

## Citywide Affordable Housing Loan Committee

San Francisco Mayor's Office of Housing and Community  
Development

Department of Homelessness and Supportive Housing

Office of Community Investment and Infrastructure

Controller's Office of Public Finance

Housing Authority of the City and County of San Francisco

### Sunnydale HOPE SF Block 3A

\$26,174,840 and \$2,000,000 in DPH bridge loan for a

Total Gap Request of up to

**\$28,174,840**

Evaluation of Request for:	Gap Loan
Loan Committee Date:	March 3, 2023
Prepared By:	Ryan VanZuylen, Senior Project Manager
MOHCD Asset Manager:	Omar Cortez
MOHCD Construction Representative	Sarah Tenpas
Sources and Amounts of New Funds Recommended:	\$4,021,888 – LMIHAF \$2,197,000 – HOME \$13,378,292 – 2019 GO Bonds <u>\$2,000,000 – DPH</u> <b>\$21,597,180 – Total new funds</b>
Sources and Amounts of Previous City Funds Committed:	\$3,800,000 – 2019 GO Bonds \$927,660 – LMIHAF \$1,800,000 – 2015 GO Bonds \$50,000 - 75 Howard Gift Funds
NOFA/PROGRAM/RFP:	HOPE SF
Applicant/Sponsor(s) Name:	The Related Companies of California and Mercy Housing California

## **EXECUTIVE SUMMARY**

### **Sponsor Information:**

Project Name:	Sunnydale HOPE SF Block 3A	Sponsor(s):	The Related Companies of California ("Related") & Mercy Housing California ("Mercy")
Project Address (w/ cross St):	1545 Sunnydale Avenue (proposed permanent address), San Francisco, CA 94134	Ultimate Borrower Entity:	Sunnydale Block 3A Housing Partners, L.P., a California limited partnership

### **Project Summary:**

Sunnydale Block 3A Housing Partners, L.P. ("Sponsor"), comprised of The Related Companies of California ("Related") and Mercy Housing California ("Mercy"), requests final gap financing approval in the amount of up to \$28,174,840 for the fourth Sunnydale HOPE SF affordable housing development known as Sunnydale HOPE SF Block 3A ("Project"), a proposed 80-unit affordable housing development with ground floor commercial use, within the Sunnydale Phase 1A3 Infrastructure footprint. This total loan includes \$14,862,818 for residential uses and \$13,312,022 for commercial uses. The amount includes \$1.85 million in predevelopment funds, \$4,727,660 in additional predevelopment funds for this Project's portion of the parking garage in Sunnydale 3B, and final gap of \$21,597,180.

Block 3A will include 79 units of affordable housing comprising 4 studios, 24 one-bedrooms, 28 two-bedrooms, 15 three-bedrooms, and 8 four-bedrooms, along with a three-bedroom manager's unit. Of the units, 75% (60 units) will be set aside for existing Sunnydale public housing households, subsidized by a 20-year Section 8 Project Based Voucher (PBV) contract and limited to households earning up to 50% Mayor's Office of Housing and Community Development Area Median Income (MOHCD AMI). The remaining 19 units will be restricted at 80% MOHCD AMI and would be marketed through DAHLIA to the most restrictive at a maximum of 40% TCAC AMI. The Project also includes a 1:1 bike storage ratio and a 0.75 parking ratio, both of which will be situated in its sibling building, Block 3B, and accessed through an access easement agreement.

Block 3A and Block 3B are uniquely the only two mixed-use buildings in the entire Sunnydale master plan. Together the buildings will create a shared, inclusive space for all Sunnydale residents of both the affordable housing and the market rate units. The ground floor of Block 3A will include approximately 20,028 square feet of retail and neighborhood services. The proposed uses, which been determined based on years of community engagement and research with Sunnydale residents, include an early childhood education center to be operated by Felton Institute, a health and wellness center to be operated by the San Francisco Department of Public Health replacing its current location in the Sunnydale administration building, Mercy's centralized Sunnydale customer service center, and two retail spaces. Developer intends for the two retail spaces to be occupied by a grocery store and restaurant, but tenants have not been identified for these spaces.

On January 6, 2020, Loan Committee approved a predevelopment loan request for \$1,850,000. On August 9, 2022, the Project Sponsor submitted a CDLAC/TCAC application and received a 4% tax credit award on November 30, 2022. On January 6, 2022, Loan Committee approved a \$4,727,660 increase to the predevelopment loan to pay for Block 3A's portion of the construction cost of the parking garage that will be built in Block 3B and will be shared by Block 3A and Block 3B. This funding commitment was needed prior to Block 3B's construction close in early March 2023. Construction on Block 3A is scheduled to start in May 2023 and be completed in November 2024.

**Project Description:**

Construction Type:	Type V / Type I	Project Type:	New Construction
Number of Stories:	5	Lot Size (acres and sf):	0.83 acres / 36,182 sf
Number of Units:	80	Architect:	David Baker Architects
Total Residential Area:	91,700 sf	General Contractor:	Nibbi/Baines JV
Total Commercial Area:	20,028 sf	Property Manager:	Mercy Property Management
Total Building Area:	111,728 sf	Supervisor and District:	Shamann Walton (D10)
Land Owner:	SFHA		
Total Development Cost (TDC):	\$99,756,848 (\$86,444,826 w/o commercial)	Total Acquisition Cost:	\$10,002
TDC/unit:	\$1,246,961 (\$1,080,560 w/o commercial)	TDC less land cost/unit:	\$1,246,836 (\$1,080,435)
Loan Amount Requested:	\$28,174,840 (\$14,862,818 w/o commercial)	Request Amount / unit:	\$352,186 (\$185,785 w/o commercial)
HOME Funds?	Y	Parking?	Y (.75 parking ratio) built in Block 3B

**PRINCIPAL DEVELOPMENT ISSUES**

- **Increased MOHCD gap loan.** This \$28,174,840 gap request represents an increase from the previous loan request of \$26,044,937. The Sponsor notes that since July 2022, when this Project last went before Loan Committee, higher operating expenses and loan interest rates have reduced the amount of debt the Project can take. The construction loan interest rate in July was assumed at 5% and is now 8.50%. This has led to an increased MOHCD gap loan request. See Section 6.4.1.
- **High Commercial Space Costs.** The Sponsor is requesting \$13,312,022 in cold and warm shell construction costs for four out of five commercial spaces as well as additional amounts for tenant improvement (TI), commercial replacement reserves, and commercial operating reserves (replacement at \$75K/year for two years and operating reserve at 3 months). Funds from DPH will cover the DPH Wellness Center's construction costs, but since those funds will not be available until construction, MOHCD will bridge the gap. The Sponsor executed a MOU with Felton Institute in October 2019 with the agreement that the Project would pay for cold and warm shell costs and all other costs will be paid through funding secured by the Felton Institute. The Sponsor is requesting a waiver from the MOHCD commercial underwriting guidelines to include TI allowances for 2 retail spaces and Mercy Customer Service Center. Additionally, all non-community serving spaces may be assessed property taxes based on construction cost, which would greatly increase property taxes owed and harshly impact cash flow. See Section 4.4 and 6.5.2.
- **Uncertainty of Retail Tenants.** The Sponsors hope that the requested TI will best allow the Project to fill the two retail spaces, proposed to be a grocery space and food hall, with local entrepreneur tenants who would likely not have funds to cover total TI costs. They hope to identify food retailers who may be a good fit for OEWD training/funding programs or experienced grocers with a demonstrated track record of running a business. However, there is uncertainty about identifying tenants by TCO which could leave the spaces vacant. If they are unsuccessful in identifying a smaller tenant, the Sponsor will seek larger, less local retail tenants to fill the spaces. See 4.4.2, 6.5.2 and Attachment O.
- **Mercy Customer Service Retail Space.** This request includes roughly \$3 million for cold shell, warm shell, TI and associated construction costs for Mercy's Sunnysdale Customer Service Office. Originally envisioned to reduce costs across the Sunnysdale HOPE SF site by creating a centralized office for

campus-wide property management and services staff, the potential for cost savings has been reduced since the Mercy prefers each building to include property management and services staff. The Sponsor plans to accommodate roughly 14 Mercy staff and 8 staff from two CBOs currently working at Sunnydale, Visitacion Valley Strong Families and the YMCA. The Sponsor plans to reduce the square footage of property management and services offices in future Sunnydale buildings to allow for more affordable units. Although the Center may not lead to cost efficiencies, the space is meant to serve as a centralized and specialized service-connection hub with additional services offered beyond other affordable projects. See 6.5.2.

- **Temporary Power.** The Sponsor and MOHCD note that there are significant risks in not acquiring temporary power for construction due to uncertainty in timing to provide PGE approvals for temporary power and securing a switchgear. Many other MOHCD projects have experienced delays and difficulties acquiring temporary power and have resorted to using diesel generators which adds substantial costs and impacts local air quality. Included in the budget is the cost of generators for 70 weeks which increased hard costs by \$648,841. See Section 4.3.
- **Property Management and Services Staffing** As part of the Sponsor’s preliminary gap loan conditions, a Sunnydale campus-wide services and staffing plan was submitted for MOHCD and HOPE SF’s approval in November 2022. The plan includes staffing ratios that exceed MOHCD’s underwriting guidelines but may be warranted considering the need for holistic and coordinated services across the Sunnydale site. Discussions about staffing levels will continue after this Loan Committee date as MOHCD, HOPE SF and the Sponsor work to refine staff levels while ensuring adequate services and property management. The Sponsor must submit an updated plan that MOHCD and HOPE SF approves within six months after Block 3B closes construction (September 2023). See Section 7.3 and Loan Conditions.

### SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Per Unit	Terms	Status
MOHCD	\$1,850,000	\$23,125	3% Def	Committed
MOHCD	\$4,727,660	\$59,096	3% Def	Committed
<b>Total</b>	<b>\$6,577,660</b>			

Permanent Sources	Amount	Per Unit	Terms	Status
MOHCD Residential Loan	\$14,862,818	\$185,785	3.00% @ 55 yrs. RR	This Request
MOHCD Commercial Loan	\$11,312,022	\$141,400	3.00% @ 55 yrs. RR	This Request
DPH Commercial Contribution	\$2,000,000	\$25,000	\$18K/year, 2% escalation, for 30 years (MOU pending)	Bridged by MOHCD in this request
Permanent Loan	\$16,964,430	\$212,055	7.20% @ 40 yrs.	Committed
HCD AHSC Loan	\$10,850,000	\$135,625	3.00% @ 55 yrs. RR	Committed
Def Costs	\$3,954,476	\$49,431	0.00% @ 15 yrs. RR	Committed
GP Equity	\$100	\$1		Committed
Tax Credit Equity	\$39,813,002	\$497,663	\$.985 pricing	Committed
<b>Total</b>	<b>\$99,756,848</b>	<b>\$1,246,961</b>		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	\$10,002	\$125	\$0
Hard Costs	\$73,197,348	\$914,967	\$655
Soft Costs	\$18,989,139	\$237,364	\$170
Reserves	\$1,685,260	\$21,066	\$15
Developer Fee	\$5,875,100	\$73,439	\$53
<b>Total</b>	<b>\$99,756,848</b>	<b>\$1,246,961</b>	<b>\$893</b>

## 1. BACKGROUND



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

For a Project History of Sunnydale HOPE SF, with Applicable NOFA/RFQ/RFP, please see Attachment M.

The Block 3A design was guided by input from the community, in addition to the Sunnydale HOPE SF Design Standards and Guidelines (“DSG”). The project community engagement process kicked off in August 2019 and continued through multiple rounds of public meetings, focus groups, and other gatherings for design input through 2020.

Blocks 3A and 3B were originally contemplated as a multifamily project and a senior project. The Sponsor and MOHCD decided not to develop a senior building because the existing Sunnydale households consisted of many multigenerational families and not enough seniors to support a standalone senior project. Both buildings were envisioned briefly as a single Block 3 development but by the time the predevelopment loans were executed for 3A and 3B, the Sponsor and MOHCD agreed to develop two separate multifamily projects in order to submit two applications each for IIG and AHSC to potentially double the awards.

In February 2022, Block 3A was awarded an Affordable Housing and Sustainable Communities (“AHSC”) loan award in the amount of \$10,850,000. In November 2022, the Project received a CDLAC/TCAC tax credit award in the amount of \$43,761,006.

### 1.2. Phasing Map



1.3. Applicable NOFA/RFQ/RFP. (See Attachment E for Threshold Eligibility Requirements and Ranking Criteria)

N/A

1.4. Borrower/Grantee Profile. (See Attachment B for Borrower Org Chart; See Attachment C for Developer Resume and Attachment D for Asset Management Analysis)

1.4.1. Borrower.

The Borrower is Sunnydale Block 3A Housing Partners, L.P., a California limited partnership whose sole members are affiliates of Related and Mercy. An affiliate of Mercy, Mercy Transformation LLC, will act as the Managing General Partner and an affiliate of Related, Related/Sunnydale Block 3A Development Co., LLC, will act as the Administrative General Partner.

The Borrower will own the residential condominium, while Sunnydale Commercial LLC, a Mercy affiliated entity, will own the commercial condominium.

Related will be responsible for coordinating the planning, financing and construction of the Project. Mercy will be responsible for the ongoing asset management of the Project, applying for annual property tax exemptions, providing on-site services, and overseeing community relationships.

1.4.2. Joint Venture Partnership.

Related and Mercy are co-developing the Sunnydale Master Plan project as a joint venture partnership with a 50-50 split of responsibilities. Related and Mercy alternate the responsibility of serving as lead developer for each Sunnydale project with Related taking responsibility for Block 3 (now including 3A and 3B). Related will be the lead developer for Block 3A, with Mercy input and support.

1.4.3. Demographics of Board of Directors, Staff and People Served.

See below for a breakdown of the gender identity and race demographics for Related California's Northern California and Northwest affordable housing division. Related does not collect sexual orientation data from staff. The division is led by Ann Silverberg, a woman leader as CEO, and women serve all positions at the senior vice president level as well. Related is a for-profit entity and does not have a Board of Directors.

	<b>Gender Identity</b>	<b>Race</b>
Related Northern California/Northwest	M: 40% F: 60%	Asian: 10% Black/African American: 10% White/Caucasian: 65% Hispanic/Latino: 15% American Indian/Alaska Native: 0% Native Hawaiian/Other Pacific Islander: 0%

See below for gender identity and race demographics for the applicable Mercy entities. Mercy does not collect sexual orientation data from staff and board members.

	<b>Gender Identity</b>	<b>Race</b>
Mercy Housing California Board	M: 40% F: 60%	Asian: 13% Black/African American: 7% White/Caucasian: 53% Hispanic/Latino: 20% American Indian/Alaska Native: 0% Native Hawaiian/Other Pacific Islander: 0% Biracial: 7% Not Specified: 0%
Mercy Housing California – All Staff	M: 43% F: 57%	Asian: 21% Black/African American: 18% White/Caucasian: 22% Hispanic/Latino: 30% American Indian/Alaska Native: 0% Native Hawaiian/Other Pacific Islander: 2% 2 or more races: 5% Not Specified: 2%

1.4.4. Racial Equity Vision.

Related and Mercy committed to ensuring that Block 3A will benefit and generate economic opportunities for smaller and BIPOC-led firms, SBE/LBE organizations, and low-income local residents, in addition to creating a positive outcome for future residents. At the Project level, the Sponsor continue to work with MOHCD on established community and economic development goals and has competitively procure consultants and contractors who have a track record of meeting or supporting those represented with proper data collection. The Related team has completed trauma informed systems training as required from a prior MOHCD loan condition. Managerial, supervisory and on-site staff have completed the trainings.

The principles of diversity, equity, inclusion, and belonging (DEIB) are core to Related. Related was founded on affordable housing



and community development principles over 30 years ago, with origins in revitalizing San Francisco's most segregated and underinvested communities and serving low-income families, seniors, and formerly homeless people. Related has a track record of hiring those with a strong commitment towards social impact and hiring from within the communities they serve.

Mercy Housing was founded on the belief that housing justice is social justice. Mercy's core values are respect, justice, and mercy and commits to using these values to advance racial equity, diversity, and inclusion (REDI). Mercy's commitment to these core values is unwavering and they are central to Mercy Housing's mission and impact. Mercy knows that having varied perspectives helps generate better ideas to solve the complex housing challenges of a changing and increasingly diverse country.

According to Mercy, the organization continually takes action to infuse racial equity throughout their internal culture, systems, and practices. Deliberate steps strengthen their ability to recruit and retain exemplary diverse staff and leadership. Mercy Housing regularly reviews policies, practices, and procedures to support their values and enable employees to do their best work so that residents feel a sense of belonging in the communities where they live.

Mercy completed a REDI organizational framework on November 10, 2021. The REDI organizational framework consists of 6 focus areas:

1. Resident Empowerment
2. Policy, Planning, and Practice
3. Communication and Advocacy
4. Education and Training
5. People and Culture, Hiring, Recruitment and Promotion

According to Mercy, REDI progress changes conversations and paves the way for deeper, more lasting, and inclusive change. Moving forward, Mercy continues to view their progress through a racial equity lens that drives efforts to ensure that Mercy Housing's culture reflects the racially just communities they want to see.

#### 1.4.5. Relevant Experience.

Related has developed 122 LIHTC-financed projects. In San Francisco, the majority of which are primarily Type V/I and Type III/I urban infill projects, including Sunnydale's Casala project, Balboa Park Upper Yard, Crescent Cove, Fillmore Marketplace, Hayes

Valley Apartments, and Five 88. Related has collaborated with almost all of the most qualified architects and general contractors specializing in this product type in the region. Related owns close to 13,500 affordable units in operations plus 5,200 affordable units under construction or in predevelopment. Related serves extremely low- and low-income households in family properties, senior properties, and properties with permanent supportive housing.

As the largest non-profit owner of affordable housing in the United States, Mercy Housing brings together real estate development, resident services, and property management under a single, mission-aligned organization. Mercy Housing, Inc. (MHI) owns and provides property management (through Mercy Housing Management Group-MHMG) to more than 23,000 units of affordable housing and currently serves more than 50,000 people on any given day. Mercy Housing California (MHC) is the California affiliate of MHI. Throughout the state, MHC has completed development of 10,389 affordable rental units. Of the rental housing developed, approximately 52% has been for families, 32% for seniors, and 16% supportive housing for formerly unhoused households. In addition, MHC has nearly 6,000 units in the development pipeline from feasibility through construction with a team of 38 development staff members to support the process. MHC has a strong presence in San Francisco reflected in its 33 housing developments, including four family and senior properties in the Visitacion Valley neighborhood and two completed properties in Sunnydale thus far.

#### 1.4.6. Project Management Capacity.

Related California:

- Ann Silverberg, CEO, has 30+ years of San Francisco Bay Area affordable housing development and finance experience. She is responsible for the strategic direction, management, and project execution of the firm's Northern California and Oregon affordable pipeline and portfolio; 10% of full time.
- Thu Nguyen, Assistant Vice President, has 10+ years of affordable housing and community development experience. She will manage the development process from inception through construction closeout. Thu has extensive experience in collaborating with stakeholders and overseeing complicated affordable housing projects, including three neighborhood-scale transformation projects. Thu is dedicated to the Sunnydale HOPE SF infrastructure and vertical

developments and other MOHCD projects; 30% of full time.

- Paige Peltzer, Senior Development Associate, has 3+ years of experience working in public-private housing development in San Francisco. She will heavily support the planning, entitlements, and community engagement process for this project. Paige is fully dedicated to the Sunnydale HOPE SF infrastructure and vertical developments; 30% of full time.
- Jo'Leysha Cotton, Related's newest Project Coordinator, has 3 years of experience working in community development and residential property management. She will support the entitlement and closing process for this Project; 15% of full time.

Mercy Housing:

- Elizabeth Kuwada, Director of Real Estate Development, has 9+ years of affordable housing development and finance experience. She supports the strategic direction, management, and project execution of Sunnydale Master Plan. Elizabeth is primarily dedicated to the Sunnydale HOPE SF infrastructure and vertical developments; 20% of full time.

