



**London N. Breed**  
Mayor

**Eric D. Shaw**  
Director

## 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

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### MEMORANDUM

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**DATE:** MARCH 3, 2023  
**TO:** CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE  
**FROM:** SARA AMARAL, DIRECTOR OF HOUSING DEVELOPMENT

**RE: 555 LARKIN – ADDITIONAL GAP COMMITMENT FOR PG&E DELAYS**

2015 GO BONDS	\$13,904,731 (Previously Committed)
HOME	\$3,600,000 (Previously Committed)
AHF INCLUSIONARY	\$2,074,269 (Previously Committed)
<u>HOUSING TRUST FUNDS</u>	<u>\$4,226,311</u>
TOTAL	\$23,805,311

**TOTAL COMMITMENT REQUESTED: \$4,226,311**

**4840 MISSION – ADDITIONAL GAP COMMITMENT FOR PG&E DELAYS**

2019 GO BONDS	\$21,91,653 (Previously Committed)
AHF INCLUSIONARY	\$2,359,797 (Previously Committed)
CPMC	\$2,000,000 (Previously Committed)
2019 GO BONDS	\$2,185,950
<u>HOUSING TRUST FUNDS</u>	<u>\$6,791,357</u>
TOTAL	\$34,728,757

**TOTAL COMMITMENT REQUESTED: \$8,979,307**

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### 1. SUMMARY OF REQUEST

Until 2015, all MOHCD projects received power directly from PG&E. Per Ordinance 247-14 amending Section 99.1 of the City Administrative Code, effective as of January 16, 2015, projects built on City-owned land are now required to study the feasibility of using San Francisco Public Utilities Commission (SFPUC) as the permanent power source. Affordable housing projects funded by the Mayor's Office of Housing and Community Development (MOHCD) are experiencing higher than anticipated construction costs and extensive schedule delays due to the design and delivery of permanent electrical power. Delays and cost increases are affecting nearly every project in the MOHCD pipeline, including recently completed projects, projects under construction, and

projects in predevelopment. MOHCD staff analysis shows at least nine projects are experiencing delays and overruns of approximately \$41M combined. The two projects below represent the first MOHCD pipeline projects implicated by delays and costs overruns, that need City support to deliver the housing units. MOHCD has a fiscal and operational obligation to deliver housing units presently. Mayor Breed’s Housing For All Mayoral Directive 23-01, dated February 7, 2023, calls out the requirement for better interagency coordination and cost reduction.

This Additional Gap Loan request is for two new construction projects that have additional costs related to the PG&E power delays and cost increases:

- 555 Larkin (formerly known as 500 Turk) is a 108-unit affordable housing development that started construction in February of 2020, and was expected to be completed by December 2021. The Project is seeking \$4,226,311 of additional financing to offset costs associated with PG&E infrastructure that was required after construction start, as well as costs related to the approximately 10 month delay in obtaining permanent power to the Project, resulting in delays to tenant lease up and permanent financing conversion.
- 4840 Mission Street (aka Islais Place) is a 137-unit affordable housing development that started construction in June 2021. The Project is expecting a 6-month delay to completion and lease up, with the new completion date estimated to be December 2023. The Project is seeking \$8,977,307 of additional financing to offset costs associated with PG&E infrastructure required after construction start and costs related to delays of completion.
  - While not required for Loan Committee recommendation, the 4840 Mission will also be seeking Board of Supervisors (BOS) approval for two utility easements that are now required on the property. The form of easements has been approved by the City Attorney and returned to PG&E. Staff is still awaiting PGE to finalize the processing of the map in order to complete the final design of the utilities. This work is generally completed during the predevelopment process, which was between 2016 and 2021. Since this was not completed due to coordination issues with PG&E and SFPUC during that time, the construction of the utility improvements is further delayed until these easements are recorded.

## **2. BACKGROUND ON PG&E ISSUES**

Until 2015, all MOHCD projects received power directly from PG&E. Per Ordinance 247-14 amending Section 99.1 of the City Administrative Code, effective as of January 16, 2015, projects built on City-owned land are now required to study the feasibility of using San Francisco Public Utilities Commission (SFPUC) as the permanent power source. While the study of using SFPUC as the power provider allows for cost to be considered before committing to SFPUC, in actual practice the cost difference between using SFPUC versus directly contracting with PG&E is not known until further along in the design process, when potentially switching providers becomes infeasible due to construction timing constraints on affordable housing developments.

SFPUC-powered projects rely on PG&E’s distribution infrastructure to bring power to the project sites, and PG&E classifies these projects as “Wholesale Distribution Tariff” (WDT) customers instead of “Retail” customers. A Retail customer project would rely on PG&E crews to bring power to the project site from the closest available tie-in point. PG&E would also complete any off-site improvements needed to increase the available capacity at the tie-in point. PG&E would charge the project for this work but would partially reimburse the customer, should subsequent developments also utilize these improvements. As a WDT customer, an affordable project is responsible for any trenching work to connect to the tie-in point, while PG&E completes the

actual wire work. This adds significant cost and logistical difficulties that would not be the case for a Retail project. Unlike a Retail project, a WDT project has no opportunity for reimbursement for PG&E-owned infrastructure improvements that subsequently benefit other new developments. Without increased transparency on PG&E's part, it is impossible to know whether MOHCD WDT projects are burdened with larger scopes of work to connect to vaults that are further afield from the jobsite than would be for a Retail project.

After an initial WDT agreement was reached for a more costly and burdensome Primary Service with Low Side Metering arrangement for the first round of affordable WDT projects that were under design review in 2016-2019, PG&E and SFPUC engaged in a prolonged negotiation process for subsequent WDT projects, which resulted in a Secondary Service design approach. While Secondary Service should prove to be cheaper and simpler than the earlier Low Side Metering approach in the long run, all WDT application processing was stalled during the lengthy negotiations, resulting in several projects starting construction without knowing a permanent power design. When PG&E finally issued the "Draft Supply Agreement" for these projects, the designs required much larger hard costs than the projects had budgeted. Moreover, the time taken to progress from "Draft" to "Final" Supply Agreement was longer than normal, often over 6 months, resulting in delays to project completion on several projects, further adding to cost increases. On at least three projects (555 Larkin, 2340 San Jose, and 4840 Mission), these cost overruns will be requested as additional loans from MOHCD, which will require Board of Supervisors approval. Other projects will follow suit, pending the issuance of the final design.

Compounding these issues is a recent moratorium on work notice from PG&E, sent to both Retail and WDT projects, noting PG&E is receiving more field work requests than has staffing capacity, leading to cancellations and additional delays to scheduled work. It is unclear to MOHCD if PG&E's staffing challenges have been resolved, or if PG&E might continue and cause ongoing delays on future projects.

### **3. BACKGROUND AND SUMMARY OF ISSUES - 555 Larkin**

Tenderloin Neighborhood Development Corporation ("TNDC") is the nonprofit affordable housing developer of 555 Larkin. In 2019, the project team for 555 Larkin submitted a permanent power design to PG&E, prepared by a joint-trench consultant, Urban Design Consulting Engineers, through SFPUC. The design intent was based on physical testing and scanning of the site, as well as available PG&E infrastructure maps, which included vaults on both Larkin and Turk Streets. The project received final permanent power approval on the design from PG&E in October 2020 and executed the associated contract the same month.

When 555 Larkin's general contractor (GC) began the trenching for permanent power in October 2021, unmarked PG&E utilities and infrastructure were discovered along Larkin St. This infrastructure conflicted with the vault locations PG&E had approved in the approved permanent power drawings and made the plan unworkable as designed.

SFPUC (in coordination with the GC and joint-trench consultant) proposed a new path of travel/vault locations and asked PG&E to accept as an "in-the-field" design change. Despite months of advocacy from December 2021 through January 2022 by MOHCD, and SFPUC, and outreach by Judson True, Director of Housing Delivery, PG&E refused to accept the revised design as an in-field change, instead mandating that project return to the design stage, and refused to expedite the normal 3-4 month turnaround for design approval.

SFPUC submitted revised permanent power drawings to PG&E in January 2022, a month after construction was originally supposed to be completed. PG&E did not approve the redesigned vault layout until April 2022. Power work was able to begin in May 2022 and the building was energized in September 2022, a full nine months after originally scheduled completion date.

Due to these delays, TNDC could not begin leasing units until the end of 2022, six months later than expected. The delay pushed out the conversion schedule to the point TNDC will have to renegotiate its permanent loan in a much higher interest rate environment. These factors are all resulting in a financing gap for this Project.

#### **A. Update on Project Financing – 555 Larkin**

The Citywide Loan Committee approved a Gap Commitment of up to \$32,400,000 on October 18, 2019 (See Exhibit A for 555 Larkin Loan Committee Approval) for 555 Larkin, which included \$12,250,000 for site acquisition, resulting in a Gap loan amount of \$20,150,000. This amount also included a \$1.25M bridge loan for financing from the Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP). The October 2019 loan evaluation assumed a December 2021 construction completion date and a permanent conversion of construction financing by December 2022. At construction close, the MOHCD Gap loan amount was lowered to \$19,579,000, also including the \$1.25M from AHP. TNDC is requesting up to changes to the repayment terms of the AHP funds as the project was not successful in obtaining the award, as well as \$4.2M in additional gap financing for these cost overruns and delays to 555 Larkin for the following reasons:

1. PG&E delays caused 555 Larkin to extend its construction loan term and thus lose its permanent loan rate lock of 3.67%. 555 Larkin has had to renegotiate a permanent loan in a much higher interest rate environment.
  - a. At construction closing in February 2020, 555 Larkin assumed \$10.9M permanent loan at a locked 3.67% rate for a 35 year amortization. The Project is now estimating a rate of 5.73% with a 25 year amortization, due in full. This increase in rates will only allow the Project to support a \$8.6M permanent loan, a decrease of \$2.3 million and this loss is covered by the additional City loan requested in this memo. 555 Larkin was unable to take on a longer term of 35 years due to tax credit feasibility in year 16 of the project, when the tax credit investor vacates the transaction.
  - b. The delays have also led to downward equity adjusters and a loss of tax credit equity due to missed lease-up targets. At construction close \$30,803,465 in equity was anticipated to be contributed to the project. Because of lease up delays, the equity contribution was reduced by \$1,074,629 to \$29,728,836, a loss which is covered by the additional City loan requested in this memo.
  - c. PG&E has delayed permanent loan conversion and caused the Project to carry an additional 10 months of construction loan interest, at a high interest rate of about 6%. If 555 Larkin were not delayed, the construction loan interest would have been around 2.5%, but due to current market conditions, the construction rates have increased considerably. This totals \$2.8M in additional construction loan interest at an average of \$225,000 per month.
2. The PG&E delays have also created direct, hard costs impacts to the Project. These include extended general conditions for the GC (\$750K/\$75K a month), additional generator usage for site power (\$120K/\$12K per month), change orders for the new permanent power design (\$200K), and additional consultant billing for the architect, owner's construction manager, security, etc. (\$350K/\$35k per month).

This request assumes all lottery units will be leased by February 28, 2023, and HOPE SF unit lease-up extended to May 31, 2023. If lease up occurs more quickly, the Project will avoid the full lease-up adjuster of approximately \$1M, pay less construction loan interest, and effectively be able to convert sooner than December 2023. Any costs savings will be returned to MOHCD.

This request is also intentionally modeled using conservative assumptions related to construction loan interest carry and rates, based on information about planned Federal Reserve rate increases and input directly from the TNDC's financial consultant. If the market stabilizes, the amount funds needed for permanent conversion later in 2023 will decrease.

**B. Updated Sources and Uses Summary – 555 Larkin – Exhibit B**

**555 Larkin Sources & Uses – Additional Gap**

Source	Gap Approval	This Request	Delta	% Change
	Oct-19	Mar-23		
	Original Amount	New Amount		
Original MOHCD	\$18,329,000	\$23,805,311	\$5,476,311	30%
AHP	\$1,250,000	\$0	-\$1,250,000	-100%
LP Equity	\$30,803,465	\$29,787,566	-\$1,015,899	-3%
Perm Debt	\$10,953,000	\$8,652,000	-\$2,301,000	-21%
AHSC	\$13,700,000	\$13,700,000	\$0	0%
Deferred Dev Fee	\$6,548,937	\$6,548,937	\$0	0%
GP Equity	\$500,000	\$500,000	\$0	0%
GP - PreDev Income	\$329,901	\$329,901	\$0	0%
<b>Total</b>	<b>\$82,414,303</b>	<b>\$83,323,715</b>	<b>\$909,412</b>	<b>1%</b>

Permanent Uses	Original Amount	New Amount	Delta	% change
Acquisition	\$770,061	\$725,666	-\$44,395	-6%
Hard Costs	\$54,962,213	\$55,764,900	\$802,687	1%
Soft Costs	\$14,815,905	\$16,186,655	\$1,370,750	9%
Reserves	\$2,287,186	\$1,067,557	-\$1,219,629	-53%
Developer Fee	\$9,578,937	\$9,578,937	\$0	0%
<b>Total</b>	<b>\$82,414,302</b>	<b>\$83,323,715</b>	<b>\$909,413</b>	<b>1%</b>

AHP: At construction close, 555 Larkin had assumed \$1.25M in AHP award. However, 555 Larkin was not competitive. The project applied for AHP in 2020 but ultimately was below the threshold and not competitive for an award. The project did not reapply in 2021 or 2022 because scoring analysis (which was shared and discussed with MOHCD) showed the project was still not competitive. Per the Amended and Restated Loan Agreement in the amount of \$19,579,000 dated January 17<sup>th</sup>, 2020, the MOHCD loan bridged an AHP award of up to \$1.25M, with the condition that the bridge loan be repaid during construction upon award from AHP, or any part thereof. However, due to not being competitive for the award, the Sponsor is requesting a change to the repayment terms, from the full \$1.25M to be repaid through residual receipts under the 55 year loan term consistent with the remainder of the MOHCD permanent loan.

Reserves: The Sponsor has asked HCD to reduce the reserve requirements for 555 Larkin, based on the new changes to the program recently approved by the state. This would save the project over \$1.2M in reserves, further helping to reduce the increase from MOHCD. Staff is awaiting to hear back from HCD and expects HCD to make this change to align with the updated guidelines.

**C. Operating Budget Updates – 555 Larkin – Exhibit C**

The Project Sponsor is projecting reasonable increases in project operating costs of approximately \$200K. These increases also reduced the amount the Sponsor could take in permanent debt.

Staffing: Staffing levels did not increase, but wages did increase by \$20K, which is on par with other projects currently in development.

Utilities: Overall, this was the largest increase for the project, at an increase of \$120K annually, for trash services and water.

Insurance: Cost of insurance increased by approximately \$88K, to \$133K per year, which is also on par with other projects currently in development.

#### **4. BACKGROUND AND SUMMARY OF ISSUES - 4840 MISSION**

BRIDGE Housing Corp (BRIDGE) is the nonprofit affordable housing developer of 4840 Mission Street (4840 Mission), recently renamed Islais Place. In May of 2020, the project team submitted an application to SFPUC and PG&E for permanent power. The application was prepared by a joint-trench consultant, Urban Design Consulting Engineers, through SFPUC. The design intent was based on civil survey and PG&E record maps and included two subsurface transformers on-site. PG&E, through SFPUC, asked the team to resubmit the application under the terms of the new SFPUC and PG&E agreement, but would not accept the resubmittal until the agreement was final. Due to SFPUC and PG&E negotiations, the application submittal was delayed for over a year and was ultimately allowed to be submitted by SFPUC in September 2021, three months after construction on the housing started. Eighteen months later, the Project is still awaiting approval of the application for permanent power. The team has been advised that the approval could be received in May of 2023, which would make for a total PG&E application review period of 3 years and a total project schedule delay of seven months.

In May of 2022, PG&E assigned 4840 Mission a tie-in location 1,800 linear feet from the site. The design and construction budget, which PG&E received in September 2021, contemplated the closest logical tie-in based on PG&E record maps, which was approximately 30 feet from the site, as is customary for new multifamily construction. PG&E frequently revises proposed tie in locations based on their proprietary capacity data, but a revised tie-in location so far from the site is highly unusual. As mentioned above, since 4840 Mission is not a PG&E Retail project, the Project must bear the full cost of bringing power from the tie-in to the site. The additional trenching and conduit necessary to access the assigned tie-in location adds approximately \$5.04M in unanticipated costs. The trenching scope of work will take approximately two months, and the team cannot begin the work until PG&E provides the final design for permanent power. PG&E has stated that it will provide the final design as a part of the permanent power application approval, anticipated in May of 2023. While reviewing the permanent power application, PG&E determined it needed two easements on the site, which has a City ground lease. Since the easements were not requested or disclosed during predevelopment (2016 to 2021), an easement request was not part of the survey for which the ground lease was based. Had the PG&E and SFPUC relationship been more collaborative, a meeting to request and resolve easements related to City-owned land would have taken place after BRIDGE submitted the PG&E application, allowing the easement to part of the land survey upon which the ground lease was based. Returning to BOS for approval of the easement, increases staff time and cost for the City, as well as delays to the construction of the improvements until the easements are recorded.

The delayed issuance of PG&E's final design for permanent power is impacting the construction schedule. The existing construction schedule delay is four months and continue to increase. With the exception of connection to power, 4840 Mission is otherwise on schedule and the 4840 Mission General Contractor will deliver the building substantially complete on June 27, 2023. Assuming PG&E approves 4840 Mission's permanent power application by May 2023, as stated, the building will sit vacant and nonoperational, without connection to power, and therefore without a Certificate of Occupancy, for approximately seven months.

Recent increases in interest rates have resulted in a projected construction loan interest rate of 8.21% (blended rate) compared to underwritten interest of 3.25% at construction closing in June 2021, for the Bank of America construction loan of \$66.6M. The budgeted construction interest reserve is insufficient to cover additional

construction interest costs through completion, particularly the additional seven months of interest incurred by the delay.

**A. Update on Project Financing – 4840 Mission**

The Citywide Loan Committee approved a Gap Loan of \$28,751,450 on February 19, 2021 (See Exhibit D for 4840 Loan Committee Approval). This amount was reduced to \$25,751,450 at construction close, which included a bridge loan for \$1.25M in financing from the Federal Home Loan Bank (FHLB). The Board of Supervisors approved the loan on May 4, 2021. The approved loan was based on a June 2023 construction completion date. BRIDGE is requesting \$8.98M in additional gap financing for these cost overruns and delays to 4840 Mission for the following reasons:

- i. The PG&E-assigned tie-in location necessitates a \$5.04M underground trenching scope for the project to lay conduit to reach the tie-in point. This was not originally contemplated in the budget which in June 2021 included an anticipated \$300,000 in hard costs to reach the presumed tie-in point.
  - a. Included in the \$5.04M figure are all hard cost impacts created by the PG&E delays. These include PG&E’s Installation Charge and Tax (\$1.02M), the cost of the trenching scope (\$1.7M), extended general conditions for the GC (\$240K a month), change orders for the new permanent power design (\$260K), and additional consultant billing for the architect, owner’s construction manager, security, etc. (\$150K/\$21K per month).
  - b. With a 7-month delay, 4840 Mission will miss its lease up targets.
  - c. The PG&E delays have also caused 4840 Mission to carry 7 months of additional construction loan interest. Due to the interest rate environment, this rate is 4.96% higher than the rate secured at the time of 4840 Mission’s construction financial closing, which was 3.25%. The increase interest rate on the \$66.6M construction loan results in \$5.9M in additional construction loan interest.

This request is modeled based on all lottery units being leased by October 1, 2024, including the 35 HOPE SF units. It makes conservative assumptions related to construction loan interest carry and rates, based on information about planned Federal Reserve rate increases and input directly from the BRIDGE financial consultant. If the market stabilizes, decreases in the rates would help decrease the needed gap for permanent conversion in 2025.

On a positive note, 4840 Mission’s increased construction loan interest is expected to generate an upward equity adjuster of \$779,238. The Project is now projecting total tax credit equity of \$50,416,986, up from \$49,637,748 at closing. This increase in equity, plus the use of construction contingencies reduces the total request to \$8.98M, which includes \$5.04M in PG&E direct costs and another \$3.94M in additional financing costs.

**B. Updated Sources and Uses Summary – 4840 Mission – Exhibit E**

**4840 Mission Sources & Uses – Additional Gap**

	Gap Approval Jun-21	This Request Mar-23		
Permanent Sources	Original Amount	New Amount	Delta	% Change
MOHCD	\$24,501,450	\$34,728,757	\$10,227,307	42%
AHP	\$1,250,000	\$0	-\$1,250,000	-100%

555 LARKIN – ADDITIONAL GAP COMMITMENT FOR PG&E DELAYS  
 4840 MISSION – ADDITIONAL GAP COMMITMENT FOR PG&E DELAYS  
 LOAN COMMITTEE: MARCH 3, 2023

Perm Debt	\$24,550,000	\$24,550,000	\$0	0%
MNHC	\$3,000,000	\$3,000,000	\$0	0%
LIHTC	\$50,416,989	\$50,416,989	\$0	0%
Gp Equity	\$100	\$100	\$0	0%
Deferred Dev Fee	\$2,118,779	\$2,118,779	\$0	0%
<b>Total</b>	<b>\$105,837,318</b>	<b>\$114,814,625</b>	<b>\$8,977,307</b>	<b>8%</b>

Permanent Uses	Original Amount	New Amount	Delta	% Change
Acquisition	\$825,000	\$825,000	\$0	0%
Hard Costs	\$85,366,484	\$89,404,211	\$4,037,727	5%
Soft Costs	\$13,821,096	\$18,760,676	\$4,939,580	36%
Reserves	\$835,859	\$835,859	\$0	0%
Developer Fee	\$4,988,879	\$4,988,879	\$0	0%
<b>Total</b>	<b>\$105,837,318</b>	<b>\$114,814,625</b>	<b>\$8,977,307</b>	<b>8%</b>

This request is for an increase of \$8,977,307 in \$4,037,272 in hard costs and \$4,939,580 in soft costs related to the PG& E delays. At the time of Gap closing, the 4840 Mission team was required to apply to the Federal Home Loan Bank (FHLB) of San Francisco’s Affordable Housing Program (AHP) to offset MOHCD Gap, with MOHCD carrying an AHP Bridge loan of \$1,250,000, for a total MOHCD Gap of \$25,751,450. To date, the project team has not believed 4840 Mission to be competitive for this funding and has not applied.

For the 2023 AHP round, the Project team has assessed a self-score of 63 points, or 2.5 points less than last year’s award minimum of 65.5 points. Due to the nature of this increase, the Project team will be required to apply to AHP to reduce the MOHCD gap. In the event that the team is not successful in the 2023 Round, the project team will be required to apply in subsequent rounds, or until 4840 Mission has completed construction. In addition, the project team should look to other FHLBs to see if other financing options are available to offset MOHCD Gap. If 4840 Mission is unable to receive an award from AHP, then the Project team will return to Loan Committee to request a change to the term of their MOHCD loan, at permanent conversion of the project.

**C. Operating Budget Updates – 4840 Mission**

BRIDGE is not requesting any update to the operating budget and believes the numbers provided at Gap approval remain correct. Please see Exhibit D for the Operating Budget provided at construction close.

**4. STAFF RECOMMENDATION**

MOHCD recommends approval of these loans and the conditions below.

**5. LOAN CONDITIONS**

**Conditions for 555 Larkin**

- MOHCD will monitor the rate of lease up and interest rates to determine if any savings can come back to the Department. Any savings from the total amount requested here - from faster than expected lease up, lower interest rates or any other factor - will be used to reduce the additional MOHCD loan.



- Project Sponsor will provide updated OPEX within 3 months of permanent conversion and will hold costs constant or look to reduce costs where available.

### **Conditions for 4840 Mission**

- MOHCD will only disburse funds to pay off 4840 Mission general contractor to prevent construction lien releases and cover PG&E and SFPUC required costs, estimated to total \$5.04M. The remaining funds, if needed will be disbursed as part of the permanent loan conversion.
- Sixty (60) days prior to permanent conversion, MOHCD will re-evaluate the operating expenses to determine that the permanent loan supports the Project and leverages MOHCD final contribution through escrow. If the permanent loan is increased, MOHCD's contribution at permanent loan conversion will be decreased. If the permanent loan value remains the same, MOHCD will only put in enough funds to close the permanent loan. Any unexpended funds will be disencumbered.
- 4840 Mission project team will work with the Housing Authority of San Francisco (SFHA) to execute the project based voucher contract at construction completion. Once executed with the SFHA approved rents, all 35 project based voucher units will be increased rents to the 2023 rents and the entire first-year operating budget and 20-year cash flow will be updated and finalized in the MOHCD format. The entire first-year operating budget and 20-year cash flow will be re-evaluated by MOHCD, and the commercial permanent loan will be resized. Any increases to the permanent loan will reduce the City loan by the equivalent amount. Unreimbursed amounts will be disencumbered by the City. If the loan has been fully disbursed, the Sponsor will return any savings to the City at the conversion.
- Once 95% occupancy is achieved, Sponsors are required to provide the stabilized occupancy calculation to MOHCD.
- Sponsors must allow MOHCD to verify all costs to permanent loan conversion. All Project costs including insurance must be finalized with the MOHCD loan amount finalized with all cost and sources verified before payment At Risk Developer Fee of \$1,470,000.00, as defined in the Developer Fee Agreement between MOHCD and Sponsors dated June 1, 2021.
- Project team will be required to apply to AHP to reduce the MOHCD gap. In the event that the team is not successful in the 2023 Round, the project team will be required to apply in subsequent rounds, or until 4840 Mission has completed construction. In addition, the project team should look to other FHLBs to see if other financing options are available to offset MOHCD Gap. If 4840 Mission is unable to receive an award from AHP, then the Project team will return to Loan Committee at permanent conversion to request a change in the MOHCD repayment terms.

## **6. LOAN COMMITTEE MODIFICATIONS**

**7. LOAN COMMITTEE RECOMMENDATIONS**

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Eric D. Shaw, Director  
Mayor’s Office of Housing and Community Development  
Date: \_\_\_\_\_

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Salvador Menjivar, Director of Housing  
Department 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: \_\_\_\_\_

- Attachments: Attachment A – 555 Larkin Gap Loan Evaluations October 18, 2019  
Attachment B – 555 Larkin Updated Development Budget  
Attachment C – 555 Larkin Updated Operating Budget  
Attachment D – 4840 Mission Gap Loan Evaluations May 7, 2021  
Attachment E - 4840 Mission Updated Development Budget

## Request to Update MOHCD's Ground Lease Policy

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

Fri 3/3/2023 11:54 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.

Thank you,

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

**GAP COMMITMENT FOR PG&E DELAYS FOR 555 LARKIN AND 4840 MISSION ST**

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

Fri 3/3/2023 12:59 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 TNDC request for \$4,226,311 of additional financing to offset costs associated with PG&E infrastructure that was required after construction started at 555 Larkin (formerly known as 500 Turk).

I also approve Bridget Housing Co. request for up to \$8,977,307 of additional financing to offset costs associated with PG&E infrastructure required after construction started and costs related to delays of completion at 4840 Mission Street (aka Islais Place).

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

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## Request for Additional Gap for PG&E Delays for 555 Larkin and 4840 Mission

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

Fri 3/3/2023 11:51 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

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

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## REQUEST ADDITIONAL GAP COMMITMENT FOR PG&E DELAYS FOR 555 LARKIN AND 4840 MISSION

Katz, Bridget (CON) <[bridget.katz@sfgov.org](mailto:bridget.katz@sfgov.org)>

Fri 3/3/2023 11:51 AM

To: Amaya, Vanessa (MYR) <[Vanessa.Amaya@sfgov.org](mailto: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)

555 LARKIN – ADDITIONAL GAP COMMITMENT FOR PG&E DELAYS  
4840 MISSION – ADDITIONAL GAP COMMITMENT FOR PG&E DELAYS  
LOAN COMMITTEE: MARCH 3, 2023

Attachment A – 555 Larkin Gap Loan Evaluations October 18, 2019

**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

**500 Turk Street**

**\$10,675,269 Permanent Loan and**

**\$1,250,000 Bridge Loan**

**Total Request: Up to \$32,400,000**

Evaluation of Request for:	Gap Funding and Bridge Loan
Loan Committee Date:	October 18, 2019
Prepared By:	Joyce Slon
Source of Funds Recommended:	\$1,250,000 – AHF Inclusionary (for Bridge Loan) \$4,995,269 - AHF Inclusionary \$5,680,000 - 2015 GO Bonds
NOFA/PROGRAM/RFP:	Prop A NOFA 2016
Total Previous City Funds Committed:	\$20,474,731 - 2015 GO Bonds
Applicant/Sponsor Name:	Turk 500 Associates, L.P. (Tenderloin Neighborhood Development Corporation (TNDC))
Total Funding (up to):	<b>\$32,400,000</b>



**EXECUTIVE SUMMARY**

**Sponsor Information:**

Project Name:	500 Turk Street	Sponsor(s):	TNDC
Project Address (w/ cross St):	500 Turk Street, SF 94102	Ultimate Borrower Entity:	Turk 500 Associates, L.P.

**Project Summary:**

500 Turk, also known as 555 Larkin/500-520 Turk Street (“the Site”) is a proposed 108-unit housing development (including retail space) for low-income families earning between 30%-80% Area Median Income, (“MOHCD AMI”), averaging to no more than 60% MOHCD AMI. The project was selected for development funding under MOHCD’s Proposition A Notice of Funding Availability (“NOFA”) issued in April 2016.

Tenderloin Community Development Corporation (“TNDC”) acquired 500 Turk Street in December 2016 using a Loan Committee-approved private mortgage from Enterprise Community Loan Fund, Inc. In an effort to reduce interest payments and overall project expenses, the City paid off the Enterprise loan, provided additional predevelopment funds, and made a preliminary gap commitment, which was a requirement under the state Affordable Housing and Sustainable Communities Program (“AHSC”) in December 2018. TNDC is requesting gap funding in the amount up to \$11,925,269, for a total MOHCD gap loan amount of up to \$32,400,000, \$12,250,000 of which was for site acquisition and is not included as a source to the project because the City will own the land.

The 108-unit building consists of 23 studios, 21 one–bedroom units, 50 two-bedroom units and 14 three-bedroom units, with one of the one-bedroom units serving as an unrestricted manager’s unit. The ground floor will house 2,380 square feet (“SF”) of commercial space that will be community-serving retail. The project will also include 27 project-based voucher (“PBV”) units reserved for families wishing to relocate from HOPE SF public housing sites to the project.

**Project Description:**

Construction Type:	Type IA	Project Type:	New construction
Number of Stories:	8	Lot Size (acres and sf):	.434 acres / 18,906 SF
Number of Units:	108	Architect:	David Baker Architects (DBA)
Total Residential Area:	82,805 SF	General Contractor:	James E. Roberts-Obayashi Corporation (JERO)
Total Commercial Area:	2,380 SF	Property Manager:	TNDC
Total Building Area:	109,391 SF	Supervisor and District:	Matt Haney (D6)
Land Owner:	TNDC		
Total Development Cost (TDC):	\$85,957,406	Total Acquisition Cost:	\$1,853,895*
TDC/unit:	\$795,902	TDC less land cost/unit:	\$777,736
Loan Amount Requested:	\$11,925,269	Request Amount / unit	\$300,000 (including AHP Bridge Loan)
HOME Funds?	No	Parking?	None

\* The purchase price of \$12,250,000 is not included in L.P. budget. Acquisition cost in the budget includes cost for closing, broker and title fees, and lease buyout expenses.

## **PRINCIPAL DEVELOPMENT ISSUES**

1. **High Costs** - Total development cost per unit are just under \$800,000 per unit, which is comparable to other sites in development. This per unit amount is achieved after reducing the unit count from 122 to 108, at MOHCD's request, in order to reduce the number of studios and increase the number of multi-bedroom units. The per unit acquisition cost based solely on the purchase price of \$12,250,000 amounts to \$113,426 per unit which is approximately 8% higher than the average of predevelopment projects in the pipeline that paid market purchase prices. With very few opportunities to develop buildings with a high number of multiple bedrooms in the Tenderloin, the acquisition price and reconfiguration was justified. See Section 6.4 Proposed Permanent Financing for a breakdown of all permanent uses that contribute to the total development costs.
2. **AHP** - TNDC proposes to compete for the Federal Home Loan Bank of San Francisco (FHLB-SF) Affordable Housing Program (AHP) funds as an additional capital resource to the project in 2020. As part of this request, TNDC is requesting MOHCD bridge the AHP loan. TNDC's self-score will be competitive for a \$1.25MM or \$11,574/unit AHP request based off the scores from the latest round. MOHCD and TNDC will continue to identify strategies to maximize points for a competitive application to secure AHP funds. See Section 6.4.1(2) MOHCD AHP Bridge Loan for more information and Section 9.2 Recommended disbursement conditions/schedule.
3. **Commercial Space(s)** - TNDC has not yet identified commercial tenant(s) for the one or two commercial spaces and has not provided MOHCD staff with a commercial space plan prior to this gap request. A condition to the commercial developer fee disbursement are MOHCD approval of a commercial space plan (which includes research of alternate funding sources for tenant improvements), a commercial space budget, executed Letter of Interests (LOIs), and executed lease agreement(s). See Section 4.4 Commercial Space for more information and Section 9.2 Recommended disbursement conditions/schedule.
4. **Guaranteed Investment Account (GIC) Earning** – The project is pursuing a cash-collateralized public sale bond structure. This approach is an effort to maximize the City's bond issuer fee, which helps support overall MOHCD programs. Bond proceeds are placed in an interest bearing Guaranteed Investment Account (GIC), estimated to earn \$2.2MM as a source to the project. However, recent legal counsel interpretation precludes some of the investment earning assumptions to be retained as part of the deal, consequently exposing the project to a financial gap. TNDC and MOHCD staff will continue to work closely with CHPC and the City's Financial Advisor to identify further strategies to pursue the public sale bond structure prior to closing. See Section 6.4.1(5) Guaranteed Investment Certificate (GIC) Earning for more information and Section 9.2 Recommended disbursement conditions/schedule.
5. **Neighbor Relations** - The Phoenix Hotel is the adjacent neighbor to the north of the Site and recently appealed the project's demolition permit approved in August 2019. TNDC expects the appeal to be dismissed prior to construction closing and will continue to negotiate in good faith with the neighbor to enter into a tower crane air rights agreement. See Section 3.2 Community Support for more information.

**SOURCES AND USES SUMMARY**

<b>Predevelopment Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD 12/2016	\$3,000,000	0% Def / Term ends May 1, 2072	Committed
MOHCD 12/2018	\$17,474,731	0% Def / Term ends May 1, 2072	Committed
TNDC	\$1,491,889	Repaid at construction close	Committed
Neighborworks	\$420,000	Repaid at construction close	Committed
Interim Income	\$281,901		Committed
<b>Total</b>	<b>\$22,668,521</b>		

<b>Permanent Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD - GAP	\$18,900,000	57 yrs @ 0-3% / Res Rec	This Request
AHP	\$1,250,000	3 yrs @ 0-3% / Res Rec	Not Committed – This Request for a MOHCD Bridge Loan
AHSC - Housing	\$13,700,000	55 yrs @ 3%	Committed
Permanent Loan	\$10,591,000	35 yrs @ 4.39%	LOI
Certificate of Insurance (COI) Rebate	\$79,433	N/A	Not Committed
Interim Use Income	\$281,901	Equity	Committed
Guaranteed Investment Certificate (GIC) Earning	\$2,201,659	N/A	Not Committed
Deferred Developer Fee	\$6,863,961	N/A	This Request
GP Equity	\$500,000	N/A	This Request
Tax Credit Equity	\$31,589,452	1.015 per credit	LOI
<b>Total</b>	<b>\$85,957,406</b>		

<b>Uses</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per SF</b>
Acquisition	\$1,853,895	\$17,166	\$17
Hard Costs	\$54,288,491	\$502,671	\$496
Soft Costs	\$19,962,875	\$184,841	\$182
Developer Fee	\$9,852,145	\$91,224	\$90
<b>Total</b>	<b>\$85,957,406</b>	<b>\$795,902</b>	<b>\$786</b>

\* The purchase price of \$12,250,000 is not included in L.P. budget. Acquisition cost in the budget includes cost for closing, broker and title fees, and lease buyout expenses.

## 1. BACKGROUND

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

TNDC submitted the proposed project in response to the April 2016 Prop A NOFA issued by MOHCD. The project aims to promote the development of permanent affordable housing for low-income families that is consistent with the 2015 voter-approved General Obligation Housing Bond Proposition A, as well as the City's Consolidated Plan and Master Plan Housing Element.

In December 2016, Loan Committee approved TNDC's purchase of the Site and a \$3MM predevelopment loan to Turk 500 Associates, L.P. Since closing on the acquisition, TNDC has met the following milestones:

- March 2018 - CEQA environmental approval secured.
- April 2018 - San Francisco Housing Authority awarded 27 PBVs to the project.
- June – September 2018 - MOHCD approved Design Development Plans and cost estimate.
- September 2018 – San Francisco Planning Department approved demolition of current structure and design of building.
- December 2018 – Final NEPA environmental approval.
- June 2019 – TNDC received \$20MM in AHSC funds, \$13.7MM of which will fund the housing development and \$6.3MM to transit-related improvements.
- August 2019 – TNDC submitted a Tax Credit Allocation Committee (“TCAC”) and California Debt Limit Allocation Committee (“CDLAC”) joint application for the October 16, 2019 Allocation meeting.
- August 2019 - TNDC selected Wells Fargo as their construction lender, permanent lender, and tax equity investor.

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

Turk 500 Associates, L.P. is the borrowing limited partnership entity. The LP's general partner is Turk 500 GP LLC, a California limited liability company with TNDC as the sole member and manager.

TNDC was founded in 1981 with the acquisition of a single property and a commitment to creating permanently affordable homes for low-income San Franciscans. Over its 37-year history, TNDC has developed, owned, and managed 3,674 units, with another 263 under construction and 1,129 in predevelopment, totaling 5,066 units in total.

TNDC's in-house Property Management, Tenant Services, Asset Management, Accounting, and Community Organizing teams will ensure the Project's transition from development and construction into leasing and stabilized operations.

The following staff members assigned to 500 Turk are:

- 1) Aditya Potluri (Senior Project Manager) - 30% of his workload.
- 2) Jacob Goldstein (Assistant Project Manager) - 40% of his workload.
- 3) Sarah White (Associate Director of Housing Development) - 5% of her workload.

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

<b>Site Description</b>	
Zoning:	RC-4 – Residential-Commercial High Density, within the Subarea 1 of the North of Market Special Use District (NOMRSUD) Lot: 002/Block0741 – Case #-2016-010340PRJ
Maximum units allowed by current zoning:	The NOMRSUD allows 1 dwelling unit per 125 sf of the 18,906 sf lot area for a total of 151 units.
Soil type:	A Revised Phase II Environmental Site Assessment dated November 28, 2016 indicates the Site is underlain by approximately 2 feet of fill soil and up to 20 feet of sand underlying the soil. The soil sample results suggest 2 to 5 feet of soil across ½ of the Site (2,053 tons) would be disposed of as Class I non-federal hazardous waste. A smaller area (307 tons) as Class I RCRA hazardous waste, and the remaining portion (2,776 tons) of the excavated soil could likely be managed as a Class II non-hazardous waste. The Class I Non-Fed classification is a California requirement. Off haul for Class I – Non Fed is cheaper (less hazardous) than Class I Fed as there are more locally available soil off haul facilities.
Environmental Review:	Langan Treadwell Rollo completed a Phase I Environmental Site Assessment dated June 14, 2016, and Phase II Environmental Site Assessment dated November 28, 2016. See section 2.4 Environmental Issues for more information.
Adjacent uses (North):	The Phoenix Hotel is adjacent to the north of the Site.
Adjacent uses (South):	The Philip Burton Federal building, an 18-story courthouse with administrative offices, is across Turk and south of the Site.
Adjacent uses (East):	A 6-story multifamily residential structure with ground floor retail is across Larkin and east of the Site.
Adjacent uses (West):	Enterprise Rental Car operates a parking lot and 2-story structure directly adjacent and west of the Site.
Neighborhood Amenities within 0.5 miles:	Restaurants, pharmacies, bus stops are located on the Van Ness Corridor which is 2 blocks from the site. SF Public Library, Farmer’s Market at UN Plaza and Market Street are within 4 blocks of the Site.
Public Transportation within 0.5 miles:	Muni bus line #31 is within 1 block of Site. BART and MUNI lines J,K,L,M,N at Civic Center/UN Plaza is within 0.4 miles of the Site.
Article 34:	A revised Article 34 was authorized on January 28, 2019.
Article 38:	Article 38 – Requires enhanced ventilation for those sites located in areas called Air Pollutant Exposure Zones (APEZ) - where residents could be impacted by higher than normal particulate matter.  The project is not exempt and requirements will be met as part of design features. The project employs a mechanical ventilation system with high-efficiency MERV 13 filtration

	in all units. In the ground floor spaces, air is recirculated through a fan-coil HVAC system, which further filters and cleans the air.
Accessibility:	The Site will have: <ul style="list-style-type: none"> <li>• 10% mobility units: three studios, two 1-bedroom five 2-bedroom, and one 3-bedroom units, totaling 11 units;</li> <li>• 5% hearing and visually impaired units: one studio, one 1-bedroom, two 2-bedroom, and one 3-bedroom units, totaling 5 units; and</li> <li>• All remaining units will be adaptable.</li> </ul>
Green Building:	TNDC anticipates a GreenPoint Gold Rating (minimum score of 125 points), which meets the City’s requirements for new mid-rise buildings.
Recycled Water:	The project is exempt because the Site is not in the qualifying district.
Storm Water Management:	Storm water plan has been prepared and submitted to SFPUC in October 2018.

**2.1. Zoning.**

See above.

**2.2. Probable Maximum Loss.**

N/A, new construction.

**2.3. Local/Federal Environmental Review.**

CEQA (Case #-2016-010340PRJ) and NEPA are complete and the Project is now fully entitled.

**2.4. Environmental Issues.**

**2.4.1. Potential/Known Hazards.**

- The Site was previously used as both a laundry and an auto repair shop. The Phase I revealed a number of site conditions:
  - Soil fill material which commonly contains elevated levels of heavy metals and petroleum hydrocarbons from 1906 fire and debris;
  - 6 underground hydraulic hoists;
  - Three above ground storage tanks used for new and used motor oil and a number of smaller drums containing oil, lubricants, cleaners and gasoline; and
  - A hydraulic freight elevator with visible staining at base of shaft, and a small number of stored used car batteries.
- The Phase I indicates an 1886 Sanborn map showing a “Chinese Wash” located on the Site. In 1899, the “Wash” was replaced with a multi-story mixed-use building. The 1913 Sanborn map shows the Site as mostly vacant and probably destroyed by the 1906 earthquake and fire. The 1948 Sanborn map shows the currently configured building labeled as “gas & oil”. The Site looks as it does presently in the Sanborn maps from 1948 – present.
- The Phase II indicates the Site is contaminated with degrees of hazardous waste. The project is carrying \$417,000 for remediation of all environmental conditions identified in the Phase I and Phase II reports and this appears to be adequate.

- All hazards will be addressed in a Site Mitigation Plan (SMP) approved by the City's Department of Public Health (DPH) in May 2019. Langan Treadwell Rollo developed the Site's SMP to appropriately address soil management and potential health and safety issues. Based on the location of the Site and historical review, the Site is underlain by fill material that contains elevated levels of heavy metals and petroleum hydrocarbons. The Site's use as a tire shop and repair facility has also resulted in oil and chemical staining. To mitigate these factors, the upper 2- to 5-feet of soil across approximately one-half mile of the Site will be off-hauled and properly disposed.

**2.5. Adjacent uses and neighborhood amenities.**

The immediate neighborhood is comprised of mixed-use buildings with upper floor residential units and ground floor commercial uses. A number of small businesses including restaurants, delicatessens, a dental office, camera shop and print/copy shop are nearby.

**2.6. Green Building.**

See above.

**3. OTHER ENTITLEMENTS ISSUES**

**3.1. Community Support.**

TNDC submitted a community outreach plan, completing the loan condition prior to this gap request. The plan states TNDC held a series of community meetings with neighborhood partners and area residents throughout the predevelopment phase. The project was primarily well received. During the CEQA review process, community members also demonstrated their support for the project through statements and letters of support to the San Francisco Planning Department.

From two-large scale community meetings, TNDC began a dialogue with area residents on the overall vision for the affordable housing development, including the building's unit mix, amenities, and design in. Community members were able to give feedback on the building's design through an interactive voting activity. These meetings were advertised through social media, multilingual flyers mailed to all residents and property owners near the Site, and in articles published on popular development websites to ensure full community participation.

TNDC has and will continue to provide regular project updates during construction to community partners like the Alliance for Better District 6. TNDC's Housing Development and Community Organizing will share the construction schedule and progress at their regular public meetings to ensure community concerns are heard and mitigated.

The Phoenix Hotel is the adjacent neighbor to the north of the Site. Most recently, the Phoenix Hotel appealed the project's demolition permit approved in August 2019. TNDC currently has not received any basis for objection of the demolition permit from the neighbor and is confident that it is within its right as a landowner to pursue the demolition of the existing building within its property. Both TNDC and the Phoenix Hotel are negotiating in good faith because of their long-standing relationship and hope to resolve the matter before the appeals board hearing date on November 20, 2019. TNDC expects the Board of Appeals will dismiss the demolition permit appeal if it has not been withdrawn by that date. To maintain a clear line of communication during construction, TNDC shared the contact information of the general contractor with the Phoenix Hotel. TNDC will continue to negotiate a neighbor agreement and plans to proceed with construction without a neighbor agreement in place.

Chapter 79 of the City’s Administrative Code requires public noticing (Prop I) for any new construction City Project. The sponsor completed the 30- day noticing process on 1/29/17.

**4. DEVELOPMENT PLAN**

**4.1. Site Control.**

Turk 500 Associates, L.P. acquired the Site in December 2016 for \$12,250,000 using an Enterprise Community Partners loan. In December 2018, Loan Committee approved TNDC to use a portion of the funds to pay off the existing Enterprise mortgage. At construction closing, scheduled for January 2020, MOHCD will acquire back the land and transfer the property from Turk 500 Associates, L.P. through a 75-year initial term ground lease agreement (with an option to extend up to 99-years).

**4.1.1. Proposed Property Ownership Structure.**

Turk 500 Associates, L.P. currently owns the site. At construction closing, MOHCD will acquire back the land and transfer the property through a 75-year initial term ground lease agreement (with an option to extend up to 99-years) to the Turk 500 Associates, L.P. The City’s execution of a long-term ground lease for the MOHCD Parcel is subject to approval by the City’s Board of Supervisors.

- Annual rent shall be set at 10% of the fair market appraised value, re-determined on the 15th anniversary date of ground lease and every 15 years thereafter.
- Payment shall consist of an annual Base Rent of \$15,000, collected annually regardless of cash flow and considered a project expense.
- Residual Rent of 10% of the appraised restricted value of the Site. Residual Rent will only be collected to the extent that cash flow is available and does not accrue.

**4.2. Proposed Design.**

555 Larkin/500-520 Turk Street is located at the corner of Turk Street and Larkin Street in the Tenderloin neighborhood. The Site is a regularly shaped, gently sloping, 18,900 SF lot, zoned RC-5 (High-Density Residential Commercial) and currently occupied by a 7,315 SF concrete automobile tire shop.

The proposed new structure is an 8-story, 108 unit building. The 109,391 SF building will feature 82,805 SF of affordable residential uses, 4,634 SF of common and residential amenity space, 1,960 SF for onsite management offices, and 3,067 SF of resident services space. The project will also feature 2,380 SF of ground floor community service commercial space. Due to the Site’s proximity to BART and many other high-quality transit options, the development will not include any automobile parking.

Avg Unit SF by type	23 studios @ 460 SF 21 one-bedrooms @ 540 SF 50 two-bedrooms @ 848 SF 14 three-bedrooms @ 1133 SF
Residential	82,805 SF
Circulation/Maintenance	14,545 SF
Parking Garage	N/A
Common Area	4,634 SF
Service Space	3,067 SF
Site Staff Office Space	1,960 SF
Commercial (2 Spaces)	2,380 SF



<b>Building Total SF:</b>	<b>109,391 SF</b>
---------------------------	-------------------

On-site amenities include:

- Lobby with a reception desk and mailbox area;
- Large community room with a full kitchen;
- 4,800 SF landscaped courtyard;
- Laundry room;
- Secured indoor bicycle parking spaces;
- Common areas for resident use;
- On-site offices for supportive services and building management; and
- Roof features including an 800 SF landscaped deck and a 1,300 SF urban farm.

Cost efficiencies integrated into each of the design process include lessons learned by David Baker Architects (DBA) who designed TNDC's newly built Eddy & Taylor Family Housing on 222 Taylor Street. Since both projects are similar in size and population, DBA for example created a highly efficient design with stacked units and only 3 kitchen types, 4 bathroom types, and 6 window types. The development team also performed an extensive value engineering process at each major design milestone (schematic, design development, and construction drawings). Major cost savings were achieved through tightly coordinating the mechanical, electrical, and plumbing systems (MEPs) in the residential and commercial spaces, opting for simple, but high-impact landscaping.

#### **4.3. Construction Supervisor's Evaluation.**

MOHCD's Construction Representative performed an analysis of the Bid Set drawings dated 07/12/2019 and estimated preliminary construction cost breakdowns from James E. Roberts-Obayashi Corporation (JERO).

The building façade design features a concrete structure with an undulating exterior metal stud wall with varying sizes of vinyl and storefront windows to create visual interest. MOHCD was concerned that the design elements may contribute to cost overruns. TNDC confirmed however that the varying sized windows do not contribute to additional costs. The exterior also consists of vertical board formed concrete, fiber cement panels and low firebrick tile cladding in mixed colors. Additionally, low-side metering was recently verbally accepted by PG&E and SFPUC, which simplifies the electrical service design and avoids further redesign and possible reduction of the commercial space. TNDC will continue to monitor this development until the permanent power design is approved by SFPUC and PG&E.

The current cost assumptions are within an acceptable range given the current stage of the Bid Set dated 7/12/19. The per square foot construction cost at \$496 / SF within an appropriate range for comparable projects completed, in construction and in predevelopment which is currently \$505 / SF. The estimated per unit construction cost comes in at \$502,671 which is lower than the average of other comparable projects at \$551,371. The values for 500 Turk Street however reflect cost estimates and not a final bid contract value. In terms of contingencies, TNDC's development budget includes a General Contractor contingency of 2.0% during construction. Owner held contingencies include a 1.0% contingency for plan check comments, and a 5.0% construction contingency, which is a standard MOHCD underwriting guideline. The project received bids in September 2019 and a full Gross Maximum Price (GMP) contract value is being further refined by the project team. TNDC is to provide the qualifications, exclusions and subcontractor bids by mid-October 2019. The final GMP and vetting are expected by mid-November 2019.

Value engineering (VE) items the project team should include, but not be limited to 1) unit ceiling skim coat, 2) residential casework, 3) tub material change, 4) corridor flooring material and 5) finishes.

JERO's preliminary cost breakdown does not appear to include an allowance for the recently resolved design for permanent power service to low-side metering.

Addenda #1 (structural) and was approved in May 2019 by the Department of Building Inspections (DBI) and is ready to be pulled. Addenda #2 (architectural, mechanical, electrical, plumbing and accessibility) comments were received by DBI, the Mayor's Office of Disability (MOD), and the San Francisco Fire Department (SFFD). DBA will be submitting a revised set of drawings for approval in mid-October. Addenda #1 is only required to start construction and give a Notice to Proceed. DBI approved the project's demolition permit in August 2019, however, was appealed by the Phoenix Hotel, the adjacent neighbor to the Site. TNDC will continue to negotiate a neighbor agreement with the Phoenix Hotel and plans to proceed with construction without a neighbor agreement in place.

TNDC will provide the full breakdown of the GMP after qualifying, reviewing, and selecting subcontractor bids by mid-October. Staff recommends TNDC continue working with the MOHCD construction representative to consider the above value engineering items and allowance not included, resolve outstanding design elements, allowances, exclusions, cost breakdown back up, and financing assumptions to establish the final GMP.

#### **4.4. Commercial Space.**

At 500 Turk, TNDC is developing 2,380 SF of ground floor commercial space that is intended to be community serving as defined in MOHCD's Commercial Underwriting Guidelines ("UG"). TNDC will determine if the commercial space is best suited as one or two commercial spaces through a comprehensive outreach process during construction. TNDC will release a Request for Proposals (RFP) for community serving commercial space in April 2020, while concurrently marketing the space to neighborhood serving retail vendors and community partners through September 2020. Based on the response received through the RFP and marketing process, TNDC will make the final determination of the 2,380 SF commercial space to be one or two commercial space(s) by late 2020/early 2021.

TNDC is proposing a master lease structure that will comply with MOHCD's Commercial UG. Currently, estimates are that tenants will pay a base rent of \$2/SF and prorated Common Area Maintenance (CAM) expenses for a total of approximately \$3.03/SF/month. The base rent assumption is based off TNDC's recent commercial lease up experience for neighborhood-serving retail at Eddy and Taylor Family Housing. The housing project is not dependent on the commercial income.

The cold and warm shell of the 2,380 SF community-serving commercial space(s) are included as part of the GMP contract. Per MOHCD Commercial UG, both cold and warm shell improvement costs are eligible uses of MOHCD funds for community-serving commercial uses. Approximately \$460,448 is budgeted for the cold shell, \$181,066 for the warm shell and \$178,785 or \$75/SF for the tenant improvement ("TI") allowance, totaling \$820,389.

