

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

**Treasure Island Parcel E1.2, Senior Housing
\$3,000,000 Predevelopment
&
\$14,722,000 Preliminary Gap
for HUD 202 Application**

Evaluation of Request for:	Predevelopment & Preliminary Gap
Loan Committee Date:	January 20, 2023
Prepared By:	Cindy Heavens
MOHCD Asset Manager:	TBD
Predevelopment Sources and Amounts of New Funds Recommended:	\$3,000,000 TIDA Housing Developer Subsidy - \$2,500,000 LMIHAF - \$500,000
Permanent Sources and Amounts of New Funds Recommended:	\$14,722,000 TIDA Housing Developer Subsidy - \$2,943,000 TIDA IRFD - \$3,279,000 LMIHAF - \$8,500,000
NOFA/PROGRAM/RFP:	Treasure Island
Applicant/Sponsor(s) Name:	Mercy Housing California, dba Mercy Housing Calwest

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	Treasure Island Parcel E1.2 – Senior Housing	Sponsor(s):	Mercy Housing California
Project Address (w/ cross St):	Avenue F and California Street (old address), 94130	Ultimate Borrower Entity:	To-be-determined limited partnership

Project Summary:

Mercy Housing Calwest (“Mercy” or the “Sponsor”) requests \$3MM to finance predevelopment costs for a proposed new construction affordable senior housing development located on a Treasure Island Development Authority (“TIDA”) owned parcel, E1.2, on Treasure Island (“Project”). Treasure Island Parcel E1.2 is part of the Treasure Island/Yerba Buena Island Redevelopment Plan and will be part of Major Phase 1 of the Plan. Treasure Island E1.2 will be the third affordable housing development to start construction on Treasure Island.

The Project will provide 100 affordable units (50 studios and 49 one-bedrooms), including a two-bedroom manager’s unit, with 23 units set aside for extremely low-income seniors supported by the City’s Senior Operating Subsidy (SOS), 60 units supported by the federal Housing and Urban Development’s (“HUD”) Project Rental Assistance Contract (“PRAC”) if awarded HUD 202 Program capital financing, and 10 units designated as Transition Units (10% of total units). (For a discussion about Transition Units please see sections 4.11 and 6.5.). The remaining 6 units will be set at a Mayor’s Office of Housing and Community Development’s area median income (“MOHCD AMI”) that will be competitive to receive an award from Housing and Community Development’s (“HCD”) Multifamily Housing Program for special needs (“MHP-SN”).

Proposed predevelopment financing includes MOHCD and TIDA funds. The proposed permanent financing assumed for a HUD 202 Program application that is due on January 25, 2023 includes 4% Low-Income Housing Tax Credits, Federal Home Loan Bank Affordable Housing Program (AHP) funds, Deferred Developer Fee, General Partner Equity, bank permanent loan, MHP-SN, and a MOHCD gap loan that includes TIDA funds. Except for AHP, if awarded all other proposed financing construction is expected to start in December 2024, with a construction completion date of November 2026.

This request is for both a predevelopment loan and a preliminary gap loan commitment loan from MOHCD. The preliminary gap commitment loan is a threshold requirement in the FY 2022 HUD 202 (“HUD 202”) Notice of Funding Opportunity (“NOFO”).

Project Description:

Construction Type:	Type III over Type 1	Project Type:	New Construction
Number of Stories:	6	Lot Size (acres and sf):	0.58 acres / 25,455 sf
Number of Units:	100	Architect:	To-be-determined (“TBD”)
Total Residential Area:	73,387 sf	General Contractor:	To-be-determined (“TBD”)
Total Commercial Area:	Not Applicable	Property Manager:	Mercy Housing Management Group
Total Building Area:	~70,000 sf	Supervisor and District:	Matt Dorsey, D6
Land Owner:	Treasure Island Development Authority (TIDA)		
Total Development Cost (TDC):	\$75,048,887	Total Acquisition Cost:	\$28,000

TDC/unit:	\$750,489	TDC less land cost/unit:	\$750,209
Loan Amount Requested:	\$3,000,000 predevelopment	Request Amount / unit:	\$30,000 for predevelopment
	\$14,722,000 preliminary gap		\$147,720 preliminary gap
HOME Funds?	No	Parking?	Yes, 5 spaces, 0.05 ratio

PRINCIPAL DEVELOPMENT ISSUES

- 1) **Preliminary Gap Commitment for NOFO:** Underwriting for this project is occurring at concept, meaning financing assumption a early estimates. While providing a predevelopment loan a concept meets MOHCD’s process, a preliminary gap commitment request at concept is a deviation and waiver from MOHCD process because at concept many Project assumptions affecting the gap financing commitment have not been fully vetted by the Sponsor and MOHCD. For example, potential conflicts between MOHCD underwriting guidelines and the HUD 202 PRAC will need to be resolved, and the Project’s proposed use of the SOS program may not conform with current SOS program guidelines. Nonetheless, staff recommends approval of the preliminary gap commitment for the purposes of the HUD 202 application, with the condition that Sponsor return to Credit Committee and the Affordable Housing Loan Committee as described in Section 9.2, Loan Conditions.

- 2) **HUD Operating Expenses –** If awarded a HUD 202, the project operating expenses must comply with the HUD Operation Cost Standards (“OCS”), which is below the average for similar sized operating developments in MOHCD portfolio. HUD will not allow increases to the OCS until the property has operated for at least a year. To mitigate the operating deficit, the project includes a capitalized operating reserve to cover two years of operating deficits until such time as HUD increases the OCS to reflect actual operating costs. “miscellaneous income” budget line item to cover operating deficit created by HUD OCS limit. See Sections 6.5 and 7.2.

- 3) **MHP-SN Frail Elderly referral required –** If the project is awarded MHP-SN, 23 units designated for the frail elderly must be referred through a City agency, Aging Service or Department of Public Health, designating the households as frail elderly. These residents are not necessarily unhoused, and the preference is for the households not to be unhoused. See Sections 4.11 and 6.5.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
MOHCD	\$3,000,000	3 yrs @ 3% Res Rec	This Request
Total	\$3,000,000		

Predevelopment Uses	Amount	Per Unit	Per SF
Acquisition	\$3,000	\$30	\$0
Hard Cost	\$0	\$0	\$0
Architecture & Engineering	\$1,675,538	\$16,755	\$23
Soft Cost	\$771,462	\$7,715	\$11
Developer Fee	\$550,000	\$5,500	\$7
Total	\$3,000,000	\$30,000	\$41

Permanent Sources	Amount	Terms	Status
MOHCD Gap, inclusive of predevelopment loan	\$11,443,000	55 yrs @ 3% / Res Rec	This request as a preliminary commitment
MOHCD Gap – IRFD	\$3,279,000	55 yrs, forgivable	This request as a preliminary commitment
Permanent Loan	\$6,224,573	30 yrs @ 5%	Not Committed
HCD-MHP-SN	\$21,969,964	55 yrs @ 3.0% / 0.42% & Res Rec	Not Committed
HUD 202 Capital Advance	\$6,813,486	30 yrs @0.0%	Not Committed
AHP	\$1,000,000	30 yrs @0.0%, forgivable	Not Committed
Tax Credit Equity	\$27,817,169	\$0.950 per credit	Not Committed
Deferred Developer Fee	\$1,300,000		Not Committed
GP Partner Equity	\$100		Not Committed
Total	\$79,847,292		

Uses	Amount	Per Unit	Per SF
Acquisition	\$28,000	\$280	\$0
Hard Costs	\$60,444,758	\$604,448	\$824
Soft Costs	\$13,737,016	\$137,370	\$187
Reserves	\$2,137,418	\$21,374	\$29
Developer Fee	\$3,500,100	\$35,001	\$48
Total	\$79,847,292	\$798,473	\$1,088

Staff recommends approval of a \$3 million predevelopment loan and a preliminary gap commitment loan of \$14,722,000.

1. BACKGROUND

1.1. Project History Leading to This Request.

For a summary of Treasure Island (“TI”), TIDA, Treasure Island Community Development LLC (“TICD”), One Treasure Island (“One TI”) and Development Agreement history, see Attachment A.

Treasure Island Parcel E1.2 – Senior Housing (“Project” or “TI-E1.2-Senior”) will be the third 100% affordable development to be developed on TI. The proposed 100-unit development is located on the corner of Avenue F and California Street (old address is 121 I Avenue). TI-E1.2 Senior is responsive to the need for affordable housing in San Francisco in that it contributes to the Regional Housing Needs Assessment (“RHNA”) goals to produce 20,867 very low-income units, 12,014 low-income units, and 13,717 moderate units by 2031. The 100 affordable housing units inclusive of a manager’s unit contributes to the RHNA goals.

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

In 2011, TICD received approvals for the master development of TI that included approximately 8,000 new residential units of which 435 new units are for homeless households that are to be developed by One TI member organizations. In 2011, the Board of Supervisors approved a new agreement with One TI outlining its participation in the development project via housing, economic development and support components and reflects the updated land use plan, development program, housing plan and financing plan described in the TICD Disposition and Development Agreement. The 2011 One TI Agreement explicitly states that TIDA will ground lease each One TI Lot to a selected One TI member organization approved by TIDA for the construction of One TI housing units. One TI has proposed and TIDA approves Mercy Housing California (“Mercy”) as the One TI organization that will lease and develop Parcel E1.2.

Parcel E1.2 will be split to include a to-be-named Behavioral Health Facility/Building (“BHB” or “TI-E1.2-BHB”) adjacent to the senior housing. Mercy or its affiliate will develop and own the improvements on the senior housing portion of the site, as well as manage the affordable housing and have a ground lease with TIDA. The BHB will include the replacement obligations for One TI member HealthRight360 (“HR360”) and Mercy will serve as turnkey developer responsible for development and construction of the BHB. Once the BHB is completed, the San Francisco Department of Public Health (“DPH”) will own and operate the BHB and TIDA will ground lease the BHB portion of the site to DPH.

The Amended and Restated Base Closure Homeless Assistance Agreement dated June 28, 2011 (“BCHA Agreement”) outlines all TIDA

obligations with respect to housing and services for One TI’s current and formerly homeless individuals and families. The BCHA Agreement also governs certain new housing, employment and economic development opportunities that are managed by One TI. The BCHA Agreement provides a strong basis for advancing MOHCD racial equity goals in the following ways:

- Advance opportunities and improve programmatic outcomes for Black, Brown and low-income residents
- Expand opportunities for smaller, local nonprofit organizations, especially Black, Brown, Indigenous and other people of color (BIPOC), as well as BIPOC staff of all team members, to gain experience in housing development and leadership roles
- Implement programs in a manner that minimizes displacement and increases community agency and economic opportunity

See Exhibit A for a description of how TIDA implements these racial equity goals.

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

1.3.1. Borrower. To-be-formed limited partnership.

1.3.2. Joint Venture Partnership. Not Applicable (“N/A”)

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

	Sexual Orientation	Gender Identity	Race
Mercy Housing California Board	Question not asked	M: 7 F: 11	Asian: 2 African American: 4 Caucasian: 9 Latinx: 2 Biracial: 1
Mercy Housing, Inc. Board	Question not asked	M: 10 F: 10	Asian: 1 African American: 3 Latinx: 1 Caucasian: 15
Mercy Housing, Inc. - All Staff	Question not asked	Female – 58% Male – 42%	2 or More Races – 3% American Indian/Alaska Native – 1% Asian – 11% Black or African American – 24% Hispanic or Latino – 22% Native Hawaiian/Other Pacific Islander – 1% Not specified – 1% White – 37%
Mercy Housing California - All Staff	Question not asked	Female – 57% Male – 43%	American Indian/Alaska Native – 1% Asian – 21% Black or African American – 17% Hispanic or Latino – 31% Native Hawaiian/Other Pacific Islander – 2% Not specified – 1% White – 22%
Mercy Housing California - Development Staff	Question not asked	Female – 50% Male – 50%	Asian – 20% Not specified – 20% White – 60%

1.3.4. Racial Equity Vision. Mercy Housing was founded on the belief that housing justice is social justice. The organization is committed to values of respect, justice, mercy and its commitment to advancing racial equity, diversity, and inclusion. (“REDI”).

REDI is central to Mercy Housing’s mission and impact.

Mercy Housing California continually takes actions to infuse racial equity throughout the organizations internal culture, systems, and practices. Mercy Housing regularly reviews policies, practices, and procedures to support its values and enable employees to do their best work so that residents feel a sense of belonging in the communities where they live.

In January 2021 Mercy Housing Inc. Hired Web Brown as SVP Racial Equity, Diversity and Inclusion. Over the past nine months Mr. Brown has taken the existing REDI work undertaken by Mercy Housing and created a more comprehensive and coordinated approach to REDI. This includes creating a draft REDI organizational framework which consists of 6 focus areas:

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

The organizational plan is expected in early 2023 and will be shared with MOHCD when available. Mercy Housing California has also made REDI goals for each department. The California real estate development team generated five goals in 2020 and is using 2021 to create workplans around achieving each of the goals. Goals include expanding the pipeline of diverse real estate staff, creating a national contracting and procurement policy, developing REDI evaluation standards for each stage in the development process, incorporating equitable digital access in our developments, and creating a legislative advocacy strategy. San Francisco real estate staff have been central in elevating these conversations and moving the goals forward. In 2022 Mercy Housing Inc. will publish its organization-wide racial equity mission and goals.

1.3.5. Relevant Experience. Mercy has been part of the TI development as a founding member of One TI (formerly known as the Treasure Island Homeless Development Initiative) and the developer that rehabilitated 140 existing units of former Navy housing on behalf of

One TI service providers, including Catholic Charities and the previous incarnation of HR360 (Walden House and Haight Ashbury Free Clinic), when access to the units was transferred from the Navy to TIDA in 1998. Mercy has been developing and owning affordable housing in San Francisco for 30 years. Mercy owns and operates 55 buildings that it developed in San Francisco for families, seniors, disabled, and formerly homeless households in San Francisco, including three properties in Mission Bay (1180 Fourth St, Mission Creek Senior Housing and 691 China Basin), as well as one property in the nearby Transbay District (280 Beale). Mercy also has 3 additional properties under construction in San Francisco and 7 in pre-construction. One of the properties in construction is Star View Court formerly called "TI Parcel C3.1," which began construction on June 24, 2022 and will be completed in spring 2024. For more information about Mercy's development experience, please see Attachment D.

- 1.3.6. Project Management Capacity. Evelyn Perdomo is the lead MHC Project Manager for Parcel E1.2 - Senior and will spend 40% FTE on the Project. (Ms. Perdomo will also spend 40% FTE on the BHB.) Ms. Perdomo is supervised by Ramie Dare, Real Estate Development Director, who will spend 10% FTE. Tariq Jacobs is the Assistant Project Manager and will spend 25% FTE on the Project.

MHC has hired a new project manager who will assume responsibility of Parcel E1.2-Senior by February 2023 and Ms. Perdomo will remain the lead MHC project manager on E1.2-BHB. Mercy has hired a consultant to complete and submit the HUD 202 application.

- 1.3.7. Past Performance.

- 1.3.7.1. City audits/performance plans. Mercy has no findings in a City or performance audit.
- 1.3.7.2. Marketing/lease-up/operations. Mercy recently completed 691 China Basin and 290 Malosi. For 691 China Basin, Mercy did not have a marketing person on that project, which made lease up more difficult. But on Malosi, Mercy had the property staff and completed lease up during the pandemic and the lease up was timely.

Mercy owns and operates 4,217 units of affordable housing in San Francisco. The chart below represents the total number of people n= 7,176 currently living in Mercy owned properties, disaggregated by race and ethnicity. Mercy had five (5) evictions from January 2021 to December 2021. Currently, Mercy does not track move out reasons, including evictions by race.

	Race	Ethnicity
Mercy Housing Resident responses to US Census definitions	Asian: 42%	Not-Hispanic or Latino: 77%
	White: 19%	Hispanic or Latino: 19%
	Black or African American: 16%	Member Did not specify: 3%
	Other: 15%	Blank : 1%
	Member Did not specify: 3%	
	Native Hawaiian or Other Pacific Islander: 2%	
	American India or Alaska Native: 2%	
	Blank: 1%	
	Total = 7176 (100%)	Total = 7171 (100%)

*Responses are from US Census definitions which cause overlap between race and ethnicity categories.

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

Site Description	
Zoning:	Parcel E1.2 is zoned Treasure Island Residential (TI-R), it has a 125' and 70' height limit along the eastern side of the block and a 40' height limit along the western side of the block, which may be exceeded up to 52 feet in certain circumstances.
Maximum units allowed by current zoning (N/A if rehab):	Max units per height limit is 110, based on unit type in conceptual massing.
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Zone 4
Soil type:	The Geotechnical Conceptual Design Report for Treasure Island was completed on February 2, 2009. It describes soils comprised of 30-50 ft of sand fill and 20-120 ft of young bay mud, underlain by firmer soils. An island-wide geotechnical stabilization process is underway; see Section 2.3 below. Geotech improvements for E1.2 have not been completed yet.
Environmental Review:	The Final EIR for the Treasure Island/Yerba Buena Island Redevelopment Project was certified on April 21, 2011. Finding of Suitability (in lieu of Phase I/II) was approved on February 15, 2006. Several mitigations were identified and will be addressed outside of this project. Mercy has not conducted additional environmental assessments or soil studies at this time but will conduct the Phase I during the predevelopment phase of the Project.