#### 1.4.7. Past Performance.

##### 1.4.7.1. City audits/performance plans.

Mercy will be the lead service provider for Sunnydale Block 3A. According to MOHCD's Community Development team, Mercy has no outstanding performance issues and has made significant progress overcoming staffing challenges within the last three years.

##### Marketing/lease-up/operations.

The most recent marketing effort on site was completed in April 2021 with 290 Malosi, a 167-unit affordable development. As with all projects to date in Sunnydale, the project included 75% public housing replacement units. The remaining 41 units were marketed through DAHLIA with the same marketing preferences as shown in Section 4.10. MOHCD marketing and lease up staff provided 290 Malosi with a scorecard on the lease up of the 41 units marketed through DAHLIA. The project was awarded a 52, which is an A grading, based on the marketing plan, assessment

of the lottery, and lease up process. MOHCD’s leasing team notes that requests have been made to Mercy to have a local marketing staff member to work on marketing plan documents since the main staff person is in Colorado.

Due to errors in a recent Mercy initial lease up at another property, it was found that three households were actually over initial income requirements at the first recertification. The MOHCD lease up team will work closely with the Mercy lease up team to ensure incomes are calculated properly.

The following tables summarizes the resident data for head of households at Casala and 290 Malosi, the first and second fully leased projects at Sunnydale. Note Casala did not have a Right To Return (RTR) Preference for the non-PBV tax credit units at time of lease up. The Right To Return Ordinance was passed on January 19, 2020 after the Casala marketing plan was approved and posted on DAHLIA.

**Casala – Initial Lease-up Demographics**

Race	TCAC (13 units)	PBV (41 units)
Black	23%	59%
Hispanic	38.5%	12%
Asian	38.5%	15%
Pacific Islander	0%	10%
White	0%	2%
Mixed-Race	0%	2%

**290 Malosi – Initial Lease-up Demographics**

Race	TCAC (32 units)	TCAC - Right to Return (9 units)	PBV (125 units)
Black	13%	78%	44%
Hispanic	31%	11%	18%
Asian	50%	0%	15%
Pacific Islander	3%	11%	21%
Indian	3%	0%	0%
White	0%	0%	2%

2. SITE (See Attachment E for Site map with amenities)

<b>Site Description</b>	
Zoning:	Sunnydale HOPE SF Special Use District (Approved Jan. 31, 2017)
Maximum units allowed by current zoning (N/A if rehab):	No restriction on Block 3A. There is a maximum unit count and density limitation for the entire Sunnydale HOPE SF site.
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Zone 4
Soil type:	The Block 3A geotechnical report finds that the site's top one to five feet of soil is medium-dense material that left unmitigated, may settle under the weight of the proposed building. ENGEO, the geotechnical engineer, recommends removing near-surface loose soil and/or artificial fill to a minimum depth of 4 feet below existing grade and replacing as engineered fill. Prior to fill placement, at least 8 inches below the bottom of the over-excavation should be scarified, moisture conditioned, and compacted before placing fill. Engineered fill should be placed, moisture conditioned, and compacted. During construction, the bottom of the over-excavation should be inspected and backfill operations observed to confirm foundation subgrade consists of competent soil.
Environmental Review:	The Planning Commission approved a joint Sunnydale HOPE SF EIR/EIS on July 9, 2015. HUD issued Authorization to Use Grant Funds (AUGF) on September 1, 2015.
Adjacent uses (North):	Sunnydale Community Center owned by a Related and Mercy entity.
Adjacent uses (South):	290 Malosi, owned by a Related and Mercy entity.
Adjacent uses (East):	Casala, owned by a Related and Mercy entity.
Adjacent uses (West):	Site for future Sunnydale Block 3B affordable housing development.
Neighborhood Amenities within 0.5 miles:	<p>Community and social services: The ground floor of Block 3A will include a Health and Wellness Center operated by the San Francisco Department of Public Health, Felton Early Childhood Education Center and Mercy Housing's customer service center.</p> <p>The Block 1 Community Center will house a new and expanded Wu Yee Early Childhood Education Center (which includes Head Start) and a new and expanded Boys &amp; Girls Clubhouse. The Center will also include indoor multi-purpose spaces and outdoor space for community events and activities.</p>

	<p>Mercy, Related, and their partners are working with the San Francisco Recreation and Parks Department to construct the Herz Recreation Center at Herz Park to provide the community with a new neighborhood gym and multi-purpose room. RPD is also renovating the Herz playground with new equipment.</p> <p>Grocery Outlet and the Leland Avenue small business retail corridor is approximately three-fourths of a mile away. The Schlage Lock development, about one mile away, will include a major grocery store.</p> <p>Small churches and places of worship are located throughout the neighborhood.</p> <p>McLaren School, Visitacion Valley Elementary School, Visitacion Valley Middle School, June Jordan Equity School, and Our Lady – The Visitacion School are in the area.</p>
Public Transportation within 0.5 miles:	MUNI Bus Lines 8, 8BX, 9, 9R, 56, 91
Article 34:	Article 34 Authority has been provided for 3A.
Article 38:	Exempt. The Sunnydale site is not located in an Article 38 Air Pollutant Exposure Zone.
Accessibility:	15% of units are accessible (Mobility featured, Hearing and Visual Aid featured).
Green Building:	Block 3A will meet GreenPoint Rated Requirements in the San Francisco Green Building Ordinance.
Recycled Water:	Exempt. Per the Development Agreement, all Sunnydale HOPE SF developments are exempt
Storm Water Management:	A preliminary stormwater control plan was completed for 3A by KPFF Consulting Engineers on September 20, 2021

2.1 Description.

Block 3A is approximately 0.83 acres (Site) located at the corner of Hahn Street and Sunnydale Avenue and part of Phase 1A3. The Site was previously occupied by 84 public housing units, but SFHA, with support from the Project Sponsors, worked to relocate the families before the units were demolished. Demolition of the Site was completed in May 2022. The Site is now vacant.

2.2. Zoning. See chart above.

2.3. Probable Maximum Loss. N/A

2.4. Local/Federal Environmental Review. See chart above.

2.5. Environmental Issues.

### 2.5.1. Phase I/II Site Assessment Status and Results.

A Block 3A Phase II Environmental Site Assessment was completed in February 2021 by AEW Engineering, Inc. In March 2021, AEW Site Mitigation Plan was completed. The Phase II ESA concluded that:

- Traces of arsenic and vanadium were found on site, but subsurface soil is not expected to pose significant adverse impacts to human health and the environment.
- No serpentine soil was recorded on the boring logs, nor were there results of asbestos above the detection limit; however, trace fibers were observed in each sample. Asbestos is likely to be subject to California Air Resources Board and NOA regulations during construction. The Master Asbestos Dust Mitigation Plan (“ADMP”) for Sunnydale HOPE SF Phase 1A3 Project Area (in which this Project is located) was completed on January 19, 2022. The Sponsor will hire a consultant to provide ADMP monitoring services during project construction.
- The subsurface soil at the site may be considered as non-hazardous waste for offsite disposal if excavated.

#### Potential/Known Hazards.

The Phase II ESA for Block 3A evaluated the potential waste classification of the to-be-excavated subsurface materials and found that the soils can be considered non-hazardous. The subsurface soil is not expected to pose significant adverse impacts to human health. Air monitoring will be required during construction per BAAQMD due to minimal traces of naturally-occurring asbestos in the soil.

## 3. COMMUNITY SUPPORT

### 3.1. Prior Outreach.

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

During the pandemic, the team adapted to the virtual world and continued the community engagement process via monthly website posts and Zoom Neighbor Up meetings. The Block 3A project team engaged CoUrbanize, leveraging the project website, [www.GoSunnydale.org](http://www.GoSunnydale.org), to share

information about the project prior to the submittal of the Vertical Design Review package. A list of key project community engagement events for Block 3A is summarized below:

- August 2019: Kick Off Meetings
- December 2019: Conceptual Design Input Meetings
- February 2020: Conceptual Design Presentations for Comments

The shift back to in-person community meetings started in Q3 2021. Mercy's community building staff continue to organize regular in-person community events, such as pop-up social and services events and monthly Neighbor Up meetings, with a growing number of residents and neighbors in attendance. Meetings have had interpreters providing live translation into Cantonese, Mandarin, Samoan, and Spanish.

### 3.2. Future Outreach.

Mercy Housing will continue to hold monthly in-person Neighbor Up meetings and Pop-Up events as long as COVID-19 protocols permit. The Project Sponsors will also continue to share information with regular website posts, email blasts, and flyers. In addition to these regular outreach efforts, upcoming events include the annual Family Day, where the Project Sponsors will share information and progress about development work, and community meetings for Sunnydale and Visitacion Valley residents.

### 3.3. 1998 Proposition I Citizens' Right-To-Know.

Proposition I noticing was completed for Block 3A in February 2020.

## 4. DEVELOPMENT PLAN

### 4.1. Site Control.

The Site is owned by SFHA. The Sponsor has entered into an infrastructure ground lease with SFHA during the infrastructure improvement period. The 84 public housing units initially on Site have been demolished and abated.

#### 4.1.1. Proposed Property Ownership.

SFHA will retain long-term ownership of the land and ground lease it to the Project Sponsor, who will develop and own the affordable housing improvements. The form of the ground lease has been negotiated by the Project Sponsor and SFHA with MOHCD. A long-term vertical ground lease between SFHA and the Sponsor will take effect at construction loan closing with a term of 75 years with an option to extend for an additional 24 years with a \$15,000 annual base rent and annual residual rent estimated calculated as 10% of the project's Restricted Appraised Value (as defined in the MOHCD SFHA Surplus Cash MOU and ground lease). The Block 3A appraisal found that the Restricted Appraised Value is \$333,333, resulting in a



residual rent of \$33,333. Per the Surplus Cash MOU, all available surplus cash flow, including residual rents, will be redirected to MOHCD by SFHA to finance the construction of affordable rental housing for all Sunnydale phases until all Sunnydale affordable rental housing phases are complete.

In order to make the Project more competitive for CDLAC/TCAC, the Sponsor removed the commercial costs from the development budget. The residential improvements will be owned by the limited partnership and the commercial improvements will be owned by a Mercy entity. Sponsor will provide a commercial condo to separate the housing from the commercial space. Sponsor will enter into a commercial ground lease for the commercial condo with SFHA before construction closing. While not yet finalized, the Sponsor and MOHCD expect the commercial ground lease to be a blend of the 3A and 3B residential ground lease and the Block 1 commercial ground lease.

#### 4.2. Proposed Design.

Figure 1: Project Site Plan

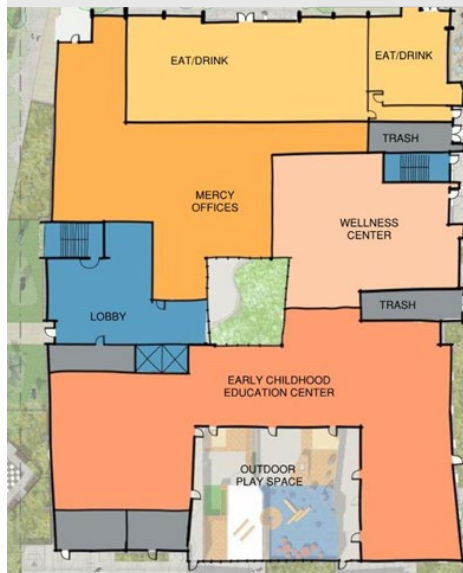


Figure 2: Project Level 2 Plan



Block 3A is envisioned to be four stories of Type V over a Type I podium. The ground floor features five commercial spaces: an early childhood education center to be operated by Felton Institute, a health and wellness center to be operated by the San Francisco Department of Public Health replacing its current location in the Sunnydale administration building, Mercy's centralized Sunnydale customer service center, and two community-serving retail spaces, currently proposed as a grocery store and food hall. The property management office will be prominently visible looking onto the lobby and the residential lounge, respectively. Block 3A will have access to community rooms, a resident services office, a

kitchen, two restrooms, a vehicular parking garage, and bike storage located in Block 3B. The parking garage contains 134 spaces: 96 mechanized parking spaces, more commonly known as “car stackers,” 13 mechanized sliding platform spaces, 4 standard stalls, 4 standard stalls for ADA, 2 standard stalls for ADA vans, and 15 stalls for future electric vehicle charging stations. The overall parking configuration provides an approximately 0.75 parking ratio for both Block 3A and Block 3B. The Design Standard Guidelines (DSG) for Sunnydale HOPE SF do not have project-specific parking requirements but instead provide a maximum on-site parking count which reflects a 0.5 parking ratio in all affordable developments. In 2019, HOPE SF, MOHCD and the Sponsor increased the parking ratio in 3A and 3B from 0.5 to 0.75 based on community input and in response to ongoing community needs given the delays in delivering anticipated transportation improvements to the Sunnydale area. Two bike rooms support a 1:1 bike storage ratio. Three-bedroom and four-bedroom units will have in-unit washers and dryers and each floor will have a laundry room available to residents of said floor.

The building features large apartments to accommodate a diverse range of families with a significant number of two-bedrooms, three-bedrooms and four-bedrooms. All units will be ADA adaptable with 15% of units including mobility features and 10% of units including communications features meeting TCAC requirements.

	SFHA Avg. SF	Casala Avg. SF	290 Malosi Avg. SF	Block 3B	Block 3A Avg. SF	Block 3A Unit Count
Studio	--	469		420	420	4
1 – BR	575	571	607	630	630	24
2 – BR	811	854	886	925	925	28
3 – BR	992	1,241	1,198	1,170	1,170	15
4 – BR	1,042	--	1,438	1,390	1,390	8
3 – BR (MGR)				1,170	1,170	1
<b>Total</b>						<b>80</b>

Do all units meet TCAC minimum SF?	All units exceed the TCAC minimum SF.		
	Unit Type	TCAC Minimum SF as written in 6/16/2021 TCAC Regulations 10325(g)(1)(B)	Block 3A unit type percentage greater than TCAC minimums
	Studios	200	110%
	1-BDR	450	43%
	2-BDR	700	31%
	3-BDR	900	31%
	4-BDR	1,100	26%
Common Area SF:	Resident lounge, flex lounge, and associated bathrooms located in Block 3B, but accessible to Block 3A, is approximately 1,810 square feet.		
Property Management Suite	One property management office: 132 square feet, one desk for .47 FTE. One assistant property management office: 202 sf, one desk for 1 FTE. Sponsor notes that Mercy Customer Service Center is meant to augment, not replace, management offices in each development with a centralized location for specialized services.		
Resident Services Office	Resident services office is located in 3B.		
Bicycle Parking:	Bike parking room for 80 spaces (1:1): 648 square feet. The bike parking is located on the ground floor of Block 3B and accessible to Block 3A.		
Parking SF:	28,576 gross square feet for 3A and 3B, located in Block 3B.		
Residential SF:	91,700 gross square feet		
Commercial SF:	20,028 gross square feet		
Customer Service Center	4,775 gross square feet for up to 26 staff		
Retail No. 1	2,926 gross square feet		
Retail No. 2	1,204 gross square feet		
DPH	2,662 gross square feet		
Felton institute	8,070 gross square feet		
Nonrental Spaces	391 gross square feet		
<b>Building Total SF:</b>	<b>111,728 square feet</b>		

#### 4.3. Construction Supervisor/Construction Representative's Evaluation

Block 3A, along with its sibling project Block 3B, are both very efficiently designed, but nonetheless come in at a higher cost per unit comparable to other MOHCD projects for several reasons. Block 3A is in a prominent location and will be seen as the gateway into Sunnydale, therefore Block 3A utilizes a slightly higher quality of exterior skin material compared to other affordable housing projects, such as Corten metal panels and multiple styles of thin brick veneer. The structural design is more complex than typical projects due to slope of the site, elevated terraced landscapes, and angular exterior design. Overall, the design creates the illusion of two separate towers connected by an open-air pedestrian walkway.

Block 3A includes a significant portion of non-residential space being completely built out under the base building scope, including Mercy's office and health center space. The other commercial spaces include a restaurant and early childhood education center. The commercial spaces are being built to warm shell guidelines instead of cold shell standards, which adds cost but is consistent with MOHCD's Commercial Space Policy and Underwriting Guidelines for community servicing spaces.

Although the project is on a slope which complicates the foundation design, Building 3A does not require shoring like its sister building, 3B, which helps reduce cost. Building 3A has a higher bedroom count compared to most affordable housing projects, but this is on par with other HOPE SF projects. MOHCD's new construction non-HOPE SF developments do not include washer/dryers or washer/dryer hook-up in units, but for Potrero and Sunnydale, n-unit laundry for three and four-bedroom units is provided. A laundry room on each floor is also provided for all other residents.

As it stands, 3A is more expensive compared to other HOPE SF or MOHCD family-focused buildings. The Project is roughly 20% more expensive than comparable projects on a per-unit basis (\$855,386, \$712,950 respectively), 12% more per bedroom, and 6% more per square foot. Building 3A is unique because there are fewer units compared to other HOPE SF projects, but has a large commercial space being built out to warm shell conditions compared to other buildings. Removing the warm shell commercial costs, the project is approximately the same cost per square foot as comparable projects (\$528/sqft, \$533/sqft, respectively,) though still 14% more expensive per unit (\$811,492) than similar projects.

The latest estimate came in higher than expected, but in a comparable way to other projects in this highly volatile market (inflation, commodities increase, high fuel costs, etc.) Since March 2020, construction costs for

projects built in California have increased by 33% according to DGS California Construction Cost Index (CCCI).

A critical path challenge for this project is the removal of PG&E power poles along Hahn Street which will delay foundations and podium slab on grade if not removed before start of construction. The Sunnydale infrastructure team has been coordinating with PUC and HUD to use another power source to allow the removal of these poles in time for 3A construction.

Another potential cost impact would be an increase in general conditions cost if Building 3A does not start as planned. Currently, Buildings 3A and 3B are sharing general conditions and overhead cost since Nibbi is constructing both projects and will be having staff and resources supporting both projects. If 3A does not start as planned, the general conditions cost could increase due to staff and resources not overlapping as planned.

An unusual construction cost included in 3A and 3B are temporary generators running for the duration of the project. The assumption is to utilize generators in lieu of PG&E. It is budgeted and planned this way because the project is forecasting temporary power will not be acquired from local utilities in time for construction activities. Although using generators instead of PG&E infrastructure is more costly upfront, it does mitigate the risk of PG&E not delivering temporary power on time, reduces the amount of underground work being performed and removes the risk of temporary power switchgear delays.

4.4. Commercial Space. Commercial space development budget and financing are discussed in Section 6 below.

4.4.1. Space Description.

Block 3A, and its sibling project Block 3B, have substantial commercial buildouts and represent the largest commercial developments at any HOPE SF site. They are the only mixed-use blocks in the Sunnydale HOPE SF Master Plan. This section describes the spaces generally and Section 6.5.2 elaborates on the sources and uses, specific uses of each space, and policy discussions of tenant improvement allowances.

Block 3A is located on the southwest corner of Sunnydale Avenue and Hahn Street and will serve as the most prominent building at the Sunnydale HOPE SF revitalized community's gateway entrance. Block 3A is also one of only two mixed-use buildings in the entire Sunnydale development. By featuring approximately 20,028 square feet of active nonprofit and community-serving retail spaces, Block 3A will meet one

of HOPE SF's longstanding commitments to the community. The non-residential component will wrap around the north, east, and south side of the building. This retail program has been well designed through years of community engagement as well as demonstrated need. Below is the gross square feet of the five spaces and the intended uses:

- Retail Space No. 1: 2,926 square foot retail space, currently planned for grocer or food-related business.
- Retail Space No. 2: 1,204 square foot retail space, currently planned for food hall or food-related business.
- Mercy Office: 4,775 square feet. Available for all Sunnydale residents from any building to seek immediate property management and resident service assistance.
- DPH Health & Wellness Center: 2,662 square feet. Permanent replacement center for its Sunnydale operations.
- Felton Institute Early Childhood Education Center: 8,070 sf (including outdoor courtyard). Provides a second early childhood education center, after Wu Yee at Block 1, at the Sunnydale site for an additional 60+ children in the neighborhood. While there are no set asides in place yet, the Sponsor anticipates there will be a tiered prioritization for slots as follows: Sunnydale, Zip code, Visitacion Valley, then San Francisco. This has not yet been confirmed with Felton.