The TI allowance will only be funded by MOHCD once TNDC:

- 1) Selects and identifies the commercial tenant through the RFP and market outreach process;
  - 2) Completes the full review of the scope of work proposed by the commercial space tenant(s);
- and

3) Fully executed and entered into a lease agreement with the commercial space tenant(s).

TNDC has not yet identified or outreached to potential commercial space tenants. However, MOHCD has confidence in the project team, given TNDC's track record in managing and operating approximately 200,000 SF of retail space, a majority of which is in the Tenderloin neighborhood with an occupancy rate of 99%. The project team is also making a diligent effort to determine the commercial space tenants by closely collaborating with community and commercial space experts:

- o Tenderloin Equitable Development Project (TEDP), a non-profit organization who is now incubating the Tenderloin Merchants Association, a platform for Tenderloin businesses to advocate for their neighborhood and grow future community leaders; and
- o Ventura Partners, a commercial real estate development and managing company aiming to build community and currently helping TNDC with the management of their retail portfolio.

Both organizations are known to have an excellent understanding of the Tenderloin market and will continue to work closely with TNDC through the selection of the commercial tenant(s) and build out of the commercial space(s).

MOHCD staff will continue to work closely with TNDC through the lease up and development of the commercial space(s) at the Site, and recommends conditioning the commercial developer fee disbursement to MOHCD approval of the commercial space plan and budget, executed Letter of Interests (LOIs), and executed lease agreement(s). Should TNDC not meet these disbursement conditions prior to permanent conversion, MOHCD will reduce the MOHCD gap loan amount by the amount of the warm shell and total tenant improvement allowance spent to date.

**4.5. Resident Service Space.**

3,067 SF of service space and 1,960 SF of site staff space are proposed at 500 Turk and appears to be adequate for the services proposed at the Site. Resident service space include two services offices, a meeting room, and a 1,500 SF community room on the ground floor.

**4.6. Target Population.**

The Site will serve 107 households earning an average of no more than 60% MOHCD AMI, with a range between 30%-80% MOHCD AMI and provide one unrestricted manager's unit. The income average affordability for the overall project is 49.44% MOHCD AMI and 54.75% MOHCD AMI for the 83 unsubsidized (lottery) units. The Site will also include 27 units or 25% that will receive a PBV from the San Francisco Housing Authority ("SFHA"), with a preference for Potrero and Sunnydale HOPE SF residents that voluntarily apply to 500 Turk, which will include a mix of 3 unit types (1-3 bedrooms).

In an effort to be competitive under the AHSC program, TNDC restricted 22 of the 27 PBV units to 30% MOHCD AMI. This means for a family of four at 30% MOHCD AMI 4-person household would require a maximum income of \$36,950. This approach was vetted with SFHA staff and appears a reasonable assumption to make, in particular because additional PBV units at higher AMI levels will be available at other properties.

**4.7. Marketing & Occupancy Preferences.**

TNDC's property supervisor will be the team leader for marketing and outreach at 500 Turk. The property supervisor will be responsible for planning and organizing informational and application workshops and will assume the role of liaison with MOHCD and SFHA (for HOPE SF family referrals). TNDC will be responsible for implementing all required occupancy preferences at lease up and thereafter. To ensure affirmatively marketing housing opportunities

at 500 Turk, TNDC will utilize media outlets (i.e. local newspapers, community-oriented radio, and the internet), a hotline, website, local schools, churches, community-based organizations, low-income housing advocacy organizations serving low-income individuals, disabled adults, and other likely eligible for housing units. Announcements will be posted at TNDC’s Property Management office located at 215 Taylor Street and at other buildings managed by TNDC.

Applicants for PBV units will be referred to TNDC by SFHA. Units not subsidized by PBVs, will be marketed to the general public and offered to qualified households through a lottery process. The lottery units will be marketed to families earning between 40% and 80% MOHCD AMI and will be subject to the following preferences:

- 1) Certificate of Preference holders;
- 2) Displaced Tenant Preference Certificate holders;
- 3) Neighborhood Resident Preference Program; and
- 4) Those who live or work in San Francisco.

**4.8. Relocation.**

Kahn & Keville (Kahn), an employee-owned tire and automotive services store, is the current tenant and is under a 3-year lease-back with TNDC. When the lease was negotiated in 2016, TNDC’s goal was to encourage Kahn to remain on the Site during the predevelopment period as a way to address complications related to uninsurable vacant buildings and vandalism. Under the terms of the negotiated lease, Kahn was paid \$100,000 at the 2016 close of escrow and \$100,000 at the end of each of the 3 years with a bonus payment of \$50,000 as final compensation by January 1, 2020. At the end of the 3-year period and just prior to the start of construction, Kahn will relocate its business to another location they own. Kahn agreed this payment plan constituted full satisfaction of TNDC’s obligations under the Uniform Relocation Act and California Relocation and Real Property Acquisition statutes. Kahn’s lease will expire on December 31, 2019 and the Site will be vacant starting January 1, 2020. Between the time Kahn vacates the Site and the start of construction later in January 2020, TNDC will fence off the Site and engage a roving patrol to ensure security of the Site.

**5. DEVELOPMENT TEAM**

<b>Development Team</b>			
<b>Consultant Type</b>	<b>Name</b>	<b>SBE/LBE</b>	<b>Outstanding Procurement Issues</b>
Architect	David Baker Architects	N	N
Landscape Architect	Interstice Landscape Architects	Y - SBE	N
General Contractor	JERO	N	N
Owner’s Rep/Construction Manager	Regent Construction Management, LLC – Chris Rivera	Y - SBE	N
Financial Consultant	CHPC	N	N
Legal	Gubb & Barshay	N	N

**5.1. Outstanding Procurement Issues.**

None.

**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 (this project and historical for the project),**

\$3MM approved by Loan Committee in December 2016 and an additional \$17,474,731 approved by Loan Committee in December 2018, for a total of \$20,474,731 of committed MOHCD funding, \$12,250,000 of which was for site acquisition. Project costs reimbursable under this loan will be allowed as of the date TNDC submitted the proposed project in response to the 2016 Prop A NOFA on April 18, 2016.

Loan Type/ Program	Loan Date	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Outstanding Principal Balance	Accrued Interest to Date
MOHCD Pre-development loan	3/10/2017	\$3,000,000	0%	5/1/2072	Deferred	\$3,000,000	\$0
MOHCD Acquisition and Additional Pre-development loan	12/21/2018	\$17,474,731	0%	5/1/2073	Deferred	\$17,474,731	\$0

**6.2. Disbursement Status.**

As of Draw #23 (approved August 2019), \$17,349,284.35 has been drawn with \$3,125,446.65 remaining. TNDC anticipates spending approximately \$1.9MM of the remaining \$3.12MM to pay for an estimate of \$768,000 in permit and impact fees, \$468,000 in architecture fees, \$150,000 in the lease buy-back with Kahn, and \$175,000 in utility fees.

**6.2.1. HOME Funds Status.**

No HOME funds have been disbursed and none are anticipated.

**6.3. Fulfillment of Loan Conditions.**

**Note:** All previous conditions that are reported as still in process will be rolled over as conditions of this loan request.

- 1) Sponsor to submit for MOHCD review at least 30 days prior to submitting for final gap, a community outreach plan for the period from 12/2018 through the completion of construction.
  - o **Status: Completed.**
- 2) Sponsor to re-submit to MOHCD for approval at least 90 days prior to submitting for final gap, an operating plan and budget in conformance with MOHCD policy.
  - o **Status: Completed.**
- 3) Sponsor to analyze impact of higher income averaging that complies with state, TCAC and MOHCD requirements.
  - o **Status: Completed.**
- 4) Sponsor must work with MOHCD construction team to review proposed design and manage impact of potential design changes and rising costs to project. If design features are changed in response to rising costs, Sponsor must secure all city approvals for changes prior to submitting for final gap in 2019.
  - o **Status: Completed.**

- 5) Sponsor to submit for MOHCD approval at least 90 days prior to submitting for final gap, confirmation that HCD approves the proposed developer fee.
  - o **Status: Completed.**
- 6) Sponsor to re-submit for MOHCD approval at least 90 days prior to submitting for final gap, a services plan and budget in conformance with the policies of the HOPE SF/MOHCD Offsite Working Group.
  - o **Status: In Process.** Sponsor unable to meet this deadline and requests an extension. Sponsor to devise a services plan and budget that is more appropriate for the residents and approval of the staffing plan and budget. This condition is revised to be required prior to permanent loan conversion. See Section 9.2 Recommended disbursement conditions/schedule.
- 7) Sponsor to submit for MOHCD approval at least 90 days prior to submitting for final gap approval, a detailed commercial space plan that includes a general description of the structure of the commercial space as well as assumptions related to space use, rent charged, and term of potential tenants. TNDC should research alternate funding sources for funding tenant improvements for the commercial spaces.
  - o **Status: In Process.** Sponsor unable to meet this deadline and request an extension. This condition is revised to be required prior to commercial developer fee disbursement. See Section 9.2 Recommended disbursement conditions/schedule.
- 8) Sponsor to submit for MOHCD approval the LOIs for commercial spaces 30 days prior to submitting for final gap.
  - o **Status: In Process.** Sponsor unable to meet this deadline and request an extension. This condition is revised to be required prior to commercial developer fee disbursement. See Section 9.2 Recommended disbursement conditions/schedule.
- 9) Staff recommends TNDC research alternate funding sources for funding tenant improvements on the commercial spaces.
  - o **Status: In Process.** Sponsor has not provided research of alternate funding sources for funding tenant improvements. Sponsor requests an extension for this condition. Research will be incorporated as part of the Sponsor's commercial space plan. This condition is revised to be required prior to commercial developer fee disbursement. See Section 9.2 Recommended disbursement conditions/schedule.

#### **6.4. Proposed Permanent Financing**

##### **6.4.1. Permanent Sources Evaluation Narrative.**

TNDC proposes to use a combination of the following permanent sources:

- 1) **Private Mortgage (\$10,591,000)** – A private long-term permanent mortgage is included in the financing plan. TNDC is assuming a 35 year fully amortized mortgage at 4.385%, which includes a 35 basis points spread or 3.5% cushion. This loan meets HCD requirements.
- 2) **Affordable Housing and Sustainable Communities Loan (AHSC) - Housing (\$13,700,000)** - AHSC is a competitive state program created to provide grants and loans to projects that implement housing, land-use and transportation practices that help reduce greenhouse gases.

With the City as a co-applicant, TNDC worked with MOHCD, San Francisco Municipal Transportation Agency (SFMTA), and Bay Area Rapid Transit (BART) to develop their proposal for the project at 500 Turk Street. Once complete, 500 Turk will transform the auto-oriented corner of Turk and Larkin—four blocks from the

Civic Center/UN Plaza BART station—into a pedestrian-oriented, community-facing affordable housing development.

A competitive application was submitted in February 2019 and awarded in June 2019 for \$20MM in AHSC funds, with \$13.7MM, or \$126,852/unit to fund the housing development, including resident transit passes for three years. Additionally, \$6.3MM will go to transit-related improvements, which include bike and pedestrian streetscape improvements on nearby 5th and 6th Streets, a canopy for the Civic Center BART station entrance at Market and Hyde, and the Geary Bus Rapid Transit Project.

The State requires a transition reserve in the amount of \$1,387,025 to cover 2 years of operating expenses in the event the Section 8 subsidy is no longer available. This amount is shown in the proposed permanent sources and uses proforma included with this request.

- 3) **MOHCD/City Loan (\$32,400,000)** – TNDC anticipates a need for a total City financing of \$32.4MM, inclusive of this request, or \$300,000/unit. This amount is within the range of commitment the City has provided on other Type I, new construction projects with a HCD loan. Moreover, the MOHCD gap loan includes carrying the bridge of the AHP award of \$1.25MM.

Below is the total MOHCD funding (up to) breakdown:

\$12,250,000 – Land Purchase Price (not included in LP budget)  
+\$ 8,224,731 – Predevelopment Funds  
\$20,474,731 – Total Previous City Funds Committed

\$20,474,731 – Total Previous City Funds Committed  
\$10,675,269 – Permanent Loan (this request)  
+\$ 1,250,000 – MOHCD AHP Bridge Loan (this request)  
**\$32,400,000 – Total MOHCD Funding (up to)**

**MOHCD AHP Bridge Loan (\$1,250,000)** – AHP funds will be requested in March 2020 at an assumed at \$11,574/unit. In the interim, the MOHCD Gap loan will bridge the amount of the potential AHP award. If awarded AHP, TNDC will draw the funds during construction and those funds will then be used to repay the bridged amount in the MOHCD Gap loan.

AHP could provide approximately \$1.25MM if the project. The lowest approved score from the latest AHP round is 70.08, deeming the project’s current self-score of 71.37 competitive for the \$1.25MM request. MOHCD and TNDC will continue to identify strategies to maximize points for a competitive application to secure AHP funds. If the project is not awarded AHP in 2020, TNDC will need to apply again during construction in 2021.

- 4) **Interim Income (\$281,901)** – Total monthly rent payments from the current tenant on Site– Kahn and Keville tire shop will be a source to the project.
- 5) **Guaranteed Investment Certificate (GIC) Earning (\$2,201,659)** – The project is pursuing a cash-collateralized public sale bond structure. This approach is an effort to

maximize the City's bond issuer fee, which helps support overall MOHCD programs. Bond proceeds are placed in an interest bearing Guaranteed Investment Account (GIC), estimated to earn \$2,201,659 or \$20,386/unit as a source to the project.

At bond issuance, bonds are sold publically for a short (construction loan) and long term (permanent loan). All bond proceeds are placed with a Trustee and invested in eligible investments (GIC), with the bond proceeds serving as the cash collateral for the outstanding bonds. Investment earnings from the GIC will offset the bond interest expense from the tax-exempt construction loan and transaction costs.

However, recent legal counsel interpretation precludes the blending of yields, which allow the positive earnings from the short-term bond to offset the negative earnings from long-term bond, creating a negative arbitrage and potential funding gap to the project. TNDC and MOHCD staff will continue to work closely with CHPC and the City's Financial Advisor to identify further strategies to pursue the public sale bond structure prior to closing.

- 6) **Certificate of Insurance (COI) Rebate (\$79,433)** – Through Wells Fargo, Fannie Mae will provide the permanent loan through a Fannie Mae credit enhancement facility called a mortgage-backed security (MBS). The COI rebate is part of the cash collateralized loan product. It is an incentive to reduce the cost of bond underwriting. Fannie Mae will provide a 75 basis points, or 7.5% rebate for underwriting expenses at permanent conversion.
- 7) **General Partner Equity Contribution (\$500,000)** – The General Partner contribution is consistent with MOHCD Developer Fee Policy of a minimum of \$500,000.
- 8) **Deferred Developer Fee (\$6,863,961)** - TNDC is requesting a waiver to MOHCD's Developer Fee policy in order to realize \$6,863,961 in additional fee that will stay in the project as Deferred Developer Fee and generate approximately \$2,880,000 in tax credit equity. \$960,193 of deferred developer fee is generated through the 20-year cash flow. Wells Fargo, the project's tax credit investor, will write off the remaining \$5,861,952 in deferred developer fee not generated through cash flow at the end of the partnership term.

Because the project will also have state AHSC funds, this request for additional fee must also be approved by the HCD as a part of the AHSC application review and approval process. CHPC confirmed the additional fee given the extra fee is allowed under HCD regulations, and the developer fee calculator tool HCD developed to help sponsors calculate fee, supports an even higher additional fee. CHPC staff reviewed the developer fee assumptions and deemed them accurate. As a condition prior to gap request, MOHCD staff approved confirmation that HCD approves the proposed developer fee.

- 9) **4% Tax Credit Equity (\$31,589,452)** - TNDC based off Wells Fargo's equity pricing in their Letter of Interest (date) of \$1.015 per credit.



6.4.2 Permanent Uses Evaluation:

<b>Development Budget</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Hard Cost per unit are within standards	Y	\$502,671 per unit with 1.0% contingency for plan check comments included.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency shows 5.6%. However, \$2,576,648 is 5.0% of the \$51,215,394 total hard costs.
Architecture and Engineering Fees are within standards	N	A/E total fee is \$3,186,825. Cost are warranted due to MOHCD's request to redesign to reduce the number of studios and increase the number of multi-bedroom units.
Construction Management Fees are within standards	Y	Owner's Rep fee is \$200,000 and within Construction Management fee standards.
Developer Fee is within standards, see also disbursement chart below	N	TNDC is requesting a waiver to increase fee as a way to increase equity to the project. See below.
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 3%. TNDC estimates a 5% soft contingency in their budget is appropriate.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months.
Transition Reserve	Y	\$1,387,025 HCD Subsidy Reserve required by HCD because of the PBV contract.

Per TCAC regulations, the maximum base developer fee allowed in the project is \$9,852,145. Below is the breakdown of the total resident development fee in the Project:

<b>Residential Developer Fee</b>		
Amount of Developer Fee allocated as Project Management Fee available during predevelopment and construction:	\$1,100,000	
Amount of Developer Fee allocated as Project Management Fee available at risk (the "At-Risk Fee"):	\$1,180,000	This amount includes +\$10,000 per unit over 100 units.
Commercial Space Developer Fee	\$250,000	This amount is the maximum under MOHCD Commercial Space UG for a community-serving commercial use.

Amount of Developer Fee allocated as General Partner Equity:	\$500,000	This amount meets MOHCD minimum general partner equity requirement of \$500K to be recontributed to the Project.
Amount of Developer Fee allocated as Deferred Developer Fee:	\$6,822,145	\$960,193 of deferred developer fee is shown on the 20-year cash flow. The investor will write off the remaining \$5,861,952 not generated through cash flow at the end of the partnership term.
<b>Total Residential Developer Fee</b>		<b>\$9,852,145</b>

The above does not meet MOHCD's proposed Developer Fee Policy. To bring more equity into the deal, TNDC is requesting a waiver to the \$4MM maximum developer fee in MOHCD's developer fee policy. TNDC requests this waiver so it can maximize the amount of deferred developer fee it can include as a source and put back in the project. This waiver request does not result in an increase in cash-out developer fee paid to TNDC or a waiver of that part of the policy. MOHCD staff recommends granting this waiver request.

<b>Developer and Commercial Developer Fee Disbursement Schedule</b>		
<b>Payment Milestone</b>	<b>% of Project Mgmt Fee</b>	<b>Amount</b>
PM Fee: Closing of initial pre-development 2016	14%	\$150,000
PM Fee: Closing of pre-development loan amendment	32%	\$350,000
PM Fee: Construction Close	24%	\$270,000
PM Fee: During at Construction Completion	20%	\$220,000
PM Fee: At Project Close Out	10%	\$110,000
<b>Total Project Management Fee</b>	<b>100%</b>	<b>\$1,100,000</b>
At Risk: 95% Leased up and Draft Cost Certification	20%	\$236,000
At Risk: Permanent Loan Closing/Conversion (Final Cost Certification Audit)	50%	\$590,000
At Risk: Project Close Out (Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.)	30%	\$354,000
<b>Total At-Risk Fee</b>		<b>\$1,180,000</b>
Commercial Space Plan reviewed and approved by MOHCD.	10%	\$25,000
Executed LOI with commercial tenant(s)	10%	\$25,000
Executed lease with commercial tenant(s)	20%	\$50,000
Occupancy by commercial tenant(s)	60%	\$150,000
<b>Total Commercial Space Developer Fee</b>		<b>\$250,000</b>
<b>Total Cash-Out Fee</b>		<b>\$2,530,000</b>
General Partner Equity		\$500,000

Deferred Developer Fee		\$6,822,145
<b>Total Developer Fee</b>		<b>\$9,852,145</b>

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

**7.1. Annual Operating Budget.**

**7.2. Income.**

PBV rents are being underwritten based on the 2019 payment standard with an annual escalation of 2.5% based on historical increases. The income average affordability for the overall project is 49.44% MOHCD AMI and 54.75% MOHCD AMI for the 83 unsubsidized (lottery) units.

Unit Mix Count	Unit Type	Proposed Avg. SF	Tenant Paid Max. Rent	MOHCD Rent Limits	MOHCD Max % AMI	Subsidy
2	studio	460	\$1,667	\$1,724	80%	
2	1	540	\$1,901	\$1,970	80%	
5	2	848	\$2,121	\$2,218	80%	
2	3	1,133	\$2,334	\$2,463	80%	
5	studio	460	\$1,236	\$1,293	60%	
4	1	540	\$1,409	\$1,478	60%	
10	2	848	\$1,566	\$1,663	60%	
2	3	1,133	\$1,719	\$1,848	60%	
13	studio	460	\$1,021	\$1,078	50%	
4	1	540	\$1,162	\$1,231	50%	
12	2	848	\$1,289	\$1,386	50%	
3	3	1,133	\$1,411	\$1,540	50%	
1	1	540	\$1,162	\$1,231	50%	PBV
3	2	848	\$1,289	\$1,386	50%	PBV
1	3	1,133	\$1,411	\$1,540	50%	PBV
3	studio	460	\$806	\$863	40%	
3	1	540	\$916	\$985	40%	
8	2	848	\$1,012	\$1,109	40%	
2	3	1,133	\$1,102	\$1,231	40%	
6	1	540	\$670	\$739	30%	PBV
12	2	848	\$734	\$831	30%	PBV
4	3	1,133	\$795	\$924	30%	PBV
1	1	540	Mgr. Unit			
<b>108</b>						

The proposed 108-unit family development will include:

- 23 studios
- 21 one-bedrooms (including a manager's unit)

- 50 two-bedrooms
- 14 three-bedrooms

**7.3. Annual Operating Expenses Evaluation.**

TNDC’s operating budget is compliant with MOHCD policies except for the per unit per anum (“PUPA”), which is currently proposed at a higher level than other similar projects.

<b>Operating Proforma</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Debt Service Coverage Ratio (DSCR) sufficient to insure 1.0:1 in year 17	Y	DSCR is 1.17 in year 1 and stays above 1.0 at 1.25 in year 17.
Debt Service Coverage Ratio stays above 1.00:1 for entirety of projected 20-year cash flow	Y	DSCR is above 1.0 for entirety of projected 20-year cash flow.
Vacancy meets TCAC Standards	Y	Vacancy is 5%.
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5%.
Annual Operating Expenses are increased at 3.5% per year	Y	Operating expense escalation factor is 3.5%.
Base year operating expenses per unit are reasonable per comparables	N	Total Operating Expenses including services and commercial expenses are \$12,579 PUPA, which is high for the population served at the building will serve.  24-hour desk clerk coverage is included in the operating budget (\$1,574/unit), in part, driving up costs/unit. See project management staffing level below for more information.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$88,128 or \$68 PUPM.
Property Management staffing level is reasonable per comparables	Y	Staffing plan includes: <ul style="list-style-type: none"> <li>○ 1.0 FTE General Manager</li> <li>○ 1.0 FTE Assistant General Manager</li> <li>○ 4.2 FTE Desk Clerk (24/7)</li> <li>○ 2.0 FTE maintenance staff</li> <li>○ 1.5 FTE janitorial staff</li> </ul> <p>The project is located on a block with poor street activation and witness to active drug use and frequent cases of violence. 24/7</p>

		desk clerk is necessary to maintain safe environment for residents and property. The 24-hour desk clerks on a non-supportive project is unusual; however, because of the location is warranted.
Asset Management and Partnership Management Fees meet standards	Y	Reflects a 2022 operating start Annual AM Fee is \$21,160/yr Annual PM Fee is \$9,802/yr Totaling \$30,962.  Maximum Total Project Sponsor AM and PM fee in 2022 is \$46,910, per MOHCD's Operating Fees Policy.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 PUPA, a state funding requirement.
Limited Partnership Asset Management Fee meets standards	Y	\$5,000/yr

## 8. SUPPORT SERVICES

### 8.1. Services Plan and Budget.

TNDC will have a 1.0 FTE Social Worker oversee all aspects of service delivery at 500 Turk, directly supervised by an off-site Social Work Site Supervisor, and supported by an off-site Support Services Manager. This is a service-staffing ratio of 1:107, within MOHCD's 1:100 service coordinator guidelines. All service staff salaries and programs will be paid through the project's operating budget of \$118,128 (\$1,093/unit/year), with approximately \$60,000 for salaries, and the remaining costs to cover benefits, payroll taxes, workers compensation, program expenses, recruitment, and training.

TNDC to devise a services plan and budget that is more appropriate for the residents and approval of the staffing plan and budget will be a condition prior to permanent loan conversion.

## 9. STAFF RECOMMENDATIONS

### 9.1. Proposed Loan/Grant Terms

<b>Financial Description of Proposed Loan – Gap Loan Note A – (previous Predev Funds will be rolled into this loan as an Amended and Restated Loan Agreement)</b>	
Loan Amount:	Up to \$31,150,000
Loan Term:	Minimum 55 years
Loan Maturity Date:	2074
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	0-3%, pending true debt test

<b>AHP Bridge Loan Note B</b>	
Loan Amount:	\$1,250,000
Loan Term:	3 years

Loan Maturity Date:	2022
Loan Repayment Type:	At term
Loan Interest Rate:	0%

**9.2. Recommended disbursement conditions/schedule.**

Prior to construction closing:

1. Sponsor to continue to work closely with MOHCD, the City's Financial Advisor, and CHPC to identify further strategies to pursue the public sale bond structure.
2. Sponsor must provide final interest rate after review of true debt analysis.
3. Sponsor must provide updated AHP self-score to ensure competitive for a 2020 application. If not awarded this round, Sponsor will apply again during construction in 2021.

Prior to commercial developer fee disbursement:

4. Sponsor must submit for MOHCD approval a detailed commercial space plan and budget that includes a general description of the structure of the commercial space as well as assumptions related to space use, rent charged, and term of potential tenants;
5. Sponsor must research alternate funding sources for funding tenant improvements for the commercial spaces and incorporate research as part of the commercial space plan;
6. Sponsor must submit for MOHCD approval the LOI(s) for commercial spaces; and
7. Sponsor must submit executed commercial lease(s) with tenant(s).

Prior to permanent loan conversion:

8. Sponsor must submit revised services plan and budget prior to permanent conversion, to be reviewed and approved by MOHCD Director of Public Housing Initiatives and in conformance with the policies of the HOPE SF/MOHCD Offsite Working Group.

**10. LOAN COMMITTEE MODIFICATIONS**

LOAN COMMITTEE RECOMMENDATION

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

APPROVE.     DISAPPROVE.     TAKE NO ACTION.



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

Date: 10/18/19

APPROVE.     DISAPPROVE.     TAKE NO ACTION.



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

Date: 10/18/19

APPROVE.     DISAPPROVE.     TAKE NO ACTION.



Nadia Sesay, Executive Director  
Office of Community Investment and Infrastructure

Date: 10/18/19

- Attachments:
- A. Project Milestones/Schedule
  - B. Borrower Org Chart
  - C. Developer Resumes
  - D. Asset Management Analysis of Sponsor
  - E. Site Map with amenities
  - F. Elevations and Floor Plans
  - G. Comparison of City Investment in Other Housing Developments
  - H. Sources and Uses
  - I. Development Budget
  - J. 1<sup>st</sup> Year Operating Budget
  - K. Commercial Operating Budget
  - L. 20-year Operating Proforma

**Attachment A: Project Milestones and Schedule**

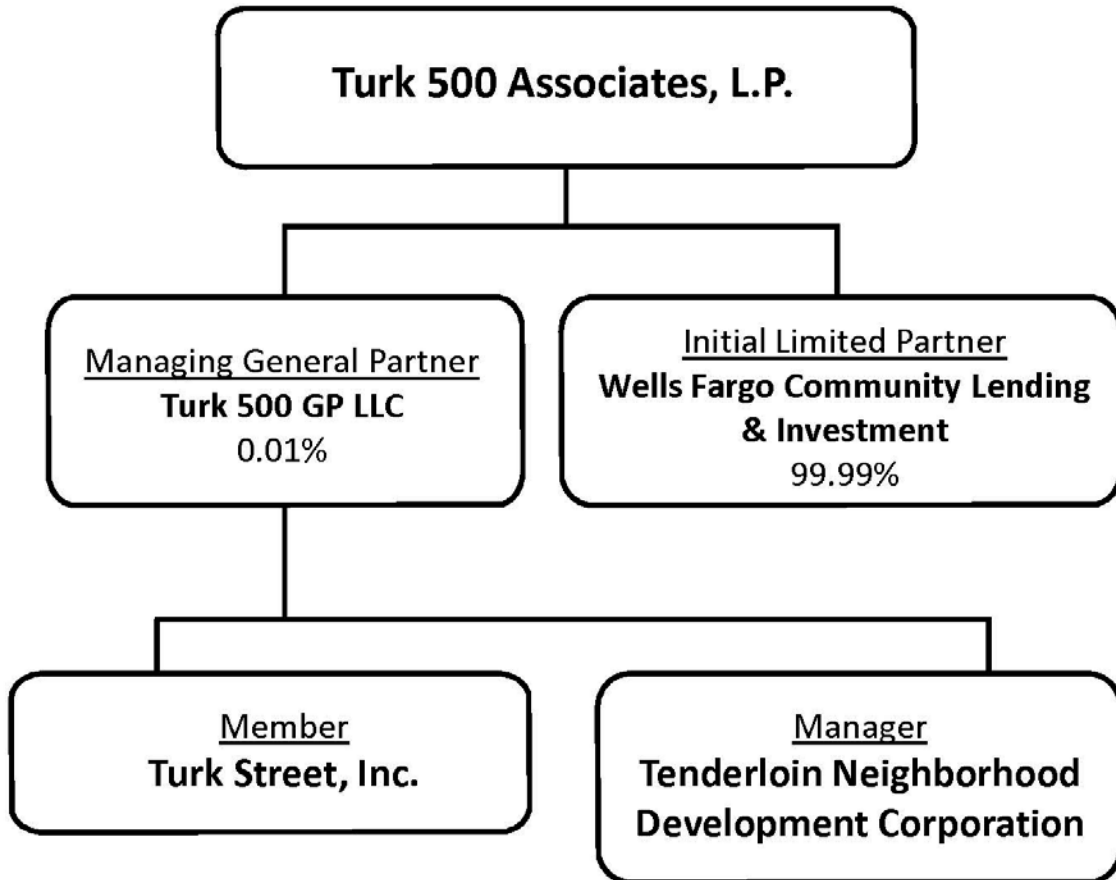
<b>No.</b>	<b>Performance Milestone</b>	<b>Estimated or Actual Date</b>	<b>Contractual Deadline</b>
A.	Prop I Noticing (if applicable)	1/2017	Completed
1.	Enterprise Acquisition Commitment MOHCD Acquisition Commitment	12/2016	Completed
2.	Site Acquisition	12/2016	Completed
3.	Development Team Selection		
a.	Architect	5/1/2016	Completed
b.	General Contractor	1/2018	Completed
c.	Owner's Representative	7/2016	Completed
d.	Property Manager	5/2016	Completed
e.	Service Provider	5/2016	Completed
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	4/2018	Completed
b.	Submittal of Design Development & Cost Estimate	7/2018	Completed
c.	Submittal of 100% CD Set & Cost Estimate	9/2019	Completed
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	8/2019	Completed
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	1/2017	Completed
b.	CUP/PUD/Variances Submission	12/2017	Completed
6.	Permits		
a.	Building / Site Permit Application Submitted	5/2018	Completed
b.	Addendum #1 Submitted	3/2019	Completed
c.	Addendum #2 Submitted	5/2019	Completed
7.	Request for Bids Issued	7/2019	Completed
8.	Service Plan Submission		
a.	Preliminary	5/2016	Completed
b.	Interim	10/2019	
c.	Update	7/2021	
9.	Additional City Financing		
a.	Gap Financing Application	10/2019	Current Request



10.	Other Financing		
a.	AHSC Application	2/2019	Completed
b.	AHP	3/2020	
c.	Construction Financing RFP	7/2019	Completed
d.	CDLAC Application	8/2019	Completed
e.	TCAC	8/2019	Completed
11.	Closing		
a.	Construction Closing	1/2020	
b.	Permanent Financing Closing	9/2022	
12.	Construction		
a.	Notice to Proceed	1/2020	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	10/2021	
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	2/2021	
b.	Commence Marketing	5/2021	
c.	95% Occupancy	4/2022	
14.	Cost Certification/8609	3/2023	
15.	Close Out MOH/OCII Loan(s)	6/2022	

**Attachment B: Borrower Org Chart**

**500 Turk Street**



Turk 500 Associates, L.P.  
EIN: 81-4280379

Turk Street, Inc. is a 501(c)(3) tax-exempt California nonprofit public benefit corporation  
EIN: 94-3297381

Tenderloin Neighborhood Development Corporation is a 501(c)(3) tax-exempt California nonprofit  
public benefit corporation - EIN : 94-2761808

\*rev 16-1118

## **Attachment C: Developer Resume**

### **Sponsor Experience: Tenderloin Neighborhood Development Corporation**

The Tenderloin Neighborhood Development Corporation (TNDC) provides services for more than 4,700 low-income residents in six San Francisco neighborhoods, building community and promoting equitable access to opportunity and resources. Founded in 1981, TNDC now employs 410 people, some who live in TNDC affordable housing buildings. In addition to housing development, TNDC focuses on community organizing, urban food growth and land use, and its after-school program with the idea that everyone should have good quality housing and good quality of life in the city they love.

#### ***Housing Development:***

TNDC has developed 41 buildings with eleven more currently in the pipeline. These developments provide over 3,700 affordable homes to the San Francisco community. TNDC's experience includes all the major financing sources used in the production of low-income housing as well as challenging tenant-occupied rehabilitations and new construction on tight, in-fill sites in San Francisco. In its 37 years of providing housing for the poorest of San Francisco's residents, TNDC has developed an acute knowledge of the development, operations and services needs of supportive housing projects. In addition, TNDC considers itself a community development organization as well and is experienced in community-building in the neighborhoods in which it works.

TNDC's Housing Development department creates high-quality, permanently affordable housing for low-income individuals, families, and seniors. Our team of seventeen development professionals is responsible for managing the acquisition, finance, design development and construction of affordable rental housing projects. TNDC expects to grow its portfolio to more than 5,500 homes in the coming 5 years.

### **Project Ownership and Management Structure of the Project after Closing**

The project's ownership structure has a limited partner as the owner and TNDC as the manager of the General Partnership. This ownership structure will remain in place after closing. Please refer to the 500 Turk org chart for further information.

After closing, TNDC will provide Property Management and Tenant Services for 500 Turk.

#### ***Property Management:***

Since its inception, TNDC has been managing affordable housing to the highest standard of quality, care and compliance. TNDC's Property Management Department is comprised of more than 200 employees and manages the 41 buildings housing 4,700 residents as well as 42 commercial spaces totaling over 215,000 square feet. We use our award-winning approach to create safe and secure environments while operating as efficiently as possible. A key element of our management practice is that building management staff work closely with the building's on-site support services staff to ensure residents retain their housing. TNDC knows that collaboration, through regular meetings between management and services, not only keeps people in their homes, but also reduces vacancy rates, increases rent receipts, and decreases property damage. Management and services jointly coordinate activities and events that bring residents and staff together, thus engendering a community atmosphere with the building. TNDC has a Property Supervisor dedicated to managing our retail spaces in coordination with our contracted commercial property management agent Ventura Partners.

#### ***Tenant Services:***

TNDC's Social Work Unit has extensive experience developing and implementing service plans that meet the needs of diverse family and individual populations. Currently, TNDC has 28 Social Workers, and

85% of tenants participate in support services annually at our properties. Many of our properties house families and three properties, Curran House in the Tenderloin, 8<sup>th</sup> and Howard Family in SOMA, and Mosaica Family in the Mission are designed specifically for families. Family housing is in very short supply in the Tenderloin.

TNDC's support services have a demonstrated record of accomplishment in achieving its goals:

- 85% of TNDC's tenants participate in support services annually
- 95% of TNDC's tenants pay their rent on-time on a regular basis
- 95% of the tenants who were in jeopardy of losing their housing due to non-payment of rent and/or nuisance behavior and/or health and safety hazards remained housed or moved-out prior to an eviction
- 90% of TNDC's tenants remain housed for at least 12-months
- 70% of support service referrals result in linkages annually
- 72% of TNDC's tenants participate in community events and activities
- 93% of the tenants who responded to the annual Satisfaction Survey reported satisfaction with support services

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

TNDC has 42 projects in its portfolio, with an additional 17 projects in the pipeline including recapitalization. The average units per project ranges from 75-120.

There are three full-time employees. The department is headed by the Senior Asset Manager with two Asset Managers reporting to the Senior Asset Manager, who reports to the CFO. Each of the three employees in the Asset Management Department have a set number of projects in the portfolio. Each is responsible for developing asset management plans for each property, as well as managing the needs and requests of the partner and/or lender in each of the properties, examining opportunities related to the rental structure/operating subsidies, and developing, when necessary, partner exit strategies and/or resyndication and refinancing strategies for those projects that are approaching Year 15.

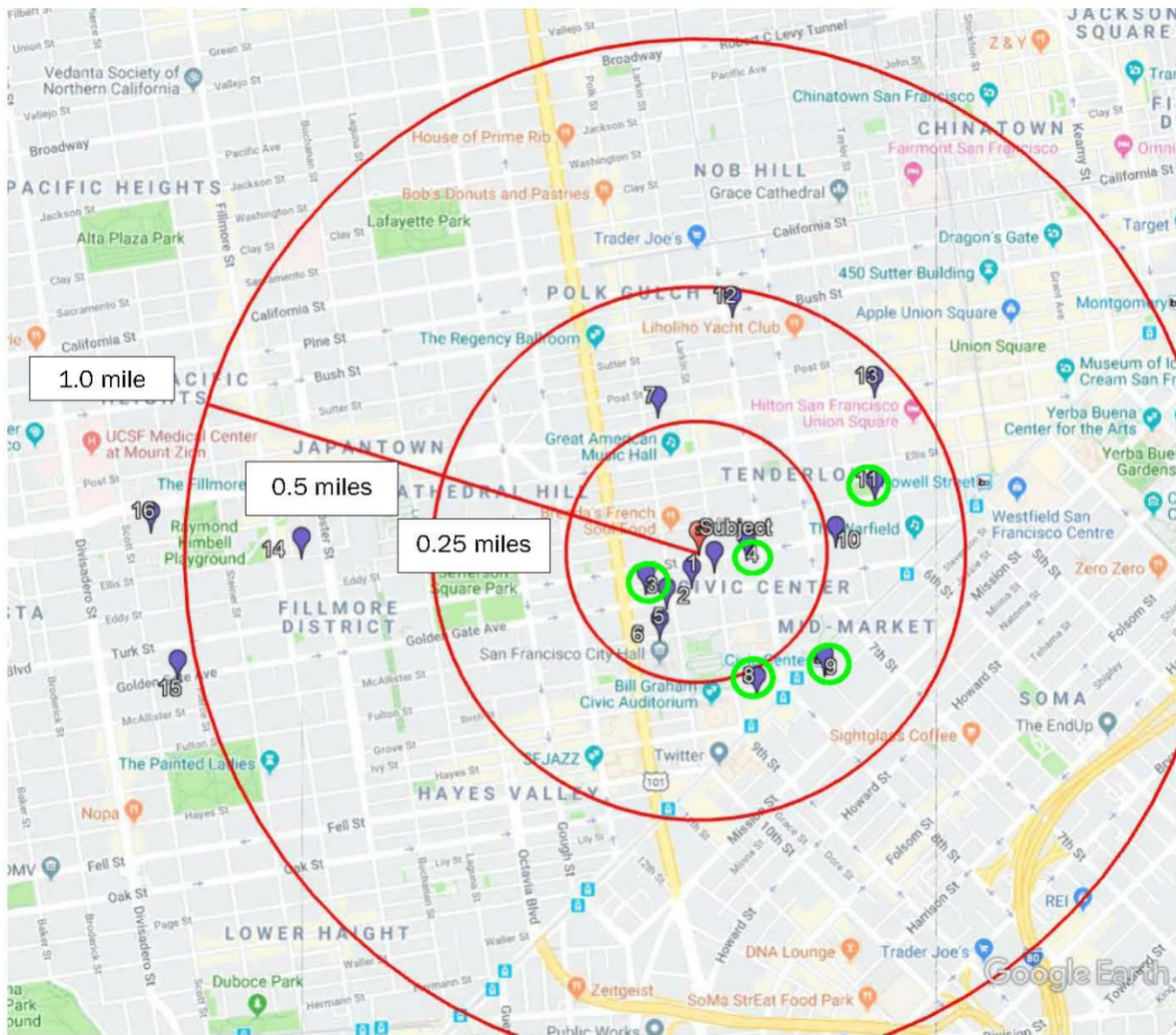
Members of the Asset Management Department work closely with other TNDC departments. Each project in development in the Housing Development Department has a multidisciplinary “interdepartmental team” to help inform rehab or new construction scopes in which one or more members of asset management participates. Additionally, TNDC has a Recapitalizaion Workgroup, in which all members of the Asset Management Department attend in order to update senior staff members and the Housing Development Department about asset management plans, partner exit strategies and other asset management related activities, challenges and opportunities.

**Attachment E: Site Map with Amenities**

555 LARKIN/500-520 TURK – SAN FRANCISCO, CALIFORNIA

**Locational Amenities Map**

The Subject will be located in close proximity to many amenities and services. The following map and table below display the distances and location of various services from the site.



**LOCATIONAL AMENITIES**

#	Service/Amenity	Distance	Map #	Service/Amenity	Distance
1	Bus Stop	0.0 miles	9	Subway Station (Civic Center BART)	0.3 miles
2	Post Office	0.0 miles	10	Salvation Army Kroc Community Center	0.3 miles
3	Tenderloin Elementary School	0.1 miles	11	Father Alfred E. Boeddeker Park	0.4 miles
4	Turk & Hyde Mini Park	0.1 miles	12	Saint Francis Memorial Hospital	0.5 miles
5	Golden 1 Credit Union	0.1 miles	13	Walgreens	0.5 miles
6	Police Station	0.2 miles	14	Safeway	0.8 miles
7	Fire Station	0.3 miles	15	Gateway Middle School	1.0 miles
8	Library	0.3 miles	16	Gateway High School	1.0 miles

Green Circle/Underline = receiving points for this amenity (see Attachment 23-A)

**Attachment F: Elevations and Floor Plans**



VIEW FROM LARKIN STREET LOOKING WEST  
(SEE FINISH SCHEDULE FOR REVISED COLORS)

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dbarchitect.com  
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San Francisco, CA 94107  
415.896.6700



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Description	Issuances Date
Site Permit	12/15/2017
100% Schematic Design	03/08/2018
50% Design Development	05/10/2018
100% Design Development	06/28/2018
35% CDs	10/26/2018
MOD Submittal	02/22/2019
MOD R1/ADDENDUM 2	05/17/2019
BID SET	07/12/2019
	Revisions
Rev	Description Date

Set Title  
**BID SET**

Drawing Title  
**RENDERINGS**

Sheet No.  
**G102**

Date 2019-07-12  
Project No. 21615





VIEW FROM LARKIN STREET LOOKING WEST  
(SEE FINISH SCHEDULE FOR REVISED COLORS)

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Description	Issuances	Date
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BID SET		07/12/2019
	Revisions	
Rev	Description	Date

Set Title

**BID SET**

Drawing Title

**RENDERINGS**

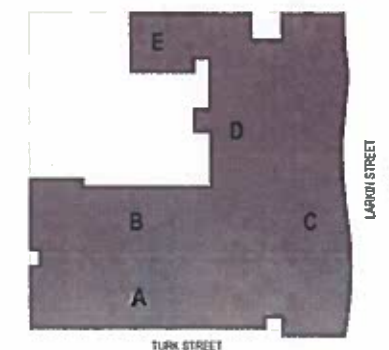
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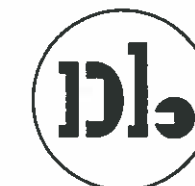
Date 2019-07-12  
Project No. 21615



VIEW FROM LARKIN STREET LOOKING WEST  
(SEE FINISH SCHEDULE FOR REVISED COLORS)



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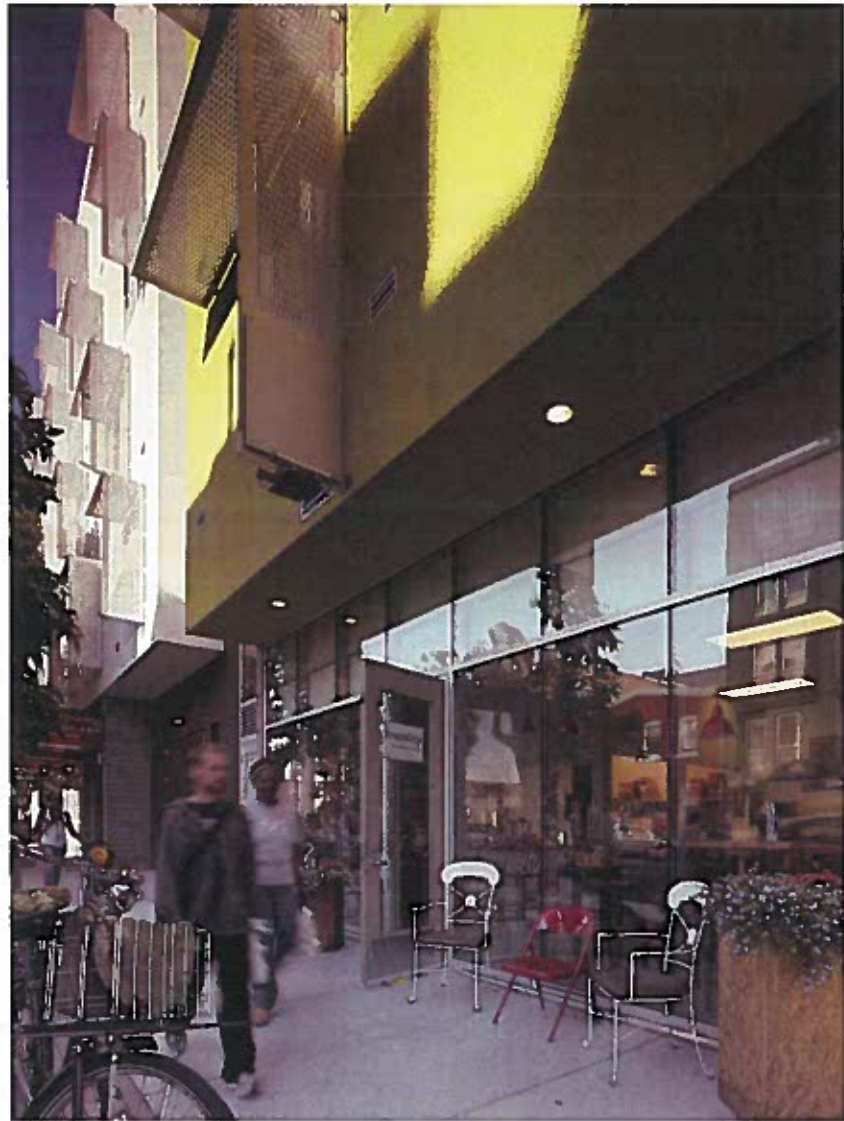
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35% CDs		10/26/2018
MOD Submittal		02/22/2019
MOD R1/ADDENDUM 2		05/17/2019
BID SET		07/12/2019
	Revisions	
Rev.	Description	Date

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**BID SET**

Drawing Title  
**PROJECT VIGNETTES - ENTRY**

Sheet No.  
**G200**

Date 2019-07-12  
Project No. 21615



VIEW FROM LARKIN STREET LOOKING SOUTH WEST  
(SEE FINISH SCHEDULE FOR REVISED COLORS)



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Description	Issuances	Date
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100% Schematic Design		03/08/2018
50% Design Development		05/10/2018
100% Design Development		06/28/2018
35% CDs		10/26/2018
MOD Submittal		02/22/2019
MOD R1/ADDENDUM 2		05/17/2019
BID SET		07/12/2019
	Revisions	
Rev	Description	Date

Set Title  
**BID SET**

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Sheet No.  
**G201**

Date 2019-07-12  
Project No. 21615

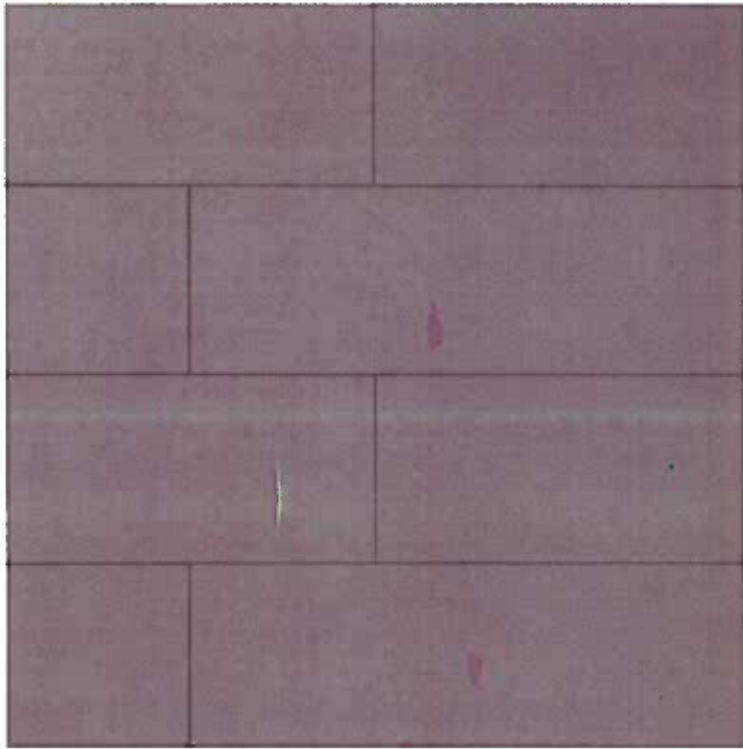
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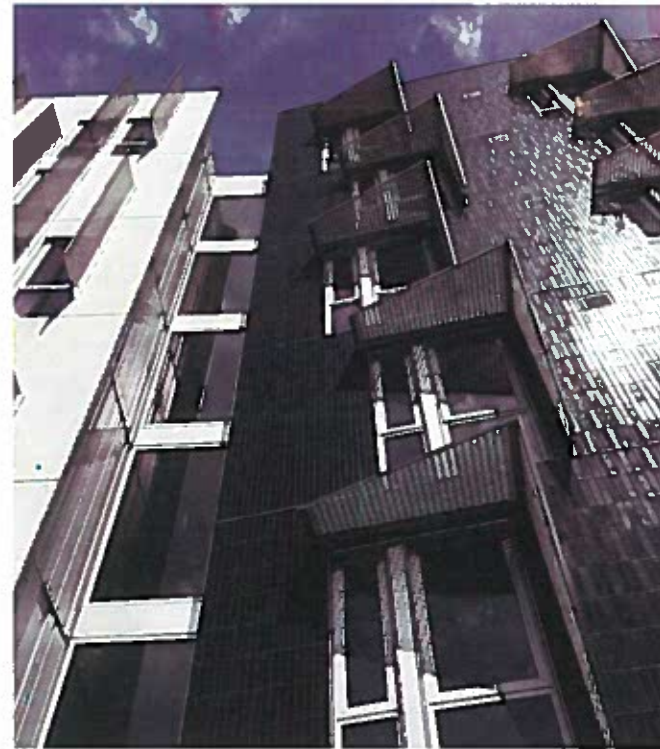
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PRE-FINISHED FIBER CEMENT RAINSCREEN PANELS



PRE-FINISHED FIBER CEMENT RAINSCREEN PANELS



PRE-FINISHED FIBER CEMENT RAINSCREEN PANELS AND VARIED COLOR/FINISH THIN BRICK



VARIED COLOR/FINISH THIN BRICK  
 (SEE FINISH SCHEDULE FOR REVISED COLORS)



PRE-FINISHED FIBER CEMENT RAINSCREEN PANELS AND VARIED COLOR/FINISH THIN BRICK



ALUMINUM STOREFRONT WINDOWS AND BOARD FORMED TEXTURED CONCRETE

License Stamp

Description	Issuances	
	Date	Date
Site Permit	12/15/2017	
100% Schematic Design	03/08/2018	
50% Design Development	05/10/2018	
100% Design Development	06/28/2018	
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MOD R1/ADDENDUM 2	05/17/2019	
BID SET	07/12/2019	
	Revisions	
Rev.	Description	Date

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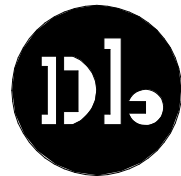
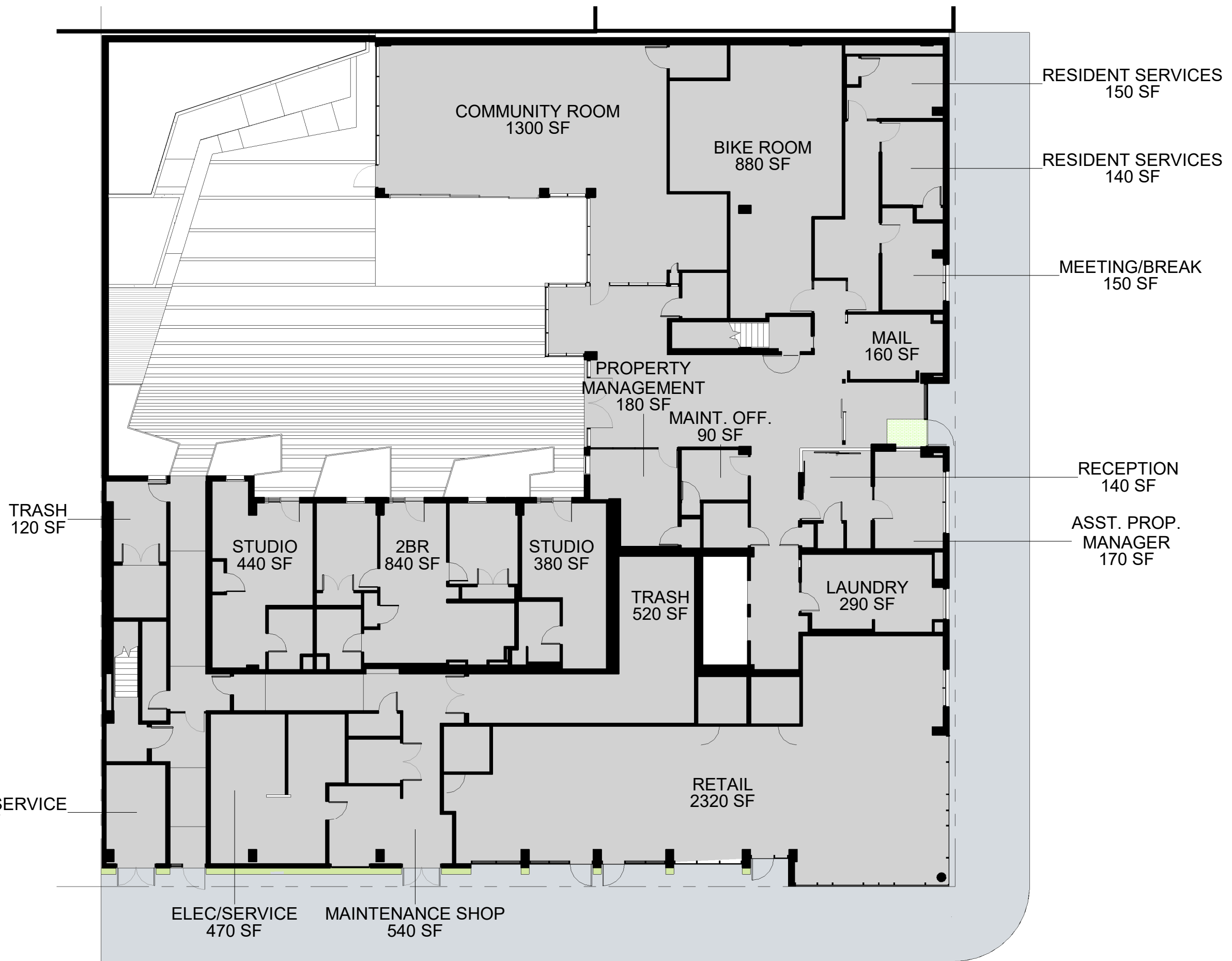
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MATERIALS BOARD

Sheet No.

