

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

MEMORANDUM

DATE: APRIL 16, 2021

TO: HOPE SF AFFORDABLE HOUSING LOAN COMMITTEE

FROM: SARA AMARAL, SENIOR PROJECT MANAGER

**RE: SUNNYDALE BLOCK 3A - PRELIMINARY GAP COMMITMENT
FOR IIG & AHSC APPLICATION FINANCING PURPOSES**

SOURCES OF FUNDS

2015 GO BOND	\$1,850,000 (Previously Committed)
2019 GO BOND	\$10,597,137
<u>AHF INCLUSIONARY</u>	<u>\$500,000</u>
TOTAL	\$12,947,137

**SUNNYDALE BLOCK 3B - PRELIMINARY GAP COMMITMENT
FOR AHSC APPLICATION FINANCING PURPOSES**

SOURCES OF FUNDS

2015 GO BOND	\$1,850,000 (Previously Committed)
HOME	\$3,361,920
2019 GO BONDS	\$1,500,000
<u>HOPE SF COPS</u>	<u>\$1,754,822</u>
TOTAL	\$8,466,742

**SUNNYDALE PHASE 1A3 INFRASTRUCTURE – PRELIMINARY GAP
COMMITMENT FOR IIG APPLICATION FINANCING PURPOSES**

SOURCES OF FUNDS

2015 GO BOND	\$5,800,000 (Previously Committed)
2015 GO BOND (ADDITIONAL)	\$4,600,000
CONDO CONVERSION FEES	\$1,000,000
HOPE SF COPS	\$1,400,000
<u>2019 GO BOND</u>	<u>\$5,947,627</u>
TOTAL	\$18,747,627

TOTAL COMMITMENT REQUESTED: \$40,161,506

Summary of Request

Sunnydale HOPE SF's third and fourth affordable housing developments, Block 3A and Block 3B, are located within Infrastructure Phase 1A3, on the southwest corner of Sunnydale Ave and Hahn St in San Francisco's Visitacion Valley neighborhood. Sunnydale Infrastructure Phase 1A3, LLC, Sunnydale Block 3A Housing Partners, L.P., and Sunnydale Block 3B Housing Partners, L.P., (Partnerships or Sponsors) are the responsible entities, comprising of Related California and Mercy Housing California, for these developments.

On December 20th, 2020, MOHCD approved a total gap commitment of \$23,761,406 and approved the Sponsor to apply, along with MOHCD, to the California Department of Housing and Community Development (HCD) for \$38,000,000 from Affordable Housing and Sustainable Communities Grant (AHSC) and for up to \$13M for Infrastructure and Infill Grant (IIG) for infrastructure, with 3A and 3B roughly splitting the awards. However, in the 2020 Round, only Block 3B was awarded IIG for \$6.5M.

For the 2021 round, the Sponsor have been working closing with Enterprise and various agencies to finetune the applications. The housing projects have lowered their AHSC asks to roughly \$20M combined, down from \$35M previously requested, and have partnered with Caltrain to be more competitive in addition to working with San Francisco Municipal Transit Agency (SFMTA) and San Francisco Recreation and Parks Department. In addition, the IIG ask for 3A has been reduced slightly, from \$6.5M to roughly \$5.7M. The result of the reduced State asks is a higher MOHCD gap commitment.

Phase 1A3 will include approximately 5.2 acres of public infrastructure improvements, including wet/dry utilities, and public stormwater management improvements roughly bordered by Hahn Street to the east, Herz Park to the north, existing public housing buildings to the west, and Harmonia Street to the south. Abatement and demolition are set to start in July 2021 after all households are relocated onsite, with infrastructure construction to follow. The total budget for the Phase 1A3 infrastructure project is estimated at \$22,761,000. Block 3A Partnership is requesting approval to apply jointly with the City to the California Department of Housing and Community Development (HCD) for an Infill Infrastructure Grant (IIG) of approximately \$5,786,000 to offset the City's overall contribution. The Block 3B Partnership, as previously mentioned, was awarded \$6,500,000 in IIG funding in the 2020 round, of which \$4,028,000 will offset the City contribution for Phase 1A3 and the remaining amount will be used to offset the City contribution for Block 3A's eligible site improvement expenses. In order to be competitive for this second IIG application, the Project Sponsor is requesting a commitment for the Infrastructure Gap in the amount of \$18,747,627.

Collectively, Block 3A and Block 3B will include approximately 170 affordable rental units, of which 75% will be set aside for Sunnydale public housing residents, and 30,000 sq. foot of active ground floor community serving space. Block 3A will feature an early childhood education center, a health and wellness center, Mercy Housing California's centralized Sunnydale customer service office, and retail. Additionally, Block 3B will feature micro retail units along Sunnydale Ave. All residential units will target households with incomes from 40% SF AMI to 80% SF AMI. Block 3B will commence construction in Spring 2022, and Block 3A, due to TCAC regulations, will commence construction six months later in Fall 2022.

The Block 3A Partnership is requesting a commitment of \$12,947,137 and approval to apply jointly with the City to the HCD's Affordable Housing and Sustainability Communities (AHSC) Program

for an Affordable Housing Development (AHD) funding amount of \$10,850,000. Due to HCD regulations, only funds from HCD that are committed can be included in the application numbers. As such, the \$12M preliminary gap commitment does not include the IIG application amount of \$5,786,000. Should Block 3A receive both AHSC and the IIG award mentioned above, the MOHCD Vertical Gap will decrease from \$12,947,137 to \$7,161,137. The total AHSC request will be for \$21,700,000 including \$10,350,000 for transit and pedestrian improvements for San Francisco Municipal Transit Agency (SFMTA) or Caltrain, and San Francisco Recreation and Parks Department (SFRPD) improvements as well as \$500,000 program costs.

The Block 3B Partnership is requesting approximately \$8,467,000 in MOHCD commitment and approval to apply jointly with the City to the AHSC Program for approximately \$9,381,500 in AHD funding. The total AHSC grant request will be for \$16,381,500 including \$6,500,000 for transit and pedestrian improvements for SFMTA or Caltrain and SFRPD improvements as well as \$500,000 program costs.

AHSC and IIG Programs

On February 26, 2021, HCD issued a Notice of Funding Availability (NOFA) for \$405 million in funding for the AHSC Program. The AHSC program is administered by the Strategic Growth Council and implemented by HCD, and funds land use, housing, transportation and land preservation projects to support infill developments that reduce greenhouse gas emissions. Funding for the AHSC Program is provided from the Greenhouse Gas Reduction Fund, an account established to receive Cap-and-Trade auction proceeds. MOHCD and the Sponsors will be submitting two joint applications for AHSC funding.

It is anticipated that in April 2021, HCD will also issue a NOFA for \$160 million in funding for IIG. The IIG program is intended to support Qualifying Infill Areas (QIA) and Qualifying Infill Projects (QIP) with capital improvement funding. These funds are intended for higher-density, mixed income housing, and mixed-use infill development projects. The Sponsor and MOHCD intend to submit a joint application with the Block 3A Partnership to HCD for IIG totaling approximately \$5,786,000 to partially cover eligible sitework for Block 3A and infrastructure costs for Phase 1A3. The grant will be drawn upon by the Sponsor once the infrastructure project commences and costs accumulate. The IIG application is anticipated to be due in July 2021. Block 3B received a commitment from HCD in the 2020 Round of IIG for a total of \$6,500,000 to offset the costs of eligible site work for Block 3B.

In order to apply for these two AHSC applications and one IIG application for infrastructure, housing, and transportation funds, MOHCD will need to provide a commitment of funds for the Vertical Gap for Block 3A, Vertical Gap for Block 3B, and Infrastructure Gap, and obtain approval from the San Francisco Board of Supervisors (BOS) to apply to the HCD programs.

Background

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

- Construction completion of the first housing project, Casala, in October 2019 for 55 affordable residential units.
- Construction commencement of the first onsite infrastructure project, Phase 1A1 and 1A2, in June 2019. It included abatement and demolition of 120 units over 16 buildings. Construction is expected to be completed by Q2 2021 with the City acceptance process starting soon after.

- Construction of the second housing project, Block 6, started in December 2019. It includes 167 affordable residential units. Construction is expected to be completed and lease-up will start in November 2021.

	Status	Replacement Units	Tax Credit Units (inc. mgr. unit)	Total Units
Natalie Gubb Commons	Completed 2018	24	off-site*	24
Casala Apartments	Completed 2019	41	14	55
691 China Basin	Lease Up	38	off-site*	38
Block 6	Construction	125	42	167
Balboa Park Upper Yard	Predevelopment	39	off-site*	39
Block 3A and 3B	Predevelopment	128	42	170
TOTAL		395	98	493

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

Update on Project Status

1. Design/Planning

The Sponsors submitted the Phase Application to SF Planning and received approval on January 29, 2021. The Phase Application includes Infrastructure Phase 1A3, Block 1 (community building), Block 3A, and Block 3B. The design teams are currently reviewing the 100% design development set for both projects and will complete construction documents beginning in May.

2. Updated Sources and Uses Summary

On June 7, 2019, Loan Committee approved \$9.5 million in combined predevelopment funding for Phase 1A3, Block 3A, and Block 3B. Those loan evaluations were based on available cost estimates for Phase 1A1/1A2 and Block 6. The budget and preliminary gap analysis for Block 3A and Block 3B have been updated using the 100% schematic design plan set and have not changed significantly, but the General Contractor, which recently came on board, has not yet priced the 100% design development set. These numbers should be updated before the gap request for all projects by the end of the year.

Block 3A (East Building) Sources & Uses – AHSC & IIG Applications

Predevelopment Sources	Amount	Terms	Status
MOHCD	\$1,850,000	55 yrs. @ 3% Def / RR	Committed
Permanent Sources	Amount	Terms	Status
Tax Credit Equity	\$29,528,220	\$0.90 per credit	Not Committed
Permanent Bank Loan	\$21,361,000	30 yrs. @ 6.041%	Not Committed
MOHCD Vertical Gap	\$7,161,137	55 yrs. @ 3.00% / RR	This Request*
HCD IIG - Infrastructure	\$5,786,000		
HCD AHSC	\$10,850,000	RR w/ 0.42% annual fee	Not Committed
Def Dev Fee	\$3,700,000		Committed
Total	\$78,386,357		

Uses	Amount	Per Unit	Per GSF
Hard Costs	\$60,021,794	\$750,272	\$590
Soft Costs	\$12,464,563	\$155,807	\$122
Developer Fee	\$5,900,000	\$73,750	\$58
Total	\$78,386,357	\$979,829	\$770

As mentioned previously, the AHSC application for Block 3A will not include IIG as a source, since it is not committed from HCD. The commitment letter from MOHCD for the AHSC application will be \$12,947,137, which includes the amount of Block 3As IIG application plus the MOHCD gap.

For the IIG application, the MOHD preliminary gap commitment letter will be for the total infrastructure costs \$22.7M, minus the 2020 Block 3B IIG award of \$4M, for a total preliminary commitment of \$18,747,627.

In the event that both AHSC and IIG are awarded, the MOHCD gap for Block 3A will decrease to \$7,161,137 and the amount of infrastructure paid by MOHCD will decrease from \$18.7M to approximately \$12M.

In the 2020 AHSC round, Block 3A requested almost \$15M in AHSC funding for the housing component. In order to be more competitive for the 2021 AHSC round, the Sponsor and MOHCD's AHSC consultant have reduced the housing ask to roughly \$10.85M, thus increasing the anticipated MOHCD gap from \$6.5M to \$7.1M.

Block 3B (West Building) Sources & Uses – AHSC Application

Predevelopment Sources	Amount	Terms	Status
MOHCD	\$1,850,000	55 yrs. @ 3% Def / RR	Committed
Permanent Sources	Amount	Terms	Status
Tax Credit Equity	\$37,277,604	\$0.90 per credit	Not Committed
Permanent Bank Loan	\$23,513,000	30 yrs. @ 6.041%	Not Committed
MOHCD Vertical Gap	\$8,466,742	55 yrs. @ 3.00% / RR	This Request
HCD IIG - Infrastructure	\$6,500,000	Grant	Committed
HCD AHSC	\$9,381,500	RR w/ 0.42% annual fee	Not Committed
Def Dev Fee	\$4,200,000		Committed
Total	\$89,338,846		
Uses	Amount	Per Unit	Per GSF
Hard Costs	\$66,274,914	\$736,388	\$513
Soft Costs	\$16,663,932	\$185,155	\$129
Developer Fee	\$6,400,000	\$71,111	\$50
Total	\$89,338,846	\$992,654	\$695

Since Block 3B was awarded funds from IIG in 2020, the MOHCD commitment letter totals \$8,466,742. In the 2020 AHSC round, the project requested almost \$15M in AHSC funding for the housing component. In order to be more competitive for the 2021 AHSC round, the Sponsor and

MOHCD’s AHSC consultant have reduced the housing ask to roughly \$8.5M, thus increasing the anticipated MOHCD gap from \$6.5M to \$8.4M.

Infrastructure Phase 1A3 Sources and Uses

USES		
Hard Costs		\$ 12,380,548
Bid and Hard Cost Contingencies	20%	\$ 2,476,110
Escalation (Per Annum)	5.0%	\$ 1,522,807
Total Hard Costs		\$ 16,379,465
Soft Costs		\$ 5,402,871
Soft Cost Contingency	10%	\$ 538,787
Total Soft Costs		\$ 5,941,658
Developer Fee		\$ 454,545
Total Uses		\$ 22,775,668
SOURCES		
Block 3A IIG Off-Site Improvement		\$ 5,786,000
Block 3B IIG Off-Site Improvement		\$ 4,028,041
MOHCD Infrastructure Gap		\$ 12,961,627
Total Sources		\$ 22,775,668

The Phase 1A3 budget has not changed from Loan Committee approval in June 2019 and is still estimated at \$22,073,792 (see Attachment F). At predevelopment approval, the Sponsor anticipated that approximately \$8M in costs would be assigned to Block 3, when it was originally conceived as one building, in order to leverage additional tax credits, which left \$14M in funds that would be considered paid-in-kind once the City accepted the infrastructure improvements. Now that Block 3 is separated into two buildings, the Sponsor is expecting that the awards from IIG for both projects will pay down the infrastructure and MOHCD will be responsible for only \$12M in subsidy, which will be considered paid in full upon acceptance of the improvements by the City.