The spaces will make up the commercial condo, which will be owned by a Mercy-affiliated entity. For the two retail spaces that will potentially be occupied by for-profit entities, the Assessor's Office can calculate commercial real estate tax as a percentage of construction costs or a percentage of income. The Sponsor has asked the Assessor's Office to assess property taxes using an income-based approach. If the request is approved then the tenants will pay gross rents and will not be responsible for additional NNN or CAM costs. If taxes are calculated using construction costs then it may be unsupportable for smaller commercial operators. Tenants would be responsible for covering the added costs which may preclude small businesses from occupying the spaces and the Sponsor may seek tenants capable of paying higher rents and taxes. The Sponsor believes that commercial property taxes will be pro rated based on the square footage occupied by nonprofit tenants eligible for a reduced rate. See Commercial Operating Pro Forma section below for more information.

#### 4.4.2. Commercial Leasing Plan.

The two food-related retail tenants are unknown at this time and the other three spaces are known: Mercy, DPH and Felton. All leases for the commercial spaces at Block 3A will be triple net (NNN).

The Sponsor will put out a Request for Qualifications (RFQ) in Fall or Winter 2023 for operators of the two retail sites that includes the goals and vision of HOPE SF. MOHCD and HOPE SF will review the RFQ and assist in the procurement process. MOHCD and HOPE SF will also approve operators of the Sites. Mercy has a dedicated staff member for soliciting commercial tenants and hired a consultant who specializes in food related businesses. MOHCD and the Sponsor are working directly with Larry McClendon at the Office of Economic and Workforce Development (OEWD) on strategies and programs to lease up these spaces. Existing OEWD programs can help local entrepreneurs gain the expertise and provide some upfront costs to start their own businesses. Similar programs have been successful elsewhere in California and would help Visitacion Valley spur local entrepreneurship. Applicants to the RFQ would potentially start a training course funded by OEWD to prepare for lease up once the building completes construction. See Attachment N for more information on the lease up schedule.

In the event local entrepreneurs are not identified for OEWD programs, the Sponsor hopes to identify retailers with a demonstrated track record of running a business. This may include a tenant in the City trying to open a second location. If needed, the Sponsor will seek larger, less local retail tenants to fill the spaces. The Sponsor will also explore interim uses for retail spaces that are not able to lease up quickly.

Mercy, DPH, and Felton Institute are known tenants. The Sponsor and Felton Institute have signed an LOI and the Sponsor will execute a MOU with DPH prior to construction close. While the two food-related retail tenants are not known at this time, roughly 80% of the commercial square footage has been identified with known community-serving tenants before construction closing which represents an achievement among MOHCD project commercial spaces.

As mentioned above, this space will be bifurcated into a separate commercial condo. Mercy through its commercial condo entity will be responsible for operations at TCO and the Sponsor is not requesting MOHCD support with operating deficit beyond the commercial operating reserve. The commercial spaces will share an electric service, but each space will be sub-metered. Currently, plumbing is shared for the entire Block 3A building, but the commercial spaces will be sub-metered. Electric heating will be included in the electric sub-metering. Since all spaces are community serving, the Sponsor

is carrying warm shells and Tenant Improvements in the development budget.

- Operating Pro Forma.

Commercial Spaces	Rentable Area Info		Rent			NNN		
	SQFT	Share	PSFPM	Mo.	Ann.	PSFPM	Mo.	Ann.
Food Market/Grocery	2,779	15%	\$1.25	\$3,474	\$41,685	\$1.36	\$3,783	\$45,392.55
Restaurant / Food Hall	1,094	6%	\$1.25	\$1,368	\$16,410	\$1.36	\$1,489	\$17,869.54
Felton ECEC	7,123	39%	\$0.28	\$2,000	\$24,000	\$0.52	\$3,677	\$44,129
DPH Wellness	2,577	14%	\$0.58	\$1,500	\$18,000	\$0.52	\$1,330	\$15,965
Mercy Sunnydale Cust. Ctr	2,820	16%	\$0.00	\$0	\$0	\$0.52	\$1,456	\$17,471
Mercy CBO Sublease	1,648	9%	\$0.61	\$1,000	\$12,000	\$0.52	\$851	\$10,210
N/A				\$0	\$0		\$0	\$0
All Rentable Spaces	18,041		\$0.52	\$9,341	\$112,095	\$0.70	\$12,586	\$151,036

Below are two charts showing commercial cash flow with a reduced property tax rate (based on all spaces being community-serving) and the higher rate. With the higher tax rate, the operating income is negative every year. The Sponsor believes that commercial property taxes will be prorated based on the square footage occupied by nonprofit tenants eligible for a reduced rate. If this is the case, then only a portion of the commercial will be taxed at the higher rate. The Sponsor will need to reevaluate their commercial plan if the higher rate is used.

Block 3A (East) Annual Cash Flow

Year Date	0 2025	1 2026	2 2027	3 2028	4 2029	5 2030	6 2031	7 2032	8 2033	9 2034	10 2035
Net Operating Income	(\$57,319)	\$9,701	\$4,015	\$3,828	\$3,602	\$3,335	\$3,021	\$2,660	\$2,246	\$1,776	\$1,247
	11 2036	12 2037	13 2038	14 2039	15 2040	16 2041	17 2042	18 2043	19 2044	20 2045	
	\$654	(\$6)	(\$740)	(\$1,552)	(\$2,446)	(\$3,429)	(\$4,505)	(\$5,683)	(\$6,966)	(\$8,364)	

Assuming reduced property tax rate, the above commercial cash flow trends just above break even in years 1-11 then trends negative.

Block 3A (East) Annual Cash Flow

Year Date	0 2025	1 2026	2 2027	3 2028	4 2029	5 2030	6 2031	7 2032	8 2033	9 2034	10 2035
Net Operating Income	(\$8,503)	(\$9,347)	(\$10,267)	(\$11,269)	(\$12,358)	(\$13,539)	(\$14,818)	(\$16,201)	(\$17,696)	(\$19,308)	
	11 2036	12 2037	13 2038	14 2039	15 2040	16 2041	17 2042	18 2043	19 2044	20 2045	
	(\$94,143)	(\$12,835)	(\$3,647)	(\$3,987)	(\$4,369)	(\$4,797)	(\$5,273)	(\$5,800)	(\$6,383)	(\$7,025)	(\$7,730)

Assuming higher property tax rate, the above cash flow trends negative every year.



#### 4.5. Service Space

Residents of Block 3A will have access to the resident services office located in Block 3B, directly across from the resident lounge, which will also be accessible to residents of Block 3A.

#### 4.6. Interim Use. N/A

#### 4.7. Infrastructure

Phase 1A3 infrastructure, which comprises Block 3B, Block 3A, and Community Building Block 1, commenced construction in May 2022. Block 3B received an IIG award for \$6.5 million that will be used to pay down part of the MOHCD Phase 1A3 infrastructure loan. Phase 1A3 consists of infrastructure improvements along Sunnydale Avenue, including streets, sidewalks, street trees and furniture, utility infrastructure, bicycle lanes, off-site intersection improvements, and SFMTA infrastructure, as well as grading of the three development blocks. The Sponsor and MOHCD are involved in infrastructure task force meetings for this infrastructure phase that include DPW, OEWD, and SFPUC. The infrastructure construction is on course to reach substantial completion in summer 2023. The pad for Block 3A will be ready by construction start in May 2023.

#### 4.8. Parking & Bike Storage

A ground floor parking garage will be located in Block 3B and serve residents of both Block 3A and Block 3B. The garage will hold approximately 60 spaces for Block 3A and 68 spaces for Block 3B, for a parking ratio of .75. The garage will utilize parking stackers. A bike room will also be located in Block 3B for the enjoyment of residents of both Block 3A and Block 3B. After construction, a lottery process will take place after lease-up for the free parking assignment similar to Casala and 290 Malosi.

#### 4.9. Communications Wiring and Internet Access.

The Sponsors have worked with the MOHCD Construction Representative to determine the appropriate communications wiring scope to meet MOHCD's current standards. All Sunnydale projects, including Block 3A, have access to the City fiber high-speed network and are served by Department of Technology's internet service provider.

#### 4.10. Public Art Component.

While the Charter provision that requires public art in new construction projects funded by MOHCD does not apply to Plan Areas such as HOPE

SF, the Sponsor anticipates incorporating a public art component with Sunnydale resident involvement.

4.11. Marketing, Occupancy, and Lease-Up

The 60 public housing replacement units under a PBV contract will be filled by current Sunnydale public housing residents who are in good standing and eligible for new housing under the SFHA Right to Return policy and City Ordinance through a random drawing, a process determined and agreed upon by MOHCD, HOPE SF, SFHA, and the Sponsor. SFHA will refer future residents from its waitlist for these 67 units after all of the existing residents have exercised their HOPE SF right of return.

The preferences for the 25% of units subject to the standard initial marketing and occupancy preferences are as follows:

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

\*Due to this Project receiving state funding for AHSC, the Neighborhood Preference set aside is reduced to 25% of available units, instead of 40%.

4.12. Relocation.

The relocation of public housing residents residing within Block 3A footprint to rehabbed public housing units in later phases is complete. The Sunnydale HOPE SF Final Master Relocation Plan approved by SFHA on August 25, 2016 outlines the applicable relocation requirements, including the Uniform Relocation Act (URA) and State of California Relocation Assistance Law (CRAL), and details a phased relocation plan consistent with those requirements. SFHA, as the displacing agency, executed the relocation activities for Block 3A, with support from the Sponsor and MOHCD.

Relocation of the existing households was performed by SFHA with financial support from MOHCD. The Infrastructure Phase 1A3 budget includes \$200k in relocation costs for Sunnydale residents to move into Block 3A and 3B, and therefore the Block 3A budget does not include these costs.

## 5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	David Baker Architects	N	N
Landscape Architect	Interstice	Y	N
General Contractor	Nibbi/Baines JV	Y (40%)	N
Owner's Rep/CM	Waypoint Consulting	N	N
Financial Consultant	CHPC	N	N
Legal	Gubb & Barshay LLP	N	N
Property Manager	Mercy Housing Management Group	N	N
Services Provider	Mercy Housing CA	N	N
Structural	Mar	Y	N
Mechanical, Plumbing, Fire	Tommy Siu	Y	N
Electrical	BWF	Y	N
Acoustical	Wilson Ihrig	Y	N
Utility Joint Trench	Giacalone	N	N
Market Studies	Raney	N	N

### 5.1. Procurement Plan.

Project Sponsor has coordinated with Contract Management Division (CMD) to establish a professional services goal of 25% SBE and a construction goal of 20% SBE. The Project achieved professional services SBE participation of 25% as of June 2021. To date, the Project is achieving approximately 30% SBE participation, including 10% LBE.

Pursuant to the Sunnydale Workforce MOU, the Sponsor established a First Source Hiring Program Goal of hiring 50% of new construction hires through the CityBuild workforce system.

### 5.2. Opportunities for BIPOC-Led Organizations.

The Sponsor is fully committed to ensuring that Block 3A will generate economic opportunities for smaller and BIPOC-led firms, SBE/LBE organizations, and low-income local residents, in addition to creating a positive outcome for future residents. At the project level, Sponsor will work with MOHCD to establish explicit community and economic development goals, competitively procure consultants and contractors who have a track record of meeting or supporting those goals, and track progress through proper data collection. Strategies include:

- Outreach, advertising and marketing, including timely use of the Bid and Contract Opportunities newsletter published by the City and County of San Francisco Purchasing Department and media focused specifically on SBE businesses such as the Small Business Exchange, of the opportunity to submit bids or proposals and to attend a pre-bid meeting to learn about contracting opportunities.

- Collaborate with other local, community-based employment and training agencies to enroll very low- and low-income area residents in training programs, such as City Build, so they are prepared for construction workforce opportunities when they become available.
- Utilize the Construction Industry Workforce Initiative for outreach to employ neighborhood college students as interns.
- Perform direct outreach to SBE firms to ascertain their interest in performing certain contract scopes.
- Consider splitting professional contracting into smaller scopes of work or dollar amount contracts to allow smaller firms to participate more easily.
- Assist and provide possible solutions to potential contractors and subcontractors who have questions around bonding and lines of credit.
- Hold hiring fairs to attract neighborhood residents into trade training programs that will prepare them for pending construction work.
- General Contractor and subcontractors provide First Source Hiring Plans to outline the specific steps the contractors will take to implement hiring goals by gap request.

6. FINANCING PLAN (See Attachment F for Cost Comparison of City Investment in Other Housing Developments; See Attachment G and H for Sources and Uses)

6.1. Prior MOHCD/OCII Funding:

Loan Type/ Program	Loan Date	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Outstanding Principal Balance
Predevelopment	January 6, 2020	\$1,850,000	3%	57 years from recorded DOT	Residual Receipts	\$1,763,893

6.2. Disbursement Status. The last draw was December 28, 2022. There is \$86,107.32 in remaining funds for disbursement.

6.3. Fulfillment of Loan Conditions. Below is the status of Loan Conditions since this project was last at Loan Committee for Preliminary Gap on July 15, 2022:

- Sponsor will provide a detailed final commercial plan analysis 6 months before Gap request, including financing options for the commercial space in order to minimize the need for MOHCD funding for the space, finalizing lease payments from DPH and Felton. LOIs will be required for all community serving spaces by gap loan approval.

**Status: In Progress.** Sponsor provided commercial plan analysis including outside funding options to minimize need for MOHCD funding. The Sponsor received a Stupski Foundation planning grant related to food deserts and will apply

for a competitive implementation grant to help with the grocery store (up to \$1 million). The Sponsor and MOHCD are also working with OEWD for potential funds for commercial retail spaces.

Sponsor has LOI for Felton ECE and will complete the MOU with DPH prior to Loan Committee. It is too early for the Sponsor to meet the deadline of LOIs for the two retail spaces. They have provided a timeline for tenant solicitation, see Attachment N, and a portion of the commercial developer fee is contingent on tenant lease execution and move-in.

- Mercy to provide to MOHCD a detailed analysis on operational cost sharing for the commercial space. Furthermore, the TI budget is larger than MOHCD would expect for other nonprofits that would operate out of a MOHCD supported building. Overruns would be at the expense of Mercy for their customer service space.

**Status: Not Complete.** Sponsor no longer anticipates the same amount of cost sharing through use of Mercy Customer Service space. TCAC requires that each property demonstrates that residents will receive resident services and adequate and accessible physical space for resident services. It is Mercy's preference that each building include a property management and services space. Future buildings will have smaller property management/services offices as a result of staffing at the Mercy Customer Service Center.

- Sponsor to work with MOHCD and HOPE SF on RFQ for grocer and restaurant space within 3 months of construction close for determination of operator within 1 year of TCO.

**Status: In Progress.** It is too early for the Sponsor to meet the deadline for RFQs and they have provided a timeline for tenant solicitation. See Attachment N. The Sponsor will explore interim uses for the retail spaces if they are not able to lease them up soon after TCO.

- Sponsor will work with MOHCD staff to reduce Operating Expenses to be further in line with underwriting guidelines, including property management. Final Campus-wide approach to services, property management and maintenance will be due and approved before gap.

**Status: In Progress.** The Sponsor has worked with MOHCD to reduce operating expenses but did not provide a final and approved campus wide plan for services and requests before gap closing. The Sponsor and MOHCD continue to refine the campus wide plan for MOHCD and HOPE SF approval within six months of Block 3B's construction closing (by September 2023). As with Sunnydale Block 3B, \$220,000 of the Sponsor's At-Risk developer fee will be dependent on conforming this Project's staffing plan with what is agreed upon.

- Sponsor will work with SFHA to provide funding commitments for the PBVs for the development.

**Status: Complete.**

- Sponsor will work with MOHCD to bring marketing costs in line with other projects in MOHCD pipeline prior to Gap.

**Status: Complete.**

- Sponsor must provide final services plan and budget prior to final gap loan request.

**Status: Complete.**

- Sponsor must provide security plan and budget prior to final gap loan request.

**Status: Complete.**

- General Contractor and subcontractors will provide First Source Hiring Plans to outline the specific steps the contractors will take to implement hiring goals by gap request.

**Status: Complete.**

- Sponsor must provide Request for Proposals for the equity investor before the RFP is issued to investors.

**Status: Complete.**

- Sponsor must provide all responses to lender and investor RFP prior to selections.

**Status: Complete.**

- Sponsor will look to lower permanent debt interest rate and payment to more appropriate market standards.

**Status: Complete.**

- By gap, the Sponsor will provide a market analysis for the rents carried in the neighborhood and surrounding area, including commercial rents, and will finish rent negotiations, finalize Mercy's customer service plan and provide LOIs for all parties.

**Status: Complete.**

- Staff will return with fully vetted campus-wide plan before gap request with the objective that future asks on other projects can be aligned to campus-wide approach.

**Status: In Progress.** The Sponsor has worked with MOHCD to reduce operating expenses but did not provide a final campus wide plan for services and requests before gap closing. The Sponsor and MOHCD continue to refine the campus wide plan for MOHCD and HOPE SF approval within six months of Block 3B's construction closing (by September 2023). As with Sunnydale Block 3B, \$220,000

of the Sponsor's At-Risk developer fee will be dependent on conforming this Project's staffing plan with what is agreed upon.

- Negotiate the full-time Community Coordinator by Lease Up Plan approval. This position is still under review with MOHCD staff and is contingent on outcomes received at 290 Malosi and Casala, which are in pilot phases currently.

**Status: Complete.** MOHCD has rejected the additional Community Coordinator position for Sunnydale Block 3A and 3B.

- Sponsor must submit updated evidence to MOHCD that Sponsor staff, including all managerial, supervisory, and resident facing staff has completed Trauma Informed Systems (TIS) training.

**Status: Complete.**

#### 6.4. Proposed Permanent Financing

6.4.1. Permanent Sources Evaluation Narrative: The Borrower proposes to use the following sources to permanently finance the project:

- Private mortgage (\$16,964,430): Citibank, 24-year term, 40-year amortization, 6.10% interest rate, including 0.5% cushion.
- 4% Tax Credit Equity (\$39,813,002): Wells Fargo Bank, \$0.985 per credit.
- AHSC Loan (\$10,850,000): 55-year term, 3.0% simple interest rate, mandatory payment equal to 0.42% of loan; remainder based on residual receipts.
- MOHCD Residential Gap Loan (\$14,862,818): 55-year term, 3.0% simple interest with all payments based on residual receipts.
- MOHCD Commercial Gap Loan (\$13,312,022): 55-year term, 3.0% simple interest with all payments based on residual receipts. This includes the \$2 million DPH contribution for the DPH Wellness Center commercial buildout.
- Deferred Costs (\$3,954,476): Costs deferred until conversion, including permanent loan and TCAC-related costs, capitalized operating reserve, and developer fee.
- General Partner Equity (\$100)

- Construction Loan (\$61,166,210): Wells Fargo Bank, 30-month term with one 6-month extension, 8.50% interest rate, including 0.5% cushion until closing.

HOME Funds Narrative: Based on eligible unit types, the Project is eligible to receive HOME funds in the amount of \$3,662,925 but will be utilizing \$2,197,000.