	A federal Environmental Assessment will be required if the project is awarded HUD PRAC.
Adjacent uses (North):	A remediated vacant lot.
Adjacent uses (South):	A commercial building that is 25% occupied between a machinery company and an urban winery.
Adjacent uses (East):	Between 300 and 500ft there is a pier that houses a boating/sailing school.
Adjacent uses (West):	A remediated vacant lot.
Neighborhood Amenities within 0.5 miles:	Life Learning Academy, Treasure Island Child Development Center, chapel, San Francisco Fire Department (SFFD) fire station, San Francisco Department of Public Health Nurse Intervention Clinic (open twice a week).
Public Transportation within 0.5 miles:	SF Muni: 25 bus; new privately subsidized ferry.
Article 34:	Not exempt. This will be completed during the predevelopment phase of work.
Article 38:	Not exempt: Project is in a Maher area.
Accessibility:	Project will provide at least 15% of tax credit eligible units as described in California Building Code ("CBC") 11B 809.2 through 11B 809.5 with mobility features and 10% of tax credit eligible units described in CBC 11B 809.5 for hearing and visual aid features. Adaptability requirements will be determined by the San Francisco Mayor's Office on Disability. Mobility, hearing, and visual aid features must be spread proportionally among all unit types in building.
Green Building:	While Treasure Island overall is projected to be the largest LEED Platinum Neighborhood Development in the U.S., each affordable parcel will achieve Green Point Rating of at least 125.
Recycled Water:	Not exempt (dual plumbing is required.)
Storm Water Management:	Storm Water Management improvements are being completed by the principal developer. No site-specific Storm Water Management Plan is required.

2.1. Description. Treasure Island Parcel E1.2 is vacant land. The site is rectangular shaped. Naval Station Treasure Island was decommissioned in 1994.

2.2. Zoning.

Zoning for Treasure Island is governed by the Treasure Island/Yerba Buena Island Special Use District, incorporated into the SF Planning Code, which established basic land use and development standards and establishes TIDA and the Planning Department as approval entities for any vertical development. This Special Use District (Planning Code 249.52) creates a new city neighborhood within a previous naval base by providing significant amounts of affordable housing, increased public access and open space, transportation improvements, extensive

infrastructure improvements, and recreational and entertainment opportunities. A Design for Development (D4D) document approved by TIDA, the Board of Supervisors, and the Planning Department in 2011 offers detailed design standards and guidelines including building heights, massing, and setback benchmarks. Height zones focus the greatest density near transit, and aim to provide a comfortable pedestrian environment while crafting an attractive skyline that will be viewed from around the Bay Area. A Streetscape Master Plan offers detailed guidance on paving, street trees and planting, lighting, street furnishings, and parking. The site has a 65' height limit along the perimeter of the site. However, the site is in a Flex Height Zone that allows buildings up to 240' if they conform with applicable standards in the D4D for Bulk and Massing. The D4D also requires green systems such as solar thermal and solar panels, public neighborhood parks, efficient public transit, and a recycled water ("purple pipe") system. The building heights are regulated by the D4D Section 2 T4.2 requiring different building heights and massing fronting streets that are programmed with different modes of transportation.

For multifamily buildings, the D4D's Transparency Standard T5.4.2 was amended in 2018 for mixed-use buildings where the primary use is multifamily residential, and non-residential uses are limited to the ground floor. The standard now requires 50% of the ground floor facing the public right-of-way, or an average of 50% for all facades, to be transparent.

2.3. Probable Maximum Loss. N/A for PML because the Project is new construction.

2.4. Local/Federal Environmental Review. The Final EIR for the Treasure Island/Yerba Buena Island Redevelopment Project, certified on April 21, 2011, was determined in compliance with local CEQA and State CEQA Guidelines. The EIR describes a number of mitigation measures which will need to be incorporated into the master developer's horizontal improvements. The project was appealed under CEQA in May 2011, but the BOS voted in June 2011 unanimously to deny the appeal and uphold the CEQA determination.

The United States Navy issued an Environmental Impact Statement (EIS) in 2005 that analyzed the transfer of Treasure Island and Yerba Buena Island to TIDA, and analyzed the effects of constructing 2,000 units of housing. In 2008, the Navy issued a reevaluation of the proposed project using 6,000 units of housing. In 2011, the Navy issued a Supplemental Information Report (SIR) on the effects on traffic only of developing 8,000 units of housing.

Staff at MOHCD, with the assistance of HUD, has concluded an Environmental Impact Statement ("EIS") is not required. An additional Environmental Analysis will be conducted if the Project is awarded a HUD

202 and the subsequent PRAC. The development team is applying for HUD 202 in January 2023. If a National Environmental Policy Act (“NEPA”) review process is required to complete an Environmental Assessment, Sea level rise and flood plain conditions may be issues for Treasure Island. Current mitigations for sea level rise and flood plain conditions include preparing the island for 36” of sea level rise - the mid-range of projections of sea level rise by 2100. This work is complete (?) and has involved raising most of the perimeter of the island to a height that will accommodate three feet of sea level rise and the storm surge associated with a 100-year event without overtopping.

A new Treasure Island Community Facilities District (“CFD”)/Mello-Roos District was created to reimburse TICD for public infrastructure and to fund the maintenance of open space on the Island. A capital account will be created to address sea level rise adaptations and capital needs required in the next 100 years. Affordable housing developments on TI, including Parcel E1.2, are exempt from paying the CFD special taxes. However, all new residential parcels, market rate and affordable, are subject to a Master Homeowner Association (HOA) fee.

Federal historical review does not apply for Parcel E1.2, senior housing or behavioral health. There are no historical buildings on or near E1.2.

2.5. Environmental Issues.

2.5.1 Phase I/II Site Assessment Status and Results. The State Department of Toxic Substance and Control (DTSC) oversaw a Finding of Suitability (FOST) process for the Navy’s environmental assessment, cleanup, and remediation of land for all of TI and transferred its finding to TIDA. The FOST was approved on February 15, 2006 and confirmed that no additional environmental assessment or remediation was required, except for existing buildings to be demolished, which would need to be evaluated and abated individually per State and City regulations. According to TIDA, there was no separate Phase I/II report for the TI outside of the FOST process.

A project-specific Phase I will be commissioned by Mercy during the predevelopment period.

Island-wide remediation activities continue where necessary as specified in DTSC documents.

2.5.1.1 TI Lawsuit. In late January 2020, one week prior to the construction closing on the first affordable TI development, Maceo May, a complaint was filed against TIDA, One TI, TICD, the Navy and other entities. The complaint generally alleged that Treasure Island was contaminated at levels higher than disclosed to the

public by the US Navy and that this information was knowingly withheld. In August 2022 the lawsuit was dismissed and the appeal period for the dismissal expired on October 28, 2022. There were no appeals to the dismissal filed and the lawsuit is now dismissed.

2.6. Adjacent uses and neighborhood amenities. Parcel E1.2-Senior will be adjacent to a BHB operated and owned by DPH.

A few blocks southwest of Parcel E1.2 are two affordable housing projects under construction. Maceo May is being developed by Chinatown Community Development Center and Swords to Plowshares and will complete construction in early 2023. Mercy Housing is developing Star View Court, which will be complete in 2024.

Existing amenities serving 500 existing TI households living in market-rate and affordable units include:

- YMCA
- Life Learning Academy (an academic and vocational program for students who have not been successful in traditional school settings) and is 1-mile from Parcel E1.2;
- Treasure Island Child Development Center operated by Catholic Charities and is 1-mile from Parcel E1.2;
- An existing chapel;
- Public service facilities including a San Francisco Fire Department (SFFD) fire station and a fire training academy also operated by SFFD;
- Nurse Intervention Clinic, operated by DPH out of a dedicated clinic space at the Treasure Island Gymnasium twice a week;
- Island Cove Market, a grocery store located in the Navy Base Exchange Building, and;
- Muni buses and ferry services to San Francisco. The privately subsidized ferry commenced service in February 2022. The cost is \$5 per ride for all users. The privately subsidized ferry is expected to transfer to public ferry service in 2025.

The Muni 25 bus line has a stop near the site and runs approximately every 15 minutes.

Upcoming planned amenities include expanded bus service, 207,000 square feet of retail development, and 302,000 square feet of commercial development. Parcel E1.2-senior housing will likely be completed before many new amenities are available. By the time Parcel E1.2-senior housing is completed, TIDA anticipates that minimally 150 current households living on TI in both market rate and affordable housing will have received newly constructed homes on TI. Likewise, hundreds of new market rate units will be completed prior to Parcel E1.2-senior housing completion.

These current and planned amenities make Treasure Island a good location for seniors. Treasure Island is flat, easy walkable, the street and sidewalks are brand new and accessible to current standards, and by the time E1.2 is constructed there will be an operational on-island shuttle. Further, additional new parks and open spaces are opening prior to E1.2 completion which add significant new amenities. .

2.7. Green Building. All new buildings at Treasure Island are subject to Green Building Specifications, which supplements the Green Building Ordinance and covers guidelines for energy, waste, water, landscaping, building and site design, material and indoor air quality, and the use of regional vegetation, and providing “solar ready” infrastructure. Treasure Island is projected to be the largest LEED Platinum Neighborhood Development in the country; however individual affordable housing projects on TI will achieve Green Point Ratings typical for other affordable projects receiving tax credits or other subsidies of at least 125 points.

3. COMMUNITY SUPPORT

3.1. Prior Outreach. Mercy Housing has had a presence on Treasure Island since 1999 as founding members of One TI, which is a collaboration of stakeholders working to foster and steward an equitable, inclusive, and thriving community for all TI residents, employees, businesses, and visitors. Additionally, Mercy has regularly engaged with Catholic Charities households, HR360 households and other families on TI.

Mercy will develop a Community Engagement plan that outlines resident meetings, communication strategies, and ways to disseminate information and meaningfully engage with the community throughout the predevelopment and construction phases. A draft of this communication plan will be required prior to construction loan closing.

3.2. Future Outreach. Mercy will work with One TI to provide Project updates to residents living in One TI units. Mercy will keep residents informed through flyers, announcements, and presentations. Mercy will also publish a website to keep all TI residents and others venturing to site with updates on the Project. Once the Project is complete, the Resident Service Coordinator will work with One TI staff to keep the Project’s residents engaged.

3.3. 1998 Proposition I Citizens’ Right-To-Know. Proposition I obligations need to be completed prior to submitting the predevelopment loan to the Mayor for execution.

4. DEVELOPMENT PLAN

4.1. Site Control. During the predevelopment period, site control will be governed by an Option to Lease between TIDA and the to-be-formed limited partnership. The Option to Lease will terminate when a Ground Lease is executed. The Ground Lease will be executed prior to or concurrent with the construction loan closing.

The term of the ground lease will be 99 years from the date of construction completion of the project, with a base rent of \$15,000. The Ground Lease may include additional rent to the extent feasible, in an amount (when combined with the Base Rent) not to exceed a total of 10% of the land value of the Property (as determined by a MAI appraiser selected by, and at the sole cost of, the tenant, and set forth in the Ground Lease), to be paid solely as residual rent, payable only to the extent proceeds are available from the Project after deductions for Project operating expenses, mandatory debt service payments, property management fees, reserve deposits required by Project lenders, deferred developer fees, and asset and partnership management fees in amounts permitted in accordance with the then-current MOHCD policy.

4.1.1. Proposed Property Ownership Structure Treasure Island is subject to the Tidelands Trust doctrine administered by the State of California, which holds that title to tidelands must be held in trust by the State for the benefit for the people of California. The Treasure Island Conversion Act of 1997, enacted by the State legislature, authorizes TIDA to enter into leases of Tidelands Trust property for up to 66 years for uses consistent with the Tidelands Trust. However, the affordable parcels on Treasure Island are located on trust exempt parcels (housing is not a Tidelands Trust compatible use) and the Tidelands Trust restrictions are not applicable to Parcel E1.2. Therefore, the term of the ground lease for the future improvements is proposed to be 99-years. As such, TIDA will enter into a Ground Lease with the partnership entity at the closing of construction financing; there will be an annual ground lease payment. The partnership will own the improvements.

TIDA owns the land were Parcel E1.2 is located, and the parcel was created with the Final Map 9837, dated July 24, 2010.

4.2. Proposed Design. The project has not begun conceptual design yet. However, Gensler has conducted a massing study to ensure that both the senior building and behavioral health building can feasibly jointly occupy Parcel E1.2.

Avg Unit SF by Type (net):	0-br avg sf- 350 sf 1-br avg sf- 600 sf
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	The above is based on average square footages of the behavioral health building. Once an architect is selected for the Project, the square footages will be updated.									
Do all units meet TCAC minimum SF?	Not applicable at this time. However, all units are expected to exceed the TCAC minimum SF. <table border="1"> <thead> <tr> <th>Unit Type</th> <th>TCAC Minimum SF as written in 6/16/2021 TCAC Regulations 10325(g)(1)(B)</th> <th>Parcel E1.2 unit type percentage greater than TCAC minimums</th> </tr> </thead> <tbody> <tr> <td>Studios</td> <td>200</td> <td>75%</td> </tr> <tr> <td>1-BDR</td> <td>450</td> <td>33%</td> </tr> </tbody> </table>	Unit Type	TCAC Minimum SF as written in 6/16/2021 TCAC Regulations 10325(g)(1)(B)	Parcel E1.2 unit type percentage greater than TCAC minimums	Studios	200	75%	1-BDR	450	33%
Unit Type	TCAC Minimum SF as written in 6/16/2021 TCAC Regulations 10325(g)(1)(B)	Parcel E1.2 unit type percentage greater than TCAC minimums								
Studios	200	75%								
1-BDR	450	33%								
Common Area SF:	TBD									
Bicycle Parking:	TBD									
Parking SF:	5 parking spaces for 0.05 parking ratios. The parking is from the massing study for the entire site completed in July 2022. Parking will continue to be studied during predevelopment. If parking remains in the project, Mercy needs to define how parking will be allocated since there are 23 frail elderly in the building.									
Residential SF:	~70,000 gross sf									
Commercial SF:	Not Applicable – There is no commercial square footage in the Project.									
Circulation SF	TBD									
Building Total SF:	73,387 gross sf									

4.3. Proposed Rehab Scope. N/A

4.4. Construction Supervisor/Construction Representative’s Evaluation.
 Cahill Contractors (“Cahill”) completed a cost estimate dated June 30, 2022 and based on pre-conceptual drawings. These drawings were completed to determine if the BHB and E1.2-Senior could fit on the site. The construction cost for the BHB was used in the August 5, 2022 Community of Care Expansion (“CCE”) Program Grant through the California Department of Social Services.

4.5. Commercial Space. N/A

- Space Description. N/A
- Commercial Leasing Plan. N/A

- Operating Pro Forma. N/A
- Tenant Improvement Build Out. N/A

4.6. Service Space. Programming and design will be determined during the predevelopment period.

4.7. Interim Use. N/A

4.8. Infrastructure. N/A. TICD and TIDA are responsible for infrastructure on Treasure Island. No infrastructure is included in this loan.

4.9. Communications Wiring and Internet Access. MOHCD Communications Wiring Standards are under review will be released soon. Costs permitting, the Sponsor will work with the MOHCD Construction Representative to determine the appropriate communications wiring scope that meets MOHCD's standards.

4.10. Public Art Component. TIDA sponsored buildings are exempt from the Public Art requirement. Public Art will be provided on Yerba Buena Island and TI by the principal developer TICD.

4.11. Marketing, Occupancy, and Lease-Up. TIDA recognizes three categories of household and individual eligibility for new Authority Housing Units, Transition Units, and Inclusionary Units broadly summarized below: ("Authority Housing Project" is defined in the DDA and includes affordable units that will be rented to low-income households spanning a wide range of affordability and may include Transition Units.). For a discussion about Treasure Island marketing definitions, please see Attachment A - Summary of TI, TIDA, TICD, One TI and Development Agreement history.

- 1) "**Legacy Household**" (formerly referred to as "Pre-DDA Household") is a household that has continuously rented and occupied an apartment at The Villages prior to the DDA. Only Legacy Households can occupy a **Transition Unit**. (The Villages at Treasure Island ("The Villages") are 766 market rate attached flats and townhouses managed by John Stewart Company).
- 2) "**Legacy Resident**" is a resident living in a Legacy Household that has continuously rented)and occupied an apartment at The Villages prior to the DDA.
- 3) "**Vested Resident**" (formerly referred to as "Post-DDA Household") is a current resident who has rented and occupied an apartment at The Villages whose tenancy began after June 29, 2011 and before December 11, 2019.

All existing residents living at The Villages will eventually be obligated to move as existing housing is demolished over time.