Each project now has a General Contractor on board and is working on updating the hard costs numbers. For Phase 1A3 Infrastructure, the Sponsor intends to return to MOHCD for final gap approval in the early Fall. For Block 3B, the 1st housing component to start construction, the Sponsor will return to finalize the MOHCD gap in the beginning of 2022. Block 3A, which as a requirement of TCAC, will need to start construction 6 months after Block 3B, will return to MOHCD for gap financing in the fall of 2022.

3. Block 3A (East Building) Sources and Uses Narrative

a. Permanent Sources Evaluation Narrative

MOHCD Gap Loan – \$7,161,137, assuming awards of both AHSC and IIG funding. This gap loan is inclusive of the \$1,850,000 in predevelopment funds that have already been committed to the Project. This amount will be refined at Gap, which, as noted above, will be fall 2022.

Permanent Mortgage – \$21,361,000 in two tranches of permanent debt, underwritten by a Section 8 Project Based Voucher (PBV) contract for 60 units, with a 6.041% rate and a 30-year term. At Gap request, if the payment standards and interest rates improve, MOHCD’s

contribution to the Project will be reduced. MOHCD believes this rate and term to be very conservative in the market at the moment. The Sponsor will update the rate to more appropriate levels and increase the term by gap request.

Tax Credit Equity – \$29,528,220 of equity derived from the sale of 4% Low Income Housing Tax Credits (LIHTC), assuming \$0.90 per credit and an applicable tax credit rate of 4.00%. If equity pricing improves, this will further reduce MOHCD’s contribution to the project. Sponsor has not completed an analysis on competitiveness to the CDLAC/TCAC program, however this will be completed before Gap request.

AHSC – \$10,850,000 – The Sponsor intends to apply for this amount in the Affordable Housing Development component of its application. This amount may change closer to the application date to successfully compete, in which the difference would be applied to the MOHCD Vertical Gap above. This requested amount is calculated to maximize the project’s competitiveness, including maximizing points under the Funds Leveraged category.

IIG – \$5,786,000 - The Sponsor intends to apply for this amount for eligible sitework and infrastructure improvements. This will reduce the MOHCD loan for infrastructure improvements. This amount is slightly less than Block 3B IIG because the amount is based on the number of units in each project.

Deferred Developer Fee - \$3,700,000 – The Sponsor is requesting \$3,700,000 in deferred developer fee plus \$2,200,000 in cash developer fee for a total of \$5,900,000. The deferred fee generates \$1.3M in additional equity and does not increase MOHCD debt. Permanent Uses Evaluation:

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

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit are within standards	Y	\$722,001/unit. Hard costs are higher than MOHCD average of \$606,653 per unit. This number includes approximately 30,000 square feet of active non-residential ground floor and \$64,288 per unit in infrastructure costs.
Construction Hard Cost Contingency is at least 5% (new construction)	Y	Hard Cost Contingency is at 5.0%.
Architecture and Engineering Fees are within standards	Y	The A&E scope of work and fee structure has been reviewed and approved by CR staff.
Construction Management Fees are within standards	N	The CM fees are slightly higher than MOHCD limits but have been approved by MOHCD CR Staff.
Developer Fee is within standards, see also disbursement chart below	Y	Developer Fee meets MOHCD guidelines Project Management Fee: \$1,100,000 At Risk Fee: \$1,100,000 Deferred Fee: \$3,700,000 Total \$5,900,000
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 5.7%. This is slightly lower than MOHCD standards and will be refined closer to Gap.
Capitalized Operating Reserves are a	Y	Capitalized Operating Reserve is equal to 3

minimum of 3 months		months.
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b. Developer Fee Analysis:

Payment Milestone	% of Project Mgmt. Fee	Amount
At closing of initial pre-development financing	14%	\$150,000
MOHCD approval of commercial space plan	18%	\$200,000
At CDLAC/TCAC application	14%	\$150,000
Construction Close	25%	\$270,000
During Construction at 50% Complete	20%	\$220,000
At 100% Lease up	10%	\$110,000
<i>Total Project Management Fee</i>		<i>\$1,100,000</i>
At-Risk: Draft Cost Certification	17%	\$187,000
At-Risk: Permanent Loan Closing	28%	\$308,000
At-Risk: Project Close Out	55%	\$605,000
<i>Total At Risk Fee</i>		<i>\$1,100,000</i>
Total Cash Developer Fee	Project Mgmt. and At-Risk	\$2,200,000
Deferred Fee		\$3,700,000
Total Developer Fee		\$5,900,000

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

a. Permanent Sources Evaluation Narrative

MOHCD Gap Loan – \$8,466,742, assuming a successful award of AHSC in addition to the secured IIG commitment. This gap loan is inclusive of the \$1,850,000 in predevelopment funds that have already been committed to the Project. This amount will be refined at Gap.

Permanent Mortgage – \$23,513,000 in two tranches of permanent debt, underwritten by a Section 8 Project Based Voucher contract for 68 units, with a 6.041% rate and a 30-year term. At Gap request, if the payment standards and interest rates improve, MOHCD’s loan to the Project will be reduced. MOHCD believes this rate and term to be very conservative in the market at the moment. The Sponsor will reduce the rate and increase the term to more appropriate terms by gap request.

Tax Credit Equity – \$37,277,604 of equity derived from the sale of 4% Low Income Housing Tax Credits (LIHTC), assuming \$0.90 per credit and an applicable tax credit rate of 4.00%. If equity pricing improves, this will further reduce MOHCD’s contribution to the project. Sponsor has not completed an analysis on competitiveness to the CDLAC/TCAC program, however this will be completed before Gap request.

AHSC – \$9,381,500 – The Sponsor intends to apply for this amount in the Affordable Housing Development component of its application. This amount may change closer to the application date to successfully compete; any difference would be applied to the MOHCD

Vertical Gap above. This requested amount is calculated to maximize the project's competitiveness, including maximizing points under the Funds Leveraged category.

IIG – \$6,500,000 – The Sponsor secured an IIG award of this amount in the previous round for eligible sitework and infrastructure improvement. This will reduce the MOHCD contribution on infrastructure improvements.

Deferred Developer Fee - \$4,200,000 – The sponsor is requesting \$4,200,000 in deferred developer fee plus \$2,200,000 in cash developer fee for a total of \$6,400,000. The increase is deferred developer fee increases equity payout by \$1.4M and does not increase MOHCD's debt.

b. Permanent Uses Evaluation:

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

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit are within standards	Y	\$773,207/unit. Hard costs are higher than MOHCD average of \$606,653 per unit. This number includes an active non-residential ground floor, parking and \$72,222 per unit in infrastructure costs.
Construction Hard Cost Contingency is at least 5% (new construction)	Y	Hard Cost Contingency is at 5.0%.
Architecture and Engineering Fees are within standards	Y	The A&E scope of work and fee structure has been reviewed and approved by CR staff.
Construction Management Fees are within standards	N	The CM fees are slightly higher than MOHCD limits but have been approved by MOHCD CR Staff.
Developer Fee is within standards, see also disbursement chart below	Y	Developer Fee meets MOHCD guidelines Project Management Fee: \$1,100,000 At Risk Fee: \$1,100,000 Deferred Fee: \$4,200,000 Total \$6,400,000
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 5.4%. This is lower than MOHCD UW standards. Sponsor will work with MOHCD to bring number in line with guidelines by gap.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months.

c. Developer Fee Analysis:

Payment Milestone	% of Project Mgmt. Fee	Amount
At closing of initial pre-development financing	14%	\$150,000
MOHCD approval of commercial space plan	18%	\$200,000
At CDLAC/TCAC application	14%	\$150,000
Construction Close	25%	\$270,000
During Construction at 50% Complete	20%	\$220,000
At 100% Lease up	10%	\$110,000

<i>Total Project Management Fee</i>		<i>\$1,100,000</i>
At-Risk: Draft Cost Certification	17%	\$187,000
At-Risk: Permanent Loan Closing	28%	\$308,000
At-Risk: Project Close Out	55%	\$605,000
<i>Total At Risk Fee</i>		<i>\$1,100,000</i>
Total Cash Developer Fee	Project Mgmt. and At-Risk	\$2,200,000
Deferred Fee		\$4,200,000
Total Developer Fee		\$6,400,000

5. Block 3A (East Building) Operating Budget Updates

Operating Budget is being presented to demonstrate the Project's overall feasibility. The Sponsors will return to Loan Committee for final Gap numbers in 2021.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio stays above 1:1 through Year 17	N	DSCR is 1.16 at Year 1 and 1.46 at Year 17. Sponsor will lower DSCR to no more than 1.15 for year 1 by gap.
Vacancy meets TCAC Standards	Y	Vacancy is 5%.
Annual Income Growth is increased at 2.5% per year	N	Income escalation factor is 2.0%. MOHCD standard is 2.5% Sponsor will adjust at gap.
Annual Operating Expenses are increased at 3.5% per year	N	Expenses escalation factor is 3.0%. MOHCD standard is 3.5%. Sponsor will adjust at gap.
Base year operating expenses per unit are reasonable per comparable	Y	Operating budget shows \$12,299 PUPA before reserves and ground lease and \$13,011 PUPA after. This is in line with other HOPE SF projects.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$76,608 or \$80 PUPM.
Property Management staffing level is reasonable per comparable	N	3 FTEs for Management; 1 FTE maintenance, FTE maintenance tech and 1 FTE janitorial to be shared with Block 3B.
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$24,280/yr. Annual PM Fee is \$24,280/yr.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 per unit per year, per HCD guidelines.
Limited Partnership Asset Management Fee meets standards	Y	LP Asset Management Fee of \$5,000.
Commercial Operating Income Growth	N	Commercial space budget is still being refined. 1 st year operating vacancy rate is within MOHCD guidelines, but thereafter is not. MOHCD will work with Sponsor to refine commercial plan.
Services Paid from Operating	Y	The operating budget includes 1.6 FTE Resident Service Coordinator to be shared with Block 3A.

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

Operating Budget is being presented to demonstrate the Project's overall feasibility. The Sponsors will return to Loan Committee for final Gap numbers in 2021.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio stays above 1:1 through Year 17	N	DSCR is 1.17 at Year 1 and 1.47 at Year 17. The Sponsor will work with MOHCD to bring these in line with guideline of 1.15 in year 1.
Vacancy meets TCAC Standards	Y	Vacancy is 5.0%.
Annual Income Growth is increased at 2.5% per year	N	Income escalation factor is 2.0%. MOHCD standard is 2.5% Sponsor will adjust at gap.
Annual Operating Expenses are increased at 3.5% per year	N	Expenses escalation factor is 3.0%. MOHCD standard is 3.5%. Sponsor will adjust at gap.
Base year operating expenses per unit are reasonable per comparable	Y	Operating budget shows \$12,552 PUPA before reserves and ground lease and \$13,230 PUPA after. This is in line with other HOPE SF projects.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$83,926 or \$78 PUPM.
Property Management staffing level is reasonable per comparable	Y	3 FTEs for Management; 1 FTE maintenance, FTE maintenance tech and 1 FTE janitorial to be shared with Block 3B
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$24,280/yr. Annual PM Fee is \$24,280/yr.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 per unit per year, per HCD guidelines.
Limited Partnership Asset Management Fee meets standards	Y	LP Asset Management Fee of \$5,000.
Commercial Operating Income Growth	N	Commercial space budget is still being refined. 1 st year operating vacancy rate is within MOHCD guidelines, but thereafter is not. MOHCD will work with Sponsor to refine commercial plan.
Services Paid from Operating	Y	The operating budget includes 1.6 FTE Resident Service Coordinator and will be shared with Block 3A.

7. Property Management and Maintenance

Due to the proximity of the projects, there are some operational cost savings in the property management and maintenance positions. For both buildings, it is assuming that the buildings will share 3 FTE management office, 1 FTE Maintenance person and 1FTE maintenance Tech, as well as 1 FTE janitors. The proportional share is showing in each operations budget. An updated management and maintained coverage plan will be provided by gap request for each building.

8. Services Budget updates

No changes have been made to the overall services plan or budget. An updated services plan and budget will be provided to MOHCD to review and approve before the project is presented to Loan Committee for its final gap commitment. The assumption is 1.6 FTE for both buildings to share, which costs split between the two buildings proportionally.

9. Next Steps

MOHCD and the Sponsors will submit joint applications to HCD on June 8, 2021 for AHSC and a to-be-set date for IIG, for which MOHCD will need to provide preliminary commitment letters. Block 3B, the first of the two projects, is anticipated to commence construction in spring 2022. MOHCD staff will bring a final Block 3B Vertical Gap request to the Loan Committee in Q3 2021 and a final Block 3A Vertical Gap request in Q1 2022. Gap for Phase 1A3 infrastructure will be presented to Loan Committee in the Fall 2021.

10. Staff Recommendation

Staff recommends approval of the commitment letters for \$ 12,947,137 for Block 3A, \$8,466,742 for Block 3B, and \$18,747,627 for Phase 1A3 Preliminary Gap. Staff also recommends approval for Sponsors and MOHCD, as joint applicants, to apply for \$21,700,000 from AHSC and approximately \$5,786,000 from IIG for Block 3A, and \$16,381,500 from AHSC for Block 3B.

11. LOAN CONDITIONS

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

- Sponsor will provide a detailed commercial plan analysis 6 months before Gap request, including researching financing options for the commercial space in order to minimize the need for MOHCD funding for the space. In addition, the analysis will include a schedule and plan on the commercial space's lease-up, including identifying potential commercial tenants. LOIs will be required for all community serving spaces by gap loan approval.
Status: In process.
- Sponsor must provide marketing plan for child-care units by gap financing request.
Status: In process. Sponsor will be working with MOHCD and HOPE SF.
- Sponsor must apply to AHP before gap financing request, and subsequent to Gap request as needed, to offset MOHCD contribution.
Status: In process. Due to Related's for-profit status, the Sponsor is not considered competitive for the program.
- Sponsor will work with MOHCD staff to reduce Operating Expenses to be further in line with underwriting guidelines.
Status: In process.
- Sponsor will work with SFHA to provide funding commitments for the PBVs for the development.
Status: In process. Commitment needed before gap.
- Sponsor will work with MOHCD to bring marketing costs in line with other projects in MOHCD pipeline prior to Gap.
Status: In process. To be completed closer to gap.
- Sponsor must provide services plan and budget prior to Gap.
Status: In process. Sponsor is working with MOHCD and HOPE SF to finalize services plan and budget.