HUD HOME limits - High-Cost Multiplier: 240%

Bedroom size	2022 limit	2022 w/ multiplier
0 BR	\$66,564	\$159,754
1 BR	\$76,305	\$183,132
2 BR	\$92,789	\$222,694
3 BR	\$120,039	\$288,094
4+ BR	\$131,765	\$316,236

Sunnydale Block 3B non-rental subsidy/non-replacement units:

Bedroom size	# units	HOME funds limit
0 BR	4	\$639,014
1 BR	8	\$1,465,056
2 BR	9	\$1,558,855
3 BR	0	\$0
4+ BR	0	\$0
Total	22	\$3,662,925

#### 6.5.2 Commercial Space Sources and Uses Narrative:

Block 3A and its sibling property 3B are the only mixed-use blocks in the Sunnydale HOPE SF Master Plan and represent the first commercial developments of this size at any HOPE SF site. The Sponsor envisions these two blocks, along with the community building Block 1, to serve as a centralized hub of community services and retail for the Sunnydale community. MOHCD and HOPE SF have been involved with the design and scope of the commercial spaces to incorporate HOPE SF goals of creating economic opportunities and wealth building for Sunnydale residents.



Block 3A includes approximately 20,028 square feet of commercial space, as represented in the Sunnydale HOPE SF Development Agreement, which is not tax credit eligible. As such, the \$13.31 million in total development costs for the commercial space do not leverage other financing. Additionally, since all spaces are community serving and will pay below market rents, the Sponsor cannot obtain debt financing on the space. MOHCD is the sole funder of the commercial space.

	Retail 1	Retail 2	Mercy Office	DPH Wellness	Felton ECEC	Total
SQFT	2,926	1,204	4,775	2,662	8,070	19,637
Percent	15%	6%	24%	14%	41%	100%
Cold Shell	\$908,630	\$363,452	\$1,453,809	\$848,055	\$2,483,590	\$6,057,536
Warm Shell	515,476	212,110	\$256,891	\$175,696	[see note]	\$1,160,173
Tenant Improvement			\$1,333,276	\$1,018,032		\$2,351,308
TI Allowance	\$480,186	\$197,589				\$677,775
A&E	\$141,004	\$56,401	\$225,606	\$131,603	\$385,410	\$940,024
Permits	\$47,387	\$18,955	\$75,819	\$44,228	\$129,523	\$315,911
Legal	\$22,500	\$9,000	\$36,000	\$21,000	\$61,500	\$150,000
Insurance	\$36,451	\$14,581	\$58,322	\$34,021	\$99,633	\$243,008
Operating Reserve	\$34,907	\$13,963	\$55,851	\$32,580	\$95,412	\$232,712
Replacement Reserve	\$106,271	\$43,729				\$150,000
Comm Dev Fee	\$116,250	\$46,500	\$186,000	\$108,500	\$317,750	\$775,000
Other Soft Costs	\$10,729	\$4,292	\$17,166	\$10,014	\$29,326	\$71,526
Soft Cost Contingency	\$28,057	\$11,223	\$44,892	\$26,187	\$76,690	\$187,049
<b>Total</b>	<b>\$2,447,848</b>	<b>\$991,793</b>	<b>\$3,743,631</b>	<b>\$2,449,916</b>	<b>\$3,678,834</b>	<b>\$13,312,022</b>

Notes: Total commercial SQFT is 20,028 inclusive of a 391-SQFT trash room.

Contractor allocated Felton warm shell costs as part of cost shell. This will be addressed in the next SOV.

### Commercial Build Out:

#### Two Retail Spaces (intended to be a grocery store and food hall)

The Sponsor's development budget includes funds to contribute to cold and warm shell build out as well as tenant improvements to the two retail spaces. Given the importance of these spaces to the community, the difficulty of finding local food-related entrepreneurs, and the current retail climate in San Francisco the Sponsor is

requesting a waiver from MOHCD's commercial underwriting guidelines to provide tenant improvements for these spaces. While the specific tenants are unknown at this time, the tenant improvements requested include remaining interior walls after cold and warm shell, doors, flooring, ceiling, finishes, ceiling, cabinets, appliances, lighting, mechanical equipment and ducting, electrical outlets, internet, low-voltage routing, and fire sprinkler layout. According to the Sponsor, all of these tenant improvements are needed regardless of which tenant occupies the space. While many improvements mentioned above may be needed regardless of the tenant, MOHCD will work the Sponsor to ensure improvements are reasonable and fit with a variety of tenants.

The Sponsors are proposing \$544,734 as a warm shell cost in the budget. Mercy has secured \$350,000 from the Stupski Foundation to be used for food-related commercial spaces. The Sponsor requests that these funds be used in addition to Tenant Improvement allowances shown above to increase the likelihood that these spaces can be occupied with local small business and BIPOC tenants from Sunnydale. This would help offset the tenant's additional tenant improvements to start a small business especially in San Francisco's current commercial market. The requested TI comes to \$175/sf for the spaces and the Stupski grant would add \$90-100/sf. In another project by the Sponsor they are seeing TI for a coffee shop come in at \$800/sf so the Sponsor believes this roughly \$275/sf in TI will help bridge the costs for potential tenants. The Sponsor is also requesting \$232,712 as a commercial operating reserve for after the building is open but before the tenants have completed their tenant improvements. The replacement reserve is based on \$75,000/year for two years split pro rata between the two retail spaces based on square footage.

#### DPH Health & Wellness Center

DPH has secured and committed up to \$2 million from the Mental Health Services Act to the Project to cover all DPH capital costs relating to tenant improvements. Any remaining funds after buildout of the tenant improvements s will be used to cover other MOHCD costs including permit fees, warm shell and cold shell. MOHCD and the Sponsor will continue working with DPH to refine the design and identify additional cost savings. The Sponsor and MOHCD intend to finalize and execute the DPH MOU prior to construction close.

#### Felton Early Childhood Education Center (ECEC)

The Felton Institute is seeking outside funding for \$5 million in

tenant improvements from local and state early childhood education resources. Felton recently secured funding for its ECEC in another MOHCD-funded project in the Mission District. The Sponsor and Felton entered into an MOU in October 2019 stating MOHCD would contribute toward cold and warm shell and any tenant improvements would be paid for by Felton.

Mercy's Sunnydale Customer Service Office  
(also see Attachment O for more specific information)

The Sponsors' vision for the Mercy Customer Service Center is to provide a space for Mercy staff to come together for collaboration, be a centralized and specialized resource for residents and visitors, and house CBOs and other Sunnydale-specific staff. The space will provide distinct services and programmatic opportunities beyond other affordable developments including private meeting rooms for on-site therapy, family mediation/unification, individual and small group support sessions, and private services related to domestic violence and sexual assault. Mercy believes this wide range of specialized services and property management cannot be achieved without a centralized space with intentional interaction and partnership to connect Vis Valley and Sunnydale. This office will house Sunnydale Property Management (PM) and Resident Services (RS) leadership including Director of Community Life, Resident Services Manager, Director of Operations and Area Director of Operations and other working campus staff. The centralized office will promote cross training across staff that the Sponsor claims is vital to team cohesion and communication that cannot be achieved if all are fragmented at properties across Sunnydale campus.

The Sponsor is requesting cold and warm shell funding for the center as well as requesting a waiver from the commercial underwriting guidelines for tenant improvements. TI include carpentry, insulation, doors/frames/hardware, metal framing, and other improvements. MOHCD staff will work with the Sponsor to ensure that these improvements are reasonable. The Sponsors are open to fundraising and other opportunities for additional funds in the future for these improvements, but cannot commit to fundraising a certain amount at this time as the Block 1 capital campaign exhausted Mercy and Related's current financial support.

The office will also house 8 FTEs from two CBOs that have been serving the Sunnydale community: the YMCA and Vis Valley Strong Families (VVSF). It is also expected to be a business office for the sitewide Community Association (aka sitewide HOA) and the home base for the promotion of alternatives to solo driving as required by

the Transit Demand Management Plan. The Office is envisioned to be shared with the following staff:

- 14 FTE Mercy Housing California or Mercy Housing Management staff. Resident Service staff would include:
- 8 FTE YMCA and VVSF
- 1 FTE Transit Demand Management Coordinator (unless person is Mercy RSC)

The Casala and 290 Malosi management suites will continue to be utilized by RS and PM staff. The Blocks 3A, 3B, 7 and 9 offices are designed as more modest spaces as will all other suites in future affordable buildings. These smaller suites will range from 600 to 800 square feet as compared to 1,480 sf of 290 Malosi's suite or 1,060 sf of Casala's. The extra space created from having smaller property management and resident services offices would be devoted to more affordable units, which could potentially result in a 1 bedroom additional unit at each new site. See Attachment O for more information.

#### Tenant Improvements discussion

For all non-residential spaces, the Sponsor will need to continue to identify additional outside sources, including OEWD, to cover Project costs. The Sponsor has secured \$350,000 from the Stupski Foundation for tenant improvements which they would like to include on top of tenant improvement allowances requested in this evaluation for the two retail spaces. The Sponsors believe that the future tenants may need financial assistance to offset their TI, as well as secure food-related permits, beyond the amounts allocated so this grant can be used to help. Mercy took advantage of significant fundraising for Block 1 including \$3M from their organization and \$5M from Related. They believe it will be difficult to recreate another capital campaign for Block 3A and 3B considering recent fundraising efforts for Block 1.

The Sponsors have worked with their GC and architect for design and permitting of the commercial spaces and the commercial design is complete. MOHCD has been involved throughout the design process however cold and warm shell costs as well as additional tenant improvement allowances are not fully approved until final gap. Commercial and residential are under the same building permits. The Sponsor claims that while it is possible to obtain TCO for the residential without the TI build out, it would require revising building permits (Addenda 2-5) to remove the TI

scope which could face possible delays and additional costs up to \$150,000. MOHCD believes this amount may be overestimated, however there would be added costs and permit revisions if TI were removed from the scope.

6.5.4 Permanent Uses Evaluation:

<b>Development Budget</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Hard Cost per unit is within standards	N	\$914,967/unit
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5.1%
Architecture and Engineering Fees are within standards	Y	Architecture and design fees are \$3,021,740 and Engineering and Environmental fees are \$363,000.
Construction Management Fees are within standards	Y	Construction management fees are \$195,600.
Developer Fee is within standards, see also disbursement chart below	Y	Project management fee: \$1.1M At risk fee: \$1.1M Deferred fee: \$2,900,000 GP equity: \$100 Commercial fee: \$550,000 Total fee: \$5,650,100
Consultant and legal fees are reasonable	Y	Financial consultant fees are \$110,000 and Legal fees are \$659,240.
Entitlement fees are accurately estimated	Y	Entitlement fees are \$1,560,000
Construction Loan interest is appropriately sized	Y	The construction loan interest is \$6,662,085 at 8.50% interest.
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 7.5%
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 4 months

6.5.5 Developer Fee Evaluation: The milestones for the payment of the developer fee to the sponsor are specified:

Total Developer Fee:	\$5,650,000	
Project Management Fee Paid to Date:	\$150,000	

Amount of Remaining Project Management Fee:	\$950,000	
Amount of Fee at Risk (the "At Risk Fee"):	\$1,100,000	
Amount of Commercial Space Developer Fee (the "Commercial Fee"):	\$550,000	
Amount of Fee Deferred (the "Deferred Fee"):	\$2,900,000	
Amount of General Partner Equity Contribution (the "GP Equity"):	\$100	
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
Close of Predevelopment financing	\$150,000	14%
Construction close	\$440,000	40%
Construction completion	\$400,000	36%
Project close-out	\$110,000	10%
Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee		Percentage At Risk Fee
100% lease up and draft cost certification	\$220,000	20%
Permanent conversion	\$550,000	50%
Project close-out	\$330,000	30%
Milestones for Disbursement of that portion of Developer Fee defined as Commercial Fee		Percentage Commercial Fee
Condo subdivision completion	\$50,000	9%
MOHCD approves marketing plan for 3A	\$50,000	9%
MOHCD approves marketing plan for 3B	\$50,000	9%
Execute 3A leases (5 tenants)	\$50,000	9%
Execute 3B leases (7 tenants)	\$50,000	9%
Complete 3A TI	\$100,000	18%
Complete 3B TI	\$100,000	18%
3A Tenant move-in (5 tenants)	\$50,000	9%
3B Tenant move-in (7 tenants)	\$50,000	9%

7. PROJECT OPERATIONS (See Attachment I and J for Operating Budget and Proforma)

7.1. Annual Operating Budget.

Project Based Section 8 (PBV) Units: The Project has been awarded 60 PBVs from SFHA to support the public housing replacement units, as allowed under HUD's Section 18 "Demo Dispo" program. Per SFHA's updated Administrative Plan, all future Housing Assistance Payment (HAP) contracts will be 20 years in duration, with an automatic 20-year renewal. Income from the PBV units reflected in the loan underwriting for this evaluation is based on current 2022 Payment Standards, less utility allowances. Actual subsidy levels will be determined when construction is

complete and will be equal to the lesser of the payment standard or reasonable rents as determined by SFHA. The Sponsor provided a market study from July 2022 to SFHA and SFHA provided a PBV award letter in January 2023 with the following proposed contract rents:

Unit Size	# Units	Proposed Contract Rent	Utility Allowance	Gross Rent
1-BR	16	\$2,693	\$109	\$2,802
2-BR	21	\$3,285	\$154	\$3,439
3-BR	15	\$4,296	\$199	\$4,495
4-BR	8	\$4,549	\$247	\$4,796
<b>Total</b>	<b>60</b>			

Total annual tenant assistance payments are projected to be \$1,585,176 for the PBV units.

For reference, below is a comparison with the most recently completely Sunnydale project, 290 Malosi:

Unit Size	3B Contract Gross Rent	290 M Current Gross Rent	290 M Contract Gross Rent
1-BR	\$2,802	\$1,332	\$1,273 (RAD)
2-BR	\$3,439	\$3,390	\$3,752
3-BR	\$4,495	\$3,905	\$4,084

## 7.2. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	Y	DSCR is 1.15 at Year 1 and 1.5 at Year 17.
<i>For TCAC projects:</i> Vacancy rate meets TCAC Standards  <i>For non-TCAC existing projects:</i> Vacancy rate is based on project's historical actuals	Y	Vacancy rate is 5%
Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	Y	Income escalation factor is 2.5%
<i>For TCAC projects:</i> Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%

<i>For non-TCAC existing projects:</i> Annual Operating Expense escalation is based on project's historical actuals		
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are \$17,060 per unit, inclusive of reserves and ground lease payments.  The costs are slightly higher than similar completed HOPE SF projects and other projects in predevelopment or under construction due mainly to higher utility and staffing costs. See below.
Property Management Fee is at allowable <a href="#">HUD Maximum</a>	Y	Total Property Management Fee is \$72,960 or \$76 PUPM
Property Management staffing level is reasonable per comparables	Y	Proposed staffing: 0.50 FTE Community Manager of Operations/PM 1.00 FTE Assistant PM \$25 PUPA Regional Management Specialist \$36 PUPA Regional Maintenance Manager 0.50 FTE Maintenance Manager 0.50 FTE Maintenance Technician 1.00 FTE Janitor
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$24,280/yr Annual PM Fee is \$24,280/yr
<i>For TCAC projects:</i> Replacement Reserve Deposits meet or exceed TCAC minimum standards  <i>For non-TCAC existing projects:</i> Replacement Reserve Deposits meet project needs based on CNA	Y	Replacement Reserves are \$500 per unit per year
Limited Partnership Asset Management Fee meets standards	N	Sponsor needs to include

Based on operating costs from other HOPE SF projects, this Project's costs are comparatively higher when escalated to 2023. This could be due to lower unit count compared to other HOPE SF project creating fewer economies of scale.

<u>Project(s)</u>	<u>Total OpEx PUPA</u>	<u>Total w/o Reserves PUPA</u>



<b>Sunnydale 3A</b>	<b>\$17,060</b>	<b>\$15,847</b>
Sunnydale 3B	\$15,985	\$14,793
Potrero Block B	\$13,455	\$12,859
Sunnydale Parcel Q Casala	\$18,985	\$18,682
Potrero Block X 1101 Connecticut	\$16,671	\$15,625
Hunter's View Phase 11B Block 10	\$16,577	\$15,912

Utilities: The Sponsor notes that utilities are particularly high and have used other current Sunnydale buildings, Casala and 290 Malosi, as comparables. There tends to be more garbage expenses when residents move but the Sponsor notes a higher volume of trash than expected even 9 months to a year into service. This has led to more scheduled pick-ups and higher expenses. They have also seen electrical costs higher than expected and as this project is all electric the Sponsor does not have many other comparables from which to derive estimates.

Admin/Staffing levels: The Sponsor notes that their team has experienced challenges staffing Sunnydale properties due to difficult working environments and violence in the neighborhood. Mercy has developed new staffing standards and pay scales to attract mid-level staff in an industry they consider to be high turnover.

### 7.3. Staffing Summary

The Sponsor proposes the following staffing levels:

- .5 FTE Community Manager of Operations: \$39,480

Community Manager of Operations (CMO) will support the APM and will be shared between Block 3A and Block 3B. Formerly called property managers, the Sunnydale CMOs will lead the property management staff and ensure that the operations of the Sunnydale properties are in compliance with the standards and expectations of Operational Excellence. The Sunnydale HOPE SF site will be served by 3 FTE CMOs overall, each with an area of specialization. The

CMOs are responsible for monitoring and directing all management-related activities with site-level personnel and ensuring that physical guidelines are achieved at each property; that positive, collaborative internal and external relationships are fostered and maintained; requests and resident concerns are responded to in a timely manner.

- 1 FTE Assistant Property Manager: \$31.38/hour or \$54,080/year

Assistant Property Manager (APM) is responsible for the day-to-day property management and specializes in leasing, certifications, and accounts payable. The APM collaborates with the site team and residents to create and strengthen a healthy community, facilitate on-site communication, and monitor property goals.

- 1 FTE Community Coordinator: \$23.17/hour or \$48,193. This has been removed from this Project's Operating Expenses after discussions with the Sponsor but the description is included below for reference for future Sunnydale campus wide services planning.

The Community Coordinator is responsible for interacting with residents, communicating community policies, and maintaining the wellbeing of the community. The Community Coordinator has various responsibilities that include identifying housing stability and community service needs of the residents, monitoring visitors in and out of the building, and be able to respond to resident problems and emergencies as appropriate.

- Regional Management Specialist: \$25/PUPA or \$2000

The Regional Management Specialist is experienced in lease ups and certifications and will provide senior level technical support to properties with operational, lease-up, and compliance issues. A small amount of the specialist's time will be allocated to each Sunnydale property. MOHCD approved a Regional Management Specialist at 290 Malosi.

- .5 FTE Maintenance Manager: \$29,699

The Maintenance Manager will be located on-site split between Block 3A and Block 3B. This position is responsible for ensuring the

completion of all property maintenance site-level activities with site-level staff and other Mercy Housing-related departments. The Senior Maintenance Manager will supervise all maintenance and janitorial staff.

- .5 FTE Maintenance Technician: \$25,356

The Maintenance Tech will be located on-site split between Block 3A and Block 3B. The Maintenance Tech completes janitorial tasks, preventative maintenance, minor repairs, and apartment turnovers and is responsible to ensure a high standard of cleanliness, customer service, and a hazard-free environment.

- 1 FTE Janitor: \$47,840

The Janitor will work full time on-site in conjunction with maintenance staff to meet the regular operational maintenance/cleanliness requirements of the property. Responsible for cleaning of grounds and all common areas within the buildings and surrounding grounds.

- Regional Maintenance Specialist: \$36/PUPA or \$2,880

The Regional Maintenance Specialist collaborates with the Area Director of Operations and Regional Facilities Manager to complete special assignments and projects, provide training, mentoring and education to site-level staff. A small amount of the Specialist's time is allocated to each of the properties.