G300

Date 2019-07-12  
 Project No. 21615



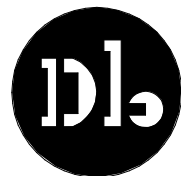
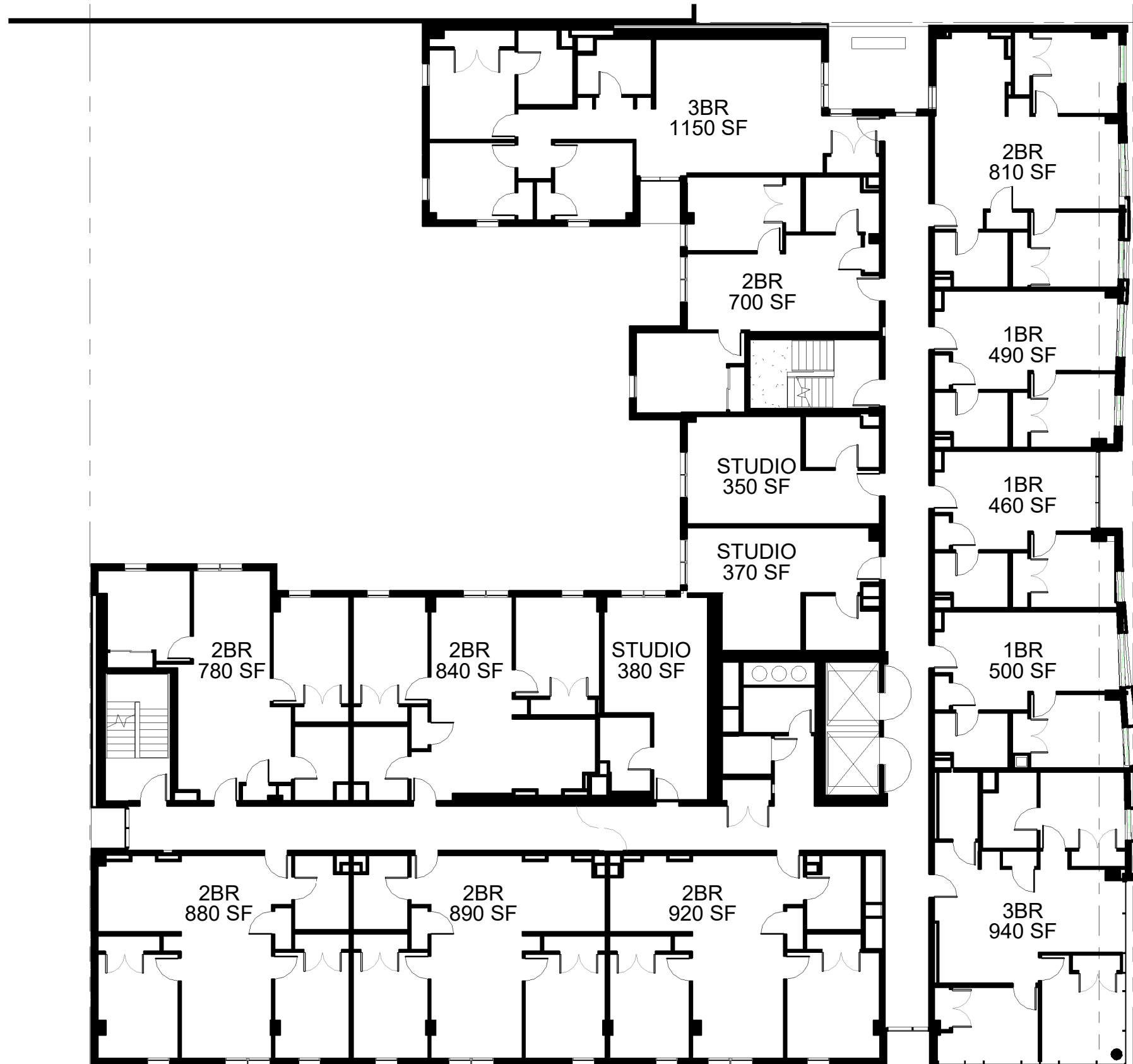
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555 LARKIN

Presentation Plan - Level 1

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 date: 2019-07-12

P-01



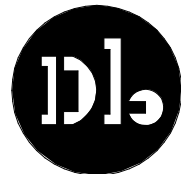
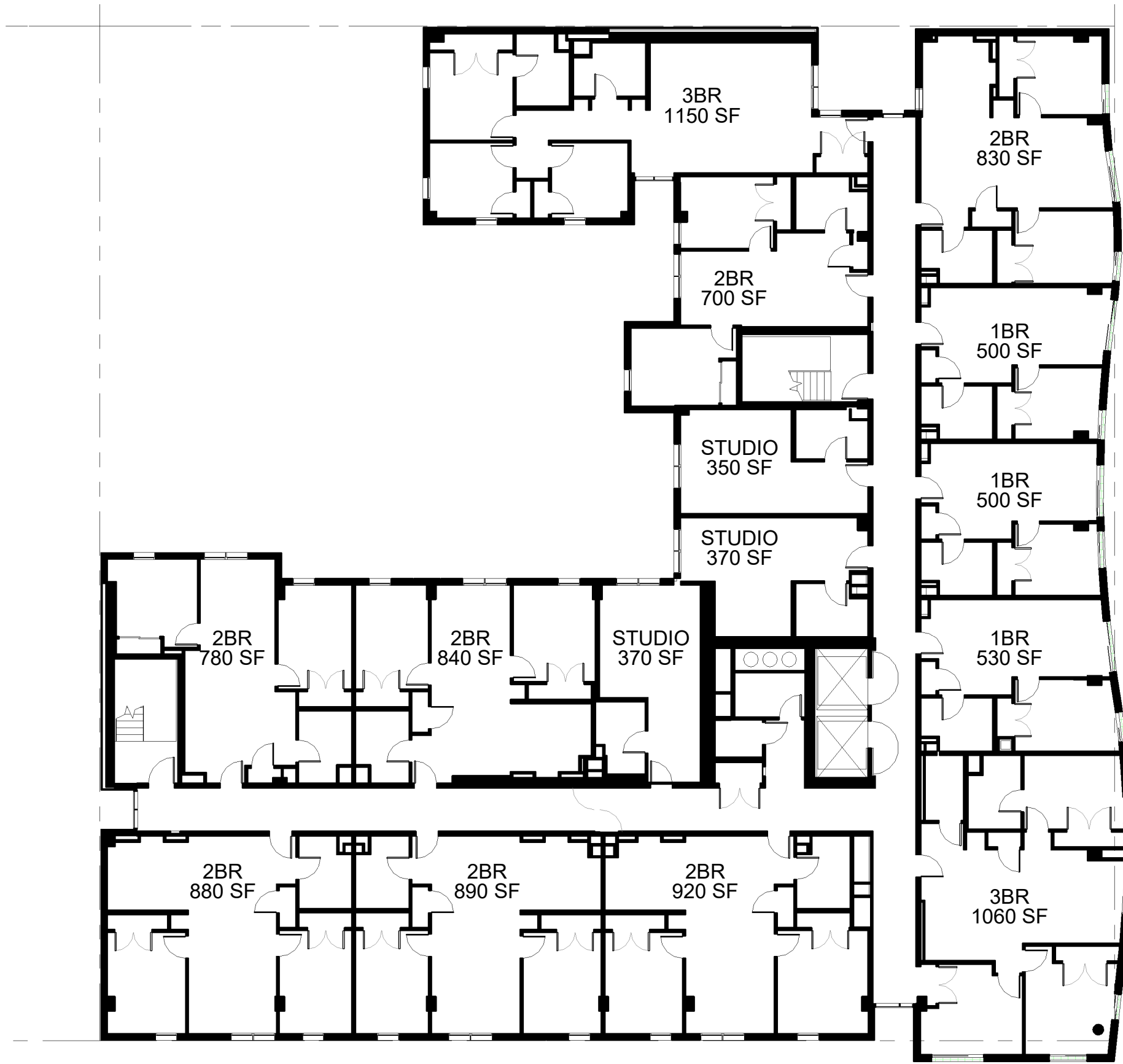
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555 LARKIN

Presentation Plan - Level 2

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P-02



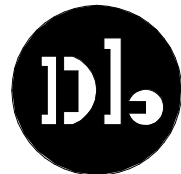
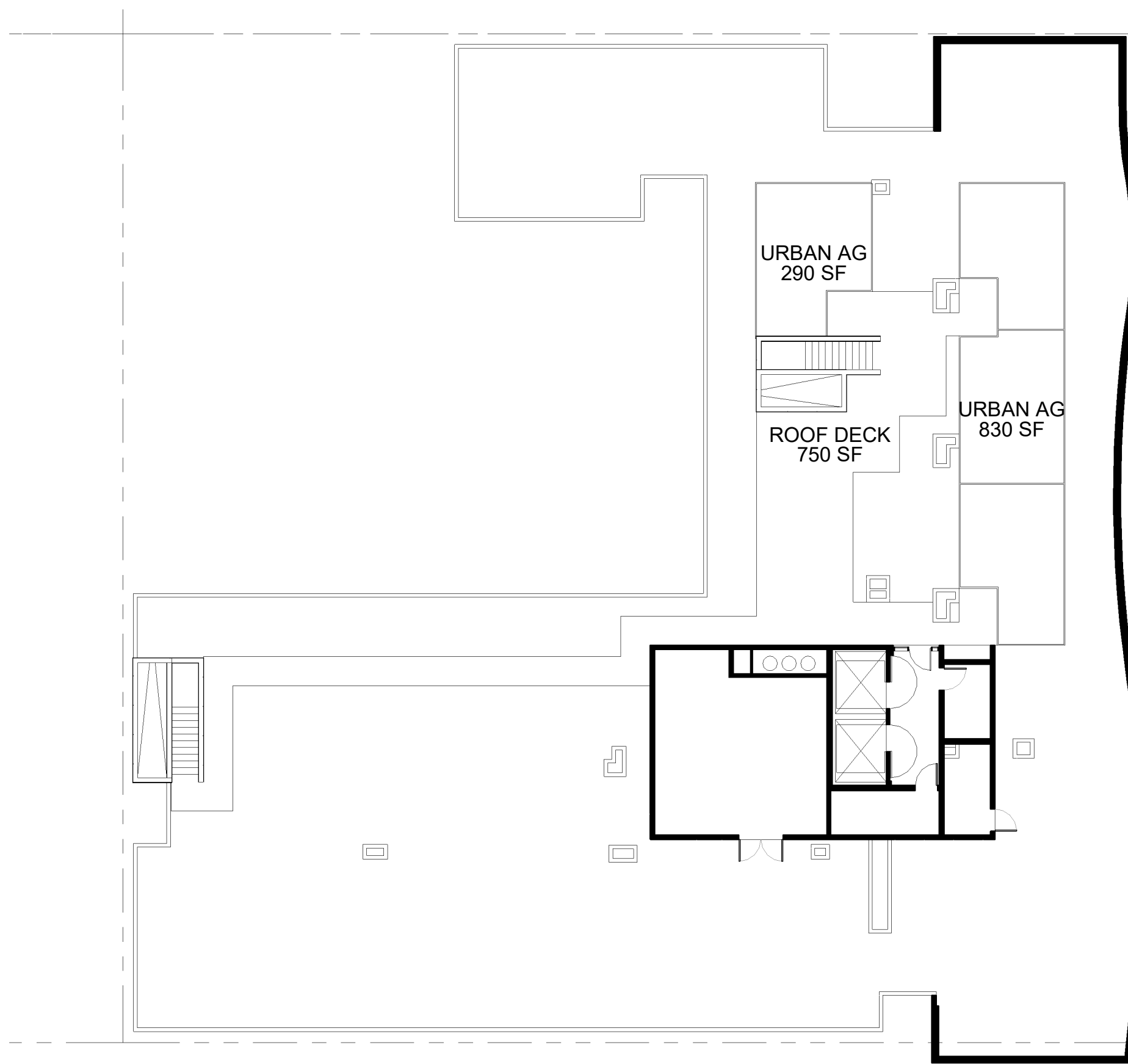
TNDC

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Presentation Plan - Level 8

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 date: 2019-07-12

P-03



TNDC

**555 LARKIN**  
Presentation Plan - Roof

1/16" = 1'-0"

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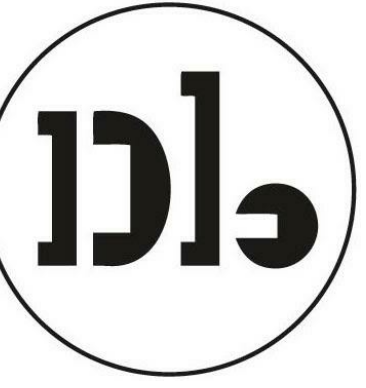
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**P-04**



# 555 LARKIN



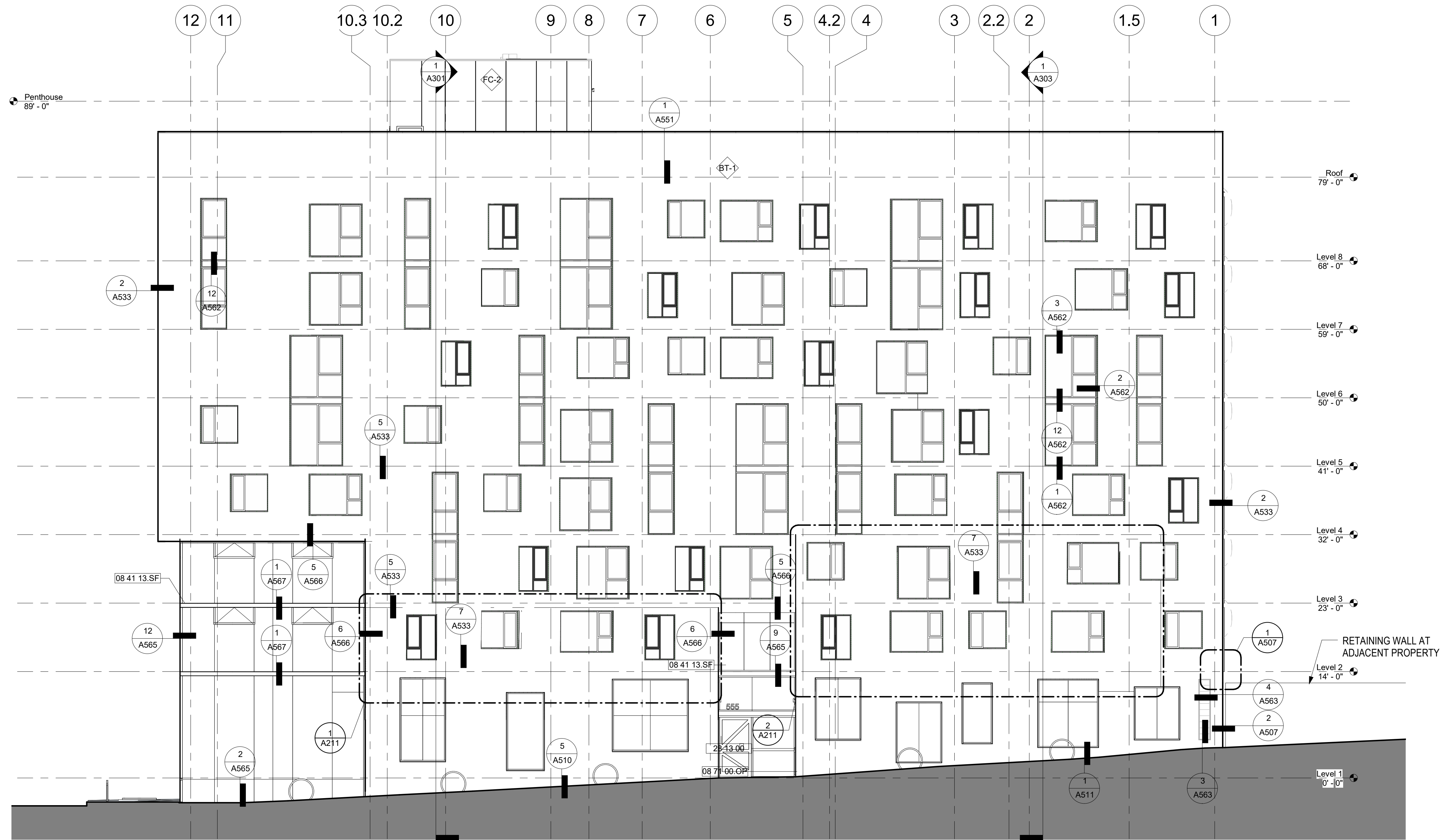
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Issuances	
Description	Date
Site Permit	12/15/2017
100% Schematic Design	03/08/2018
50% Design Development	05/10/2018
100% Design Development	06/28/2018
35% CDs	10/26/2018
MOD Submittal	02/22/2019
MOD R1/ADDENDUM 2	05/17/2019
BID SET	07/12/2019
Revisions	
Rev.	Description
Date	



0' 2' 4' 8' 1/8" = 1'-0"

EAST ELEVATION 1

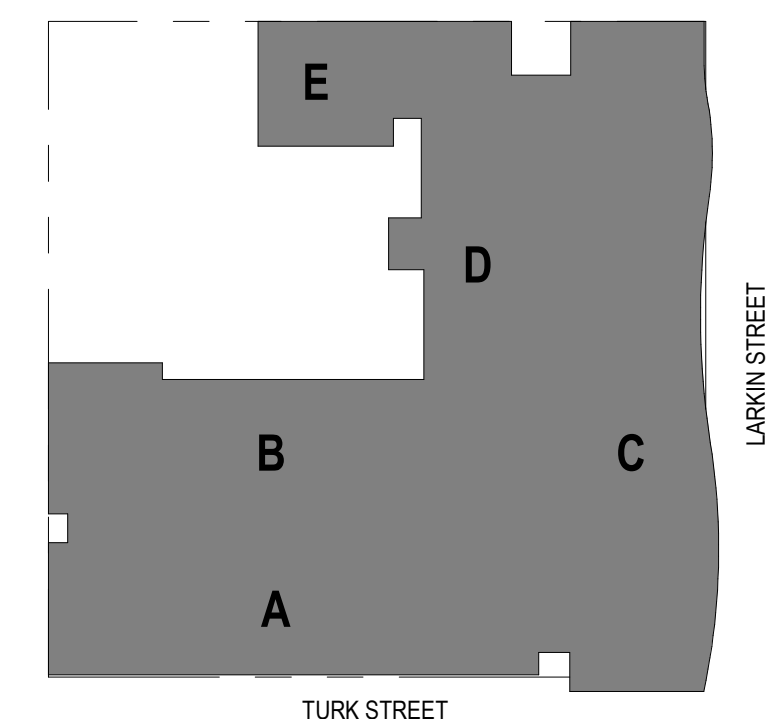
LEGEND - KEYNOTES

Key Value	Keynote Text
08 41 13.SF	Aluminum Framed Storefront; See Storefront Schedule
08 71 00.OP	Power Assisted Door Operator; See Hardware Schedule
28 13 00	Access Control Equipment; SED

- BT-1 Low fire brick tile cladding in mixed colors and thicknesses; 042113, See A531
- FC-2 Vertical board-formed concrete; SSD, 033000, 033460
- FC-1 Fiber Cement Panels, 3' x 9'; 074646
- FC-3 Fiber Cement Panels, Penthouse; 074646

12" = 1'-0"

LEGEND - MATERIALS



Set Title

**BID SET**

Drawing Title

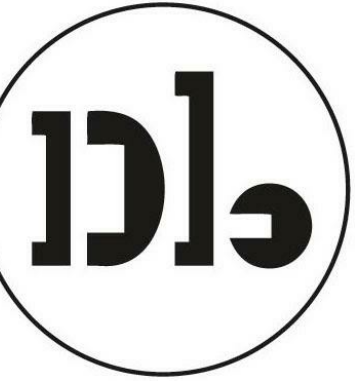
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Sheet No.

**A201**

Date 2019-07-12  
 Project No. 21615

# 555 LARKIN



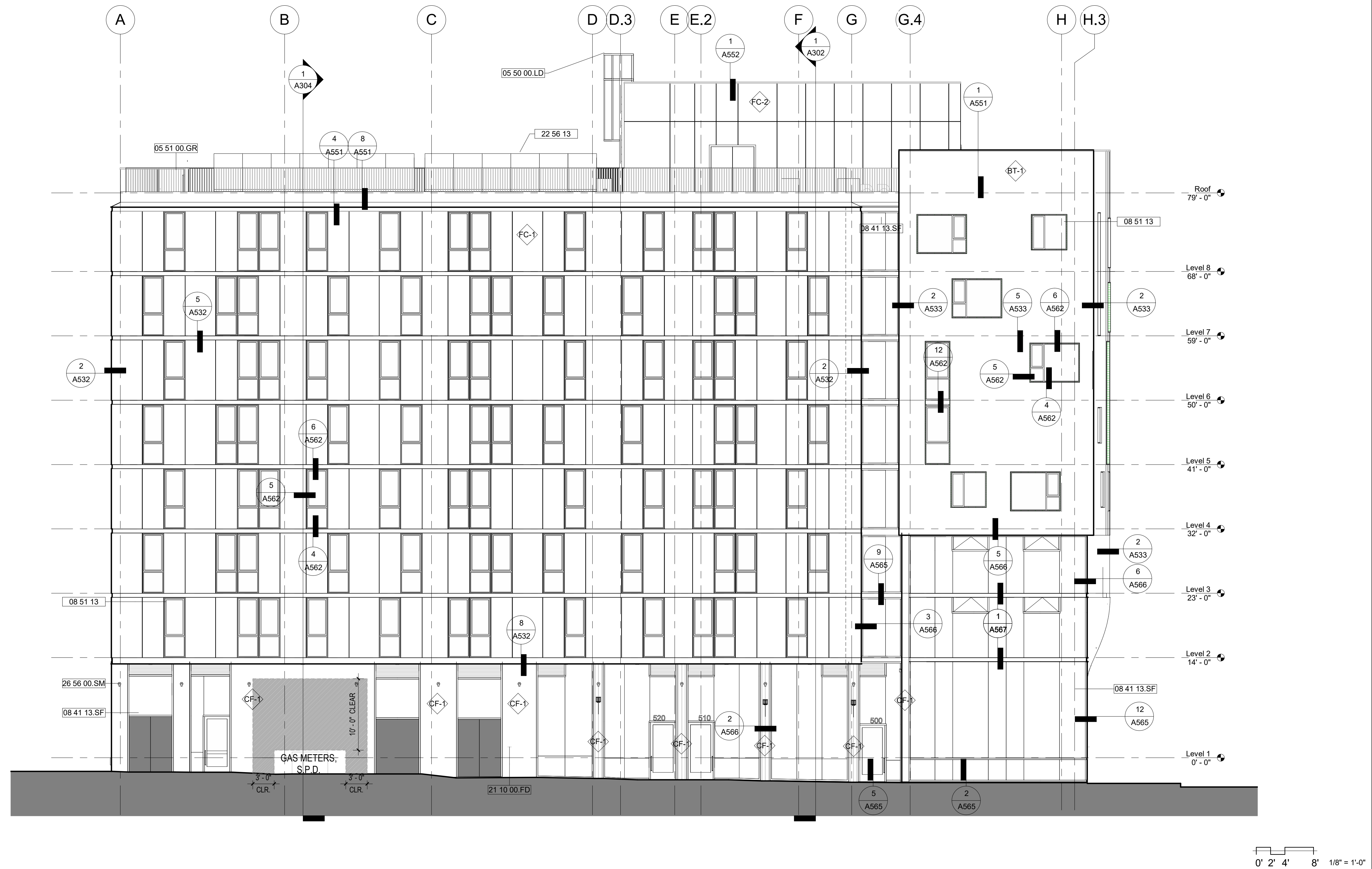
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Issuances	
Description	Date
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Rev.	Description
Date	

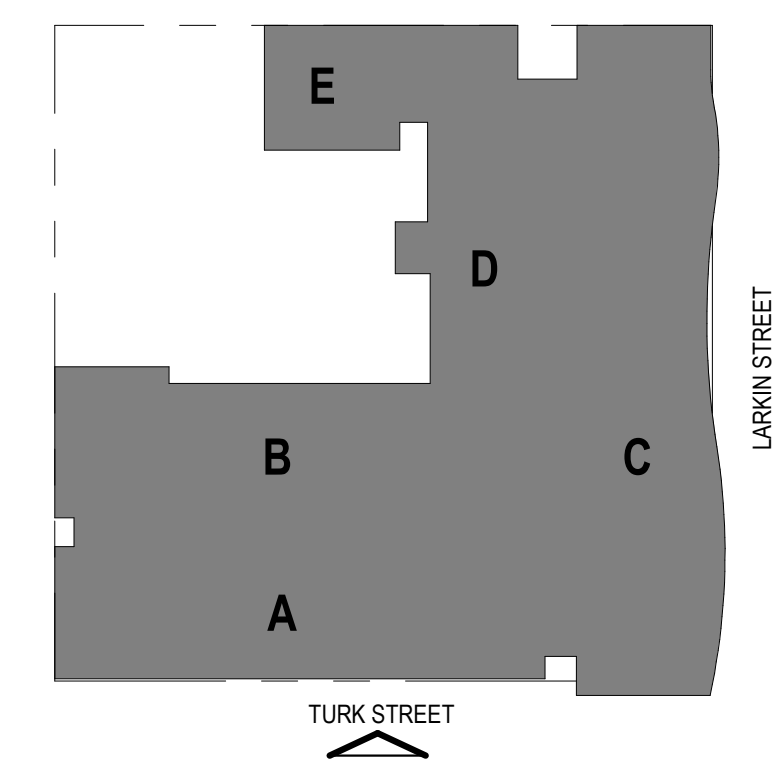


0' 2' 4' 8' 1/8" = 1'-0"

**SOUTH ELEVATION 1**

LEGEND - KEYNOTES	
Key Value	Keynote Text
05 50 00.LD	Steel Ladder Division 05
05 51 00.GR	Guardrail; See Details as tagged
08 41 13.SF	Aluminum Framed Storefront; See Storefront Schedule
08 51 13	Aluminum Window; See Window Schedule
21 10 00.FD	Fire Department Connection
22 56 13	Solar Thermal Water Heating System (Design/Build)
26 56 00.SM	Exterior Light Fixture, Surface-Mount, SED

- BT-1 Low fire brick tile cladding in mixed colors and thicknesses; 042113, See A531
- CF-1 Vertical board-formed concrete; SSD, 033000, 033460
- FC-1 Fiber Cement Panels, 3' x 9'; 074646
- FC-2 Fiber Cement Panels, Penthouse; 074646



LEGEND - MATERIALS

12" = 1'-0"

Set Title

**BID SET**

Drawing Title

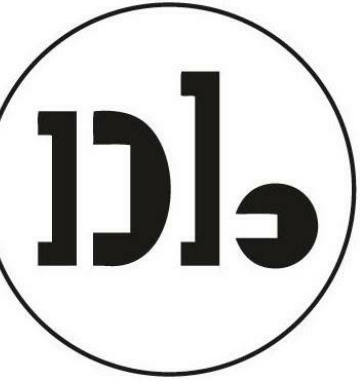
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Sheet No.

**A202**

Date 2019-07-12  
Project No. 21615

# 555 LARKIN



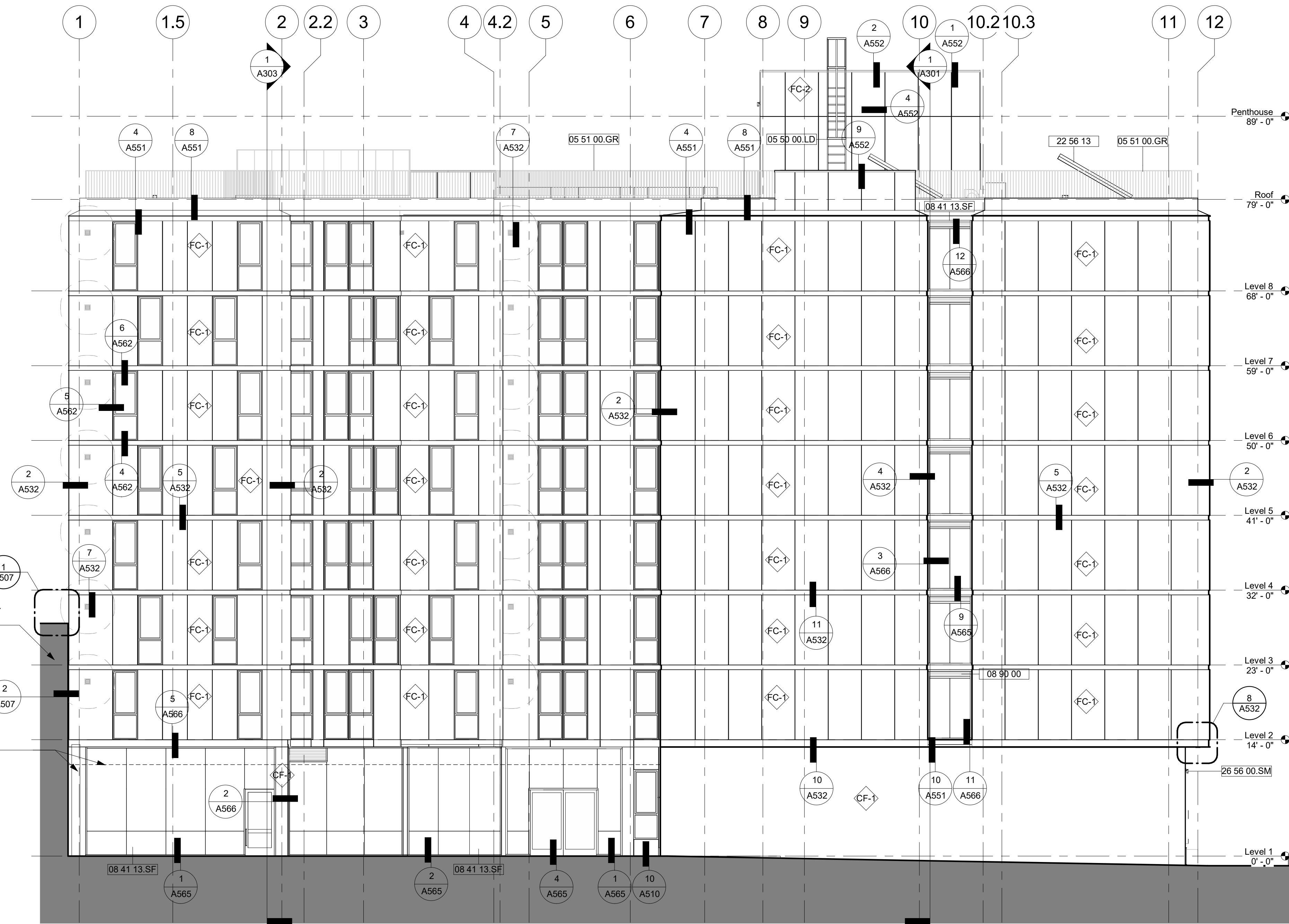
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**PROGRESS PRINT**  
 DATE PLOTTED:  
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License Stamp

Issuances	
Description	Date
Site Permit	12/15/2017
100% Schematic Design	03/08/2018
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35% CDs	10/26/2018
MOD Submittal	02/22/2019
MOD R1/ADDENDUM 2	05/17/2019
BID SET	07/12/2019
Revisions	
Rev.	Description
Date	



RETAINING WALL AND BUILDING AT ADJACENT PROPERTY

BOARD FORMED C.I.P. CONCRETE SITE WALL, S.L.D., S.S.D.

0' 2' 4' 8' 1/8" = 1'-0"

WEST ELEVATION 1

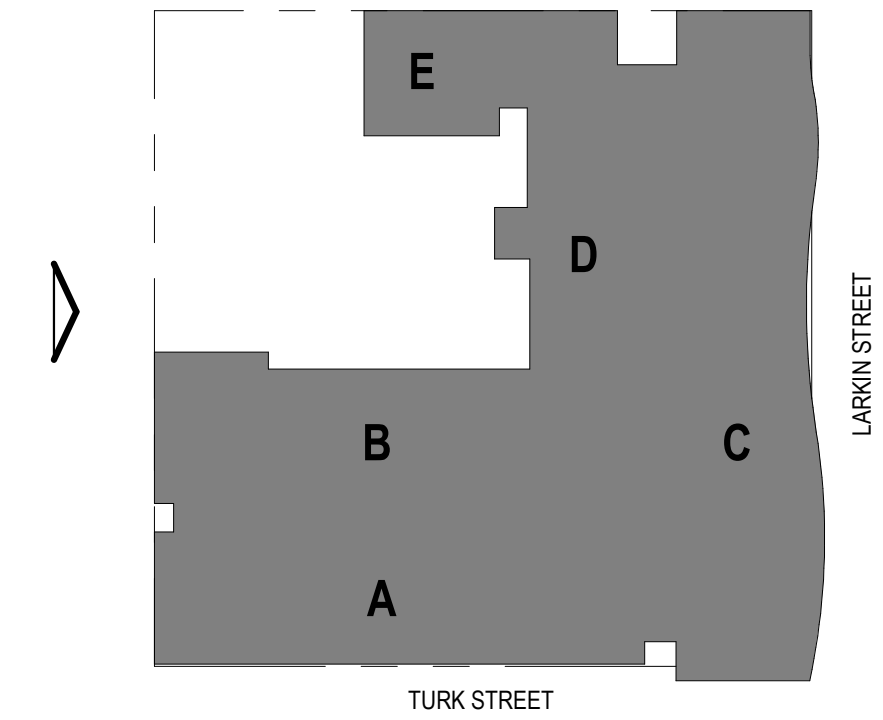
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Key Value	Keynote Text
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05 51 00.GR	Guardrail; See Details as tagged
08 41 13.SF	Aluminum Framed Storefront; See Storefront Schedule
08 90 00	Lower or Vent; SMD, Louver Schedule, & Spec.
22 56 13	Solar Thermal Water Heating System (Design/Build)
26 56 00.SM	Exterior Light Fixture, Surface-Mount; SED

- Low fire brick tile cladding in mixed colors and thicknesses; 042113, See A531
- Vertical board-formed concrete; SSD, 033000, 033460
- Fiber Cement Panels, 3' x 9'; 074646
- Fiber Cement Panels, Penthouse; 074646

12" = 1'-0"

LEGEND - MATERIALS



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**BID SET**

Drawing Title  
**ELEVATIONS**

Sheet No.  
**A203**

Date: 2019-07-12  
 Project No.: 21615

# 555 LARKIN



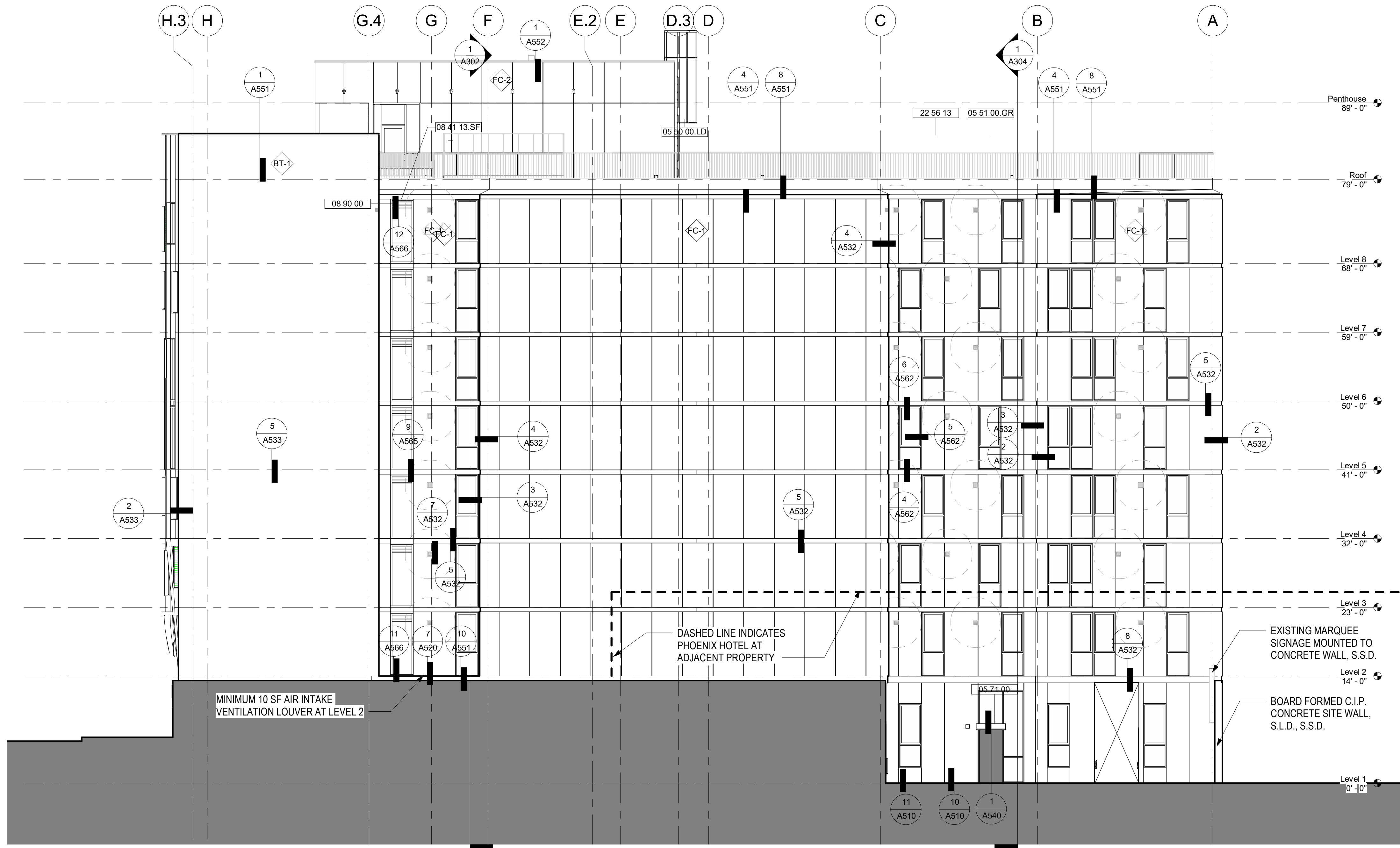
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**PROGRESS PRINT**  
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License Stamp

Issuances	
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35% CDs	10/26/2018
MOD Submittal	02/22/2019
MOD R1/ADDENDUM 2	05/17/2019
BID SET	07/12/2019
Revisions	
Rev.	Description
Date	



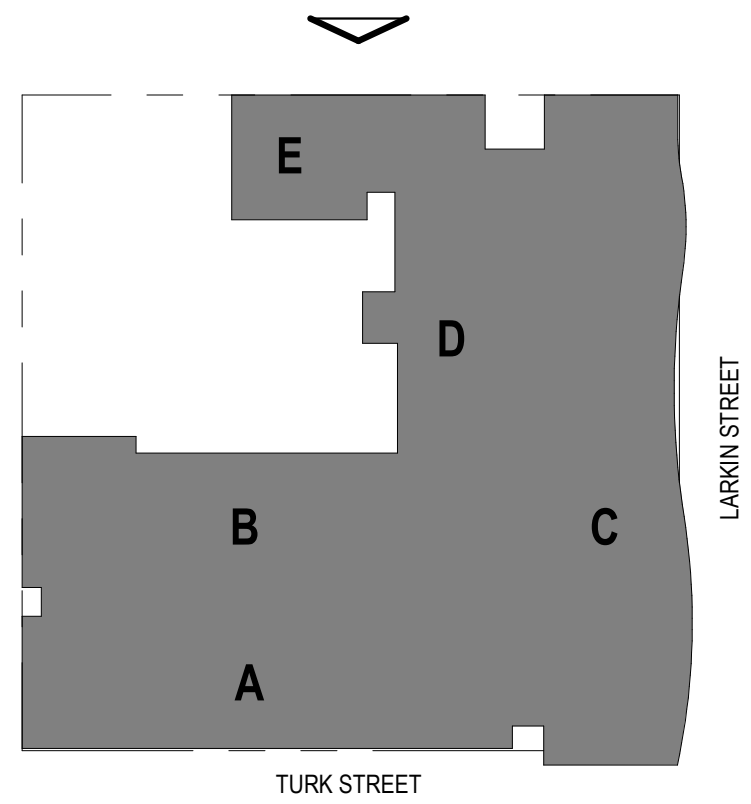
0' 2' 4' 8' 1/8" = 1'-0"

NORTH ELEVATION 1

LEGEND - KEYNOTES

Key Value	Keynote Text
05 50 00.LD	Steel Ladder Division 05
05 51 00.GR	Guardrail; See Details as tagged
05 71 00	Ornamental Metal
08 41 13.SF	Aluminum Framed Storefront; See Storefront Schedule
08 90 00	Louver or Vent; SMD, Louver Schedule, & Spec.
22 56 13	Solar Thermal Water Heating System (Design/Build)

- Low fire brick tile cladding in mixed colors and thicknesses; 042113, See A531
- Vertical board-formed concrete; SSD, 033000, 033460
- Fiber Cement Panels, 3' x 9'; 074646
- Fiber Cement Panels, Penthouse; 074646



LEGEND - MATERIALS

Set Title  
**BID SET**

Drawing Title  
**ELEVATIONS**

Sheet No.  
**A204**

Date 2019-07-12  
 Project No. 21615

# 555 LARKIN



David Baker Architects  
dbarchitect.com  
461 Second St, Loft c127  
San Francisco, CA 94107  
415.896.6700



**PROGRESS PRINT**  
DATE PLOTTED:  
**NOT FOR CONSTRUCTION**

License Stamp

Issuances	
Description	Date
Site Permit	12/15/2017
100% Schematic Design	03/08/2018
50% Design Development	05/10/2018
100% Design Development	06/28/2018
35% CDs	10/26/2018
MOD Submittal	02/22/2019
MOD R1/ADDENDUM 2	05/17/2019
BID SET	07/12/2019
Revisions	
Rev.	Description
Date	

Set Title

**BID SET**

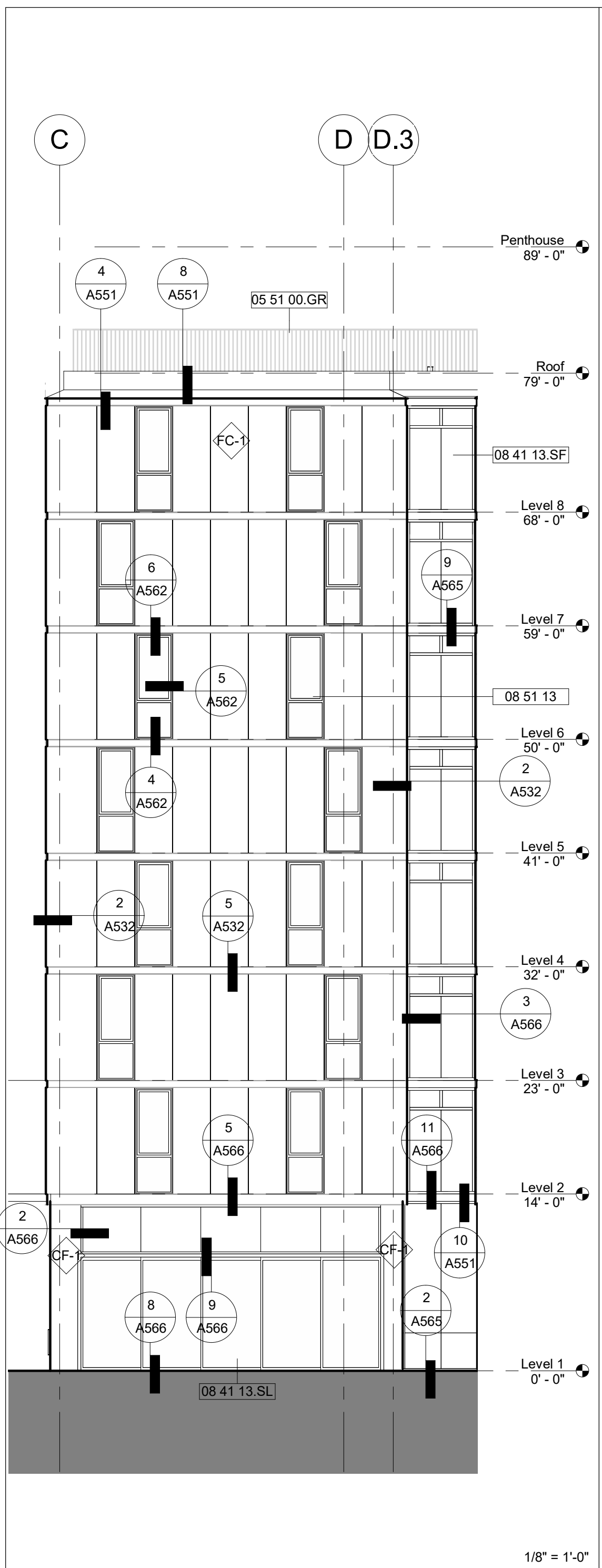
Drawing Title

**ELEVATIONS**

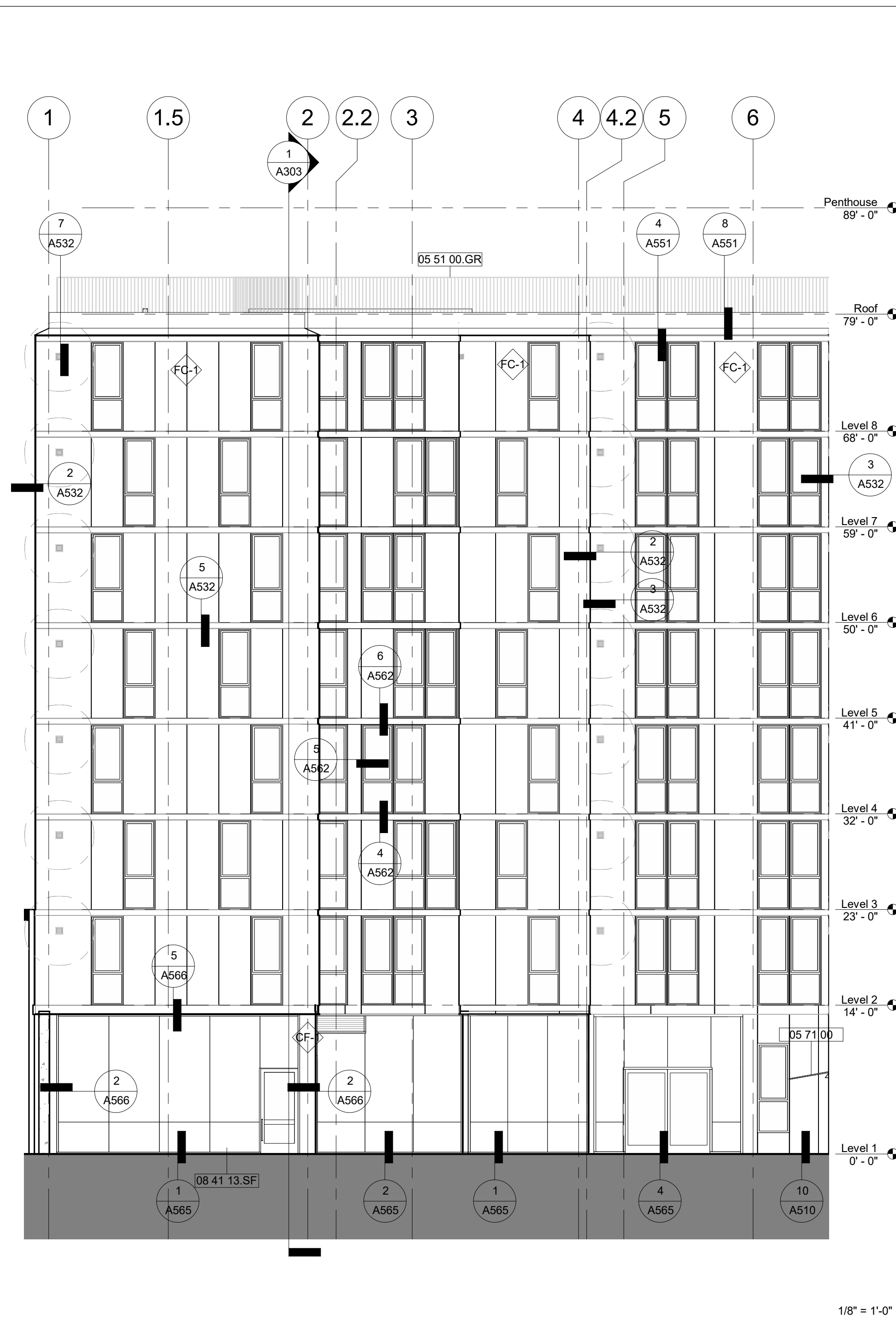
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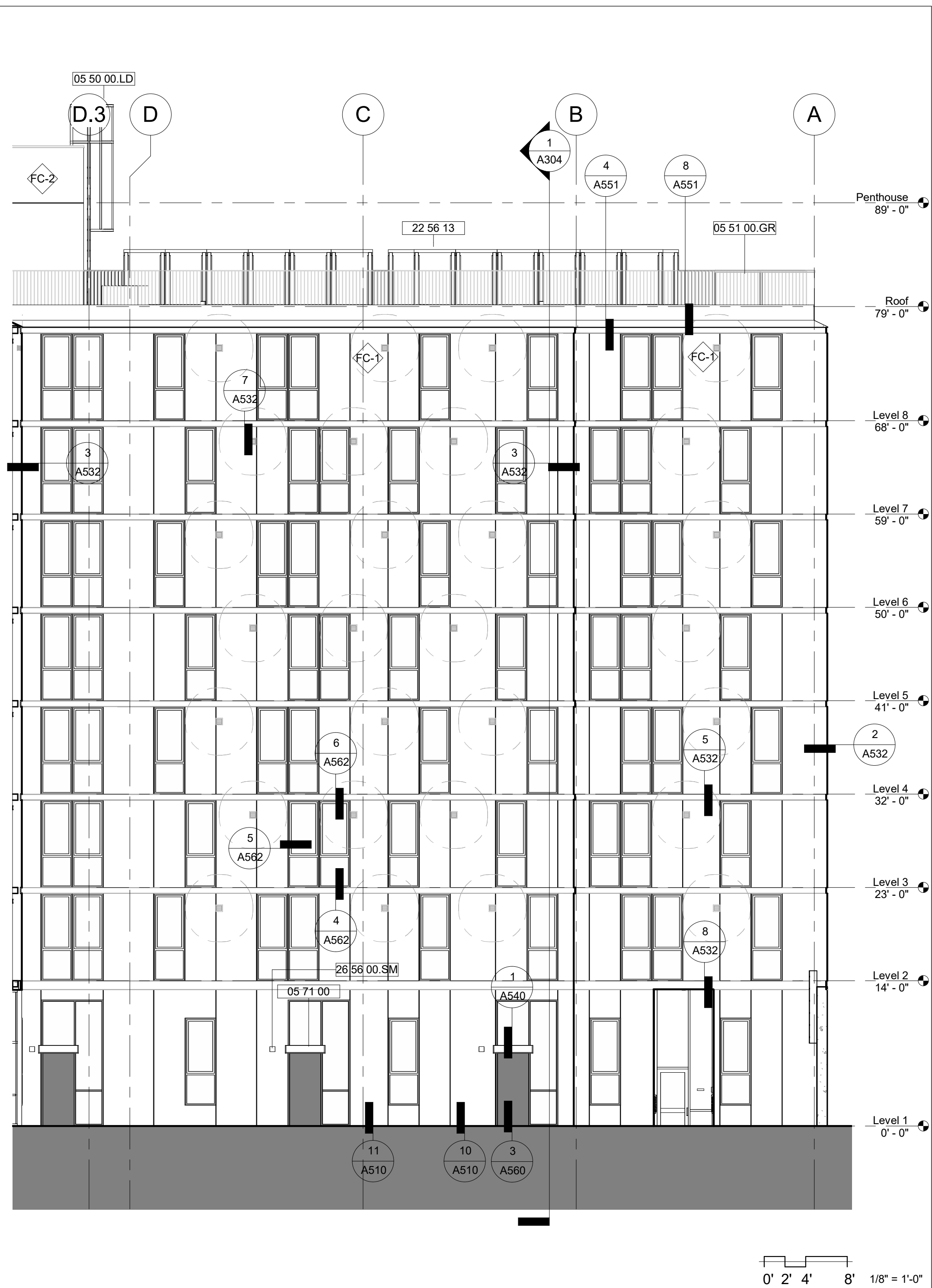
Date 2019-07-12  
Project No. 21615