- Sponsor must provide security plan and budget prior to Gap.
Status: In process. Sponsor is working with MOHCD and HOPE SF to finalize plan and budget.
- Sponsor must provide Request for Proposals for the equity investor before the RFP is issued to investors.
Status: To be completed.
- Sponsor must provide all responses to lender and investor RFP prior to selections.
Status: To be completed

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

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

12. LOAN COMMITTEE MODIFICATIONS

13. LOAN COMMITTEE 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 Menjivar, Deputy Director for Programs
Department Homelessness and Supportive Housing
Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Tonja Lediju, Acting Director
San Francisco Housing Authority
Date: _____

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Friday, April 16, 2021 11:41 AM
To: Chavez, Rosanna (MYR)
Subject: Sunnydale Phase 1A3, Blocks 3A-B, 4.16.21 Loan Committee

I approve

Eric D. Shaw
Director

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

Chavez, Rosanna (MYR)

From: Guttirez, Alan (HOM)
Sent: Wednesday, April 21, 2021 8:34 AM
To: Chavez, Rosanna (MYR)
Cc: Menjivar, Salvador (HOM); Shaw, Eric (MYR)
Subject: Sunnydale Phase 1A3 Block 3AB

Hi Rosanna,

On behalf of Salvador Menjivar, I am voting YES to the Sunnydale Phase 1A3 Block 3AB proposal.

In partnership,
Alan



Alan Guttirez (he/him)

Housing Subsidy Team Manager

San Francisco Department of Homelessness and Supportive Housing

alan.guttirez@sfgov.org | #: 415.933.0586

Learn: hsh.sfgov.org | Follow: [@SF_HSH](https://twitter.com/SF_HSH) | Like: [@SanFranciscoHSH](https://www.facebook.com/SanFranciscoHSH)

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Chavez, Rosanna (MYR)

From: Oerth, Sally (CII)
Sent: Friday, April 16, 2021 11:40 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR); Amaral, Sara (MYR)
Subject: Sunnydale Phase 1A3, Blocks 3A-B, 4.16.21 Loan Committee

I approve the funding requests for Sunnydale Phase 1A3, Blocks 3A-B, as presented at the 4.16.21 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: Van Degna, Anna (CON)
Sent: Friday, April 16, 2021 11:41 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Sunnydale infrastructure phase 1a3 block 3ab

Approved

Anna Van Degna

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

Chavez, Rosanna (MYR)

From: Tonia Lediju, PhD <ledijut@SFHA.ORG>
Sent: Friday, April 16, 2021 11:42 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Approve both loan requests for Plaza East Emergency Repairs and Sunnydale 1A3Block/3AB

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

Rosanna

Thank you for all of your support.

Respectfully,

Tonia Lediju, PhD

Chief Executive Officer

Housing Authority of the City & County of San Francisco

(650) 356-8401

(415) 619-1936

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

From: Chavez, Rosanna (MYR) <rosanna.chavez@sfgov.org>
Sent: Monday, April 12, 2021 2:37 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>; Katz, Bridget (CON) <bridget.katz@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>; Hale, Helen (MYR) <helen.hale@sfgov.org>
Subject: Citywide Affordable Housing Loan Committee - Friday, April 16, 2021 11:15 a.m.

Dear Loan Committee, MOHCD staff and community partners,

Attached are the agenda and materials for this week's meeting, which **will be held Friday, April 16, 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.

[Join Microsoft Teams Meeting](#)

+1 415-906-4659 United States, San Francisco (Toll)

Conference ID: 515 148 769#

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: Attachment A – Updated Family Cost Comparison Chart

Attachment B – Updated Permanent Sources and Uses Block 3A

Attachment C – 1st Year Operating Budget and Cashflow Block 3A

Attachment D – Updated Permanent Sources and Uses Block 3B

Attachment E – 1st Year Operating Budget and Cashflow Block 3B

Attachment F – Updated Uses Phase 1A3 Infrastructure

Attachment G – December 20, 2019 Preliminary Predevelopment Loan Memo

Attachment A – Updated Family Cost Comparison Chart

Affordable Multifamily Housing New Construction Cost Comparison

Updated 4/8/2021

PROJECTS COMPLETED						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
Hunters View Phase II - Bl 7 & 11	227-229 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 flats 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	\$ 96,184,628	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 VHHP Loan	Type V over Type I podium strong articulation / ext. skin added due to D4D reqmts.
Potrero Block X (Vertical)	25th and Connecticut	30,000	Sep-19	72	139	86,569	28,952	115,521	\$ 20,700	\$ 61,332,336	\$ 12,766,230	\$ 74,119,266	\$ 17,693,093	\$ 74,098,566		Type IIIA & V over Type I Podium (4-6 stories) stepped w/ topography, No infrast. 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	\$ 81,822,269	\$ 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							
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o 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	\$ 25,616,512	\$ 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	\$ 27,758,226	\$ 112,120,162	\$ 27,908,676	\$ 97,220,162		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	178,050	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 mezz 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	HCD AHSC Loan	Type 18 stories on constrained site
Sunnydale Block 6	242 Hahn Street	95,213	Jun-21	167	375	167,065	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	126,300	9,250	135,550	\$ 125,091	\$ 69,184,293	\$ 20,545,793	\$ 89,855,177	\$ 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	\$ 14,189,802	\$ 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	142,738	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							
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o 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 not)
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 VE) excl. Infra of
Hunters View Ph 3 Block 14 & 17	855 & 853 Hunters View Dr	39,355	Oct-21	118	266	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 (Community svgs) spaces & 56 Pkg spaces (35% CD 8/2)
730 Stanyan	730 Stanyan Street	37,813	Dec-21	120	203	124,770	20,000	144,770	\$ -	\$ 79,633,599	\$ 13,958,549	\$ 93,592,148	\$ 34,325,853	\$ 98,121,310	4% Credits; HCD MHP	Type IB 6 stories, passive house design, multiple services spaces, urban farm (100% SD pricing 1/24)
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	13,000	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	\$ 9,846	\$ 63,605,025	\$ 23,310,926	\$ 86,925,977	\$ 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	\$ 81,419,992	\$ 25,573,912	\$ 84,593,492	MOHCD; 4% LIHTC; HCD - IIG, MHP, AHP	Type I, 7 stories, TI space, 11 parking spaces
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	\$ 106,465,831		Type IIIA over Type IA 7 stories
In Predevelopment	Average:	38,462	44,641	130	215	143,379	14,915	158,294	\$ 3,719,737	\$ 83,004,183	\$ 22,377,524	\$ 108,726,340	\$ 27,732,921	\$ 106,695,206		

ALL PROJECTS	Average:	41,749		122	216	128,903	21,088	146,198	\$ 4,120,378	\$ 73,135,724	\$ 19,146,487	\$ 95,558,343	\$ 28,763,033	\$ 92,658,390		
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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

PROJECTS COMPLETED	Project Name	Compl. Date	Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
			Acq/unit	Acq/BR	Acq/lot/sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
	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)	\$ (1,528)	\$ (2)	\$ 643,731	\$ 321,866	\$ 447	\$ 274,128	57.4%
	Mission Bay S6E	Nov-18	1,036	537	2	\$ 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	\$ 589	\$ 160,271	74.0%
	Sunnydale Parcel Q	Jun-20	-	-	-	\$ 647,063	\$ 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	Project Name	Compl. Date	Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
			Acq/unit	Acq/BR	Acq/lot/sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
	2060 Folsom Street	Mar-21	1,062	535	5	\$ 564,218	\$ 284,348	\$ 428	\$ 158,289	\$ 79,763	\$ 120	\$ 723,549	\$ 364,646	\$ 549	\$ 249,584	65.5%
	1950 Mission Street	Mar-21	62,261	37,309	267	\$ 545,509	\$ 326,889	\$ 530	\$ 96,634	\$ 57,906	\$ 94	\$ 704,403	\$ 422,104	\$ 684	\$ 286,279	59.4%
	1990 Folsom Street	May-21	58,793	37,201	289	\$ 515,907	\$ 326,373	\$ 479	\$ 179,136	\$ 113,347	\$ 168	\$ 753,736	\$ 476,921			

Attachment B – Updated Permanent Sources and Uses Block 3A

Application Date: 4/1/21 # Units: 80
 Project Name: Sunnysdale HOPE SF Block 3A (East Bldg) # Bedrooms: 164
 Project Address: TBD TBD TBD # Beds:
 Project Sponsor: Related CA & Mercy Housing CA

SOURCES	7,161,137	21,361,000	10,850,000	5,786,000	3,700,000	29,528,220	-	-	Total Sources	78,386,357	Comments
Name of Sources:	MOHCD/OCII	Perm Debt	AHSC	IIG	DDF	TC Equity					

USES	7,161,137	21,361,000	10,850,000	5,786,000	3,700,000	29,528,220	-	-	Total Sources	78,386,357	Comments
ACQUISITION											
Acquisition cost or value	1									1	
Legal / Closing costs / Broker's Fee	20,000									20,000	
Holding Costs										0	
Transfer Tax										0	
TOTAL ACQUISITION	20,001	0	0	0	0	0	0	0	0	20,001	

CONSTRUCTION (HARD COSTS)	7,161,137	21,361,000	10,850,000	5,786,000	3,700,000	29,528,220	-	-	Total Sources	78,386,357	Comments
Unit Construction/Rehab		3,454,720	10,850,000			29,528,220				43,832,940	Include FF&E
Commercial Shell Construction	1,407,500									1,407,500	
Demolition										0	
Environmental Remediation										0	
Onsight Improvements/Landscaping	132,027			1,788,029						1,920,056	
Offsite Improvements	295,209			3,997,971						4,293,180	
Infrastructure Improvements										0	HOPE SF/OCII costs for streets etc.
Parking										0	
GC Bond Premium/GC Insurance/GC Taxes		953,729								953,729	1.7%
GC Overhead & Profit		1,383,823								1,383,823	2.4%
CG General Conditions		3,372,385								3,372,385	5.9%
<i>Sub-total Construction Costs</i>	<i>1,834,736</i>	<i>9,164,657</i>	<i>10,850,000</i>	<i>5,786,000</i>	<i>0</i>	<i>29,528,220</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>57,163,613</i>	
Design Contingency (remove at DD)										0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+ 0.0%
Bid Contingency (remove at bid)										0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+ 0.0%
Plan Check Contingency (remove/reduce during Plan Review)										0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+ 0.0%
Hard Cost Construction Contingency		2,858,181								2,858,181	5% new construction / 15% rehab 5.0%
<i>Sub-total Construction Contingencies</i>	<i>0</i>	<i>2,858,181</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,858,181</i>	
TOTAL CONSTRUCTION COSTS	1,834,736	12,022,838	10,850,000	5,786,000	0	29,528,220	0	0	0	60,021,794	

SOFT COSTS	7,161,137	21,361,000	10,850,000	5,786,000	3,700,000	29,528,220	-	-	Total Sources	78,386,357	Comments
Architecture & Design											
Architect design fees	1,030,550									1,030,550	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	632,500									632,500	
Architect Construction Admin	240,950									240,950	
Reimbursables										0	
Additional Services										0	
<i>Sub-total Architect Contract</i>	<i>1,904,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,904,000</i>	
Other Third Party design consultants (not included under Architect contract)										0	Consultants not covered under architect contract; name consultant type and contract amount
Total Architecture & Design	1,904,000	0	0	0	0	0	0	0	0	1,904,000	
Engineering & Environmental Studies											
Survey	40,000									40,000	
Geotechnical studies	40,000									40,000	
Phase I & II Reports	50,000									50,000	
CEQA / Environmental Review consultants										0	
NEPA / 106 Review										0	
CNA/PNA (rehab only)										0	
Other environmental consultants										0	Name consultants & contract amounts
Total Engineering & Environmental Studies	130,000	0	0	0	0	0	0	0	0	130,000	
Financing Costs											
Construction Financing Costs											
Construction Loan Origination Fee		420,569								420,569	
Construction Loan Interest		2,797,930								2,797,930	
Title & Recording		100,000								100,000	
CDLAC & CDIAC fees		22,742								22,742	
Bond Issuer Fees	160,378	122,163								282,541	
Other Bond Cost of Issuance		0								0	
MOHCD Vertical Gap Accrued Interest	333,137									333,137	
<i>Sub-total Const. Financing Costs</i>	<i>493,515</i>	<i>3,463,404</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,956,919</i>	
Permanent Financing Costs											
Permanent Loan Origination Fee		213,610								213,610	
Credit Enhance. & Appl. Fee										0	
Title & Recording		49,207								49,207	
<i>Sub-total Perm. Financing Costs</i>	<i>0</i>	<i>262,817</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>262,817</i>	
Total Financing Costs	493,515	3,726,221	0	0	0	0	0	0	0	4,219,736	
Legal Costs											
Borrower Legal fees		231,040								231,040	
Land Use / CEQA Attorney fees										0	
Tax Credit Counsel										0	
Bond Counsel		90,000								90,000	
Construction Lender Counsel		118,800								118,800	
Permanent Lender Counsel		45,000								45,000	
MOHCD Counsel		50,000								50,000	
Total Legal Costs	0	534,840	0	0	0	0	0	0	0	534,840	
Other Development Costs											
Appraisal		10,000								10,000	
Market Study		15,000								15,000	
Insurance		547,600								547,600	
Property Taxes		0								0	
Accounting / Audit		32,000								32,000	
Organizational Costs		0								0	
Entitlement / Permit Fees		1,500,000								1,500,000	
Marketing / Rent-up		300,000								300,000	
Furnishings		160,000								160,000	\$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees		0								0	
TCAC App / Alloc / Monitor Fees		66,612								66,612	
Financial Consultant fees		85,000								85,000	
Construction Management fees / Owner's Rep		185,000								185,000	
Security during Construction		240,000								240,000	
Relocation		0								0	
Special Inspections/Testing		300,000								300,000	
Other (specify)		0								0	
Other (specify)		0								0	
Total Other Development Costs	0	3,441,212	0	0	0	0	0	0	0	3,441,212	
Soft Cost Contingency											
Contingency (Arch, Eng, Fin, Legal & Other Dev)		578,885								578,885	Should be either 10% or 5% of total soft costs. 5.7%
TOTAL SOFT COSTS	3,106,400	7,702,273	0	0	0	0	0	0	0	10,808,673	