This staffing plan has not been finalized and is still under consideration with discussions ongoing between the Sponsor and MOHCD. The Sponsor has provided an updated Sunnydale campus-wide staffing and services plan that demonstrates how the need will impact staffing levels of individual buildings. As there are multiple stakeholders from MOHCD, HOPE SF and the Sponsor involved in these discussions, the campus-wide plan will not be finalized before this Loan Committee so this staffing proposal is subject to change based on the final plan. The Sponsor notes that the first two Sunnydale projects, Casala and 290 Malosi, were front loaded with staff to support the need to stabilize those properties with the intention of shifting staff to newer buildings as older ones stabilize. Below are the staffing levels for Sunnydale properties:

<b>Staffing</b>	<b>Casala (55 units)</b>	<b>290 Malosi (167)</b>	<b>3B (90)</b>	<b>3A (80)</b>
Community Manager of Operations	1 FTE	1 FTE	.5 FTE	.5 FTE
Assistant Manager	1 FTE	2 FTE	1 FTE	1 FTE
Community Coordinator	1 FTE	2 FTE		
Regional Management Specialist	\$25 PUPA	\$25 PUPA	\$25 PUPA	\$25 PUPA
Maintenance Manager	1 FTE	1 FTE	.5 FTE	.5 FTE
Maintenance Technician	0 FTE	1 FTE	.5 FTE	.5 FTE
Janitor	1 FTE	2 FTE	1 FTE	1 FTE
Regional Maintenance Specialist	\$36 PUPA	\$36 PUPA	\$36 PUPA	\$36 PUPA
Resident Service Coordinator (see Services below)	1 FTE	2 FTE	1 FTE	1 FTE

The finalized plan, with MOHCD and HOPE SF input, will need to be approved by MOHCD six months after Block 3B closes construction (September 2023). See Loan Conditions.

7.4. Income Restrictions for All Sources.

<b>UNIT SIZE</b>		<b>MAXIMUM INCOME LEVEL</b>	
<b>NON-LOTTERY</b>	<b>No. of Units</b>	<b>MOHCD</b>	<b>TCAC</b>
1 BR – PBV	5	50% MOHCD AMI	30% TCAC AMI
2 BR – PBV	6	50% MOHCD AMI	30% TCAC AMI
3 BR – PBV	3	50% MOHCD AMI	30% TCAC AMI
4 BR – PBV	2	50% MOHCD AMI	30% TCAC AMI
1 BR – PBV	11	50% MOHCD AMI	40% TCAC AMI
2 BR – PBV	15	50% MOHCD AMI	40% TCAC AMI
3 BR – PBV	12	50% MOHCD AMI	40% TCAC AMI
4 BR – PBV	6	50% MOHCD AMI	40% TCAC AMI
<b>Sub-Total</b>	<b>60</b>		
<b><u>LOTTERY</u></b>			
0 BR	4	80% MOHCD AMI	40% TCAC AMI
<b>Sub-Total</b>	<b>4</b>		
1 BR	8	80% MOHCD AMI	40% TCAC AMI
<b>Sub-Total</b>	<b>8</b>		
2 BR	7	80% MOHCD AMI	40% TCAC AMI
<b>Sub-Total</b>	<b>7</b>		
<b><u>STAFF UNITS</u></b>			
3 BR	1		
<b>TOTAL</b>	<b>80</b>		

<b>PROJECT AVERAGE</b>		<b>57%</b>	<b>37%</b>
<b>AVERAGE FOR LOTTERY UNITS ONLY</b>		<b>80%</b>	<b>40%</b>

7.5. MOHCD Restrictions.

<b>Unit Size</b>	<b>No. of Units</b>	<b>Maximum Income Level</b>
1 BR	16	50% of Median Income
2 BR	21	50% of Median Income
3 BR	15	50% of Median Income
4 BR	8	50% of Median Income
0 BR	4	80% of Median Income
1 BR	8	80% of Median Income
2 BR	7	80% of Median Income
3 BR	1	Manager's Unit

8. SUPPORT SERVICES

8.3. Services Plan.

8.1.1. Services Provided.

Mercy Housing Management Group, Inc. will provide 1.0 FTE Resident Services Coordinator (“RSC”) and 0.10 FTE Resident Services Manager for the 79 family units. Responsibilities include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or other enrichment activities for tenants (such as holiday events, tenant council, etc.).

In particular, it is anticipated that the RSC will provide linkage to food security benefits, food banks, and health and wellness providers; support for new parents and families with young children; monthly resident-led community building activities and events; and ongoing social activities. Events and opportunities will be culturally appropriate with translation services as needed for this multilingual population. The population served will largely be made up of persons of color who will benefit from support and resources made available through the coordination of the RSC.

8.1.2. Provider.

Mercy Housing California will provide resident services for Block 3A.

8.2. Services Budget.

The total Block 3A services budget is \$101,120, which will be funded by the project operating budget. This budget covers 1.0 FTE Resident Services Coordinator and 0.10 FTE Resident Services Manager by Mercy

Housing Management Group, Inc., and associated supplies, benefits and overhead. The staff ratio of 1.0 FTE RSC for 79 units meets the MOHCD underwriting guidelines for resident services which is currently set at 1.0 FTE RSC for 100 residents. HOPE SF has indicated that 1.0 FTE RSC is appropriate for 75-100 residents.

## 9. STAFF RECOMMENDATIONS

### 9.1 Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$28,174,840
Loan Term:	57 years
Loan Maturity Date:	2080
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	June 7, 2019

### 9.2 Recommended Loan Conditions

1. The Sponsor agrees to maximize the permanent loan at a 1.15 debt service coverage ratio at the time of rate lock rate with the permanent lender. All additional interest rate cushion will be taken out of the permanent loan calculation outside of the perm lenders requirements. The permanent loan will be amortized for 40 years. Any additional loan proceeds will instantly reduce the MOHCD gap loan amount.
2. MOHCD will review and approve final residential and commercial GMP pricing & closing proforma. All construction and design related contingencies outside of the approved owners hard cost contingency will be taken out of the proforma. All budget line-item reductions in the residential and commercial proformas will instantly reduce the MOHCD gap loan amount.
3. All commercial CAM costs, beyond the commercial operating reserve requested in this evaluation, will be paid directly by the Mercy commercial entity at TCO until spaces are leased.
4. MOHCD will review and approve the construction cash flow and interest reserve calculation. All additional interest rate cushion

outside of the terms of the construction loan will be taken out of the final construction interest reserve calculation. Any reduction in the construction interest reserve will instantly reduce the MOHCD gap loan amount. Sponsor will not use construction loan proceeds to fund operations or any operating expenses during lease-up, stabilization, or any time before perm loan conversation.

5. Sponsor will seek other funding sources for commercial space reserves and buildout, including but not limited to OEWD programs. Any additional funds secured for commercial space improvements will be used to reduce MOHCD's gap loan. Sponsor will provide MOHCD with monthly updates on their progress. MOHCD reserves the right to withhold up to \$1.5M in MOHCD funding and \$220,000 in commercial developer fee if it determines no good faith effort has been made to seek out other funding sources.
6. Sponsor must provide MOHCD with a detailed and acceptable Sunnydale campus-wide staffing and services plan outlining the services to the residents, community benefits, and any operational efficiencies it will generate. MOHCD reserves the right to withhold \$1.5M in MOHCD funding and \$220,000 in commercial developer fee (\$1.72M total) if a staffing and services plan is not agreed upon by MOHCD and HOPE SF for the campus-wide plan within six months of Block 3B construction close (September 2023).
7. MOHCD to review and approve TI budgets, design, and specifications for the Mercy Customer Service Center space. MOHCD reserves the right to withhold \$1.5M in funding and \$220,000 in commercial developer fee (\$1.72M total) if TI budget, design, and specifications are not approved by MOHCD.
8. MOHCD to review and approve a commercial lease up and activation plan for the grocery and restaurant/café space. MOHCD reserves the right to withhold \$1.5M in funding and \$220,000 in commercial developer fee (\$1.72M total) if a plan is not approved by MOHCD.
9. Sponsor to provide MOHCD an analysis and plan for a higher commercial property tax assessment on the commercial spaces prior to closing.

10. Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.
11. Sponsor must provide quarterly updated response to any letters requesting corrective action.

## 10. LOAN COMMITTEE MODIFICATIONS



## LOAN COMMITTEE RECOMMENDATION

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Eric D. Shaw, Director  
Mayor's Office of Housing

Date: \_\_\_\_\_

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Salvador Menjivar, Director of Housing  
Department of Homelessness and Supportive Housing

Date: \_\_\_\_\_

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Thor Kaslofsky, 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.

\_\_\_\_\_  
Tonia Lediju, Director  
Housing Authority of the City and County of San Francisco

Date: \_\_\_\_\_

- Attachments:
- A. Project Milestones/Schedule
  - B. Borrower Org Chart
  - C. Developer Resumes
  - D. Asset Management Analysis of Sponsor
  - E. Threshold Eligibility Requirements and Ranking Criteria
  - F. Site Map with amenities
  - G. Elevations and Floor Plans, if available
  - H. Comparison of City Investment in Other Housing Developments
  - I. Predevelopment Budget
  - J. Development Budget
  - K. 1<sup>st</sup> Year Operating Budget
  - L. 20-year Operating Pro Forma
  - M. HOPE SF Project Summary
  - N. Schedule for Soliciting Potential Commercial Tenants
  - O. Detailed Mercy Customer Service Center Information

## Request for Final Gap Approval for Sunnydale Block 3A

Ely, Lydia (MYR) <lydia.ely@sfgov.org>

Fri 3/3/2023 12:08 PM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Cc: Shaw, Eric (MYR) <eric.shaw@sfgov.org>

Hi Vanessa-

I approve the subject request on behalf of MOHCD.

Thank you,

Lydia

- - - -

Lydia Ely

Deputy Director for Housing

SF Mayor's Office of Housing and Community Development

Office phone: (628) 652-5821

Cell phone: (415) 225-2936

## SUNNYDALE BLOCK 3A

Menjivar, Salvador (HOM) <salvador.menjivar1@sfgov.org>

Fri 3/3/2023 1:01 PM

To: Shaw, Eric (MYR) <eric.shaw@sfgov.org>

Cc: Ely, Lydia (MYR) <lydia.ely@sfgov.org>; Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

I approve the request by Related Companies of California and Mercy Housing California for a final gap financing in the amount of up to \$28,174,840 for the fourth Sunnydale HOPE SF affordable housing development known as Sunnydale HOPE SF Block 3A ("Project"), a proposed 80-unit affordable housing development within the Sunnydale Phase 1A3 Infrastructure footprint.

Best,

salvador



Salvador Menjivar  
Director of Housing  
*Pronouns: He/Him*

San Francisco Department of Homelessness and Supportive Housing  
[salvador.menjivar1@sfgov.org](mailto:salvador.menjivar1@sfgov.org) | 415-308-2843

**Learn:** [[dhsh.sfgov.org](https://dhsh.sfgov.org)][hsh.sfgov.org](https://hsh.sfgov.org) | **Follow:** [@SF\\_HSH](https://twitter.com/SF_HSH) | **Like:** [@SanFranciscoHSH](https://twitter.com/SanFranciscoHSH)

*CONFIDENTIALITY NOTICE: This e-mail is intended for the recipient only. If you receive this e-mail in error, notify the sender and destroy the e-mail immediately. Disclosure of the Personal Health Information (PHI) contained herein may subject the discloser to civil or criminal penalties under state and federal privacy laws.*

## Request for Final Gap Approval for Sunnydale Block 3A

Colomello, Elizabeth (CII) <elizabeth.colomello@sfgov.org>

Fri 3/3/2023 12:00 PM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Cc: Ely, Lydia (MYR) <lydia.ely@sfgov.org>; Kaslofsky, Thor (CII) <Thor.Kaslofsky@sfgov.org>

Hi Vanessa-

I approve the subject request on behalf of OCII.

Thanks-

Elizabeth



**Elizabeth Colomello**

**Housing Program Manager**

---

📍 One South Van Ness Avenue, 5th Floor  
San Francisco, CA 94103

📞 415.749-2488, Cell 415.407-1908

🏠 [www.sfocii.org](http://www.sfocii.org)

---

## REQUEST FOR FINAL GAP APPROVAL FOR SUNNYDALE BLOCK 3A

Katz, Bridget (CON) <bridget.katz@sfgov.org>

Fri 3/3/2023 12:00 PM

To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>

Approve

**Bridget Katz**

*Development Finance Specialist*, Office of Public Finance

Controller's Office | City & County of San Francisco

Office Phone: (415) 554-6240

Cell Phone: (858) 442-7059

E-mail: [bridget.katz@sfgov.org](mailto:bridget.katz@sfgov.org)

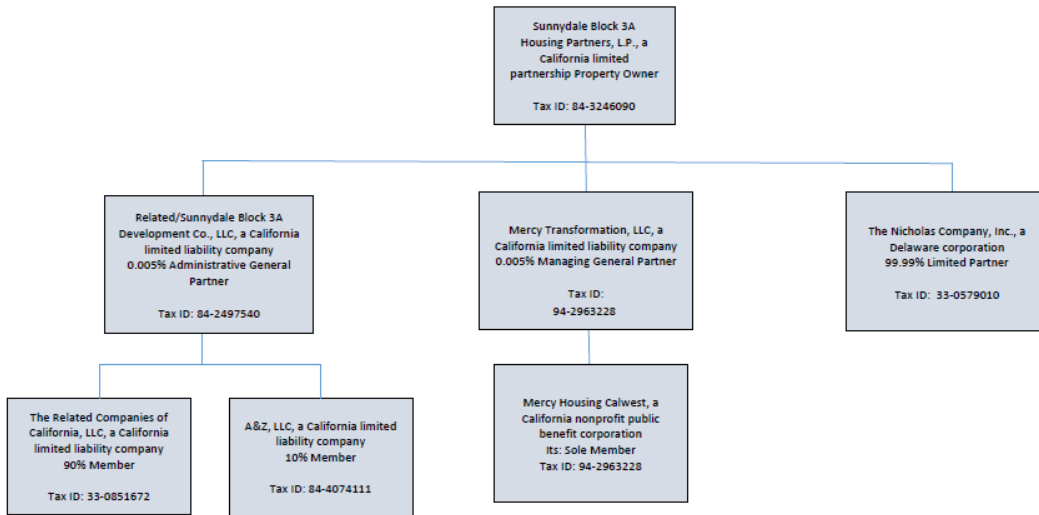
**Attachment A: Project Milestones and Schedule**

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing	02/2020	
1	Acquisition/Predev Financing Commitment	01/2020	
2.	Site Acquisition	N/A	
3.	Development Team Selection		
a.	Architect	01/2021	
b.	General Contractor	5/2021	
c.	Owner's Representative	10/2020	
d.	Property Manager	N/A	
e.	Service Provider	N/A	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	11/2020	
b.	Submittal of Design Development & Cost Estimate	09/2021	
c.	Submittal of 35% CD Set	10/2021	
d.	Submittal of Pre-Bid Set & Cost Estimate (70% CDs)	4/2022	
5.	Commercial Space		
a.	Commercial Space Plan Submission	10/2021	
b.	LOI/s Executed	09/2019	Felton LOI executed
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	N/A	
b.	CEQA Environ Review Submission	N/A	CEQA review completed
c.	NEPA Environ Review Submission	N/A	NEPA review completed
d.	CUP/PUD/Variances Submission	N/A	
7.	PUC/PG&E		
a.	Temp Power Application Submission	12/2021	
b.	Perm Power Application Submission	03/2022	
8.	Permits		
a.	Site Permit Application Submitted	05/2021	

b.	Addendum #1 Submitted	5/2022	
c.	Addendum #2 Submitted	5/2022	
d.	Addendum #3 Submitted	5/2022	
9.	Request for Bids Issued	10/2022	
10.	Service Plan Submission		
a.	Preliminary	11/2022	
b.	Final	9/2023	
11.	Additional City Financing		
a.	Preliminary Gap Financing Application	10/2021	w First CDLAC app
b.	Gap Financing Application	1/2023	
12.	Other Financing		
a.	AHSC Application	06/2021	Second Submittal, Awarded
b.	Construction Financing RFP	10/2022	
c.	AHP Application	N/A	
d.	CDLAC Application	07/2022	Awarded
e.	TCAC Application	7/2022	Awarded
g.	LOSP Funding Request	N/A	
13.	Closing		
a.	Construction Loan Closing	04/2023	
b.	Conversion of Construction Loan to Permanent Financing	10/2025	
14.	Construction		
a.	Notice to Proceed	04/2023	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	10/2024	
15.	Marketing/Rent-up		
a.	Marketing Plan Submission	04/2024	
b.	Commence Marketing	10/2024	
c.	95% Occupancy	03/2025	
16.	Cost Certification/8609	12/2025	
17.	Close Out MOH/OCII Loan(s)	12/2025	

## Attachment B: Borrower Org Chart

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





## **Attachment C: Development Staff Resumes**

# Ann Silverberg

Chief Executive Officer  
Related California Nor Cal  
Affordable and Northwest  
Divisions



As Chief Executive Officer for Related California's Northern California Affordable and Northwest Divisions, Ms. Silverberg is responsible for the strategic direction, overall management and daily operation of the company's over \$3 billion affordable portfolio in Northern California and Oregon. She has been directly responsible for the growth of the affordable pipeline in Northern California and Oregon to over 5,000 units under construction and in predevelopment.

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

She is a two-time recipient of the Northern California Real Estate Women of Influence Award by the San Francisco Business Times, and in 2020 was recognized as one of the most dynamic women in commercial real estate by BISNOW. Ms. Silverberg is Chair of the Board of Directors of the California Housing Consortium and Co-Chair of California State Treasurer Ma's California Debt Limit Allocation Committee/Tax Credit Allocation Committee Working Group. She currently serves on the Housing Policy Committee of the San Francisco Bay Area Planning and Urban Research Association (SPUR). She is a board member of the San Francisco Housing Action Coalition (SFHAC), a member of the ULI San Francisco Local Product Council, and past president of the Board of Directors of the Non-Profit Housing Association of Northern California. Ms. Silverberg is

a faculty lecturer in the College of Environmental Design at the University of California, Berkeley where she teaches a graduate level methods class in project analysis. She holds a Master of City and Regional Planning from the University of California, Berkeley and a Bachelor of Arts from the University of California, Los Angeles.

# Thu Nguyen

Assistant Vice President, Development  
Related California Affordable

As Assistant Vice President of Development for Related California, Ms. Nguyen is responsible for managing all aspects of the design, financing and construction for many of Related's Northern California affordable developments, including the redevelopment of San Francisco's largest public housing site, Sunnydale-Velasco, a 50-acre site currently home to more than 1,700 people.



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

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

# Paige Peltzer

Senior Development Associate  
Related California Affordable

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



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

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

## **Attachment D: Asset Management Evaluation of Project Sponsor**

Related owns close to 13,500 affordable units in operations plus 5,200 affordable units under construction or in predevelopment. Related serves extremely low- and low-income households in family properties, senior properties, and properties with permanent supportive housing. There are 70 plus projects in the portfolio.

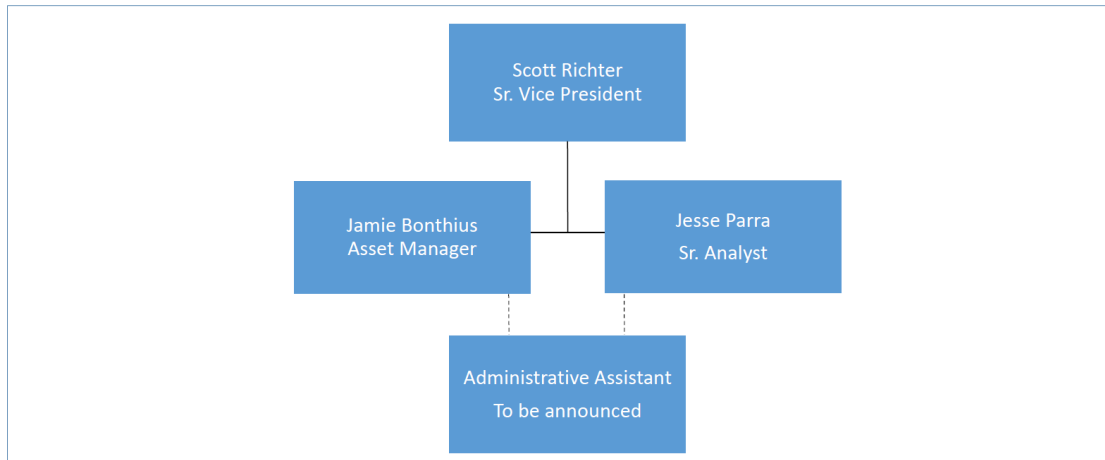
Related has a dedicated asset management team to oversee owned assets in the Related California affordable portfolio. There are three full time positions that are currently filled at varying degrees of seniority. Please see the attached org chart.

