Management cost reimbursement during planning/entitlement	\$1,000,000
Land use approval – DA	\$200,000
HUD Section 18 approval	\$200,000
Total Master Planning Base Developer Fee	\$1,400,000

7. STAFF RECOMMENDATIONS

7.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$1,000,000
Loan Term:	55 years
Loan Maturity Date:	2076
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	0%

7.2. Recommended disbursement conditions

- None.

7.3. Recommended conditions

- Sponsor will provide community building outcome and goal metrics before the end of 2021 to be implemented on all phases.
- Sponsor will work with SFHA and MOHCD to develop the forms of PSA with SFHA for Block 1 by start of infrastructure start for Phase 1A3.
- Sponsor will complete Master Association plan, with the assistance of HOPE SF, to include equitable resident input and community stewardship by dates noted in the Project Milestone schedule attached to this evaluation.
- Sponsor will provide a campus-wide approach and budget for community safety and services, including stewardship, to mitigate costs on all future

loans. Rough draft of plan will be due within 6 months of master association finalization, but no later than the Certificate of Occupancy of Block 1.

- Sponsor will provide analysis on past Master Planning loans to reduce Master Planning Loan by provisions notes in Section 3 above.

8. LOAN COMMITTEE MODIFICATIONS

- Community building goals, outcome, scope and metrics to be provided for implementation within 45 days of Loan Committee Approval.
- For work including MTA or RPD, align respective scopes with other agencies for engagement and planning within 45 days of Loan Committee Approval.
- Provide intentional goals within services and planning process with other agencies, including RPD and/or MTA, in order to shift, turn, change or expand services. Work with MOHCD on engagement of other City agencies.

LOAN COMMITTEE RECOMMENDATION

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

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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: Friday, May 7, 2021 11:53 AM
To: Chavez, Rosanna (MYR)
Subject: Sunnydale Master Plan

I approve

Eric D. Shaw
Director/ Interim Director HopeSF

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

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Friday, May 14, 2021 12:36 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: SUNNYDALE HOPE SF MASTER PLAN

I approve Mercy Housing request for Sunnydale HOPE SF Master Plan for \$1,000,000 in funding

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 11:46 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR); Amaral, Sara (MYR)
Subject: Sunnydale Master Plan - 5.7.21 Loan Committee

I approve the loan for the Sunnydale Master Plan, with the conditions as discussed 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 11:45 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Financing for Sunnydale Master Plan

Approve with recommendations made by Eric Shaw.

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 11:46 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Financing on Sunnydale Master Plan

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

Yes and thank you Rosanna for hosting our meetings.

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 Project Summary & Phasing
- B. HOPE SF Developer Fee Policy
- C. Borrower Organization Chart
- D. Project Milestones and Schedule – Master Planning
- E. Development Budget – Master Planning

Attachment A: HOPE SF Project Summary

HOPE SF Initiative:

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

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

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

Project Summary:

The 48.8-acre Sunnydale HOPE SF site is located in the western end of the Visitacion Valley neighborhood in San Francisco. The Sunnydale and Velasco public housing, together referred to as Sunnydale, are currently owned, and operated by the San Francisco Housing Authority (SFHA), with 775 public housing units on site. The team of Mercy Housing California and The Related Companies of California was selected as the master developer by the SFHA and entered into an Exclusive Negotiating Rights Agreement with SFHA dated September 11, 2008. Van Meter Williams Pollack LLP was selected as the master plan architect.

The Sunnydale HOPE SF master planning process included an extensive resident and community engagement that spanned over 18 months. The goals for the revitalization of Sunnydale is to create a vibrant and healthy mixed-income neighborhood in which residents thrive. The development should reconnect Sunnydale residents with the surrounding neighborhood and reconnect the surrounding neighborhood with the Sunnydale residents. It is envisioned that the new community will bring in new residents of different incomes, new quality programs for youth and families, and new open space and green landscaping will provide healthy places to play and to grow local produce.

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

- Up to 1,770 housing units consisting of a mix of one-for-one replacement public housing pending availability of project based rental subsidies, and tax credit affordable units for a total of 994 total affordable units, and approximately 600 market rate units;
- A 30,000 square foot Community Center with recreational facility and family and youth development programs for the entire neighborhood and early childhood learning center, located at the gateway on Hahn and Sunnydale Avenue;

- 22,000 square feet for a neighborhood health clinic, arts program, early childhood education center, and job training for youth and adults located in the ground floor of the senior and family mixed use buildings across the street from the Community Center.
- 8,000 square feet of neighborhood serving retail including a corner grocery, financial services, and healthy eating establishments also located in the ground floor of the senior housing/mixed use building;
- 4.6 acres of open spaces in four blocks and a linear open space on the north side of Sunnydale Avenue. The program for these open spaces includes a community garden, orchards, plazas, play areas, and neighborhood green.

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

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
TOTAL		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 be 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 Policy

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

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

Attachment C: Sponsor Org Chart and Staffing

Sunnydale Development Co, LLC is the Sponsor entity, which is the Master Developer in the Master Development Agreement and the Development Agreement.

SUNNYDALE DEVELOPMENT CO., LLC

Mercy Housing California 50% member

The Related Companies of California 50% member

Attachment D: Project Milestones and Schedule – Master Planning

This schedule includes the master plan level planning and scope for this funding application .

Milestone	Start	Target to Complete
Complete development of branding applications from master brand plan (website, naming options, community identity and environmental graphics package). Fabrication and installation of first phase of environmental graphics to begin in 2022.	January 2020	Dec 2021
Work on Community Association structure, budget and organization. Identify legal requirements for Association. Complete CC&R's and operating budget.	January 2021	Dec 2021
Design Customer Service Center (schematic design through construction administration, dependent on Block 3 construction schedule).	January 2021	Dec 2024
Submit campus staffing model, including property management, security and services to MOHCD	January 2021	April 2022
Leasing and tenant build-out for Block 3 retail spaces. Leasing activities underway and design/construction support for tenant build-out dependent on Block 3 construction schedule.	January 2021	Dec 2025
Community engagement on topics including branding, Block 7 and 9, Block 2 and 4 open space, transit planning. Engagement to take place in monthly virtual or in-person community meetings, pop-ups, special events. Monthly community meetings to include information on relocation, accelerated conversion, and services.	June 2021	June 2022

Attachment E: Development Budget