RESERVES	7,161,137	21,361,000	10,850,000	5,786,000	3,700,000	29,528,220	-	-	Total Sources	78,386,357	Comments
Operating Reserves		659,484								659,484	
Replacement Reserves		0								0	
Tenant Improvements Reserves		0								0	
Capitalized HCD Subsidy Transition Reserve		976,405								976,405	
Other (specify)		0								0	
Other (specify)		0								0	
TOTAL RESERVES	0	1,635,889	0	0	0	0	0	0	0	1,635,889	

DEVELOPER COSTS	7,161,137	21,361,000	10,850,000	5,786,000	3,700,000	29,528,220	-	-	Total Sources	78,386,357	Comments
Developer Fee - Cash-out Paid at Milestones	1,100,000									1,100,000	
Developer Fee - Cash-out At Risk	1,100,000									1,100,000	
Commercial Developer Fee										0	
Developer Fee - GP Equity (also show as source)										0	
Developer Fee - Deferred (also show as source)					3,700,000					3,700,000	
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	3,700,000	0	0	0	0	5,900,000	

TOTAL DEVELOPMENT COST	7,161,137	21,361,000	10,850,000	5,786,000	3,700,000	29,528,220	0	0	Total Sources	78,386,357	Comments
Development Cost/Unit by Source	89,514	267,013	135,625	72,325	46,250	369,103	0	0		979,829	
Development Cost/Unit as % of TDC by Source	9.1%	27.3%	13.8%	7.4%	4.7%	37.7%	0.0%	0.0%		100.0%	
Acquisition Cost/Unit by Source	0	0	0	0	0	0	0	0		0	
Construction Cost (inc Const Contingency)/Unit by Source	22,934	150,285	135,625	72,325	0	369,103	0	0		750,272	
Construction Cost (inc Const Contingency)/SF	18.02	118.10	106.58	56.84	0.00	290.06					

Attachment C – 1st Year Operating Budget and Cashflow Block 3A

Application Date: 4/1/2021 Project Name: Sunnydale HOPE SF Block 3A (East Bldg)
 Total # Units: 80 Project Address: TBD TBD TBD
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2024 Project Sponsor: Related CA & Mercy Housing CA
TCAC Income Limits In Use!

INCOME	Total	Comments
Residential - Tenant Rents	1,360,008	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	1,661,640	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	0	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	3,021,648	
Vacancy Loss - Residential - Tenant Rents	(68,000)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(83,082)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
EFFECTIVE GROSS INCOME	2,870,566	PUPA: 35,882

OPERATING EXPENSES		
Management		
Management Fee	76,608	1st Year to be set according to HUD schedule.
Asset Management Fee	12,140	
Sub-total Management Expenses	88,748	PUPA: 1,109

Salaries/Benefits		
Office Salaries	37,632	
Manager's Salary	36,204	
Health Insurance and Other Benefits		
Other Salaries/Benefits		
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	73,836	PUPA: 923

Administration		
Advertising and Marketing	840	
Office Expenses	15,708	
Office Rent		
Legal Expense - Property	15,708	
Audit Expense	21,252	
Bookkeeping/Accounting Services		
Bad Debts		
Miscellaneous	6,300	Move-in certification, tenant association fee
Sub-total Administration Expenses	59,808	PUPA: 748

Utilities		
Electricity	52,968	
Water	46,200	
Gas	52,248	
Sewer	74,760	
Sub-total Utilities	226,176	PUPA: 2,827

Taxes and Licenses		
Real Estate Taxes	1,512	
Payroll Taxes	44,406	
Miscellaneous Taxes, Licenses and Permits		
Sub-total Taxes and Licenses	45,918	PUPA: 574

Insurance		
Property and Liability Insurance	108,528	
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
Sub-total Insurance	108,528	PUPA: 1,357

Maintenance & Repair		
Payroll	64,932	
Supplies	11,508	
Contracts	59,052	
Garbage and Trash Removal	66,108	
Security Payroll/Contract	90,888	
HVAC Repairs and Maintenance	2,100	
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses	2,520	
Sub-total Maintenance & Repair Expenses	297,108	PUPA: 3,714

Supportive Services	83,760	
Commercial Expenses	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%

TOTAL OPERATING EXPENSES 983,882 PUPA: 12,299

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	15,000	Ground lease with SFHA Provide additional comments here, if needed.
Bond Monitoring Fee		
Replacement Reserve Deposit	42,000	
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
Required Reserve Deposits, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	57,000	PUPA: 713

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	1,040,882	PUPA: 13,011
NET OPERATING INCOME (INCOME minus OP EXPENSES)	1,829,684	PUPA: 22,871

Min DSCR:	1.15
Mortgage Rate:	6.04%
Term (Years):	30
Supportable 1st Mortgage Pmt:	1,591,029
Supportable 1st Mortgage Amt:	\$22,019,659
Proposed 1st Mortgage Amt:	\$21,361,000

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	1,549,959	Perm Debt Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	27,902	HCD AHSC Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
TOTAL HARD DEBT SERVICE	1,577,861	PUPA: 19,723

CASH FLOW (NOI minus DEBT SERVICE)	251,823
USES OF CASH FLOW BELOW (This row also shows DSCR.)	1.16

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	12,140	1st
Partnership Management Fee (see policy for limits)	2,500	2nd
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	12,135	3rd
Other Payments		
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt =< Max Fee from cell I130)	112,524	Def. Develop. Fee split: 50% Provide additional comments here, if needed.

TOTAL PAYMENTS PRECEDING MOHCD 139,299 PUPA: 1,741

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	112,524
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Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation? **Yes** Project has MOHCD ground lease? **No**

Will Project Defer Developer Fee? **Yes**

Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 50% Max Deferred Developer Fee Amt (Use for data entry above. Do not link.): **112,524**

% of Residual Receipts available for distribution to soft debt lenders in 50%

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	\$7,161,137	39.43%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$150,000	0.83%
HCD (soft debt loan) - Lender 3	HCD AHSC	\$10,850,000	59.74%
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	45,299	50% of residual receipts, multiplied by 40.26% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment		Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE 67,225 Total Resid Receipts due not allocated, please revise F142

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	67,225	50% of residual receipts, multiplied by 59.74% -- HCD AHSC's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	67,225	

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

Attachment D – Updated Permanent Sources and Uses Block 3B

Application Date: 4/1/21 # Units: 90
 Project Name: Sunnydale HOPE SF Block 3B (West Bldg) # Bedrooms: 178
 Project Address: TBD TBD TBD # Beds:
 Project Sponsor: Related CA & Mercy Housing CA

SOURCES	Total Sources							Comments
	8,466,742	23,513,001	9,381,500	6,500,000	4,200,000	37,277,604	-	
Name of Sources:	MOHCD/OCII	Perm Debt	AHSC	JIG	DDF	TC Equity		89,338,847

USES

ACQUISITION

Acquisition cost or value	1							1
Legal / Closing costs / Broker's Fee	20,000							20,000
Holding Costs								0
Transfer Tax								0
TOTAL ACQUISITION	20,001	0	0	0	0	0	0	20,001

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab		3,039,854	9,381,500	2,471,959		37,277,604		52,170,917	Include FF&E
Commercial Shell Construction	2,040,000							2,040,000	
Demolition								0	
Environmental Remediation								0	
Onsite Improvements/Landscaping								0	
Offsite Improvements				4,028,041				4,028,041	
Infrastructure Improvements								0	HOPE SF/OCII costs for streets etc.
Parking								0	
GC Bond Premium/GC Insurance/GC Taxes		1,120,303						1,120,303	
GC Overhead & Profit		1,628,615						1,628,615	
CG General Conditions		5,287,038						5,287,038	
<i>Sub-total Construction Costs</i>	<i>2,040,000</i>	<i>11,075,810</i>	<i>9,381,500</i>	<i>6,500,000</i>	<i>0</i>	<i>37,277,604</i>	<i>0</i>	<i>66,274,914</i>	
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	1,293,867	2,019,879						3,313,746	5% new construction / 15% rehab
<i>Sub-total Construction Contingencies</i>	<i>1,293,867</i>	<i>2,019,879</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,313,746</i>	
TOTAL CONSTRUCTION COSTS	3,333,867	13,095,689	9,381,500	6,500,000	0	37,277,604	0	69,588,660	

Construction line item costs as a % of hard costs
 1.7%
 2.5%
 8.0%

SOFT COSTS

Architecture & Design

Architect design fees	1,171,500							1,171,500	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	732,500							732,500	
Architect Construction Admin	0							0	
Reimbursables	0							0	
Additional Services	300,000							300,000	
<i>Sub-total Architect Contract</i>	<i>2,204,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,204,000</i>	
Other Third Party design consultants (not included under Architect contract)								0	Consultants not covered under architect contract; name consultant type and contract amount
	185,000							185,000	
Total Architecture & Design	2,389,000	0	0	0	0	0	0	2,389,000	

Engineering & Environmental Studies

Survey	40,000							40,000	
Geotechnical studies	40,000							40,000	
Phase I & II Reports	50,000							50,000	
CEQA / Environmental Review consultants								0	
NEPA / 106 Review								0	
CNA/PNA (rehab only)								0	
Other environmental consultants								0	Name consultants & contract amounts
Total Engineering & Environmental Studies	130,000	0	0	0	0	0	0	130,000	

Financing Costs

Construction Financing Costs									
Construction Loan Origination Fee		475,363							475,363
Construction Loan Interest		3,176,965							3,176,965
Title & Recording		100,000							100,000
CDLAC & CDIAC fees		24,724							24,724
Bond Issuer Fees		317,935							317,935
Other Bond Cost of Issuance									0
MOHCD Vertical Gap Accrued Interest	393,874								393,874
<i>Sub-total Const. Financing Costs</i>	<i>393,874</i>	<i>4,094,987</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4,488,861</i>
Permanent Financing Costs									
Permanent Loan Origination Fee		235,130							235,130
Credit Enhance. & Appl. Fee		0							0
Title & Recording		40,013							40,013
<i>Sub-total Perm. Financing Costs</i>	<i>0</i>	<i>275,143</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>275,143</i>
Total Financing Costs	393,874	4,370,130	0	0	0	0	0	0	4,764,004

Legal Costs

Borrower Legal fees		231,040							231,040
Land Use / CEQA Attorney fees		0							0
Tax Credit Counsel		0							0
Bond Counsel		90,000							90,000
Construction Lender Counsel		118,800							118,800
Permanent Lender Counsel		45,000							45,000
MOHCD Counsel		50,000							50,000
Total Legal Costs	0	534,840	0	0	0	0	0	0	534,840

Other Development Costs

Appraisal		10,000							10,000
Market Study		15,000							15,000
Insurance		585,000							585,000
Property Taxes		0							0
Accounting / Audit		36,800							36,800
Organizational Costs		0							0
Entitlement / Permit Fees		1,500,000							1,500,000
Marketing / Rent-up		345,000							345,000
Furnishings		184,000							184,000
PGE / Utility Fees		0							0
TCAC App / Alloc / Monitor Fees		79,324							79,324
Financial Consultant fees		85,000							85,000
Construction Management fees / Owner's Rep		0							0
Security during Construction		240,000							240,000
Relocation		0							0
Other (specify)		0							0
Other (specify)		0							0
Total Other Development Costs	0	3,080,124	0	0	0	0	0	0	3,080,124

Total Soft Cost Contingency as % of Total Soft Costs
 5.4%

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)		589,085							589,085	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	2,912,874	8,574,179	0	0	0	0	0	0	11,487,053	

RESERVES

Operating Reserves		735,237							735,237
Replacement Reserves		0							0
Tenant Improvements Reserves		0							0
Capitalized HCD Subsidy Transition Reserve		1,107,896							1,107,896
Other (specify)		0							0
Other (specify)		0							0
TOTAL RESERVES	0	1,843,133	0	0	0	0	0	0	1,843,133

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	1,100,000								1,100,000
Developer Fee - Cash-out At Risk	1,100,000								1,100,000
Commercial Developer Fee									0
Developer Fee - GP Equity (also show as source)									0
Developer Fee - Deferred (also show as source)					4,200,000				4,200,000
Development Consultant Fees									0
Other (specify)									0
TOTAL DEVELOPER COSTS	2,200,000	0	0	0	4,200,000	0	0	0	6,400,000

Need MOHCD approval for this cost, N/A for most projects

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	8,466,742	23,513,001	9,381,500	6,500,000	4,200,000	37,277,604	0	0	89,338,847
Development Cost/Unit as % of TDC by Source	9.5%	26.3%	10.5%	7.3%	4.7%	41.7%	0.0%	0.0%	100.0%

Acquisition Cost/Unit by Source

Acquisition Cost (inc Const Contingency)/Unit By Source	37,043	145,508	104,239	72,222	0	414,196	0	0	773,207
Construction Cost (inc Const Contingency)/SF	25.80	101.36	72.61	50.31	0.00	288.53	0.00	0.00	538.61

*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	94,075
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Tax Credit Equity Pricing:

Construction Bond Amount:	0.900
Construction Loan Term (in months):	46,069,525
Construction Loan Interest Rate (as %):	32 months
	3.55%

Attachment E – 1st Year Operating Budget and Cashflow Block 3B

Application Date: 4/1/2021 Project Name: Sunnydale HOPE SF Block 3B (West Bldg)
 Total # Units: 90 Project Address: TBD TBD TBD
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2024 Project Sponsor: Related CA & Mercy Housing CA
TCAC Income Limits In Use!

