
MEMORANDUM

DATE: MARCH 3, 2023
TO: CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE
FROM: MARA BLITZER, DIRECTOR OF SPECIAL PROJECTS
RE: **Update to MOHCD Commercial Space Underwriting Guidelines**

1. Background – MOHCD's Commercial Space Underwriting Guidelines

The Mayor's Office of Housing and Community Development's Commercial Space Underwriting Guidelines ("Commercial Guidelines") are intended to assist applicants ("Sponsors") for capital financing to prepare financing requests to the City and County of San Francisco (the "City"), represented by the Mayor, acting by and through the Mayor's Office of Housing and Community Development ("MOHCD"). These Commercial Guidelines will also be used by MOHCD staff for purposes of evaluating funding requests and presenting them to the Citywide Affordable Housing Loan Committee ("Loan Committee") for consideration. The intent of the Commercial Guidelines is to support consistency of loan terms across projects and to ensure long-term affordability and physical and financial sustainability throughout a project's loan term. These Commercial Guidelines do not apply to loans made under the Preservation and Seismic Safety (PASS) Program or the Small Sites Program (SSP).

The Loan Committee maintains the right to set final terms and conditions for a commitment of funds based on the actual circumstances of each project. MOHCD may review and approve any requests for a waiver to these Commercial Guidelines (see Section VII) in its sole and absolute discretion.

These Commercial Guidelines will be updated from time to time and were most recently updated on February 2, 2018. Public comment for this update was solicited from over 800 stakeholders in December 2022-January 2023 (47+comments received from four parties.) Revisions to the Commercial Guidelines complement the November 2022 updates to the Underwriting Guidelines.

Under the leadership of Mayor Breed, and in partnership with city and community leaders, MOHCD seeks to advance opportunities and improve programmatic outcomes for BIPOC and low-income residents. As such, we are assessing programs, contracts, and procurements to ensure they advance the City's racial equity goals. We will be working closely with our partner organizations to monitor the impact of our investments from a racial equity perspective. We will provide capacity building, clear information to partnering organizations, and create channels

to give and receive feedback to ensure that all parties are aligned in the expectation to create an inclusive and equitable city where all residents have the opportunity to thrive.

2. This Request

This request is to update the MOHCD's Commercial Space Underwriting Guidelines (Effective February 2, 2018) (the "Commercial Guidelines") to:

1. re-organize document to clarify and to improve legibility of intent and expedite applications for funding,
2. Conform with changes to the recently published Underwriting Guidelines,
3. Reflect the City's racial equity goals.

Clean and black-lined versions of the proposed updates can be found in Attachments A and B respectively.

3. Staff Recommendation

These proposed changes are guided by our interest in a consistency of loan terms across projects and to ensure long-term affordability and physical and financial sustainability throughout a project's loan term. The proposed changes reflect our commitment to improving the legibility of our intent for our funding review, to expediting applications, and to aligning with our Underwriting Guidelines. MOHCD Staff recommends Loan Committee approval of the guidelines as proposed in Attachments A (clean version) and Attachment B (comparison to current policy as of February 2018).

4. 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 and Community Development

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Thor Kaslofsky, Executive Director
Office of Community Investment and Infrastructure

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Salvador Menjivar, Housing Director
Department of Homeless and Supportive Housing

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

Attachments: Attachment A – Updated Commercial Space Underwriting Guidelines - clean
Attachment B – Updated Commercial Space Underwriting Guidelines –
blacklines compared to February 2018 Commercial Space Underwriting Guidelines

Request to Update MOHCD's Commercial Space Underwriting Guidelines

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

Fri 3/3/2023 11:30 AM

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.

Thanks-

Lydia

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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

Request to Update MOHCD's Commercial Space Underwriting Guidelines

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

Fri 3/3/2023 11:29 AM

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

Commercial Space Underwriting

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

Fri 3/3/2023 12:49 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 support MOHCD's request to update the Commercial Space Underwriting Guidelines in order to clarify and to improve legibility of intent and expedite applications for funding, conform with changes to the recently published Underwriting Guidelines, and reflect the City's racial equity goals.

Best,

salvador



Salvador Menjivar
Director of Housing
Pronouns: He/Him

San Francisco Department of Homelessness and Supportive Housing
salvador.menjivar1@sfgov.org | 415-308-2843

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REQUEST TO UPDATE THE MOHCD'S COMMERCIAL SPACE UNDERWRITING GUIDELINES

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

Fri 3/3/2023 11:29 AM

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

Attachment A: Updated Commercial Space Underwriting Guidelines - clean

See attached.

**Attachment B: Updated Commercial Space Underwriting Guidelines – blacklines
compared to 2018 Policy**

See attached.