The fourth group of households on TI are the "One TI Households" ("formerly referred to as Treasure Island Homeless Development Initiative households") totaling 260 units, the "One TI Units". These One TI Units are guided by the Amended and Restated Base Closure Homeless Assistance Agreement

("Base Closure Agreement") dated June 28, 2011. The Base Closure Agreement outlines all TIDA obligations with respect to housing and services for current and formerly homeless individuals and families to be provided by One TI and also governs certain new housing, employment and economic development opportunities that are managed by One TI. Replacement unit obligations for One TI residents are guided by the Base Closure Agreement and detailed in Exhibit E - Treasure Island Homeless Development Initiative ("TIHDI") Transition Housing Plan ("TIHDI Transition Housing Plan"). Households and residents who reside in One TI Units are not eligible for benefits under the Transition Regulations.

One TI member organizations operate the 260 One TI Units located in The Villages on Treasure Island. (For a breakdown of the One-TI members and the number of existing One-TI units each TI member operates, see Attachment A). There will be no One TI replacement units in TI-E1.2-Senior. However, there will be One TI replacement units in the BHB. Please see Exhibit B - Behavioral Health Building Memorandum for more explanation on TI-E1.2-BHB.

The various populations occupying TI will receive replacement units or apply for the lottery, makes developing the marketing plans, determining the occupancy preferences and affordability restrictions for all TI developments complex. The TI marketing plan to cover TIDA's obligations of marketing affordable housing rental and ownership units has been incorporated into a Memorandum of Understanding ("MOU") between MOHCD and TIDA. This MOHCD-TIDA MOU was executed on March 1, 2021. The MOU outlines the housing preferences to be applied at all TI developments. For TI-E1.2-Senior, the units designated for TI households are as follows:

- a) **One-TI Replacement Units:** There will be no One TI replacement units in TI-E1.2-Senior. However, there will be One TI replacement units in the BHB. Please see Exhibit B - Behavioral Health Building Memorandum for more explanation on TI-E1.2-BHB.
- b) **Transition Units:** There will be up to 10 Transition Units for Legacy Households that are not income restricted and therefore the units are not tax credit eligible. The initial occupants of these units will be Legacy Households until all Legacy Households Transition Unit benefits have been delivered. TIDA, with assistance from MOHCD staff, has held an internal (non-public) lottery to determine the unit offer order for these Transition Households. At lease up, if TIDA has gone through all Legacy Households via ranked order for unit size based on household composition, the Transition Units remain vacant, Mercy will be able to use the waitlist that will be established through the public-facing DAHLIA lottery. (Legacy and Vested Residents who are income eligible, may also apply to the MOHCD DAHLIA Lottery Units described in bullet c) below).

Also, any Legacy Households occupying these Transition Units at the Project will pay the same rent the household pays in their current existing TI unit. Rents in these Legacy Household replacement units can only be raised by the annual amount allowed under the Rent Board.

Because Transition Units are set at 100% MOHCD, they are not eligible to receive MOHCD funding. MOHCD Underwriting Guidelines states that MOHCD funds on non-family building have a 60% maximum area median income (AMI). Since the Transition Units are 80% TCAC AMI/100% MOHCD AMI for the first applicants, MOHCD sources cannot be used to fund these units. Prior to the MHP-SN application, TIDD, MOHCD and Mercy to work out this gap in capital financing related to the Transition units. TIDA proposes to use either TIDA Developer Housing Subsidy and Infrastructure and Revitalization Financing District (“IRFD”) funds on this project for all units. Please see Section 6.5 for a discussion of these TIDA funding source restrictions.

- c) **MOHCD DAHLIA Lottery (“Lottery”) Units:** There are up to 66 Lottery Units for which Legacy Residents and Vested Residents have preference before other DAHLIA preferences and the general public. Legacy and/or Vested Residents placed in these units must be income eligible and placed in the units through the Lottery. These Lottery Units are subject to the preferences in the chart below.

MOHCD Preference	Applicant Category
0.A	Legacy Residents
0.B	Vested Residents
1	Certificate of Preference (COP) Holders
2	Displaced Tenants Housing Preference (DTHP) Certificate Holders (20% of units after previous preferences are applied.)
3	Neighborhood Preference (25% of units after previous preferences are applied.)*
4	Live or Work in San Francisco Preference
5	All Others

IMPORTANT NOTE: If this Project receives a HUD 202 award, the Neighborhood Preference set aside will be reduced to 25% of available units, instead of 40%

For TI-E1.2-Senior, another marketing category will be added if the project successfully receives an MHP-SN award. In consultation with TIDA and MOHCD, TI-E1.2-Senior is not programmed to serve formerly and currently unhoused seniors due to TI-E1.2-Senior being adjacent to TI-E1.2-BHB. TIDA and One TI had concerns about one parcel within the revitalized TI having a large concentration of formerly and currently unhoused people. Therefore, TI-E1.2-Senior will serve frail elderly as defined by MPH-SN.

4.11.1 Marketing & Income Restrictions for All Sources.

UNIT SIZE		MAXIMUM INCOME LEVEL		
<u>NON-LOTTERY-ONE-TI REPLACEMENT UNITS</u>	No. of Units	MOHCD	TCAC and/or HUD, when applicable	HCD
Sub-Total	0			
<u>NON-LOTTERY-FRAIL ELDERLY REFERRAL/SET-ASIDE</u>				
0 BR/STUDIOS -SOS	6	15% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
0 BR/STUDIOS -SOS	6	25% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
1 BR – SOS	5	15% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
1 BR – SOS	6	25% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
Sub-Total	23			
<u>TRANSITION UNITS</u>				
1 BR/STUDIOS	10	100% MOHCD AMI	80% TCAC AMI	100% TCAC AMI
Sub-Total	10			
<u>LOTTERY – NON-PRAC</u>				
1 BR	6	40% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
1 BR Sub-Total	6			
<u>LOTTERY - PRAC</u>				
0 BR - PRAC	38	60% MOHCD AMI	50% TCAC AMI 50% HUD AMI	50% TCAC AMI
0 BR Sub-Total	38			
1 BR – PRAC	22	60% MOHCD AMI	50% TCAC AMI 50% HUD AMI	50% TCAC AMI
1 BR Sub-Total	22			
<u>STAFF UNITS</u>				
2 BR	1			
TOTAL	100			
PROJECT AVERAGE		50.86%	49.19%	49.19%
AVERAGE FOR LOTTERY UNITS ONLY		61.71%	55.00%	55.00%

For the Project's affordability average, note that the MOHCD affordability average is greater than the TCAC and HUD affordability average. The reason is that there are not enough units at incomes lower than 60% MOHCD AMI/50% TCAC AMI to make up for the 10 Transition Units.

4.11.2 Occupancy Standards for Units. Each secondary lender identified above has different minimum occupancy standards based on bedroom

size that must be applied to all units at the time of initial leasing and releasing. Transition Units are not eligible for HCD or TCAC funding and occupancy standards are governed by the Transition Regulations, an attachment to the Housing Plan of the DDA. All other units in the Project, non-Transition Units, will follow the MOHCD Occupancy Standards. As of 2022, the minimum occupancy standards are as follows:

UNIT SIZE	Minimum Occupancy Standard		
	MOHCD	TCAC	HCD
0 BR/Studio	1	1	1
1 BR	1	1.5	1

4.11.3 MOHCD Restrictions. Please note that the chart below will be included in Exhibit A for the predevelopment loan agreement and included in the form Declaration of Restrictions that will be an exhibit in the predevelopment loan agreement. Maximum Income Levels are MOHCD's.

Unit Size	No. of Units	Maximum Income Level	Rental Subsidy
0 BR	12	30% of Median Income	SOS
0 BR	38	60% of Median Income	
Total 0 BR	50		
1 BR	11	30% of Median Income	SOS
1 BR	6	40% of Median Income	
1 BR	22	60% of Median Income	
1 BR [Transition Unit]	10	100% of Median Income	
Total 1 BR	49		
2 BR	1	Manager's Unit	
Total 2 BR	1		

4.11.4 Proposed Declaration of Restrictions Language. Sponsor will provide proposed Declaration of Restriction language prior to submission of a CDLAC application. If the Project is awarded a HUD 202, the Sponsor must propose Declaration of Restrictions ("Dec") language regarding standard Dec language that "20% below market as determined by a neighborhood level market study completed at minimum 90 days before posting unit availability". Also, Sponsor must propose Dec language to mitigate for SOS and PRAC subsidy being eliminated from the Project.

4.12 Relocation. N/A; There are no relocation benefits associated with this Project. TIDA is providing transition benefits to Legacy Households and moving assistance to One TI members' households relocating to new units. TIDA, with assistance from TIDA's transition consultant, Associated Right of Way Services (ARWS), and Sponsor, will move Legacy Households that want to exercise their transition benefit to a Transition Unit in the Project.

In new affordable development with One TI replacement units, One-TI members' residents will be assisted by the One TI member and the sponsor

of the new affordable housing development. There are no One TI replacement units in TI-E1.2-Senior and therefore no transition assistance is necessary or required.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Project Manager	Mercy Housing California	N	N
Architect	TBD	Y/N	Y/N (Describe below)
Landscape Architect	TBD	Y/N	Y/N (Describe below)
JV/other Architect	TBD	Y/N	Y/N (Describe below)
General Contractor	TBD	Y/N	Y/N (Describe below)
Owner's Rep/Construction Manager	TBD	Y/N	Y/N (Describe below)
Financial Consultant	Community Economics Inc	N	N
Other Consultant	TBD	Y/N	Y/N (Describe below)
Legal	TBD	Y/N	Y/N (Describe below)
Property Manager	Mercy Housing Management Group	N	N
Services Provider	Mercy Housing California	N	N
Other	Name	Y/N	Y/N (Describe below)

5.1. Procurement Plan. Mercy submitted a Procurement Plan to the Contracts Management Division on October 7th and is awaiting a response.

5.2. Opportunities for BIPOC-Led Organizations. To increase its contracting with BIPOC firms, Mercy takes part in the NPH's Diversity, Equity, Inclusion Working Group and created a list of firms to reach out to for opportunities related to construction and consultants. The project will work with the general contractor to select BIPOC-led subs when possible and economically feasible.

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: There is no prior MOHCD funding associated with TI-E1.2-Senior because there are no One TI replacement units. However, TI-E1.2-BHB does have One TI replacement units. There are existing loans at the existing Treasure Island property with One TI residents. Please see Exhibit B - Behavioral Health Building Memorandum for more explanation on TI-E1.2-BHB.

6.2. Disbursement Status. The project has incurred costs dating back to July 23, 2022 totaling \$110,563 related to massing studies that need to be completed and related to E1.2-BHB grant application to the state and cost expended to submit the HUD 202 application. Staff recommends that Loan Committee approves payment of costs no earlier than July 23, 2022

so long as these costs are deemed acceptable and correspond to predevelopment budget attached herein

6.3. Fulfillment of Loan Conditions if there is prior MOHCD/OCII funding. N/A

6.4. Proposed Predevelopment Financing

6.4.1. Predevelopment Sources Evaluation Narrative. The predevelopment budget is intended to take the Project through construction closing (currently anticipated for December 2024), totaling \$3,000,000. The MOHCD sources included in this predevelopment loan request are listed below.

- 1) **Low- and Moderate-Income Housing Asset Fund (“LMIHAF”) (\$500,000).**
- 2) **TIDA Developer Housing Subsidy (\$2,500,000).** TIDA Housing Developer Subsidy are funds approved under Resolution No. 241-11, adopted by the Board of Supervisors on June 7, 2011, the City and County of San Francisco approved the Disposition and Development Agreement (the “DDA”) between TIDA and Treasure Island Community Development, LLC (“TICD” or the “Principal Developer”), including the attached Exhibit E (the “Housing Plan”), which describes and defines the use of a certain subsidy provided by the Principal Developer for the development of housing units on Treasure Island and Yerba Buena Island (“Developer Housing Subsidy”). Pursuant to the DDA and Housing Plan, the Developer Housing Subsidy shall be "paid by Principal Developer to the Authority for the development of Authority Housing Units on the Authority Housing Lots and the implementation of the Transition Housing Rules and Regulations." TI-E1.2-Senior meets the criteria and definition of Authority Housing Units as defined by the DDA and Housing Plan, and eligible to use of the Developer Housing Subsidy. TIDA has agreed to dedicate \$2,500,000 of its TI-E1.2-Senior for predevelopment.

6.4.2. Predevelopment Uses Evaluation:

Predevelopment Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Acquisition Cost is based on appraisal	N/A	N/A – The land is owned by TIDA who will ground lease the land to the TBD limited partnership.
Holding costs are reasonable	N/A	Not included.
Architecture and Engineering Fees are within standards	Y	The total estimated architect contract is \$2,505,155 and \$1,675,538 is expected to be disbursed during predevelopment. The architect for TI-E1.2-Senior has not

		been selected yet. Mercy will issue an architect request for proposal (“RFP”) by March 2023. The estimated architect contract is based on architectural contract for the TI-E1.2-BHB.
Consultant and legal fees are reasonable	Y	\$77,451 for legal fees including syndication consultant fees are reasonable for the Project.
Entitlement fees are accurately estimated	Y	\$195,000 for entitlement/permit fees is reasonable for the Project.
Construction Management Fees are within standards	Y	CM fee sized below the MOHCD Underwriting Guidelines (“MOHCD UG”) at \$21,250 for the estimated 14-month predevelopment period.
Developer Fee is within standards	Y	Total Dev Fee during predevelopment of \$550,000 complies with MOHCD Developer Fee Policy.
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10.0%

6.5. Proposed Permanent Financing

The permanent financing being presented to demonstrate the project’s overall feasibility for the purposes of applying to HUD 202 Program application submission.

6.5.1. Permanent Sources Evaluation Narrative: The Borrower proposes to use the following sources to permanently finance the Project, as shown in the HUD 202 application:

- 1) **MOHCD Loan (\$14,722,000)**: The estimated amount for MOHCD’s gap loan on this project is \$14,722,000 or \$147,220 per unit. The MOHCD loan is inclusive of the predevelopment loan amounts and the TIDA funds. The sources in the MOHCD loan are shown below.
 - a) LMIHAF (\$8,500,000). This is an increase of \$8 million over the predevelopment funds.
 - b) TIDA Developer Housing Subsidy (\$2,943,000). This is an increase of \$443,000 over the predevelopment funds.
 - c) TIDA Infrastructure and Revitalization Financing District (“IRFD”) (\$3,279,000). IRFD is a type of financing in which the City commits a portion of future property tax increment generated from certain land area on Yerba Buena and Treasure Island for public financing for the Yerba Buena and Treasure Island development projects.

MOHCD and TIDA learned on a previous Treasure Island development that IRFD funds are limited to new affordable housing units and cannot be applied to Transition Units or One TI replacement units. This means that the Transition Units that are set at 80% TCAC AMI/100% MOHCD AMI are not eligible for IRFD funds. Because the MOHCD and TIDA IRFD sources cannot be used on Transition Units, there is a funding gap on the Transition Units. Prior to the MHP preliminary gap request, MOHCD, TIDA, and Mercy needs to make a determination about IRFD financing or whether Transition Units should be planned for this Project.

Other limitations of the IRFD funds are that they are forgivable loans as long as the borrower of the MOHCD loan maintains the affordability restrictions as described in the Declaration of Restriction. The IRFD funds cannot be repaid with residual receipts and as a forgivable loan has a zero percent (0%) interest rate.

Please note, that the MOHCD sources and TIDA Developer Housing Subsidy are planned as 3% loan with a 55-year term.

- 2) **Private mortgage (\$6,224,573):** The permanent loan is estimated as a 30-year loan at 56% interest (to model current market conditions). This private mortgage amount is the loan amount that would be possible to support if the HUD PRAC, awarded with the HUD 202 is sought and awarded. After one-year of operations, Mercy plans to apply for HUD PRAC set at Rental Assistance Contract (“RAD”) rents. RAD rental subsidy amounts are higher than the PRAC rental subsidy amounts in the FY 2022 HUD 202 Notice of Funding Opportunity (“NOFO”).

To have a competitive HUD 202 application, Sponsors must assume HUD operating contract rents as defined in the FY 2022 HUD 202 NOFO. These operating standards for San Francisco developments are extremely low and not feasible to operate the Project. (Please see section 7.2 for a longer discussion about the HUD Operating Cost Standards.) As a condition of requesting a MHP-SN commitment letter, after submission of the HUD 202 application and prior to the MHP-SN application submission, the Sponsor is to submit updated budgets prior to requesting a commitment letter for the MHP-SN development.

- 3) **MHP-SN (\$21,969,964):** This amount will be submitted on the HUD 202 application. However, the Sponsors may apply for up to \$24 million in MHP. As a condition of requesting a MHP-SN commitment letter, after submission of the HUD 202 application and prior to the MHP-SN application submission, the Sponsor is to submit updated budgets prior to requesting a commitment letter for the MHP-SN development.
- 4) **HUD 202 (\$6,813,486):** This will be the capital amount requested in the HUD 202 application that is due on January 25, 2023.
- 5) **AHP (\$1,000,000):** As of this request, the Sponsors have not studied whether the Project is competitive for AHP. The Sponsors have estimated \$10,000 per unit. The Sponsor plan to apply in 2023, and if not awarded, will apply in 2024 and continue to apply as many times as possible before the temporary certificate of occupancy ("TCO") is issued for the Project. The Sponsor will identify the AHP bank sponsor closer to the application date, with a successful award to be disbursed at closing or during construction.