COURTYARD NORTH 3



COURTYARD EAST 2



COURTYARD SOUTH 1

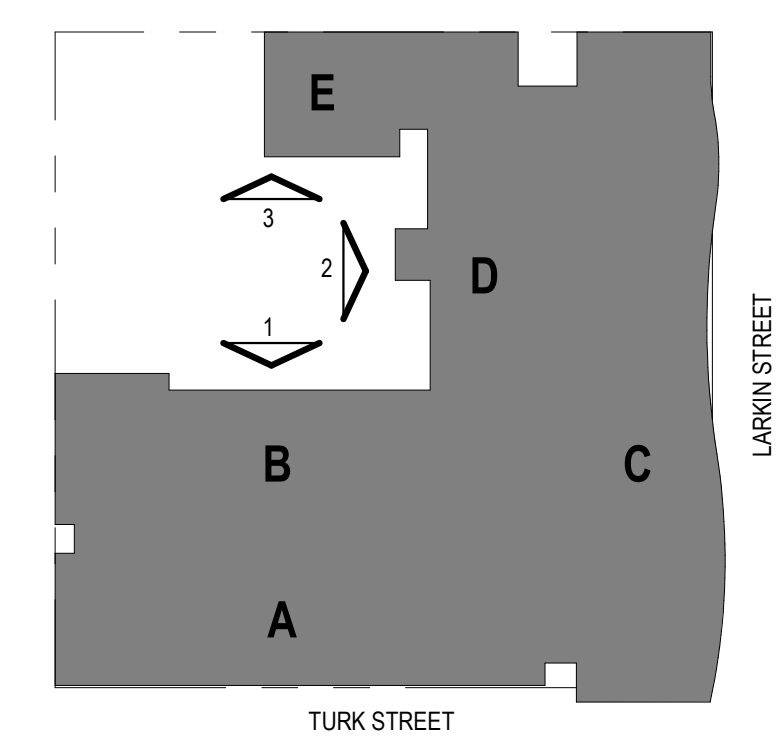
LEGEND - KEYNOTES

Key Value	Keynote Text
05 50 00.LD	Steel Ladder Division 05
05 51 00.GR	Guardrail; See Details as tagged
05 71 00	Ornamental Metal
08 41 13.SF	Aluminum Framed Storefront; See Storefront Schedule
08 41 13.SL	Aluminum Storefront Sliding Door with Operable Leaf
08 51 13	Aluminum Window; See Window Schedule
22 56 13	Solar Thermal Water Heating System (Design/Build)
26 56 00.SM	Exterior Light Fixture, Surface-Mount; SED

- Low fire brick tile cladding in mixed colors and thicknesses; 042113, See A531
- Vertical board-formed concrete; SSD, 033000, 033460
- Fiber Cement Panels, 3' x 9'; 074646
- Fiber Cement Panels, Penthouse; 074646

12" = 1'-0"

LEGEND - MATERIALS





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415.896.6700



**PROGRESS PRINT**  
DATE PLOTTED:  
**NOT FOR CONSTRUCTION**

License Stamp

Issuances	
Description	Date
Site Permit	12/15/2017
100% Schematic Design	03/08/2018
50% Design Development	05/10/2018
100% Design Development	06/28/2018
35% CDs	10/26/2018
MOD Submittal	02/22/2019
MOD R1/ADDENDUM 2	05/17/2019
BID SET	07/12/2019
Revisions	
Rev.	Description
Date	

Set Title

**BID SET**

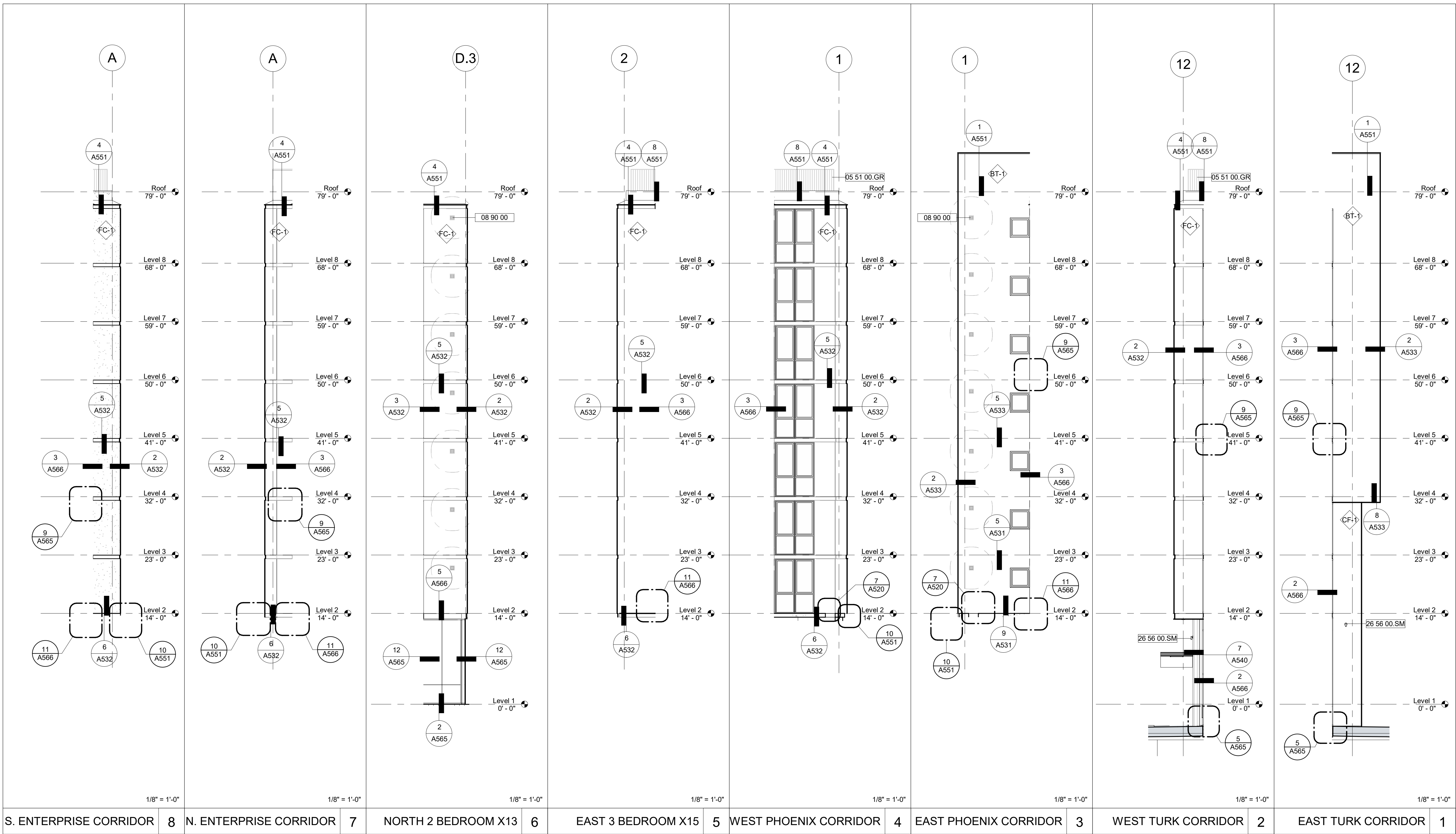
Drawing Title

**ELEVATIONS**

Sheet No.

**A206**

Date 2019-07-12  
Project No. 21615

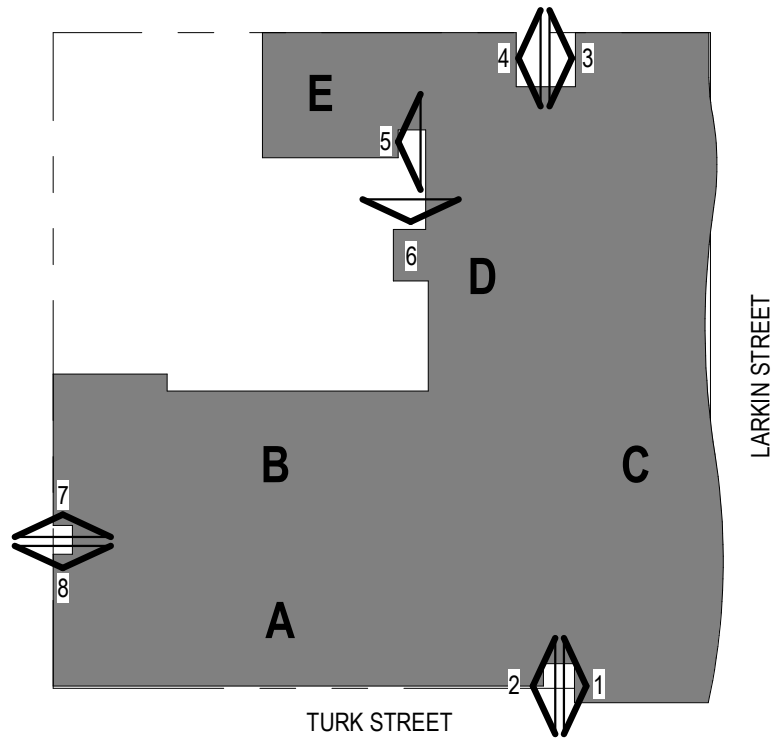


LEGEND - KEYNOTES

Key Value	Keynote Text
05 51 00.GR	Guardrail; See Details as tagged
08 90 00	Louver or Vent; SMD, Louver Schedule, & Spec.
26 56 00.SM	Exterior Light Fixture, Surface-Mount; SED

- Low fire brick tile cladding in mixed colors and thicknesses; 042113, See A531
- Vertical board-formed concrete; SSD, 033000, 033460
- Fiber Cement Panels, 3' x 9'; 074646
- Fiber Cement Panels, Penthouse; 074646

LEGEND - MATERIALS



12" = 1'-0"

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

## Affordable Multifamily Housing New Construction Cost Comparison

Updated 10/15/2019

PROJECTS COMPLETED						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
95 Laguna Senior	95 Laguna	14,300	May-19	79	82	59,785	7,316	67,101	\$ 5,012,000	\$ 31,227,547	\$ 11,343,750	\$ 47,583,297	\$ 21,234,000	\$ 42,571,297	9% LIHTC	7 Story - 5 stories Type III over 2 stories Type IA + Community Services space (Open House)
Hunters View Phase II - BI 7 & 11	227-229 West Point Rd	82,703	May-17	107	239	117,023	23,857	140,880	\$ -	\$ 56,585,106	\$ 9,272,003	\$ 65,857,109	\$ 19,737,243	\$ 65,857,109	2 HCD Loans (MHP & IIG)	Mixed Townhome stepping downslope and Type III-V over Type I flats w/pkg
Hunters View Phase II - Block 10	146 West Point Road	52,333	Jun-18	72	144	90,274	13,328	103,602	\$ -	\$ 43,833,752	\$ 2,514,890	\$ 46,348,642	\$ 19,737,243	\$ 46,348,642	9% LIHTC	Type IIIA over Type I Podium 5 Stories + Parking, Community Hub and Childcare
Transbay 7 - Natalie Gubb Comm	222 Beale Street	29,209	Oct-18	120	208	118,251	5,000	123,251	\$ 35,000	\$ 58,219,135	\$ 16,314,468	\$ 74,568,603	\$ 25,560,000	\$ 74,533,603	HCD AHSC Loan	3 Buildings - Type I Podium, 4-8 stories (Pueblo structural system), plus Childcare shell
Mission Family Housing	1036 Mission	15,200	Oct-18	88	134	92,462	6,955	99,417	\$ 5,551,029	\$ 39,341,137	\$ 6,583,453	\$ 51,475,619	\$ 17,704,400	\$ 45,924,590	2 HCD Loans (MHP & TOD)	Type IB - 9 story
Potrero Block X (Vertical)	25th and Connecticut	30,000	Sep-19	72	139	86,569	28,952	115,521	\$ 20,700	\$ 57,730,733	\$ 12,766,230	\$ 70,517,663	\$ 17,693,093	\$ 70,496,963		Type IIIA & V over Type I Podium (4-6 stories) stepped w/ topography. No infrast. Cost
<b>Completed Projects:</b>	<b>Average:</b>	<b>37,291</b>		<b>90</b>	<b>158</b>	<b>94,061</b>	<b>14,235</b>	<b>108,295</b>	<b>\$ 2,654,682</b>	<b>\$ 47,822,902</b>	<b>\$ 9,799,132</b>	<b>\$ 59,391,822</b>	<b>\$ 20,277,663</b>	<b>\$ 57,622,034</b>		

PROJECTS UNDER CONSTRUCTION						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
Eddy and Taylor Family Housing	222 Taylor	22,344	Jun-19	113	211	108,440	21,086	129,526	\$ 9,300,000	\$ 52,187,291	\$ 14,837,459	\$ 76,324,750	\$ 23,052,146	\$ 67,024,750	2 HCD Loans (MHP & TOD)	Type IB - 8 story, extensive PG&E regional switch required
490 South Van Ness	490 S. Van Ness Avenue	14,250	Apr-20	81	121	51,639	28,985	80,624	\$ 18,500,000	\$ 43,647,993	\$ 13,393,811	\$ 75,541,804	\$ 28,892,030	\$ 57,041,804		Type IA - 7 stories over partial basement
2060 Folsom Street	2060 Folsom	29,075	Nov-20	127	252	155,648	11,810	167,458	\$ 134,931	\$ 71,655,660	\$ 20,100,172	\$ 91,890,763	\$ 31,697,110	\$ 91,755,832	HCD AHSC Loan	9 Story Type IB - TAY, Childcare, Community Hub w/AHSC Improvements of \$6MM
1950 Mission Street	1950 Mission Street	36,590	Nov-20	157	262	113,432	48,142	161,574	\$ 9,775,000	\$ 85,644,853	\$ 15,171,496	\$ 110,591,349	\$ 44,945,740	\$ 100,816,349	HCD AHSC Loan	Type IA - 9 stories with significant (30% of sf) art and PDR spaces and Paseo Des Artes
1990 Folsom Street	1990 Folsom	29,047	Dec-20	143	226	138,824	15,063	153,887	\$ 8,407,380	\$ 73,760,332	\$ 25,616,512	\$ 107,784,224	\$ 46,711,496	\$ 99,376,844		Mixed type - Type VA (townhomes) and 8 story Type I over Podium
735 Davis Senior Housing	735 Davis	10,165	Nov-20	53	54	46,143	1,257	47,400	\$ -	\$ 29,049,657	\$ 11,846,397	\$ 40,896,054	\$ 18,525,949	\$ 40,896,054		Type IIIA & V over Type I Podium (5-6 stories) - Senior
88 Broadway - Family Housing	88 Broadway	38,182	Mar-21	125	221	140,279	8,700	148,979	\$ 14,900,000	\$ 69,461,936	\$ 27,758,226	\$ 112,120,162	\$ 27,908,676	\$ 97,220,162		Type IIIA & V over Type I Podium (5-6 stories) - family
691 China Basin (MB South 6W)	691 China Basin St	49,437	Mar-21	152	294	178,050	7,098	185,148	\$ -	\$ 97,322,472	\$ 27,507,082	\$ 124,829,554	\$ 47,361,690	\$ 124,829,554	HCD IIG Grant	Type III/podium and Type V/podium on mews wing, incl. 28 parking spaces, 4,640 sf child care spc
<b>Under Construction:</b>	<b>Average:</b>	<b>28,636</b>		<b>119</b>	<b>205</b>	<b>116,557</b>	<b>17,768</b>	<b>134,325</b>	<b>\$ 10,147,063</b>	<b>\$ 65,341,274</b>	<b>\$ 19,528,894</b>	<b>\$ 92,497,333</b>	<b>\$ 33,636,855</b>	<b>\$ 84,870,169</b>		

PROJECTS IN PREDEVELOPMENT						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
4840 Mission	4840 Mission	63,127	Jan-22	114	182	119,569	8,300	127,869	\$ 12,000,000	\$ 76,707,054	\$ 13,329,476	\$ 102,036,530	\$ 27,786,294	\$ 90,036,530	HCD MHP Loan	NO CURRENT COSTING DATA -Mixed type - Type VA (townhomes) and Type IIIA over Type I Pod
Mission Bay S. Block 3E	1150 Third Street	47,140	Oct-19	119	192	83,138	41,062	124,200	\$ -	\$ 60,923,451	\$ 17,881,720	\$ 78,805,171	\$ 20,093,600	\$ 78,805,171	HCD VHPH Loan	Type V over Type I podium strong articulation / ext. skin added due to D4D reqmts.
681 Florida	681 Florida Street	19,000	Sep-20	130	199	99,770	58,530	158,300	\$ -	\$ 74,425,394	\$ 24,032,716	\$ 98,458,110	\$ 36,923,181	\$ 98,458,110	HCD MHP Loan	Type I mid rise, Large PDR presence
Casa de la Mision	3001 24th Street	6,715	Feb-20	45	45	26,439	1,239	27,678	\$ 3,225,000	\$ 17,049,794	\$ 425,847	\$ 20,700,641	\$ 1,313,694	\$ 21,988,460	9% LIHTC & private donation	Type V over Type I podium
Balboa Park Upper Yard	2340 San Jose Ave	30,750	Mar-21	131	214	175,335	10,741	186,076	\$ 6,150,000	\$ 87,810,144	\$ 20,150,966	\$ 114,111,110	\$ 32,743,700	\$ 114,111,110	HCD AHSC Loan	Type I, 9 stories, ground floor commercial, BART, with complex foundation
266 4th Steet	266 4th Street	8,400	Dec-21	70	99	58,663	1,580	60,500	\$ 133,100	\$ 42,600,330	\$ 17,001,667	\$ 58,984,284	\$ 9,393,118	\$ 59,117,384		Type I, 8 stories over MUNI substation tunnel, structurally complex, small footprint
Sunnydale Block 6	242 Hahn Street	95,213	Nov-19	167	375	167,065	76,656	243,721	\$ -	\$ 107,749,828	\$ 28,896,989	\$ 136,646,917	\$ 28,109,924	\$ 136,646,917		Type V over Podium (does not include infrastructure assignment)
Parcel U	Octavia and Haight	5,583	Dec-20	63	63	31,952	14,089	46,041	\$ -	\$ 34,886,479	\$ 11,434,910	\$ 46,321,389	\$ 14,662,188	\$ 46,321,389	9% Fed Credits & State Credits	Type I mid rise on very small / tight site
<b>In Predevelopment</b>	<b>Average:</b>	<b>34,491</b>		<b>105</b>	<b>171</b>	<b>93,991</b>	<b>26,525</b>	<b>119,116</b>	<b>\$ 3,893,666</b>	<b>\$ 62,769,072</b>	<b>\$ 16,644,286</b>	<b>\$ 82,008,019</b>	<b>\$ 21,378,212</b>	<b>\$ 80,685,634</b>		

**ALL PROJECTS**      **Average:**    **33,473**      **104**      **178**      **101,536**    **19,509**    **120,579**    **\$ 5,565,137**    **\$ 58,644,416**    **\$ 15,324,104**    **\$ 77,965,725**    **\$ 25,097,577**    **\$ 74,392,612**

**Subject Project**    **500 Turk Street**    **18,906**    **Jan-20**    **108**    **186**    **82,805**    **26,586**    **109,391**    **\$ 1,853,895**    **\$ 54,288,491**    **\$ 29,815,020**    **\$ 85,957,406**    **\$ 32,400,000**    **\$ 84,103,511**    **HCD AHSC Loan**    **Type I 8 stories on constrained site**

PROJECTS COMPLETED		Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft <sup>4</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>
95 Laguna Senior	May-19	63,443	61,122	350	395,285	380,824	465	143,592	\$ 138,338	\$ 169	\$ 602,320	\$ 580,284	\$ 709	\$ 268,785	55.4%
Hunters View Phase II - BI 7 & 11	May-17	-	-	-	528,833	236,758	402	86,654	\$ 38,795	\$ 66	\$ 615,487	\$ 275,553	\$ 467	\$ 184,460	70.0%
Hunters View Phase II - Block 10	Jun-18	-	-	-	608,802	304,401	423	34,929	\$ 17,465	\$ 24	\$ 643,731	\$ 321,866	\$ 447	\$ 274,128	57.4%
Natalie Gubb Commons (TB7)	Oct-18	292	168	1	485,159	279,900	472	135,954	\$ 78,435	\$ 132	\$ 621,405	\$ 358,503	\$ 605	\$ 213,000	65.7%
Mission Family Housing	Oct-18	63,080	41,426	365	447,058	293,591	396	74,812	\$ 49,130	\$ 66	\$ 584,950	\$ 384,146	\$ 518	\$ 201,186	65.6%
Potrero Block X (Vertical)	Sep-19	288	149	1	801,816	415,329	500	177,309	\$ 91,843	\$ 111	\$ 979,412	\$ 507,321	\$ 610	\$ 245,737	74.9%
<b>Completed Projects:</b>	<b>Average:</b>	<b>31,776</b>	<b>25,716</b>	<b>179</b>	<b>544,492</b>	<b>318,467</b>	<b>443</b>	<b>108,875</b>	<b>\$ 69,001</b>	<b>\$ 95</b>	<b>\$ 674,551</b>	<b>\$ 404,612</b>	<b>\$ 560</b>	<b>\$ 231,216</b>	<b>65%</b>

109391

PROJECTS UNDER CONSTRUCTION		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft <sup>4</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>
Eddy & Taylor Family Housing	Jun-19	82,301	44,076	416	461,834	247,333	403	131,305	\$ 70,320	\$ 115	\$ 675,440	\$ 361,729	\$ 589	\$ 204,001	69.8%
490 South Van Ness	Apr-20	228,395	152,893	1,298	538,864	360,727	541	165,356	\$ 110,693	\$ 166	\$ 932,615	\$ 624,312	\$ 937	\$ 356,692	61.8%
2060 Folsom Street	Nov-20	1,062	535	5	564,218	284,348	428	158,269	\$ 79,763	\$ 120	\$ 723,549	\$ 364,646	\$ 549	\$ 249,584	65.5%
1950 Mission Street	Nov-20	62,261	37,309	267	545,509	326,889	530	96,634	\$ 57,906	\$ 94	\$ 704,403	\$ 422,104	\$ 684	\$ 286,279	59.4%
1990 Folsom Street	Dec-20	58,793	37,201	289	515,807	326,373	479	179,136	\$ 113,347	\$ 166	\$ 753,736	\$ 476,821	\$ 700	\$ 326,654	56.7%
735 Davis	Nov-20	-	-	-	548,107	537,957	613	223,517	\$ 219,378	\$ 250	\$ 771,624	\$ 757,334	\$ 863	\$ 349,546	54.7%
88 Broadway - Family Housing	Mar-21	119,200	67,421	390	555,695	314,307	466	222,066	\$ 125,603	\$ 186	\$ 896,961	\$ 507,331	\$ 753	\$ 223,269	75.1%
691 China Basin MBS 6W	Mar-21	-	-	-	640,279	331,029	526	180,968	\$ 93,562	\$ 149	\$ 821,247	\$ 424,590	\$ 674	\$ 311,590	62.1%
<b>Under Construction:</b>	<b>Average:</b>	<b>92,002</b>	<b>56,572</b>	<b>444</b>	<b>532,862</b>	<b>342,562</b>	<b>494</b>	<b>168,040</b>	<b>\$ 111,001</b>	<b>\$ 157</b>	<b>\$ 779,761</b>	<b>\$ 502,054</b>	<b>\$ 725</b>	<b>\$ 285,146</b>	<b>63%</b>

PROJECTS IN PREDEVELOPMENT		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Start Date (anticipated)	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft <sup>4</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>
4840 Mission	Jan-22	105,263	65,934	190	672,869	421,467	600	116,925	\$ 73,239	\$ 104	\$ 895,057	\$ 560,640	\$ 798	\$ 243,739	72.8%
Mission Bay S. Block 3 East	Oct-19	-	-	-	511,962	317,310	491	150,267	\$ 93,134	\$ 144	\$ 682,228	\$ 410,444	\$ 635	\$ 168,854	62.5%
681 Florida	Sep-20	-	-	-	572,503	373,997	502	184,867	\$ 120,767	\$ 162	\$ 757,370	\$ 494,764	\$ 664	\$ 284,024	93.7%
Casa de la Mision	Feb-20	71,667	71,667	480	378,884	378,884	616	9,463							



**Attachment H: Sources and Uses**

**Attachment I: Development Budget**

Application Date: 10/18/19 # Units: 108  
 Project Name: 500 Turk / 555 Larkin # Bedrooms: 133  
 Project Address: 555 Larkin St # Beds:  
 Project Sponsor: Tenderloin Neighborhood Development Corporation

SOURCES	Total Sources											Comments
	18,900,000	1,250,000	79,433	281,901	13,700,000	10,591,000	2,201,659	500,000	6,863,961	31,589,452	85,957,406	
	Name of Sources:	MOHCD/OClI	AHP	COI Rebate	Interim Use	AHSC	Perm Debt	GIC Earning	GP Equity	Deferred	LP Equity	

USES	18,900,000	1,250,000	79,433	281,901	13,700,000	10,591,000	2,201,659	500,000	6,863,961	31,589,452	85,957,406		
<b>ACQUISITION</b>													
Acquisition cost or value												0	
Legal / Closing costs / Broker's Fee	260,061											260,061	\$100 Closing, \$245,000 Broker fee, \$14960.60 Title
Holding Costs	1,376,933			216,901								1,593,834	Lease buyout expense, Enterprise Fees - \$91,875; Enterprise Legal - \$15,000; Interest through December, 2018 - \$974,037
Transfer Tax												0	
<b>TOTAL ACQUISITION</b>	<b>1,636,994</b>	<b>0</b>	<b>0</b>	<b>216,901</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,853,895</b>	

<b>CONSTRUCTION (HARD COSTS)</b>												
Unit Construction/Rehab	154,035		79,433		13,700,000	10,591,000	2,201,659	500,000	6,863,961	11,018,711	45,108,799	Include FF&E
Commercial Shell Construction										820,389	820,389	Approximately \$460,448 covers cold shell, \$181,066 covers warm shell and \$178,785 covers TI allowance
Demolition										55,900	55,900	
Environmental Remediation										417,323	417,323	
Onsite Improvements/Landscaping											0	
Offsite Improvements											0	
Infrastructure Improvements											0	
Parking											0	
GC Bond Premium/GC Insurance/GC Taxes										627,316	627,316	1.4%
GC Overhead & Profit										1,897,091	1,897,091	4.1%
CG General Conditions										2,288,576	2,288,576	4.9%
<i>Sub-total Construction Costs</i>	<i>154,035</i>	<i>0</i>	<i>79,433</i>	<i>0</i>	<i>13,700,000</i>	<i>10,591,000</i>	<i>2,201,659</i>	<i>500,000</i>	<i>6,863,961</i>	<i>17,125,306</i>	<i>51,215,394</i>	
Design Contingency (remove at DD)											0	0.0%
Bid Contingency (remove at bid)											0	0.0%
Plan Check Contingency (remove/reduce during Plan Rev	496,450										496,450	1.1%
Hard Cost Construction Contingency										2,576,648	2,576,648	5.0% of \$51.2MM
<i>Sub-total Construction Contingencies</i>	<i>496,450</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,576,648</i>	<i>3,073,098</i>	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>650,485</b>	<b>0</b>	<b>79,433</b>	<b>0</b>	<b>13,700,000</b>	<b>10,591,000</b>	<b>2,201,659</b>	<b>500,000</b>	<b>6,863,961</b>	<b>19,701,954</b>	<b>54,288,491</b>	

Construction line item costs as a % of hard costs  
 1.4%  
 4.1%  
 4.9%  
 0.0%  
 0.0%  
 1.1%  
 5.6%

<b>SOFT COSTS</b>													
<b>Architecture &amp; Design</b>													
Architect design fees										2,360,611	2,360,611	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms	
Design Subconsultants to the Architect (incl. Fees)											0		
Architect Construction Admin	590,153										590,153		
Reimbursables	118,031										118,031		
Additional Services	118,031										118,031		
<i>Sub-total Architect Contract</i>	<i>826,214</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,360,611</i>	<i>3,186,825</i>		
Other Third Party design consultants (not included under Architect contract)													Third party plan check (\$40,000 - est.), Archaeological (\$50,000 - est.), Dry Utilities (\$54K est) Telecom/Data (\$15,000 - est.), Acoustical consultant (7,500 - est.) Security (\$250,000 - est.), EBMS (\$15,000 - est.), Code Consultant (\$30,650 - est.), Other - (such as pest mgmt, small design/bid contracts, etc.) (\$25,000), Special Inspections - \$225,000 - est.; Interior Design (\$20,000 - est.); Solar Consultant (\$10,000)
<b>Total Architecture &amp; Design</b>	<b>1,568,364</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,360,611</b>	<b>3,928,975</b>		
<b>Engineering &amp; Environmental Studies</b>													
Survey	50,000										50,000		
Geotechnical studies	110,000										110,000		
Phase I & II Reports	95,000										95,000		
CEQA / Environmental Review consultants	190,914										190,914	Left Coast Architectural History (HRE) - \$8,000; PreVision Design (Shadow Study) - \$5,400; TrenorHL (ceqa mitigation) - \$70,000; LSA, CEQA report - \$98,950; Frederic Knapp (Historic Consultant) - \$8,564	
NEPA / 106 Review	27,947										27,947		
CNA/PNA (rehab only)											0		
Other environmental consultants											0	Name consultants & contract amounts	
<b>Total Engineering &amp; Environmental Studies</b>	<b>473,861</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>473,861</b>		
<b>Financing Costs</b>													
<b>Construction Financing Costs</b>													
Construction Loan Origination Fee	223,546										223,546		
Construction Loan Interest	6,314,845										6,314,845		
Title & Recording	90,000										90,000		
CDLAC & CDIAC fees	21,572										21,572		
Bond Issuer Fees	266,330										266,330		
Other Bond Cost of Issuance	770,102										770,102		
Other Lender Costs (specify)											0	Fees - \$91,875; Legal - \$15,000; Interest through December, 2018 - \$974,037	
<i>Sub-total Const. Financing Costs</i>	<i>7,686,395</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>7,686,395</i>		
<b>Permanent Financing Costs</b>													
Permanent Loan Origination Fee	105,910										105,910		
Credit Enhance. & Appl. Fee											0		
Title & Recording	10,000										10,000		
<i>Sub-total Perm. Financing Costs</i>	<i>115,910</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>115,910</i>		
<b>Total Financing Costs</b>	<b>7,802,305</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,802,305</b>		
<b>Legal Costs</b>													
Borrower Legal fees	230,564										230,564	\$45k for construction; \$100,000 for predev; \$15k for perm	
Land Use / CEQA Attorney fees	300,000										300,000	Coblenz, Patch Duffy, and Bass LLP	
Tax Credit Counsel	95,000										95,000		
Bond Counsel											0		
Construction Lender Counsel											0		
Permanent Lender Counsel											0		
Other Legal (specify)											0		
<b>Total Legal Costs</b>	<b>625,564</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>625,564</b>		
<b>Other Development Costs</b>													
Appraisal	20,000										20,000		
Market Study	10,000										10,000		
Insurance	778,351										778,351	Liability - \$591,352; BR - \$187,000 (quote from broker)	
Property Taxes	416,659										416,659		
Accounting / Audit	35,000										35,000		
Organizational Costs	21,500										21,500		
Entitlement / Permit Fees	1,191,840										1,191,840	\$245,000 - Impact Fee est.; \$406,840 planning and entitlement fees; \$540,000 Building Permit estimate	
Marketing / Rent-up	132,043										132,043	\$1000/unit for residential; \$25,043 (10.50/sf) for comm1	
Furnishings	216,000										216,000	\$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms	
PGE / Utility Fees	890,000										890,000	PG&E (\$300K); water meter connections (\$250K), waste water capacity fees (\$200K), Telecom and Data (\$40K), \$100K for PGE transformer room	
TCAC App / Alloc / Monitor Fees	76,406										76,406		
Financial Consultant fees	65,000										65,000		
Construction Management fees / Owner's Rep	200,000										200,000		
Security during Construction											0		
Relocation	15,000										15,000		
Direct Contracts	50,000										50,000	JERO for potholing; addl \$25k for estimated consultants on back-end to address PM concerns	
Community Outreach	200,000										200,000		
Other (specify)											0		
<b>Total Other Development Costs</b>	<b>4,317,799</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,317,799</b>		
<b>Soft Cost Contingency</b>													
Contingency (Arch, Eng, Fin, Legal & Other Dev)	544,629										544,629	5%	
<b>TOTAL SOFT COSTS</b>	<b>15,332,521</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,360,611</b>	<b>17,693,133</b>	3.2%	

Total Soft Cost Contingency as % of Total Soft Costs  
 3.2%

<b>RESERVES</b>												
Operating Reserves											515,016	515,016
Replacement Reserves											0	
Tenant Improvements Reserves				65,000							65,000	
Start-up reserve											302,701	302,701
HCD Subsidy Transition Reserve											1,387,025	1,387,025
<b>TOTAL RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>65,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,204,742</b>	<b>2,269,742</b>

<b>DEVELOPER COSTS</b>													
Developer Fee - Cash-out Paid at Milestones	1,100,000											1,100,000	
Developer Fee - Cash-out At Risk	180,000	1,250,000										1,430,000	\$250K commercial developer fee included in the at risk amount
Developer Fee - GP Equity (also show as source)											500,000	500,000	
Developer Fee - Deferred (also show as source)											6,822,145	6,822,145	
Development Consultant Fees											0	0	Need MOHCD approval for this cost. N/A for most projects
<b>TOTAL DEVELOPER COSTS</b>	<b>1,280,000</b>	<b>1,250,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,322,145</b>	<b>9,852,145</b>	

TOTAL DEVELOPMENT COST	18,900,000	1,250,000	79,433	281,901	13,700,000	10,591,000	2,201,659	500,000	6,863,961	31,589,452	85,957,406
Development Cost/Unit by Source	175,000	11,574	735	2,610	126,852	98,065	20,386	4,630	63,555	292,495	795,902
Development Cost/Unit as % of TDC by Source	22										

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

Application Date: 10/18/2019 Project Name: 500 Turk / 555 Larkin  
 Total # Units: 108 Project Address: 555 Larkin St  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 44562 Project Sponsor: Tenderloin Neighborhood Development Corporation

Correct errors noted in Col N!

INCOME	Total	Comments
Residential - Tenant Rents	1,691,220	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	560,796	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	86,824	0%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	972	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	9,072	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	Links from 'Commercial Op. Budget' Worksheet
Withdrawal from Capitalized Reserve (deposit to operating account)		
<b>Gross Potential Income</b>	<b>2,348,884</b>	
Vacancy Loss - Residential - Tenant Rents	(84,561)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(28,040)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	(43,412)	Links from 'Commercial Op. Budget' Worksheet
<b>EFFECTIVE GROSS INCOME</b>	<b>2,192,871</b>	<b>PUPA: 20,304</b>

**OPERATING EXPENSES**

Management		
Management Fee	88,128	1st Year to be set according to HUD schedule.
Asset Management Fee	21,160	
<b>Sub-total Management Expenses</b>	<b>109,288</b>	<b>PUPA: 1,012</b>

Salaries/Benefits		
Office Salaries	7,391	
Manager's Salary	104,000	GM+AM
Health Insurance and Other Benefits	95,503	Benefits, 403(b)
Other Salaries/Benefits	177,470	Desk Clerk, Facilities Manager
Administrative Rent-Free Unit	7,200	
<b>Sub-total Salaries/Benefits</b>	<b>391,564</b>	<b>PUPA: 3,626</b>

Administration		
Advertising and Marketing	2,133	
Office Expenses	39,030	Supplies, equipment, rentals, printing, software, telephone contract, subscription,
Office Rent		
Legal Expense - Property	11,269	
Audit Expense	13,257	
Bookkeeping/Accounting Services	12,312	
Bad Debts	7,785	
Miscellaneous	10,287	Bank Svc charges, payroll svc charges, program expenses
<b>Sub-total Administration Expenses</b>	<b>96,073</b>	<b>PUPA: 890</b>

Utilities		
Electricity	51,548	
Water	93,446	water and sewer
Gas	29,356	
Sewer		
<b>Sub-total Utilities</b>	<b>174,350</b>	<b>PUPA: 1,614</b>

Taxes and Licenses		
Real Estate Taxes	6,018	
Payroll Taxes	35,214	
Miscellaneous Taxes, Licenses and Permits	2,786	
<b>Sub-total Taxes and Licenses</b>	<b>44,018</b>	<b>PUPA: 408</b>

Insurance		
Property and Liability Insurance	45,081	
Fidelity Bond Insurance		
Worker's Compensation	39,616	
Director's & Officers' Liability Insurance		
<b>Sub-total Insurance</b>	<b>84,697</b>	<b>PUPA: 784</b>

Maintenance & Repair		
Payroll	151,320	Janitor&Cleaning, Maintenance
Supplies	21,371	
Contracts	61,035	Exterminating, Fire, Grounds, Maintenance, Elevator
Garbage and Trash Removal	39,376	
Security Payroll/Contract		
HVAC Repairs and Maintenance	9,639	
Vehicle and Maintenance Equipment Operation and Repairs	69	
Miscellaneous Operating and Maintenance Expenses	28,005	Life Safety, carpet cleaning, staff clothes, plumbing repairs, appliance replacement
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>310,815</b>	<b>PUPA: 2,878</b>

Supportive Services	118,128	Salaries, program expenses
Commercial Expenses	29,584	Links from 'Commercial Op. Budget' Worksheet

**TOTAL OPERATING EXPENSES 1,358,517 PUPA: 12,579**

**Reserves/Ground Lease Base Rent/Bond Fees**

Ground Lease Base Rent	15,000	Ground lease with MOHCD	Provide additional comments here, if needed.
Bond Monitoring Fee	13,239		
Replacement Reserve Deposit	54,000		
Operating Reserve Deposit			
Other Required Reserve 1 Deposit			
Other Required Reserve 2 Deposit			
Required Reserve Deposits, Commercial	0	Links from 'Commercial Op. Budget' Worksheet	
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>82,239</b>	<b>PUPA: 761</b>	

Min DSCR: 1.15  
 Mortgage Rate: 4.39%  
 Term (Years): 35  
 Supportable 1st Mortgage Pmt: 654,013  
 Supportable 1st Mortgage Amt: \$11,691,501  
 Proposed 1st Mortgage Amt: \$10,591,000

**TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) 1,440,756 PUPA: 13,340**

**NET OPERATING INCOME (INCOME minus OP EXPENSES) 752,115 PUPA: 6,964**

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	582,722	Private Debt
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	57,540	HCD AHSC
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	
Hard Debt - Fourth Lender	0	
Commercial Hard Debt Service	0	Links from 'Commercial Op. Budget' Worksheet
<b>TOTAL HARD DEBT SERVICE</b>	<b>640,262</b>	<b>PUPA: 5,928</b>

**CASH FLOW (NOI minus DEBT SERVICE) 111,853**

**USES OF CASH FLOW BELOW (This row also shows DSCR.) 1.17**

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)	9,471	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	
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)	48,691	Def. Develop. Fee split: 50% Provide additional comments here, if needed.

**TOTAL PAYMENTS PRECEDING MOHCD 63,162 PUPA: 585**

**RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) 48,691**

**Residual Receipts Calculation**

Does Project have a MOHCD Residual Receipt Obligation? **Yes** Project has MOHCD ground lease? **Yes**  
 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.): **48,691**  
 % of Residual Receipts available for distribution to soft debt lenders in 50%

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. rects	\$20,150,000	44.51%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Acquisition Cost	\$11,425,000	25.23%
HCD (soft debt loan) - Lender 3	HCD AHSC	\$13,700,000	30.26%
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	33,957	50% of residual receipts, multiplied by 69.74% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	33,957	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 14,734**

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	14,734	50% of residual receipts, multiplied by 30.26% -- HCD AHSC's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>14,734</b>	

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

**Attachment K: Commercial Operating Budget**

500 Turk / 555 Larkin

	Total # Units:	108	Business Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
				44562	44563	44564	44565	44566	44567	44568	44569	44570	44571	44572	44573	44574	44575	44576	44577	44578	44579	44580	44581	
<b>COMMERCIAL INCOME</b>																								
Commercial Space 1	% annual increase		Comments	86,824	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	
Commercial Space 2	2.5%																							
Commercial Space 3	2.5%																							
Commercial Space 4	2.5%																							
Commercial Space 5	2.5%																							
Other Commercial Income	2.5%																							
<b>Gross Potential Income</b>				86,824	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995
Rent/SF/Month:				\$3.03	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	
Vacancy Loss - Commercial				(43,412)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	
<b>EFFECTIVE GROSS INCOME</b>				43,412	44,497	44,497	44,497	44,497	44,497	44,497	44,497	44,497	44,497	44,497	44,497	44,497	44,497	44,497	44,497	44,497	44,497	44,497	44,497	44,497
<b>COMMERCIAL OPERATING EXPENSES</b>																								
<b>Management</b>																								
Commercial Management Fee	3.5%		Fee to be based on recommendation of current market study.	5,270	5,454	5,645	5,843	6,047	6,259	6,478	6,705	6,940	7,182	7,434	7,694	7,963	8,242	8,531	8,829	9,138	9,458	9,789	10,132	
<b>Sub-total Management Expenses</b>				5,270	5,454	5,645	5,843	6,047	6,259	6,478	6,705	6,940	7,182	7,434	7,694	7,963	8,242	8,531	8,829	9,138	9,458	9,789	10,132	
<b>Utilities</b>																								
Electricity	3.5%			1,124	1,163	1,204	1,246	1,290	1,335	1,381	1,430	1,480	1,532	1,585	1,641	1,698	1,758	1,819	1,883	1,949	2,017	2,087	2,161	
Water	3.5%			2,037	2,109	2,182	2,259	2,338	2,420	2,504	2,592	2,683	2,777	2,874	2,974	3,078	3,186	3,298	3,413	3,533	3,656	3,784	3,917	
Gas	3.5%			640	662	686	710	734	760	787	814	843	872	903	934	967	1,001	1,036	1,072	1,110	1,149	1,189	1,230	
Sewer	3.5%																							
<b>Sub-total Utilities</b>				3,801	3,934	4,072	4,214	4,362	4,514	4,672	4,836	5,005	5,180	5,362	5,549	5,744	5,945	6,153	6,368	6,591	6,822	7,060	7,308	
<b>Taxes and Licenses</b>																								
Real Estate Taxes	3.5%			19,446	20,127	20,831	21,560	22,315	23,096	23,904	24,741	25,607	26,503	27,431	28,391	29,384	30,413	31,477	32,579	33,719	34,899	36,121	37,385	
Payroll Taxes	3.5%																							
Miscellaneous Taxes, Licenses and Permits	3.5%			62	64	66	69	71	74	76	79	82	84	87	91	94	97	100	104	108	111	115	119	
<b>Sub-total Taxes and Licenses</b>				19,508	20,191	20,897	21,629	22,386	23,169	23,980	24,820	25,688	26,587	27,518	28,481	29,478	30,510	31,577	32,683	33,827	35,011	36,236	37,504	
<b>Insurance</b>																								
Property and Liability Insurance	3.5%			1,005	1,040	1,077	1,114	1,153	1,194	1,235	1,279	1,323	1,370	1,418	1,467	1,519	1,572	1,627	1,684	1,743	1,804	1,867	1,932	
Fidelity Bond Insurance	3.5%																							
Worker's Compensation	3.5%																							
Director's & Officers' Liability Insurance	3.5%																							
<b>Sub-total Insurance</b>				1,005	1,040	1,077	1,114	1,153	1,194	1,235	1,279	1,323	1,370	1,418	1,467	1,519	1,572	1,627	1,684	1,743	1,804	1,867	1,932	
<b>Maintenance &amp; Repair</b>																								
Payroll	3.5%																							
Supplies	3.5%																							
Contracts	3.5%																							
Garbage and Trash Removal	3.5%																							
Security Payroll/Contract	3.5%																							
HVAC Repairs and Maintenance	3.5%																							
Vehicle and Maintenance Equipment Operation and Repairs	3.5%																							
Miscellaneous Operating and Maintenance Expenses	3.5%																							
<b>Sub-total Maintenance &amp; Repair Expenses</b>																								
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>																								
Replacement Reserve Deposit																								
Operating Reserve Deposit																								
Other Required Reserve 1 Deposit																								
Other Required Reserve 2 Deposit																								
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>																								
<b>TOTAL COMMERCIAL OPERATING EXPENSES</b>				29,584	30,620	31,691	32,800	33,948	35,137	36,366	37,639	38,957	40,320	41,731	43,192	44,704	46,268	47,888	49,564	51,298	53,094	54,952	56,875	
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>				13,828	13,878	12,806	11,697	10,549	9,361	8,131	6,858	5,541	4,177	2,766	1,305	(206)	(1,771)	(3,390)	(5,066)	(6,801)	(8,596)	(10,455)	(12,378)	
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>																								
Hard Debt - First Lender																								
Hard Debt - Second Lender																								
Hard Debt - Third Lender																								
Hard Debt - Fourth Lender																								
<b>TOTAL HARD DEBT SERVICE</b>																								
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>				13,828	13,878	12,806	11,697	10,549	9,361	8,131	6,858	5,541	4,177	2,766	1,305	(206)	(1,771)	(3,390)	(5,066)	(6,801)	(8,596)	(10,455)	(12,378)	
<b>REPLACEMENT RESERVE - RUNNING BALANCE</b>																								
Replacement Reserve Starting Balance																								
Replacement Reserve Deposits																								
Replacement Reserve Withdrawals (ideally tied to CNA)																								
Replacement Reserve Interest																								
<b>RR Running Balance</b>																								
<b>OPERATING RESERVE - RUNNING BALANCE</b>																								
Operating Reserve Starting Balance																								
Operating Reserve Deposits																								
Operating Reserve Withdrawals																								
Operating Reserve Interest																								
<b>OR Running Balance</b>																								
<b>OTHER REQUIRED RESERVE 1 - RUNNING BALANCE</b>																								
Other Reserve 1 Starting Balance																								
Other Reserve 1 Deposits																								
Other Reserve 1 Withdrawals																								
Other Reserve 1 Interest																								
<b>Other Required Reserve 1 Running Balance</b>																								
<b>OTHER RESERVE 2 - RUNNING BALANCE</b>																								
Other Reserve 2 Starting Balance																								
Other Reserve 2 Deposits																								
Other Reserve 2 Withdrawals																								
Other Reserve 2 Interest																								
<b>Other Required Reserve 2 Running Balance</b>																								

**Attachment L: 20-year Operating Proforma**



500 Turk / 555 Larkin

Total # Units: 108

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			44562	44563	44564	44565	44566	44567	44568	44569	44570	44571
	% annual increase	Comments (related to annual inc assumptions)	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
<b>INCOME</b>												
Residential - Tenant Rents	2.5%		1,691,220	1,733,501	1,776,838	1,821,259	1,866,790	1,913,460	1,961,297	2,010,329	2,060,587	2,112,102
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%		560,796	574,816	589,186	603,916	619,014	634,489	650,351	666,610	683,275	700,357
Commercial Space	2.5%		86,824	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		972	996	1,021	1,047	1,073	1,100	1,127	1,155	1,184	1,214
Supportive Services Income	2.5%		-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		9,072	9,299	9,531	9,770	10,014	10,264	10,521	10,784	11,053	11,330
Tenant Charges	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%		-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>			<b>2,348,884</b>	<b>2,407,606</b>	<b>2,465,571</b>	<b>2,524,986</b>	<b>2,585,886</b>	<b>2,648,308</b>	<b>2,712,291</b>	<b>2,777,873</b>	<b>2,845,095</b>	<b>2,913,998</b>
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(84,561)	(86,675)	(88,842)	(91,063)	(93,340)	(95,673)	(98,065)	(100,516)	(103,029)	(105,605)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(28,040)	(28,741)	(29,459)	(30,196)	(30,951)	(31,724)	(32,518)	(33,331)	(34,164)	(35,018)
Vacancy Loss - Commercial	n/a		(43,412)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)
<b>EFFECTIVE GROSS INCOME</b>			<b>2,192,871</b>	<b>2,247,693</b>	<b>2,302,773</b>	<b>2,359,230</b>	<b>2,417,098</b>	<b>2,476,413</b>	<b>2,537,211</b>	<b>2,599,529</b>	<b>2,663,405</b>	<b>2,728,877</b>
<b>OPERATING EXPENSES</b>												
<b>Management</b>												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	88,128	91,212	94,405	97,709	101,129	104,668	108,332	112,123	116,048	120,109
Asset Management Fee	3.5%	per MOHCD policy	21,160	21,901	22,667	23,460	24,282	25,131	26,011	26,921	27,864	28,839
<b>Sub-total Management Expenses</b>			<b>109,288</b>	<b>113,113</b>	<b>117,072</b>	<b>121,170</b>	<b>125,410</b>	<b>129,800</b>	<b>134,343</b>	<b>139,045</b>	<b>143,911</b>	<b>148,948</b>
<b>Salaries/Benefits</b>												
Office Salaries	3.5%		7,391	7,650	7,917	8,195	8,481	8,778	9,085	9,403	9,733	10,073
Manager's Salary	3.5%		104,000	107,640	111,407	115,307	119,342	123,519	127,843	132,317	136,948	141,741
Health Insurance and Other Benefits	3.5%		95,503	98,846	102,305	105,886	109,592	113,428	117,398	121,506	125,759	130,161
Other Salaries/Benefits	3.5%		177,470	183,681	190,110	196,764	203,651	210,779	218,156	225,791	233,694	241,873
Administrative Rent-Free Unit	3.5%		7,200	7,452	7,713	7,983	8,262	8,551	8,851	9,160	9,481	9,813
<b>Sub-total Salaries/Benefits</b>			<b>391,564</b>	<b>405,269</b>	<b>419,453</b>	<b>434,134</b>	<b>449,329</b>	<b>465,055</b>	<b>481,332</b>	<b>498,179</b>	<b>515,615</b>	<b>533,662</b>
<b>Administration</b>												
Advertising and Marketing	3.5%		2,133	2,208	2,285	2,365	2,448	2,533	2,622	2,714	2,809	2,907
Office Expenses	3.5%		39,030	40,396	41,810	43,273	44,788	46,355	47,978	49,657	51,395	53,194
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		11,269	11,663	12,072	12,494	12,931	13,384	13,852	14,337	14,839	15,358
Audit Expense	3.5%		13,257	13,721	14,201	14,698	15,213	15,745	16,296	16,867	17,457	18,068
Bookkeeping/Accounting Services	3.5%		12,312	12,743	13,189	13,651	14,128	14,623	15,135	15,664	16,213	16,780
Bad Debts	3.5%		7,785	8,057	8,339	8,631	8,933	9,246	9,570	9,905	10,251	10,610
Miscellaneous	3.5%		10,287	10,647	11,020	11,405	11,805	12,218	12,645	13,088	13,546	14,020
<b>Sub-total Administration Expenses</b>			<b>96,073</b>	<b>99,436</b>	<b>102,916</b>	<b>106,518</b>	<b>110,246</b>	<b>114,105</b>	<b>118,098</b>	<b>122,232</b>	<b>126,510</b>	<b>130,938</b>
<b>Utilities</b>												
Electricity	3.5%		51,548	53,352	55,220	57,152	59,153	61,223	63,366	65,583	67,879	70,255
Water	3.5%		93,446	96,717	100,102	103,605	107,231	110,985	114,869	118,889	123,051	127,357
Gas	3.5%		29,356	30,383	31,447	32,548	33,687	34,866	36,086	37,349	38,656	40,009
Sewer	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Utilities</b>			<b>174,350</b>	<b>180,452</b>	<b>186,768</b>	<b>193,305</b>	<b>200,071</b>	<b>207,073</b>	<b>214,321</b>	<b>221,822</b>	<b>229,586</b>	<b>237,621</b>
<b>Taxes and Licenses</b>												
Real Estate Taxes	3.5%		6,018	6,229	6,447	6,672	6,906	7,147	7,398	7,657	7,925	8,202
Payroll Taxes	3.5%		35,214	36,446	37,722	39,042	40,409	41,823	43,287	44,802	46,370	47,993
Miscellaneous Taxes, Licenses and Permits	3.5%		2,786	2,884	2,984	3,089	3,197	3,309	3,425	3,545	3,669	3,797
<b>Sub-total Taxes and Licenses</b>			<b>44,018</b>	<b>45,559</b>	<b>47,153</b>	<b>48,804</b>	<b>50,512</b>	<b>52,280</b>	<b>54,109</b>	<b>56,003</b>	<b>57,963</b>	<b>59,992</b>
<b>Insurance</b>												
Property and Liability Insurance	3.5%		45,081	46,659	48,292	49,982	51,731	53,542	55,416	57,356	59,363	61,441
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		39,616	41,003	42,438	43,923	45,460	47,051	48,698	50,403	52,167	53,993
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>			<b>84,697</b>	<b>87,661</b>	<b>90,730</b>	<b>93,905</b>	<b>97,192</b>	<b>100,593</b>	<b>104,114</b>	<b>107,758</b>	<b>111,530</b>	<b>115,433</b>
<b>Maintenance &amp; Repair</b>												
Payroll	3.5%		151,320	156,616	162,098	167,771	173,643	179,721	186,011	192,521	199,260	206,234
Supplies	3.5%		21,371	22,119	22,893	23,694	24,524	25,382	26,270	27,190	28,142	29,126
Contracts	3.5%		61,035	63,171	65,382	67,671	70,039	72,490	75,028	77,654	80,371	83,184
Garbage and Trash Removal	3.5%		39,376	40,754	42,181	43,657	45,185	46,766	48,403	50,097	51,851	53,665
Security Payroll/Contract	3.5%		-	-	-	-	-	-	-	-	-	-
HVAC Repairs and Maintenance	3.5%		9,639	9,976	10,326	10,687	11,061	11,448	11,849	12,263	12,693	13,137
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		69	71	74	77	79	82	85	88	91	94
Miscellaneous Operating and Maintenance Expenses	3.5%		28,005	28,985	30,000	31,050	32,136	33,261	34,425	35,630	36,877	38,168
<b>Sub-total Maintenance &amp; Repair Expenses</b>			<b>310,815</b>	<b>321,694</b>	<b>332,953</b>	<b>344,606</b>	<b>356,667</b>	<b>369,151</b>	<b>382,071</b>	<b>395,443</b>	<b>409,284</b>	<b>423,609</b>
<b>Supportive Services</b>	3.5%		118,128	122,262	126,542	130,971	135,555	140,299	145,209	150,292	155,552	160,996
<b>Commercial Expenses</b>			24,314	30,620	31,691	32,800	33,948	35,137	36,366	37,639	38,957	40,320
<b>TOTAL OPERATING EXPENSES</b>			<b>1,358,517</b>	<b>1,406,065</b>	<b>1,455,277</b>	<b>1,506,212</b>	<b>1,558,930</b>	<b>1,613,492</b>	<b>1,669,964</b>	<b>1,728,413</b>	<b>1,788,908</b>	<b>1,851,519</b>
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>			<b>12,579</b>									
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>			<b>1,440,756</b>	<b>1,488,276</b>	<b>1,537,319</b>	<b>1,588,077</b>	<b>1,640,610</b>	<b>1,694,980</b>	<b>1,751,251</b>	<b>1,809,490</b>	<b>1,869,767</b>	<b>1,932,149</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>			<b>752,115</b>	<b>759,417</b>	<b>765,454</b>	<b>771,153</b>	<b>776,489</b>	<b>781,433</b>	<b>785,960</b>	<b>790,039</b>	<b>793,638</b>	<b>796,728</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>												
Hard Debt - First Lender			582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>			<b>640,262</b>	<b>640,262</b>	<b>640,262</b>	<b>640,262</b>	<b>640,262</b>	<b>640,262</b>	<b>640,262</b>	<b>640,262</b>	<b>640,262</b>	<b>640,262</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>			<b>111,853</b>	<b>119,155</b>	<b>125,192</b>	<b>130,891</b>	<b>136,227</b>	<b>141,171</b>	<b>145,698</b>	<b>149,777</b>	<b>153,376</b>	<b>156,466</b>
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>												
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>												
"Below-the-line" Asset Mgt Fee (uncommon in new projects, see policy)	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	per MOHCD policy	9,471	9,802	10,146	10,501	10,868	11,249	11,642	12,050	12,471	12,908
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		per MOHCD policy no annual increase	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Other Payments			-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			48,691	52,176	55,023	57,695	60,179	62,461	64,528	66,364	67	