INCOME	Total	Comments
Residential - Tenant Rents	1,521,708	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	1,843,596	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	0	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)		
Gross Potential Income	3,365,304	
Vacancy Loss - Residential - Tenant Rents	(76,085)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(92,180)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
EFFECTIVE GROSS INCOME	3,197,039	PUPA: 35,523

OPERATING EXPENSES		
Management		
Management Fee	83,926	1st Year to be set according to HUD schedule.
Asset Management Fee		
Sub-total Management Expenses	83,926	PUPA: 933

Salaries/Benefits		
Office Salaries	80,868	
Manager's Salary		
Health Insurance and Other Benefits		
Other Salaries/Benefits		
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	80,868	PUPA: 899

Administration		
Advertising and Marketing	920	
Office Expenses		
Office Rent		
Legal Expense - Property	17,102	
Audit Expense		
Bookkeeping/Accounting Services	9,420	
Bad Debts		
Miscellaneous	21,900	Move-in certification, tenant association fee
Sub-total Administration Expenses	49,342	PUPA: 548

Utilities		
Electricity	41,336	
Water	131,691	
Gas	56,883	
Sewer		
Sub-total Utilities	229,910	PUPA: 2,555

Taxes and Licenses		
Real Estate Taxes	3,312	
Payroll Taxes	48,642	
Miscellaneous Taxes, Licenses and Permits	45,726	
Sub-total Taxes and Licenses	97,680	PUPA: 1,085

Insurance		
Property and Liability Insurance	172,500	
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
Sub-total Insurance	172,500	PUPA: 1,917

Maintenance & Repair		
Payroll	70,665	
Supplies		
Contracts	98,959	
Garbage and Trash Removal	71,974	
Security Payroll/Contract		
HVAC Repairs and Maintenance	79,107	
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses	2,738	
Sub-total Maintenance & Repair Expenses	323,443	PUPA: 3,594

Supportive Services	92,000	
Commercial Expenses	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%

TOTAL OPERATING EXPENSES 1,129,669 **PUPA: 12,552**

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	15,000	Ground lease with SFHA Provide additional comments here, if needed.
Bond Monitoring Fee		
Replacement Reserve Deposit	46,000	
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
Required Reserve Deposits, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	61,000	PUPA: 678

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) 1,190,669 **PUPA: 13,230**

NET OPERATING INCOME (INCOME minus OP EXPENSES) 2,006,370 **PUPA: 22,293**

Min DSCR: 1.15
 Mortgage Rate: 6.04%
 Term (Years): 30
 Supportable 1st Mortgage Pmt: 1,744,669
 Supportable 1st Mortgage Amt: \$24,146,018
 Proposed 1st Mortgage Amt: \$23,513,000

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	1,675,376	Perm Debt Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	30,592	HCD AHSC Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
TOTAL HARD DEBT SERVICE	1,705,968	PUPA: 18,955

CASH FLOW (NOI minus DEBT SERVICE) 300,402

USES OF CASH FLOW BELOW (This row also shows DSCR.) 1.18

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	12,140	1st
Partnership Management Fee (see policy for limits)	2,500	2nd
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	12,135	3rd
Other Payments		
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt =< Max Fee from cell I130)	136,813	Def. Develop. Fee split: 50% Provide additional comments here, if needed.

TOTAL PAYMENTS PRECEDING MOHCD 163,588 **PUPA: 1,818**

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) 136,813

Residual Receipts Calculation
 Does Project have a MOHCD Residual Receipt Obligation? **Yes** Project has MOHCD ground lease? **No**
 Will Project Defer Developer Fee? **Yes**
 Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 50% Max Deferred Developer Fee Amt (Use for data entry above. Do not link.): **136,813**
 % of Residual Receipts available for distribution to soft debt lenders in 50%

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	\$8,466,742	47.04%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$150,000	0.83%
HCD (soft debt loan) - Lender 3	HCD AHSC	\$9,381,500	52.12%
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	65,500	50% of residual receipts, multiplied by 47.88% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment		Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE 71,313 **Total Resid Receipts due not allocated, please revise F142**

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	71,313	50% of residual receipts, multiplied by 52.12% -- HCD AHSC's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	71,313	

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

Attachment F – Updated Uses Phase 1A3 Infrastructure

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

MEMORANDUM

DATE: DECEMBER 20, 2019

TO: CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE

FROM: SARA AMARAL, SENIOR PROJECT MANAGER

RE: AMENDMENT TO 12/6/19 LOAN COMMITTEE APPROVAL OF SUNNYDALE
BLOCK 3 - PRELIMINARY GAP COMMITMENTS FOR IIG & AHSC
APPLICATION FINANCING PURPOSES

Summary of Request

This memo requests an amendment to Loan Committee's 12/6/19 approval of a preliminary gap commitment and approval to apply for Sunnydale Block 3 in connection with the developer team's revised application strategy that includes two applications to the State Affordable Housing and Sustainable Communities (AHSC) programs and two applications to the State's Infrastructure Infill Grant (IIG) program.

Loan Committee is being asked to approve the following:

- The submission of 2 AHSC applications and 2 IIG applications

Background to this Request

On December 6, 2019, Loan Committee approved the Sponsor's request for \$43,602,844 in Gap funding commitments for both Sunnydale Block 3 and Sunnydale Infrastructure Phase 1A3, as well as approval from Loan Committee to apply for \$20M in AHSC and \$12M in IIG funding for these Projects, as required to make Block 3 competitive for funding in these programs.

- Sunnydale Block 3 Housing Partners, L.P. (Partnership or Sponsor), a partnership between Related California and Mercy Housing California, requested the vertical gap commitment in the amount of \$33,542,584, in anticipation of applying for and receiving \$20M from AHSC.
- The Sunnydale Block 3 (Block 3) Infrastructure Developer requested the infrastructure gap commitment Gap in the amount of \$10,060,260 in anticipation of applying for and receiving \$12M from IIG.

Loan Committee's approval of the applications is required because MOHCD and the Sponsor will be submitting a joint application for both the AHSC program funds and IIG, and the San Francisco Board of Supervisors (BOS) must approve those applications.

See executed Loan Evaluation memo, attached.

Revised Loan Committee Request.

Before 12/6/19 Loan Committee, the Project had been restructured as two distinct developments to take advantage of the higher funding request limit for the IIG Qualifying Infill Area category, and to address new CDLAC project bond allocation caps that would have negatively affected this large project. Since the Loan Committee date, the Sponsor, with assistance from the City’s AHSC Strategy Consultant and in consultation with leadership in the two State housing programs, has determined that the project could leverage an additional \$15.7M in AHSC funds by submitting separate AHSC and IIG applications for the two developments, a total of four applications.

The submittal of four applications will increase the maximum potential state funds that the project will leverage, and will reduce the City vertical gap subsidy.

The Sponsors are still finalizing application numbers, but are hoping to apply for the maximum allocation. In the meantime, the Sponsor and Staff recommend retaining the previously committed MOHCD gap funds from 12/6/19, to forestall another return to Loan Committee for an updated commitment later. Sponsor understands that the previous Gap commitment is an “up to amount” and will be decreased when future funding is secured.

Source	As of 12/6 LC	Blocks 3A & 3B – this request	Infrastructure – this request	Change
MOHCD Vertical	\$31,942,584	\$13,701,146	0	(\$18,241,438)
MOHCD Horizontal	\$10,060,260		\$10,060,260	0
HCD IIG	\$12,056,672	\$12,096,780		\$40,108
HCD AHSC	\$20,000,000	\$35,729,380		\$15,729,380

Staff Recommendation.

Staff recommends approval for Sponsor and MOHCD, as joint applicants, to apply for up to \$38,000,000 from AHSC in up to two applications and for up to \$13M for IIG in up to two applications.

Loan Conditions.

The following loan conditions are held over from the June 7, 2019 predevelopment request and the December 6, 2019 gap commitment request. No additional conditions have been added for this revised request.

- Sponsor must provide contract for Construction Management for MOHCD to review and approve.
- Sponsor will work with services to complete a detailed analysis of appropriate unit size/bedroom need, subject to review and approval by MOHCD, of incoming residents by gap loan request.
- Sponsor will provide a detailed commercial plan analysis by June 2020, including researching financing options for the commercial space in order to minimize the need for MOHCD funding for the space. In addition, the analysis will include a schedule and plan on the commercial

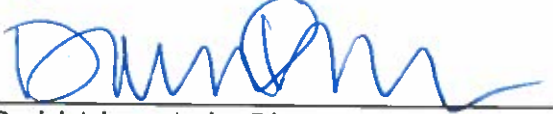
space's lease-up, including identifying potential commercial tenants. LOIs will be required for all community serving spaces by gap loan approval.

- Sponsor must provide marketing plan for child-care units by gap financing request.
- Sponsor must apply to AHP before gap financing request, and subsequent to Gap request as needed, to offset MOHCD contribution.
- Sponsor will work with MOHCD staff to reduce Operating Expenses, subject to review and approval by MOHCD, to be in line with underwriting guidelines.
- Sponsor will work with SFHA to provide funding commitments for the PBVs for the development
- Sponsor will work with MOHCD to bring marketing costs, subject to review and approval by MOHCD, in line with other projects in MOHCD pipeline prior to Gap.
- Sponsor must provide services plan and budget prior to Gap.
- Sponsor must provide security plan and budget prior to Gap.
- Sponsor must provide Request for Proposals for the equity investor, subject to review and approval by MOHCD, before the RFP is issued to investors.
- Sponsor must provide all responses to lender and investor RFP prior to selections.

Loan Committee Modifications

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

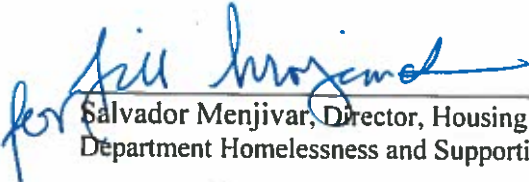
APPROVE. DISAPPROVE. TAKE NO ACTION.



Date: 12/20/19

Daniel Adams, Acting Director
Mayor's Office of Housing and Community Development

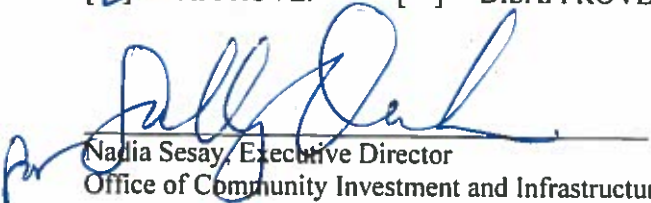
APPROVE. DISAPPROVE. TAKE NO ACTION.



Date: 12/20/19

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

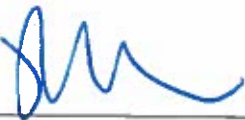
APPROVE. DISAPPROVE. TAKE NO ACTION.



Date: 12/20/19

Nadia Sesay, Executive Director
Office of Community Investment and Infrastructure

APPROVE. DISAPPROVE. TAKE NO ACTION.



Date: 12/20/19

Tonia Lediju, Acting Executive Director
San Francisco Housing Authority

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

MEMORANDUM

DATE: DECEMBER 6, 2019

TO: CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE

FROM: SARA AMARAL, SENIOR PROJECT MANAGER

RE: **SUNNYDALE BLOCK 3 - PRELIMINARY GAP COMMITMENT FOR IIG & AHSC APPLICATION FINANCING PURPOSES - \$33,542,584**

SOURCES OF FUNDS

2015 GO BOND	\$3,700,000	(Previously Committed)
HOUSING TRUST FUND	\$20,000,000	
CPMC	\$3,712,770	
LMIHAF	\$3,920,000	
<u>AHF INCLUSIONARY</u>	<u>\$2,209,814</u>	
TOTAL	\$33,542,584	

SUNNYDALE PHASE 1A3 – PRELIMINARY GAP COMMITMENT FOR IIG APPLICATION FINANCING PURPOSES - \$10,060,260

SOURCES OF FUNDS

2015 GO BOND	\$5,800,000	(Previously Committed)
<u>AHF INCLUSIONARY</u>	<u>\$4,460,260</u>	
TOTAL	\$10,060,260	

TOTAL COMMITMENT REQUESTED: \$43,602,844

Summary of Request

Sunnydale Block 3 (Block 3) is the third vertical housing development at the Sunnydale HOPE SF site, located within infrastructure Phase 1A3. Sunnydale Block 3 Housing Partners, L.P. (Partnership or Sponsor), a partnership between Related California and Mercy Housing California, is the project Sponsor for the mixed-use development (Project) located on the southwest corner of Sunnydale Avenue and Hahn Street. The Project will include approximately 168 affordable rental units (75% set aside as public housing replacement units for Sunnydale public housing residents) and approximately 30,000 sq. ft. of commercial space featuring an early childhood education center, wellness center, additional neighborhood-serving amenities, and retail. All units will be targeted to households with incomes from 30% to 60% San Francisco AMI (MOHCD AMI). Construction is anticipated to begin in Spring 2022.

The Partnership is requesting up to \$33,542,584 in funding at this preliminary Gap request for Sunnydale Block 3. The approval of this loan will make the Project competitive for a California's Department of Housing and Community Development (HCD) Affordable Housing and Sustainable Communities (AHSC) loan of \$20M in housing funding, and up to another \$10M in funding for SFMTA improvements. These funds are required for the Project to move forward and for construction to start.

Sunnydale Infrastructure Phase 1A3, LLC (Infrastructure Developer), which consists of Mercy Housing California and The Related Companies of California as sole members, is responsible for predevelopment, coordination, abatement, demolition, construction of the new infrastructure improvements. In order to be competitive to IIG for a portion of the infrastructure costs, the Infrastructure Developer is requesting a commitment for the City's Infrastructure Gap amount of \$10,060,260 in anticipation of applying and receiving \$12M from IIG program funds.

In total, the Sponsor is requesting \$43,602,844 in Gap funding commitments for both Sunnydale Block 3 and Sunnydale Infrastructure Phase 1A3, as well as approval from Loan Committee to apply for \$20M in AHSC and \$12M in IIG funding for these Projects.

AHSC and IIG Programs

HCD issued a Notice of Funding Availability (NOFA) on October 30, 2019 for \$194 million in funding for IIG. The IIG program is intended to support qualifying infill areas with capital improvement funding. These funds are intended for higher-density, mixed income housing and mixed-use infill development projects.

The Mayor's Office of Housing and Community Development (MOHCD) will be submitting a joint application with the Partnership to the HCD for an IIG grant totaling not more than \$20M to partially cover infrastructure costs for the Phase 1A3 Infrastructure. The grant will be drawn upon by the Sponsor once the infrastructure project commences and costs accumulated. The IIG application is due January 29, 2020.