As a condition of requesting a MHP-SN commitment letter, after submission of the HUD 202 application and prior to the MHP-SN application submission, the Sponsor must submit an AHP competitive analysis to MOHCD.

- 6) **4% Tax Credit Equity (\$27,817,169):** Mercy is assuming \$0.95 per federal credit pricing, which is consistent with the current credit market and this type of development. Should the market improve, the increase in tax-credit equity will reduce MOHCD's gap loan to the Project.
- 7) **Deferred Developer Fee (\$1,300,000):** The Sponsor are able to receive \$1,300,000 in deferred developer fee because of the capitalized operating reserve coming into the Project during operations in years 1 and 2 on the 20-year cashflow and from the additional PRAC at RAD rents assumed to begin in year 3. Without the capitalized operating reserve and additional PRAC, deferred developer fee is not available. If the Project receives MHP-SN, proposed deferred developer fee may change.

- 8) **General Partner Equity (\$100):** This is the Sponsor’s 0.01% equity share and the minimum requirement for tax credit developments.
- 9) **Construction Loan (\$39,114,389):** While not a permanent source, the construction loan terms are estimated at 26-months with 6% interest.

6.5.2 CDLAC Tax-Exempt Bond Application:

The Project scoring will be competing in the ELI/VLI set-aside within the New Construction pool and the Bay Area’s geographic set-aside. The Sponsors will apply to CDLAC-TCAC in March 2024 for a June 2024 allocation with an approximate \$39 million tax-exempt bond request, scoring 109 out of 120 total points, with a tiebreaker of 169.3% (based off the 2020 tiebreaker calculation).

CDLAC Self-Score	
Opportunity Map Resource Level	High Segregation & Poverty
TCAC Housing Type (new construction only)	Seniors
Bond Allocation Request Amount	\$39,114,389
Total Self-Score (out of 120 points)	109
Tiebreaker Score	169.3%

6.5.3 HOME Funds Narrative: There are no HOME Funds in the project.

6.5.4 Commercial Space Sources and Uses Narrative: N/A.

6.5.5 Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit is within standards	Y	\$604,448/unit
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5.4%
Architecture and Engineering Fees are within standards	Y	The total estimated architect contract is \$2,505,155.

Construction Management Fees are within standards	N	CM is sized at \$145,000 (36 months for predevelopment and 18 months for construction) meets underwriting guidelines for predevelopment (\$3,500/month) and construction (\$5K/month) period.
Developer Fee is within standards, see also disbursement chart below	Y	Project management fee: \$1,100,000 At risk fee: \$1,100,000 Deferred fee: \$0 GP equity: \$100 Commercial fee: Not Applicable Total fee: \$2,200,100
Consultant and legal fees are reasonable	Y	CM is sized at \$145,000 total CM fee sized below the MOHCD Underwriting Guidelines ("MOHCD UG") at \$21,250 for the estimated 14-month predevelopment and 14 months construction. Prior to MHP-SN commitment, Sponsor to update with more accurate estimate.
Entitlement fees are accurately estimated	Y	Entitlement fees are estimated at \$904,410 and are based on previous projects. During predevelopment and prior to submission of MHP-SN application this will be updated.
Construction Loan interest is appropriately sized	Y	The construction loan interest calculation will be provided with the update to MHP-SN.
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 9.9%
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months of operating expenses including debt payments
Capitalized Reserve - 2 years of assumed PRAC increase amount to get to realistic operating budget	--	If the Project is awarded a HUD 202, Mercy must operate the building for 1 year at the lower infeasible PRAC amounts. Two years of capitalized reserves is assumed since how soon after one year of operations that HUD provides the increase is unknown.

6.5.6 Developer Fee Evaluation: Below is the breakdown of the total development fee in the Project, which meets MOHCD's Developer Fee Policy.

Total Developer Fee:	\$3,500,100	
Project Management Fee Paid to Date:	\$ 0	
Amount of Remaining Project Management Fee:	\$1,100,000	

Amount of Fee at Risk (the "At Risk Fee"):	\$1,100,000	
Amount of Commercial Space Developer Fee (the "Commercial Fee"):	Not Applicable	
Amount of Fee Deferred (the "Deferred Fee"):	\$1,300,000	
Amount of General Partner Equity Contribution (the "GP Equity"):	\$ 100	
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
Predevelopment milestone #1 - Close of predevelopment financing	\$165,000	15%
Predevelopment milestone #2 - Submission of HCD funding application	\$110,000	10%
Predevelopment milestone #3 - Submission of joint CDLAC and TCAC application	\$110,000	10%
Construction milestone #1: At the construction closing	\$220,000	20%
Construction milestone #2: Disbursed during construction	\$220,000	20%
Project close-out	\$110,000	10%
Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee		Percentage At Risk Fee
100% lease up and draft cost certification	\$220,000	20%
Permanent conversion	\$550,000	50%
Project close-out	\$330,000	30%

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

7.1. Annual Operating Budget.

The annual operating is presented to demonstrate the project's overall feasibility for the purposes of applying to HUD 202 Program application submission.

The proposed operating budget is generally in compliance with MOHCD policies. Rental income is based on the following:

- \$23,287 monthly or \$279,444 annually from 23 units that will be designated for frail elderly and supported with a 15-year Senior Operating Subsidy (SOS) contract.
- \$5,898 monthly or \$70,776 annually from 6 units without an operating or rental subsidy affordable to households at 30% MOHCD AMI

- \$53,846 monthly or \$646,152 annually from 60 units with a PRAC rental assistance. These rents are set at 50% TCAC AMI and the tenant paid portion is assumed to be 20% TCAC AMI.
- \$25,560 or \$306,720 annually from 10 Transition Units. While these units' trend at 1% annually because they comply with City Rent Board requires as described in the DDA's Housing Plan, there inclusion as rental income is not an estimate of project income for a senior development. These units are market rate at a time when a senior age 62's income is declining. At this time, TIDA, the keeper of existing tenant information, does not have information about the number of seniors aged 62 and their current rents and AMI's. As of this request, the Sponsors, TIDA, and MOHCD are not settled on the accurate income to assume for these units, and this will be further explored during predevelopment.

7.2. Annual Operating Expenses Evaluation.

In the HUD 202 application, HUD limits the operating costs to Operating Cost Standards (OCS) presented in Appendix A for the application. For San Francisco, the OCS in Appendix A is shown below.

San Francisco, CA PMSA \$11,035

The OCS required for the HUD 2022 are below MOHCD completed developments of a similar size to TI-E1.2-Senior in the MOHCD operating cost comparison. Of similar developments the operating costs for similar size projects is shown below and the average operating cost of all comparable developments is \$14,353.

	Comparable Project Name	Number of Units	Per Unit Per Annual ("PUPA") Operating
HUD OCS	San Francisco, CA PMS		\$11,035
Subject property	TI-E1.2-Senior	100	\$15,315
	Carter Terrace	101	\$14,221
	O'Farrell Towers	101	\$16,735
	International Hotel	105	\$13,525
	Plaza Apartments	106	\$16,679
	Edith Witt Senior	107	\$14,457
	Mary Helen Rodgers Senior	100	\$12,361
	Parkview Terrace	101	\$12,492
	Average	103	\$14,353

Below are estimated PUPA at the construction closing for the two new affordable housing developments on Treasure Island.

	Comparable Project Name	Number of Units	Per Unit Per Annual ("PUPA") Operating
HUD OCS	San Francisco, CA PMS		\$11,035
Subject property	TI-E1.2-Senior	100	\$15,315
	Maceo May,	105	\$14,731

Parcel C3.2		
Star View Court Parcel C3.1	138	\$15,585
Average	122	\$15,158

The HUD OCS being below the average operating cost of similar size completed developments in MOHCD portfolio and Treasure Island affordable developments that began construction in the past 3 years means the operating costs that Mercy submits for a successful awarded Project are below fiscal feasibility. To mitigate this discrepancy, Mercy has assumed that the Project may receive additional PRAC through a “PRAC-to-RAD” option. However, the HUD 202 NOFO states that additional PRAC operating subsidy through PRAC-to-RAD may only be sought after one year of operations based on operating budget history. To mitigate the one year of operations before RAD rents or an adjustment is submitted to HUD, the Sponsors have capitalized two years of additional PRAC on the permanent sources and uses budget. In years 1 and 2, “withdrawals from capitalized operating reserve” are shown on the 20-year cash flow. Beginning in year 3 on the 20-year cash flow, the line titled “Miscellaneous Rental Income” shows the additional PRAC needed to support debt. Staff approves this adjustment and recommends that the loan request for a preliminary gap commitment for the HUD application.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	N	DSCR is 1.296 at Year 1 and 2.101 at Year 17. The excess cash is the result of using capitalized operating reserve in year 1 and 2 to mitigate against the lower PRAC rents and assuming additional PRAC received in year 3. Note that without capitalized income and additional PRAC, DCSR does not break even.
<i>For TCAC projects:</i> Vacancy rate meets TCAC Standards <i>For non-TCAC existing projects:</i> Vacancy rate is based on project's historical actuals	Y	Vacancy rate is 5%
Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	Y	Income escalation factor is 2.5% on the 66 Lottery Units and 1% and the 10 Transition Units rents trend at 1%, as allowed by the Rent Board.

		The Miscellaneous Rent Income trends at 2.5% and is the SOS funds.
<p><i>For TCAC projects:</i> Annual Operating Expenses are increased at 3.5% per year</p> <p><i>For non-TCAC existing projects:</i> Annual Operating Expense escalation is based on project's historical actuals</p>	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	Y	<p>Total Operating Expenses are \$15,315 per unit</p> <p>While the project is higher than average, cost includes elevators and desk clerks.</p>
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$78,000 or \$65 PUPM which is consistent with the HUD.
Property Management staffing level is reasonable per comparables	Y	<p>1 FTE Senior Property Manager (PM)</p> <p>1 FTE Assistant PM</p> <p>1 FTE Front Desk Coverage</p> <p>1 FTE Maintenance Tech</p> <p>1 FTE Janitor</p>
Asset Management and Partnership Management Fees meet standards	Y	<p>Annual AM Fee is \$17,318 and trends approximately at 3.5% annually. Annual PM Fee is \$25,000/yr and does not trend.</p> <p>The AM and PM Fee together total \$42,318 in year 2026 and the amount is consistent with MHP-SN total allowable AM and PM Fee.</p>
<p><i>For TCAC projects:</i> Replacement Reserve Deposits meet or exceed TCAC minimum standards</p> <p><i>For non-TCAC existing projects:</i> Replacement Reserve Deposits meet project needs based on CNA</p>	Y	Replacement Reserves are \$500 per unit per year and consistent with HUD Uniform Multifamily Regulation dated 11/15/2017.
Limited Partnership Asset Management Fee ("LPAMF") meets standards	Y	LPAMF is \$5,000 annually and does not trend.
Master Association Fee	Y	All TIDA developments pay a Master Association Fee. This Project's projected Master Association Fee is \$405.12 PUPA.

One TI Fee	&	All TIDA affordable housing developments pay a One TI Fee, which is \$3,000 annually.
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7.3. Capital Needs Assessment & Replacement Reserve Analysis. N/A.

8. SUPPORT SERVICES

8.1. Services Plan. Mercy Housing will provide appropriate services to residents of TI E1.2 Senior. A services plan is not available at this time, but a draft plan will be by February 2023 as shown in Attachment C – Project Milestones/Schedule approximately 50 days before submission of a MHP-SN application.

8.2. Services Budget. The current budget includes \$100,000 for services. Prior to submission on an MHP-SN, Mercy to submit breakdown of services budget to MOHCD.

8.3. HSH Assessment of Service Plan and Budget. As there are no formerly or currently unhoused persons planned in E1.2-Senior, HSH will not review the service plan. However, if a service plan and budget are required for review as it relates to frail elderly, DPH and MOHCD will need to review and approve the services plan and budget at minimum 30 days prior to submission of a MHP-SN.

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan/Grant Terms

Financial Description of Proposed Predevelopment Loan	
Loan Amount:	\$3,000,000
Loan Term:	3 years
Loan Maturity Date:	2026
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	January 20, 2023, except as described in Section 6.2

9.2. Recommended Loan Conditions

A. **General Conditions Prior to Any Loan Request**

1. Sponsor must provide MOHCD with detailed monthly updates via the MOH Monthly Project Update, including on:

- 1) Community outreach completed,
- 2) Outcomes achieved related to racial equity goals

- 3) Other Financing applications, and
- 4) Development of Referral Plan for frail elderly units.
2. Sponsor must provide operating and development budgets that meet MOHCD Underwriting Guidelines and provide updated operating and development budgets at every pricing exercise completed at key architectural plan stages.
3. Any changes to the current proposed staffing will need to be presented to MOHCD at least 90 days prior to gap loan approval, including any preliminary gap approval for a commitment letter.
4. Sponsor must work with MOHCD staff and project's General Contractor to Value Engineer construction budget.
5. Sponsor must provide quarterly updated response to any letters requesting corrective action.

B. Loan Condition Prior to Submission on an MHP Application

6. MOHCD reserves the right to withhold the project from applying to any HCD program including MHP.
7. Preliminary Commitment Letter for all HCD applications including MHP will not exceed \$14,722,000.
8. MOHCD must approve the complete MHP project underwriting including all MHP senior program requirements.
9. MOHCD to review with Sponsor the MHP senior program guidelines in alignment with the City Senior Operating Subsidy (SOS) program.
10. Sponsor and MOHCD to provide Credit Committee a detailed project update in the form of a revised loan evaluation or a project memo.
11. Credit Committee reserves the right to require the Project to go back to Loan Committee before an MHP application or any HCD application.
12. MOHCD to review with Sponsor HUD 202 PRAC program guidelines and identify potential conflicts with the MOHCD and HCD MHP underwriting guidelines.
13. By March 1, 2023, Sponsor to provide a Project budget, operating proforma and 20-year cash flow assuming a HUD 202 award with PRAC needed to operate the project and without a HUD 202 and PRAC. Included with the updated Project budget, the Sponsor must include a breakdown of the Project's entitlement assumptions.

14. By March 1, 2023, the Sponsor must submit an AHP competitive analysis to MOHCD.
15. By March 1, 2023, the Sponsor must submit an updated CDLAC Self-Scoring analysis, showing that the Project will be CDLAC competitive.
16. Sponsor must provide MOHCD with a services plan and proposed staffing levels that meet MOHCD underwriting standards prior to submission of a MHP-SN.
17. Sponsor must provide a breakdown of the services budget to MOHCD.
18. Sponsor must provide MOHCD with information outlining cost containment, efficiencies and innovation strategies to reduce overall project costs and maximize efficiency of MOHCD gap loans.
19. Regarding parking spaces in the building, if parking remains in the Project, Mercy needs to define how parking will be allocated since there are 23 frail-elderly in the building. The description of the parking allocation process must be provided at the by completion of schematics drawings if parking remains in the building.
20. MOHCD, TIDA, and Mercy must determine whether about IRFD financing will be available for this Project and if Transition Units will be planned for this Project.
21. Sponsor with MOHCD must work on an MPH-SN definition of frail elderly referral system with Department of Aging Services and DPH.

C. Loan Condition Prior to of a CDLAC Application

22. Sponsor and MOHCD Project Manager must have the Project reviewed by Peer and Credit Committee before submission of a CDLAC application, even if the preliminary gap commitment amount provided in the HUD 202 Preliminary Commitment Letter and/or a MHP preliminary commitment letter does not exceed \$14,722,000. If prior to the submission of a CDLAC application, the requested preliminary gap commitment exceeds \$14,722,000, in addition to the Project being reviewed by Peer and Credit Committee, the Project must be reviewed and approved by the Affordable Housing Loan Committee prior to CDLAC application submission.
23. MOHCD must approve all HUD 202 PRAC program guidelines. Any waiver requests to MOHCD underwriting

guidelines must be submitted no later than 90 days before CDLAC application is due. MOHCD must approve any waiver request prior to the CDLAC submission.

24. MOHCD reserves the right to withhold the project from submitting a CDLAC application.
25. Sponsor must provide MOHCD with a community engagement plan at least 60 days before submission of a CDLAC application.
26. Sponsor must: a) provide for MOHCD review of the Request for Proposals (RFP) for equity investors and lenders before it is finalized and distributed; b) provide for MOHCD review of all raw financial data from developer or financial consultant prior to selection; c) provide for MOHCD review and approval of all selected investors and lenders; and, d) provide for MOHCD review and approval of all Letters of Intent from financial partners.
27. If awarded a HUD 202, the Sponsor must propose language for the Declaration of Restrictions (“Dec”), particularly related to MOHCD’s standard Dec language that “20% below market as determined by a neighborhood level market study completed at minimum 90 days before posting unit availability”. Also, Sponsor must propose Dec language to mitigate for SOS and PRAC subsidy being eliminated from the Project.