500 Turk / 555 Larkin

Total # Units: 108

			Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
			44572	44573	44574	44575	44576	44577	44578	44579	44580	44581
<b>INCOME</b>	% annual increase	Comments (related to annual inc assumptions)	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Residential - Tenant Rents	2.5%		2,164,905	2,219,027	2,274,503	2,331,365	2,389,650	2,449,391	2,510,626	2,573,391	2,637,726	2,703,669
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%		717,866	735,813	754,208	773,063	792,390	812,200	832,505	853,317	874,650	896,517
Commercial Space	2.5%		88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995	88,995
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%		1,244	1,275	1,307	1,340	1,373	1,408	1,443	1,479	1,516	1,554
Supportive Services Income	2.5%		-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%		11,613	11,903	12,201	12,506	12,819	13,139	13,468	13,804	14,149	14,503
Tenant Charges	2.5%		-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%		-	-	-	-	-	-	-	-	-	-
Other Commercial Income	2.5%		-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>			2,984,623	3,057,013	3,131,214	3,207,269	3,285,226	3,365,132	3,447,036	3,530,987	3,617,036	3,705,237
Vacancy Loss - Residential - Tenant Rents	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(108,245)	(110,951)	(113,725)	(116,568)	(119,482)	(122,470)	(125,531)	(128,670)	(131,886)	(135,183)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(35,893)	(36,791)	(37,710)	(38,653)	(39,620)	(40,610)	(41,625)	(42,666)	(43,733)	(44,826)
Vacancy Loss - Commercial	n/a		(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)	(44,497)
<b>EFFECTIVE GROSS INCOME</b>			2,795,987	2,864,774	2,935,281	3,007,551	3,081,627	3,157,555	3,235,382	3,315,154	3,396,920	3,480,731
<b>OPERATING EXPENSES</b>												
<b>Management</b>												
Management Fee	3.5%	1st Year to be set according to HUD schedule.	124,313	128,664	133,167	137,828	142,652	147,645	152,813	158,161	163,697	169,426
Asset Management Fee	3.5%	per MOHCD policy	29,848	30,893	31,974	33,093	34,252	35,450	36,691	37,975	39,304	40,680
<b>Sub-total Management Expenses</b>			154,162	159,557	165,142	170,922	176,904	183,096	189,504	196,137	203,001	210,106
<b>Salaries/Benefits</b>												
Office Salaries	3.5%		10,426	10,791	11,168	11,559	11,964	12,383	12,816	13,264	13,729	14,209
Manager's Salary	3.5%		146,702	151,837	157,151	162,651	168,344	174,236	180,335	186,646	193,179	199,940
Health Insurance and Other Benefits	3.5%		134,716	139,431	144,312	149,362	154,590	160,001	165,601	171,397	177,396	183,605
Other Salaries/Benefits	3.5%		250,339	259,101	268,169	277,550	287,270	297,324	307,731	318,501	329,649	341,186
Administrative Rent-Free Unit	3.5%		10,156	10,512	10,880	11,260	11,655	12,063	12,485	12,922	13,374	13,842
<b>Sub-total Salaries/Benefits</b>			552,340	571,672	591,680	612,389	633,823	656,006	678,967	702,730	727,326	752,782
<b>Administration</b>												
Advertising and Marketing	3.5%		3,009	3,114	3,223	3,336	3,453	3,574	3,699	3,828	3,962	4,101
Office Expenses	3.5%		55,056	56,983	58,977	61,041	63,178	65,389	67,677	70,046	72,498	75,035
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%		15,896	16,452	17,028	17,624	18,241	18,880	19,540	20,224	20,932	21,665
Audit Expense	3.5%		18,700	19,355	20,032	20,733	21,459	22,210	22,987	23,792	24,625	25,487
Bookkeeping/Accounting Services	3.5%		17,367	17,975	18,604	19,255	19,929	20,627	21,349	22,096	22,869	23,670
Bad Debts	3.5%		10,982	11,366	11,764	12,175	12,602	13,043	13,499	13,972	14,461	14,967
Miscellaneous	3.5%		14,511	15,019	15,544	16,088	16,652	17,234	17,838	18,462	19,108	19,777
<b>Sub-total Administration Expenses</b>			135,520	140,264	145,173	150,254	155,513	160,956	166,589	172,420	178,455	184,700
<b>Utilities</b>												
Electricity	3.5%		72,714	75,259	77,893	80,619	83,440	86,361	89,384	92,512	95,750	99,101
Water	3.5%		131,815	136,428	141,203	146,145	151,261	156,555	162,034	167,705	173,575	179,650
Gas	3.5%		41,410	42,859	44,359	45,911	47,518	49,182	50,903	52,684	54,528	56,437
Sewer	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Utilities</b>			245,938	254,546	263,455	272,676	282,219	292,097	302,320	312,902	323,853	335,188
<b>Taxes and Licenses</b>												
Real Estate Taxes	3.5%		8,489	8,786	9,094	9,412	9,741	10,082	10,435	10,800	11,178	11,570
Payroll Taxes	3.5%		49,673	51,411	53,211	55,073	57,001	58,996	61,061	63,198	65,410	67,699
Miscellaneous Taxes, Licenses and Permits	3.5%		3,930	4,067	4,210	4,357	4,510	4,668	4,831	5,000	5,175	5,356
<b>Sub-total Taxes and Licenses</b>			62,092	64,265	66,514	68,842	71,252	73,746	76,327	78,998	81,763	84,625
<b>Insurance</b>												
Property and Liability Insurance	3.5%		63,591	65,817	68,120	70,505	72,972	75,526	78,170	80,906	83,737	86,668
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%		55,882	57,838	59,862	61,958	64,126	66,371	68,694	71,098	73,586	76,162
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-
<b>Sub-total Insurance</b>			119,473	123,655	127,983	132,462	137,099	141,897	146,863	152,004	157,324	162,830
<b>Maintenance &amp; Repair</b>												
Payroll	3.5%		213,452	220,923	228,655	236,658	244,941	253,514	262,387	271,570	281,075	290,913
Supplies	3.5%		30,146	31,201	32,293	33,423	34,593	35,804	37,057	38,354	39,696	41,086
Contracts	3.5%		86,096	89,109	92,228	95,456	98,797	102,255	105,834	109,538	113,372	117,340
Garbage and Trash Removal	3.5%		55,544	57,488	59,500	61,582	63,738	65,969	68,277	70,667	73,140	75,700
Security Payroll/Contract	3.5%		-	-	-	-	-	-	-	-	-	-
HVAC Repairs and Maintenance	3.5%		13,597	14,073	14,565	15,075	15,603	16,149	16,714	17,299	17,904	18,531
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		97	101	104	108	112	116	120	124	128	133
Miscellaneous Operating and Maintenance Expenses	3.5%		39,504	40,886	42,317	43,799	45,332	46,918	48,560	50,260	52,019	53,840
<b>Sub-total Maintenance &amp; Repair Expenses</b>			438,435	453,780	469,663	486,101	503,115	520,724	538,949	557,812	577,336	597,542
<b>Supportive Services</b>	3.5%		166,631	172,463	178,500	184,747	191,213	197,906	204,832	212,001	219,421	227,101
<b>Commercial Expenses</b>			41,731	43,192	44,704	46,268	47,888	49,564	51,298	53,094	54,952	56,875
<b>TOTAL OPERATING EXPENSES</b>			1,916,322	1,983,394	2,052,813	2,124,661	2,199,024	2,275,990	2,355,650	2,438,097	2,523,431	2,611,751
<b>RESERVES/GROUND LEASE BASE RENT/BOND FEES</b>												
Ground Lease Base Rent			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bond Monitoring Fee			11,392	11,144	10,884	10,614	10,332	10,037	9,730	9,413	9,081	8,734
Replacement Reserve Deposit			54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-	-	-	-	-	-	-	-	-	-
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>			80,392	80,144	79,884	79,614	79,332	79,037	78,730	78,413	78,086	77,749
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>			1,996,714	2,063,538	2,132,697	2,204,275	2,278,356	2,355,027	2,434,380	2,516,827	2,602,161	2,690,481
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>			799,272	801,236	802,585	803,276	803,271	802,528	801,002	798,326	794,759	790,250
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>												
Hard Debt - First Lender			582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722	582,722
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540	57,540
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>			640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262	640,262
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>			159,010	160,974	162,323	163,014	163,009	162,266	160,740	158,064	154,497	149,988
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>												

555 LARKIN – ADDITIONAL GAP COMMITMENT FOR PG&E DELAYS  
4840 MISSION – ADDITIONAL GAP COMMITMENT FOR PG&E DELAYS  
LOAN COMMITTEE: MARCH 3, 2023

**Attachment B – 555 Larkin Updated Development Budget**

Application Date: 2/17/23 # Units: 108  
 Project Name: 555 Larkin (formerly known as 500 Turk) # Bedrooms: 133  
 Project Address: 555 Larkin St # Beds:  
 Project Sponsor: Tendefain Neighborhood Development Corporation

SOURCES	Total Sources									Comments
	19,579,000	4,226,311	29,787,566	8,652,000	13,700,000	6,548,937	500,000	329,901	0	
						Deferred Dev Fee	GP Equity	GP - PrdDev Income		

USEF										
Name of Sources:	MOHCD/OCl	New MOHCD	LP Equity	Perm Debt	AHSC	Deferred Dev Fee	GP Equity	GP - PrdDev Income		
<b>ACQUISITION</b>										
Acquisition cost or value										0
Legal / Closing costs / Broker's Fee		274,379								274,379
Holding Costs		450,052								450,052
Transfer Tax		1,235								1,235
<b>TOTAL ACQUISITION</b>		<b>725,666</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>725,666</b>

CONSTRUCTION (HARD COSTS)										
* Unit Construction/Rehab	7,683,119	1,070,000	24,216,713	7,872,563	13,700,000			329,901		54,872,296
* Commercial Shell Construction			113,167	779,437						892,604
* Demolition										0
* Environmental Remediation										0
* Onsite Improvements/Landscaping										0
* Offsite Improvements										0
* Infrastructure Improvements										0
* Paving										0
* GC Bond Premium/GC Insurance/GC Taxes										0
* GC Overhead & Profit										0
* GC General Conditions										0
Sub-total Construction Costs	7,683,119	1,070,000	24,329,880	8,652,000	13,700,000	0	0	329,901	0	55,764,900
Design Contingency (remove at DD)										0
Bid Contingency (remove at bid)										0
Plan Check Contingency (remove/reduce during Plan Review)										0
Hard Cost Construction Contingency										0
Sub-total Construction Contingencies	0	0	0	0	0	0	0	0	0	0
<b>TOTAL CONSTRUCTION COSTS</b>	<b>7,683,119</b>	<b>1,070,000</b>	<b>24,329,880</b>	<b>8,652,000</b>	<b>13,700,000</b>	<b>0</b>	<b>0</b>	<b>329,901</b>	<b>0</b>	<b>55,764,900</b>

Construction line item costs as a % of hard costs  
 0.0%  
 0.0%  
 0.0%  
 0.0%  
 0.0%  
 0.0%  
 0.0%  
 0.0%  
 0.0%  
 0.0%  
 0.0%  
 0.0%  
 0.0%  
 0.0%  
 0.0%

SOFT COSTS										
<b>Architecture &amp; Design</b>										
Architect design fees	226,334		1,954,628							2,180,962
Design Subconsultants to the Architect (incl. Fees)			965,464							965,464
Architect Construction Admin			151,208							151,208
Reimbursables			493,130							493,130
Additional Services										3,790,794
Sub-total Architect Contract	226,334	0	3,664,430	0	0	0	0	0	0	3,790,794
Other Third Party design consultants (not included under Architect contract)			100,089							100,089
<b>Total Architecture &amp; Design</b>	<b>226,334</b>	<b>0</b>	<b>3,664,519</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,890,883</b>
<b>Engineering &amp; Environmental Studies</b>										
Survey	14,920									14,920
Geotechnical studies	153,961									153,961
Phase I & II Reports	80,807									80,807
CEQA / Environmental Review consultants	163,543									163,543
NEPA / 106 Review	27,446									27,446
CNA/PNA (rehab only)										0
Other environmental consultants	426,553									426,553
<b>Total Engineering &amp; Environmental Studies</b>	<b>867,230</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>867,230</b>
<b>Financing Costs</b>										
<b>Construction Financing Costs</b>										
Construction Loan Origination Fee	218,600									218,600
Construction Loan Interest	1,387,812	3,091,311	363,167							4,842,290
Title & Recording	91,105									91,105
CD/LAC & CD/LAC fees	21,572									21,572
Bond Issuer Fees	40,083									40,083
Other Bond Cost of Issuance										0
Other Lender Costs: acc loan fees, legal, and interest carry	1,094,869									1,094,869
Sub-total Const. Financing Costs	2,854,041	3,091,311	363,167	0	0	0	0	0	0	6,309,519
<b>Permanent Financing Costs</b>										
Permanent Loan Origination Fee	63,053									63,053
Credit Enhance. & Appl. Fee										0
Title & Recording	10,000									10,000
Sub-total Perm. Financing Costs	73,053	0	0	0	0	0	0	0	0	73,053
<b>Total Financing Costs</b>	<b>2,927,094</b>	<b>3,091,311</b>	<b>363,167</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,381,572</b>
<b>Legal Costs</b>										
Borrower Legal fees	196,877									196,877
Land Use / CEQA Attorney fees	237,598									237,598
Tax Credit Counsel	55,000									55,000
Bond Counsel	80,000									80,000
Construction Lender Counsel	65,000									65,000
Permanent Lender Counsel	3,500									3,500
Other Legal (specify)	103,782									103,782
<b>Total Legal Costs</b>	<b>741,757</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>741,757</b>
<b>Other Development Costs</b>										
Appraisal	20,200									20,200
Market Study	10,575									10,575
Insurance	707,753									707,753
Property Taxes	100,206									100,206
Accounting / Audit	35,000									35,000
Organizational Costs	13,029									13,029
Entitlement / Permit Fees	930,010									930,010
Marketing / Rent-up	107,000									107,000
Furnishings	260,545									260,545
PCE / Utility Fees	720,563									720,563
TCDC App / Allog / Monitor Fees	75,588									75,588
Financial Consultant fees	65,000									65,000
Construction Management fees / Owner's Rep	222,437									222,437
Security during Construction	357,441									357,441
Relocation	472,791									472,791
Community Outreach	7,105									7,105
License Agreement	200,000									200,000
<b>Total Other Development Costs</b>	<b>4,305,243</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,305,243</b>
<b>Soft Cost Contingency</b>										
Contingency (Arch, Eng, Fin, Legal & Other Dev)	0	0	0	0	0	0	0	0	0	0
<b>TOTAL SOFT COSTS</b>	<b>9,067,658</b>	<b>3,091,311</b>	<b>4,027,686</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,186,655</b>

Should be either 10% or 5% of total soft costs.  
 0.0%

RESERVES										
* Operating Reserves	515,138									515,138
* Replacement Reserves		65,000								65,000
* Tenant Improvements Reserves										0
* Lease-Up Reserve	302,701									302,701
* Capitalized HUD Subsidy Transition Reserve	184,718									184,718
* Other (specify)										0
<b>TOTAL RESERVES</b>	<b>1,002,557</b>	<b>65,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,067,557</b>

DEVELOPER COSTS										
Developer Fee - Cash-out Paid at Milestones	1,100,000									1,100,000
Developer Fee - Cash-out At Risk			1,430,000							1,430,000
Commercial Developer Fee										0
Developer Fee - GP Equity (also show as source)							500,000			500,000
Developer Fee - Deferred (also show as source)						6,548,937				6,548,937
Development Consultant Fees										0
Other (specify)										0
<b>TOTAL DEVELOPER COSTS</b>	<b>1,100,000</b>	<b>0</b>	<b>1,430,000</b>	<b>0</b>	<b>0</b>	<b>6,548,937</b>	<b>500,000</b>	<b>0</b>	<b>0</b>	<b>9,578,937</b>

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

TOTAL DEVELOPMENT COST										
Development Cost/Unit by Source	181,287	39,133	275,811	80,111	126,852	60,638	4,630	3,055	0	771,516
Development Cost/Unit as % of TDC by Source	23.5%	5.1%	35.7%	10.4%	16.4%	7.9%	0.6%	0.4%	0.0%	100.0%
Acquisition Cost/Unit by Source	0	0	0	0	0	0	0	0	0	0
Construction Cost (inc Const Contingency)/Unit By Source	71,140	9,907	225,277	80,111	126,852	0	0	3,055	0	516,342
Construction Cost (inc Const Contingency)/SF	69.89	9.73	221.32	78.70	124.62	0.00	0.00	3.00	0.00	507.27

\*Possible non-eligible GO Bond/COP Amount: 10,518,782  
 City Subsidy/Unit: 181,287  
 Tax Credit Equity Pricing: 1,020  
 Construction Bond Amount: 44,407,408  
 Construction Loan Term (in months): 44 months  
 Construction Loan Interest Rate (as %): 7.02%

555 LARKIN – ADDITIONAL GAP COMMITMENT FOR PG&E DELAYS  
4840 MISSION – ADDITIONAL GAP COMMITMENT FOR PG&E DELAYS  
LOAN COMMITTEE: MARCH 3, 2023

Attachment C – 555 Larkin Updated Operating Budget

Application Date: 2/17/2023 Project Name: 555 Larkin (formerly known as 500 Turk)  
 Total # Units: 108 Project Address: 555 Larkin St  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 45123 Project Sponsor: Tenderloin Neighborhood Development Corporation

INCOME	Total	Comments
Residential - Tenant Rents	1,751,328	Links from New Proj - Rent & Unit Mix Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	833,832	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	0	
Interest Income - Project Operations	0	Links from Utilities & Other Income Worksheet
Laundry and Vending	9,073	Links from Utilities & Other Income Worksheet
Tenant Charges	0	Links from Utilities & Other Income Worksheet
Miscellaneous Residential Income	1,500	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)	0	
<b>Gross Potential Income</b>	<b>2,595,733</b>	
Vacancy Loss - Residential - Tenant Rents	(86,082)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(41,692)	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>2,465,949</b>	<b>PUPA: 22,833</b>

**OPERATING EXPENSES**

Management		
Management Fee	88,128	1st Year to be set according to HUD schedule.
Asset Management Fee	23,460	
<b>Sub-total Management Expenses</b>	<b>111,588</b>	<b>PUPA: 1,033</b>
<b>Salaries/Benefits</b>		
Office Salaries	8,808	
Managers Salary	108,000	1 FTE GM + 1 FTE AM
Health Insurance and Other Benefits	153,870	
Other Salaries/Benefits	176,642	4.2 FTE Desk Clerks
Administrative Rent-Free Unit	0	
<b>Sub-total Salaries/Benefits</b>	<b>447,320</b>	<b>PUPA: 4,142</b>
<b>Administration</b>		
Advertising and Marketing	939	
Office Expenses	42,224	
Office Rent	12,000	
Legal Expense - Property	11,139	
Audit Expense	23,328	
Bookkeeping/Accounting Services	15,000	
Bad Debts	9,527	Bank Service Charges, Payroll Service Charges
Miscellaneous	0	
<b>Sub-total Administration Expenses</b>	<b>114,157</b>	<b>PUPA: 1,057</b>
<b>Utilities</b>		
Electricity	56,119	
Water	156,000	
Gas	37,681	Included in Water
Sewer	0	
<b>Sub-total Utilities</b>	<b>249,800</b>	<b>PUPA: 2,313</b>
<b>Taxes and Licenses</b>		
Real Estate Taxes	6,000	
Payroll Taxes	1,434	
Miscellaneous Taxes, Licenses and Permits	0	
<b>Sub-total Taxes and Licenses</b>	<b>7,434</b>	<b>PUPA: 69</b>
<b>Insurance</b>		
Property and Liability Insurance	133,685	
Fidelity Bond Insurance	0	
Workers Compensation	0	
Director's & Officers' Liability Insurance	0	
<b>Sub-total Insurance</b>	<b>133,685</b>	<b>PUPA: 1,238</b>
<b>Maintenance &amp; Repair</b>		
Payroll	152,526	
Supplies	25,568	
Contracts	65,460	Exterminating, Fire, Grounds, Maintenance, Elevator
Garbage and Trash Removal	96,000	
Security Payroll/Contract	9,357	
HVAC Repairs and Maintenance	0	
Vehicle and Maintenance Equipment Operation and Repairs	0	
Miscellaneous Operating and Maintenance Expenses	27,708	Appliance Repair and Replacement, Flooring repair and replacement, Life Safety, staff
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>376,619</b>	<b>PUPA: 3,487</b>
<b>Supportive Services</b>	124,529	Salaries, program expenses
<b>Commercial Expenses</b>	0	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 0%
<b>TOTAL OPERATING EXPENSES</b>	<b>1,565,132</b>	<b>PUPA: 14,492</b>

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	15,000	Ground lease with MOHCD Provide additional comments here, if needed.
Bond Monitoring Fee	5,500	Also includes 3k yearly trustee fee
Replacement Reserve Deposit	54,000	
Operating Reserve Deposit	0	
Other Required Reserve 1 Deposit	0	
Other Required Reserve 2 Deposit	0	
Required Reserve Deposits - Commercial	0	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 0%
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>74,500</b>	<b>PUPA: 690</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>	<b>1,639,632</b>	<b>PUPA: 15,182</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>	<b>826,317</b>	<b>PUPA: 7,651</b>

DEBT SERVICE/MUST PAY PAYMENTS (hard debt/amortized loans)		
Hard Debt - First Lender	651,909	Private Placement TE Bond Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lnd)	57,540	HCD AHSC Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from Commercial Op. Budget Worksheet, Commercial to Residential allocation: 0%
<b>TOTAL HARD DEBT SERVICE</b>	<b>709,449</b>	<b>PUPA: 6,569</b>

CASH FLOW (NOI minus DEBT SERVICE)		
CASH FLOW (NOI minus DEBT SERVICE)	116,868	
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>	<b>1.17</b>	
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>		
Relationship Asset Mgt Fee (uncommon in new projects, see policy)	8,500	1
Partnership Management Fee (see policy for limits)	5,000	2
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	0	
Other Payments	0	
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)	0	
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)	0	
Deferred Developer Fee (Enter amt = Max Fee from cell 1130)	51,684	Def. Develop. Fee split: 50% Provide additional comments here, if needed.
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>	<b>65,184</b>	<b>PUPA: 604</b>

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	51,684	
<b>Residual Receipts Calculation</b>		
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease? Yes
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.): 51,684
% of Residual Receipts available for distribution to soft debt lenders in	50%	

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. recs.	\$23,805,311	63.22%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$150,000	0.40%
HCD (soft debt loan) - Lender 3	HCD AHSC	\$13,700,000	36.38%
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	32,880	50% of residual receipts, multiplied by 63.62% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	32,880	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.
<b>REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>	<b>18,804</b>	

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	18,804	50% of residual receipts, multiplied by 36.38% -- HCD AHSC's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>18,804</b>	

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

555 LARKIN – ADDITIONAL GAP COMMITMENT FOR PG&E DELAYS  
4840 MISSION – ADDITIONAL GAP COMMITMENT FOR PG&E DELAYS  
LOAN COMMITTEE: MARCH 3, 2023

Attachment D – 4840 Mission Gap Loan Evaluations May 7, 2021

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

**MEMORANDUM**

**DATE:** May 7, 2021  
**TO:** CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE  
**FROM:** CINDY HEAVENS, SENIOR PROJECT MANAGER  
**RE:** **4840 MISSION PREDEVELOPMENT LOAN – PRINCIPAL REDUCTION AND INTEREST FORGIVENESS**

**THIS REQUEST – Predevelopment Loan Principal Reduction and Interest Forgiveness**

<b>Loan</b>	<b>Original Principal Balance</b>	<b>Accrued Interest</b>	<b>Principal Reduction Amount</b>	<b>Interest Forgiveness Amount</b>	<b>Reduced Loan Amount</b>
2015 GO Bond [June 2017]	\$3,000,000	\$389,250	\$3,000,000	\$389,250	\$0
AHF – Inclusionary [Jun-2017 & Oct-2019]	\$15,510,000	\$755,359	\$7,360,000	\$755,359	\$8,150,000
<b>Total</b>	<b>\$18,510,000</b>	<b>\$1,144,609</b>	<b>\$10,360,000</b>	<b>\$1,144,609</b>	<b>\$8,150,000</b>

**Summary of Request**

4840 Mission Housing Associates LP, a partnership formed by BRIDGE Housing (“BRIDGE” or the “Sponsor”), requests to reduce the principal amount of the predevelopment loan up to \$10,360,000, and the predevelopment interest up to \$1,144,609, to the current value of the land, \$8,150,000. This request includes approval of a land exchange for \$8.15M, leaving a predevelopment loan balance of \$0.

Mayor’s Office of Housing and Community Development (“MOHCD”) typically credits the predevelopment loan for the value of the land. In previous years when the California Debt Limit Allocation Committee (“CDLAC”) bond program was not competitive, land value was included on applications and in calculations of the total loan to a project. Because of the competitive nature of the bonds as of 2020, the land value of 4840 Mission was not included as a project cost on the CDLAC application submitted in September 2020, to show reduced costs. Also, MOHCD intended to acquire the land at the land value that would be determined before the loan request went to the Board of Supervisors, as required by City charter. The Loan Evaluation dated February 19, 2021 for gap financing in the amount of \$28,751,450 including bridge loans (“Evaluation”, Exhibit A) assumed a land value of \$16.82MM with the remaining principal amount of the predevelopment loan and predevelopment interest forgiven. Now that the land has been appraised at the much lower, COVID-impacted amount of \$8.15M, MOHCD needs to adjust its calculations for loan forgiveness and loan credit accordingly.

Staff recommends approving reducing the predevelopment loan principal to \$8,150,000 forgiving up to \$10,360,000 in loan principal and \$1,144,609 in loan interest for \$19,654,609, the predevelopment loan



principal and interest total. We also want to swap the remaining \$8.15M loan for the land, leaving a predevelopment balance of \$0.

## **Update on Project Status**

### **1. BACKGROUND**

Mayor's Office of Housing and Community Development ("MOHCD") released a Notice of Funding Availability on April 18, 2016 entitled "Acquisition and Predevelopment Financing for Affordable Multifamily Rental Housing, Supported by the 2015 General Obligation Housing Bond – Proposition A" ("April 18, 2016 NOFA"). The Project was selected from a pool of submittals and received the highest score in a competitive panel-driven selection process.

In June 2017, BRIDGE acquired 4840 Mission for \$12MM with a \$3MM loan from MOHCD and \$9MM loan from San Francisco Housing Accelerator Fund ("SFHAF"). The price was supported by an appraisal dated June 3, 2016. Prior to the City providing its initial acquisition financing, BRIDGE completed another appraisal dated February 22, 2017, which valued the land at \$16.44MM. The last purchase agreement extension extended the agreement to May 13, 2017; if the project did not close by June 9, 2017, BRIDGE would have to acquire the site at the appraised land value of \$16.44MM. BRIDGE with City and SFHAF financing acquired the site on June 7, 2017 for \$12MM, \$4.44MM below the appraised value at that time.

At the time of the February 19, 2021, Evaluation approval, Sponsor had selected Bank of America as the construction bond lender and investor, with JLL Real Estate Capital as the permanent lender. Sponsor and MOHCD staff plan to close on the acquisition and City financing on June 8, 2021, and documents were introduced to the Board of Supervisors for approval on April 13<sup>th</sup>. The construction and bond closing is scheduled to occur on June 15, 2021. In the Evaluation, the Project's land value of \$16,820,000 was based on an appraisal dated February 10, 2021, and the Evaluation assumed that predevelopment expenses, land carrying cost, SFHAF loan interest, and a portion of the MOHCD predevelopment loan interest would total or be less than \$16,820,000. The Evaluation also assumed that MOHCD would acquire the land at closing in a paper transaction for an amount equal to the predevelopment loan with predevelopment interest. However, as required by City charter for any land transferred to the City, an appraisal was completed on March 10, 2021 by a DRE approved appraiser who appraised the unrestricted land value at \$8,150,000, significantly lower than the February 10, 2021 appraisal value and lower than the initial purchase price of \$12MM. DRE staff report that the land was acquired in 2017 at the top of the market; since 2017, land values have fallen by 4% in subsequent years. Land value have since fallen more due to the COVID-19 pandemic.

At the Loan Committee on February 19, 2021, the gap loan included a portion of the predevelopment loan interest that would be forgiven, but the amount was unknown and was based on remaining carrying costs associated with the land until demolition. At that time, site carrying costs from June 2017 to demolition were estimated at approximately \$1.44MM and included security, lighting, fencing, and additional landscaping, maintenance, and/or janitorial costs to keep the site clean.

### **2. ANALYSIS OF THIS REQUEST**

It is important to note that land value and other aspects of holding land are not tax credit basis eligible costs. This means that no tax credit equity can be raised on land value. However, the land value if reported on the CDLAC application can be included in the 50% bond test (land cost plus eligible basis). For this Project to have a competitive bond application and because the City would acquire fee simple

title to the land and ground lease it back to the Sponsor, removal of the land from the project budget was a recommended and supported financing strategy by staff. Removal of the land cost allowed the Project to request a smaller bond allocation while still meeting the 50% test, and therefore to be more competitive.

When the Project was awarded bond financing in December 2020, the award was based on a December 2019-bond application that was submitted in order to maintain the difficult to develop area (“DDA”) designation and subsequent credit boost. Without the DDA designation, MOHCD’s loan would have increased by over \$5MM. If the Sponsor were to include the land costs in the budget at this time, the Project would no longer meet the 50% test, and the Sponsor and MOHCD as joint applicants would have had to return the bond allocation.

The City attorney has advised that MOHCD may reduce the MOHCD loan by the amount of the original, higher appraised value in order to finance the development of affordable housing. This credit and forgiveness is achieved via a paper transaction that supports a strategic business decision already approved by Loan Committee in the Evaluation: that MOHCD will reduce our loan amounts to what is financially feasible for the project. MOHCD has done this paper transactions of credit and forgiveness on other deals. While the appraised value for this Project is lower than had been contemplated, MOHCD is still committing to providing both a credit and forgiveness as originally contemplated in the Evaluation.

MOHCD will acquire the land at a value worth less today than on the original acquisition date in June 2017. The reduced value is important to note as a financial risk but has little to no impact since the City never intends to sell the land. Even with the forgiven principal and interest, MOHCD will still have a substantial residual receipts loan in the deal and rights to a percentage of any residual cash flow. Also, every 15 years the Sponsor is required in the ground lease to re-set the annual rent, which may require a new appraisal.

The total amount of predevelopment loan principal and interest loan to be forgiven and credited is \$19,654,609 and includes the following:

- o \$12,000,000 purchase price at the time of acquisition in June 2017.
- o \$ 6,510,000 of predevelopment and holding costs.
- o \$ 689,250 in acquisition loan interest
- o \$ 455,359 in MOHCD predevelopment interest

### **3. GAP FINANCING RELATED TO THIS REQUEST**

The MOHCD gap loan amount of \$28,751,450 that was approved in February 2021 remains the same with this memo request, the MOHCD gap loan interest rate has changed from 1% presented in the Evaluation to 3%. All other financing assumptions presented in the attached Evaluation are the same.

### **4. STAFF RECOMMENDATIONS**

Staff recommends approving reduction of the predevelopment loan principal to \$8,150,000, forgiving up to \$10,360,000 in loan principal and \$1,144,609 in loan interest, and exchanging the land for \$8,150,000 in debt, leaving a predevelopment loan balance of \$0.

Most conditions prior to gap financing closing have been met or are in process. Loan conditions that must be met after loan closing are included in the substantially complete loan agreement submitted to the Board of Supervisors.

**LOAN COMMITTEE RECOMMENDATION**

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Eric D. Shaw, Director  
Mayor’s Office of Housing and Community Development

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Sally Oerth, Acting Executive Director  
Office of Community Investment and Infrastructure

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

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

Attachments: Attachment A – February 19, 2021 Gap Loan Evaluation

**Attachment A: February 19, 2020 Gap Loan Evaluation**

See attached.

**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

**4840 Mission Street**

**\$28,751,450 Gap Loan**

(Includes \$3,000,000 Construction Bridge Loan for Cold Shell &  
\$1,250,000 AHP Bridge Loan)

Evaluation of Request for:	Gap Financing
Loan Committee Date:	February 19, 2021
Prepared By:	Cindy Heavens
Total Gap Loan:	Total City Investment: not to exceed \$ 47,048,470
	Total New: \$28,751,450
	AHF Inclusionary (AHP bridge): \$ 1,250,000
	AHF Inclusionary (Cold Shell bridge): \$ 240,000
	2019 GO Bonds (Cold Shell bridge): \$ 2,760,000
	2015 GO Bonds (Gap Loan): \$ 2,000,000
	2019 GO Bonds(Gap Loan): \$22,501,450
NOFA/PROGRAM/RFP:	Prop A NOFA 2016
Total Previous City Funds Committed:	\$18,510,000
	2015 GO Bonds: \$ 3,000,000
	AHF Inclusionary: \$15,510,000
Applicant/Sponsor Name:	4840 Mission Housing Associates LP

## EXECUTIVE SUMMARY

### Sponsor Information:

Project Name:	4840 Mission Street	Sponsor(s):	BRIDGE Housing Corporation
Project Address (w/ cross St):	4840 Mission Street (between France Ave. and Onondaga Ave.), SF 94112	Ultimate Borrower Entity:	4840 Mission Housing Associates LP

### Project Summary:

Located on a 1.47-acre site in the Outer Mission neighborhood, 4840 Mission will be a 137-unit housing development for families. BRIDGE Housing (“Sponsor”) originally proposed to develop the site as a 114-unit affordable housing development with 0.69 acres available for 20 for-sale market rate townhouses. After several community meetings and a failed attempt to partner with an adjacent market rate project and include a new Safeway on the ground floor, the site design without the market rate townhouses and Safeway will serve a broad mix of incomes and includes a pedestrian walkway from Mission Street to Alemany Boulevard, as requested by community members. The project includes one to three-bedroom units for extremely-, very low-, low- and moderate-income households, with 25% (35 units) set-aside for families relocating voluntarily from HOPE SF’s Potrero development. Ground floor uses include residential property staff offices, 39 residential parking spaces, a health center operated by Mission Neighborhood Health Center (MNHC), and commercial space. MNHC will own its commercial shell and the City will enter into two ground leases. During the construction period, the City will provide a construction bridge loan of \$3MM to support development of the commercial shell and a bridge loan of \$1,250,000, to facilitate an application for funds from the Federal Home Loan Bank Affordable Housing Program to support residential costs. 4840 Mission is consistent with the City’s Consolidated Plan and Master Plan Housing Element.

### Project Description:

Loan amount requested <sup>1</sup> :	\$ 25,501,450	Requested loan amount per unit:	\$ 178,843
Total Development Cost:	\$108,149,342	TDC/unit <sup>2</sup> :	\$ 789,411
Total acquisition cost including Demolition:	Not to exceed \$ 16,820,000	Acquisition cost including Demolition/unit <sup>3</sup>	Not to exceed \$ 122,774
Construction type:	Type V over podium	Project type:	New Construction
Number of stories:	5	Lot size (acres and sf):	1.48 acres (64,432 sf)
Number of units:	137	Architect:	Van Meter Williams Pollack
Total residential area:	164,917 sf	General Contractor:	Nibbi Brothers General Contractor
Total commercial area:	14,384 sf	Property Manager:	BRIDGE Property Management Company (BPMC)
Total parking area:	16,666 sf	Parking?	40 spaces (1:3.5 ratio)
Total building area:	196,967 sf		
HOME Funds?	No	Supervisor and District:	Supervisor Ahsha Safai, D-11

<sup>1</sup> This amount excludes the AHP and commercial shell acquisition bridge loans.

<sup>2</sup> This amount does not include acquisition costs from MOHCD and represents the entire MOHCD funding request.

<sup>3</sup> This amount is not included in the development budget. MOHCD will purchase the land from 4840 Mission Housing LP approximately two weeks prior to the residential construction loan closing.

## **PRINCIPAL DEVELOPMENT ISSUES**

- **Marketing for Moderate Income Rents:** The Project includes units ranging from 30% MOHCD AMI to 108% MOHCD AMI. While the Sponsor has substantial experience marketing low-income units, the Sponsor has more limited experience marketing moderate-income units and will need to engage with experts. Additionally, market conditions during pandemic suggest that it may take more time to lease the moderate-income units than the low-income units. MOHCD will require the Sponsor to provide a marketing strategy memo and secure marketing consulting services. Please see Section 4.6 for further explanation.
- **Tenant Improvement plan for Health Clinic (MNHC):** Due to the financial health of MNHC, MOHCD agreed to allow MNHC to own their commercial shell improvements and provide a separate ground lease to secure the City's covenants. MNHC will raise funds to pay for both the shell and all tenant improvements. If MNHC is unable to complete the acquisition of the commercial shell, the MOHCD bridge loan of \$3MM would stay with the limited partnership and BRIDGE will be responsible to find another use for the clinic space. See Section 4.4.
- **Identification of Commercial Tenant for 5,000 sf.** BRIDGE Housing Corporation (BRIDGE, or Sponsor) is developing the commercial marketing and lease up plan for this space. While some nonprofits in the area would like this space to be made available as nonprofit office space, the District Supervisor envisions a more active business on Mission Street. BRIDGE plans to hire a broker when the commercial shell is near complete in order to secure a social enterprise food vendor, such as a La Cocina graduate. See Section 4.4.
- **Sponsor Staff Capacity.** After the closing, BRIDGE anticipates that a new project manager will be assigned to the project. Sarah White will remain as supervisor and her time on the project will decrease. Strong construction management will be necessary to keep the project on track during construction, and strong project management will be necessary to address the commercial space plan and lease-up needs. Staffing for all BRIDGE projects remains a concern of MOHCD, though BRIDGE has provided updates as requested. See Section 1.2.

**SOURCES AND USES SUMMARY**

<b>Permanent Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
Permanent Mortgage	\$25,614,287	17 yr term, 40-year amort @ 3.72%	Letter of Intent executed.
MOHCD	\$25,501,450	55 yrs @ 1% Res Rec	This request
MNHC Purchase Cold Shell	\$3,000,000		JDTA in process. MOHCD will bridge.
FHLB AHP	\$1,250,000	55 yrs @ 0% Res Rec	Not committed. MOHCD will bridge.
Tax Credit Equity	\$51,584,616	\$0.995tax credit pricing	Letter of Intent executed
GP Equity	\$0	N/A	N/A
Deferred Developer Fee	\$2,298,989	N/A	Committed
<b>Total</b>	<b>\$108,149,342</b>		

<b>Permanent Uses</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per SF</b>
Demolition	\$112,437	\$821	\$0.57
Hard Costs	\$85,223,504	\$623,113	\$436
Soft Costs	\$17,531,431	\$127,748	\$89
Residential & Commercial Developer Fee	\$5,168,989	\$37,730	\$26
<b>Total</b>	<b>\$108,149,342</b>	<b>\$789,411</b>	<b>\$552</b>

**RECOMMENDATION**

Staff recommends approval of this loan request.



## 1. BACKGROUND

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

MOHCD released a NOFA on April 18, 2016 entitled, “Acquisition and Predevelopment Financing for Affordable Multifamily Rental Housing, supported by the 2015 General Obligation Housing Bond – Proposition A.” The project was selected out of a pool of submittals and received the highest score in a competitive panel-driven selection process. At the time of selection and when the project was originally presented to the Affordable Housing Loan Committee, the Sponsor planned to do modular construction, which was a key factor in selecting the Sponsor because modular allowed for cost savings. However, the project design presented with this request does not include modular due to community and decision maker input which expressed strong support for traditional construction.

The Sponsor submitted the site permit and entitlement application for an SB 35 project in March 2019. In July 2019, City Planning issued SB 35 approval. SB 35 allows administrative, non-discretionary approval for qualifying projects, and thereby, relieves the project of CEQA review. However, the Sponsors incurred approximately \$95,000 in CEQA costs related to two previous design iterations and the CEQA costs are included in the current request. In August 2019, when it was determined with the Supervisor that the Sponsors would not apply for MHP in order to increase the number of units available in the MOHCD lottery for neighborhood preference, MOHCD determined the project would be a HOPE SF offsite development and receive PBV’s to offset the potential leveraging of State financing. HOPE SF is a mayoral initiative that seeks to transform four of San Francisco’s most distressed public housing sites (Hunters View, Alice Griffith, Sunnydale Velasco, and Potrero and Potrero Annex) into new mixed-income communities. HOPE SF is an anti-displacement housing program that shares unified principles and goals to eradicate intergenerational poverty. The Project, as a HOPE SF offsite development, will have some obligation for smoothly transitioning HOPE SF households that voluntarily apply to live at 4840 Mission to the new neighborhood. Housing stability services available to all residents with an emphasis to assist HOPE SF families will be a focus of the resident services programing at the Project.

In October 2019, the Sponsors repaid a \$9MM acquisition loan with interest to San Francisco Housing Accelerator Fund (HAF). In November 2019, the Sponsors were awarded 40 project-based vouchers (PBV) that included a preference for households voluntarily moving to the Project from Potrero and Potrero Annex, a HOPE SF development. In December 2019, the Sponsors applied for tax-exempt bonds in order to retain the Difficult to Development Area tax credit equity adjustment.

Despite financing challenges throughout 2019, the Sponsor continued to make progress on the project in 2020. In July 2020, after discussions with the

Supervisor, the Sponsors returned five PBV's in order to increase the number of units available in the MOHCD lottery for neighborhood preference. In June 2020, the Sponsor received the site permit. Throughout 2020, they held two public meetings and at least two meetings with neighbors adjacent to the project. In September, the Loan Committee approved a preliminary commitment of \$51,614,447 for a CDLAC application. In December 2020, the project was awarded tax-exempt bonds. Because of the increase of the tax credit rate to 4.00% and some Sponsor aggressive changes to the application to improve competitiveness for tax-exempt bonds, the total City investment including acquisition is reduced by \$7.4MM excluding land.

This request is the final gap loan request required to close construction financing in May 2021.

#### 1.1.1. Site Acquisition

In June 2017, the BRIDGE affiliate, 4840 Mission Housing Associates LP, acquired the site with loans from MOHCD and San Francisco Housing Accelerator Fund ("SFHAF"). An appraisal by Valbridge Property Advisors dated June 2016, indicated a total site value of \$12,420,000 or \$92,657 per unit assuming 134 units. In February 2017, BRIDGE received an updated appraisal that valued the unentitled land at \$13,090,000 and the entitled land at \$16,440,000. BRIDGE purchased the property for \$12,000,000, well below the new revised appraisal for unentitled and entitled land.

The Department of Real Estate (DRE) reviewed the June 2016 appraisal and found that it undervalued the land. However, since the lower value would benefit the affordable housing development, DRE staff did not require an updated appraisal.

Since the Sponsor's initial acquisition date, the project has accrued acquisition interest and carrying costs that are included in the total acquisition costs. From June 2017, the Sponsor's initial acquisition, to October 18, 2019, the HAF loan pay off date, the project paid \$1,229,857 in acquisition interest. The estimated carrying cost of security, fencing, and lighting from July 2017 to October 2019 was approximately \$843,000, the time period also represents the delay created in pursuing two previous design changes. The Sponsor was unable to activate the site during the design changes to mitigate some of the carrying costs, but in September 2019, the Sponsor secured a vendor to activate the site with parking.

In December 2020, BRIDGE had the site re-appraised as a requirement of the DRE that an appraisal must be 6-months current to the purchase of the property by the City. The current appraised value of the land is \$16,820,000. As mentioned 4840 Mission Housing

Associates LP owns the land. At least 2 weeks before the construction closing, the City will acquire the site through a transfer from the 4840 Mission Housing Associates LP for a cost that includes the \$12MM of the predevelopment loan expended on the initial acquisition, some demolition costs and possibly some predevelopment loan interest. The City will purchase the land for flat fee cost currently estimated at \$15,500,000, but the amount could increase to include the predevelopment interest and will be slightly lower than the current appraised value of \$16.8MM. The City will lease the land to the 4840 Mission Housing Associates LP, who will build the improvements.

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

4840 Mission Housing Associates LP, California limited partnership (LP), is the borrower of record. BRIDGE has formed 4840 Mission Housing LLC, a limited liability company (the LLC), to be the General Partner of the limited partnership. At closing, the tax credit investor, Bank of America, will become the limited partner.

For 31 years, BRIDGE, a San Francisco based nonprofit, has completed 131 projects comprising over 16,000 units of housing, including 14 projects and 1,467 units in San Francisco. BRIDGE developments serve a wide range of residents, from market-rent paying families to fixed-income seniors, to public housing residents, to the formerly chronically homeless. BRIDGE has a pipeline of new projects in construction (10 projects with over 1,000 units), and in predevelopment (an additional 5,200 units, including Potrero, a HOPE SF development, and Jordan Downs, a public housing rehabilitation development in Los Angeles), and is working in partnership with MOHCD on the Rebuild Potrero and RAD Public Housing reinvestment projects.

The following staff members will be assigned to 4840 Mission:

- 1) Sarah White, Housing Development Director has acted as the lead project manager since October 2019. Ms. White currently spends 30% of her time on the Project. A development consultant, Andre White, has been engaged to support the coordination efforts related construction finance closing. Mr. White, unrelated to Ms. White, will act as the project manager lead for the construction closing, with supervision from Ms. White. BRIDGE is also actively engaged in finalizing a project manager hire. BRIDGE anticipates that newly hired project manager will “shadow” Andre and Sarah during the final stages of the closing, and be ready to take on project management duties once the project closes construction financing and begins construction. Post-construction loan closing, Ms. White will reduce her time on the project to 10% with

up to 20% or more as needed at various stages of the project. The new project manager will see the project through construction, lease up, and permanent conversion phases under Ms. White’s supervision. Since this will be the fifth project manager on the project, staff remain concerned though cautiously optimistic that continuity can be maintained. Also, Ms. White will increase her time as needed to provide adequate coverage during the transition phase. As well, BRIDGE has an in-house construction manager assigned to the project during this phase to insure the owner’s contractual interests are met with the construction contract.

- 2) Ethan Rhee (Project Administrator): 15% of his time will be spent on the Project.

Sponsor’s Organization Review

On May 3, 2019, MOHCD completed a fiscal review of BRIDGE and there were no findings from that monitoring review. On October 7, 2019, MOHCD and OCII sent a letter to BRIDGE outlining some concerns about performance related to staff turnover, managing to the project schedule, and construction cost containment. BRIDGE responded to the letter. As a condition of this loan, BRIDGE must provide quarterly updates to this staffing plan outlined in its letter.

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

Site Description	
Zoning:	NCD (RH-1), Neighborhood Commercial District (Residential Overlay).  Height & Bulk District: 40X
Maximum units allowed by current zoning (N/A if rehab):	137 units maximum per current planning code, with State Density Bonus.
Number of units added or removed (rehab only, if applicable):	Not applicable.
Seismic (if applicable):	Site is in a liquefaction zone. As a requirement of the debt and equity lender, a Probable Maximum Loss (PML) will be completed prior to closing and a copy will be provided to MOHCD.
Soil type:	Group Delta Consultants, Inc. completed a Preliminary Geotechnical Report dated September 21, 2015. The report concluded that the primary consideration for site development from a geotechnical perspective is the settlement association with liquefaction. Other geotechnical considerations include relatively shallow groundwater, encountered at 11.5 to 14.5 feet below existing grades, and stability of excavation for construction of a below-grade parking, if required, for mixed units building adjacent to Mission Street.

Environmental Review:	<p>NEPA was completed November 20, 2020.</p> <p>Phase I prepared by Group Delta Consultants, Inc. dated September 9, 2015 did not identify any Recognized Environmental Conditions (REC). Phase I recommended an evaluation of the elevator equipment and sumps be inspected for PCBs.</p> <p>Group Delta Consultants, Inc. completed a Phase II dated September 17, 2015. Other than Total Petroleum Hydrocarbons (TPH) all detected constituents are below applicable screening levels and present a low risk for redevelopment. The Phase II further states that no source for TPH contamination was identified with the site; therefore, the source is likely one of the multiple off-site leaking UST cases identified within 500 ft of the site. No VOCs associated with TPH were identified and risk to future development associated with these detections is considered low.</p> <p>Path Forward completed a subsurface investigation report. This report identified perchloroethylene (PCE) at the site. As such a vapor intrusion management system (VIMS) system has been incorporated into the design.</p>
Adjacent uses (North):	Commercial (Mission de Flores) and 4-story mixed-use residential.
Adjacent uses (South):	Safeway grocery store.
Adjacent uses (East):	Mission St. and across Mission Street 2-story commercial.
Adjacent uses (West):	Alemanay Blvd. and across Alemany are single-family residential over parking podium dwellings.
Neighborhood Amenities within 0.5 miles:	<p>Safeway supermarket including pharmacy</p> <p>Balboa High School</p> <p>Park and/or Recreation: Balboa Park, Excelsior Branch Library</p>
Public Transportation within 0.5 miles:	<p>Bus: Near Safeway parking Lot, #14.</p> <p>BART Stops: Balboa BART.</p>
Article 34:	The Project received Article 34 authorization for 114 units in May 2017. The Project received authorization for a 137-unit development in October 2019.
Article 38:	Exempt: Project is not located within Air Pollutant Exposure Zone.
Accessibility:	As the Sponsor applied for bonds in 2019, the 2019 CDLAC and TCAC regulations apply: 5% (7 units) will be accessible; 2% (3 units) will be accessible for households with hearing and/or visual impairments. All units will be adaptable.
Green Building:	125-point minimum anticipated GreenPoint Rated score.
Recycled Water:	Not exempt, as the project will involve more than 40,000 sf of new construction.
Storm Water Management:	Project is subject to storm water management and the design is in the construction bid set.