On November 1, 2019, HCD issued another NOFA for \$550 million in funding for the AHSC Program. The AHSC program is administered by the Strategic Growth Council and implemented by HCD, and funds land use, housing, transportation and land preservation projects to support infill developments that reduce greenhouse gas emissions. Funding for the AHSC Program is provided from the Greenhouse Gas Reduction Fund, an account established to receive Cap-and-Trade auction proceeds. The AHSC program breaks up the award into two components: a loan for housing hard costs, and a grant for transit improvements being implemented by the San Francisco Municipal Transit Agency (SFMTA) and Recreation and Parks Department (RPD) as well as program costs and housing-related infrastructure (HRI).

MOHCD, the Sponsor, and SFMTA will be submitting a joint application for AHSC program funds. The Sponsor is seeking up to \$20M for the housing development and a \$10M grant for transit and bicycle/pedestrian improvements. The \$10M will be distributed to the SFMTA for their work and RPD for bicycle and pedestrian improvements surrounding the Project area. Applications for AHSC are due February 11, 2020. MOHCD, SFMTA, and the Sponsor will be joint and severally liable for the AHSC award, meaning that if the team fails to meet the housing obligation, SFMTA will be liable to complete the Project and if the SFMTA fails to meet the transit improvement obligation, MOHCD and the Partnership will be responsible for the completion of the SFMTA scope. Two separate

Memoranda of Understandings (MOUs) are currently being drafted with the assistance of the City Attorney's office between MOHCD and the SFMTMA and RPD. Both MOUs will be executed by the AHSC application date.

In order to apply to IIF and AHSC for infrastructure, housing and transportation grant funds, MOHCD will need to provide a commitment of funds for both the vertical Gap for Block 3 and Infrastructure Gap, and obtain approval from the San Francisco Board of Supervisors (BOS) to apply to the HCD programs.

Background

Sunnydale HOPE SF's progress to date includes construction completion of its first phase, Parcel Q, in October 2019 for 72 units. Infrastructure Phase 1A/2 started in June 2019, once abatement and demolition of 120 units over 16 buildings was completed. Block 6, a 167 unit affordable development across the street from Parcel Q and within the Phase 1A1/2 infrastructure footprint, will close on construction financing in December 2019, with lease up expected to start in the fall of 2021. In addition, the Sponsor is working with MOHCD to market and develop the market rate parcel, Block 5, which is next to Block 6. It is intended that the market rate parcel will also start construction around the same time as Block 3.

Update on Project Status

1. Design/Planning

The Sponsor submitted the Phased Application to the Planning Department on September 27, 2019, which includes Infrastructure Phase 1A3, Block 1 (Community Building) and Block 3. Project is still in conceptual design and will move to Schematic Design in March 2020.

2. Updated Sources and Uses Summary

On June 7, 2019, the Loan Committee approved \$9.5M in predevelopment funding for Sunnydale Block 3 and Sunnydale Infrastructure Phase 1A3 together, with costs based on Infrastructure Phase 1A1/2 and Sunnydale Block 6's earlier cost estimates. The budget and preliminary gap analysis for Block 3 have been updated based on the final construction costs for Sunnydale Block 6, a comparable residential development that will begin construction in December 2019. Also, since Loan Committee approval, the Project is now contemplated as two distinct developments to take advantage of the higher funding request limit for the IIG Qualifying Infill Area category. Given the Project's unit count, unit mix, AMI levels, density, and other factors, the Sponsor estimates that the Project can request up to a combined amount of approximately \$26.8M from the IIG and AHSC Programs.

Predevelopment Sources	Amount	Terms	Status
MOHCD	\$3,700,000	55 yrs. @ 3% Def / RR	Committed
Permanent Sources	Amount	Terms	Status
Tax Credit Equity	\$ 60,937,127	\$1.00 per credit	Not Committed
Permanent Bank Loan	\$ 40,382,400	30 yrs. @ 5.75%	Not Committed
MOHCD Vertical	\$ 28,242,584	55 yrs. @ 3.00% / RR	This Request
MOHCD Assign. Infrastructure	\$ 643,738	55 yrs. @ 0.00% / RR	Not Committed

HCD IIG	\$ 12,056,672	Grant	Not Committed
HCD AHSC	\$ 20,000,000	RR, .42% annual fee	Not Committed
Def Dev Fee	\$ 2,415,000		Committed
GP Equity Contribution	\$ 2,415,000		Committed
Total	\$ 167,092,521		
Uses	Amount	Per Unit	Per GSF
Hard Costs	\$136,444,929	\$812,172	\$629
Soft Costs	\$22,947,592	\$136,593	\$106
Developer Fee	\$7,700,000	\$45,833	\$35
Total	\$167,092,521	\$994,598	\$770

The Infrastructure Phase 1A3 budget has not changed since Loan Committee approval in June 2019 and is still estimated at \$22,073,792 (see Attachment D). At that time, the Sponsor anticipated that approximately \$8M in costs would be assigned to Block 3 in order to leverage additional tax credits, leaving \$14M in funds to be considered paid in kind once the City accepted the infrastructure improvements. The new assumption is that approximately \$12M in funds would be approved by IIG and deeded against Block 3, with another \$643,378 in assigned infrastructure funds to Block 3, leaving \$7.3M in funds that would be considered paid in kind once the City accepted the infrastructure improvements, and thereby significantly reducing MOHCD's overall subsidy for the two projects.

3. Sources and Uses Narrative

a. Permanent Sources Evaluation Narrative

MOHCD Gap Loan – Not to exceed \$33,542,584. This gap loan is inclusive of the \$3.7M in predevelopment funds already committed to the Project. In addition, this amount is \$5.3M more than what is provided on the MOHCD development budget. While the Sponsor could apply for a maximum of \$20M from AHSC, the Sponsor may need to decrease its request in order to be more competitive, resulting in a larger MOHCD gap. This amount will be refined at Gap.

Permanent Mortgage – \$40,382,400 in two tranches of permanent debt, underwritten by a Section 8 Project Based Voucher contract for 126 units, with a 5.75% rate and a 30-year term. At Gap request, if the payment standards and interest rates improve, MOHCD's contribution to the Project will decrease.

Tax Credit Equity – \$60,937,127 of equity derived from the sale of 4 percent Low Income Housing Tax Credits (LIHTC), assuming \$1.00 per credit. Considering other HOPE SF projects tax credit rate, this is low. If equity pricing improves in 2020, this will further reduce MOHCD's contribution to the project. Sponsor will complete an analysis on competitiveness to the CDLAC/TCAC program before Gap request.

AHSC – \$20,000,000 – The Sponsor intends to apply for the maximum amount of housing funds from AHSC in the amount of \$20M in February 2020. As the Project is still in the analysis phase of the AHSC award, the Sponsor is including the maximum AHSC

award. However, as the Sponsor evaluates the application more, the AHSC award may need to be decreased, in which the reduction of AHSC funding would increase MOHCD gap amount. To this extent, and as noted above under the MOHCD gap loan amount, this evaluation is written for the maximum not to exceed MOHCD gap amount, which accounts for a potential reduction of AHSC.

IIG – \$12,056,672 - The Sponsor intends to apply for infrastructure improvements with HCD which will be assigned to this Project and will reduce the MOHCD contribution on infrastructure improvements.

Assignment of Infrastructure - \$643,738 – In order to maximize tax credit equity, the Sponsor is assigning a portion of the Sunnydale Infrastructure Phase 1A3 loan to the vertical Block 3 loan. This assignment will occur at construction close.

GP Equity - \$2,415,000 - The overall developer fee payout and equity payment have not changed since the Sponsor requested predevelopment funds in June 2019.

Deferred Developer Fee - \$2,415,000 - The overall developer fee payout and equity payment have not changed since the Sponsor requested predevelopment funds in June 2019.

b. Permanent Uses Evaluation:

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

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit are within standards	N	\$812,172 / unit. Hard costs are inclusive of infrastructure improvements, as well as 30,000 sq. ft. of commercial space, and are higher than MOHCD average of \$551,811 per unit. Cost per unit without infrastructure costs is \$736,575, but including commercial. Hard costs per unit is \$683,226 without infrastructure or commercial.
Construction Hard Cost Contingency is at least 5% (new construction)	Y	Hard Cost Contingency is at 5.9%. In addition, design contingency of 2.5%, plan check of 4.9% and bid contingency of 5.4% are included. These numbers are inclusive of the infrastructure improvements.
Architecture and Engineering Fees are within standards	Y	The Architecture and Engineering scope of work and fee structure complies with MOHCD standards and has been reviewed and approved by CR staff.
Construction Management Fees are within standards	Y	Construction Management fees are slightly higher than MOHCD limits and have been approved by MOHCD CR Staff.
Developer Fee is within standards, see also disbursement chart below	Y	Developer Fee meets MOHCD guidelines Project Management Fee: \$1,100,000 At Risk Fee: \$1,770,000 GP Equity: \$2,415,000 Deferred Fee: \$2,415,000 Total \$7,700,000
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 5.1%. Sponsor will work with MOHCD to bring number in line with guidelines.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months.

c. Developer Fee Analysis:

The numbers represented were originally approved at the June 7, 2019 predevelopment request. HCD may limit the GP equity contribution per regulations. The Sponsor will provide an analysis of the HCD limit at Gap.

Payment Milestone	% of Project Mgmt. Fee	Amount
At closing of initial pre-development financing	14%	\$150,000
MOHCD approval of commercial space plan	18%	\$200,000
At CDLAC/TCAC application	14%	\$150,000
Construction Close	25%	\$270,000
During Construction at 50% Complete	20%	\$220,000
At 100% Lease up	10%	\$110,000
<i>Total Project Management Fee</i>		<i>\$1,100,000</i>
At-Risk: Draft Cost Certification	17%	\$300,000
At-Risk: Permanent Loan Closing	28%	\$500,000
At-Risk: Project Close Out	55%	\$970,000
<i>Total At Risk Fee</i>		<i>\$1,770,000</i>
Total Cash Developer Fee	Project Management and At-Risk	\$2,870,000
Deferred Fee		\$2,415,000
GP Equity		\$2,415,000
Total Developer Fee		\$7,700,000

4. Operating Budget updates

Operating Budget is being presented to demonstrate the Project's overall feasibility. The Sponsors will return to Loan Committee for final Gap numbers in 2021.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio stays above 1:1 through Year 17	N	DSCR is 1.28 at Year 1 and 1.79 at Year 17. The Sponsor will work with MOHCD to bring these in line with guidelines.
Vacancy meets TCAC Standards	Y	Vacancy is 5%.
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5%.

Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%.
Base year operating expenses per unit are reasonable per comparable	Y	Operating budget shows \$12,082 PUPA before reserves and ground lease and \$13,186 PUPA after. This is in line with other HOPE SF projects.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$153,216 or \$76 PUPM.
Property Management staffing level is reasonable per comparable	Y	3 FTEs for Management; 1 FTE maintenance, FTE maintenance tech and 1 FTE janitorial.
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$24,280/yr. Annual PM Fee is \$24,280/yr.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 per unit per year, per HCD guidelines.
Limited Partnership Asset Management Fee meets standards	Y	LP Asset Management Fee of \$5,000.
Commercial Operating Income Growth	N	1 st year operating vacancy rate is within MOHCD guidelines, but each year after is not. MOHCD will work with Sponsor to refine commercial plan.
Services Paid from Operating	Y	The operating budget includes 1.6 FTE Resident Service Coordinator.

5. Services Budget updates

No changes have been made to the overall services plan and budget. An updated services plan and budget will be provided to MOHCD and HOPE SF to review and approve before the project is presented to Loan Committee for its final gap commitment.

6. Next Steps

MOHCD and the Project Sponsor will submit joint applications to HCD on January 29, 2020 and February 11, 2020. MOHCD will provide a preliminary commitment letter per this Loan Committee's recommendation. The Project is anticipated to commence construction in Spring 2022. As the Project nears construction commencement, MOHCD staff will bring a final gap request to the Loan Commitment in the summer of 2021.

7. Staff Recommendation

Staff recommends approval of the commitment letters for \$33,542,584 for Block 3 and \$10,060,260 for Infrastructure Phase 1A3 preliminary gap. Staff also recommends approval for Sponsor and MOHCD, as joint applicants, to apply for \$30M from AHSC and approximately \$12M for IIG.

8. LOAN CONDITIONS

All of these loan conditions are held over from the June 7, 2019 predevelopment request. No additional conditions have been added for this preliminary Gap request.

- Sponsor must provide contract for Construction Management for MOHCD to review and approve.

- Sponsor will work with services to complete a detailed analysis of appropriate unit size/bedroom need, subject to review and approval by MOHCD, of incoming residents by gap loan request.
- Sponsor will provide a detailed commercial plan analysis by June 2020, including researching financing options for the commercial space in order to minimize the need for MOHCD funding for the space. In addition, the analysis will include a schedule and plan on the commercial space's lease-up, including identifying potential commercial tenants. LOIs will be required for all community serving spaces by gap loan approval.
- Sponsor must provide marketing plan for child-care units by gap financing request.
- Sponsor must apply to AHP before gap financing request, and subsequent to Gap request as needed, to offset MOHCD contribution.
- Sponsor will work with MOHCD staff to reduce Operating Expenses, subject to review and approval by MOHCD, to be in line with underwriting guidelines.
- Sponsor will work with SFHA to provide funding commitments for the PBVs for the development by what milestone?.
- Sponsor will work with MOHCD to bring marketing costs, subject to review and approval by MOHCD, in line with other projects in MOHCD pipeline prior to Gap.
- Sponsor must provide services plan and budget prior to Gap.
- Sponsor must provide security plan and budget prior to Gap.
- Sponsor must provide Request for Proposals for the equity investor, subject to review and approval by MOHCD, before the RFP is issued to investors.
- Sponsor must provide all responses to lender and investor RFP prior to selections.

9. LOAN COMMITTEE MODIFICATIONS

10. LOAN COMMITTEE RECCOMENDATIONS

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

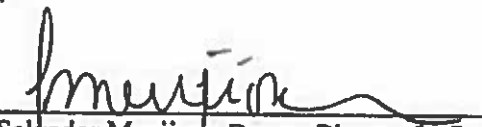
APPROVE. DISAPPROVE. TAKE NO ACTION.