The asset management team is structured such that each staff has distinct functional responsibilities for the entire of portfolio, including affordable, mixed-use, and multifamily developments. Scott Richter, the senior member and department head, is responsible for overseeing all aspects of the department but functionally takes the lead on operational and financial performance, legal matters, budgeting, capital spending and major projects. Jamie Bonthius oversees all aspects of property and regulatory compliance, property & other taxes and investor relations. Jesse Parra is responsible for financial reporting and analysis of all aspects of property performance.

Related's Asset Management team relies on close coordination with all aspects of Property Management in order to meet its regulatory and financial obligations. We take a proactive approach to property oversight, establishing access to management company systems to pull operational and financial reporting in real time rather as part of an after-the-fact reporting framework and maintain close contact with property management functions in the field, including property & regional managers, property accountants & controllers, compliance and regional facilities personnel. Interaction with regional managers covers a wide range of responsibilities but importantly is focused on property turnover & vacancy, compliance, maintenance and capital spending, monthly budget variance reporting and legal issues. Compliance monitoring is done in conjunction with site staff, regional managers and the respective regional compliance departments. Asset Management requires all compliance requests run through the department so that they can be tracked and monitored to meet all requirements. Integration with accounting systems and with property accountants such that we set policy for how transactions are recorded and preempt any mistakes before accounting books are closed and reports distributed to stakeholders. On facilities management, we require all management companies to seek prior approval on all large projects prior to signing any contract for work. Management is required to present three bids for each job with a description of the work that is being requested and why it is important to the property. Asset Management then reviews these bid summaries with facilities management to determine the appropriate path forward.

Related expects the number of projects in our portfolio to exceed 100 within the next 5 years, totaling 11,000-12,000 units under the asset management portfolio. Plans to add staff in order to accommodate portfolio growth included adding a 1 FTE compliance and reporting assistant in 2022 and an asset manager in mid-to-late 2023.

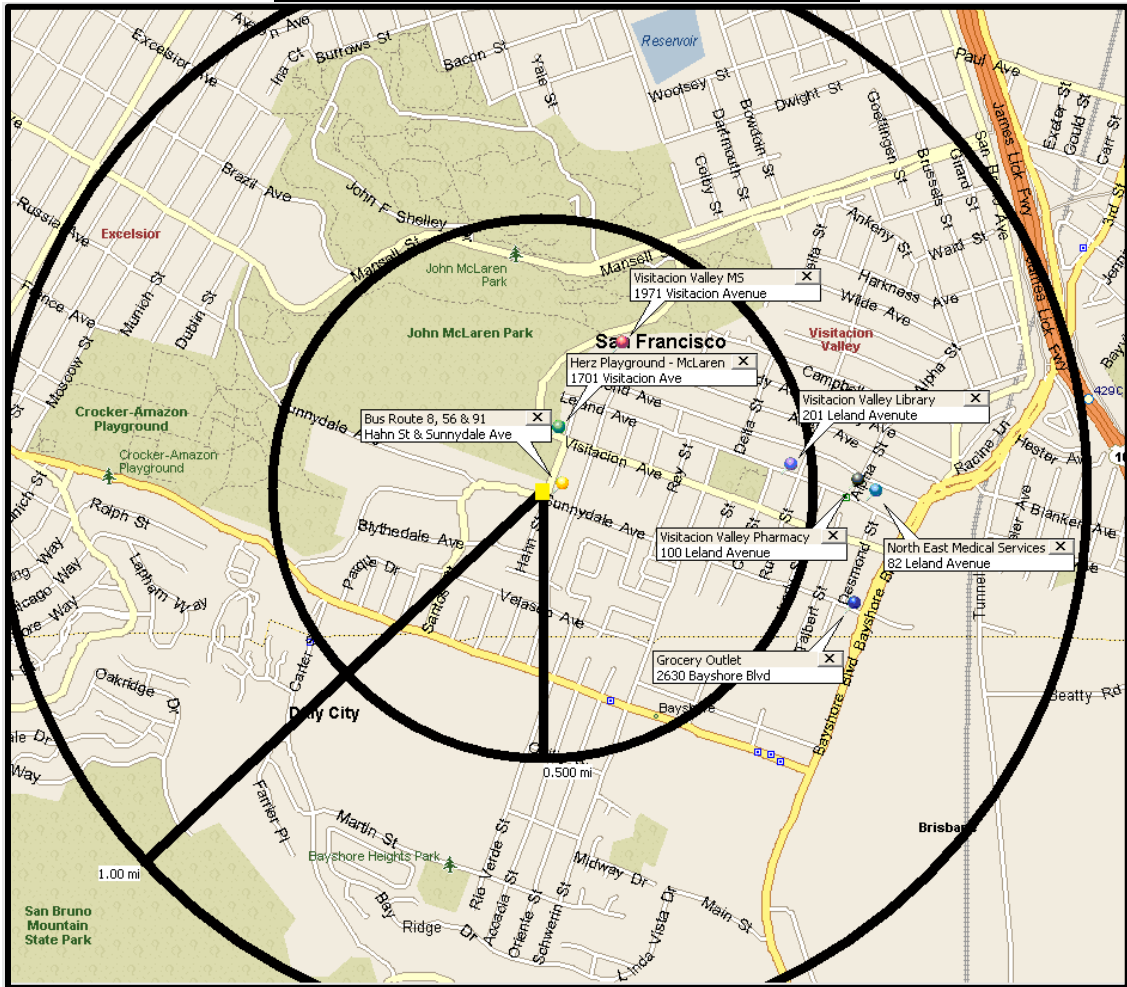
The Related Companies of CA – Asset Management



**Attachment E: Threshold Eligibility Requirements and Ranking Criteria**

N/A

# Attachment F: Site Map with amenities





**Attachment G: Elevations and Floor Plans**

See attached.

**Attachment H: Comparison of City Investment in Other Housing  
Developments**

See attached. First with commercial included. Second without.

## Affordable Multifamily Housing New Construction Cost Comparison

Updated 2/9/2023	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 <sup>6</sup>	Soft/unit	Soft/BR	Soft/ sq.ft <sup>6</sup>	Gross TDC/unit	Gross TDC/BR	Gross TDC/ sq.ft <sup>6</sup>	Subsidy / unit	Leveraging <sup>7</sup>
	\$ (16,653)	\$ (8,669)	\$ (38)	\$ 142,436	\$ 46,282	\$ 24	\$ 87,183	\$ 37,641	\$ 42	\$ 212,965	\$ 75,254	\$ 54	\$ (262,557)	223.3%
Delta of Subject and Comparable Projects	-99%	-99%	-99%	20%	12%	5%	58%	48%	42%	24%	16%	8%	-100%	318%
<b>Sunnydale HOPE SF Block 3A</b>	\$ 100	\$ 49	\$ 0	\$ 855,386	\$ 417,261	\$ 557	\$ 237,364	\$ 115,787	\$ 154	\$ 1,092,849	\$ 533,097	\$ 711	\$ -	100.0%
<b>Comparable Projects Average:</b>	\$ 16,753	\$ 8,717	\$ 38.34	\$ 712,950	\$ 370,980	\$ 533	\$ 150,181	\$ 78,146	\$ 112	\$ 879,884	\$ 457,843	\$ 657	\$ 262,557	70.2%

Costs lower than comparable average (within 10%)      Costs higher than comparable average (within 10%)

	Average:	Building Square Footage			Total Project Costs			Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost	Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments	
		Lot sq.ft	Completion/ start date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res. Sq. ft.											Total sq. ft.
<b>ALL PROJECTS</b>	Average:	32,848		119	219	118,537	13,720	130,247	\$ 2,180,551	\$ 74,961,163	\$ 18,547,020	\$ 95,675,879	\$ 27,516,986	\$ 93,508,184				
<b>Comparable Projects Completed (filtered)</b>	Average:	56,073		113	219	126,698	25,464	152,162	\$ 1,404,680	\$ 76,092,385	\$ 14,523,005	\$ 92,020,070	\$ 24,956,460	\$ 90,615,399				
<b>Comparable Projects Under Construction (filtered)</b>	Average:	47,630		129	226	147,593	21,384	150,168	\$ 3,581,201	\$ 81,407,041	\$ 19,362,191	\$ 104,350,433	\$ 38,997,941	\$ 100,769,232				
<b>Comparable Projects In Predevelopment (filtered)</b>	Average:	45,767		100	213	132,521	23,064	155,585	\$ 745,107	\$ 86,388,751	\$ 17,489,357	\$ 104,623,215	\$ 25,861,836	\$ 103,878,108				
<b>Total Comparable Projects</b>	Average:	49,823		114	219	135,604	23,304	152,638	\$ 1,910,329	\$ 81,296,059	\$ 17,124,851	\$ 100,331,239	\$ 29,938,746	\$ 98,420,910				
<b>Sunnydale HOPE SF Block 3A</b>	SQFT Based on 90% CDs:	34,400	Start 4/24/23	80	164	101,263	21,677	122,940	\$ 7,976	\$ 68,430,840	\$ 18,989,139	\$ 87,427,955	\$ -	\$ 87,419,979		Type VA over Type IA	5	5 stories and basement. Parking and childcare included in non-res cost. Includes \$4.5 M 3A is paying to 3B for construction of parking garage in 3B
<b>Delta of Subject and Comp Project Averages</b>		-15,423		-34	-55	-34,341	-1,627	-29,698	(\$1,902,353)	(\$12,865,219)	\$1,864,288	(\$12,903,284)	(\$29,938,746)	(\$11,000,931)				
<b>Delta Percentage</b>		-31%		-30%	-25%	-25%	-7%	-19%	-100%	-16%	11%	-13%	-100%	-11%				

PROJECTS COMPLETED													Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy <sup>5</sup>	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost	Total sq. ft.	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost										
Hunters View Phase II - BI 7 & 11	227-229 West Point Rd	82,703	May-17	107	239	117,023	23,857	140,880	\$ -	\$ 70,921,937	\$ 9,272,003	\$ 80,193,940	\$ 19,737,243	\$ 80,193,940	\$ 2,844,696	\$ 83,038,636	2 HCD Loans (MHP)	Type II-V over Type I flats	2 +	Mixed Townhome stepping down slope					
Hunters View Phase II - Block 10	146 West Point Road	52,333	Jun-18	72	144	90,274	13,328	103,602	\$ -	\$ 39,639,577	\$ 8,752,464	\$ 48,372,041	\$ 17,393,406	\$ 48,372,041	\$ -	\$ 48,372,041	9% LHTC	Type II-A over Type I	5	Incl Parking, Community Hub and Childcare					
Mission Bay S. Block 3E	1150 Third Street	47,140	Jan-20	119	192	83,138	41,082	124,200	\$ -	\$ 76,953,339	\$ 1,851,832	\$ 78,805,171	\$ 20,993,600	\$ 78,805,171	\$ -	\$ 78,805,171	HCD VHPH Loan	Type V over Type I		strong articulation / ext. skin due to DAD requests					
Potero Block X (Vertical)	25th and Connecticut	30,000	Sep-19	72	139	98,569	28,952	115,521	\$ 20,700	\$ 72,387,828	\$ 12,766,230	\$ 85,144,758	\$ 17,683,083	\$ 85,144,758	\$ -	\$ 85,144,758		Type II-A & V over Type I Podu	4-6	4-5 stories stepped w/ topography. No infrast. Cost					
1930 Folsom Street		29,047	Sep-21	143	226	138,824	15,083	153,887	\$ 8,407,390	\$ 89,234,630	\$ 29,616,512	\$ 129,258,522	\$ 48,711,936	\$ 129,258,522	\$ -	\$ 129,258,522		Type Land Type VA	2 & 8	Mixed type - Townhomes + 8 story Type 1					
Sunnydale Block 6	242 Hahn Street	95,213	Feb-22	167	375	244,359	30,534	274,883	\$ -	\$ 102,447,000	\$ 28,898,989	\$ 131,345,989	\$ 28,109,924	\$ 131,345,989	\$ -	\$ 131,345,989		Type V over Type I		await final close out costs					
<b>Completed Projects:</b>	<b>Average:</b>	46,157		108	181	108,261	16,653	124,915	\$ 3,506,450	\$ 69,027,643	\$ 13,301,970	\$ 85,836,063	\$ 23,882,523	\$ 82,329,613											

PROJECTS UNDER CONSTRUCTION													Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy <sup>5</sup>	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost	Total sq. ft.	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost										
Macao May	Treasure Island C3.2 BI C3.A	32,203	Jan-23	105	138	68,488	36,472	103,960	\$ 15,000	\$ 57,115,248	\$ 17,045,748	\$ 74,175,996	\$ 24,225,000	\$ 74,160,996	\$ -	\$ 74,160,996	2 HCD Loans (VHPH)	Type IIIA FBH Type I	3-6	Factory built; 20 Pkg - TI devel. weather resistant					
Treasure Island C3.1	6th St. Avenue C	49,841	May-24	138	321	198,621	11,765	210,386	\$ 25,000	\$ 98,295,567	\$ 18,953,264	\$ 117,273,831	\$ 28,952,317	\$ 117,248,831	\$ -	\$ 117,248,831		Type IIIA over Type IA	7	4-7 Stories Type V & IA over 2 Stories Type IA					
4840 Mission	4840 Mission	64,033	Jun-23	137	232	181,711	14,384	120,861	\$ 14,169,802	\$ 83,789,393	\$ 23,931,096	\$ 121,890,281	\$ 51,814,447	\$ 107,720,479	\$ -	\$ 107,720,479	HCD MHP Loan	Type V over Type I		Inc retail + 39 spaces pkg + Health Clinic + POPO					
Shirley Chisholm Village Ed Hsg.	1351 42nd/1360 43rd	44,444	Aug-22	135	212	141,351	23,915	165,266	\$ 115,002	\$ 86,427,367	\$ 17,518,686	\$ 104,081,625	\$ 51,200,000	\$ 103,946,623	\$ -	\$ 103,946,623	9% LHTC	Type VA over IA	4	9% TCAC (8% CD est 12/20 esc to 7/22)					
<b>Under Construction:</b>	<b>Average:</b>	31,594		138	195	127,200	9,376	131,203	\$ 2,186,718	\$ 75,462,720	\$ 22,349,598	\$ 99,999,036	\$ 30,624,962	\$ 97,812,317											

PROJECTS IN PREDEVELOPMENT													Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost	Total sq. ft.	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost										
Sunnydale Block 3B	1501 Sunnydale Avenue	39,190	Nov-22	90	178	113,438	39,488	151,926	\$ 20,001	\$ 71,571,738	\$ 19,352,088	\$ 90,943,827	\$ 8,486,742	\$ 90,923,826	\$ -	\$ 90,923,826	4% Credits: HCD IG #	Type VA over IA	6	check continue to 11/22 + parking					
Potero Block B	25th and Connecticut	74,311	Aug-22	157	348	219,291	42,257	261,548	\$ 11,251	\$ 147,636,082	\$ 37,617,867	\$ 185,265,200	\$ 15,688,292	\$ 185,253,949	\$ -	\$ 185,253,949	4% Credits: HCD IG #	Type IIIA over IA	5-6	no Pkg + CC + park. elec. infra. w/ 31st extension (gas stop station)					
HPSV Block 52-54	151 and 351 Friedell St	45,880	May-22	112	217	147,190	21,541	168,731	\$ -	\$ 91,878,228	\$ 16,839,389	\$ 108,717,617	\$ 59,200,732	\$ 108,717,617	\$ -	\$ 108,717,617	4% credits, bonds	Type III over Type I		ratio 6/1					
HPSV Block 56	11 Innes Court	28,792	Jul-22	73	147	76,614	15,939	92,553	\$ -	\$ 50,051,162	\$ 13,596,970	\$ 63,648,132	\$ 34,298,513	\$ 63,648,132	\$ -	\$ 63,648,132	4% LHTC Infill Infra G	Type V over Type I	5						
Hunters View Ph 3 Block 14 & 17	865 & 853 Hunters View Dr	39,365	Oct-22	119	286	122,645	3,881	126,526	\$ -	\$ 99,328,925	\$ 23,897,677	\$ 123,226,602	\$ 37,735,027	\$ 123,226,602	\$ -	\$ 123,226,602	4% Credits: HCD MHP	Type IIIA over Type I	5-6	Incl Comm spaces & 56 Pkg (35% CD 8/20)					
Sunnydale Block 7	Sunrise Wy and Santos St	73,161	Oct-24	81	194	114,374	22,915	137,189	\$ 10,000	\$ 78,988,122	\$ 8,000,000	\$ 86,988,122	\$ 12,413,982	\$ 86,988,122	\$ -	\$ 86,988,122	4% Credits: HCD IG #	Type VA over IA	5	Parking #74 ratio; 100% SD 5.8.2022 est with 18% esc for bus 3/25/25 start					
Sunnydale Block 9	TBD	52,272	Oct-24	96	223	137,602	26,826	164,428	\$ 10,000	\$ 94,477,462	\$ 6,197,471	\$ 100,684,933	\$ 18,680,015	\$ 100,674,933	\$ -	\$ 100,674,933	4% Credits: HCD IG #	Type VA over IA	5						
Homeless Prenatal Program Hsg	2530 16th Street	13,504	Sep-23	73	117	79,010	12,768	91,778	\$ 5,909,600	\$ 58,079,286	\$ 14,413,395	\$ 78,401,284	\$ 20,102,281	\$ 72,491,684	\$ -	\$ 72,491,684	4% Credits, MHP, IG, Type I	8	Schematic Design Dates 3/17/22						
<b>In Predevelopment</b>	<b>Average:</b>	30,791		112	191	120,151	15,132	134,586	\$ 848,484	\$ 80,393,128	\$ 19,989,494	\$ 101,192,538	\$ 28,043,475	\$ 100,382,621											

**Affordable Multifamily Housing New Construction Cost Comparison**

Updated 2/9/2023		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 <sup>a</sup>	Soft/unit	Soft/BR	Soft/ sq.ft <sup>a</sup>	Gross TDC/unit	Gross TDC/BR	Gross TDC/ sq.ft <sup>a</sup>	Subsidy / unit	Leveraging <sup>7</sup>	
Delta of Subject and Comparable Projects		\$ (16,653)	\$ (8,669)	\$ (38)	\$ 96,542	\$ 24,870	\$ (5)	\$ 87,183	\$ 37,641	\$ 42	\$ 169,072	\$ 53,843	\$ 25	\$ (262,557)	255.3%	
Delta Percentage		-99%	-99%	-99%	14%	7%	-1%	58%	48%	38%	19%	12%	4%	-100%	364%	
Sunnydale HOPE SF Block 3A		\$ 100	\$ 49	\$ 0	\$ 811,492	\$ 395,850	\$ 528	\$ 237,364	\$ 115,787	\$ 154	\$ 1,048,956	\$ 511,686	\$ 683	\$ -	100.0%	
Comparable Projects		Average: \$ 16,753	\$ 8,717	\$ 38.34	\$ 712,950	\$ 370,980	\$ 533	\$ 150,181	\$ 78,146	\$ 112	\$ 879,884	\$ 457,843	\$ 657	\$ 262,557	70.2%	

Costs **lower** than comparable average (within 10%)

Costs **higher** than comparable average (within 10%)