D. Loan Condition Prior to Temporary Certificate of Occupancy

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

10. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Thor Kaslofsky, Executive Director
Office of Community Investment and Infrastructure

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

- Attachments:
- A. Summary of Treasure Island, TICD, One-TI, and Development Agreement
 - B. Behavioral Health Building Memorandum
 - C. Project Milestones/Schedule
 - D. Borrower Org Chart
 - E. Developer Resumes
 - F. Asset Management Analysis of Sponsor
 - G. Threshold Eligibility Requirements and Ranking – N/A
 - H. Criteria Site Map with amenities
 - I. Elevations and Floor Plans, if available – Not Available
 - J. Comparison of City Investment in Other Housing Developments
 - K. Predevelopment Budget
 - L. Development Budget
 - M. 1st Year Operating Budget
 - N. 20-year Operating Pro Forma

Treasure Island Parcel E3.1 Senior Housing Predevelopment and Preliminary Gap Request

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

Fri 1/20/2023 12:05 PM

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

Hi Vanessa,

I approve the predevelopment (\$3,000,000) and preliminary gap commitment request (\$14,722,000) for the above-referenced project.

Thank you,

Lydia

Lydia Ely

Deputy Director for Housing

SF Mayor's Office of Housing and Community Development

Office phone: (628) 652-5821

Cell phone: (415) 225-2936

TREASURE ISLAND PARCEL E1.2-

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

Fri 1/27/2023 2:51 PM

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

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

I approve Mercy Housing request of \$3MM for a predevelopment loan for Treasure Island Parcel E3.1-Senior Housing (“TI-E1.2-1”) for a proposed building containing 100 units. I also support Mercy’s request for a preliminary gap commitment in the amount of \$14,722,000 so they can submit a HUD 202 application.

Best,

Salvador



Salvador Menjivar
Director of Housing
Pronouns: He/Him

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

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Treasure Island Parcel E3.1 Senior Housing Predevelopment and Preliminary Gap Request

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

Fri 1/20/2023 11:59 AM

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

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

Hi Vanessa-

I approve the subject request on behalf of OCII.

Thanks!

Elizabeth



Elizabeth Colomello
Housing Program Manager

📍 One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
📞 415.749-2488, Cell 415.407-1908
🏠 www.sfocii.org

REQUEST FOR PREDEVELOPMENT LOAN AND HUD 202 APPLICATION PRELIMINARY GAP COMMITMENT FOR TREASURE ISLAND PARCEL E1.2-SENIOR HOUSING

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

Fri 1/20/2023 12:00 PM

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

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

Approve

Bridget Katz

Development Finance Specialist, Office of Public Finance

Controller's Office | City & County of San Francisco

Office Phone: (415) 554-6240

Cell Phone: (858) 442-7059

E-mail: bridget.katz@sfgov.org

Attachment A:
Summary of Treasure Island Development Authority,
Treasure Island Community Development, LLC, One Treasure Island,
Development Agreement and Existing Treasure Island Households

The purpose of this Attachment A is to summarize and contextualize the history of Treasure Island and Yerba Buena Island and its key stakeholders, specifically to contextualize certain underwriting assumptions in the MOHCD loan evaluation. This attachment is comprised of the following sections: Background, Vision/Equity, Public Private Partnership, Horizontal Development, Community Planning and Amenities, Authorizing Agreements, and Existing Treasure Island Households.

I. BACKGROUND

Treasure Island ("TI") was constructed as one of the most visible of President Franklin D. Roosevelt's Works Progress Administration projects and was host to the Golden Gate International Exposition in 1939 and 1940. Treasure Island was activated as a United States Naval Base in 1940 and played a substantial role in both World War Two and the Korean War. TI was used as a center for receiving, training and dispatching personnel. After the war, the Island was used as a training and administrative center.

In 1993 the Federal Government placed the Naval Station Treasure Island ("NSTI") on its Base Realignment and Closure list, and the United States Department of Defense subsequently designated the City and County of San Francisco (the City) as the Local Reuse Authority ("LRA") responsible for the conversion of the Base to civilian use under the federal disposition process per the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (the "Act"). In 1994, the City began to conduct hearings and community meetings which informed the redevelopment plan that would eventually result in a new San Francisco neighborhood incorporating residents of all socio-economic backgrounds. NSTI was formally decommissioned in 1997.

In 1997, the City formed the Treasure Island Development Authority ("TIDA") as a redevelopment agency under California law, and designated it as the new Local Reuse Authority.

After formation in 1997, TIDA initiated formal negotiations with the Navy. The Navy contracted with the City (and subsequently TIDA) to manage the property pending negotiations for its transfer and redevelopment. As part of managing TI on behalf of the Navy, TIDA began subleasing at market rates a portion of the former military housing now known as The Villages at Treasure Island ("The Villages") through a master lease with The John Stewart Company, and directly leasing space to a variety of commercial tenants.

In 2003, TIDA selected Treasure Island Community Development LLC (“TICD”) for exclusive negotiations for the master redevelopment of TI.

The Board of Supervisors approved the development plan in 2006 (and amended its approval in 2010), which was conditioned on completion of environmental review under the California Environmental Quality Act (“CEQA”).

The Development Agreement (“DA”), dated June 28, 2011, vests the master plan’s entitlements for thirty years and any vertical project is then approved by the Planning department under a process outlined in the DA. The DA, unanimously approved by the Board of Supervisors, forms the basis for the Disposition and Development Agreement (“DDA”) between TIDA and TICD, and governs respective rights and obligations for the redevelopment of portions of TI and Yer Buena Island (YBI) and calls for the development of up to 8,000 residential units in a series of Major Phases and Sub-Phases.

As of the signing of the DDA between TIDA and TICD there were approximately 600 existing former Navy housing units occupied by households living in both affordable units for formerly homeless households and market rate units. These households have certain rights and benefits and are described in detail below.

A CEQA lawsuit was filed against the project but was unsuccessful. It did serve to delay the project.

Portions of Treasure and Yerba Buena Islands were formally transferred from the Navy to TIDA in May 2015. Land for the first two sub phases of the redevelopment plan was transferred to TICD in February 2016.

Initial market rate home construction began on YBI in June 2019 and was completed in Q2 2022. The first vertical construction on Treasure Island began in 2020 with Maceo May Apartments, an affordable housing development for homeless and low-income veterans by Swords to Plowshares in partnership with Chinatown CDC and is scheduled for completion in Q1 2023. The second affordable housing development on Treasure Island, Star View Courts, started construction Q3 2022 and is expected to be complete in Q2 2024.

In 2019, TICD submitted its application and approvals to complete horizontal work for the second sub-phase. The Street Improvement Permit is expected later this year.

On March 1, 2021 MOHCD and TIDA executed an MOU defining roles and responsibilities for development, marketing, and compliance monitoring all affordable, inclusionary and Transition Units.

By 2024 it is projected that 982 units in 8 projects will be completed. This includes 243 affordable units in affordable housing developments ground leased

by TIDA and 739 market rate units (including 54 inclusionary units) on Treasure Island and Yerba Buena Islands.

II. VISION/EQUITY

The overall development plan calls for approximately 8,000 homes (with 2,173 homes/27.2% affordable), 300 hotel rooms, 550,000 square feet of retail and commercial space, and 290 acres of public open space representing 75% of the geographic area.

Treasure Island will be a model for sustainability and is the largest and highest scoring project to target Platinum rating under the LEED Neighborhood Development program.

The Transportation Plan for Treasure Island promotes pedestrian and bicycle mobility, provides strong public transit options and de-emphasizes vehicle use. New privately subsidized ferry service commenced Q1 2022 and is expected to be privately subsidized for 2-3 years after which the Water Emergency Transportation Authority ("WETA") will assume operations. As additional residents move to TI and YBI, MUNI bus service will be enhanced, new AC Transit bus service to the East Bay will commence and an on-island shuttle from the transit hub to the new neighborhoods will begin service.

The island will have congestion-pricing to encourage transit usage and discourage peak-time auto travel. Subsidized transit passes and discounts to services like car- and bike-share will make transit affordable and accessible to longtime residents and people living in below market-rate housing.

The redevelopment of Treasure and Yerba Buena Islands creates a brand-new neighborhood for existing and new residents with equity principles baked into its core. From inception, the plan has included over 27% of housing units to be affordable, with units reserved for homeless households integrated into the affordable units and the affordable units integrated throughout the market rate units. All janitorial and landscaping in TIDA operated spaces, such as Building One and most of the public open space, are performed by One TI members Toolworks and Rubicon landscaping, which provide job training and work opportunities for economically disadvantaged people and/or people with disabilities. Per the DDA, 25% of all new construction jobs and 25% of all new permanent jobs are set-aside for economically disadvantaged San Franciscans that face barriers to employment. Parks, open space, community facilities and retail strategies are conscientiously being developed to foster inclusion and integration. From inception, equity has been at the heart of Treasure Island redevelopment planning and implementation.

III. PUBLIC PRIVATE PARTNERSHIP

There are three key entities leading the development process.

Treasure Island Development Authority

The Treasure Island Development Authority (“TIDA” or the “Authority”) was formed in 1997 as a non-profit, public benefit agency dedicated to the economic development of the former NSTI and the administration of municipal services thereon. It is governed by its own Board of Directors.

Treasure Island Community Development, LLC (principal developer)

The Treasure Island Development Corporation LLC (“TICD”) is a joint venture between Lennar Urban and KSWM and is the principal developer. Members of KSWM include: Stockbridge Capital Group; Wilson Meany Sullivan LLC; and Kenwood Investments, LLC.

One Treasure Island

One Treasure Island (One TI) (formerly known as the Treasure Island Homeless Development Initiative or TIHDI), is a California nonprofit public benefit corporation that was formed in June 1994 for the purpose of utilizing the structural and economic development resources of the former NSTI to create a vibrant, inclusive community that provides pathways for economic advancement for lower-income and formerly homeless San Franciscans. One TI achieves its mission through affordable housing, jobs, community building, and advocacy. One Treasure Island is a membership organization committed to fostering an equitable, inclusive, and thriving community for all Treasure Island residents, employees, businesses, and visitors emphasizing inclusion by lower-income households and those who have experienced homelessness.

IV. HORIZONTAL DEVELOPMENT

Yerba Buena Island is a natural island and Treasure Island is man-made. Before vertical construction can begin significant infrastructure, improvements were needed and will continue.

TICD’s application for Major Phase I development was submitted in 2014 and approved by TIDA in May 2015. TIDA oversees the delivery of infrastructure and geotech work, supported by the City’s Public Works Task Force and construction inspections through the City’s Department of Building and Inspection.

Demolition of the existing buildings in Stage 1 (the area including affordable parcels Maceo May and Star View Courts) and infrastructure work for new water tanks that serve Treasure Island and Yerba Buena Island and Phase I geotechnical mitigation work has all been completed and street infrastructure is underway. The infrastructure and geotechnical scope is described below.

Infrastructure and Geotechnical Work

The Geotechnical Conceptual Design Report for Treasure Island, completed February 2, 2009, describes soils comprised of 30-50 ft of sand fill and 20-120 feet of young bay mud, underlain by firmer soils. It also

states that the island perimeter could be destabilized by liquefaction. The geotechnical improvement program for Treasure Island has four primary components and each component will be completed within a phase of infrastructure improvements. The four primary components are:

- Reconstruction of the causeway connecting Treasure Island and Yerba Buena Island. The causeway is almost complete and has been reconstructed in its entirety – excavated to near sea level, cement deep soil mixing (“CDSM”) employed to strengthen soils below sea level and then reconstructed using appropriate engineered fill to the intended finished elevation.
- Improvement of Island Perimeter – the perimeter of the island will be strengthened employing a combination of stone columns and CDSM walls to mitigate lateral spread of the island following the subsidence of off-shore materials in a seismic event.
- Vibratory Compaction – Throughout the area of vertical development, including the street areas, the fill materials and underlying naturally deposited sands on which the island rests will be consolidated through vibratory compaction through their 50’-70’ depth. This is intended to mitigate the potential for liquefaction during future seismic events by pre-consolidating these fill materials.
- Surcharging – following compaction of the materials from which the island was constructed, imported soil will be stockpiled on the development areas to simulate the dead weight of the future buildings and other improvements. This weight will induce the consolidation of the bay mud which underlies the sandy fill materials to mitigate settlement that would otherwise occur after the future buildings are constructed. After surcharging, the imported soil will be removed from the site to achieve the desired finished site elevation.
- Increasing the soil capacity also allows buildings up to 7-stories to be supported on conventional foundations. Taller buildings will require deep foundations.

Sea Level Rise Mitigations

The redevelopment of Treasure Island has been designed to account for sea level rise. Our adaptive management strategy includes:

- Raising the island to guard against sea level rise, including wave run-up.
- All streets will be at least 36 inches higher than the Base Flood Elevation. All ground floors will be 42 inches higher than the FEMA Base Flood Elevation.
- The perimeter of the island will be geotechnically improved. The crest elevation of shoreline structures will be 16-32 inches higher than currently required to mitigate any extreme events, such as tsunamis, high tides and storm surges.

- All residential buildings on the West and North side will be set back at least 350 feet from the shoreline so that the island buffer perimeter can be improved if sea levels continue to rise beyond current projections. This will be financed by a Community Facilities District that will raise \$1.2 billion over 99 years for improvements to mitigate against future sea-level rise.

In June 2020, TIDA was awarded a \$30 million State of California Housing and Community Development (“HCD”) Infill Infrastructure Grant Program (“IIG”) funds to conduct a portion of the infrastructure work. The grant is sitewide for Treasure Island and requires affordable housing to be constructed, but none of the IIG funds will be applied to individual TI affordable housing developments.

V. COMMUNITY PLANNING AND ISLAND AMENITIES

When the Navy vacated Treasure Island in 1997, all community services such as childcare, recreation, and youth programming ceased to operate and non-code compliant playgrounds were removed. One TI developed a Services Plan that included the reuse of existing facilities to provide community services. The Community Services and Facilities Plan is updated regularly, most recently in 2021. These services were and are seen as critical in both supporting island residents while building opportunities to create a new neighborhood through shared experiences and mutual needs. As part of actively planning for community services and facilities, One TI has also worked with Triple Aim/National Initiative on Mixed Income Communities for strategic guidance, is developing Equity Indicators research and monitoring and working with TIMMA/SFCTA to conduct a Supplemental Transportation Needs Assessment for current TI residents.

The purpose of this section is to describe current amenities on Treasure and Yerba Buena Islands as well as the amenities that are expected to be complete by the time that TI-C3.1 is projected for completion, with a focus on amenities and facilities that are family friendly.

Parks, Playgrounds, Open Space

Approximately ½ mile from the project site (across the street from the restaurant MerSea, at 9th street) is a public playground, picnic area, and dog park.

Residents also enjoy the Perimeter Path - a walking trail along the Bay and a beloved community feature for TI residents.

A portion of Waterfront Plaza in front the Ferry Terminal is expected to open in March 2022 with the entire park scheduled for completion by October 2022. The causeway stormwater garden and associated pedestrian facility including access to the Clipper Cove beach at the east Causeway is also near completion.

On Yerba Buena Island Hilltop Park, a new dog park, and Pier E-2 (at the end of Northgate Road at the east of YBI) opened in Q2 2022.

In addition to the formal parks, pocket parks are planned all around the Shared Public Way which is a car-free bike and pedestrian corridor and many of these improvements will be complete by the time the Treasures Island Parcel E1.2 is occupied.

Today, residents have access to baseball, soccer and rugby fields. In addition, a new soccer / sports facility at 9th Street and Avenue M is underway by SF Glens and SF Little league is constructing a replacement baseball field at 8th Street and Avenue M.

Future parks include a Cultural Park by the Chapel and Cityside Park on the western shore, and The Wilds on the northern portion of Treasure Island but no timetable is available for these parks at this time.

Childcare

Catholic Charities runs the current childcare facility on the Island, with 18 enrolled students and a waitlist. The center has capacity for 100 children, but staff capacity currently constrains enrollment. The center will also be available to all One TI households.

Schools

Currently, the Life Learning Academy operates a charter high school with 50 students and including 24 students living in the dorm. At this time SFUSD is not operating the existing school facility but SFUSD intends to open a school on Treasure Island in the future.

The YMCA

The Treasure Island Y offers recreation, integrated programs and partnerships throughout the community. The fitness center serves 1,000 members and is free to all Treasure Island residents. Programs and classes respond to community health and wellness needs. Youth programs operate 7 days per week and include a K-8 summer program with excursions. The YMCA currently operates out of the gymnasium facility's basketball courts, three built- out rooms and kitchen.

Ship Shape Community Center

The community center has been operated by One TI for over 20 years and is used for community events and meetings, trainings, a weekly food pantry (serving an average of 200 households a week with staples and fresh produce during COVID-19), a free tax preparation site and a free computer lab.

Library

The San Francisco Public Library operates a weekly bookmobile that parks in front of Ship Shape and YMCA 1-2 days per week. Planning is currently under way for a library kiosk that is projected to be in operation in 2024.

Sailing Center

The Sailing Center has been in operation since 1999. The center offers pro-bono programs and scholarships for underserved youth; it serves the Life Learning Academy students, among others. The facility provides services both for elite athletics programs and for local, low-income populations who may not have basic water safety skills.