Daniel Adams, Acting Director
Mayor's Office of Housing and Community Development

Date: 12/6/19

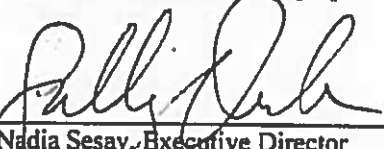
APPROVE. DISAPPROVE. TAKE NO ACTION.



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

Date: 12-6-19

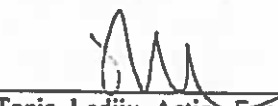
APPROVE. DISAPPROVE. TAKE NO ACTION.

for 

Nadia Sesay, Executive Director
Office of Community Investment and Infrastructure

Date: 12-6-19

APPROVE. DISAPPROVE. TAKE NO ACTION.



Tonja Lediju, Acting Executive Director
San Francisco Housing Authority

Date: 12/6/19

- Attachments:** Attachment A – Updated Family Cost Comparison Chart
Attachment B – Updated Permanent Sources and Uses
Attachment C – 1st Year Operating Budget and Cashflow
Attachment D –Predevelopment Loan Evaluations

Attachment A – Updated Family Cost Comparison Chart

Affordable Multifamily Housing New Construction Cost Comparison

Project Name	Address	Unit Mix	Gross Area	Building Expense Summary			Total Project Costs	Cost per sq ft	Notes
				Per Unit	Total	Per sq ft			
PHASE 1: MARKET CONSTRUCTION									
Project Name	Address	Unit Mix	Gross Area	Per Unit	Total	Per sq ft	Notes		
1.1.1	123 Main St	100% Studio	10,000	\$100	\$1,000,000	\$100	Market rate construction with standard finishes.		
1.1.2	456 Elm St	100% Studio	10,000	\$105	\$1,050,000	\$105	Market rate construction with standard finishes.		
1.1.3	789 Oak St	100% Studio	10,000	\$110	\$1,100,000	\$110	Market rate construction with standard finishes.		
1.1.4	321 Pine St	100% Studio	10,000	\$115	\$1,150,000	\$115	Market rate construction with standard finishes.		
1.1.5	654 Maple St	100% Studio	10,000	\$120	\$1,200,000	\$120	Market rate construction with standard finishes.		
1.1.6	987 Cedar St	100% Studio	10,000	\$125	\$1,250,000	\$125	Market rate construction with standard finishes.		
1.1.7	210 Birch St	100% Studio	10,000	\$130	\$1,300,000	\$130	Market rate construction with standard finishes.		
1.1.8	543 Willow St	100% Studio	10,000	\$135	\$1,350,000	\$135	Market rate construction with standard finishes.		
1.1.9	876 Spruce St	100% Studio	10,000	\$140	\$1,400,000	\$140	Market rate construction with standard finishes.		
1.1.10	109 Fir St	100% Studio	10,000	\$145	\$1,450,000	\$145	Market rate construction with standard finishes.		
1.1.11	432 Hemlock St	100% Studio	10,000	\$150	\$1,500,000	\$150	Market rate construction with standard finishes.		
1.1.12	765 Cypress St	100% Studio	10,000	\$155	\$1,550,000	\$155	Market rate construction with standard finishes.		
1.1.13	098 Juniper St	100% Studio	10,000	\$160	\$1,600,000	\$160	Market rate construction with standard finishes.		
1.1.14	321 Sycamore St	100% Studio	10,000	\$165	\$1,650,000	\$165	Market rate construction with standard finishes.		
1.1.15	654 Walnut St	100% Studio	10,000	\$170	\$1,700,000	\$170	Market rate construction with standard finishes.		
1.1.16	987 Cherry St	100% Studio	10,000	\$175	\$1,750,000	\$175	Market rate construction with standard finishes.		
1.1.17	210 Peach St	100% Studio	10,000	\$180	\$1,800,000	\$180	Market rate construction with standard finishes.		
1.1.18	543 Plum St	100% Studio	10,000	\$185	\$1,850,000	\$185	Market rate construction with standard finishes.		
1.1.19	876 Apple St	100% Studio	10,000	\$190	\$1,900,000	\$190	Market rate construction with standard finishes.		
1.1.20	109 Orange St	100% Studio	10,000	\$195	\$1,950,000	\$195	Market rate construction with standard finishes.		
1.1.21	432 Lemon St	100% Studio	10,000	\$200	\$2,000,000	\$200	Market rate construction with standard finishes.		
1.1.22	765 Lime St	100% Studio	10,000	\$205	\$2,050,000	\$205	Market rate construction with standard finishes.		
1.1.23	098 Coffee St	100% Studio	10,000	\$210	\$2,100,000	\$210	Market rate construction with standard finishes.		
1.1.24	321 Tea St	100% Studio	10,000	\$215	\$2,150,000	\$215	Market rate construction with standard finishes.		
1.1.25	654 Herb St	100% Studio	10,000	\$220	\$2,200,000	\$220	Market rate construction with standard finishes.		
1.1.26	987 Spice St	100% Studio	10,000	\$225	\$2,250,000	\$225	Market rate construction with standard finishes.		
1.1.27	210 Sugar St	100% Studio	10,000	\$230	\$2,300,000	\$230	Market rate construction with standard finishes.		
1.1.28	543 Flour St	100% Studio	10,000	\$235	\$2,350,000	\$235	Market rate construction with standard finishes.		
1.1.29	876 Butter St	100% Studio	10,000	\$240	\$2,400,000	\$240	Market rate construction with standard finishes.		
1.1.30	109 Oil St	100% Studio	10,000	\$245	\$2,450,000	\$245	Market rate construction with standard finishes.		
1.1.31	432 Honey St	100% Studio	10,000	\$250	\$2,500,000	\$250	Market rate construction with standard finishes.		
1.1.32	765 Wax St	100% Studio	10,000	\$255	\$2,550,000	\$255	Market rate construction with standard finishes.		
1.1.33	098 Resin St	100% Studio	10,000	\$260	\$2,600,000	\$260	Market rate construction with standard finishes.		
1.1.34	321 Gum St	100% Studio	10,000	\$265	\$2,650,000	\$265	Market rate construction with standard finishes.		
1.1.35	654 Sap St	100% Studio	10,000	\$270	\$2,700,000	\$270	Market rate construction with standard finishes.		
1.1.36	987 Juice St	100% Studio	10,000	\$275	\$2,750,000	\$275	Market rate construction with standard finishes.		
1.1.37	210 Syrup St	100% Studio	10,000	\$280	\$2,800,000	\$280	Market rate construction with standard finishes.		
1.1.38	543 Molasses St	100% Studio	10,000	\$285	\$2,850,000	\$285	Market rate construction with standard finishes.		
1.1.39	876 Vinegar St	100% Studio	10,000	\$290	\$2,900,000	\$290	Market rate construction with standard finishes.		
1.1.40	109 Ketchup St	100% Studio	10,000	\$295	\$2,950,000	\$295	Market rate construction with standard finishes.		
1.1.41	432 Mayonnaise St	100% Studio	10,000	\$300	\$3,000,000	\$300	Market rate construction with standard finishes.		
1.1.42	765 Dressing St	100% Studio	10,000	\$305	\$3,050,000	\$305	Market rate construction with standard finishes.		
1.1.43	098 Sauce St	100% Studio	10,000	\$310	\$3,100,000	\$310	Market rate construction with standard finishes.		
1.1.44	321 Paste St	100% Studio	10,000	\$315	\$3,150,000	\$315	Market rate construction with standard finishes.		
1.1.45	654 Dough St	100% Studio	10,000	\$320	\$3,200,000	\$320	Market rate construction with standard finishes.		
1.1.46	987 Breadcrumbs St	100% Studio	10,000	\$325	\$3,250,000	\$325	Market rate construction with standard finishes.		
1.1.47	210 Flour St	100% Studio	10,000	\$330	\$3,300,000	\$330	Market rate construction with standard finishes.		
1.1.48	543 Eggs St	100% Studio	10,000	\$335	\$3,350,000	\$335	Market rate construction with standard finishes.		
1.1.49	876 Butter St	100% Studio	10,000	\$340	\$3,400,000	\$340	Market rate construction with standard finishes.		
1.1.50	109 Oil St	100% Studio	10,000	\$345	\$3,450,000	\$345	Market rate construction with standard finishes.		
1.1.51	432 Sugar St	100% Studio	10,000	\$350	\$3,500,000	\$350	Market rate construction with standard finishes.		
1.1.52	765 Salt St	100% Studio	10,000	\$355	\$3,550,000	\$355	Market rate construction with standard finishes.		
1.1.53	098 Pepper St	100% Studio	10,000	\$360	\$3,600,000	\$360	Market rate construction with standard finishes.		
1.1.54	321 Vinegar St	100% Studio	10,000	\$365	\$3,650,000	\$365	Market rate construction with standard finishes.		
1.1.55	654 Ketchup St	100% Studio	10,000	\$370	\$3,700,000	\$370	Market rate construction with standard finishes.		
1.1.56	987 Mayonnaise St	100% Studio	10,000	\$375	\$3,750,000	\$375	Market rate construction with standard finishes.		
1.1.57	210 Dressing St	100% Studio	10,000	\$380	\$3,800,000	\$380	Market rate construction with standard finishes.		
1.1.58	543 Sauce St	100% Studio	10,000	\$385	\$3,850,000	\$385	Market rate construction with standard finishes.		
1.1.59	876 Paste St	100% Studio	10,000	\$390	\$3,900,000	\$390	Market rate construction with standard finishes.		
1.1.60	109 Dough St	100% Studio	10,000	\$395	\$3,950,000	\$395	Market rate construction with standard finishes.		
1.1.61	432 Breadcrumbs St	100% Studio	10,000	\$400	\$4,000,000	\$400	Market rate construction with standard finishes.		
1.1.62	765 Flour St	100% Studio	10,000	\$405	\$4,050,000	\$405	Market rate construction with standard finishes.		
1.1.63	098 Eggs St	100% Studio	10,000	\$410	\$4,100,000	\$410	Market rate construction with standard finishes.		
1.1.64	321 Butter St	100% Studio	10,000	\$415	\$4,150,000	\$415	Market rate construction with standard finishes.		
1.1.65	654 Oil St	100% Studio	10,000	\$420	\$4,200,000	\$420	Market rate construction with standard finishes.		
1.1.66	987 Sugar St	100% Studio	10,000	\$425	\$4,250,000	\$425	Market rate construction with standard finishes.		
1.1.67	210 Salt St	100% Studio	10,000	\$430	\$4,300,000	\$430	Market rate construction with standard finishes.		
1.1.68	543 Pepper St	100% Studio	10,000	\$435	\$4,350,000	\$435	Market rate construction with standard finishes.		
1.1.69	876 Vinegar St	100% Studio	10,000	\$440	\$4,400,000	\$440	Market rate construction with standard finishes.		
1.1.70	109 Ketchup St	100% Studio	10,000	\$445	\$4,450,000	\$445	Market rate construction with standard finishes.		
1.1.71	432 Mayonnaise St	100% Studio	10,000	\$450	\$4,500,000	\$450	Market rate construction with standard finishes.		
1.1.72	765 Dressing St	100% Studio	10,000	\$455	\$4,550,000	\$455	Market rate construction with standard finishes.		
1.1.73	098 Sauce St	100% Studio	10,000	\$460	\$4,600,000	\$460	Market rate construction with standard finishes.		
1.1.74	321 Paste St	100% Studio	10,000	\$465	\$4,650,000	\$465	Market rate construction with standard finishes.		
1.1.75	654 Dough St	100% Studio	10,000	\$470	\$4,700,000	\$470	Market rate construction with standard finishes.		
1.1.76	987 Breadcrumbs St	100% Studio	10,000	\$475	\$4,750,000	\$475	Market rate construction with standard finishes.		
1.1.77	210 Flour St	100% Studio	10,000	\$480	\$4,800,000	\$480	Market rate construction with standard finishes.		
1.1.78	543 Eggs St	100% Studio	10,000	\$485	\$4,850,000	\$485	Market rate construction with standard finishes.		
1.1.79	876 Butter St	100% Studio	10,000	\$490	\$4,900,000	\$490	Market rate construction with standard finishes.		
1.1.80	109 Oil St	100% Studio	10,000	\$495	\$4,950,000	\$495	Market rate construction with standard finishes.		
1.1.81	432 Sugar St	100% Studio	10,000	\$500	\$5,000,000	\$500	Market rate construction with standard finishes.		
1.1.82	765 Salt St	100% Studio	10,000	\$505	\$5,050,000	\$505	Market rate construction with standard finishes.		
1.1.83	098 Pepper St	100% Studio	10,000	\$510	\$5,100,000	\$510	Market rate construction with standard finishes.		
1.1.84	321 Vinegar St	100% Studio	10,000	\$515	\$5,150,000	\$515	Market rate construction with standard finishes.		
1.1.85	654 Ketchup St	100% Studio	10,000	\$520	\$5,200,000	\$520	Market rate construction with standard finishes.		
1.1.86	987 Mayonnaise St	100% Studio	10,000	\$525	\$5,250,000	\$525	Market rate construction with standard finishes.		
1.1.87	210 Dressing St	100% Studio	10,000	\$530	\$5,300,000	\$530	Market rate construction with standard finishes.		
1.1.88	543 Sauce St	100% Studio	10,000	\$535	\$5,350,000	\$535	Market rate construction with standard finishes.		
1.1.89	876 Paste St	100% Studio	10,000	\$540	\$5,400,000	\$540	Market rate construction with standard finishes.		
1.1.90	109 Dough St	100% Studio	10,000	\$545	\$5,450,000	\$545	Market rate construction with standard finishes.		
1.1.91	432 Breadcrumbs St	100% Studio	10,000	\$550	\$5,500,000	\$550	Market rate construction with standard finishes.		
1.1.92	765 Flour St	100% Studio	10,000	\$555	\$5,550,000	\$555	Market rate construction with standard finishes.		
1.1.93	098 Eggs St	100% Studio	10,000	\$560	\$5,600,000	\$560	Market rate construction with standard finishes.		
1.1.94	321 Butter St	100% Studio	10,000	\$565	\$5,650,000	\$565	Market rate construction with standard finishes.		
1.1.95	654 Oil St	100% Studio	10,000	\$570	\$5,700,000	\$570	Market rate construction with standard finishes.		
1.1.96	987 Sugar St	100% Studio	10,000	\$575	\$5,750,000	\$575	Market rate construction with standard finishes.		
1.1.97	210 Salt St	100% Studio	10,000	\$580	\$5,800,000	\$580	Market rate construction with standard finishes.		
1.1.98	543 Pepper St	100% Studio	10,000	\$585	\$5,850,000	\$585	Market rate construction with standard finishes.		
1.1.99	876 Vinegar St	100% Studio	10,000	\$590	\$5,900,000	\$590	Market rate construction with standard finishes.		
1.1.100	109 Ketchup St	100% Studio	10,000	\$595	\$5,950,000	\$595	Market rate construction with standard finishes.		