ALL PROJECTS	Average:	Building Square Footage				Total Project Costs			Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments	
		Lot sq.ft	Completion/ start date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res. Sq. ft.	Total sq. ft.								Acq. Cost <sup>3</sup>
ALL PROJECTS	Average:	32,848		119	219	118,537	13,720	130,247	\$ 2,180,551	\$ 74,961,163	\$ 18,547,020	\$ 95,675,879	\$ 27,516,986	\$ 93,508,184		
Comparable Projects Completed (Filtered)	Average:	56,073		113	219	126,698	25,464	152,162	\$ 1,404,680	\$ 76,092,385	\$ 14,523,005	\$ 92,020,070	\$ 24,956,460	\$ 90,615,399		
Comparable Projects Under Construction (Filtered)	Average:	47,630		129	226	147,593	21,384	150,168	\$ 3,581,201	\$ 81,407,041	\$ 19,362,191	\$ 104,350,433	\$ 38,997,941	\$ 100,769,232		
Comparable Projects In Predevelopment (Filtered)	Average:	45,767		100	213	132,521	23,064	155,585	\$ 745,107	\$ 86,388,751	\$ 17,489,357	\$ 104,623,215	\$ 25,861,836	\$ 103,878,108		
Total Comparable Projects	Average:	49,823		114	219	135,604	23,304	152,638	\$ 1,910,329	\$ 81,296,059	\$ 17,124,851	\$ 100,331,239	\$ 29,938,746	\$ 98,420,910		
Sunnydale HOPE SF Block 3A	SOFT Based on 90% CDs:	34,400	Start 4/24/23	80	164	101,263	21,677	122,940	\$ 7,976	\$ 64,919,359	\$ 18,989,139	\$ 83,916,474	\$ -	\$ 83,908,498		Type VA over Type IA 5 5 stories and basement. Parking and childcare included in non-res cost. Includes \$4.5 M 3A is paying to 3B for construction of parking garage in 3B
Delta of Subject and Comp Project Averages		-15,423		-34	-55	-34,341	-1,627	-29,698	(\$1,902,353)	(\$16,376,700)	\$ 1,864,288	(\$16,414,765)	(\$29,938,746)	(\$14,512,412)		
Delta Percentage		-31%		-30%	-25%	-25%	-7%	-19%	-100%	-20%	11%	-16%	-100%	-15%		

PROJECTS COMPLETED		Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy <sup>5</sup>	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments			
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.								Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>
Hunters View Phase II - B1 7 & 11	227-229 West Point Rd	82,703	May-17	107	239	117,023	23,857	140,880	\$ -	\$ 70,921,937	\$ 9,272,003	\$ 80,193,940	\$ 19,737,243	\$ 80,193,940	2 HCD Loans (MHP) Type III-V over Type I flats	2+	Mixed Townhome stepping down/slope
Hunters View Phase II - Block 10	146 West Point Road	62,333	Jun-18	72	144	90,274	13,328	103,602	\$ -	\$ 39,639,577	\$ 8,752,464	\$ 48,372,041	\$ 17,393,406	\$ 48,372,041	9% LHTC Type III-A over Type I	5	Incl Parking, Community Hub and Childcare
Mission Bay S. Block 3E	1150 Third Street	47,140	Jan-20	119	192	83,138	41,082	124,200	\$ -	\$ 76,953,339	\$ 1,851,832	\$ 78,805,171	\$ 20,993,600	\$ 78,805,171	HCD VHHF Loan Type V over Type I		strong articulation / ext. skin due to DAD reqmets.
Peters Block X (Vertical)	25th and Connecticut	30,000	Sep-19	72	139	96,569	28,952	115,521	\$ 20,700	\$ 72,367,829	\$ 12,766,230	\$ 85,134,759	\$ 17,693,093	\$ 85,134,759	Type III-A & V over Type I Podu	4-6	4-5 stories stepped w/ topography. No Infill. Cost
1930 Folsom Street	1930 Folsom Street	29,047	Sep-21	143	206	138,824	15,063	153,887	\$ 8,407,390	\$ 94,234,630	\$ 25,616,512	\$ 129,258,522	\$ 46,711,936	\$ 119,851,142	Type I Land Type VA	2 & 8	Mixed type - Townhomes + 8 story Type I
Sunnydale Block 6	242 Hahn Street	95,213	Feb-22	167	375	244,359	30,534	274,893	\$ -	\$ 102,447,000	\$ 28,898,989	\$ 131,345,989	\$ 28,109,924	\$ 131,345,989	Type V over Type I		await final close out costs
Completed Projects:	Average:	36,157		108	181	108,261	16,653	124,951	\$ 3,506,450	\$ 69,027,643	\$ 13,301,970	\$ 85,836,063	\$ 23,882,523	\$ 82,329,613			

PROJECTS UNDER CONSTRUCTION		Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy <sup>5</sup>	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments			
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.								Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>
Maceo May	Treasure Island C3.2 B1 C3.A	32,203	Jan-23	105	138	68,488	35,472	103,960	\$ 15,000	\$ 57,115,248	\$ 17,045,748	\$ 74,175,996	\$ 24,225,000	\$ 74,160,996	2 HCD Loans (VHHF) Type IIIA FBH Type I	3-6	Factory built: 20 Pkg - TI devel. weather resistant
Treasure Island C3.1	6th St. Avenue C	49,841	May-24	138	321	198,621	11,765	210,386	\$ 25,000	\$ 98,295,567	\$ 18,953,264	\$ 117,273,831	\$ 28,952,317	\$ 117,248,831	Type IIIA over Type IA	7	4-7 Stories Type V & IA over 2 Stories Type IA
4840 Mission	4840 Mission	64,033	Jun-23	137	232	181,711	14,384	120,861	\$ 14,169,802	\$ 83,789,393	\$ 23,931,096	\$ 121,890,291	\$ 51,614,447	\$ 107,720,479	HCD MHP Loan Type V over Type I		Inc retail + 39 spaces pkg + Health Clinic + POPO
Shirley Chisholm Village Ed Hsg.	1351 42nd/1360 43rd	44,444	Aug-22	135	212	141,351	23,915	166,266	\$ 115,002	\$ 86,427,957	\$ 17,518,666	\$ 104,081,625	\$ 51,200,000	\$ 103,946,623	9% LHTC Type VA over IA	4	9% TCAC (85% CD est 12/20 esc to 7/22)
Under Construction:	Average:	31,594		138	195	127,200	9,376	131,203	\$ 2,186,718	\$ 75,462,720	\$ 23,349,598	\$ 99,999,036	\$ 30,624,962	\$ 97,812,317			

PROJECTS IN PREDEVELOPMENT		Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments			
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.								Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>
Sunnydale Block 3B	1501 Sunnydale Avenue	39,190	Nov-22	90	178	113,438	38,488	151,926	\$ 20,001	\$ 71,571,738	\$ 19,362,088	\$ 90,943,827	\$ 8,466,742	\$ 90,923,826	4% Credits: HCD IG # Type VA over IA	6	check continue to 11/22 + parking
Peters Block B	25th and Connecticut	74,311	Aug-22	157	348	210,291	42,257	261,548	\$ 11,251	\$ 147,636,082	\$ 37,617,867	\$ 185,265,200	\$ 15,688,292	\$ 185,253,349	4% Credits: HCD IG # Type IIIA over IA	5-6	no Pkg + CC + Park. Bldg. Infra. inc 31st elevation (top est. elevation)
HPSV Block 52-54	151 and 351 Friedell St	45,680	May-22	112	217	147,190	21,541	168,731	\$ -	\$ 91,878,228	\$ 16,839,389	\$ 108,717,617	\$ 59,200,732	\$ 108,717,617	4% credits, bonds Type II over Type I		ratio 6/1
HPSV Block 56	11 Innes Court	28,792	Jul-22	73	147	76,614	15,939	92,553	\$ -	\$ 50,051,162	\$ 13,596,970	\$ 63,648,132	\$ 34,298,513	\$ 63,648,132	4% LHTC Infill Infra G Type V over Type I	5	
Hunters View Ph 3 Block 14 & 17	855 & 853 Hunters View Dr	39,365	Oct-22	119	286	122,645	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	Incl Comm spaces & 56 Pkg (35% CD 8/20)
Sunnydale Block 7	Sunrise Wy and Santos St	73,161	Oct-24	81	194	114,374	22,815	137,189	\$ 10,000	\$ 78,988,122	\$ 8,000,000	\$ 86,988,122	\$ 12,413,082	\$ 86,988,122	4% Credits: HCD IG # Type VA over IA	5	Parking @ .74 ratio; 100% SD 8/20 esc to 8/11, 12% esc to Oct 2025 start
Sunnydale Block 9	TBD	62,272	Oct-24	96	223	137,602	26,826	164,428	\$ 10,000	\$ 94,477,462	\$ 6,197,471	\$ 100,694,933	\$ 18,690,015	\$ 100,674,933	4% Credits: HCD IG # Type VA over IA	5	
Homestead Personal Program Hsg	2530 18th Street	13,504	Sep-23	73	117	79,010	12,768	91,778	\$ 5,909,600	\$ 58,079,286	\$ 14,413,395	\$ 78,401,284	\$ 20,102,281	\$ 72,491,684	4% Credits, MHP, IG, Type I	8	Schematic Design Dates 3/17/22
In Predevelopment	Average:	30,791		112	191	120,151	15,132	134,586	\$ 846,484	\$ 80,393,128	\$ 19,989,494	\$ 101,192,538	\$ 28,043,475	\$ 100,382,621			

**Attachment I: Predevelopment Budget**

N/A

**Attachment J: Development Budget**

See attached.

Application Date: 2/9/23  
 Project Name: Sunnydale HOPE SF Block 3A  
 Project Address: 1545 Sunnydale Avenue  
 Project Sponsor: Related & Mercy

# Units: 80  
 # Bedrooms: 174  
 # Beds:

SOURCES	Total Sources							Comments	
	14,862,818	11,312,022	2,000,000	39,813,002	16,964,430	10,850,000	100		3,954,476
Name of Sources:	MOHCD/OCII	MOHCD Commercial Gap Loan	DPH Commercial	Tax Credit Equity	Permanent Loan	HCD AHSC	GP Equity	Deferred Costs	

USES

ACQUISITION										
Acquisition cost or value		1	1							2
Legal / Closing costs / Broker's Fee		7,975	2,025							10,000
Holding Costs										0
Transfer Tax										0
<b>TOTAL ACQUISITION</b>	<b>7,976</b>	<b>2,026</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,002</b>

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab	8,768,695			39,813,002					48,581,697	Include FF&E
* Commercial Shell Construction		6,164,960	1,693,781						7,858,741	
* Demolition									0	
* Environmental Remediation									0	
* Onsite Improvements/Landscaping		6,750			26,583				33,333	GC Precon
* Offsite Improvements									0	
* Infrastructure Improvements									0	
Parking	3,709,990								3,709,990	
GC Bond Premium/GC Insurance/GC Taxes	1,362,967	132,460	64,594						1,560,022	2.3%
GC Overhead & Profit		285,067	67,227		1,713,564				2,065,858	3.0%
CG General Conditions		327,661	86,123		3,378,970				4,032,754	5.9%
Sub-total Construction Costs	13,841,653	6,956,898	1,913,726	39,813,002	5,317,117	0	0	0	67,842,395	
Design Contingency (remove at DD)		130,652	35,638		1,117,373				1,283,664	Contractor's Contingency
Bid Contingency (remove at bid)		60,187	16,570		510,532				587,288	Design, Bid, Plan Contingency
Plan Check Contingency (remove/reduce during Plan Review)									0	
Hard Cost Construction Contingency	31,153	421,279	34,067		2,973,396	24,106			3,494,001	Owner's Contingency
Sub-total Construction Contingencies	31,153	612,119	86,274	0	4,601,301	24,106	0	0	5,354,953	0.0%
<b>TOTAL CONSTRUCTION COSTS</b>	<b>13,872,806</b>	<b>7,569,016</b>	<b>2,000,000</b>	<b>39,813,002</b>	<b>9,918,418</b>	<b>24,106</b>	<b>0</b>	<b>0</b>	<b>73,197,348</b>	<b>5.1%</b>

SOFT COSTS

Architecture & Design

Architect design fees	833,373	616,175			383,927	527,415			2,360,890	See MOHCD A&E Fee Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
Design Subconsultants to the Architect (incl. Fees)									0	
Architect Construction Admin									0	
Reimbursables									0	
Additional Services									0	
Sub-total Architect Contract	833,373	616,175	0	0	383,927	527,415	0	0	2,360,890	
Other Third Party design consultants (not included under Architect contract)		133,827				527,023			660,850	Consultants not covered under architect contract; name consultant type and contract amount
<b>Total Architecture &amp; Design</b>	<b>833,373</b>	<b>750,001</b>	<b>0</b>	<b>0</b>	<b>383,927</b>	<b>1,054,438</b>	<b>0</b>	<b>0</b>	<b>3,021,740</b>	

Engineering & Environmental Studies

Survey		8,100				31,900			40,000	Martin Ron
Geotechnical studies		29,596				116,434			146,000	Engeco
Phase I & II Reports									0	
CEQA / Environmental Review consultants									0	
NEPA / 106 Review									0	
CNA/PNA (rehab only)									0	
Other environmental consultants		35,844				141,156			177,000	AEW/ADMP Monitoring
<b>Total Engineering &amp; Environmental Studies</b>	<b>0</b>	<b>73,510</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>289,490</b>	<b>0</b>	<b>0</b>	<b>363,000</b>	

Financing Costs

Construction Financing Costs

Construction Loan Origination Fee	148,663					60,000			208,663	MOHCD Loan Closing Costs
Construction Loan Interest					6,662,085				6,662,085	Construction period and post construction interest
Title & Recording		60,752				239,248			300,000	
CDLAC & CDIAC fees						49,000			49,000	
Bond Issuer Fees						498,615			498,615	Bond Costs
Other Bond Cost of Issuance						90,000			90,000	Construction Lender Costs
MOHCD 1% origination fee									0	
MOHCD Incurred/Deferred Interest								1,054,476	1,054,476	Gap loan interest
Sub-total Const. Financing Costs	148,663	60,752	0	0	6,662,085	936,862	0	1,054,476	8,862,839	
<b>Total Financing Costs</b>	<b>148,663</b>	<b>60,752</b>	<b>0</b>	<b>0</b>	<b>6,662,085</b>	<b>936,862</b>	<b>0</b>	<b>1,054,476</b>	<b>9,086,055</b>	

Permanent Financing Costs

Permanent Loan Origination Fee						62,500			62,500	Perm Lender Costs
Credit Enhance. & Appl. Fee						135,715			135,715	Perm Loan Fees
Title & Recording						25,000			25,000	Perm Loan Closing Costs
Sub-total Perm. Financing Costs	0	0	0	0	0	223,215	0	0	223,215	
<b>Total Financing Costs</b>	<b>148,663</b>	<b>60,752</b>	<b>0</b>	<b>0</b>	<b>6,662,085</b>	<b>1,160,078</b>	<b>0</b>	<b>1,054,476</b>	<b>9,086,055</b>	

Legal Costs

Borrower Legal fees		150,000				65,000			215,000	
Land Use / CEQA Attorney fees						8,240			8,240	Partnership Formation
Tax Credit Counsel						76,000			76,000	Tax Credits
Bond Counsel						195,000			195,000	Construction
Permanent Lender Counsel						0			0	
MOHCD Counsel						165,000			165,000	MOHCD, CalHFA, SFHA
<b>Total Legal Costs</b>	<b>0</b>	<b>150,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>509,240</b>	<b>0</b>	<b>0</b>	<b>659,240</b>	

Other Development Costs

Appraisal						14,000			14,000	Colliers
Market Study						25,000			25,000	
* Insurance		243,008				956,992			1,200,000	
* Property Taxes						32,711			32,711	
* Accounting / Audit						34,452			34,200	
* Organizational Costs		8,748				1,244,089			1,560,000	
Entitlement / Permit Fees		315,911				389,645			389,645	
* Marketing / Rent-up						160,000			160,000	
* Furnishings						77,500			77,500	
PGE / Utility Fees						87,734			110,000	CHPC
TCAC App / Alloc / Monitor Fees						155,980			195,600	Waypoint
Financial Consultant fee		22,276				48,602			240,000	Mercy
Construction Management fees / Owner's Rep		39,610				9,750			9,750	Courbanize
Security during Construction		48,602				15,950			20,000	Giactone
* Relocation						454,159			454,159	Construction Loan Fees
Community Relations		1,974							0	
Perm Power		4,050							0	
Construction Loan Fees									0	
<b>Total Other Development Costs</b>	<b>0</b>	<b>684,180</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,847,385</b>	<b>0</b>	<b>0</b>	<b>4,531,565</b>	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal, & Other Dev)		187,049				1,140,490			1,327,539	Should be either 10% or 5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>982,036</b>	<b>1,905,493</b>	<b>0</b>	<b>0</b>	<b>7,046,012</b>	<b>8,001,121</b>	<b>0</b>	<b>1,054,476</b>	<b>18,969,139</b>	<b>7.5%</b>

RESERVES

* Operating Reserves						624,773			624,773	Based on 3 months
* Replacement Reserves						0			0	
* Tenant Improvements Reserves						0			0	
* Commercial TI, RR		827,775				0			827,775	
* Commercial Operating Reserve		232,712				0			232,712	
<b>TOTAL RESERVES</b>	<b>0</b>	<b>1,060,487</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>624,773</b>	<b>0</b>	<b>0</b>	<b>1,685,260</b>	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones						1,100,000		2,900,000	4,000,000	
Developer Fee - Cash-out At Risk						1,100,000			1,100,000	
Commercial Developer Fee		775,000							775,000	
Developer Fee - GP Equity (also show as source)							100		100	
Developer Fee - Deferred (also show as source)									0	
Development Consultant Fees									0	
Other (Specify)									0	
<b>TOTAL DEVELOPER COSTS</b>	<b>0</b>	<b>775,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,200,000</b>	<b>100</b>	<b>2,900,000</b>	<b>5,875,100</b>	

TOTAL DEVELOPMENT COST

	14,862,818	11,312,022	2,000,000	39,813,002	16,964,430	10,850,000	100	3,954,476	99,756,849
Development Cost/Unit by Source	185,785	141,400	25,000	497,663	212,055	135,625	1	49,431	1,246,961
Development Cost/Unit as % of TDC by Source	14.9%	11.3%	2.0%	39.9%	17.0%	10.9%	0.0%	4.0%	100.0%

Acquisition Cost/Unit by Source

	0	0	0	0	0	0	0	0	0
--	---	---	---	---	---	---	---	---	---

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

	173,410	94,613	25,000	497,663	123,980	301	0	0	914,967
	122.11	66.62	17.60	350.44	87.30	0.21	0.00	0.00	644.30

\*Possible non-eligible GO Bond/COP Amount: 8,768,695  
 City Subsidy/Unit: 185,785

Tax Credit Equity Pricing: 0.99  
 Construction Bond Amount: 43,761,006  
 Construction Loan Term (in months): 30 months  
 Construction Loan Interest Rate (as %): 8.50%

TOTAL SOFT COST Contingency as % of Total Soft Costs 7.5%

**Attachment K: 1<sup>st</sup> Year Operating Budget**

See attached.