Grocery Store

Island Cove Market, is a full service grocery store (excluding alcohol) totaling approximately 10,000 square feet in Building 201, 800 Avenue H. Island Market & Deli is a convenience store totaling approximately 410 sq. ft and is located in Building 1.

Community Clinic

The San Francisco Department of Public Health's (DPH) Treasure Island Community Clinic is administered by DPH's Maxine Hall Health Center and is located in a portion of the YMCA. The clinic is staffed by a nurse who provides advice, referrals and drop-in treatment of minor urgent issues. The service is intended for low-income families in order to refer and connect them to primary care if they are not already connected.

Treasure Island Museum

This is a small museum in Building 1 with plans underway for a new and bigger space in Building 1. It envisions having a responsibility to communicate Treasure Island's continuous role in innovation, arts and architecture and to help knit together the residential community. The Museum's place of prominence means it is in a position to introduce visitors to Treasure Island and can also build a sense of place and tell the story of Treasure Island.

VI. AUTHORIZING AGREEMENTS

The purpose of this section is to summarize the authorizing legislation that governs redevelopment. This section also describes enforcement mechanisms to ensure that the principal developer meets its obligations as well as describes revenue sources for affordable housing that are generated by the project. This section first focuses on the Disposition and Development Agreement and then The Amended and Restated Base Closure Homeless Assistance Agreement.

Disposition and Development Agreement

TIDA oversees the redevelopment of Treasure Island and Yerba Buena Island. The Disposition and Development Agreement (the "DDA") dated June 29, 2011 is central to the development of Treasure Island and Yerba Buena Island and guides the work of TIDA. The DDA addresses the obligations of the Treasure

Island Community Development, LLC (“Principal Developer”) and TIDA with regard to developing infrastructure, housing, commercial and open spaces on Treasure Island/Yerba Buena Island. The DDA also establishes that TIDA will sell or ground lease developable lots to vertical developers in accordance with land use documents including a General Plan Amendment, Development Agreement, and Design for Development. Salient features of the DDA with respect to affordable housing are described below.

Housing Plan. The DDA contains a Housing Plan that specifies the opportunities and obligations for the development and construction of affordable housing units that have been agreed upon by TIDA and the Principal Developer. The Housing Plan in the DDA allows for the development and construction of up to 1,866 Authority Housing Units including 435 units reserved for homeless households and up to 307 Inclusionary Units, for a total of up to 2,173 Affordable Housing Units representing over 27% of all residential homes when Treasure Island and Yerba Buena Island are fully developed.

The TIDA Housing Projects include affordable units that will be rented to low-income households spanning a wide range of affordability and may include Transition Units. A detailed description of the rights and benefits of Legacy Households are described below in the next section of this Attachment.

TIDA Housing Projects will be developed by Qualified Housing Developers (as defined in the DDA), and minimally 435 units for homeless households will be developed by One TI member organizations.

Approximately 21.7% of the acreage of the developable residential pads will be available in 20 parcels to be used for the development of these affordable housing units.

Treasure Island Investment and Principal Developer enforcement mechanisms. The DDA governs enforcement mechanisms to ensure development completion by the Principal Developer. TICD provided Payment and Performance Bonds to TIDA for the infrastructure, utilities, geotechnical improvements and other obligations under the DDA. Further assurances for performance are also provided through the DDA via a Right of Reversionary Quitclaim deed which is recorded on title in the event that TICD were to fail to make the improvements required in each sub phase.

While any undertaking of this infrastructure and geotechnical scope, depth and breadth carries risk, it’s worth acknowledging the deep investments that have already been made by the City and TICD, the most significant being the City’s approval of an equity and construction loan guarantee of Parcel 3.2 - Maceo May, a 100% affordable housing development for homeless and low-income veterans. While this loan guarantee will not be

available to future commercial lenders of the affordable housing developments, the guarantee demonstrates the City's commitment to TI affordable housing development.

Other deep City and TICD investments are Treasure Island's creation of its own transportation management agency, the Treasure Island Mobility Management Agency (TIMMA), which has successfully achieved State legislation authorizing congestion toll pricing. TIDA has also created its Infrastructure Financing District in order to start accruing tax increment and the first tranche of IRFD proceeds for affordable housing is expected by Q3 2022. These funds are being used at Star View Court.

TICD has invested well over \$100 million into the approval process for the DDA and its Major Phase and Sub-phase plans. The Principal Developer continues to deliver Payment & Performance bonds totaling several million dollars for the various scope of work for which it is responsible. The Principal Developer has invested heavily and would lose the right to develop if it does not deliver on the horizontal and then the vertical improvements.

Treasure Island-specific revenue opportunities. Per the DDA, TICD is required to provide a payment of \$17,500 per market-rate unit at the transfer of a market rate lot to a vertical developer to subsidize the affordable units. These funds, as well as tax increment financing generated by a new infrastructure financing district, and typical Jobs-Housing Linkage fees related to commercial space development, will help finance the affordable units. However, these funds were not available for the first two affordable housing developments. Treasure Island Parcel C3.1/Star View Courts), developed by Mercy, received the first tax increment financing available. Due to the timing of availability of funds, the IRFD funds replaced committed City funds after construction closing in Q4 2022.

TIDA intends to request a forward commitment from TICD if needed in order to accelerate the development of future projects. The ability to request a forward capital commitment from TICD was contemplated in the DDA Section 8.4(e) of the Housing Plan in order to help transition Legacy Households (described below).

The Amended and Restated Base Closure Homeless Assistance Agreement

One Treasure Island ("One TI") (formerly the Treasure Island Homeless Development Initiative ("TIHDI") was formed in 1994 and is a non-profit membership organization committed to developing the homeless component of the land use plan for redevelopment.

The Amended and Restated Base Closure Homeless Assistance Agreement ("Base Closure Agreement") dated June 28, 2011, outlines all TIDA obligations

with respect to housing and services for current and formerly homeless individuals and families to be provided by One TI and also governs certain new housing, employment and economic development opportunities that are managed by One TI in four broad categories:

- **Housing for homeless households:** At least 435 units (total including replacement units)
- **Employment:** 25% hiring goal for construction and permanent jobs
- **Economic Development:** Service Contracts and social enterprises that hire and train people with barriers to employment
- **Services:** Spaces for community center, youth services and administrative offices

The Agreement also describes replacement unit obligations for current residents and is described in detail below.

VII. EXISTING TREASURE ISLAND RESIDENTS

As of the signing of the DDA between TIDA and TICD in 2011, there were 250 existing affordable housing units for formerly homeless households and approximately 350 existing market rate housing units on all of TI. There is no physical distinction between the market rate units and the affordable units. The former Navy housing is comprised of a scattered site 2-4 bedrooms units in predominantly 6-8 unit buildings. This section describes current Treasure Island demographics and the rights and benefits of both the market rate households and the formerly homeless households living in One Treasure Island units. Note that as of Q3 2022, new residents moved to Yerba Buena Island with the opening of the market rate condominium development The Bristol (including 14 BMR units); these new households are excluded from the conversation regarding current occupied units on TI.

Demographics

In May 2020, an audit provided a count of residents currently residing within Treasure Island's housing units, including those who reside at the Job Corps Center. According to U.S. Census Bureau data since base closure, the age profile of Island residents has skewed younger (median age of 26.2 during the 2010 census) than San Francisco as a whole (median age of 36.3) and the greater San Francisco/Oakland/Hayward Metro area (median age of 38.8). The population on the Island has included 50% more children and a higher percentage of young adults than in greater San Francisco.

Also, according to 2010 census data, higher percentages of Treasure Island residents identified as Black, Native Hawaiian or Other Pacific Islander and American Indian or Alaska Native than in San Francisco as a whole and the Metro area. Much higher percentages of Treasure Island residents also selected the categories of "Other" and "Two or More Races", and twice as many Island residents identified as Hispanic or Latino than in San Francisco citywide.

The 2010 data set also showed that Island residents have lower incomes than the Metro area and significantly lower incomes than San Francisco as a whole. According to the data, median household income for Island residents was 44% lower than for the City as a whole, and more than 48% of Island residents were below the poverty level, compared to about 11% citywide.

At the time of the audit, Treasure Island had 117 businesses with approximately 888 employees, working in a variety of sectors: manufacturing, transportation, construction, real estate, healthcare, and public administration sectors. Employment was disrupted in 2020 with the COVID-19 pandemic. The effect of the pandemic on Island businesses is not yet known.

At buildout, Treasure Island overall compared to San Francisco as a whole is projected to be more diverse, with a smaller percentage of residents identifying as white, a higher percentage identifying as Black and a slightly higher percentage identifying as two or more races. The income levels expected on the island will also be different from San Francisco as a whole, with most residents at the higher and lower ends of the income spectrum and a small amount of moderate- and middle- income residents. This is a direct result of the commitment to inclusionary and affordable housing.

The Villages at Treasure Island Households and Transition to New Housing
Market rate housing on Treasure Island is operated by the John Stewart Company and the development is called “The Villages at Treasure Island” (“The Villages”). As of the signing of the DDA between TIDA and TICD in 2011, there were approximately 350 existing market rate housing units. As of January 2023, 164 households were living at The Villages at the time the DDA was executed.

The DDA contains a Housing Plan that specifies the opportunities and obligations for the development and construction of affordable housing units that have been agreed upon by TIDA and TICD. The Housing Plan also includes the Transition Housing Rules and Regulations (the “Transition Regulations”; Attachment C of the Housing Plan), which defines the replacement unit obligations and other benefits that apply to market rate tenants living at The Villages at the time the DDA was executed. TIDA is solely responsible for coordinating and providing benefits and services to eligible households and residents per the Transition Regulations, and TIDA will ensure that Transition Units are provided as needed within Authority Housing Projects in order to meet its replacement housing obligations under the Housing Plan. (“Authority Housing Project” is defined in the DDA and includes affordable units that will be rented to low-income households spanning a wide range of affordability and may include Transition Units.) Transition Units are apartments that are not income restricted at initial occupancy and are designated for Legacy Households only. Transition Units become income restricted after all Legacy Households have received a Transition Benefit.

Rent for the Transition Unit is based on current rent adjusted annually per rent increases allowed by the Rent Board.

The Transition Regulations were modified as requested by Board of Supervisors Resolution No. 476-19 and as approved by the TIDA Board Resolution no. 19-28-1211 to provide an affordable housing preference for new Treasure Island affordable units to income qualifying market rate residents who moved into The Villages subsequent to June 30, 2011, and were still residents in good standing on December 11, 2019.

In sum, TIDA recognizes three categories of household and individual eligibility for new Authority Housing Units, Transition Units, and Inclusionary Units broadly summarized below:

- 1) **“Legacy Household”** (formerly referred to as “Pre-DDA Household”) is a current household in good standing that has continuously rented and occupied an apartment at The Villages prior to the execution of the DDA. Only Legacy Households can occupy a **Transition Unit**.
- 2) **“Legacy Resident”** is a current resident in good standing living in a Legacy Household that has continuously rented and occupied an apartment at The Villages prior to the execution of the DDA.
- 3) **“Vested Resident”** (formerly referred to as “Post-DDA Household”) is a current resident who has rented and occupied an apartment at The Villages whose tenancy began after June 29, 2011, and before December 11, 2019. All households that moved to TI after the DDA was approved in June 2011 were made aware of the temporary nature of their tenancy and that they are ineligible for transition benefits.

All existing residents living at The Villages will eventually be obligated to move as existing housing is demolished over time.

As of February 2022 TIDA, estimates that 310 households fall into the categories above representing approximately 820 individuals. Most notably, 164 households living at The Villages today are eligible for a Transition Unit.

The Legacy Households, regardless of income, will receive transition benefits from TIDA in the form of a Transition Unit and moving services or lump sum payment or down payment assistance. Legacy Residents and Vested Residents also receive a preference for affordable housing units if they income qualify via DAHLIA that can be used for new affordable units and inclusionary units. Vested Resident preferences are subordinate to Legacy Residents.

Significant collaboration has already occurred between MOHCD and TIDA to establish the Treasure Island Resident preference on DAHLIA. The first

opportunity for Legacy and Vested Residents to use this preference was for 14 for-sale inclusionary units at the Bristol on Yerba Buena Island. The Bristol lottery occurred February 2022 and 9 applicants entered the lottery using their Treasure Island Resident preference number.

As mentioned, Legacy Households are entitled to replacement units per the conditions described as described in the Transition Regulations section of the DDA. MOHCD and TIDA will regularly monitor the delivery of development fees for the affordable projects throughout the build-out of Treasure Island.

One Treasure Island Households and Transition to New Housing

One TI member organizations currently operate 260 units of housing on Treasure Island. The specific member organizations and number of current units occupied by One TI members include: Catholic Charities (71 units), HomeRise (formerly Community Housing Partnership) (114 units), Swords to Plowshares (31 units) and HealthRIGHT 360 (44 units used to operate housing residential treatment and transitional housing beds).

One TI units are supported by Continuum of Care contracts, Project Based Section 8, Local Operating Subsidy Program (“LOSP”), or other federal, state, or local operating subsidy. Existing operating subsidy contracts of these units will be transferred to the owner of the affordable housing development directly or through a MOU and/or letter between the nonprofit who is the recipient of the operating grant agreement and owner of the new affordable development. Existing One TI households in good standing are guaranteed a new replacement unit in a new affordable building.

One TI Units are guided by the Base Closure Agreement. The Base Closure Agreement outlines all TIDA obligations with respect to housing and services for current and formerly homeless individuals and families to be provided by One TI and also governs certain new housing, employment and economic development opportunities that are managed by One TI. Replacement unit obligations are detailed in Exhibit E to the Base Closure Agreement, the One TI Transition Housing Plan.

The One TI Transition Housing Plan establishes the rights and benefits of One TI households to a new unit and to moving benefits and services. Households and residents who reside in One TI Units are not eligible for benefits under the Transition Regulations within the Housing Plan of the DDA.

One TI unit replacement is planned to be completed within the first five Authority Housing Projects in order to meet the terms of the Agreement. The first 5 affordable projects on Treasure Island assume replacement units for the existing 260 One TI units. One TI worked with all its member housing service providers (Swords to Plowshares, Catholic Charities, HomeRise, Healthright 360) to determine the order of replacement units which is also informed by available funding sources at the time the land is available for construction.

Swords was the first project selected to proceed, with Chinatown Community Development Corporation as its development partner. Catholic Charities was the second project to proceed, with One TI member Mercy Housing California as its development partner. The third and fourth projects will include replacement of HR360 and HomeRise (formerly Community Housing Partnership) units. TIDA and MOHCD both approved the order and process. Below is a chart showing the One TI housing services providers, the selected housing development partner, estimated number of units and the percent of each existing pre-DDA household by unit type living on Treasure Island in comparison to the first five affordable housing developments on TI.

Unit Type by Bedroom	EXISTING LEGACY UNITS		AFFORDABLE DEVELOPMENTS WITH DEVELOPMENT STATUS & LEGACY UNITS BY UNIT MIX FOR EACH AFFORDABLE DEVELOPMENT					
	All Current Legacy Units by Unit Mix as of 12.29.20	% of Legacy Units to total Legacy Units	In Construction C3.2 Maceo May Sword + CCDC	In Construction C3.1 Star View Court Mercy + CC	Proposed E1.2 - Senior TBD Mercy (a)	Proposed E1.2 - BHB TBD HR360	In Planning IC3.4 TBD CHP - TBD Developer (b)	In Planning E2.3/E2.4 TBD TBD Developer (c)
0	0	0%	24	0	50	N/A - beds not units	TBD	TBD
1	0	0%	47	23	49		TBD	TBD
2	32	17%	33	60	0		TBD	TBD
3	85	45%	0	40	0		TBD	TBD
4	72	38%	0	14	0		TBD	TBD
Mgr's Unit	Unknown	N/A	1	1	1	TBD	TBD	
Total	189	100%	105	138	100		150	155

One TI Services Fee. Pursuant to the One TI Member Organization Policy dated January 1, 2019, participating Member Organizations must agree to provide any of the following services for activities for persons living or working on Treasure Island: affordable housing development, affordable housing operations, supportive services, community services, job referrals, job placements, or job training in furtherance of One TI's mission on Treasure Island and in accordance with One TI's Agreement with TIDA.

For Member Organizations that are housing developers, a One TI services fee of \$3,000 per year in 2019 ("Housing Services Fee") is expected to be paid annually from project operations of new affordable housing developments. The Housing Services Fee will increase 3.5% per year. On January 29, 2021, MOHCD and TIDA agreed that the Housing Services Fee would be disbursed from the operating budget prior to reserves, ground lease rent, and bond fees. The obligation to pay the Housing Services Fee will commence once a housing developer's affordable housing property obtains its certificate of occupancy and is available for rent. The Housing Services Fee will support One TI's ongoing efforts to foster a thriving, mixed-income community, including, by way of example these types of activities:

- One TI convenes and/or supports meetings by TIDA and other TI stakeholders operating on Treasure Island whose purpose is to

troubleshoot practical issues, plan/coordinate joint activities (such as Back to School and Black History Month) and to communicate and implement policies in a consistent and coordinated manner to all Treasure Island tenants, regardless of housing provider;

- One TI facilitates bi-monthly community-wide meetings for tenants, clients and other Treasure Island residents hosted by One TI, TIDA and/or the Property Management Agent (currently, The John Stewart Company);
- Increase Treasure Island residents' opportunities for island-based job placement and participation in financial health programs;
- Plan, coordinate and ensure a range of social, educational and recreational opportunities for children and youth, such as, childcare spaces, after school and summer school programming;
- Coordinate community-wide events; and
- Develop and implement a community building plan

As of January 1, 2019, the Housing Services Fee specifically supports the One TI activities listed below.