- 2.1. Zoning. On July 2, 2019, City Planning issued Notice of Final Approval of an SB 35 Project.
- 2.2. Probable Maximum Loss. Not applicable. This is a new construction.
- 2.3. Local/Federal Environmental Review. As an SB 35 development, the Project is not subject to CEQA. However, the Sponsor completed a historic resource evaluation (HRE) for the first design as a Focused EIR because the mortuary building was constructed in the 1950's. An updated HRE was used on the second design, which required a full EIR. The Sponsor with their for-profit partner presented the second design to the City's Historic Preservation Commission. In order to be a good community partner, the Sponsor plans to retain the historic nature of the site through photographs, even though the SB 35 design project presented with this loan request does not require CEQA. All previous costs related to the Focused EIR and EIR related to the previous design are in the development budget.
- 2.4. Environmental Issues.
  - Phase I/II Site Assessment Status and Results. Sponsors completed the Phase I and Phase II. See chart above.
  - Potential/Known Hazards. The existing building was constructed before 1978 and during predevelopment staff and Sponsors suspected the building may contain asbestos-containing materials (ACMs) and lead-based paint. Sponsor completed an Asbestos and Lead-Based Paint Survey (Survey) by Group Delta dated September 15, 2015. The Survey revealed that there are asbestos containing material (ACMs) and asbestos containing construction materials (ACCMs) in the building. Also, building components with coating have lead-based paint. The Sponsors will complete abatement for ACMs, ACCMs, and lead-based paint prior to demolition. Path Forward completed a subsurface investigation report. This report identified perchloroethylene (PCE) at the site. As such a vapor intrusion management system (VIMS) system has been incorporated into the design. The cost for the VIMS is \$232K.
- 2.5. Adjacent uses and neighborhood amenities. The project exists between two major transit arteries, Mission Street and Alemany Boulevard. On Mission Street, the immediate neighborhood is comprised of mixed-use buildings with the upper floor residential units and ground floor commercial. On Mission, there are a rich assortment of business including a supermarket, nail salon, restaurant, and local business shops. On Alemany Boulevard, the immediate neighborhood is single-family dwellings over parking podiums.
- 2.6. Green Building. See chart above.

### 3. OTHER ENTITLEMENTS ISSUES

#### 3.1. Community Support.

Chapter 79 of the City's Administrative Code requires public noticing (Prop I) for any City new construction project. BRIDGE completed Prop I notification on May 27, 2017.

The community supported BRIDGE's proposal presented in the NOFA response from the prior District Supervisor whose term ended December 2016. The District Supervisor whose first term began January 2017, requested that BRIDGE explore design modifications that would include a commercial use suitable for households at all income levels in the district. BRIDGE's current SB 35 design, and the design associated with this loan request, includes 135 units of affordable housing, 2 staff units, a commercial space, and community-serving commercial space.

Several nonprofit organizations supported the design presented in BRIDGE's NOFA response including: Mission Neighborhood Health Center, which will occupy a commercial space in the project; TransForm, California's leading transportation advocate and nonprofit organization working in the San Francisco Bay Area and California; and PODER, People Organizing to Demand Environmental and Economic Rights, which works to improve the health and lives of Latino immigrants and low-income families of color in San Francisco's Mission and Excelsior districts and other neighborhoods.

However, these organizations did not support the design modifications requested in January 2017. The January 2017 design required the Sponsor to partner with a market-rate developer in order to put Safeway on the ground floor of the affordable building. This "Safeway" design, as it was called by the community, required a full EIR for CEQA, whereas the NOFA design required a Focused EIR. Both the NOFA and Safeway designs required a significant community involvement process. Due to unforeseen financial obligations of Safeway, the Safeway design did not move forward. In order to make up for time expended going through a CEQA review process, BRIDGE proposed a design that is 100% affordable and approved through SB 35, which allows administrative, non-discretionary approval for qualifying projects and allows the project to maintain the schedule it would have had if the Safeway design had moved forward. However, it should be noted that 29 months passed from July 2017 to October 2019, the date MOHCD funds were used to pay off the HAF acquisition loan.

It should also be noted that the nonprofit organizations mentioned above have provided tentative support to the Project. While the Sponsors met with the nonprofits and held public meetings, support for the project is mixed. The nonprofits want more units available in the lottery at lower incomes and the single-family home owners want the original design that more townhouse style units on Alemany. The return of 5 PBV's in July 2020 addressed the nonprofits request for more units with lower affordability available for the

lottery. Since receipt of the SB 35 entitlement, opposition has not been as prevalent as it was in 2017 during the “Safeway” design phase.

#### 4. DEVELOPMENT PLAN

4.1. Site Control. A BRIDGE affiliate, 4840 Mission Housing Associates LP acquired the property directly from the seller in May 2017. 4840 Mission Housing Associates LP is the fee simple owner.

4.1.1. Proposed Property Ownership Structure. BRIDGE will complete a parcel split prior to the land acquisition. One parcel will contain the residential housing and auxiliary components and the 4,407-sf commercial space, and the other will contain the 9,977-sf community clinic. At least one week prior to the construction loan closing, 4840 Mission Housing Associates LP will convey the property to the City and execute two ground leases for the subdivided parcels. The City will own both parcels in fee and lease to 4840 Mission Housing Associates LP, who will own the improvements of both parcels during construction. Once the temporary certificate of occupancy (TCO) is received, 4840 Mission Housing Associates LP, will transfer its leasehold interest in the parcel with the 9,977-sf commercial clinic to MNHC for the cold shell acquisition price not to exceed \$3MM. MNHC will then hold the ground lease on the commercial parcel and own the improved commercial shell and their tenant improvements, which includes warm shell improvements as defined in the MOHCD Commercial Underwriting Policy.

4.2. Building Design. The design is represented by two primary architectural design components; a 5-story, wood-framed (4 stories over concrete podium) mixed use multi-family building with ground floor commercial space bordering Mission Street and an exterior design on Alemany Boulevard that appears as 3-story townhomes / row houses with separate entrances that open on to Alemany Boulevard and steps back at the 4 and 5 floors.

The 4840 Mission Street project is located between France and Onondaga Avenues in San Francisco’s Excelsior/Outer Mission Neighborhood. The planned 137-unit project spans the entire block width between Mission Street and Alemany Boulevard. The project is planned as 137 units of 1-, 2- and 3-bedroom units, and over 50% of the units are 2- and 3-bedroom units. The building includes approximately 14,384 of ground floor commercial space comprised of a 9,977-sf community clinic for Mission Neighborhood Health Center (MNHC), and 4,407 sf of retail space. The project amenities also include:

- One 8,710-sf public/private pedestrian plaza/paseo and walkway that will serve the south side of the property connecting Mission Street and Alemany Boulevard as well as another 4,403-sf walkway on the northern edge;
- a landscaped 9,299 sf central courtyard;
- common laundry;



- community room;
- 39 automobile parking stalls;
- 136 class 1 bike stalls<sup>4</sup>, and;
- management and services spaces.

Avg Unit SF by type:	1-brdm avg sf: 659 2-brdm avg sf: 963 2-brdm townhouse avg sf: 1,193 3-brdm avg sf: 1,218
Total Residential SF:	164,917 sf Residential SF: 124,157 Circulation SF: 32,277 Common Area SF: 8,483
Total Commercial SF*:	14,384 sf Health Clinic SF: 9,977 Commercial Retail SF: 4,407
Total Parking SF*:	16,666 sf – 40 spaces Parking Garage SF: 16,666
Building Total SF:	195,967 sf
Exterior Spaces	North Paseo: 4,403 sf South Public Paseo: 8,710 sf Courtyard: 9,299 sf

4.3 Construction Supervisor/Construction Specialist’s evaluation. The following review is based on the 50% construction documents (CD) and accompanying 50% CD cost estimate from Nibbi Brothers General Contractors (“Nibbi”) who were competitively selected by BRIDGE Housing in December 2019.

4840 Mission Street will be one of the first major developments in the Excelsior District in 25 years. The 1.4-acre, 4840 Mission Street parcel was previously occupied by Valente Marin, Perata & Co. in what was commonly known as “The Funeral Directors Building” or “the mortuary.” The parcel also includes a surface parking lot for the mortuary. It is situated on a relatively flat parcel which is well suited for the proposed mixed-use design, which includes ample open space, housing types, and commercial and common spaces.

The overall design by Van Meter Williams Pollack (VMWP) presents a 5-story, “O” shaped building which includes townhomes accessible from the street on the Alemany Boulevard side. In addition to the 8,710-sf public/private pedestrian plaza/paseo and walkway on the south side of the building, the north side of the property includes a 4,403-sf private walkway. Subsurface parking will be provided through an entrance to the basement off of Alemany Boulevard. The residential lobby to the townhome portion of the development is also located on the western Alemany Boulevard side.

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<sup>4</sup> Class 1 Bicycle Parking Space(s). Spaces in secure, weather-protected facilities intended for use as long-term, overnight, and work-day bicycle storage by dwelling unit residents, nonresidential occupants, and employees. SF Planning Department.

The east elevation's first floor façade, on Mission Street, is dominated by 9,977-sf commercial space, with the residential entry opening at the southern corner which is accessed through a public private walkway. The length of this façade is articulated with differentiation in materials, colors, door types, shades, and bay windows. The massing is broken at approximately the mid-point in the façade, to reduce the overall impact of the building and establish a rhythm in keeping with the architectural vocabulary of the mixed-use design of adjacent buildings along both sides of Mission Street. The community room and common offices open onto a courtyard while the laundry rooms are interspersed through floors 2 through 5. The management, services, bike parking, and utility spaces complete the uses on the ground floor. The development also includes a 9,299-sf central courtyard which transitions from "at grade" to a first-floor concrete podium above a basement level garage at the approximate mid-point of the property.

The Project is anticipated to start construction on June 1, 2021 and will take approximately 24 months to construct. The current total development cost of \$108,149,342 includes hard costs provided in the CD estimate provided by Nibbi Bros. The hard costs are currently \$623,113 per unit, which is about 4% lower than the average of all developments in the MOHCD portfolio. This is lower than comparable, Type VB or IIIA (both wood framed) construction projects in the MOHCD portfolio, and the estimate of \$436 per sf is about 18% lower than the average for the MOHCD portfolio and speaks to the efficiency of the overall scale for the Project. This is discussed further in the next section. The development budget is holding 2.5% bid contingency, 3% plan check contingency, and 5% hard cost contingency, consistent with MOHCD underwriting guidelines. Bid, and plan check contingencies will be reduced and removed as the Project's design and permitting advance.

VMWP have completed the 50% CD set of drawings. The site permit was issued in June 2020. The demo permit was approved in November 2020 and demolition and abatement is currently underway. Addenda 1, 2 and 3 were submitted in 7/1/2020, 8/15/2020 and 8/31/2020 respectively. Final guaranteed maximum price (GMP) contract negotiations are underway. Results are anticipated by March 1, 2021.

The most significant risk to the project is the ongoing unresolved PGE/PUC energization issue. PGE is not accepting the current approved low side metering design. The potential schedule and budget impact of redesign is profound. MOHCD is working with the project sponsor to resolve and is confident an appropriate solution will be achieved. Because of this unresolved PGE/PUC issue, if there is any project savings from the GMP, depending on the outcome from the issue, Sponsor may hold the saving as an allowance in the event plans may change. However, if the current plans are

the resolution, the saving in the GMP should be returned to MOHCD and used to reduce MOHCD's gap loan amount.

- 4.4. Commercial Spaces. Along the Mission Street frontage, the Project has 14,384-sf total commercial space for two occupants. Mission Neighborhood Health Center (MNHC) will occupy 9,977 sf of the commercial space and a to-be-determined commercial tenant will occupy the remaining 4,407 sf. Presently the 4,407-sf space is planned to be occupied by one tenant. However, once BRIDGE has secured a broker plans may change. BRIDGE has subdivided the parcel. Parcel A will contain the residential affordable housing and 4,407 sf commercial space and Parcel B will contain the 9,977 sf MNHC clinic.

Commercial Space – 9,977 sf. Due to MNHC's financial health, MOHCD agreed to allow MNHC to have a ground lease for Parcel B with MOHCD and own the cold shell and tenant improvements, including MOHCD defined warm shell. Sale of the cold shell will occur after TCO and will not exceed \$3MM. MOHCD's loan to the Sponsor includes a bridge loan for the construction of the cold shell. 4840 Mission Housing Associates LP will hold the Parcel B ground lease until the cold shell acquisition. MNHC will pay off the MOHCD bridge loan at the acquisition of the cold shell and the MOHCD ground lease will transfer to MNHC. MNHC needs to raise \$8.5MM to finance the cold shell, warm shell, and tenant improvements.

BRIDGE and MNHC are completing the final negotiations of a Joint Development and Transition Agreement (JDTA) whose purpose is to outline the terms and conditions of the development of the cold shell and transfer/purchase terms and conditions between MNHC and BRIDGE. The JDTA includes a condition that the cold shell acquisition by MNHC will occur after TCO for the entire building is received and when MNHC provides evidence to BRIDGE and/or the limited partnership that MNHC has the funds to complete the remaining clinic improvements. This condition means the ground lease will stay with 4840 Mission Housing Associates LP until MNHC has evidence of funds to start its improvements or the limited partnership or BRIDGE will find another nonprofit for the space. The JDTA will be completed and fully executed in March 2021 and will be a required document prior to the residential construction closing.

MNHC contemplated New Markets Tax Credits (NMTC). While NMTC is an option, the project is underwritten assuming no NMTC. MNHC's tenant improvement commercial loan that includes warm shell improvements is estimated at 4.00% interest, 20-year loan with a 20-year amortization. MOHCD and MNHC are still negotiating the residual receipts rent on the ground lease which currently anticipates a base rent of \$5,000 with no residual receipts payments.

Commercial Space – 4,407 sf. The cold shell improvement costs of the 4,407-sf commercial space are included in the MOHCD total loan amount.

The warm shell and tenant improvements for this commercial space will be completed by the to-be-determined commercial tenant. The cold shell cost for this space is approximately \$1.3MM. BRIDGE has engaged Lev Weisbach as a consulting architect to develop potential commercial space plans. In order to help BRIDGE attract a variety of potential business tenants to lease the space, Lev Weisbach will work with VMWP staff to properly plan for commercial building infrastructure locations for items, such as trash, bathrooms, and venting. This commercial space could be configured for up to 3 tenants, including up to 2 food service tenants relying on counter service and “to-go” style business plans. For a food vendor that may require a grease duct, the Sponsors and architect have determined that a grease duct can fit below sinks in this space because the slab is depressed. The grease duct below the sink was a better option than having the duct eliminate on Mission Street. Since the grease duct will be below a sink it can be a tenant improvement cost and not a warm shell cost. Sponsors are still discussing the venting for a commercial space.

Once the commercial shell is complete, BRIDGE will begin to work with a broker to locate the optimal businesses for the neighborhood. BRIDGE is not relying on commercial income to make debt service payments; as such these spaces can be targeted to support small businesses that need affordable commercial space. Examples of BRIDGE’s vision for the commercial space could include a coffee shop vendor, which is an expressed desire of the neighbors, or a La Cocina program graduate. Sponsors will be required to provide a commercial plan for this space by July 30, 2021 and 25% of the construction closing developer fee will be withheld until plan is provided. Also, in the plan, Sponsors must indicate whether a Type I or II vent is required.

- 4.5. Service Space. The supportive service office is located near the Alemany Boulevard entrance and near the community room. The property management offices are located near the entrance near Mission Street.
- 4.6. Units and Income Restrictions. Since September 2019, the income restrictions have changed as reflected in the chart below.

UNIT SIZE		MAXIMUM INCOME LEVEL	
NON-LOTTERY	No. of Units	MOHCD	TCAC
		1 BD – PHR PBV	9
2 BD – PHR PBV	11	50% MOHCD AMI	50% TCAC AMI
2 BD – PHR PBV	9	65% MOHCD AMI	60% TCAC AMI
3 BD – PHR PBV	6	65% MOHCD AMI	60% TCAC AMI
<b>PHR PBV Sub-Total</b>	<b>35</b>		
LOTTERY			
1 BR	6	30% MOHCD AMI	50% TCAC AMI

2 BR	6	30% MOHCD AMI	50% TCAC AMI
3-BR	2	30% MOHCD AMI	50% TCAC AMI
<b>30% MOHCD AMI Sub-Total</b>	<b>14</b>		
1 BR	11	40% MOHCD AMI	50% TCAC AMI
2 BR	9	40% MOHCD AMI	50% TCAC AMI
3-BR	2	40% MOHCD AMI	50% TCAC AMI
<b>40% MOHCD AMI Sub-Total</b>	<b>22</b>		
1 BR	16	50% MOHCD AMI	50% TCAC AMI
2 BR	10	50% MOHCD AMI	50% TCAC AMI
3-BR	1	50% MOHCD AMI	50% TCAC AMI
<b>50% MOHCD AMI Sub-Total</b>	<b>27</b>		
1 BR	2	50% MOHCD AMI	50% TCAC AMI
2 BR	2	50% MOHCD AMI	50% TCAC AMI
3-BR	1	50% MOHCD AMI	50% TCAC AMI
<b>50% TCAC AMI Sub-Total</b>	<b>5</b>		
1 BR	14	95% MOHCD AMI	70% TCAC AMI
2 BR	7	95% MOHCD AMI	70% TCAC AMI
3-BR	4	95% MOHCD AMI	70% TCAC AMI
<b>70% TCAC AMI Sub-Total</b>	<b>25</b>		
1 BR	0	109% MOHCD AMI	80% TCAC AMI
2 BR	7	109% MOHCD AMI	80% TCAC AMI
3-BR	0	109% MOHCD AMI	80% TCAC AMI
<b>80% TCAC AMI Sub-Total</b>	<b>7</b>		
<b>STAFF UNITS</b>			
2-BR	2	N/A	N/A
<b>TOTAL</b>	<b>137</b>		
<b>PROJECT AVERAGE</b>		<b>59.72%</b>	<b>57.70%</b>

It should be noted that all units will be restricted, in the MOHCD Declaration of Restrictions, to the MOHCD AMIs stated above, and not the TCAC AMIs. The Declaration will also include an acknowledgement that all units must be occupied by households whose adjusted income does not exceed 110% MOHCD AMI and that in order to retain tax credits at no time will the MOHCD AMI exceed the equivalent amount of 80% tax credit area median income.

In addition, as stated in the September 9, 2019-loan evaluation, the San Francisco Housing Authority (SFHA) will place households in the units with

PBV rental subsidy; there will be a preference for Potrero Terrace and Potrero Annex HOPE SF residents that voluntarily apply to 4840 Mission.

Also, FHLB AHP will require 60% of the units (82 units) to be at or below 50% TCAC AMI. Since the Project has 75% (103 units) at or below 50% TCAC AMI, the AHP affordability restrictions are not shown in the chart above.

- 4.7. Marketing & Occupancy Preferences. Marketing and occupancy outreach for the Project will be conducted in accordance with all applicable fair housing laws. BRIDGE Property Management Company (BPMC) will conduct outreach to neighborhood-based, non-profit housing corporations, agencies and other low-income housing advocacy organizations that maintain waiting lists. BPMC was formed in 1987 as a financially independent but affiliated nonprofit tax-exempt management company to ensure the quality of BRIDGE’s developments will be maintained over time.

All units that are not subsidized by SFHA Project Based Vouchers will be entered in a lottery and subject to San Francisco preferences. Among all eligible applicants, additional preference will be observed in the following order:

MOHCD Preference	Applicant Category
1	Certificate of Preference (COP) Holders
2	Displaced Tenants Housing Preference (DTHP) Certificate Holders (20% - 20 units)
3	Neighborhood Preference (40% - 40 units)
4	Live or Work in San Francisco Preference
5	All Others

Marketing materials will be printed in Chinese, English, Spanish and Tagalog, and published in a variety of publications that represent a broad range of non-English speaking populations.

The Project has been designated a “HOPE SF offsite”, which means that 25% of its units will be subsidized with PBVs and provide a preference for HOPE SF residents who voluntarily apply for a unit at the Project. The waitlist and preferences for the PBV units will be maintained by SFHA outlined in the SFHA Administrative Plan, updated annually and posted on the SFHA website.

The Project includes units at 30% MOHCD AMI and up to 108% MOHCD AMI. While BPMC has substantial experience marketing low-income units, the Sponsor has more limited experience marketing moderate-income units and will need to engage with experts. Additionally, market conditions during pandemic suggest that it may take more time to lease the moderate-income units than the low-income units. MOHCD will require the Sponsor to provide a marketing strategy memo and secure marketing consulting services, if necessary.

4.8. Relocation. Relocation does not apply to 4840 Mission.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Van Meter Williams Pollack	LBE	N
Landscape Architect	Cliff Lowe	TBD	N/A
General Contractor	Nibbi Brothers Construction	N	N
Owner's Rep/Construction Manager	CM <sup>2</sup>	N	N
Financial Consultant	California Housing Partnership Corporation	N	N
Legal	Goldfarb & Lipman LLP (real estate)	N	N
Property Manager	BPMC	N	N
Services Provider	To-be-determined ("TBD")	TBD	TBD

5.1. Outstanding Procurement Issues. On March 27, 2019, the overall SBE participation goal for this Project was set at 20% for professional services and construction services.

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 (this project and historical for the project): The Predevelopment Loan for \$6MM, executed May 11, 2017, was fully disbursed in October 2019. On October 4, 2019, City and the borrower executed a First Amendment to the Loan Agreement ("Loan Amendment"), providing \$12,510,000 in additional predevelopment and acquisition funds to pay off an acquisition loan with the HAF.

Key	Program		Amount	Rate	Date	Principal Balance	Drawn	Amount	To Date
2268	Predev Original: 2015 General Obligation Bond	5/11/2017	\$3,000,000	3.00%	6/30/2021	\$3,000,000	\$3,000,000	\$0	\$383,000
2267	Predev Original: AHF - Inclusionary (\$3MM)	5/11/2017	\$3,000,000	3.00%	6/30/2021	\$3,000,000	\$3,000,000	\$0	\$383,000
	Predev Amendment: AHF - Inclusionary & (\$12.51MM)	10/4/2019	\$12,510,000	3.00%	10/4/2076	\$12,510,000	\$11,409,073	\$1,100,927	\$340,309
	<b>TOTAL</b>		<b>\$18,510,000</b>			<b>\$18,510,000</b>	<b>\$17,409,073</b>	<b>\$1,100,927</b>	<b>\$1,106,309</b>

6.2. Disbursement Status. As of Draw #26 (approved November), \$17,409,073.32 has been drawn of the total loan of \$18,510,000 with \$1,100,926.68 remaining.

6.3. Fulfillment of Loan Conditions. The loan conditions below are new, in-process or incomplete loan conditions from the preliminary loan evaluation in September 2020.

By 10/1/20:

- Sponsor must provide alternative financing and development schedule to MOHCD for review and approval in the event that the project does

not receive CDLAC funding. Revised schedule should include a possible redesign. After MOHCD review and approval, Sponsor must present information to Supervisor with MOHCD present. After meeting with Supervisor, Sponsor must notify community stake holders of the alternative plan.

**Status: Not Applicable.** Project was awarded bonds in December 2020 and an alternative schedule is no longer required.

By Gap Loan request (winter 2021):

- Sponsor must reduce the hard cost budget to be equal to or lower than comparable projects in the MOHCD portfolio and currently in development.  
**Status: Completed.** Project costs are equal to comparable projects in MOHCD portfolio.
- Sponsor must submit an acceptable commercial development plan for the clinic, including schedule of release of commercial developer fee, to MOHCD.  
**Status: In process.** Sponsor is working on a plan for the 4,407-sf commercial space. Submission of a commercial plan will be required prior to payment of any developer fee during construction. The JDTA between the Sponsor and MNHC is in process and an executed JDTA will be a closing condition.
- Sponsor must use MOHCD's current proforma template.  
**Status: Completed.**
- Sponsor must submit lender and investor recommendation to MOHCD for approval.  
**Status: Completed.**
- The Project must meet MOHCD underwriting guidelines related to the DSCR.  
**Status: Completed.** In the first full year of operations the Project's DSCR is 1.15:1 and meets the DSCR in the debt lenders Letter of Interest (LOI).
- Sponsor must request reduction in the interest rate to actual interest rate and any savings generated from the lower interest rate must be applied to MOHCD's loan.  
**Status: Completed.** Selected debt lender interest rate is 3.45% and the construction lender is the equity provider and has tax credit pricing of \$0.995. The interest rate at the preliminary gap evaluation was 4.00%.
- BRIDGE must provide a solution to a possible tax event due to the MOHCD loan changing from 3% predevelopment interest loan to a proposed 1% interest total gap loan that includes predevelopment financing.  
**Status: In process.** At least one week prior to the bond loan closing, the land sale, ground lease, and MOHCD loan closing will occur. The new gap loan will be used to acquire the land including transfer



predevelopment loan interest and some demolition. The land acquisition costs will be a flat fee and will be below \$16,820,000, the updated appraisal price. However, the Department of Real Estate appraisal will be used to determine a sales price below the highest value of the land.

- BRIDGE must provide a true-debt test to show that the Project cannot support a 3% interest total gap loan that includes predevelopment financing.

**Status: Completed.** BRIDGE provided and in order for the capital accounts to remain positive, the Project requires a 1% interest rate.

By Gap Loan request (winter 2021) and carryover loan conditions from September 9, 2019-Loan Evaluation:

- Prior to gap loan request for a state financing program, Sponsor to provide a line item breakout of furnishings budget with financial analysis and provide explanation for any furnishings cost exceeding MOHCD guidelines. At MOHCD's discretion, Sponsor may be required to remove excess furniture expenses from revised and updated budgets.

**Status: Completed.** The \$349,000 in the loan evaluation meets MOHCD underwriting guidelines and includes \$274,000 for common area and \$75,000 for office and office equipment set-up costs.

- The Sponsor must provide documented explanation for the Construction Management costs.  
**Status: Completed.** The total requested meets MOHCD guidelines at \$250,000 total (\$5000 for 34-month construction plus two years of predevelopment at \$40K annually).
- For the community-serving commercial space (health clinic), BRIDGE must present a thorough commercial space financing plan that includes information on MNHC's proposed ownership structure; NMTC funding availability for the clinic; ground lease payment potential by MNHC, if the clinic does not own; clinic tenant improvement costs and funding sources; schedule that include financing and tenant improvement start dates; an evaluation of MNHC's fundraising potential and capacity, and; an MOU between Sponsor and MNHC detailing key agreements and responsibilities.

**Status: In process.** See Section 4.4.

- 1) BRIDGE will develop cost containment strategies for construction and present them at the various cost estimates (schematic, design development, construction) with narrative analysis of the pricing from the general contractor.

**Status: In process and ongoing.** BRIDGE provided responses to the Construction Specialist. BRIDGE and MOHCD continue to work with its general contractor and architect to reduce costs.

- 2) BRIDGE to implement cost containment strategies that reduce MOHCD subsidy to \$250K per unit and meet the goal of the total development costs excluding land to be less than \$750K per unit.  
**Status: Completed.** BRIDGE's current loan request excluding acquisition is equivalent to \$186,142 per unit. If the site is acquired by MOHCD for the maximum purchase price, the total City investment will be \$343,419 per unit. With the complicated foundation system, other than cost reduction suggestions provided by the MOHCD Construction Representative Manager, the hard costs are lower than those of other developments in the MOHCD portfolio.

Recommended conditions prior to funding Developer Fee and carryover loan conditions from September 9, 2019-Loan Evaluation:

- Prior to funding Project Management Fee paid during construction or at completion of construction, BRIDGE must apply for FHLB AHP.  
**Status: Pending.** This condition will be included in the loan agreement.

Loan Committee modification from September 18, 2020-preliminary loan evaluation.

Prior to submittal of CDLAC/TCAC commitment letter:

- BRIDGE must provide a written staffing plan for 4840 Mission.  
**Status: Completed.** BRIDGE provided a written staffing plan.

Condition for all loans to BRIDGE until the requirements have been met. Please note status of these conditions are the jurisdiction of the MOHCD Director and Deputy Director of Housing.

- BRIDGE must develop specific and actionable plans to the satisfaction of MOHCD to address each of the following items identified in the letter dated October 7, 2019:
  - Staff turnover on all MOHCD and OCII projects and provision of adequate level of staffing and project planning. Response should include the running total of staff changes to-date on all MOHCD and OCII funded projects that have not converted to the permanent loan.
  - Managing individual MOHCD and OCII funded project schedules and address delays.
  - Delays in performing essential tasks.
  - Demonstration of modular expertise/capacity.
  - Construction cost estimating, cost control, and construction management.

**Status: In process.** BRIDGE responded to MOHCD and OCII letter dated October 7, 2019. As a condition of this loan, BRIDGE must provide

quarterly updates to the staffing plan outlined in its letter to the MOHCD Director and the Deputy Director of Housing.

#### 6.4. Potential/Proposed Permanent Financing.

6.4.1. Permanent Sources Evaluation Narrative. BRIDGE proposes to use a combination of the following:

**MOHCD Loan (\$28,751,450).** The loan includes two bridge loans: 1) \$3MM for the MNHC clinic commercial shell and 2) \$1,250,000 for AHP. The total City investment in the Project, including acquisition, is \$47,048,470. A portion of the total City investment amount will be used to acquire the site from 4840 Mission Housing LP for a not to exceed amount of \$16,820,000.

**Private Mortgage (\$25,514,287).** JLL Real Estate Capital is providing the permanent loan. The interest current rate is 3.72% for 15-year term and 40-year amortization commencing at permanent conversion. A portion of the loan, \$11,255,000, is supported by the 35 PBV's.

**4% Tax Credit Equity (\$51,584,616).** Bank of America is the selected equity investor and was the highest bidder at \$0.995 per credit. The tax credit amount is based on the 4.00% credit rate.

**General Partner Equity Contribution (\$0).** In order to have a competitive September 2020-CDLAC TCAC application, the Sponsors reduced the GP Equity amount to \$0. Staff accepted the change in order to have a competitive application, although the amount is not consistent with the MOHCD Developer Fee Policy that sets minimum of \$500,000 for GP Equity contribution. Approval of a waiver to the MOHCD Developer Fee Policy is included with this request.

**Deferred Developer Fee (\$2,298,989).** The deferred fee is consistent with MOHCD Developer Fee Policy and will be paid out over 14 years.

**Construction Loan (\$68,157,232).** Bank of America (BoFA) will provide the construction loan. Since BoFA is also providing the tax credit equity there is a related party issue that MOHCD and the Sponsor are currently negotiating. The construction loan will be paid off by the permanent loan and tax credit equity. The tax-exempt portion of the loan is \$51,340,687 and has a rate of 3.45%. The taxable portion of the loan is \$16,816,545 and has a rate of 3.55%. The term of the construction loan is 34-months. The Project as currently underwritten meets its 50% test for the bonds.

6.4.2. Permanent Uses Evaluation:

<b>Development Budget</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Hard Cost per unit are within standards	Y	\$623,113/unit is \$23.4K below the average construction cost of recent developments in MOHCD portfolio.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5%.
Architecture and Engineering Fees are within standards	Y	Fee is based on an email agreement, letter agreement and excel spreadsheet developed by architect. The architect contract will be executed prior to construction closing.
Construction Management Fees are within standards	Y	Construction Management Fee meets MOHCD Underwriting Guidelines.
Residential Developer Fee is within standards, see also disbursement chart below.	Y	Total Residential Developer Fee is \$4,868,989. Total Project Management Fee is \$1,100,000. Total At-Risk Dev Fee is \$1,470,000 GP Equity is \$0 Deferred Developer Fee: \$2,298,989
Commercial Developer Fee is within standards, see also disbursement chart below.	Y	Total Commercial Developer Fee is \$300,000. MOHCD's loan will cover \$94,325. The MNHC cold shell purchase costs that will take out the MOHCD bridge loan of \$3MM includes the remaining \$205,675 in commercial developer fee.
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 8.8%.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months.
Capitalized Replacement Reserves are a minimum of \$1,000 per unit (Rehab only)	N/A	N/A, new construction.

7. DEVELOPER FEE

<b>Residential Developer Fee Disbursement Schedule</b>		
<b>Payment Milestone</b>	<b>% of Project Mgmt Fee</b>	<b>Amount</b>
<b>Project Management Fee</b>		
PM Fee: At closing of initial pre-development financing <b>(Fully Disbursed, October 2019)</b>	15%	\$165,000
PM Fee: Predevelopment <b>(Fully Disbursed, October 2020)</b>	35%	\$385,000

PM Fee: Construction Close	20%	\$220,000
PM Fee: During or at End of Construction	20%	\$220,000
PM Fee: At Project Close Out	10%	\$110,000
<b>Total Project Management Fee</b>	<b>100%</b>	<b>\$1,100,000</b>
At Risk: 95% Leased up and Draft Cost Certification	20%	\$294,000
At Risk: Permanent Loan Closing/Conversion (Final Cost Certification Audit)	50%	\$735,000
At Risk: Project Close Out (Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.)	30%	\$441,000
<b>Total At Risk</b>	<b>100%</b>	<b>\$1,470,000</b>
<b>Total Project Management Fee</b>		<b>\$2,570,000</b>
GP Equity		\$ 0
Deferred Developer Fee		\$2,298,989
<b>Total Residential Developer Fee</b>		<b>\$4,868,989</b>
<b>Total Commercial Developer Fee</b>		<b>\$ 300,000</b>
<b>Total Developer Fee in Development Budget</b>		<b>\$5,168,989</b>

Staff recommends waiver to the Developer Fee Policy to permit \$0 GP Equity.

See Developer Fee Payment Milestones in Attachment K.

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

8.1. Income

The chart below reflects San Francisco 2020 rents

Unit Type	Proposed Number of Units	Max. Rent	Max Tenant Paid Rent	Subsidy
1BR	6	\$769	\$667	
1BR	11	\$1,025	\$923	
1BR	16	\$1,281	\$1,179	
1BR	2	\$1,631	\$1,564	
1BR	14	\$2,283	\$2,181	
1BR	9	\$2,700 (contract rents)	\$1,564 (Tenant Payment excluding Utilities)	PBV - \$1,136
<b>Subtotal 1-BR</b>	<b>58</b>			
2BR	6	\$865	\$734	
2BR	9	\$1,153	\$1,022	
2BR	10	\$1,441	\$1,310	
2BR	2	\$1,957	\$1,743	
2BR	7	\$2,740	\$2,609	
2BR	7	\$3,132	\$3,001	
2BR	11	\$3,308 (contract rents)	\$1,310 (Tenant Payment excluding Utilities)	PBV - \$1,998
2BR	9	\$3,308 (contract rents)	\$1,743 (Tenant Payment excluding Utilities)	PBV - \$1,565

2BR	2			On-site Staff Units
<b>Subtotal 2-BR</b>	<b>63</b>			
3BR	2	\$961	\$800	
3BR	2	\$1,281	\$1,120	
3BR	1	\$1,601	\$1,440	
3BR	1	\$2,262	\$1,920	
3BR	4	\$3,620	\$3,459	
3BR	6	\$4,334 (contract rents)	\$1,920 (Tenant Payment excluding Utilities)	PBV - \$2,414
<b>Subtotal 3-BR</b>	<b>16</b>			
<b>Total Units</b>	<b>137</b>			

8.2. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is between minimum 1.10:1 in year 1 and maximum 1.00:1 in year 17	Y	DSCR is 1.15:1 in year 1.
Debt Service Coverage Ratio stays above 1.00:1 for entirety of projected 20-year cash flow	Y	DSCR not go below 1.00:1 for the entirety of the projected 20-year cash flow.
Vacancy meets TCAC Standards	Y	Vacancy is 5%.
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5%.
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%.
Base year operating expenses per unit are reasonable per comparables	Y	Total Residential Operating Expenses are \$11,738 PUPA before reserves and ground lease.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$98,640 or \$60 PUPM.
Property Management staffing level is reasonable per comparables	Y	Staffing includes 5.5 FTE total, including the following: <ul style="list-style-type: none"> <li>• 1.0 FTE Property Manager</li> <li>• 1.5 FTE Janitor</li> <li>• 1.0 FTE Maintenance Supervisor</li> <li>• 1.0 FTE Maintenance Technician</li> <li>• 1.0 FTE Resident Services Coordinator</li> </ul> <p>Also, Sponsors will have a Courtesy Patrol for 8 hours a day / 7 days a week.</p>

Asset Management and Partnership Management Fees meet standards	Y	The first full year of operations begins in 2024. In the first full year of operations the AM Fee, which is paid before debt service, is \$25,130 and escalates at 3.50% annually.  The annual PM Fee, which is a payment after debt service and reserves, is \$18,619 and escalates at 3.50% annually.  The combined AM and PM Fee in 2024 is estimated to be \$50,249 and the fees as planned are below the total.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 per unit per year.
Limited Partnership Asset Management (LP AMP) Fee meets standards	N	Annual LP AMP is \$11,500 per year with no annual escalation. The amount combined with the AM and PM Fee does not exceed the total of the AM, PM, and LP AMP in 2024, which is \$55,249 and staff accepts the flat LP AMP amount even though the LP AMP fee is higher than the MOHCD Operating Fee Policy. Staff and Sponsor request a waiver to the policy.
Project-Based Vouchers	Y	This development will have 35 units set-aside for households relocating voluntarily from Potrero HOPE SF development.

## 9. SUPPORT SERVICES

- 9.1. Services Plan. BRIDGE will have a 1.0 FTE Resident Services Coordinator (RSC) and a supervisor over the RSC at 0.5 FTE. BRIDGE’s plan submitted to MOHCD and HOPE SF also includes an “Organizer” at 3 hours per week for a full year. MOHCD, HOPE SF Impact Team, and BRIDGE are discussing the Organizer role and BRIDGE’s approach to resident services as it relates to the overall services with a focus on the HOPE SF families voluntarily relocating to Potrero and Potrero Annex. BRIDGE’s draft plan did not include an identified service partner and did not specify whether the RSC would be a third-party partner or BRIDGE employee. There are loan conditions related to completing negotiations of a resident services plan and delivery of a near final services plan.
- 9.2. Service Budget. The services budget submitted with this funding request included salary and benefits for the 1 FTE Resident Services Coordinator, 1 Organizer, and supervisory overhead and supplies totaling \$107,400 or approximately \$784 PUPA. This amount is paid out of the property’s operating budget.
- 9.3. HOPE SF Assessment of Service Plan and Budget. Sponsor submitted a draft service plan and MOHCD and HOPE SF Impact Team responded to the submission. MOHCD and the HOPE SF Impact Team will continue to

discuss and negotiate the service plan since some of the staff positions and philosophy related to providing services, especially to the families relocating from Potrero and Potrero Annex, are not aligned. Staff will condition several milestones related to the services plan and tied to payments of developer fee in the Developer Fee Agreement.

## 10. STAFF RECOMMENDATIONS

### 10.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$28,751,450
Loan Term:	57-year loan at construction closing
Loan Maturity Date:	2078
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	1%

### 10.2. Recommended disbursement conditions/schedule.

- 1) As a condition to the construction closing, Sponsor must submit an executed copy of the JDTA prior to residential closing scheduled for May 21, 2021.

### 10.3. Recommended conditions in the gap loan agreement.

- 2) If there is any project savings from the GMP, Sponsor may hold the saving as an allowance in the event plans change due to the unresolved PGE/PUC issue. If the low-side metering is accepted, and the construction plans do not have the change, the saving in the GMP should be returned to MOHCD and used to reduce MOHCD's gap loan amount.
- 3) BRIDGE must provide quarterly updates to the satisfaction of MOHCD to on staffing, specifically:
  - o Staff turnover on all MOHCD and OCII projects and provision of adequate level of staffing and project planning. Response should include the running total of staff changes to-date on all MOHCD and OCII funded projects that have not converted to the permanent loan.

### 10.4. Recommended conditions prior to funding Developer Fee

- 4) Prior to funding Project Management Fee paid during construction or at completion of construction, BRIDGE must apply for FHLB AHP.
- 5) 25% of the 20% of developer fee due at closing will be withheld and disbursed when Sponsor submits an update of the draft Services Plan in



response to MOHCD's and HOPE SF's comments and a commercial plan for the 4,407-sf commercial space.

- 6) 25% of the 20% of developer fee due at closing will be withheld until a commercial plan for the 4,407-sf commercial space is provided. In the commercial plan, Sponsors must indicate whether a Type I or II vent is required and grease duct and whether those improvements will be completed with the commercial cold shell for the space.
- 7) At least 1 year prior to receipt of temporary certificate of occupancy, Sponsor submit final draft of Services Plan and negotiate final terms of funds paid from operations prior to permanent loan closing.

10.4 Recommended conditions prior to permanent conversions

- 8) Sponsor to provide lease agreement for the 4,407-sf commercial space.
- 9) Sponsor to provide an analysis of rents and debts for the 4,407-sf commercial spaces 9 months prior to TCO.
- 10) Sponsor to provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps BPMC 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. 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.

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

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Tonia Lediju, Acting Executive Director  
San Francisco Housing Authority

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

Attachments:    A. Project Milestones/Schedule  
                      B. Borrower Org Chart  
                      C. Developer Resumes

## Chavez, Rosanna (MYR)

---

**From:** Shaw, Eric (MYR)  
**Sent:** Wednesday, February 24, 2021 8:40 AM  
**To:** Chavez, Rosanna (MYR)  
**Subject:** 4840 Mission

I approve

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## Chavez, Rosanna (MYR)

---

**From:** Menjivar, Salvador (HOM)  
**Sent:** Friday, February 19, 2021 1:01 PM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR)  
**Subject:** Gap financing for 4840 Mission St

I approve the request for gap financing for 4840 Mission Street in the amount of \$28,751,450 -Including \$3,000,000 in construction bridge loan for Cold Shell and \$1,250,000 AHP bridge loan-

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

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## Chavez, Rosanna (MYR)

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**From:** Oerth, Sally (CII)  
**Sent:** Friday, February 19, 2021 12:10 PM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR); Heavens, Cindy (MYR)  
**Subject:** Gap Financing for 4840 Mission - 2.19.21 Loan Committee

I approve the Gap Financing request for the 4840 Mission project, as presented at the 2.19.21 Loan Committee



**Sally Oerth**  
**Interim Executive Director**

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San Francisco, CA 94103  
☎ 415.749.2588  
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## Chavez, Rosanna (MYR)

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**From:** Katz, Bridget (CON)  
**Sent:** Friday, February 19, 2021 12:09 PM  
**To:** Chavez, Rosanna (MYR)  
**Cc:** Shaw, Eric (MYR)  
**Subject:** 4840 Mission

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)

- D. Asset Management Analysis of Sponsor
- E. Site Map with amenities
- F. Elevations and Floor Plans, if available
- G. Comparison of City Investment in Other Housing Developments
- H. Permanent Sources and Uses
- I. 1<sup>st</sup> Year Operating Budget
- J. 20-year Operating Pro Forma
- K. Developer Fee Calculation & Milestones

**Attachment A: Project Milestones and Schedule**

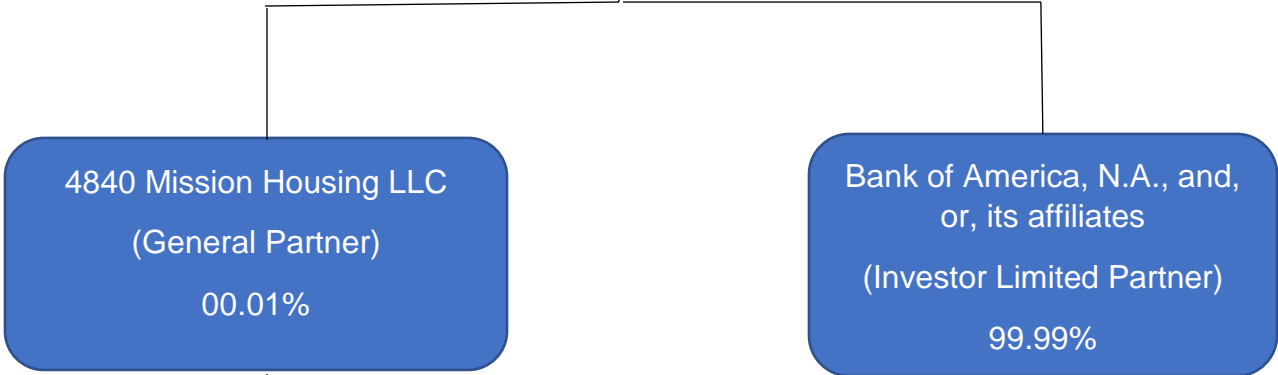
No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)	February 27, 2017	
1.	Acquisition/Predev Financing Commitment	6/17	<u>completed</u>
2.	Site Acquisition	6/17	<u>completed</u>
3.	Development Team Selection		
a.	Architect	4/17	<u>completed</u>
b.	General Contractor	12/19	<u>completed</u>
c.	Owner's Representative	12/19	<u>completed</u>
d.	Property Manager	Self-Managed	<u>completed</u>
e.	Service Provider	10/20	<u>completed</u>
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	9/19	<u>completed</u>
b.	Submittal of Design Development & Cost Estimate	2/20	<u>completed</u>
c.	Submittal of 50% CD Set & Cost Estimate	6/20	<u>completed</u>
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	9/20	<u>completed</u>
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	Assumed focused EIR February 1, 2017	<u>completed</u>
b.	NEPA Environ Review Submission	1/20	<u>completed</u>
c.	CUP/PUD/Variances Submission	N/A	
d.	CEQA/Entitlements Approval	N/A	
e.	SB 35 review and approval	6/19	<u>completed</u>
6.	Permits		
a.	Building / Site Permit Application Submitted	3/19	<u>completed</u>
b.	Addendum #1 Submitted	2/20	<u>completed</u>
c.	Addendum #2 Submitted	6/20	<u>completed</u>
d.	Addendum #3 Super Structure Submitted	9/20	<u>completed</u>
7.	Request for Bids Issued	12/20	<u>completed</u>
8.	Service Plan Submission		
a.	Preliminary	January 2020	<u>completed</u>
b.	Interim	June 2020	<u>completed</u>
c.	Prior to construction closing	December 2020	<u>completed</u>
9.	Additional City Financing		
a.	Predevelopment Financing Application #2	9/19	<u>completed</u>
b.	Project Based Voucher Application	12/19	<u>completed</u>
c.	MHP Commitment Letter Application	N/A	
d.	LOSP Loan Commitment (only if MHP is the state financing)	N/A	
e.	Gap Financing Application	12/20	<u>completed</u>
10.	Other Financing		
a.	MHP Application	N/A	
b.	Construction Financing RFP	N/A	



c.	AHP Application	3/22	
d.	CDLAC Application	9/20	<u>Completed</u>
e.	TCAC Application	9/20	<u>Completed</u>
f.	HUD 202 or 811 Application	N/A	
g.	Other Financing Application: AHSC	N/A	
h.	Other Financing Application: TOD	N/A	
11.	Closing		
a.	Construction Closing	5/21	
b.	Permanent Financing Closing	11/24	
12.	Construction		
	Early start: Abatement & Demolition	<u>1/21</u>	
a.	Notice to Proceed	5/21	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	6/23	
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	6/22	
b.	Commence Marketing	10/22	
c.	95% Occupancy	7/24	
14.	Cost Certification/8609	5/25	
15.	Close Out MOH/OCII Loan(s)	11/24	

**Attachment B: Borrower Org Chart**

4840 Mission Housing Associates, L.P.



Northpoint, Inc.  
(Sole Member/Managing Partner)

BRIDGE Housing Corporation  
(Parent Company)

## **Attachment C: Developer Resume**

### **BRIDGE Housing's Development Experience**

4840 Mission will be developed by BRIDGE Housing Corporation, one of the nation's most experience affordable housing developers. BRIDGE Housing Corporation has an extensive history of delivering high quality successful projects, and also has strong roots in San Francisco. BRIDGE will leverage the talents and resources of our organization to ensure the development of much needed affordable housing in San Francisco's Excelsior District that meets the intended goals of the City and responds to the community's historical, social and architectural context.

### **BRIDGE Housing Corporation**

BRIDGE has developed over 13,000 units of affordable housing in its 33-year history, including over 1,700 affordable units in San Francisco. For the purposes of fulfilling the minimum developer requirements in the NOFA, BRIDGE provided a description of 474 Natoma, a 60 unit 100% affordable rental housing development that was financed with low-income housing tax credits within the last 5 years; The Coronet, a 150 unit 100% affordable development funded by LIHTCs within the past 10 years and; Armstrong Place Senior Housing, a completed development with a mixed-use component that includes at least 5,000 sq/ft of retail/commercial space completed within the past 10 years. We have also included BRIDGE's experience as an organizer in collaborative community outreach and additional experience developing mixed-use communities.

#### **Qualifying Project –Affordable Housing Rental Project of at least 50 Units**

##### *474 Natoma*

On a site vacant since the 1989 Loma Prieta earthquake, 474 Natoma, located in San Francisco's SOMA Redevelopment Area, was completed in 2013. This high-density residential development provides much needed affordable family housing with a mix of 60 one-, two- and three-bedroom apartments. In an effort to serve low income families, 40% of the units are 2 or more bedrooms whose size averages approximately 1,200 square feet.

Situated on a small property between two alleys, 474 Natoma's front and rear buildings share a common two-level lobby and through-block passageway linked to a central courtyard. At the top floor, a landscaped terrace and a community garden provide additional sunny and secure outdoor areas with city views. Amenities also include laundry facilities and a community room. The nine-story mid-rise building features sustainable building strategies and has achieved GreenPoint Rated certification. As a development located in the C-3 district, the building also incorporates a public artwork installation on the exterior along the length of the elevator shaft.

#### **Additional Completed Family or Senior Development of at least 75 units**

##### *The Coronet, San Francisco*

The Coronet was developed in partnership with the Institute on Aging (IOA), a San Francisco based provider of senior services and health care. This innovative development contains 150 units of housing for extremely low-income seniors sitting above the IOA's Senior Campus, which includes a medical clinic, an adult day health center, and IOA's administrative offices. The project includes 25 units for formerly homeless seniors through the City's Direct Access to Housing program.

Experience with a Mixed-Use Development with at least 5,000 sf of retail/commercial space  
*Armstrong Place Senior Housing*

Completed in 2011, Armstrong Place Senior Housing is located in San Francisco's Bayview District, along the Third Street light rail line, just a block from the light rail stop, and across the street from Bayview Playground and the Martin Luther King swimming pool. The complex provides 116 affordable apartments for seniors, seventy-one of which are HUD subsidized. The property's amenities include 9,000 square feet of commercial space, community services and retail shops. The property surrounds a courtyard rain garden and has several communal spaces. Twenty-three of the apartments are set aside for formerly homeless seniors participating in San Francisco's Direct Access to Housing Program. These residents are eligible for intensive social services which will enable them to transition into independent living.

Experience as lead organizer of collaborative community outreach and planning effort  
*Rebuild Potrero, San Francisco*

Through our work as the master developer for HOPE SF Potrero, BRIDGE has proven itself a leader in community outreach and participatory planning, and a pioneer in community-building through a "trauma-informed" lens. The extensive master planning effort at Potrero used a variety of techniques, such as community-wide meetings, facilitated focus groups, and casual "get-togethers," to solicit resident input and tap local expertise, ensuring a successful and inclusive master plan. Furthermore, BRIDGE recognizes that housing development is community development, and as such must understand and respond to the everyday and systemic challenges that each community faces, as well as the assets and strengths that each community possesses. Through partnerships with other local CBOs, and trust-building activities with residents, our work at Potrero is indicative of our commitment to strengthen entire neighborhoods by integrating new housing into the social, economic, and physical fabric of the surrounding area.

Additional Development Experience

*North Beach Place, San Francisco*

BRIDGE partnered with The John Stewart Company to develop North Beach Place, a 341-unit HOPE VI Development in the North Beach neighborhood of San Francisco. In addition to providing rebuilt public housing units and additional affordable housing, North Beach Place also includes 20,000 square feet of retail space providing space for a variety of tenants. Most prominent among the retail tenants is a full-service Trader Joe's grocery store. Other tenants include Starbucks, Tutu's dance studio, Edible Arrangements, a bike rental shop, and Kai Ming Headstart Center.

*Comm 22*

COMM22 is a master-planned, mixed-use, mixed-income development located on a four-acre, former San Diego Unified School District maintenance facility site that was vacant for over 25 years and a source of blight for the community. This transit-oriented development has brought a fresh energy to San Diego's Logan Heights neighborhood. The development is split into a Family and Senior component with Paseo at COMM22 comprising 130 units of affordable family housing and Victoria at COMM22 providing 70 units of affordable housing for seniors.

Paseo and Victoria at COMM22 are combined with community-serving commercial and retail space, day care facilities, and ultimately office space, market-rate lofts and for-sale townhomes. Paseo has leased 2,350 sf to a local community medical clinic (opened in May 2015) with an additional 10,500 sf being marketed. Victoria has a 4,500-sf ground floor commercial space which is currently under construction for a community child care facility (scheduled to open in June 2016).

COMM22 features enhanced plaza areas for public gatherings and strong pedestrian connectivity throughout the site with convenient access to public transportation. The COMM22 development also incorporates significant pieces of public art, including a 30-foot long mural, a centrally located 16-foot stone and metal sculpture, as well as other public elements. All are great additions to a neighborhood with a history of embracing art.

The COMM22 project represents a 10-year collaboration between the San Diego Unified School District, BRIDGE Housing and MAAC Project and is a perfect example of a public-private partnership that benefits the city of San Diego and the Logan Heights, Sherman Heights, and Barrio Logan communities.