PHASE 2: AFFORDABLE CONSTRUCTION

Project Name	Address	Unit Mix	Gross Area	Building Expense Summary			Total Project Costs	Cost per sq ft	Notes
				Per Unit	Total	Per sq ft			
PHASE 2: AFFORDABLE CONSTRUCTION									
Project Name	Address	Unit Mix	Gross Area	Per Unit	Total	Per sq ft	Notes		
2.1.1	123 Main St	100% Studio	10,000	\$50	\$500,000	\$50	Affordable construction with basic finishes.		
2.1.2	456 Elm St	100% Studio	10,000	\$55	\$550,000	\$55	Affordable construction with basic finishes.		
2.1.3	789 Oak St	100% Studio	10,000	\$60	\$600,000	\$60	Affordable construction with basic finishes.		
2.1.4	321 Pine St	100% Studio	10,000	\$65	\$650,000	\$65	Affordable construction with basic finishes.		
2.1.5	654 Maple St	100% Studio	10,000	\$70	\$700,000	\$70	Affordable construction with basic finishes.		
2.1.6	987 Cedar St	100% Studio	10,000	\$75	\$750,000	\$75	Affordable construction with basic finishes.		
2.1.7	210 Birch St	100% Studio	10,000	\$80	\$800,000	\$80	Affordable construction with basic finishes.		
2.1.8	543 Willow St	100% Studio	10,000	\$85	\$850,000	\$85	Affordable construction with basic finishes.		
2.1.9	876 Spruce St	100% Studio	10,000	\$90	\$900,000	\$90	Affordable construction with basic finishes.		
2.1.10	109 Fir St	100% Studio	10,000	\$95	\$950,000	\$95	Affordable construction with basic finishes.		
2.1.11	432 Hemlock St	100% Studio	10,000	\$100	\$1,000,000	\$100	Affordable construction with basic finishes.		
2.1.12	765 Cypress St	100% Studio	10,000	\$105	\$1,050,000	\$105	Affordable construction with basic finishes.		
2.1.13	098 Juniper St	100% Studio	10,000	\$110	\$1,100,000	\$110	Affordable construction with basic finishes.		
2.1.14	321 Sycamore St	100% Studio	10,000	\$115	\$1,150,000	\$115	Affordable construction with basic finishes.		
2.1.15	654 Walnut St	100% Studio	10,000	\$120	\$1,200,000	\$120	Affordable construction with basic finishes.		
2.1.16	987 Cherry St	100% Studio	10,000	\$125	\$1,250,000	\$125	Affordable construction with basic finishes.		
2.1.17	210 Peach St	100% Studio	10,000	\$130	\$1,300,000	\$130	Affordable construction with basic finishes.		
2.1.18	543 Plum St	100% Studio	10,000	\$135	\$1,350,000	\$135	Affordable construction with basic finishes.		
2.1.19	876 Apple St	100% Studio	10,000	\$140	\$1,400,000	\$140	Affordable construction with basic finishes.</		

Attachment B – Updated Permanent Sources and Uses

Application Date: 1/11/2019
 Project Name: Sunstone Block 3
 Project Address: 1560 Tappan
 Project Location: Redwood City & Menlo Park

MOHCD	State of America	MOHCD/CPD	Local Gov	CPD	MOHCD	Local Gov	CPD	MOHCD	Local Gov	CPD	Total Sources	Comments
22,252,322	45,263,450	88,917,412	29,998,000	11,000,000	663,740	2,479,000	2,479,000	2,479,000	2,479,000	2,479,000	147,294,512	

MOHCD

MOHCD/CPD	Local Gov	CPD	MOHCD	Local Gov	CPD	Total Sources	Comments
22,252,322	45,263,450	88,917,412	29,998,000	11,000,000	663,740	2,479,000	2,479,000

MOHCD

MOHCD/CPD	Local Gov	CPD	MOHCD	Local Gov	CPD	Total Sources	Comments
22,252,322	45,263,450	88,917,412	29,998,000	11,000,000	663,740	2,479,000	2,479,000

MOHCD

MOHCD/CPD	Local Gov	CPD	MOHCD	Local Gov	CPD	Total Sources	Comments
22,252,322	45,263,450	88,917,412	29,998,000	11,000,000	663,740	2,479,000	2,479,000

MOHCD

MOHCD/CPD	Local Gov	CPD	MOHCD	Local Gov	CPD	Total Sources	Comments
22,252,322	45,263,450	88,917,412	29,998,000	11,000,000	663,740	2,479,000	2,479,000

MOHCD

MOHCD/CPD	Local Gov	CPD	MOHCD	Local Gov	CPD	Total Sources	Comments
22,252,322	45,263,450	88,917,412	29,998,000	11,000,000	663,740	2,479,000	2,479,000

MOHCD

MOHCD/CPD	Local Gov	CPD	MOHCD	Local Gov	CPD	Total Sources	Comments
22,252,322	45,263,450	88,917,412	29,998,000	11,000,000	663,740	2,479,000	2,479,000

MOHCD

MOHCD/CPD	Local Gov	CPD	MOHCD	Local Gov	CPD	Total Sources	Comments
22,252,322	45,263,450	88,917,412	29,998,000	11,000,000	663,740	2,479,000	2,479,000

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MOHCD/CPD	Local Gov	CPD	MOHCD	Local Gov	CPD	Total Sources	Comments
22,252,322	45,263,450	88,917,412	29,998,000	11,000,000	663,740	2,479,000	2,479,000

Attachment C – 1st Year Operating Budget and Cashflow

Application Date: 11/13/2010 Project Name: Sunnyside Block 3
 Total # Units: 160 Project Address: TBD TBD TBD
 First Year of Operations (provide date assuming that Year 1 is a full year, i.e. 12 months of operations): 2024 Project Sponsor: Related CA & Mercy CA

INCOME	Total	TCAC Income Limits in Use?	Comments
Residential - Tenant Rents	2,820,734	Links from Year Prog - Rents & Unit Mnt' Worksheet	
Residential - Tenant Assistance Payments (Non-LOSP)	3,220,862	Links from Year Prog - Rents & Unit Mnt' Worksheet	
Commercial Space	0	0%	
Residential Parking	0	Links from Utilities & Other Income Worksheet	
Miscellaneous Rent Income	0	Links from Utilities & Other Income Worksheet	
Supportive Services Income	0	Links from Utilities & Other Income Worksheet	
Industrial Income - Rental Overights	0	Links from Utilities & Other Income Worksheet	
Laundry and Vending	0	Links from Utilities & Other Income Worksheet	
Tenant Charges	0	Links from Utilities & Other Income Worksheet	
Miscellaneous Residential Income	0	Links from Utilities & Other Income Worksheet	
Other Commercial Income	0	Links from Commercial Op. Budget Worksheet	
Withholdal Fund (Projected Reserve deposit to operating account)	0		
Grass Potential Income	6,100,000		
Vacancy Loss - Residential - Tenant Rents	(141,000)	Vacancy loss at 5% of Tenant Rents	
Vacancy Loss - Residential - Tenant Assistance Payments	(480,000)	Vacancy loss at 5% of Tenant Assistance Payments	
Vacancy Loss - Commercial	0	Links from Commercial Op. Budget Worksheet	
EFFECTIVE GROSS INCOME	5,962,800		PUPA: 36,817

OPERATING EXPENSES			
Management			
Management Fee	153,210	1st Year to be set according to HUD schedule	
Asset Management Fee	24,280		
Sub-total Management Expenses	177,490		PUPA: 1,007
Salaries/Benefits			
Other Salaries	79,284		
Manager's Salary	7,400		
Health Insurance and Other Benefits	0		
Other Salaries/Benefits	0		
Administrative Rent-Free Unit	0		
Sub-total Salaries/Benefits	147,672		PUPA: 878
Administration			
Advertising and Marketing	1,800		
Office Expense	31,418		
Office Rent	0		
Legal Expense - Property	31,418		
Legal Expense - Other	4,800		
Building Accounting Services	0		
Real Estate	17,000	Minimum Certification Tenant Association Fee	
Miscellaneous	0		
Sub-total Administration Expenses	119,416		PUPA: 712
Utilities			
Electricity	100,000		
Water	31,400		
Gas	124,499		
Other	146,133		
Sub-total Utilities	462,032		PUPA: 2,693
Taxes and Licenses			
Rent Estate Taxes	3,024		
Payroll Taxes	60,812		
Miscellaneous Taxes, Licenses and Permits	0		
Sub-total Taxes and Licenses	63,836		PUPA: 347
Insurance			
Property and Liability Insurance	217,000		
Fidelity Bond Insurance	0		
Worker's Compensation	0		
Director's & Officers Liability Insurance	0		
Sub-total Insurance	217,000		PUPA: 1,292
Maintenance & Repair			
Payroll	120,864		
Supplies	23,016		
Contractors	118,104		
Garbage and Trash Removal	132,318		
Security Payroll/Contract	181,776		
HAZ, Repairs and Maintenance	4,200		
Vehicle and Maintenance Equipment Operation and Repairs	0		
Miscellaneous Operating and Maintenance Expenses	9,940		
Sub-total Maintenance & Repair Expenses	686,218		PUPA: 3,937
Supportive Services	187,320		
Commercial Expense	62,000	Links from Commercial Op. Budget Worksheet	
TOTAL OPERATING EXPENSES	2,629,773		PUPA: 12,863

Reserve/Shared Lease Base Rent/Bond Fees			
Ground Lease Base Rent	10,000	Ground lease with SPNA	Provide additional comments here if needed
Bond Maintenance Fee	3,000	MCHCD bond fee	
Replacement Reserve Deposit	84,000		
Operating Reserve Deposit	84,000		
Other Required Reserve 1 Deposit	84,000	MCH Fee	
Other Required Reserve 2 Deposit	0	Links from Commercial Op. Budget Worksheet	
Required Reserve Deposits, Commercial	0		
Sub-total Reserve/Shared Lease Base Rent/Bond Fees	365,000		PUPA: 1,164

TOTAL OPERATING EXPENSES (w/ Reserve/Shared Lease Base Rent/Bond Fees)			
	2,218,373		PUPA: 13,106
NET OPERATING INCOME (INCOME minus (OP EXPENSES))	3,627,284		PUPA: 21,881

DEBT SERVICE/PAY PAYMENTS (Hard shell/leveraged loans)			
Hard Debt - First Lender	311,120	Tranche A Loan	Provide additional comments here if needed
Hard Debt - Second Lender (MCHD Program 0.42% pmt on other 2nd L)	2,519,832	Tranche B Loan	Provide additional comments here if needed
Hard Debt - Third Lender (Other MCHD 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	2,830,952		PUPA: 16,981

CASH FLOW (MCH minus DEBT SERVICE)			
	686,336		
USES OF CASH FLOW BELOW (This year also shows OSCR)	1.38		
USES THAT PRECEED MCHCD DEBT SERVICE IN WATERFALL			
Waterfall - Asset Mgt Fee (permanently on new projects see policy)	24,280	1st	
Performance Management Fee (see policy for limits)	24,280	2nd	
Investor Service Fee (aka "P Asset Mgt Fee") (see policy for limits)	5,000	3rd	
Other Payments	0		
Non-convertible Loan Proceed - Lender 1 (asset under a covenant hold)	0		Provide additional comments here if needed
Non-convertible Loan Proceed - Lender 2 (asset under a covenant hold)	0		Provide additional comments here if needed
Outstanding Developer Fee (Other src: Max Fee from out 1130)	370,300	Del. Develop. Fee split 50%	Provide additional comments here if needed
TOTAL PAYMENTS PRECEEDING MCHCD	424,560		PUPA: 2,639

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEEDING MCHCD)			
	261,776		
REMAINING BALANCE AFTER MCHCD RESIDUAL RECEIPTS	261,776		

NON-MCHCD RESIDUAL RECEIPTS DEBT SERVICE			
MCHD Residual Receipts Amount Due	174,420	50% of residual receipts, multiplied by 46.34% = MCHCD's pro rata share of all debt due	
Preceding MCHCD Residual Receipts Amount in Loan Repayment	0	Entire amount of residual receipts precluded for loan repayment	
Preceding MCHCD Residual Receipts Amount in Residual Shared Loan	0	If applicable, MCHCD residual receipts split 50/50 and precluded for debt repaym	
REMAINING BALANCE AFTER MCHCD RESIDUAL RECEIPTS	261,776		

NON-MCHCD RESIDUAL RECEIPTS DEBT SERVICE			
MCHD Residual Receipts Amount Due	174,420	50% of residual receipts, multiplied by 32.62% = MCHD AMCO's pro rata share of all debt due	
Lender 4 Residual Receipts Due	74,463	50% of residual receipts, multiplied by 19.78% = MCHD AMCO's pro rata share of all debt due	
Lender 5 Residual Receipts Due	3,178	50% of residual receipts, multiplied by 1.08% = AMCO's pro rata share of all debt due	
Total Non-MCHCD Residual Receipts Debt Service	251,061		

REMAINDER (Should be zero unless there are distributions below)			
Owner Contributions/Investive Management Fee	0		
Other Distributions/Loans	0		
Fund Balance (assumed per year)	0		

DEBT SERVICE			
DEBT SERVICE	2,830,952		PUPA: 16,981

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Attachment D – Predevelopment Loan Evaluations