- Access to weekly food pantry
- Job training and placement opportunities
- Access to free computer lab
- Access to free financial literacy & education services
- Access to free tax preparation site
- Community building events such as Halloween and Black History Month, community meetings and leadership trainings

For affordable housing developments not built by Member Organizations, One TI anticipates that those housing developers will join One TI.

Attachment B: Behavioral Health Building Memorandum

MEMORANDUM

DATE: January 20, 2022

TO: Robert Baca, MOHCD Joint Development Director
Lydia Ely, MOHCD Multifamily Deputy Director
Omar Cortez, MOHCD Asset Manager
Robert (“Bob”) Beck, TIDA Executive Director
Kathy Jung, DPH Director of Facilities and Capital Planning
Evelyn Perdomo, Mercy Project Manager
File

FROM: **CINDY HEAVENS, SENIOR PROJECT MANAGER**

RE: **TREASURE ISLAND PARCEL E1.2 – BEHAVIORAL HEALTH
BUILDING - NOT TO EXCEED PREDEVELOPMENT LOAN IN THE
AMOUNT OF \$2,500,000**

1. REQUEST SUMMARY

This predevelopment loan memo is for a proposed six-story, 120,000 gross square foot (gsf) building containing 148 units/doors or 296 beds including a dining hall, commercial kitchen, and shared baths located at Parcel E1.2 on Treasure Island (the “Project”, “E1.2-Behavior Health Building” or “E1.2-BHB). The Project is anticipated to have five levels of Type V construction, over a single level, Type I concrete podium with an overall building height of approximately 65 feet.

The Project does not require approval of the Affordable Housing Loan Committee. The Project has no affordable housing units and no MOHCD funds will be expended for the Project. MOHCD’s obligation to the Project is through the units that are occupied by the One TI member, HealthRight360, and through the Memorandum of Understanding (“MOU”) between MOHCD and TIDA executed on March 1, 2021. A Development Service Agreement (“DSA”) between MOHCD, the Department of Public Health (“DPH”) - the ground lessor, and Mercy Housing Calwest (“Mercy”) - the turnkey developer, and with an acknowledgment from Treasure Island Development Authority (“TIDA”) - the landowner, is currently under negotiations and outlines roles and responsibilities of each party.

MOHCD’s common practice is to provide construction services and financial review when development occurs on MOHCD ground lease land and a commercial space cold shell is necessary to construct the affordable housing. E1.2-BHB is a standalone parcel with its own ground lease, and construction services would typically be through the Department of Public Works. Because of the proximity to the new affordable housing site, E1.2-Senior, and MOHCD’s obligations under the MOU and DSA, MOHCD will provide financial, construction, and process services equivalent

to MOHCD services on community-service commercial spaces within an affordable housing development.

2. **PROJECT OVERVIEW AND PROJECT STATUS**

a. Project History Leading to This Request

In 2011, TICD received approvals for the master development of Treasure Island (“TI”) that included approximately 8,000 new residential units of which 435 new units are for homeless households that are to be developed by One TI member organizations. In 2011, the Board of Supervisors approved a new agreement with One TI outlining its participation in the development project via housing, economic development and support components and reflects the updated land use plan, development program, housing plan and financing plan described in the TICD Disposition and Development Agreement. The 2011 One TI Agreement explicitly states that TIDA will ground lease each One TI Lot to a selected One TI member organization approved by TIDA for the construction of One TI housing units. One TI has proposed and TIDA approves Mercy as the One TI organization that will lease and develop Parcel E1.2-Senior. Mercy or its affiliate will develop and own the improvements on E1.2-Senior, as well as manage the affordable housing and have a ground lease with TIDA.

Parcel E1.2, located on the corner of Avenue F and California Street (old address is 121 I Avenue) will be split to include a to-be-named Behavioral Health Facility/Building (“E1.2-BHB”) adjacent to the senior housing (“E1.2-Senior”).

E1.2-BHB will include the replacement obligations for One TI member HealthRight360 (“HR360”) and Mercy will serve as turnkey developer responsible for development and construction of the E1.2-BHB. Once E1.2-BHB is completed, DPH will own and operate the Project and TIDA will ground lease the E1.2-BHB portion of the site to DPH. DPH will offer a long-term lease to HR360 to operate a portion of E1.2-BHB.

On August 5, 2022, Mercy, TIDA, and DPH applied for Community Care Expansion (“CCE”) Program Grant through the California Department of Social Services. Award announcement was anticipated in December 2022. As of this memo, the award announcement has not been made and is anticipated before March 30, 2023.

b. Project Management Capacity.

Evelyn Perdomo is the lead Mercy Project Manager for E.2-Senior and will spend 40% of her time on the Project. Ms. Perdomo is supervised by Elizabeth Kuwada, who will spend 10% FTE. Tariq Jacobs is the Assistant Project Manager and will spend 25% FTE on the Project.

3. **SITE**

a. Site. The site description is similar to E1.2-Senior with the differences shown in bold font in the chart below.

Site Description	
Zoning:	Parcel E1.2 is zoned Treasure Island Residential (TI-R), it has a 125' and 70' height limit along the eastern side of the block and a 40' height limit along the western side of the block, which may be exceeded up to 52 feet in certain circumstances.
Maximum units allowed by current zoning (N/A if rehab):	Max units per height limit is 110, based on unit type in conceptual massing.
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Zone 4
Soil type:	The Geotechnical Conceptual Design Report for Treasure Island was completed on February 2, 2009. It describes soils comprised of 30-50 ft of sand fill and 20-120 ft of young bay mud, underlain by firmer soils. An island-wide geotechnical stabilization process is underway; see Section 2.3 below. Geotech improvements for E1.2 have not been completed, but will be completed during predevelopment.
Environmental Review:	<p>The Final EIR for the Treasure Island/Yerba Buena Island Redevelopment Project was certified on April 21, 2011. Finding of Suitability (in lieu of Phase I/II) was approved on February 15, 2006. A number of mitigations were identified and will be addressed outside of this project. Mercy has not conducted additional environmental assessments or soil studies at this time but will conduct the Phase I during the predevelopment phase of the Project.</p> <p>An Environmental Assessment will only be conducted if required by one or more of the State of California sources that are planned for E1.2-BHB</p>
Adjacent uses (North):	A remediated vacant lot.
Adjacent uses (South):	A commercial building that is 25% occupied between a machinery company and an urban winery.
Adjacent uses (East):	Between 300 and 500ft there is a pier that houses a boating/sailing school.
Adjacent uses (West):	A remediated vacant lot.
Neighborhood Amenities within 0.5 miles:	Life Learning Academy, Treasure Island Child Development Center, chapel, San Francisco Fire Department (SFFD) fire station, San Francisco Department of Public Health Nurse Intervention Clinic (open twice a week).
Public Transportation within 0.5 miles:	SF Muni: 25 bus; new privately subsidized ferry.
Article 34:	Not exempt.
Article 38:	Not exempt: Project is in a Maher area.
Accessibility:	TI-E1.2-BHB adaptability requirements will be determined by the San Francisco Mayor's Office on Disability.
Green Building:	The Project will achieve a Green Point Rating of at least 125 points.

Recycled Water:	Recycled water is required per the DDA
Storm Water Management:	Storm Water Management improvements are being completed by the principal developer. No site-specific Storm Water Management Plan is required.

b. Site Description. Treasure Island Parcel E1.2 is vacant land. The site is rectangular shaped. Naval Station Treasure Island was decommissioned in 1994.

c. Zoning.

Zoning for Treasure Island is governed by the Treasure Island/Yerba Buena Island Special Use District, incorporated into the SF Planning Code, which established basic land use and development standards and establishes TIDA and the Planning Department as approval entities for any vertical development. This Special Use District (Planning Code 249.52) creates a new city neighborhood within a previous naval base by providing significant amounts of affordable housing, increased public access and open space, transportation improvements, extensive infrastructure improvements, and recreational and entertainment opportunities. A Design for Development (D4D) document approved by TIDA, the Board of Supervisors, and the Planning Department in 2011 offers detailed design standards and guidelines including building heights, massing, and setback benchmarks. Height zones focus the greatest density near transit, and aim to provide a comfortable pedestrian environment while crafting an attractive skyline that will be viewed from around the Bay Area. A Streetscape Master Plan offers detailed guidance on paving, street trees and planting, lighting, street furnishings, and parking. The site has a 65’ height limit along the perimeter of the site. However, the site is in a Flex Height Zone that allows buildings up to 240’ if they confirm with applicable standards in the D4D for Bulk and Massing. The D4D also requires green systems such as solar thermal and solar panels, public neighborhood parks, efficient public transit, and a recycled water (“purple pipe”) system. The building heights are regulated by the D4D Section 2 T4.2 requiring different building heights and massing fronting streets that are programmed with different modes of transportation.

4. **COMMUNITY SUPPORT**

Mercy will work with HR360, TIDA and DPH to determine the community engagement and communication plan for TI-E1.2-BHB during predevelopment, prior to the start of construction, and during construction. At minimum a draft community engagement plan should be submitted approximately 60 days after TI-E1.2-Senior submits its MHP application.

1998 Proposition I Citizens’ Right-To-Know will be determined whether it applies to the TI-E1.2-BHB in February 2023.

5. **DEVELOPMENT PLAN**

a. Site Control. On July 13, the TIDA Board granted site control to DPH for a portion of the site via TIDA Board Resolution#22-17-0713. (Site control was threshold requirement for the CCE application.) The site control offered was not an Option to Lease because it was

an agreement between one branch of the City to another branch of the City Since Mercy is the developer on both sites and the site is not subdivided, the Option to Lease will be the document Mercy may use to do any due diligence studies on the entire parcel. Cost on some due diligence site reports will be split 50% to E1.2-BHB and 50% to E1.2-BHB.

1) Proposed Property Ownership Structure. Tidelands Trust restrictions are not applicable to Parcel E1.2. While E1.2-Senior will have a ground lease of 99 years. Terms of the ground lease on E1.2-BHB is still under negotiation.

b. Proposed Design. The design concept allows for two separate operators to operate within the building. Typical floors are comprised of two wings, with integral support spaces including staff offices, break rooms, and support space. One of the five residential floors has been designed with additional support spaces to accommodate licensed residential treatment facilities that would be operated by HR360, including classrooms, group meeting rooms, offices, and individual consult rooms. These spaces would be entered adjacent to a reception desk, offering privacy and controlled access. The second floor includes a courtyard above the podium that will offer outdoor amenities to building residents. The ground floor includes shared spaces including communal dining room and commercial kitchen. The building will be an all-electric building.

1) Communication Wiring and Internet Access. This will be provided by DPH as the operator of E1.2-BHB.

2) Public Art Component. TIDA sponsored buildings are exempt from the Public Art requirement. Public Art will be provided on Yerba Buena Island and TI by the principal developer TICD.

c. MOHCD Construction Supervisor/Construction Representative Evaluation. Cahill Contractors (“Cahill”) completed a cost estimate dated June 30, 2022 and based on pre-conceptual drawings. These drawings were completed to determine if the BHB and E1.2-Senior could fit on the site. The construction cost for the BHB was used in the August 5, 2022 Community of Care Expansion (“CCE”) Program Grant through the California Department of Social Services.

d. Proposed Building Programming. E1.2-BHB is proposed as a new adult Substance-Use-Disorder (“SUD”) and Residential Step-Down (“RSD”) care facility. The new SUD and RSD care facility will provide transitional sober living housing plus supportive services for individuals with substance use disorders. In these residences, clients in recovery live together and support each other’s recovery while they participate in continuing care and outpatient treatment services for substance use disorders.

Admission to residential step-down services is open to all adult San Francisco residents with a substance use disorder. Clients may be referred upon completion of a short-term (90 day) SUD residential treatment program. In RSD care, clients may take residence for up to 2 years, with anticipated averages of 9-12 months. Eligibility for RSD is based on a client’s desire to participate in outpatient treatment, work towards achievement of treatment and service plan goals, and linking to the next step-down level of care, educational, employment, income

assistance, eventual permanent housing, and other needed services, on a road towards maintaining and strengthening their recovery and personal and social functioning.

Residential step-down provides supportive services, including peer recovery support, peer counseling, employment support, resocialization, and linkage to other needed services, while enrolled in outpatient treatment. Activities include communal dining, house meetings, urine toxicology testing, review of treatment and self-care plans, case management, linkage to services, employment coaching and counseling, in-house recovery meetings, and referral and assessment for permanent housing linkage.

Upon discharge, clients are offered referral information, a discharge summary which includes an evaluation of the treatment process & progress and plans for reentry into community and independent living.

e. Marketing. There is no affordable fair housing marketing required for E1.2-BHB. However, in TIDA-sponsored affordable housing buildings there could be Transition Units under the following designations: (For more information See Attachment A - Summary of Treasure Island, TICD, One-TI, and Development Agreement in the E1.2-Senior Loan Evaluation.)

- 1) **“Legacy Household”** (formerly referred to as “Pre-DDA Household”) is a household that has continuously rented and occupied an apartment at The Villages, a market rate property located on Treasure Island, prior to the DDA. Only Legacy Households can occupy a Transition Unit.
- 2) **“Legacy Resident”** is a resident living in a Legacy Household that has continuously rented and occupied an apartment at The Villages prior to the DDA.
- 3) **“Vested Resident”** (formerly referred to as “Post-DDA Household”) is a current resident who has rented and occupied an apartment at The Villages whose tenancy began after June 29, 2011 and before December 11, 2019.

There are no Transition Units in E1.2-BHB.

Also, in TIDA-sponsored affordable housing buildings, in addition to Transition Units, there are two additional unit designations:

- 1) **One-TI Replacement Units:** There will be 86 unit/door or 172 beds of One TI replacement units in TI-E1.2-BHB. The operator of the One TI Replacement units is HealthRight360.
- 2) **MOHCD DAHLIA Lottery (“Lottery”) Units:** There will be no MOHCD-DAHLIA units in E1.2-BHB. E1.2-BHB is not an affordable development.

f. Relocation. Not Applicable; There are no relocation benefits associated with E1.2-BHB. TIDA will provide moving assistance to One TI members’ households relocating to new units. As such, residents living in HR360’s units will receive moving assistance to move to E1.2-BHB. HR360 is a One TI member.

6. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Project Manager	Mercy Housing California	N	N
Architect	Gensler	N	N
Landscape Architect	TBD	Y/N	Y/N (Describe below)
JV/other Architect	TBD	Y/N	Y/N (Describe below)
General Contractor	TBD	Y/N	Y/N (Describe below)
Owner's Rep/Construction Manager	TBD	Y/N	Y/N (Describe below)
Financial Consultant	TBD	Y/N	Y/N (Describe below)
Other Consultant	TBD	Y/N	Y/N (Describe below)
Legal	TBD	Y/N	Y/N (Describe below)
Property Manager	DPH	N	N
Services Provider	HR360, DPH affiliate	N	N

a. Procurement Plan. Mercy submitted a Procurement Plan to the Contracts Management Division for E1.2-BHB in 2022. They have a 20% LBE goal for the Project. Mercy with assistance from MOHCD are currently evaluating architect subconsultant proposals.

7. FINANCING PLAN

a. Prior MOHCD Funding. E1.2-BHB does not have any prior MOHCD funding. However, there is an existing MOHCD loan on the properties that the HR360 residents are relocating from. The existing MOHCD loans and their property address are shown in the chart below.

Project Name	Project Location	Loan Source	Loan Date	Loan Amount	Interest	Repayment Terms	Maturity Date	Outstanding Balance
TIHDI: Female Offender Treatment and Education Program	Treasure Island: 1440, 1441, & 1443 Chinook Court	Proposition A Funds	9/23/1999	\$428,264	0.00%	Only required if Borrower received Replacement Set Aside. If not Replacement Set Aside no payment due under the loan. If not default under the loan and no receipt of Replacement Set Aside at the end of the loan term, the loan is forgivable.	9/23/2049	\$428,264
TIHDI: 1445 Chinook	Treasure Island: 1442, 1445, & 1447 Chinook Court	Proposition A Funds	9/23/1999	\$221,301	0.00%	Only required if Borrower received Replacement Set Aside. If not Replacement Set Aside no payment due under the loan. If not default under the loan and no receipt of Replacement Set Aside at the end of the loan term, the loan is forgivable.	9/23/2049	\$221,301
TOTAL				\$649,569			TOTAL	\$649,569

b. Proposed Predevelopment Financing.