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

### # of projects and avg. # of units/project currently in sponsor's asset management portfolio

BRIDGE has...

- 98 projects in portfolio (note: this includes properties that we CO-asset manage)
- 10,498 total units
- Average: 107 units/projects

### Sponsor's current asset management staffing – job titles, FTEs, org chart and status of each position (filled/vacant)

BRIDGE See attached org chart

### Description of scope and range of duties of sponsor's asset management team

BRIDGE: The Asset Management division maintains a high-quality standard of BRIDGE's real estate assets. In 2015, 11 properties (938 units) came under asset management. The Asset Management team's responsibilities include compliance/investor/lender/agency relations, leasing of properties, due diligence of new acquisitions, portfolio management and risk management. BRIDGE supports its mission and commitment to quality and affordability through long-term stewardship of its assets.

### Description of sponsor's coordination between asset management and other functional teams, including property management, accounting, compliance, facilities management, etc.

As a long-term owner, BRIDGE is committed to caring for its growing portfolio of properties. BRIDGE's Asset Management team works with other BRIDGE departments to ensure the long-term financial and physical health and regulatory compliance of BRIDGE-owned real estate. Examples of BRIDGE Asset Management's cross-department coordination include:

- providing due diligence services to the Real Estate Development team prior to acquisition of new properties
- coordinating with Property Management to ensure that the physical needs of the portfolio are met, including obtaining physical needs assessments and overseeing small and medium-sized rehabilitation projects
- working with the Finance team to budget, monitor, report on and audit the financial health of BRIDGE's assets at property and portfolio levels
- ensuring that properties comply with the numerous regulatory requirements and other use restrictions that are unique to affordable housing
- directing Portfolio Management in analyzing project and portfolio performance; recommending financial restructuring as appropriate, including new re-syndication opportunities and refinancing debt; implementing investor exits (buyouts)
- providing insurance services for the entire organization to maintain effective risk management

# of projects expected to be in sponsor's AM portfolio in 5 years and, if applicable, plans to augment staffing to manage growing portfolio

BRIDGE pipeline: 117 properties.

Asset management staff will be added as needed to ensure all duties are performed and assets are well maintained.

Staff believes model regarding asset management capacity is adequate for this predevelopment request.



**Attachment E: Site Map with amenities**

# Aerial and Front Views

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**AERIAL VIEW**

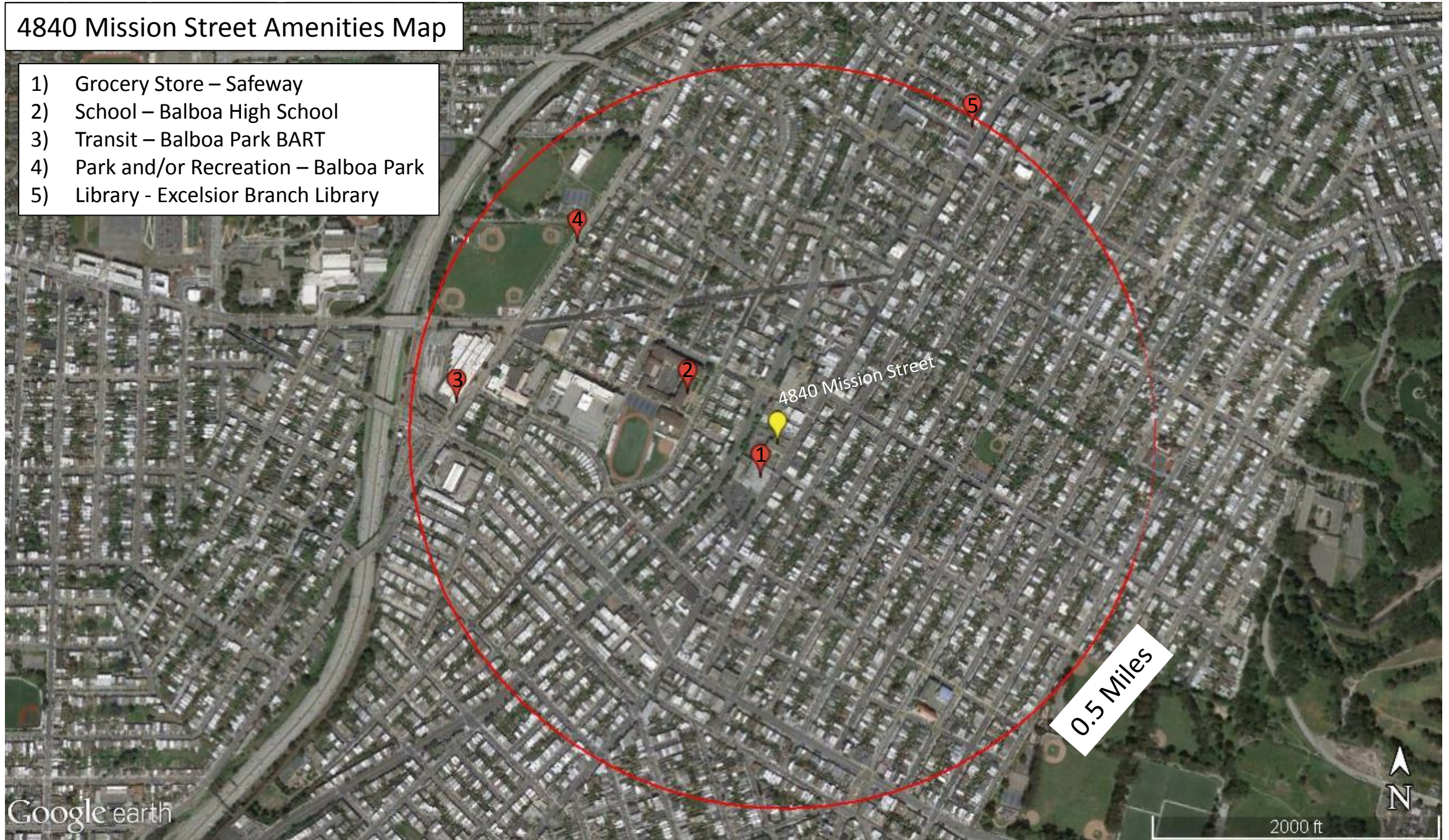


**FRONT VIEW**



# 4840 Mission Street Amenities Map

- 1) Grocery Store – Safeway
- 2) School – Balboa High School
- 3) Transit – Balboa Park BART
- 4) Park and/or Recreation – Balboa Park
- 5) Library - Excelsior Branch Library



Google earth

2000 ft



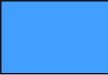



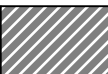
0.5 Miles

4840 Mission Street

**Attachment F: Elevations and Floor Plans**

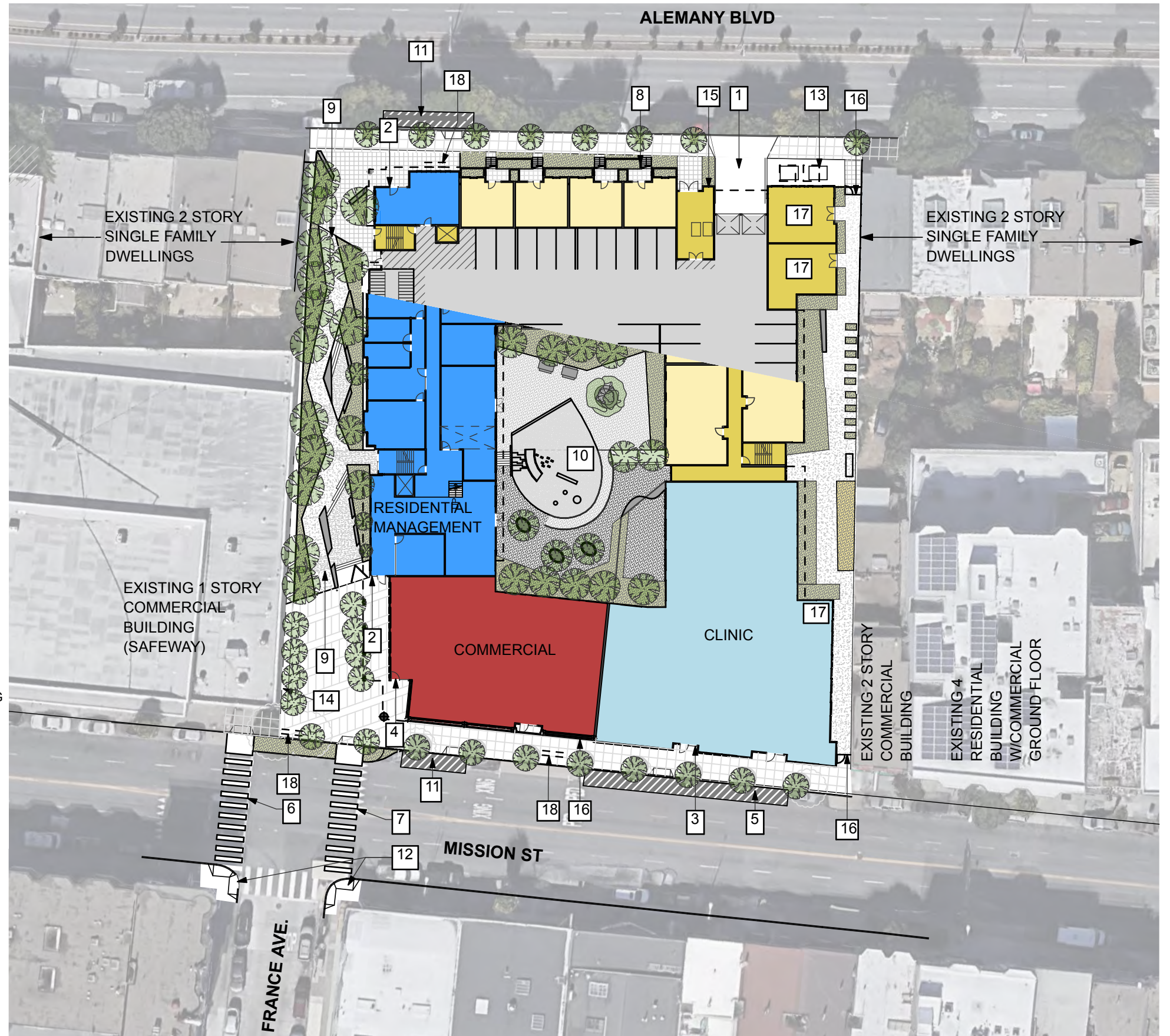
Elevations and floor plans are provided under a separate cover.

**LEGEND**

-  RESIDENTIAL ENTRY, MANAGEMENT & COMMON AREAS
-  RESIDENTIAL UNITS
-  MISSION NEIGHBORHOOD HEALTH CLINIC
-  COMMERCIAL RETAIL
-  VEHICULAR LOADING AREA

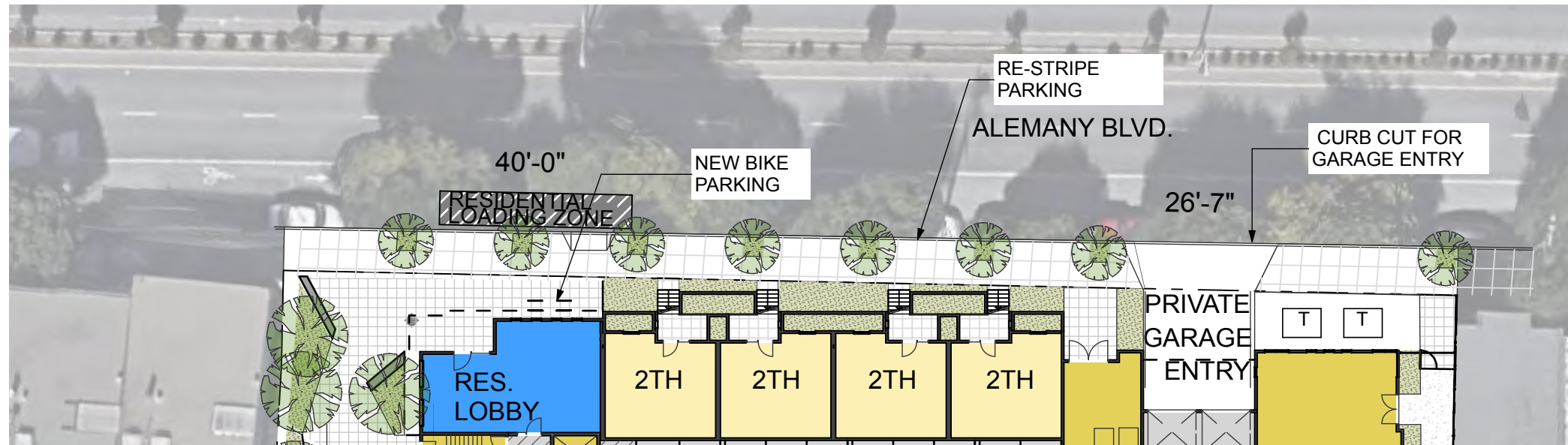
**SHEET NOTES**

- 1 RESIDENTIAL GARAGE ACCESS
- 2 RESIDENTIAL LOBBY/ENTRY
- 3 CLINIC LOBBY MAIN ENTRY
- 4 COMMERCIAL RETAIL ENTRY/STOREFRONTS
- 5 ADA CLINIC LOADING ZONE
- 6 REPAINT EXISTING PEDESTRIAN STREET CROSSING
- 7 NEW PEDESTRIAN STREET CROSSING W/ ADA CURB CUTS & PLANTER BULBOUTS
- 8 RESIDENTIAL ENTRY STOOPS
- 9 PUBLIC PLAZA AND SEMI-PRIVATE WALKWAY OPEN TO PUBLIC DURING DAYTIME
- 10 RESIDENTIAL COURTYARD AND PLAY STRUCTURE
- 11 RESIDENTIAL LOADING ZONE
- 12 REPAIR ADA PEDESTRIAN CURB CUTS
- 13 PAD MOUNTED TRANSFORMERS
- 14 POTENTIAL WALL MURAL ON EXISTING OR NEW WALL
- 15 POTENTIAL FIRE WATER CONNECTION TO BLDG
- 16 POTENTIAL DOMESTIC WATER CONNECTION
- 17 ELECTRICAL/MECHANICAL ROOMS
- 18 BIKE PARKING

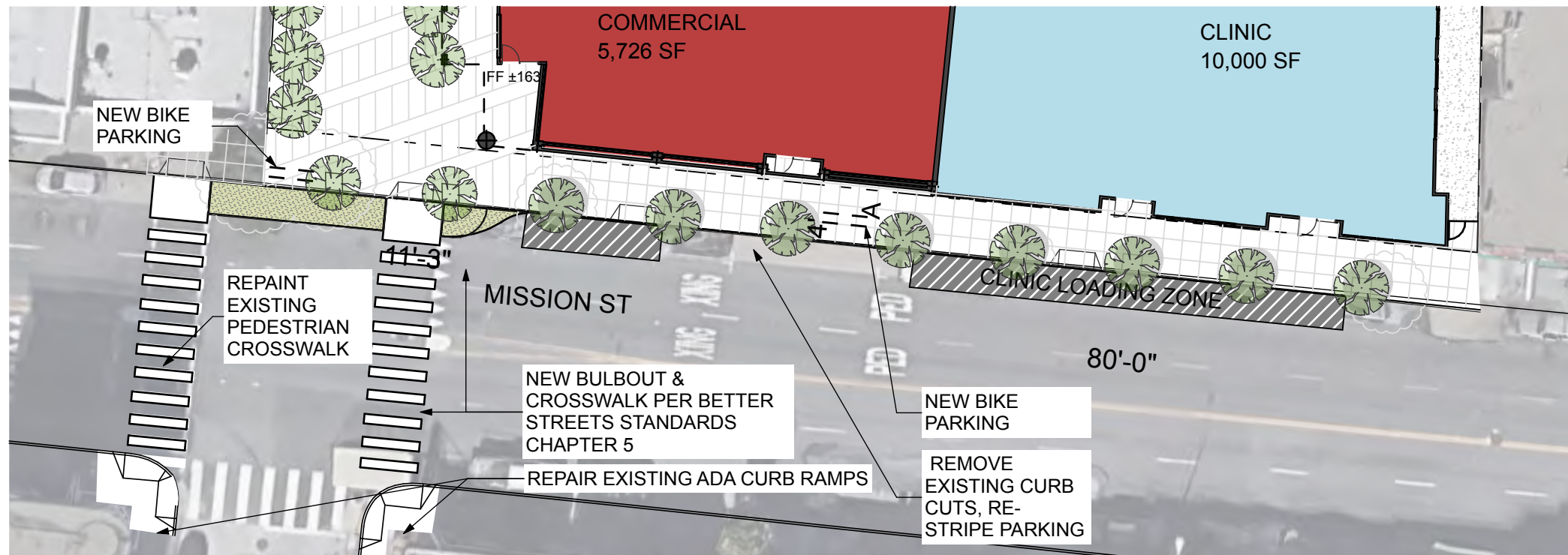


**4840 MISSION STREET | A1.1 OVERALL SITE PLAN**

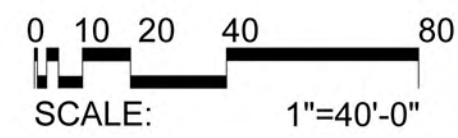
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2. ALEMANY STREET  
SCALE: 1" = 30'



1. MISSION STREET CROSSWALK & LOADING ZONES  
SCALE: 1" = 30'



# 4840 MISSION STREET | LANDSCAPE CONCEPT

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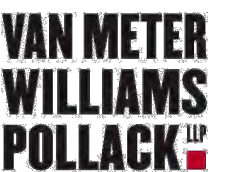
BASEMENT (ALEMANY BLVD GROUND LEVEL)



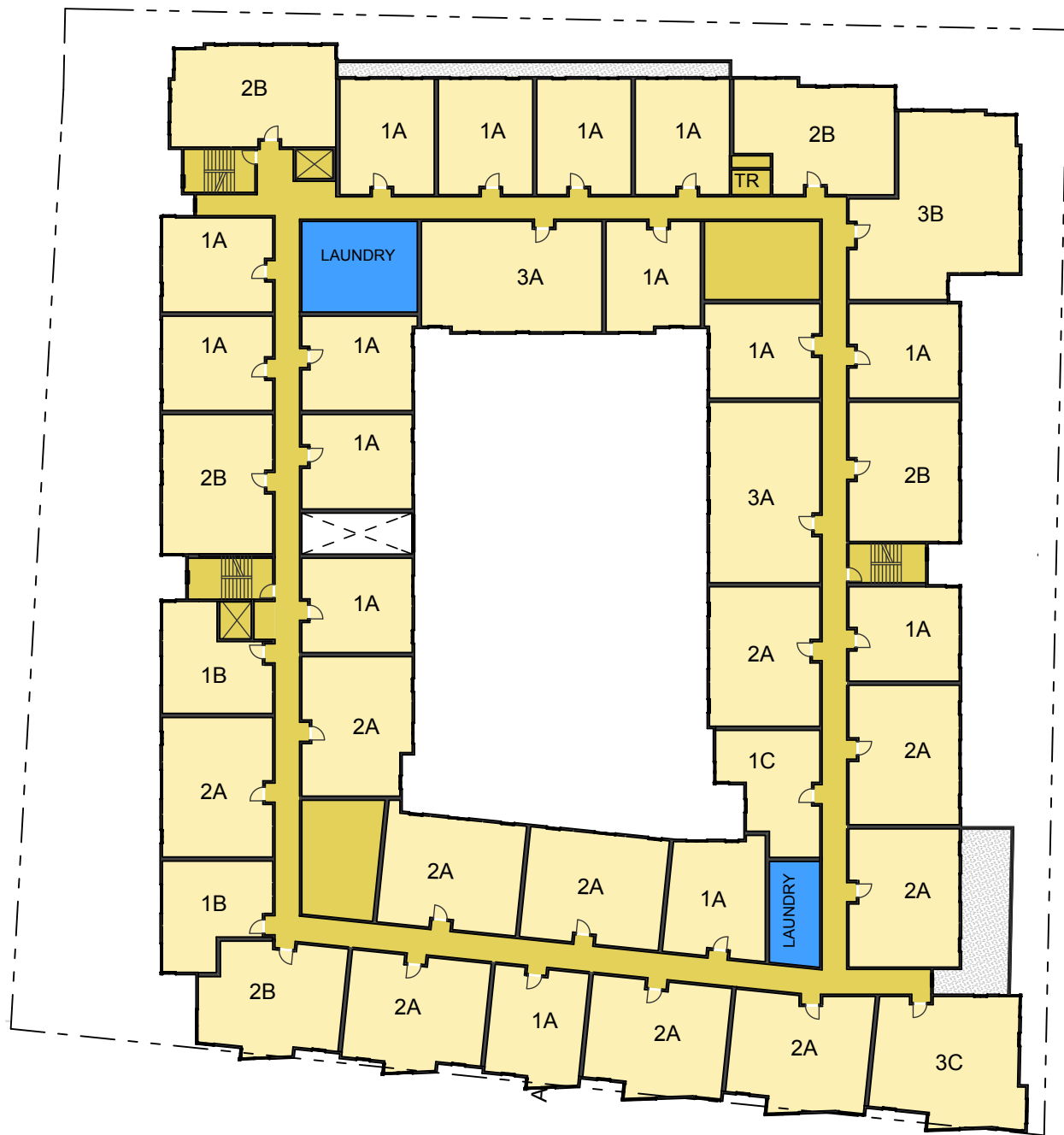
GROUND FLOOR

# 4840 MISSION STREET | A2.1 BUILDING PLANS

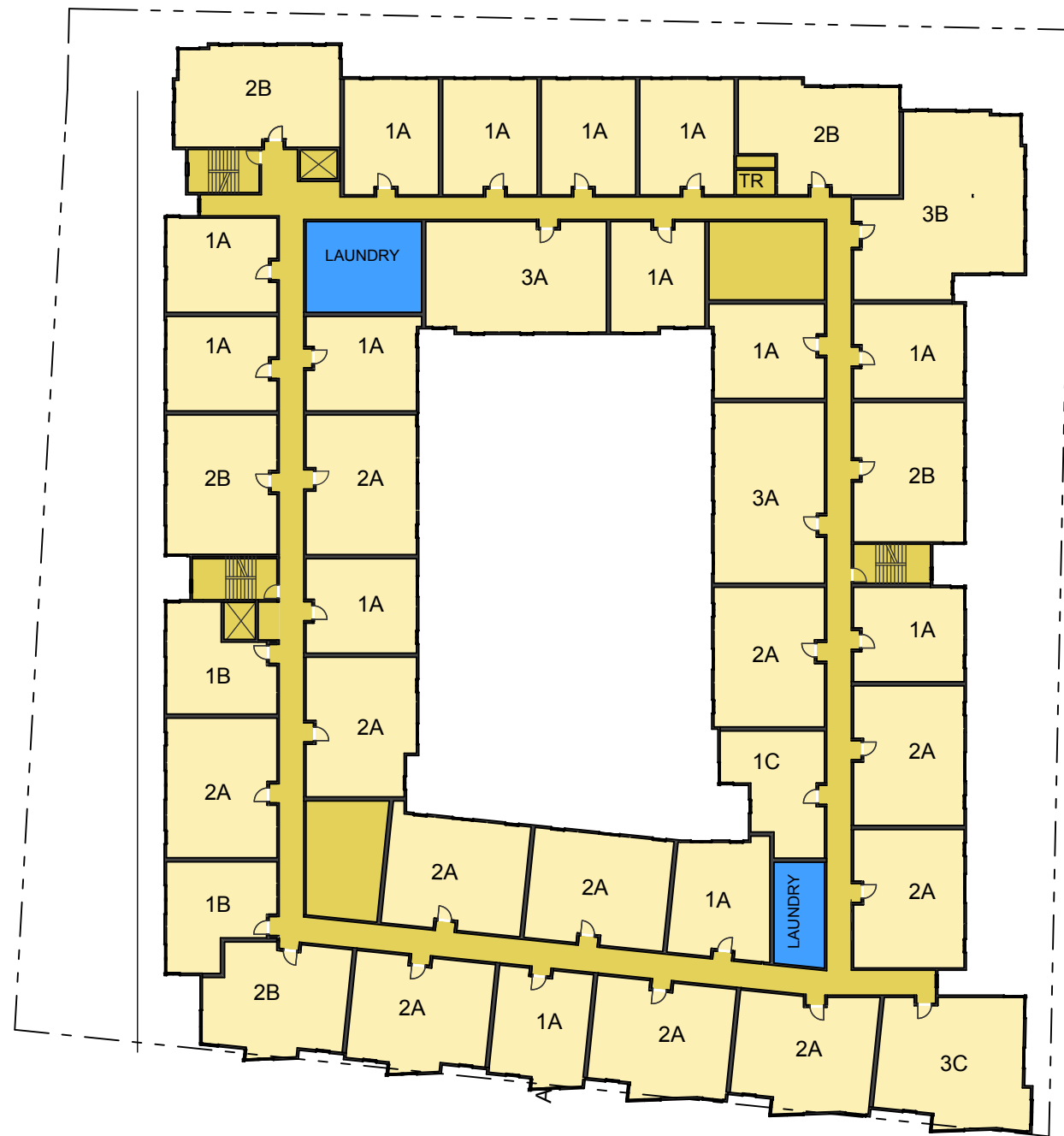
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SECOND FLOOR



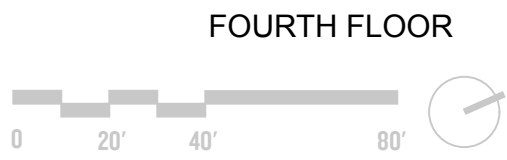
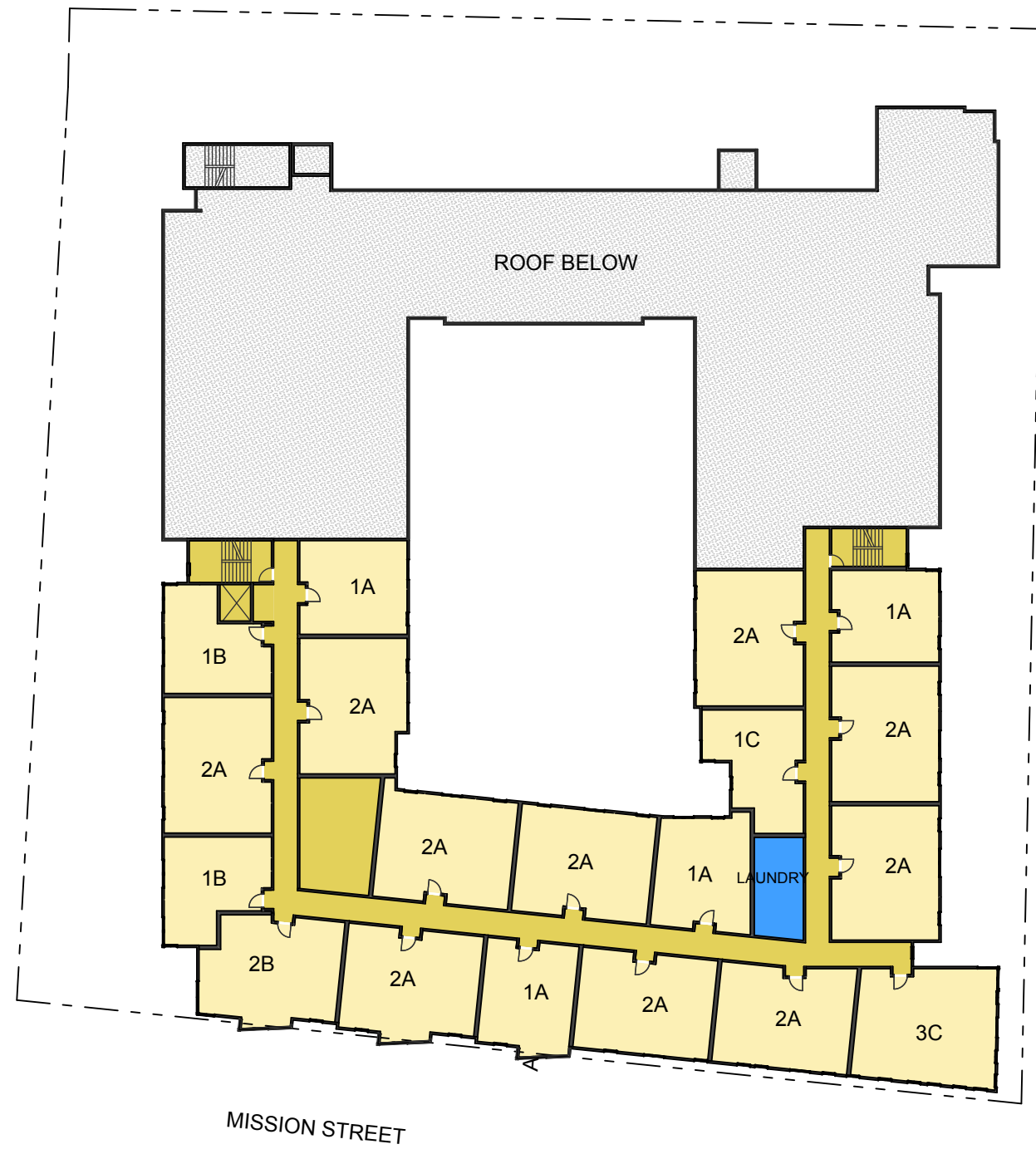
MISSION STREET

THIRD FLOOR



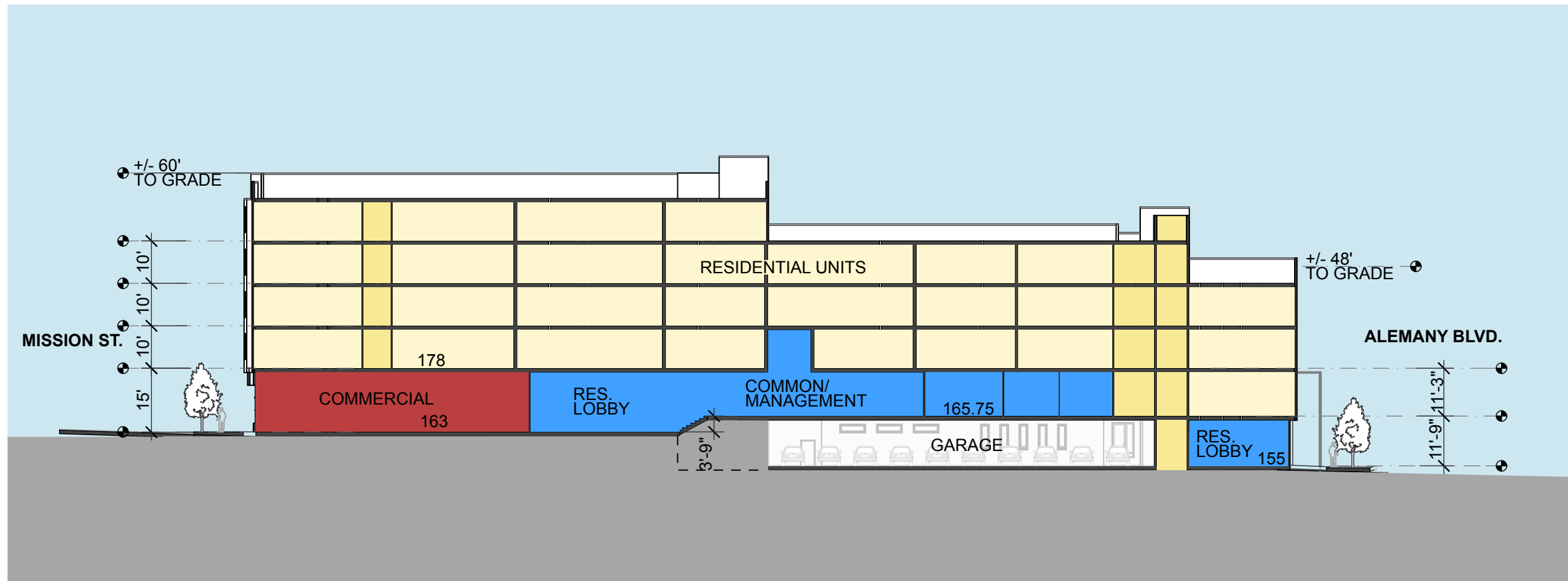
# 4840 MISSION STREET | A2.2 BUILDING PLANS

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# 4840 MISSION STREET | A2.3 BUILDING PLANS

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SECTION THROUGH LOBBY



# 4840 MISSION STREET | A3.3 BUILDING SECTION

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REAR YARD EQUIVALENCY		
AREAS CONSIDERED	AREA PROVIDED SF	AREA REQUIRED @ 25% OF PARCEL
CENTRAL COURTYARD	7,986	
PLAZAS & PEDESTRAIN WALKWAY	8,222	
ALEMANY BLVD FRONTAGE	810	
<b>TOTAL</b>	<b>17,018</b>	<b>15,874</b>

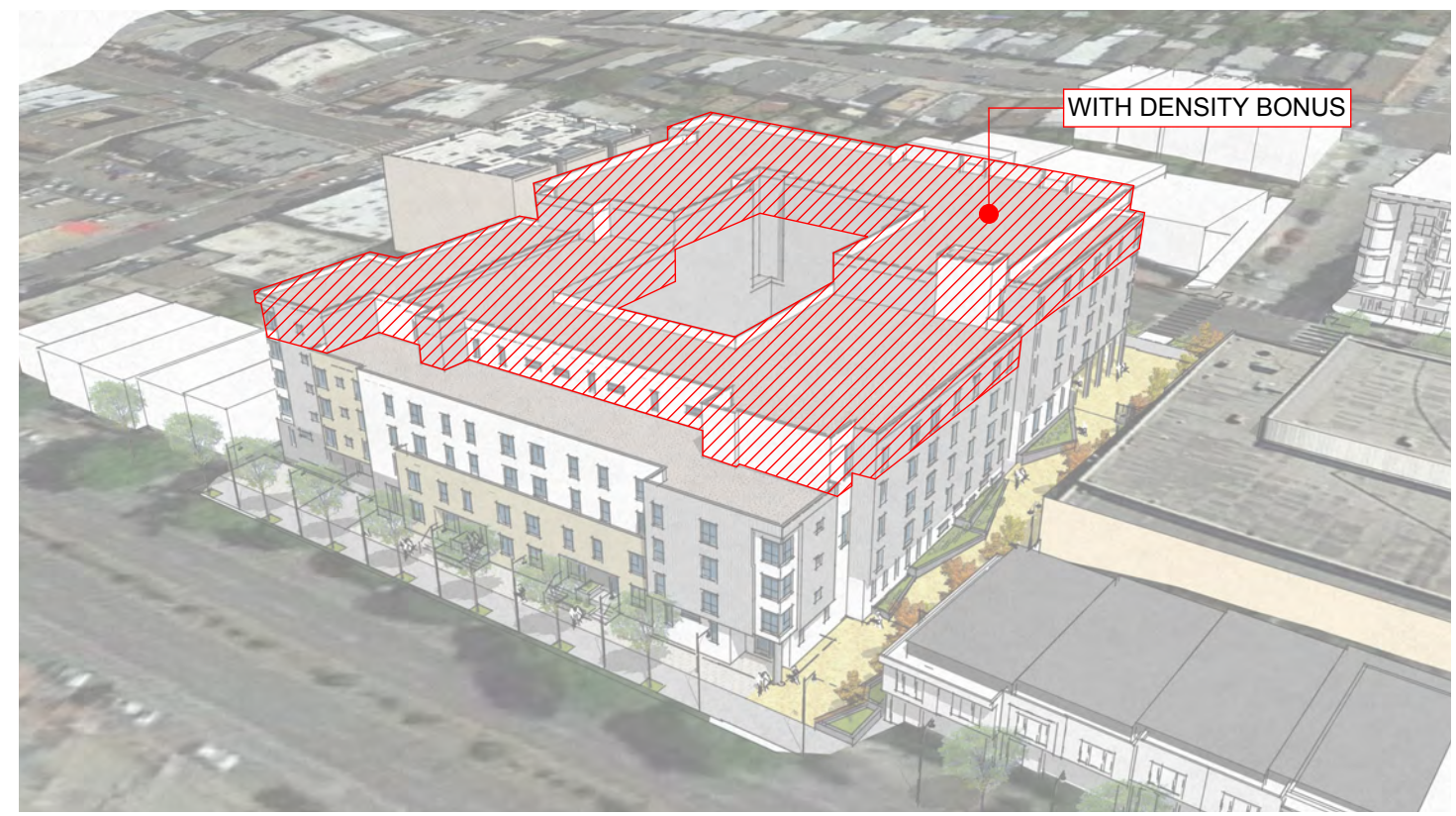
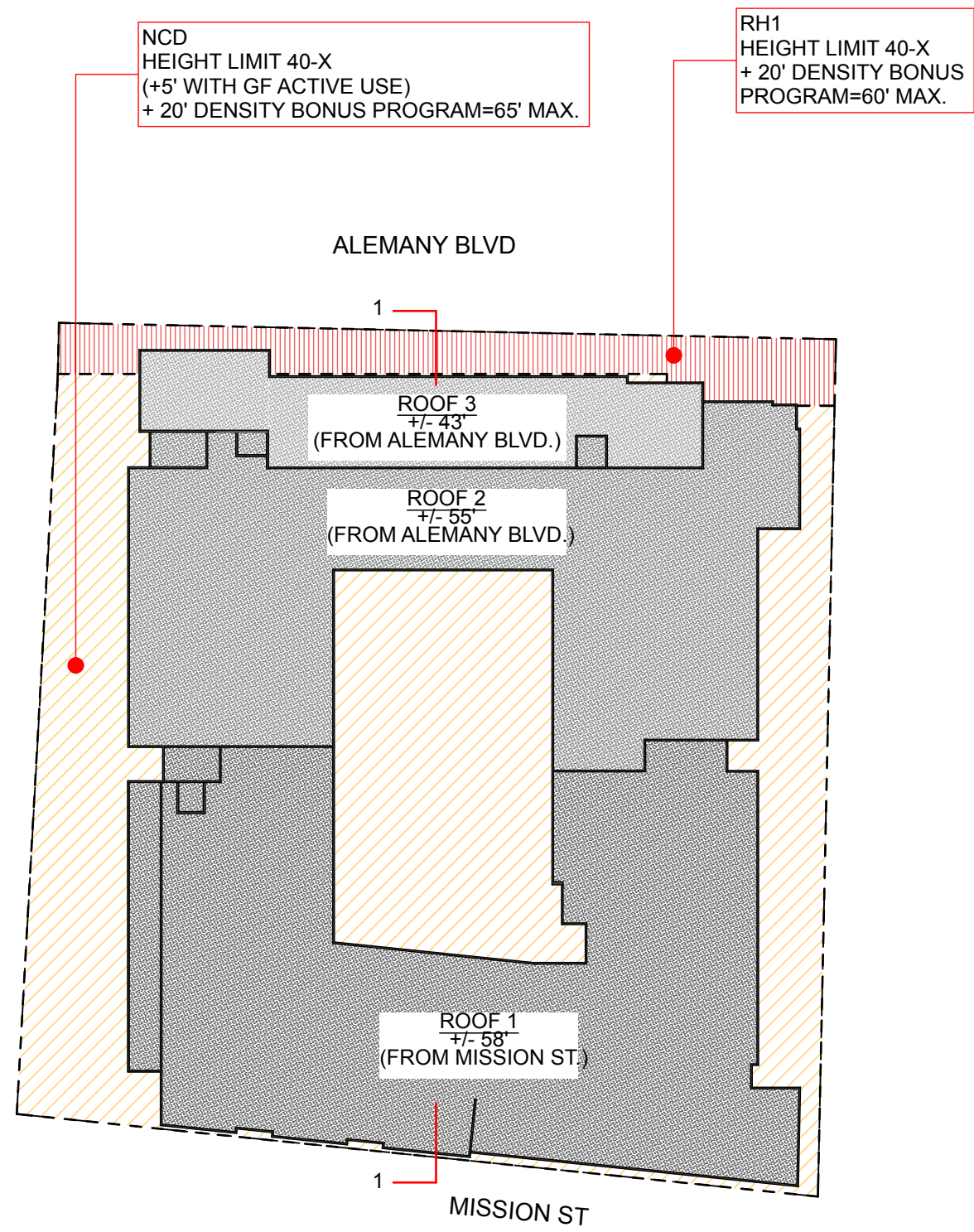


REAR YARD MINIMUM REQUIRED AREA

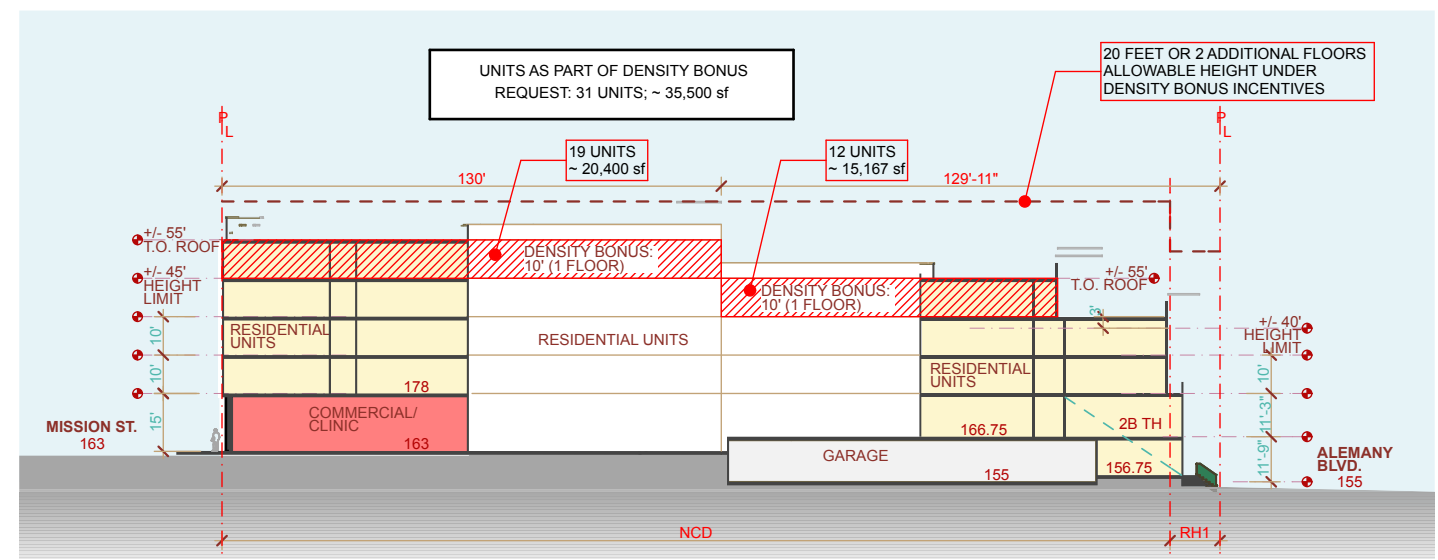


REAR YARD EQUIVALENT AREA CALCULATION





DENSITY BONUS DIAGRAM



DENSITY BONUS SECTION

SCALE: 1" = 50'

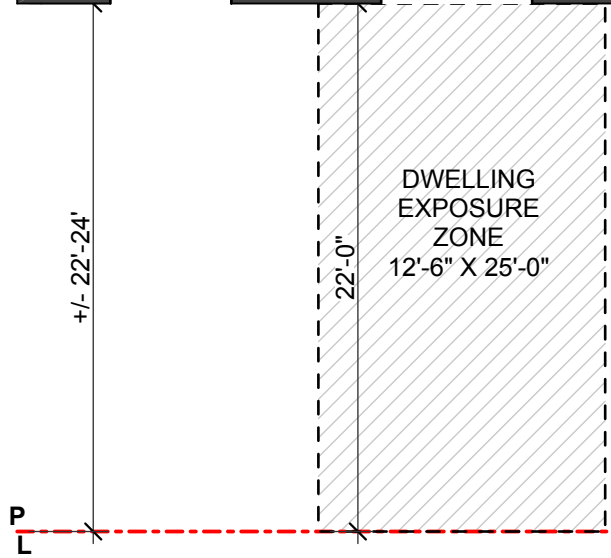
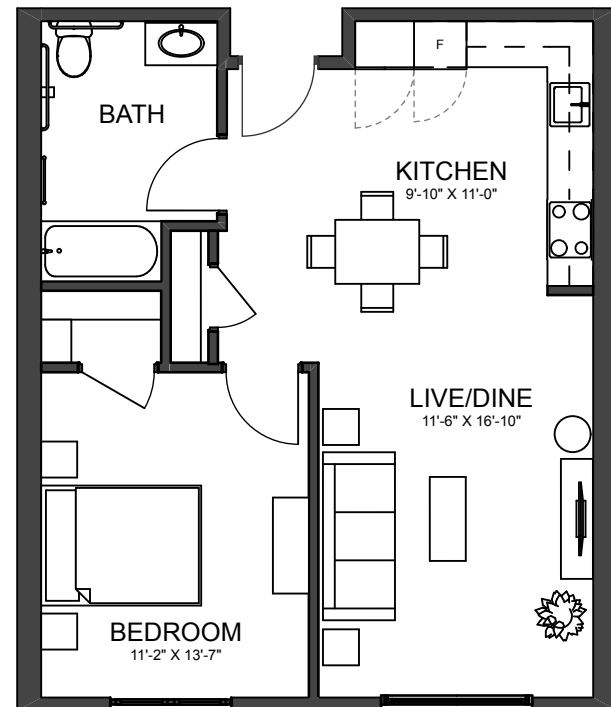
ROOF PLAN  
SCALE: 1" = 50'



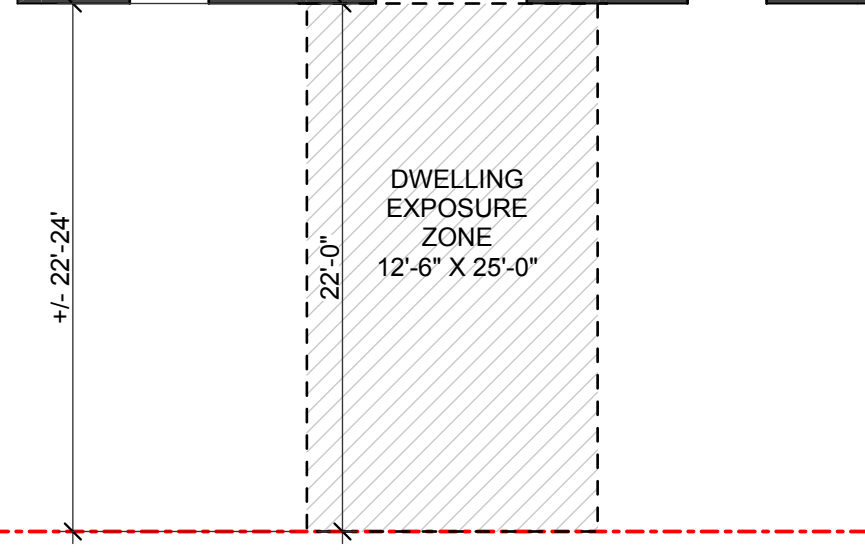
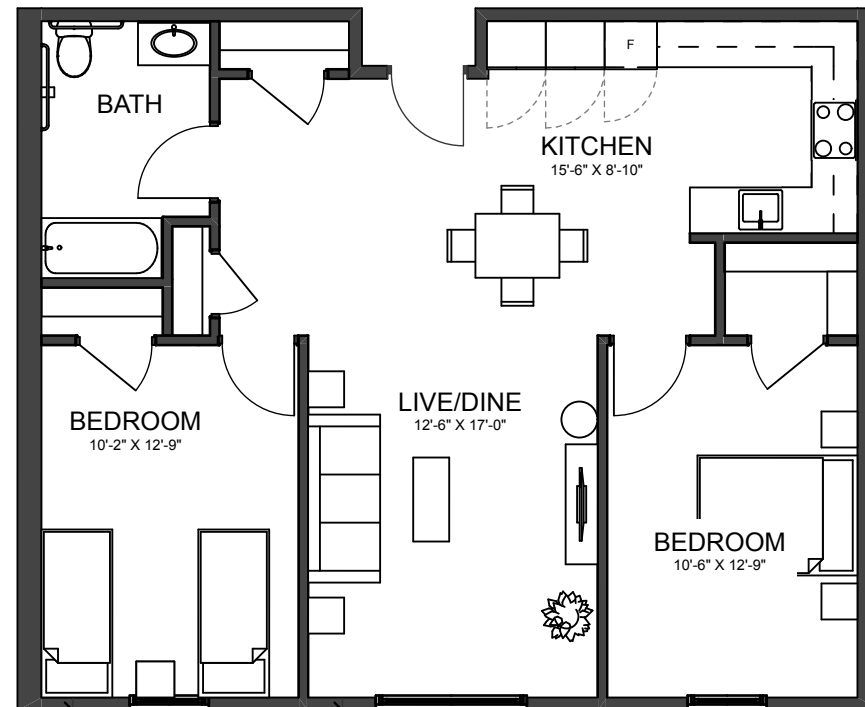
# 4840 MISSION STREET | A4.3 HEIGHT DIAGRAM (DENSITY BONUS PROGRAM)

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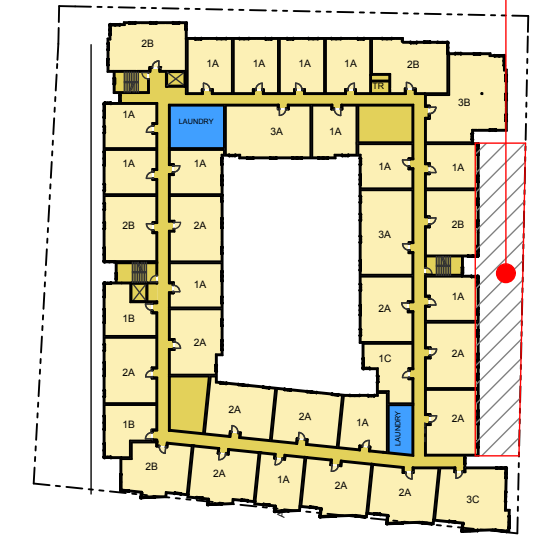
TYP. 1 BDRM. UNIT



TYP. 2 BDRM. UNIT



TYP. 1 & 2 BEDROOM UNITS ALONG NORTHERN SIDE ARE BETWEEN 22' & 24' AWAY FROM THE PROPERTY LINE  
 WAIVER OF 25' UNIT EXPOSURE PER SECTION 140



KEY PLAN: TYP. FLOOR PLAN  
 SCALE: 1" = 100'

TYPICAL UNIT PLANS  
 SCALE: 1/8" = 1'-0"



MISSION - EAST ELEVATION



ALEMANY - WEST ELEVATION



# 4840 MISSION STREET | A3.1 BUILDING ELEVATIONS

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WALKWAY - SOUTH ELEVATION



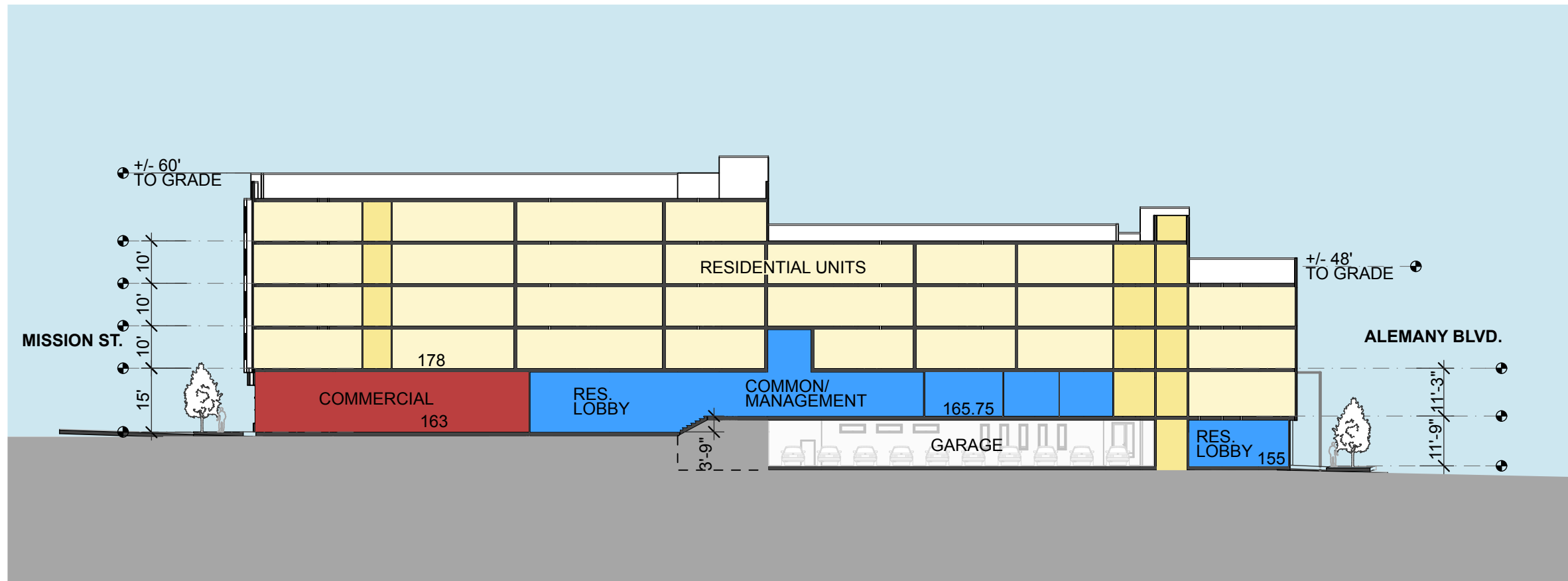
NORTH ELEVATION



# 4840 MISSION STREET | A3.2 BUILDING ELEVATIONS

SAN FRANCISCO, CA | 02/08/2019





SECTION THROUGH LOBBY



# 4840 MISSION STREET | A3.3 BUILDING SECTION

SAN FRANCISCO, CA | 02/08/2019

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

## Affordable Multifamily Housing New Construction Cost Comparison

Updated 2/14/2021

PROJECTS COMPLETED						Building Square Footage			Total Project Costs							Notes on Financing	Comments
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land			
Transbay 7 - Natalie Gubb Comm	222 Beale Street	29,209	Oct-18	120	208	118,251	5,000	123,251	\$ 35,000	\$ 61,662,177	\$ 16,314,468	\$ 78,011,645	\$ 25,560,000	\$ 77,976,645	HCD AHSC Loan	3 Buildings - Type I Podium, 4-8 stories (Pueblo structural system), plus Childcare shell	
Mission Bay Bl 6 East	626 Mission Bay Blvd. No.	63,250	Nov-18	143	276	162,080	9,719	171,799	\$ 148,125	\$ 80,714,284	\$ 15,222,907	\$ 96,085,316	\$ 35,750,000	\$ 95,937,191	HCD AHSC Loan	Type IIIA & V over Type I podium, 41 pkg spaces, Mission Bay soils and infrastructure	
Mission Bay S. Block 3E	1150 Third Street	47,140	Jan-20	119	192	83,138	41,062	124,200	\$ -	\$ 65,028,257	\$ 13,776,914	\$ 78,805,171	\$ 20,093,600	\$ 78,805,171	HCD VHHP Loan	Type V over Type I podium strong articulation / ext. skin added due to D4D reqmts.	
Potrero Block X (Vertical)	25th and Connecticut	30,000	Sep-19	72	139	86,569	28,952	115,521	\$ 20,700	\$ 61,144,891	\$ 12,766,230	\$ 73,931,821	\$ 17,693,093	\$ 73,911,121		Type IIIA & V over Type I podium (4-6 stories) stepped w/ topography. No infrast. Cost	
Parcel O	455 Fell Street	37,428	Jun-19	108	165	82,117	31,128	113,245	\$ -	\$ 57,956,666	\$ 9,994,087	\$ 66,648,743	\$ 17,309,250	\$ 66,648,743	HCD AHSC Loan	Type V over Type I from approved eval dated 05/05/17	
Sunnydale Parcel Q	1477-1497 Sunnydale Ave	21,757	Jun-20	55	102	75,101	-	75,101	\$ -	\$ 35,479,709	\$ 10,072,197	\$ 45,551,906	\$ 9,652,147	\$ 45,551,906	9% LIHTC	Type IV - 5 Stories over grade podium parking	
<b>Completed Projects:</b>	<b>Average:</b>	<b>38,131</b>		<b>103</b>	<b>180</b>	<b>101,209</b>	<b>23,172</b>	<b>120,520</b>	<b>\$ 67,942</b>	<b>\$ 60,330,997</b>	<b>\$ 13,024,467</b>	<b>\$ 73,172,434</b>	<b>\$ 21,009,682</b>	<b>\$ 73,138,463</b>			