Application Date: 2/9/2023 Project Name: Sunnydale HOPE SF Block 3A  
 Total # Units: 80 Project Address: 1545 Sunnydale Avenue  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2025 Project Sponsor: Related & Mercy  
**TCAC Income Limits In Use!**

INCOME	Total	Comments
Residential - Tenant Rents	1,283,244	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	1,581,648	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	0	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	0	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 0%
Withdrawal from Capitalized Reserve (deposit to operating account)		
<b>Gross Potential Income</b>	<b>2,864,892</b>	
Vacancy Loss - Residential - Tenant Rents	(64,162)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(79,082)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 0%
<b>EFFECTIVE GROSS INCOME</b>	<b>2,721,647</b>	<b>PUPA: 34,021</b>

**OPERATING EXPENSES**

Management		
Management Fee	72,960	912 PUPA
Asset Management Fee	24,280	
<b>Sub-total Management Expenses</b>	<b>97,240</b>	<b>PUPA: 1,216</b>

Salaries/Benefits		
Office Salaries	54,080	1 FTE APM @ \$54,080 annually (approx. \$26/hr)
Manager's Salary	41,480	0.47 FTE PM @ \$84,000 annual salary (approx. \$40/hr) w remainder of time split w 3B
Health Insurance and Other Benefits		
Other Salaries/Benefits		
Administrative Rent-Free Unit		
<b>Sub-total Salaries/Benefits</b>	<b>95,560</b>	<b>PUPA: 1,195</b>

Administration		
Advertising and Marketing	2,400	\$30 PUPA for resident engagement and MHMG collateral
Office Expenses	32,418	Office eqmt and supplies, incl. postage, telephone, computer, and support
Office Rent		
Legal Expense - Property	5,000	Cost for anticipated legal issues due to behavior and rent collection
Audit Expense	17,840	\$223 PUPA
Bookkeeping/Accounting Services	12,000	\$150 PUPA
Bad Debts		
Miscellaneous	1,686	Other personell expenses - trainings, conventions, etc.
<b>Sub-total Administration Expenses</b>	<b>71,344</b>	<b>PUPA: 892</b>

Utilities		
Electricity	115,920	\$1,449 PUPA based on 100% electric building and comp properties
Water	56,000	\$700 PUPA based on comp properties
Gas		All electric building
Sewer	96,000	\$1,200 PUPA based on comp properties
<b>Sub-total Utilities</b>	<b>267,920</b>	<b>PUPA: 3,349</b>

Taxes and Licenses		
Real Estate Taxes	3,000	
Payroll Taxes		
Miscellaneous Taxes, Licenses and Permits	78,521	payroll taxes, retirement, benefits, workers comp - Mercy mgmt and maintenance staff
<b>Sub-total Taxes and Licenses</b>	<b>81,521</b>	<b>PUPA: 1,019</b>

Insurance		
Property and Liability Insurance	170,834	
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
<b>Sub-total Insurance</b>	<b>170,834</b>	<b>PUPA: 2,135</b>

Maintenance & Repair		
Payroll	105,775	0.47 FTE Sr Maintenance Manager @ \$63,190 annual salary (approx. \$30/hr) and 0.47 FTE
Supplies	12,454	Tools, grounds, trash removal, exterminating, fire protection, paint, maintenance equip.
Contracts	96,343	Elevators, extermination, fire protection, window cleaning, dryer duct cleaning, maintenance
Garbage and Trash Removal	98,160	Recology contract inclusive of 3rd party trash sorter and based on comp properties
Security Payroll/Contract	47,192	
HVAC Repairs and Maintenance	2,952	HVAC contracts totalling \$6,280/yr to be split 53% 3B/47% 3A
Vehicle and Maintenance Equipment Operation and Repairs	19,367	Mechanized parking maintenance costs
Miscellaneous Operating and Maintenance Expenses		
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>382,243</b>	<b>PUPA: 4,778</b>

Supportive Services	101,120	
Commercial Expenses	0	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 0%

**TOTAL OPERATING EXPENSES** 1,267,782 PUPA: 15,847

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	40,000	Per HCD, \$500 PUPA
Operating Reserve Deposit	40,000	Community Association Fee (HOA), \$500 PUPA
Other Required Reserve 1 Deposit		Tenant Association fee per SFHA Ground Lease
Other Required Reserve 2 Deposit	2,000	
Required Reserve Deposit/s, Commercial	0	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 0%
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>97,000</b>	<b>PUPA: 1,213</b>

**TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)** 1,364,782 PUPA: 17,060

**NET OPERATING INCOME (INCOME minus OP EXPENSES)** 1,356,866 PUPA: 16,961

Min DSCR: 1.15  
 Mortgage Rate: 6.10%  
 Term (Years): 40  
 Supportable 1st Mortgage Pmt: 1,179,883  
 Supportable 1st Mortgage Amt: \$17,646,003  
 Proposed 1st Mortgage Amt: \$16,964,430

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	1,134,311	Permanent Loan Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Len	45,570	HCD AHSC Loan 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: 0%
<b>TOTAL HARD DEBT SERVICE</b>	<b>1,179,881</b>	<b>PUPA: 14,749</b>

**CASH FLOW (NOI minus DEBT SERVICE)** 176,985

**USES OF CASH FLOW BELOW (This row also shows DSCR.)** 1.15

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		
Partnership Management Fee (see policy for limits)	24,280	1
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		
Other Payments		
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	76,352	Def. Develop. Fee split: 50% Provide additional comments here, if needed.
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>	<b>100,632</b>	<b>PUPA: 1,258</b>

**RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)** 76,353

**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.): **76,352**  
 % of Residual Receipts available for distribution to soft debt lenders in Y: 50%

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. recs	\$14,862,818	57.80%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Acquisition Cost	\$2	0.00%
HCD (soft debt loan) - Lender 3	HCD AHSC Loan	\$10,850,000	42.20%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
MOHCD Residual Receipts Amount Due	44,134	50% of residual receipts, multiplied by 57.8% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	44,134	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** 32,219

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	32,219	50% of residual receipts, multiplied by 42.2% -- HCD AHSC Loan's pro rata share of all soft de
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>32,219</b>	

**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 L: 20-year Operating Proforma**

See attached.

MOHCD Proforma - 20 Year Cash Flow Summary

Sunnydale HUPF SF Block 3A

Total # Units: 80

Table with columns for years 2025-2044 and rows for INCOME, OPERATING EXPENSES, NET OPERATING INCOME, CASH FLOW, RESIDUAL RECEIPTS, and DEFERRED DEVELOPER FEE - RUNNING BALANCE. Includes sub-totals like 'EFFECTIVE GROSS INCOME' and 'TOTAL OPERATING EXPENSES'.

## **Attachment M: HOPE SF Project Summary**

### **HOPE SF Initiative:**

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

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

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

### **Project Summary:**

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

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

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

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

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

**Project Funding Summary – Funded to Date:**

**Master Planning Funding to Date:**

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

<b>Total Master Planning Sources</b>	<b>Amount</b>	<b>Status</b>
HOPE SF Loan 1	\$1,400,000	Disbursed
HOPE SF Loan 2	\$1,724,593	Disbursed
HOPE SF Loan 3	\$1,000,000	Disbursed
HOPE SF Loan 4	\$1,123,846	Disbursed
HOPE SF Loan 5	\$1,000,000	Disbursed
HOPE SF Loan 6	\$2,475,000	Disbursed
HOPE SF Loan 7	\$1,094,878	\$960,052 left to Disburse
<b>Total</b>	<b>\$9,818,317</b>	

<b>Sunnydale Vertical and Horizontal Funding to Date:</b>	<b>Amount</b>	<b>Status</b>
Parcel Q Vertical Predev	\$2,000,000	Disbursed, closed in Dec 2016
Parcel Q Acquisition	\$3,000,000	Disbursed, closed in Dec 2016
Parcel Q Gap	\$7,466,847	Disbursed, closed in Feb 2018
Block 6 Predev	\$4,000,000	Disbursed, closed in Oct 2017
Phase 1A1/1A2 Predev	\$4,433,153	Disbursed, closed Feb 2018
Phase 1A1/1A2 Gap	\$24,045,828	Closed May 2019
Block 6 Gap	\$8,188,533	Closing Sept 2019
Phase 1A3 Predev & Gap	\$25,072,111	\$20,090,544 left to disburse; closed January 2020
Block 3A Predev	\$1,850,000	\$480,412 left to disburse; closed January 2020
Block 3B Predev	\$1,850,000	\$393,516 left to disburse; closed January 2020
Phase 3 Infrastructure Predev	\$4,000,000	\$3,701,587 left to disburse; closed Sept 2021
Block 7 Predev	\$2,620,000	\$2,266,627 left to disburse; closed Sept 2021

Block 9 Predev	\$3,500,000	\$2,988,067 left to disburse; closed Sept 2021
<b>Total</b>	<b>\$92,026,472</b>	

**Vertical and Horizontal Funding to Date:**

**Overall Funding and Ownership Structure:**

The Master Planning loan is made to the Master Developer, which is Sunnydale Development Co., LLC (which consists of Mercy Housing California and The Related Companies of California as sole members). Horizontal (infrastructure) loans will be made to an LLC entity that will consist of affiliates of Mercy and Related as members, and when the City accepts the streets and public infrastructure, the loan will be considered forgiven. Vertical loans are made to single purpose Limited Partnerships that will own and operate the individual affordable housing buildings. The general partners of these limited partnerships will be affiliates of Mercy Housing and Related CA. Vertical loans are payable on residual receipts basis and due in 55 years. The infrastructure LLC may assign any portion of the horizontal loans to a vertical developer LP entity to the extent allowable under the tax credit program in order to maximize leveraging of the tax credits.

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

**Services Plan and Relocation Summary:**

**Overall Services approach**

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

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

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

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

**Overall Relocation Approach:**

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

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

### **Attachment N: Schedule for soliciting potential tenants**

	<b>Activity</b>	<b>Deadline</b>
1	Find partner organization(s) to provide business support to specific retail/restaurant orgs. Understand incubation vs. mentorship opportunities	Spring 2023
2	Create list of Professional Consulting Groups to Ask for Pro-Bono (Architects, Marketing, Interior Designers, Project Managers)	Spring 2023
3	Determine and Invite Advisory Group (their role is described below and includes -- review criteria, review applications, etc.)	Spring/Summer 2023
4	Develop Grading Rubric for Applicants	Summer/Fall 2023
5	Create Marketing Plan for Competition (news, local business flyers, Business Incubators, Community Meetings, Organization Meetings, Visit businesses, Instagram/Social Media, Community Groups, Etc.) Can be very time consuming.	Summer/Fall 2023
6	Determine lease structure (what do we want that is special: Years? Simpler terms? Safety measures? Receiving Input from Community? Rent as a base rent + % of revenue?)	Summer/Fall 2023
7	Create flyer/ask for pro-bono consultants and distribute. Pitch as a sponsorship opportunity.	Summer/Fall 2023
8	Create Marketing Material to Announce Rules	Early Fall 2023
9	Create special application and translate	Early Fall 2023
10	Distribute Application/Online/Etc.	October 2023
11	Deadline: Collect Applications	December 2023
12	Review and score applications	January 2023
13	Group applicants into categories based on readiness and good fit for next steps.	January 2023
14	Interview semi-finalists	February 2024
15	Determine finalists	March 2024
16	Sign Leases (No LOI necessary?)	April 2024
17	Begin 9 month incubation program OR Connect finalists with mentor (see below for ideas for mentorship) if they want. Provide support through at least 12-months after opening – get books set up, refine marketing plans, help with supply chain issues, staffing, etc.	May 2024
18	Connect non-finalists with groups with business incubator programs	February 2024
19	Begin 9-10 month Incubation Program	March 2024 – January 2025
20	Next steps dependent on whether spaces are built out by Mercy/Related contractors or by tenants'. Ideal for Mercy/Related to build out spaces with finalists' visions for their store	
21	If Mercy/Related doesn't build-out spaces, hire Construction Manager, to Rep Mercy	February 2025
22	If Mercy/Related doesn't build-out spaces, collect TI Documents	February 2025
23	Start TI or Move-In	March 2025
24	Move in for those with construction/TI needs or Grand Opening	March – August 2025



## **Attachment O: Detailed Mercy Customer Service Center Information**

### **Mercy Center**

Mercy has a comprehensive campus wide staffing plan that is currently being updated. Please find the Mercy office staffing and operations plan attached. We propose that MOHCD's approval of the campus staffing plan be a condition to the final gap loan.

The vision for the Mercy customer services office will 1) provide a space for Mercy staff to physically come together for collaboration, 2) be a centralized resource for residents and visitors, and 3) house CBOs and other Sunnydale-specific staff.

The Mercy office will house the Sunnydale Project Management (PM) and Resident Services (RS) leadership who do not have any office space at Casala, 290 Malosi, 3A, 3B, Block 7, or Block 9. Leadership staff includes the Director of Community Life, Resident Services Manager, Director of Operations and Area Director of Operations. Other staff working campus wide who will be located in the office include two of the Community Manager of Operations, a Regional Management Specialist, a Regional Maintenance Specialist and the Budget and Compliance Analyst. The Resident Services Coordinators, Community Coordinators, and PM staff will use the office when they are not at individual properties but come to the office to collaborate with the broader team. The centralized office will promote cross training across staff and take advantage of specialized staff (for example, one of the Resident Service Coordinators can specialize in senior services and provide that expertise to the whole staff team and resident community). Mercy staff will have hotel desks and conference meeting spaces to facilitate their collaboration with each other. This physical, everyday sharing of work space is vital to the team cohesion and communication, which cannot be achieved if the PM and RS staff are atomized at properties across the Sunnydale campus.

The office will also serve as a centralized, sitewide customer service center for residents to engage with Mercy PM and RS staff on their needs such as recertifications, maintenance work orders, or service referrals. Mercy staff aspire to "no wrong person no wrong time" as an organization and the Mercy office is key to achieving this. The office will not only serve affordable housing residents, but also moderate/market-rate residents and visitors to the community.

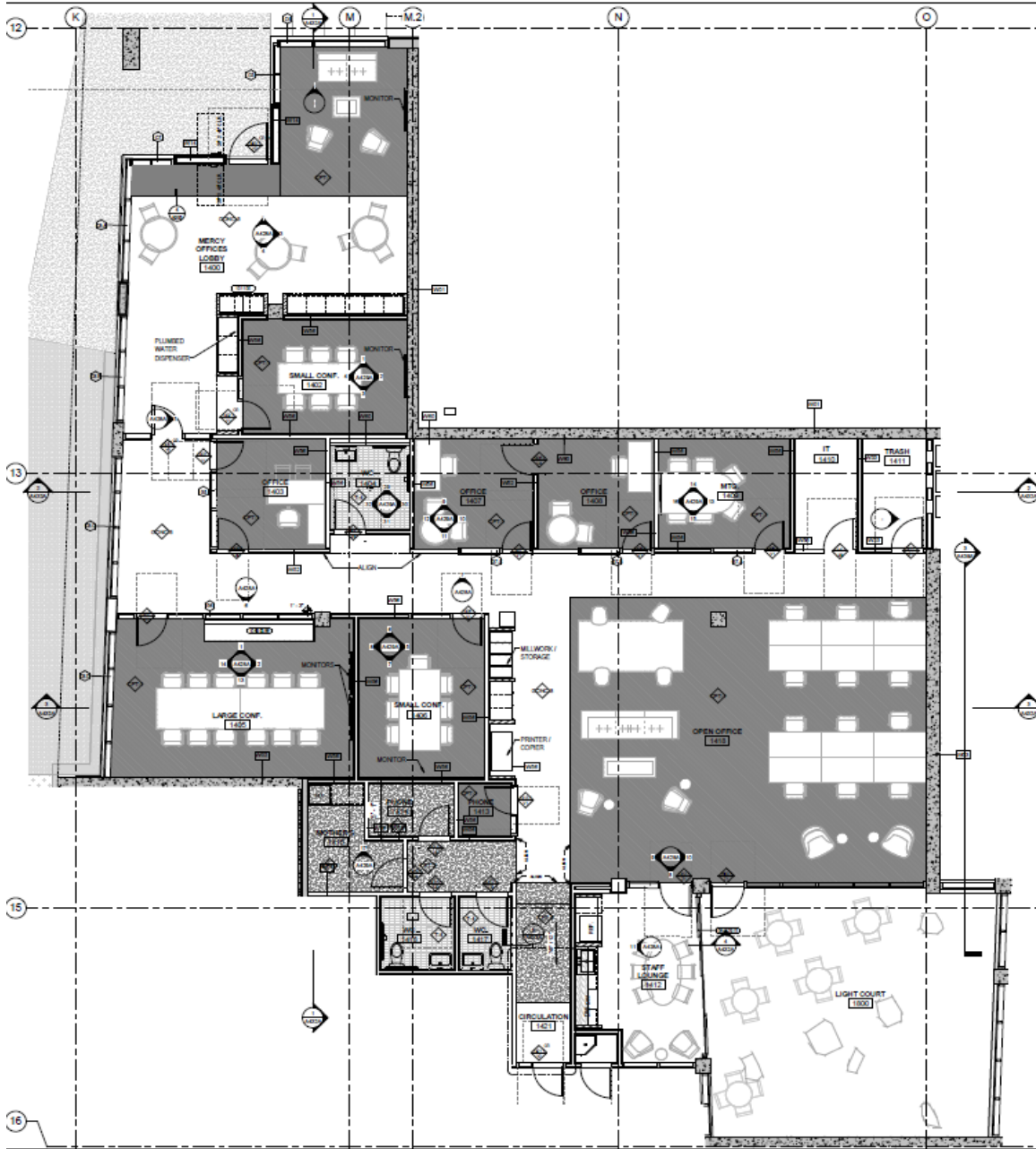
The office is also expected to be a business office for the sitewide Community Association (aka sitewide HOA) and the home base for the promotion of alternatives to solo driving as required by the Sunnydale Transit Demand Management Plan. Additionally, the office will also house two CBO's that have been serving the Sunnydale community: The YMCA and Vis Valley Strong Families. The YMCA and VVSF are planning a combined total of 8 FTE of staff who would use the office when they are not on the campus providing direct programming. It is anticipated that VVSF and YMCA will occupy the Open Office portion of the Mercy Office which is 1,838 SF. The Open Office space is envisioned to be shared with MOHCD staff with the following staffing:

- 13 FTE MHC or MHM staff when not at properties
- 8 FTE YMCA & VVSF when not at activity sites
- 1 Transit Demand Management Coordinator (unless this person is an MHC RSC)
- 1 fixed desk for Associate Director RS for Housing

A full staffing and operations plan for the Mercy Office is attached.

The Casala and 290 Malosi management suites will continue to be utilized by the RS and PM staff. The Block 3A, 3B, 7 and 9 suites/offices are designed as more modest spaces as will all other suites in the future affordable buildings. These suites will house two FTE and include a flex space that can be a small conference meeting space or a workspace for RS and PM staff who are mobile throughout the campus. These smaller suites will range from 600 to 800 SF as compared to the 1,480 SF of the 290 Malosi management suite or the 1,060 SF of the Casala management suite. If all of the affordable developments copied Casala and contained a 1,060 SF management suite, the total SF would be 12,700 SF. In comparison, 8,800 SF of management suites are estimated to be constructed with this approach for the 3A office, with a different of almost 4,000 SF.

Mercy Customer Service Center Layout



**Sunnydale Mercy PM and RS  
 office analysis**

<u>Affordable Housing Location</u>	<u># of Units</u>	<u>Typical Office Suite Size in Sq Ft based on Casala</u>	<u>Sq ft of office suite planned (approx)</u>	<u>Sq Ft Difference</u>

Casala (Parcel Q)	55	1061	1061	0
290 Malosi (Block 6)	167	1061	1487	-426
Block 3A	80	1061	334	727
Block 3B	90	1061	380	681
Block 7	76	1061	729	332
Block 9	100	1061	890	171
Block 10	79	1061	579	482
Block 15	54	1061	579	482
Block 11	79	1061	729	332
Block 19	66	1061	729	332
Block 24	72	1061	579	482
Block 34 and 35 (two bldgs)	77	1061	729	332
<b>Total</b>	<b>995</b>	<b>12,732</b>	<b>8,805</b>	<b>3,927</b>

**Mercy Customer Service  
Center in Block 3A**

Customer Service Center in  
3A: Sq ft

4,650

Less assumed space for VVSF  
and YMCA

(1,648)

Estimated sq ft for Mercy  
office and customer service

3,002

Both CBOs are in a 2BR unit as their current  
office at 824 sf  
Including Association business office, TDM  
coordinator