PROJECTS UNDER CONSTRUCTION						Building Square Footage			Total Project Costs							Notes on Financing	Comments
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land			
1990 Folsom Street	1990 Folsom	29,047	Dec-20	143	226	138,824	15,063	153,887	\$ 8,407,380	\$ 73,760,332	\$ 25,616,512	\$ 107,784,224	\$ 46,711,496	\$ 99,376,844		Mixed type - Type VA (townhomes) and 8 story Type I over Podium	
88 Broadway - Family Housing	88 Broadway	38,182	Mar-21	125	221	140,279	8,700	148,979	\$ 14,900,000	\$ 69,461,936	\$ 27,758,226	\$ 112,120,162	\$ 27,908,676	\$ 97,220,162		Type IIIA & V over Type I Podium (5-6 stories) - family	
691 China Basin (MB South 6W)	691 China Basin St	49,437	Mar-21	152	294	178,050	7,098	185,148	\$ -	\$ 93,617,452	\$ 27,507,082	\$ 121,124,534	\$ 47,361,690	\$ 121,124,534	HCD IIG Grant	Type III podium and Type V podium on mews wing, incl. 28 parking spaces, 4,640 sf child care space	
Sunnydale Block 6	242 Hahn Street	95,213	Jun-21	167	375	167,065	76,656	243,721	\$ -	\$ 102,447,000	\$ 28,898,989	\$ 131,345,989	\$ 28,109,924	\$ 131,345,989		Type V over Podium (does not include infrastructure assignment)	
<b>Under Construction:</b>	<b>Average:</b>	<b>52,970</b>		<b>147</b>	<b>279</b>	<b>156,055</b>	<b>26,879</b>	<b>182,934</b>	<b>\$ 11,653,690</b>	<b>\$ 84,821,680</b>	<b>\$ 27,445,202</b>	<b>\$ 118,093,727</b>	<b>\$ 37,522,947</b>	<b>\$ 112,266,882</b>			

PROJECTS IN PREDEVELOPMENT						Building Square Footage			Total Project Costs							Notes on Financing	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. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land			
TI Parcel C3.1	Treasure Island C3.1	49,497	Jul-21	138	321	140,803	52,000	192,803	\$ 25,000	\$ 100,337,586	\$ 21,841,279	\$ 122,203,865	\$ 33,014,900	\$ 122,178,865	HCD AHSC Loan	Type IIIA and VB over Type I in 3 to 7 stories stepped + 26 pkg and Youth Activity (100% DD 6/20 not incl. VE)	
Shirley Chisholm Village Ed Hsg.	1351 42nd	60,000	Mar-21	135	203	157,635	11,322	168,957	\$ -	\$ 80,769,866	\$ 19,603,978	\$ 100,373,844	\$ 25,469,902	\$ 100,373,844	9% LIHTC	Type 3A 4 stories on grade courtyard + IA pkg and Community + POPO 9% LIHTC proposed (85%CD 12/18/20)	
Sunnydale Block 3B	TBD	73,000	Feb-22	168	327	187,000	30,000	217,000	\$ 40,002	\$ 136,444,929	\$ 30,647,593	\$ 167,132,524	\$ 33,542,584	\$ 167,092,522		Type IIIA 5 story, 30k sq ft of commercial; includes infrastructure costs	
Potrero Block B	25th and Connecticut	74,311	Aug-20	157	248	242,034	43,174	285,208	\$ -	\$ 121,014,353	\$ 35,517,065	\$ 156,531,418	\$ 12,057,404	\$ 156,531,418	4% Credits; HCD IIG & AHSC	Type IIIA over Type IA 5-6 stepped, 65 pkg + childcare & park. (per 11/19/20 est. incl VE) excl. Infra of \$15MM	
Hunters View Ph 3 Block 14 & 17	855 & 853 Hunters View Dr	39,355	Oct-21	118	286	172,645	3,881	176,526	\$ -	\$ 99,234,184	\$ 23,897,677	\$ 123,131,861	\$ 37,735,027	\$ 123,131,861	4% Credits; HCD MHP	Type III-A over Type I 5-6 stories with Comm (Community svgs) spaces & 56 Pkg spaces (35% CD 8 & 10/20)	
730 Stanyan	730 Stanyan Street	37,813	Dec-21	120	203	124,770	20,000	144,770	\$ -	\$ 80,241,086	\$ 13,958,549	\$ 98,121,310	\$ 34,325,853	\$ 98,121,310	4% Credits; HCD MHP	Type IIIA over Type I 6 stories	
4200 Geary	4200 Geary	16,738	Feb-22	98	98	83,109	2,442	85,551	\$ 11,064,369	\$ 60,680,584	\$ 18,629,458	\$ 90,374,411	\$ 35,251,638	\$ 79,310,042	4% Credits; HCD MHP. AHP, Private Loan	Type III over Type I, 7 stories, T1 space, no parking, Urban Agriculture (Sept. 2020 SD Estimate)	
The Kelsey	240 Van Ness	18,313	Jul-22	107	117	86,288	1,349	87,637	\$ 9,846	\$ 64,775,759	\$ 23,310,926	\$ 88,096,531	\$ 13,000,000	\$ 88,086,685	4% LIHTC , IIG, AHSC, Large Sponsor Loan	5 stories of Type III over 3 stories of Type I	
<b>In Predevelopment</b>	<b>Average:</b>	<b>50,102</b>		<b>133</b>	<b>255</b>	<b>158,285</b>	<b>23,260</b>	<b>181,545</b>	<b>\$ 1,589,910</b>	<b>\$ 96,960,370</b>	<b>\$ 23,442,228</b>	<b>\$ 122,552,748</b>	<b>\$ 30,199,615</b>	<b>\$ 120,962,837</b>			

<b>ALL PROJECTS</b>	<b>Average:</b>	<b>47,067</b>		<b>128</b>	<b>238</b>	<b>138,516</b>	<b>24,437</b>	<b>161,666</b>	<b>\$ 4,437,181</b>	<b>\$ 80,704,349</b>	<b>\$ 21,303,966</b>	<b>\$ 104,606,303</b>	<b>\$ 29,577,415</b>	<b>\$ 102,122,727</b>		
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<b>SUBJECT PROJECT</b>	<b>4840 Mission</b>	<b>64,033</b>	<b>Jun-21</b>	<b>137</b>	<b>232</b>	<b>181,583</b>	<b>14,384</b>	<b>195,967</b>	<b>\$ 85,366,484</b>	<b>\$ 22,782,858</b>	<b>\$ 108,149,342</b>	<b>\$ 25,501,450</b>	<b>\$ 108,149,342</b>	<b>4% Credits</b>	<b>Type V over Type I Podium + retail + 39 spaces pkg + Health Clinic + POPO (8/27/20 50% CD)</b>
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PROJECTS COMPLETED		Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft <sup>6</sup>	Soft/unit	Soft/BR	Soft/sq.ft6	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft6	Subsidy / unit	Leveraging <sup>7</sup>
Natalie Gubb Commons (TB7)	Oct-18	292	168	1	\$ 513,851	\$ 296,453	\$ 500	\$ 135,954	\$ 78,435	\$ 132	\$ 650,097	\$ 375,056	\$ 633	\$ 213,000	67.2%
Mission Bay S6E	Nov-18	1,036	537	2	\$ 564,438	\$ 292,443	\$ 470	\$ 106,454	\$ 55,155	\$ 89	\$ 671,925	\$ 348,135	\$ 559	\$ 250,000	62.8%
Mission Bay S. Block 3 East	Jan-20	-	-	-	\$ 546,456	\$ 338,689	\$ 524	\$ 115,772	\$ 71,755	\$ 111	\$ 662,228	\$ 410,444	\$ 635	\$ 168,854	74.5%
Potrero Block X (Vertical)	Sep-19	288	149	1	\$ 849,235	\$ 439,891	\$ 529	\$ 177,309	\$ 91,843	\$ 111	\$ 1,026,831	\$ 531,884	\$ 640	\$ 245,737	76.1%
Parcel O	Jun-19	-	-	-	\$ 536,636	\$ 351,253	\$ 512	\$ 92,538	\$ 60,570	\$ 211	\$ 617,118	\$ 403,932	\$ 589	\$ 160,271	74.0%
Sunnydale Parcel Q	Jun-20	-	-	-	\$ 645,086	\$ 347,840	\$ 472	\$ 183,131	\$ 98,747	\$ 129	\$ 828,216	\$ 446,587	\$ 607	\$ 175,494	78.8%
<b>Completed Projects:</b>	<b>Average:</b>	<b>426</b>	<b>235</b>	<b>23</b>	<b>\$ 609,283</b>	<b>\$ 344,428</b>	<b>\$ 501</b>	<b>\$ 135,193</b>	<b>\$ 76,084</b>	<b>\$ 130</b>	<b>\$ 742,736</b>	<b>\$ 419,340</b>	<b>\$ 610</b>	<b>\$ 202,226</b>	<b>72%</b>

PROJECTS UNDER CONSTRUCTION		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft <sup>6</sup>	Soft/unit	Soft/BR	Soft/sq.ft6	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft6	Subsidy / unit	Leveraging <sup>7</sup>
1990 Folsom Street	Dec-20	58,793	37,201	289	\$ 515,807	\$ 326,373	\$ 479	\$ 179,136	\$ 113,347	\$ 166	\$ 753,736	\$ 476,921	\$ 700	\$ 326,654	56.7%
88 Broadway - Family Housing	Mar-21	119,200	67,421	390	\$ 555,695	\$ 314,307	\$ 466	\$ 222,066	\$ 125,603	\$ 186	\$ 896,961	\$ 507,331	\$ 753	\$ 223,269	75.1%
691 China Basin (MB South 6W)	Mar-21	-	-	-	\$ 615,904	\$ 318,427	\$ 506	\$ 180,968	\$ 93,562	\$ 149	\$ 796,872	\$ 411,988	\$ 654	\$ 311,590	60.9%
Sunnydale Block 6	Feb-22	238	122	1	\$ 812,172	\$ 417,263	\$ 629	\$ 182,426	\$ 93,724	\$ 141	\$ 994,836	\$ 511,109	\$ 770	\$ 199,658	79.9%
<b>Under Construction:</b>	<b>Average:</b>	<b>44,558</b>	<b>26,186</b>	<b>170</b>	<b>\$ 624,895</b>	<b>\$ 344,093</b>	<b>\$ 520</b>	<b>\$ 191,149</b>	<b>\$ 106,559</b>	<b>\$ 161</b>	<b>\$ 860,601</b>	<b>\$ 476,837</b>	<b>\$ 719</b>	<b>\$ 265,293</b>	<b>68%</b>

PROJECTS IN PREDEVELOPMENT		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Start Date (anticipated)	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft <sup>6</sup>	Soft/unit	Soft/BR	Soft/sq.ft6	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft6	Subsidy / unit	Leveraging <sup>7</sup>
TI Parcel C3.1	Jul-21	181	78	1	\$ 727,084	\$ 312,578	\$ 520	\$ 158,270	\$ 68,041	\$ 113	\$ 885,535	\$ 380,697	\$ 634	\$ 239,238	73.0%
FSK Educator Housing	Mar-21	-	-	-	\$ 598,295	\$ 397,881	\$ 478	\$ 145,215	\$ 96,571	\$ 116	\$ 743,510	\$ 494,452	\$ 594	\$ 188,666	74.6%
Sunnydale Block 3B	Feb-22	238	122	1	\$ 812,172	\$ 417,263	\$ 629	\$ 182,426	\$ 93,724	\$ 141	\$ 994,836	\$ 511,109	\$ 770	\$ 199,658	79.9%
Potrero Block B	Aug-20	-	-	-	\$ 770,792	\$ 347,742	\$ 424	\$ 226,223	\$ 102,061	\$ 125	\$ 997,015	\$ 449,803	\$ 549	\$ 76,799	92.3%
Hunters View Ph 3 Block 17	Oct-21	-	-	-	\$ 840,968	\$ 346,973	\$ 562	\$ 202,523	\$ 83,558	\$ 135	\$ 1,043,490	\$ 430,531	\$ 698	\$ 319,788	69.4%
730 Stanyan	Dec-21	-	-	-	\$ 668,676	\$ 395,276	\$ 554	\$ 116,321	\$ 68,761	\$ 96	\$ 817,678	\$ 483,356	\$ 678	\$ 286,049	65.0%
4200 Geary	Feb-22	112,902	112,902	661	\$ 619,190	\$ 619,190	\$ 709	\$ 190,097	\$ 190,097	\$ 218	\$ 922,188	\$ 922,188	\$ 1,056	\$ 359,711	61.0%
The Kelsey	Jul-22	92	84	1	\$ 605,381	\$ 553,639	\$ 739	\$ 217,859	\$ 199,239	\$ 266	\$ 823,332	\$ 752,962	\$ 1,005	\$ 121,495	85.2%
<b>In Predevelopment</b>	<b>Average:</b>	<b>22,683</b>	<b>22,637</b>	<b>133</b>	<b>\$ 705,320</b>	<b>\$ 423,818</b>	<b>\$ 577</b>	<b>\$ 179,867</b>	<b>\$ 112,756</b>	<b>\$ 151</b>	<b>\$ 903,448</b>	<b>\$ 553,137</b>	<b>\$ 748</b>	<b>\$ 223,926</b>	<b>75%</b>

<b>All Projects:</b>	<b>AVERAGE</b>	<b>22,555</b>	<b>16,353</b>	<b>109</b>	<b>\$ 646,499</b>	<b>\$ 370,779</b>	<b>\$ 533</b>	<b>\$ 168,736</b>	<b>\$ 98,467</b>	<b>\$ 147</b>	<b>\$ 835,595</b>	<b>\$ 483,105</b>	<b>\$ 693</b>	<b>\$ 230,481</b>	<b>71.8%</b>
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<b>SUBJECT PROJECT</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 623,113</b>	<b>\$ 367,959</b>	<b>\$ 436</b>
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**Attachment H: Permanent Sources and Uses**

Application Date: 1/26/21 # Units: 137  
 Project Name: 4840 Mission # Bedrooms: 232  
 Project Address: 4840 Mission St # Beds:  
 Project Sponsor: BRIDGE Housing

SOURCES	Total Sources							Comments
	24,501,450	25,514,287	51,584,615	-	3,000,000	1,250,000	2,298,989	
Name of Sources:	MOHCD/OCH	Perm Loan	LIHTC	GP Equity	MNHC	AHP	Deferred Fee	

USES

ACQUISITION

Acquisition cost or value								0
Legal / Closing costs / Broker's Fee								0
Holding Costs								0
Transfer Tax		0						0
<b>TOTAL ACQUISITION</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab	12,031,817	1,707,884	47,490,678					61,230,379	Include FF&E
Commercial Shell Construction	212,981		198,639		2,362,406			2,774,025	
Demolition	112,437							112,437	
Environmental Remediation	0							0	
Onsight Improvements/Landscaping	0			0				0	
Offsite Improvements	0			0				0	
Infrastructure Improvements	710,232	733,484						1,443,716	GC held contingency- includes \$625m532 of allowance for cost overruns for MNHC scope of work.
Parking	0	3,225,949						3,225,949	
GC Bond Premium/GC Insurance/GC Taxes	990,528							990,528	1.4%
GC Overhead & Profit	0	2,534,587						2,534,587	3.7%
CG General Conditions	0	5,150,365						5,150,365	7.5%
<b>Sub-total Construction Costs</b>	<b>14,057,995</b>	<b>13,392,269</b>	<b>47,689,317</b>	<b>0</b>	<b>2,362,406</b>	<b>0</b>	<b>0</b>	<b>77,461,986</b>	
Design Contingency (remove at DD)					0			0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)		1,651,979			36,078			1,688,057	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)		2,273,388			54,607			2,327,995	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency		3,793,717			94,729			3,888,446	5% new construction / 15% rehab NOTE- this number looks artificially low because of the additional 625k in allowance for MNHC related cost overruns. Once this is excluded, the contingency is 5%.
<b>Sub-total Construction Contingencies</b>	<b>0</b>	<b>7,719,084</b>	<b>0</b>	<b>0</b>	<b>185,414</b>	<b>0</b>	<b>0</b>	<b>7,904,498</b>	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>14,057,995</b>	<b>21,071,353</b>	<b>47,689,317</b>	<b>0</b>	<b>2,547,819</b>	<b>0</b>	<b>0</b>	<b>85,366,484</b>	

SOFT COSTS

Architecture & Design

Architect design fees	1,329,888				31,944			1,361,832	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	1,031,089				24,767			1,055,856	
Architect Construction Admin	401,546				9,645			411,191	
Reimbursables	73,241				1,759			75,000	
Additional Services	458,518				11,014			469,532	
<b>Sub-total Architect Contract</b>	<b>3,294,282</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,129</b>	<b>0</b>	<b>0</b>	<b>3,373,411</b>	
Other Third Party design consultants (not included under Architect contract)	70,426				1,692			72,118	Peer Review
<b>Total Architecture &amp; Design</b>	<b>3,364,708</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>80,821</b>	<b>0</b>	<b>0</b>	<b>3,445,529</b>	

Engineering & Environmental Studies

Survey	70,311				1,689			72,000	
Geotechnical studies	196,285				4,715			201,000	
Phase I & II Reports	208,669				5,012			213,681	
CEQA / Environmental Review consultants	0				0			0	
NEPA / 106 Review	241,475				5,800			247,275	
CNA/PNA (rehab only)	0				0			0	
Other environmental consultants	304,431				6,973			311,404	
<b>Total Engineering &amp; Environmental Studies</b>	<b>1,021,171</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,189</b>	<b>0</b>	<b>0</b>	<b>1,045,360</b>	

Financing Costs

<b>Construction Financing Costs</b>									
Construction Loan Origination Fee	256,703							256,703	
Construction Loan Interest	0		3,247,298					3,247,298	
Title & Recording	68,358				1,642			70,000	
CDLAC & CDIAAC fees	13,930							13,930	
Bond Issuer Fees	1,142,403							1,142,403	
Other Bond Cost of Issuance	133,000							133,000	
Other Lender Costs (specify)	25,000							25,000	
<b>Sub-total Const. Financing Costs</b>	<b>1,639,395</b>	<b>0</b>	<b>3,247,298</b>	<b>0</b>	<b>1,642</b>	<b>0</b>	<b>0</b>	<b>4,888,335</b>	
<b>Permanent Financing Costs</b>									
Permanent Loan Origination Fee	0							0	
Credit Enhance. & Appl. Fee	0							0	
Title & Recording	0	20,000						20,000	
<b>Sub-total Perm. Financing Costs</b>	<b>0</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	
<b>Total Financing Costs</b>	<b>1,639,395</b>	<b>20,000</b>	<b>3,247,298</b>	<b>0</b>	<b>1,642</b>	<b>0</b>	<b>0</b>	<b>4,908,335</b>	

Legal Costs

Borrower Legal fees	209,453				3,831			213,284	
Land Use / CEQA Attorney fees	26,195				629			26,824	
Tax Credit Counsel	45,165							45,165	
Bond Counsel	89,000							89,000	
Construction Lender Counsel	60,000							60,000	
Permanent Lender Counsel	0	2,500						2,500	
Other Legal (specify)	0							0	
<b>Total Legal Costs</b>	<b>429,813</b>	<b>2,500</b>	<b>0</b>	<b>0</b>	<b>4,460</b>	<b>0</b>	<b>0</b>	<b>436,773</b>	

Other Development Costs

Appraisal	12,000							12,000	
Market Study	41,317							41,317	
Insurance		1,235,550			50,214	1,014,236		2,300,000	
Property Taxes						156,000		156,000	
Accounting / Audit	0	50,000						50,000	
Organizational Costs						7,500		7,500	
Entitlement / Permit Fees	1,507,783	130,000			36,217			1,674,000	
Marketing / Rent-up	0		299,000					299,000	
Furnishings	0		349,000					349,000	\$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	292,963				7,037			300,000	
TCAC App / Alloc / Monitor Fees	95,845							95,845	
Financial Consultant fees	0				1,736	72,264		74,000	
Construction Management fees / Owner's Rep	244,136				5,864			250,000	
Security during Construction	0				0			0	
Relocation	0				0			0	
Other (specify)	0				0			0	
Other (specify)	0				0			0	
Housing Accelerator Org + Interest	0				0			0	
<b>Total Other Development Costs</b>	<b>2,194,044</b>	<b>1,415,550</b>	<b>648,000</b>	<b>0</b>	<b>101,068</b>	<b>1,250,000</b>	<b>0</b>	<b>5,608,662</b>	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	500,000	799,025			34,325			1,333,350	Should be either 10% or 5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>9,149,131</b>	<b>2,237,075</b>	<b>3,895,298</b>	<b>0</b>	<b>246,506</b>	<b>1,250,000</b>	<b>0</b>	<b>16,778,010</b>	<b>8.6%</b>

RESERVES

Operating Reserves	0	735,859						735,859	
Replacement Reserves	0							0	
Tenant Improvements Reserves	0							0	
Commercial Lease Up reserve	100,000							100,000	
Other (specify)	0							0	
Other (specify)	0							0	
<b>TOTAL RESERVES</b>	<b>100,000</b>	<b>735,859</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>835,859</b>	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	1,100,000							1,100,000	
Developer Fee - Cash-out At Risk		1,470,000						1,470,000	
Commercial Developer Fee	0					0		0	
Developer Fee - GP Equity (also show as source)	0						2,298,989	2,298,989	
Developer Fee - Deferred (also show as source)	0							0	
Development Consultant Fees								0	Need MOHCD approval for this cost, N/A for most projects
Commercial developer fee	94,325				205,675			300,000	
<b>TOTAL DEVELOPER COSTS</b>	<b>1,194,325</b>	<b>1,470,000</b>	<b>0</b>	<b>0</b>	<b>205,675</b>	<b>0</b>	<b>2,298,989</b>	<b>5,168,989</b>	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	178,843	186,236	376,530	0	21,898	9,124	16,781	789,411	
Development Cost/Unit as % of TDC by Source	22.7%	23.6%	47.7%	0.0%	2.8%	1.2%	2.1%	100.0%	

Acquisition Cost/Unit by Source

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

	102,613	153,805	348,097	0	18,597	0	0	623,113	
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Construction Cost (inc Const Contingency)/SF

	71.37	106.98	242.12	0.00	12.94	0.00	0.00	433.41	
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\*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	12,357,235								
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Tax Credit Equity Pricing:

Construction Bond Amount:	0.995								
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Construction Bond Term (in months):

	51,340,687								
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Construction Loan Interest Rate (as %):

	34 months								
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Construction Loan Interest Rate (as %):

	3.45%								
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**Attachment I: 1<sup>st</sup> Year Operating Budget**

Application Date: 1/26/2021 Project Name: 4840 Mission  
 Total # Units: 137 Project Address: 4840 Mission St  
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2024 Project Sponsor: BRIDGE Housing  
**TCAC Income Limits In Use!**

INCOME	Total	Comments
Residential - Tenant Rents	2,554,416	Links from New Proj - Rent & Unit Mix Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	729,252	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	13,429	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>3,297,097</b>	
Vacancy Loss - Residential - Tenant Rents	(128,392)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(36,463)	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>3,132,242</b>	<b>PUPA: 22,863</b>

**OPERATING EXPENSES**

Management		
Management Fee	98,640	1st Year to be set according to HUD schedule.
Asset Management Fee	28,130	
<b>Sub-total Management Expenses</b>	<b>126,770</b>	<b>PUPA: 903</b>
Salaries/Benefits		
Office Salaries	85,280	
Manager's Salary	75,000	
Health Insurance and Other Benefits	62,400	
Other Salaries/Benefits	18,790	retirement plan contributions
Administrative Rent-Free Unit		
<b>Sub-total Salaries/Benefits</b>	<b>241,470</b>	<b>PUPA: 1,763</b>
Administration		
Advertising and Marketing	4,000	
Office Expenses	29,296	
Office Rent		
Legal Expense - Property	7,500	
Audit Expense	11,000	
Bookkeeping/Accounting Services	22,608	
Bad Debts		
Miscellaneous	29,086	
<b>Sub-total Administration Expenses</b>	<b>103,490</b>	<b>PUPA: 755</b>
Utilities		
Electricity	59,184	
Water	82,200	
Gas	36,168	
Sewer	115,080	
<b>Sub-total Utilities</b>	<b>292,632</b>	<b>PUPA: 2,136</b>
Taxes and Licenses		
Real Estate Taxes	14,000	
Payroll Taxes	31,316	
Miscellaneous Taxes, Licenses and Permits	19,580	
<b>Sub-total Taxes and Licenses</b>	<b>64,896</b>	<b>PUPA: 474</b>
Insurance		
Property and Liability Insurance	179,477	
Fidelity Bond Insurance		
Worker's Compensation	28,184	
Director's & Officers' Liability Insurance		
<b>Sub-total Insurance</b>	<b>207,661</b>	<b>PUPA: 1,516</b>
Maintenance & Repair		
Payroll	152,880	
Supplies	18,000	
Contracts	85,500	
Garbage and Trash Removal	78,980	
Security Payroll/Contract	116,580	
HVAC Repairs and Maintenance	7,500	
Vehicle and Maintenance Equipment Operation and Repairs	5,500	
Miscellaneous Operating and Maintenance Expenses	1,820	
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>466,760</b>	<b>PUPA: 3,407</b>
Supportive Services	107,400	
Commercial Expenses	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%
<b>TOTAL OPERATING EXPENSES</b>	<b>1,608,079</b>	<b>PUPA: 11,738</b>

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	15,000	Ground lease with MOHCD Provide additional comments here, if needed.
Bond Monitoring Fee	31,893	
Replacement Reserve Deposit	61,650	
Operating Reserve Deposit		
Other Required Reserve 1 Deposit		
Other Required Reserve 2 Deposit		
Required Reserve Deposits, Commercial	0	from Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>	<b>108,543</b>	<b>PUPA: 792</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>	<b>1,716,622</b>	<b>PUPA: 12,530</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>	<b>1,415,620</b>	<b>PUPA: 10,333</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS</b> (hard debt/amortized loans)		
Hard Debt - First Lender	1,226,814	Perm Loan Tranche A Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	0	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>1,226,814</b>	<b>PUPA: 8,955</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>	<b>188,806</b>	
<b>USES OF CASH FLOW BELOW</b> (This row also shows DSCR.)	<b>1.15</b>	

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)	23,334	1st
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	11,500	2nd
Other Payments		
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt = Max Fee from cell I130)	79,179	Def. Develop. Fee split: 51% Provide additional comments here, if needed.
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>	<b>114,013</b>	<b>PUPA: 832</b>

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		
<b>Residual Receipts Calculation</b>		
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease? <b>Yes</b>
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.): <b>76,986</b>
% of Residual Receipts available for distribution to soft debt lenders in	50%	

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. recs	\$24,501,450	99.39%
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease Value	\$150,000	0.61%
HCD (soft debt loan) - Lender 3			0.00%
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	74,793	50% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	74,793	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
<b>DEBT SERVICE</b>	<b>0</b>	
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	0	
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>0</b>	
REMAINDER (Should be zero unless there are distributions below)		
Owner Distributions/Incentive Management Fee	0	
Other Distributions/Uses	0	
<b>Final Balance (should be zero)</b>	<b>0</b>	

**Attachment J: 20-year Operating Proforma**



4840 Mission

Total # Units: 137

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>INCOME</b>	% annual increase	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Residential - Tenant Rents	2.5%	2,554,416	2,618,276	2,683,733	2,750,827	2,819,597	2,890,087	2,962,339	3,036,398	3,112,308	3,190,116	3,269,868	3,351,615	3,435,406	3,521,291	3,609,323	3,699,556	3,792,045	3,886,846	3,984,017	4,083,618
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	729,252	747,483	766,170	785,325	804,958	825,082	845,709	866,851	888,523	910,736	933,504	956,842	980,763	1,005,282	1,030,414	1,056,174	1,082,579	1,109,643	1,137,384	1,165,819
Commercial Space	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>		<b>3,297,097</b>	<b>3,379,524</b>	<b>3,464,013</b>	<b>3,550,613</b>	<b>3,639,378</b>	<b>3,730,363</b>	<b>3,823,622</b>	<b>3,919,212</b>	<b>4,017,193</b>	<b>4,117,622</b>	<b>4,220,563</b>	<b>4,326,077</b>	<b>4,434,229</b>	<b>4,545,085</b>	<b>4,658,712</b>	<b>4,775,180</b>	<b>4,894,559</b>	<b>5,016,923</b>	<b>5,142,346</b>	<b>5,270,905</b>
Vacancy Loss - Residential - Tenant Rents	n/a	(128,392)	(131,602)	(134,892)	(138,264)	(141,721)	(145,264)	(148,896)	(152,618)	(156,433)	(160,344)	(164,353)	(168,462)	(172,673)	(176,990)	(181,415)	(185,950)	(190,599)	(195,364)	(200,248)	(205,254)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	(36,463)	(37,374)	(38,309)	(39,266)	(40,248)	(41,254)	(42,285)	(43,343)	(44,426)	(45,537)	(46,675)	(47,842)	(49,038)	(50,264)	(51,521)	(52,809)	(54,129)	(55,482)	(56,869)	(58,291)
Vacancy Loss - Commercial	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>		<b>3,132,242</b>	<b>3,210,548</b>	<b>3,290,812</b>	<b>3,373,082</b>	<b>3,457,409</b>	<b>3,543,844</b>	<b>3,632,441</b>	<b>3,723,252</b>	<b>3,816,333</b>	<b>3,911,741</b>	<b>4,009,535</b>	<b>4,109,773</b>	<b>4,212,517</b>	<b>4,317,830</b>	<b>4,425,776</b>	<b>4,536,421</b>	<b>4,649,831</b>	<b>4,766,077</b>	<b>4,885,229</b>	<b>5,007,359</b>
<b>OPERATING EXPENSES</b>																					
Management	3.5%	123,770	128,102	132,586	137,226	142,029	147,000	152,145	157,470	162,981	168,668	174,590	180,700	187,025	193,571	200,346	207,356	214,615	222,127	229,901	237,948
Salaries/Benefits	3.5%	241,470	249,921	258,669	267,722	277,092	286,791	296,828	307,217	317,970	329,099	340,617	352,539	364,878	377,648	390,866	404,546	418,706	433,360	448,528	464,226
Administration	3.5%	103,490	107,112	110,861	114,741	118,757	122,914	127,216	131,668	136,277	141,046	145,983	151,092	156,380	161,854	167,519	173,382	179,450	185,731	192,232	198,960
Utilities	3.5%	292,632	302,874	313,475	324,446	335,802	347,555	359,719	372,310	385,340	398,827	412,786	427,234	442,187	457,664	473,682	490,261	507,420	525,179	543,561	562,595
Taxes and Licenses	3.5%	64,896	67,167	69,518	71,951	74,470	77,076	79,774	82,566	85,456	88,447	91,542	94,746	98,062	101,494	105,047	108,723	112,529	116,467	120,544	124,763
Insurance	3.5%	207,661	214,929	222,452	230,237	238,296	246,636	255,268	264,203	273,450	283,021	292,926	303,179	313,790	324,773	336,140	347,905	360,081	372,684	385,728	399,229
Maintenance & Repair	3.5%	466,760	483,097	500,005	517,505	535,618	554,364	573,767	593,849	614,634	636,146	658,411	681,455	705,306	729,992	755,542	781,986	809,355	837,683	867,002	897,347
Supportive Services	3.5%	107,400	111,159	115,050	119,076	123,244	127,558	132,022	136,643	141,425	146,375	151,498	156,801	162,289	167,969	173,848	179,932	186,230	192,748	199,494	206,477
Commercial Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>		<b>1,608,079</b>	<b>1,664,362</b>	<b>1,722,614</b>	<b>1,782,906</b>	<b>1,845,308</b>	<b>1,909,893</b>	<b>1,976,740</b>	<b>2,045,926</b>	<b>2,117,533</b>	<b>2,191,647</b>	<b>2,268,354</b>	<b>2,347,747</b>	<b>2,429,918</b>	<b>2,514,965</b>	<b>2,602,989</b>	<b>2,694,093</b>	<b>2,788,387</b>	<b>2,885,980</b>	<b>2,986,989</b>	<b>3,091,534</b>
		<b>11,738</b>																			
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>																					
Ground Lease Base Rent		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bond Monitoring Fee		31,893	31,546	31,173	30,772	30,343	29,885	29,396	28,875	28,321	27,733	27,110	26,450	25,754	25,019	24,246	23,432	22,578	21,683	20,746	19,768
Replacement Reserve Deposit		61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650	61,650
Operating Reserve Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 1 Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 2 Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Required Reserve Deposit/s, Commercial		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>		<b>108,543</b>	<b>108,196</b>	<b>107,823</b>	<b>107,422</b>	<b>106,993</b>	<b>106,535</b>	<b>106,046</b>	<b>105,525</b>	<b>104,971</b>	<b>104,383</b>	<b>103,760</b>	<b>103,100</b>	<b>102,404</b>	<b>101,669</b>	<b>100,896</b>	<b>100,082</b>	<b>99,228</b>	<b>98,333</b>	<b>97,396</b>	<b>96,418</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>		<b>1,716,622</b>	<b>1,772,558</b>	<b>1,830,437</b>	<b>1,890,328</b>	<b>1,952,301</b>	<b>2,016,428</b>	<b>2,082,786</b>	<b>2,151,451</b>	<b>2,222,504</b>	<b>2,296,030</b>	<b>2,372,114</b>	<b>2,450,847</b>	<b>2,532,322</b>	<b>2,616,634</b>	<b>2,703,885</b>	<b>2,794,175</b>	<b>2,887,615</b>	<b>2,984,313</b>	<b>3,084,385</b>	<b>3,187,952</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>		<b>1,415,620</b>	<b>1,437,990</b>	<b>1,460,374</b>	<b>1,482,754</b>	<b>1,505,109</b>	<b>1,527,416</b>	<b>1,549,655</b>	<b>1,571,801</b>	<b>1,593,829</b>	<b>1,615,712</b>	<b>1,637,421</b>	<b>1,658,926</b>	<b>1,680,196</b>	<b>1,701,197</b>	<b>1,721,891</b>	<b>1,742,245</b>	<b>1,762,217</b>	<b>1,781,764</b>	<b>1,800,843</b>	<b>1,819,407</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>																					
Hard Debt - First Lender		1,226,814	1,226,814	1,226,814	1,226,814	1,226,814	1,226,814	1,226,814	1,226,814	1,226,814	1,226,814	1,226,814	1,226,814	1,226,814	1,226,814	1,226,814	1,226,814	1,226,814	1,226,814	1,226,814	1,226,814
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>		<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>	<b>1,226,814</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>		<b>188,806</b>	<b>211,177</b>	<b>233,561</b>	<b>255,941</b>	<b>278,295</b>	<b>300,602</b>	<b>322,841</b>	<b>344,987</b>	<b>367,015</b>	<b>388,898</b>	<b>410,607</b>	<b>432,113</b>	<b>453,382</b>	<b>474,383</b>	<b>495,078</b>	<b>515,432</b>	<b>535,403</b>	<b>554,950</b>	<b>574,030</b>	<b>592,594</b>
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>	<b>DSCR:</b>	<b>1.15</b>	<b>1.17</b>	<b>1.19</b>	<b>1.21</b>	<b>1.23</b>	<b>1.25</b>	<b>1.26</b>	<b>1.28</b>	<b>1.3</b>	<b>1.32</b>	<b>1.33</b>	<b>1.35</b>	<b>1.37</b>	<b>1.4</b>	<b>1.42</b>	<b>1.44</b>	<b>1.45</b>	<b>1.47</b>	<b>1.48</b>	
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>																					
Deferred Developer Fee (Enter amt. <= Max Fee from row 131)		79,179	90,089	100,826	111,545	122,234	132,884	143,515	154,128	164,723	175,300	185,868	196,427	206,978	217,521	228,057	238,585	249,105	259,617	270,121	280,618
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	-	19,499	20,409	21,350	22,325	23,334	24,378	25,459	26,578	27,735	28,933	30,174	31,457	32,786	34,161	35,584	37,054	38,571	40,135	41,747
Partnership Management Fee (see policy for limits)	3.5%	23,334	-	-	-	-	23,334	24,378	25,459	-	-	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
Other Payments		-	-	-	-	-															

**Attachment K: Developer Fee Calculation and Milestone**

TOTAL DEVELOPER FEE BREAKDOWN			
RESIDENTIAL DEVELOPER FEE	Fee Percentage	Amount	Comments
Project Management Fee available during predevelopment and construction:	23%	\$1,100,000	
Project Management Fee available at risk (the "At Risk Fee"):	23%	\$1,100,000	
Additional Project Management Fee that is available at risk (the "At Risk Fee") to large projects over 100 units:	8%	\$370,000	\$10K per unit over 100 units allowed. If taking + \$1.1MM at risk fee for large projects, Sponsor to provide analysis that additional fee does not increase MOHCD loan.
General Partner Equity	0%		Minimum \$500K. +\$500k encouraged.
Deferred Developer Fee	47%	\$2,298,989	Deferred fee allowed when distribution changed to 50% and taking higher fee doesn't increase MOHCD's loan (see analysis below.)
<b>TOTAL RESIDENTIAL DEVELOPER FEE</b>	<b>100%</b>	<b>\$4,868,989</b>	
<b>TOTAL COMMERCIAL DEVELOPER FEE</b>		<b>\$300,000</b>	
<b>TOTAL DEVELOPER FEE IN DEVELOPMENT BUDGET</b>		<b>\$5,168,989</b>	

DISBURSEMENT MILESTONES FOR CASH-OUT DEVELOPER FEE			
Milestones for Disbursement for Residential Developer Fee payable for Project Management and At-Risk Fee	Fee Percentage	Amount Paid at Milestone	Comments
Project Management Fee: Acquisition/Predev	15%	\$165,000	Gray areas show the totals in the MOHCD Developer Fee Policy
Project Management Fee: Predev with no more than 35% of total Project Management Fee to be disbursed prior to construction closing (see breakdown below)	35%		Gray areas show the totals in the MOHCD Developer Fee Policy
Proj Mgt Fee portion 1 of 3: Predevelopment - Close of predevelopment financing	15%	\$165,000	This amount will be part of this predev request and in the Developer Fee Agreement.
Proj Mgt Fee portion 2 of 3: Predevelopment - Submission of HCD funding application	10%	\$110,000	This amount will be part of this predev request and in the Developer Fee Agreement.
Proj Mgt Fee portion 3 of 3: Predevelopment - Submission of joint CDLAC and TCAC application	10%	\$110,000	This amount will be part of this predev request and in the Developer Fee Agreement.
Project Management Fee: At Construction Closing	20%	\$220,000	These amounts are shown for possible disbursement of the overall project developer fee.
Project Management Fee: During Construction (disbursed upon request depending on % of construction completion) or Completion of Construction	20%	\$220,000	Same as above.
Project Management: Project Close-Out - Placed-In-Service application; 100% lease-up; City approval of sponsor's project completion report and documents; and City acceptance of final cost certification.	10%	\$110,000	Same as above.
<b>TOTAL PROJECT MANAGEMENT FEE</b>	<b>100%</b>	<b>\$1,100,000</b>	
At Risk Fee: 95% Leased Up and Draft Cost Certification	20%	\$294,000	These amounts are shown for possible disbursement of the overall project.
At Risk Fee: Permanent Loan Closing/Conversion (Final Cost Certification)	50%	\$735,000	
At Risk Fee: Project Close Out (See Project Management Project Close-Out milestone activities)	30%	\$441,000	
<b>TOTAL AT-RISK FEE</b>	<b>100%</b>	<b>\$1,470,000</b>	

Milestones for Disbursement Payable for Commercial Developer Fee	Fee Percentage	Amount Paid at Milestone	Comments
At completion of condominium subdivision mapping	25%	\$75,000	
Executed LOI with commercial tenant	25%	\$75,000	
Executed lease with commercial tenant	25%	\$75,000	Conditional and will not be paid no earlier than TCO.
Occupancy by commercial tenant provider	25%	\$75,000	
<b>TOTAL COMMERCIAL DEVELOPER FEE</b>	<b>100%</b>	<b>\$300,000</b>	See MOHCD Commercial Underwriting Guidelines for Total Allowed Commercial Developer Fee: <a href="http://slmohcd.org/documents-reports-and-forms">http://slmohcd.org/documents-reports-and-forms</a>
<b>TOTAL CASH-OUT DEVELOPER FEE</b>		<b>\$2,870,000</b>	

ADDITIONAL DEVELOPER FEE ANALYSIS ON MOHCD/OCII GAP LOAN			
RESIDENTIAL DEVELOPER FEE		Amount	Comments
Additional Project Management Fee that is available at risk (the "At Risk Fee") to large projects over 100 units:		\$370,000	
General Partner Equity		\$0	
Deferred Developer Fee		\$2,298,989	
		<b>\$2,668,989</b>	<b>SUBTOTAL OF RESIDENTIAL DEVELOPER FEE</b>
Credit Rate		4.00%	
Pay-In		\$0.995	
QCT/DDA	Yes	130%	
Tax Credit Equity		\$138,093	
Tax Credit Delivery Years		10	
		<b>\$1,380,935</b>	<b>ADDITIONAL EQUITY GENERATED</b>
<b>NET PRESENT VALUE OF CASH FLOW LOSS</b>			
10 Year Surplus Cash (no developer fee)		\$1,885,058	
Developer fee Generated through Year 11		\$1,422,053	
Upon Full Payment of Deferred Developer Fee - Surplus Cash Flow Split	66%	\$1,244,138	
Deferred Developer Fee - Surplus Cash Flow Split	50%	\$942,529	
Loss of Residual Receipts to MOHCD		\$301,609	
		<b>\$301,470</b>	<b>NET PRESENT VALUE OF CASH FLOW LOSS</b>
<b>Additional Equity generated after paying for additional developer fee and loss of cash flow</b>		<b>\$709,465</b>	

**DOES ADDITIONAL DEVELOPER FEE INCREASE THE MOHCD/OCII GAP LOAN? NO**

555 LARKIN – ADDITIONAL GAP COMMITMENT FOR PG&E DELAYS  
4840 MISSION – ADDITIONAL GAP COMMITMENT FOR PG&E DELAYS  
LOAN COMMITTEE: MARCH 3, 2023

Attachment E - 4840 Mission Updated Development Budget

Application Date: 1/26/2021  
 Project Name: 4840 Mission  
 Project Address: 4840 Mission St  
 Project Sponsor: BRIDGE Housing

# Units: 137  
 # Bedrooms: 232  
 # Beds: 232

SOURCES	25,751,450	-	8,977,307	3,000,000	50,416,986	24,550,000	676,987	100	2,118,779	-	115,491,609	Comments
Name of Sources:	MOHCD/CII		MOH NEW LOAN AMENDMENT	MNHC	LBHC	Perm Loan	MOHCD Accrued Interest	GP Equity	Deferred Fee			

ACQUISITION

Acquisition cost or value												
Legal / Closing costs / Broker's Fee												0
Holding Costs	712,839				37,161							750,000
Transfer Tax	73,244				1,756							75,000
<b>TOTAL ACQUISITION</b>	<b>786,083</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,917</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>825,000</b>

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab	10,080,506				25,155,737	24,490,000						59,726,243	Include FF&E
Commercial Shell Construction				1,580,709	715,952							2,296,661	
Demolition	70,642											70,642	
Environmental Remediation					1,046,839							1,046,839	
Onsite Improvements/Landscaping													
Offsite Improvements			4,037,727		1,000,463							5,038,190	
Infrastructure Improvements				25,817	1,118,844							1,145,661	
Parking					3,372,692							3,372,692	HOPE SF/OJCI costs for streets etc.
GC Bond Premium/GC Insurance/GC Taxes	1,000,050											1,000,050	
GC Overhead & Profit	636,477				9,186	1,900,316						2,545,979	
GC General Conditions	1,463,112					4,112,067						5,575,179	
Sub-total Construction Costs	13,250,796	0	4,037,727	1,616,712	38,422,680	24,490,000			0	0	0	81,818,105	
Design Contingency (remove at DD)					597,324							597,324	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)	600,000				12,539							612,539	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)						100,000						100,000	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency	1,029,965				310,972	1,483,240						2,824,177	5% new construction / 15% rehab NOTE: this number looks artificially low because of the additional 624% in allowance for MNHC related cost overruns. Once this is excluded, the contingency is 5%.
Sub-total Construction Contingencies	14,880,751	0	4,037,727	2,537,547	40,006,120	24,490,000			0	0	0	85,952,147	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>14,880,751</b>	<b>0</b>	<b>4,037,727</b>	<b>2,537,547</b>	<b>40,006,120</b>	<b>24,490,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>85,952,147</b>	

SOFT COSTS

<b>Architecture &amp; Design</b>													
Architect design fees	1,839,165			44,923	35,493							2,019,481	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)	386,424			11,763								398,207	
Architect Construction Admin	102,798			9,625	298,768							411,191	
Reimbursables	18,750			756	54,494							75,000	
Additional Services	117,363			10,991	341,138							469,532	
Sub-total Architect Contract	2,564,520	0	0	78,978	729,913	0	0	0	0	0	0	3,373,411	
Other Third Party design consultants (not included under Architect contract)	70,430			1,688								72,118	Consultants not covered under architect contract; name consultant type and contract amount
<b>Total Architecture &amp; Design</b>	<b>2,634,950</b>	<b>0</b>	<b>0</b>	<b>80,666</b>	<b>729,913</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,445,529</b>	
<b>Engineering &amp; Environmental Studies</b>													
Survey	64,240			1,685	6,075							72,000	
Geotechnical studies	195,295			4,705								201,000	
Phase I & II Reports	177,626			5,002	31,054							213,682	
CEQA / Environmental Review consultants	1,179			28								1,295	
NEPA / US Review	241,487			5,785								247,272	
CNA/PNA (rehab only)	246,370			0	0							246,370	Name consultants & contract amounts
Other environmental consultants	295,370			5,176	11,294							311,840	
<b>Total Engineering &amp; Environmental Studies</b>	<b>927,195</b>	<b>0</b>	<b>0</b>	<b>23,384</b>	<b>48,422</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>999,001</b>	
<b>Financing Costs</b>													
<b>Construction Financing Costs</b>													
Construction Loan Origination Fee	256,703			100,013								356,716	
Construction Loan Interest				4,716,817	4,842,915							9,559,732	
Title & Recording	70,000			958								70,958	
CEQA & CDNA fees	5,500				17,469							22,969	
Bond Issuer Fees	607,324				167,376							774,700	
Other Bond Cost of Issuance	133,000											133,000	
Sub-total Const. Financing Costs	1,097,527	0	4,816,830	958	5,027,760	0	676,987	0	0	0	0	11,620,062	MNHC Allowance
<b>Permanent Financing Costs</b>													
Permanent Loan Origination Fee	235,100			122,750								357,850	
Credit Enhance. & Appl. Fee												0	
Title & Recording						20,000						20,000	
Sub-total Perm. Financing Costs	235,100	0	122,750	0	0	20,000	0	0	0	0	0	377,850	
<b>Total Financing Costs</b>	<b>1,332,627</b>	<b>0</b>	<b>4,939,580</b>	<b>958</b>	<b>5,027,760</b>	<b>20,000</b>	<b>676,987</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,997,912</b>	
<b>Legal Costs</b>													
Borrower Legal fees	192,382			4,992								197,374	
Land Use / CEQA Attorney fees	29,298			702								30,000	
Tax Credit Counsel	45,165											45,165	
Bond Counsel	89,000											89,000	
Construction Lender Counsel	60,000											60,000	
Permanent Lender Counsel						40,000						40,000	
Other Legal (specify)												0	
<b>Total Legal Costs</b>	<b>415,845</b>	<b>0</b>	<b>0</b>	<b>5,694</b>	<b>0</b>	<b>40,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>461,539</b>	
<b>Other Development Costs</b>													
Appraisal	9,688			281	2,031							12,000	
Market Study	33,701				7,610							41,311	
Insurance	2,174,645			53,837	71,518							2,300,000	
Property Taxes				3,652	162,348							166,000	
Accounting / Audit	0			1,170	48,230							50,000	
Organizational Costs	4,591			176	2,743							7,500	
Entitlement / Permit Fees	1,506,195			36,141	1,664							1,544,000	
Marketing / Rent-UP	0				299,000							299,000	
Furnishings	0				349,000							349,000	\$2,000/unit; See MOHCD UW Guidelines on: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
PG&E / Utility Fees				6,050	11,217							17,267	
CEQA / AP / Alloc / Monitor Fees	95,845											95,845	
Financial Consultant fees	81,403											81,403	
Construction Management fees / Owner's Rep	54,025			5,781	190,194							250,000	
Security during Construction	0				0							0	
Relocation	0				0							0	
Other (specify)	3,039			71								3,110	
Other (specify)	0			0	0							0	
Other (specify)	0			0	0							0	
<b>Total Other Development Costs</b>	<b>3,963,127</b>	<b>0</b>	<b>0</b>	<b>107,159</b>	<b>1,136,156</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,206,442</b>	
<b>Soft Cost Contingency</b>													
Contingency (Arch, Eng, Fin, Legal & Other Dev)					783,912							783,912	Should be either 10% or 5% of total soft costs.
<b>TOTAL SOFT COSTS</b>	<b>9,273,744</b>	<b>0</b>	<b>4,939,580</b>	<b>217,861</b>	<b>7,726,163</b>	<b>60,000</b>	<b>676,987</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,894,335</b>	Contingency as % of Total Soft Costs 3.0%

RESERVES

Operating Reserves					731,250							731,250	
Replacement Reserves												0	
Tenant Improvements Reserves												0	
Commercial Lease Up reserve					100,000							100,000	
Other (specify)												0	
Other (specify)												0	
<b>TOTAL RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>831,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>831,250</b>	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	770,000				330,000							1,100,000	
Developer Fee - Cash-out At Risk					1,470,000							1,470,000	
Commercial Developer Fee	40,872			205,675	53,453							300,000	
Developer Fee - GP Equity (also show as source)								100				100	
Developer Fee - Deferred (also show as source)									2,118,779			2,118,779	Need MOHCD approval for this cost, N/A for most projects
Development Consultant Fees												0	
Other (specify)												0	
<b>TOTAL DEVELOPER COSTS</b>	<b>810,872</b>	<b>0</b>	<b>0</b>	<b>205,675</b>	<b>1,853,453</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>2,118,779</b>	<b>0</b>	<b>0</b>	<b>4,888,679</b>	

<b>TOTAL DEVELOPMENT COST</b>	<b>25,751,450</b>	<b>0</b>	<b>8,977,307</b>	<b>3,000,000</b>	<b>50,416,986</b>	<b>24,550,000</b>	<b>676,987</b>
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