Predevelopment Sources	Amount	Terms	Status
TIDA Developer Housing Subsidy	\$2,500,000	TBD, but proposed as 30-year forgivable loan	In Process. The funds will not be available until the DSA is executed.
Total	\$2,500,000		

Predevelopment Uses	Amount	Per Bed	Per SF
Acquisition	\$0	\$0	\$0
Hard Cost	\$0	\$0	\$0
Architecture & Engineering	\$1,599,727	\$5,404	\$13
Soft Cost	\$1,400,273	\$4,731	\$12
Developer Fee	\$0	\$0	\$0
Total	\$3,000,000	\$30,000	\$25

- 1) Predevelopment Sources Narrative. The predevelopment budget is intended to take the Project through construction closing and totals \$2,500,000. At this time, TIDA funds are the only predevelopment sources for E1.2-BHB and the TIDA funding source is below.

a) TIDA Developer Housing Subsidy (\$2,500,000). TIDA Housing Developer Subsidy are funds approved under Resolution No. 241-11, adopted by the Board of Supervisors on June 7, 2011, the City and County of San Francisco approved the Disposition and Development Agreement (the “DDA”) between TIDA and Treasure Island Community Development, LLC (“TICD” or the “Principal Developer”), including the attached Exhibit E (the "Housing Plan"), which describes and defines the use of a certain subsidy provided by the Principal Developer for the development of housing units on Treasure Island and Yerba Buena Island ("Developer Housing Subsidy"). Pursuant to the DDA and Housing Plan, the Developer Housing Subsidy shall be "paid by Principal Developer to the Authority for the development of Authority Housing Units on the Authority Housing Lots and the implementation of the Transition Housing Rules and Regulations." TI-E1.2-BHB meets the criteria and definition of Authority Housing Units as defined by the DDA and Housing Plan, and eligible to use of the Developer Housing Subsidy. TIDA has agreed to dedicate \$2,500,000 of its TI-E1.2-BHB for predevelopment.

TIDA will provide the funds to MOHCD who will disburse to Mercy on behalf of TIDA as agreed in the MOU and further agreed in the DSA currently under negotiations.

c. Proposed Permanent Financing. TIDA, Mercy, and DPH plan to development

Permanent Sources	Amount	Terms	Status
TIDA Developer Housing Subsidy, inclusive of predevelopment funds	\$19,000,000	TBD, but proposed as 30-year forgivable loan	Not Committed
CCE	\$9,500,000	Grant	Not Committed
DPH Prop C	\$29,452,428	Grant	Not Committed
DPH GO Bond	\$31,599,421	Grant	Not Committed
Total	\$89,551,549		

Permanent Uses	Amount	Per Bed	Per SF
Acquisition	\$170,000	\$574	\$1
Hard Cost	\$76,836,457	\$259,583	\$640
Architecture & Engineering	\$3,003,477	\$10,147	\$25
Soft Cost	\$7,987,748	\$26,986	\$67
Developer Fee	\$1,554,167	\$5,251	\$13
Total	\$89,551,549	\$30,000	\$746

- 1) Permanent Sources Narrative. The permanent sources narrative will be updated with the next update of this memo.

8. PROJECT OPERATIONS

Since Mercy is the turnkey developer, its obligation ends with the issuance of the temporary certificate of occupancy by DPH. With the transfer of existing HR360 residents into E1.2-BHB and the termination of the MOHCD loans, MOHCD obligations and monitoring of E1.2-BHB end. However, if for some reason, affordability restrictions are placed on the leasehold because of the HR360 units, MOHCD may continue to provide asset management services to the site.

9. DEVELOPMENT CONDITIONS

a. Recommended Development Conditions

1. With each update and revision of E1.2-Senior that goes either to the Affordable Housing Loan Committee or the Affordable Housing Credit Committee, Mercy will update and revise this memorandum including updated the permanent budget and updating the timeline. In addition, with every pricing exercise that is listed in Attachment B – Project Milestone and Schedule, Mercy will update the project budget.
2. Any architect contract increases must be shared and evaluated by MOHCD and DPH.
3. Mercy should add the dates to submit for a lot split application to Attachment B – Project Milestone and Schedule

4. After execution of the DSA, Mercy to begin submitting monthly reports for E1.2-BHB included in the monthly report Mercy will track these development conditions.
5. While MOHCD obligation ends once the E1.2-BHB is constructed, Mercy must work with DPH to develop an operating budget that includes the ground lease fee, Master Association Fee, and One TI fee.

- Attachments:
- A. Summary of Treasure Island, TICD, One-TI, and Development Agreement. *Note: when this memo is an attachment to the E1.2-Senior Loan Evaluation, please Attachment A in the E1.2-Senior Loan Evaluation.*
 - B. Project Milestones & Schedule
 - C. Predevelopment Sources & Uses
 - D. Permanent Sources and Uses

Attachment A:
Summary of Treasure Island Development Authority,
Treasure Island Community Development, LLC, One Treasure Island,
Development Agreement and Existing Treasure Island Households

Please see Attachment A in E1.2-Senior Loan Evaluation. When this memo is standalone Attachment A will be provided.

Attachment B
Project Milestones and Schedule

No.	Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)		
1	Acquisition/Predev Financing Commitment	<u>2/2023</u>	<u>Assuming DSA is executed</u>
2.	Site Acquisition	<u>1/2023</u>	
3.	Development Team Selection		
a.	Architect	<u>7/2022</u>	<u>Prime Association Architect to be selected 1/2023</u>
b.	General Contractor	<u>4/2023</u>	
c.	Owner's Representative	<u>1/2023</u>	
d.	Property Manager	<u>4/1/22</u>	
e.	Service Provider	<u>4/1/22</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>4/2023</u>	
b.	Submittal of Design Development & Cost Estimate	<u>8/2023</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>12/2023</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>3/2024</u>	
5.	Commercial Space	<u>NA</u>	
a.	Commercial Space Plan Submission	<u>NA</u>	
b.	LOI/s Executed	<u>NA</u>	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	<u>NA</u>	
b.	CEQA Environ Review Submission	<u>NA</u>	
c.	NEPA Environ Review Submission	<u>NA</u>	
d.	CUP/PUD/Variances Submission	<u>NA</u>	
7.	PUC/PG&E		
a.	Temp Power Application Submission	_____	
b.	Perm Power Application Submission	_____	

8.	Permits		
a.	Building / Site Permit Application Submitted	<u>12/2023</u>	
b.	Addendum #1 Submitted	<u>4/2024</u>	
c.	Addendum #2 Submitted	<u>6/2024</u>	
9.	Request for Bids Issued	<u>12/2023</u>	
10.	Service Plan Submission		
a.	Preliminary	<u>NA</u>	
b.	Final	<u>NA</u>	
11.	Additional City Financing		
a.	TIDA	<u>2/2023</u>	
b.	Gap Financing Application	<u>NA</u>	
12.	Other Financing		
a.	CCE Application	<u>8/2022</u>	
b.	California Health Facilities Financing	<u>3/2023</u>	
13.	Closing		
a.	Construction Loan Closing	<u>NA</u>	
b.	Conversion of Construction Loan to Permanent Financing	<u>NA</u>	
14.	Construction		
a.	Notice to Proceed	<u>10/2024</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>4/2026</u>	
15.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>NA</u>	
b.	Commence Marketing	<u>NA</u>	
c.	95% Occupancy	<u>6/2026</u>	
16.	Cost Certification/8609	<u>NA</u>	
17.	Close Out MOH/OCII Loan(s)	<u>NA</u>	

Attachment C
Predevelopment Sources

Application Date: 1/20/23 # Units:
 Project Name: TI-PARCEL E1.2 - BEHAVIORAL HEALTH BLDG # Bedrooms:
 Project Address: New Parcel E1.2 # Beds:
 Project Sponsor: Mercy, Turnkey Developer

						Total Sources	Comments
SOURCES	2,500,000	-	-	-	-	2,500,000	
USES	Name of Sources: MOHCD/OCII						

ACQUISITION

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

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab							0	Include FF&E
Commercial Shell Construction							0	
Demolition							0	
Environmental Remediation							0	
Onsite Improvements/Landscaping							0	
Offsite Improvements							0	
Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.
Parking							0	
GC Bond Premium/GC Insurance/GC Taxes							0	
GC Overhead & Profit							0	
CG General Conditions							0	
Sub-total Construction Costs	0	0	0	0	0	0	0	
Design Contingency (remove at DD)							0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)							0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)							0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency							0	5% new construction / 15% rehab
Sub-total Construction Contingencies	0	0	0	0	0	0	0	
TOTAL CONSTRUCTION COSTS	0	0	0	0	0	0	0	

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

Architect design fees	1,000,000						1,000,000	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)							0	
Architect Construction Admin							0	
Reimbursables							0	
Additional Services							0	
Sub-total Architect Contract	1,000,000	0	0	0	0	0	1,000,000	

Other Third Party design consultants (not included under Architect contract)	599,727						599,727	Consultants not covered under architect contract; name consultant type and contract amount
Total Architecture & Design	1,599,727	0	0	0	0	0	1,599,727	

Engineering & Environmental Studies

Survey	10,000						10,000	
Geotechnical studies	20,000						20,000	
Phase I & II Reports	20,000						20,000	
CEQA / Environmental Review consultants							0	
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants	50,000						50,000	Name consultants & contract amounts
Total Engineering & Environmental Studies	100,000	0	0	0	0	0	100,000	

Financing Costs

Construction Financing Costs							0	
Construction Loan Origination Fee							0	
Construction Loan Interest							0	
Title & Recording							0	
CDLAC & CDIAC fees							0	
Bond Issuer Fees							0	
Other Bond Cost of Issuance							0	
Other Lender Costs (specify)							0	
Sub-total Const. Financing Costs	0	0	0	0	0	0	0	

Permanent Financing Costs							0	
Permanent Loan Origination Fee							0	
Credit Enhance. & Appl. Fee							0	
Title & Recording							0	
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0	
Total Financing Costs	0	0	0	0	0	0	0	

Legal Costs

Borrower Legal fees							0	
Land Use / CEQA Attorney fees							0	
Tax Credit Counsel							0	
Bond Counsel							0	
Construction Lender Counsel							0	
Permanent Lender Counsel							0	
Other Legal (specify)							0	
Total Legal Costs	0	0	0	0	0	0	0	

Other Development Costs

Appraisal							0	
Market Study							0	
Insurance							0	
Property Taxes							0	
Accounting / Audit							0	
Organizational Costs							0	
Entitlement / Permit Fees	323,000						323,000	
Marketing / Rent-up							0	
Furnishings							0	
PSE / Utility Fees	250,000						250,000	\$2,000/unit; See MOHCD U/W Guidelines: http://sfmohcd.org/documents-reports-and-forms
TAC App / Alloc / Monitor Fees							0	
Financial Consultant fees							0	
Construction Management fees / Owner's Rep							0	
Security during Construction							0	
Relocation							0	
Other (specify)							0	
Other (specify)							0	
Other (specify)							0	
Total Other Development Costs	573,000	0	0	0	0	0	573,000	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	227,273	0	0	0	0	0	227,273	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	2,500,000	0	0	0	0	0	2,500,000	10.0%

Total Soft Cost Contingency as % of Total Soft Costs

RESERVES

Operating Reserves							0	
Replacement Reserves							0	
Tenant Improvements Reserves							0	
Other (specify)							0	
Other (specify)							0	
TOTAL RESERVES	0	0	0	0	0	0	0	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones							0	
Developer Fee - Cash-out At Risk							0	
Commercial Developer Fee							0	
Developer Fee - GP Equity (also show as source)							0	
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)							0	
TOTAL DEVELOPER COSTS	0	0	0	0	0	0	0	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	2,500,000	0	0	0	0	0	2,500,000	
Development Cost/Unit as % of TDC by Source								

Acquisition Cost/Unit by Source

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Construction Cost (inc Const Contingency)/Unit By Source

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Construction Cost (inc Const Contingency)/SF

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*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	0							
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Tax Credit Equity Pricing:

	N/A
--	-----

Construction Bond Amount:

	N/A
--	-----

Construction Loan Term (in months):

	N/A
--	-----

Construction Loan Interest Rate (as %):

	N/A
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Attachment D
Permanent Sources

Application Date: 1/20/23 # Units:
 Project Name: TI-PARCEL E1.2 - BEHAVIORAL HEALTH BLDG # Bedrooms:
 Project Address: New Parcel E1.2 # Beds:
 Project Sponsor: Mercy, Turnkey Developer

SOURCES	Total Sources						Comments
	2,500,000	9,500,000	16,500,000	29,452,428	31,599,421	3,000,000	
Name of Sources:	MOHCD/OCII	CCE	TIDA	Prop C	GO Bond	Land Value	

USES

ACQUISITION

Acquisition cost or value						3,000,000	3,000,000
Legal / Closing costs / Broker's Fee			170,000				170,000
Holding Costs							0
Transfer Tax							0
TOTAL ACQUISITION	0	0	170,000	0	0	3,000,000	3,170,000

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab		9,500,000	7,432,733	28,304,303	12,281,141		57,518,177	Include FF&E
* Commercial Shell Construction							0	
* Demolition							0	
* Environmental Remediation							0	
* Onsite Improvements/Landscaping					3,454,753		3,454,753	
* Offsite Improvements							0	
* Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.
* Parking							0	
GC Bond Premium/GC Insurance/GC Taxes					2,216,161		2,216,161	3.3%
GC Overhead & Profit					2,011,310		2,011,310	3.0%
CG General Conditions					2,200,000		2,200,000	3.3%
Sub-total Construction Costs	0	9,500,000	7,432,733	28,304,303	22,163,365	0	67,400,407	
Design Contingency (remove at DD)					2,022,012		2,022,012	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)					2,022,012		2,022,012	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)					2,022,012		2,022,012	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency					3,370,020		3,370,020	5% new construction / 15% rehab
Sub-total Construction Contingencies	0	0	0	0	9,436,056	0	9,436,056	
TOTAL CONSTRUCTION COSTS	0	9,500,000	7,432,733	28,304,303	31,599,421	0	76,836,457	

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

Architect design fees	1,000,000			903,750			1,903,750	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)							0	
Architect Construction Admin							0	
Reimbursables							0	
Additional Services							0	
Sub-total Architect Contract	1,000,000	0	0	903,750	0	0	1,903,750	
Other Third Party design consultants (not included under Architect contract)								Civil Engineer - \$110k; MEP Engineer - \$175k; Structural Engineer - \$380k; Landscape - \$100k; Acoustical - \$35k; Lighting - \$85k; Energy - \$59k; Exterior Building Maintenance - \$16k; Post Construction Commissioning - \$75k
Total Architecture & Design	1,599,727	0	527,000	903,750	0	0	3,030,477	

Engineering & Environmental Studies

Survey	10,000			40,000			50,000	
Geotechnical studies	20,000						20,000	
Phase I & II Reports	20,000						20,000	
CEQA / Environmental Review consultants							0	
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants	50,000						50,000	Name consultants & contract amounts
Total Engineering & Environmental Studies	100,000	0	0	40,000	0	0	140,000	

Financing Costs

Construction Financing Costs								
Construction Loan Origination Fee							0	
Construction Loan Interest							0	
Title & Recording			130,000				130,000	
CDLAC & CDIAC fees							0	
Bond Issuer Fees							0	
Other Bond Cost of Issuance							0	
Other Lender Costs (specify)							0	
Sub-total Const. Financing Costs	0	0	130,000	0	0	0	130,000	
Permanent Financing Costs								
Permanent Loan Origination Fee							0	
Credit Enhance. & Appl. Fee							0	
Title & Recording							0	
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0	
Total Financing Costs	0	0	130,000	0	0	0	130,000	

Legal Costs

Borrower Legal fees			120,000				120,000	
Land Use / CEQA Attorney fees							0	
Tax Credit Counsel							0	
Bond Counsel							0	
Construction Lender Counsel							0	
Permanent Lender Counsel							0	
Other Legal (specify)							0	
Total Legal Costs	0	0	120,000	0	0	0	120,000	

Other Development Costs

Appraisal							0	
Market Study							0	
Insurance			1,302,000				1,302,000	
Property Taxes							0	
Accounting / Audit			30,000				30,000	
Organizational Costs							0	
Entitlement / Permit Fees	323,000		1,270,000				1,593,000	
Marketing / Rent-up			207,000				207,000	
Furnishings			2,200,000				2,200,000	\$2,000/unit: See MOHCD UAW Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	250,000		490,000				740,000	
TCAC App / Alloc / Monitor Fees							0	
Financial Consultant fees							0	
Construction Management fees / Owner's Rep				100,000			100,000	
Security during Construction							0	
Relocation							0	
Special Inspection			250,000				250,000	
Employment Reporting			15,000				15,000	
Other (specify)							0	
Total Other Development Costs	573,000	0	5,764,000	100,000	0	0	6,437,000	Total Soft Cost Contingency as % of Total Soft Costs

Total Soft Cost Contingency as % of Total Soft Costs

Soft Cost Contingency								
Contingency (Arch, Eng, Fin, Legal & Other Dev)	227,273	0	654,100	104,375	0	0	985,748	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	2,500,000	0	7,195,100	1,148,125	0	0	10,843,225	10.0%

RESERVES

* Operating Reserves							0	
* Replacement Reserves			148,000				148,000	
* Tenant Improvements Reserves							0	
* Other (specify)							0	
* Other (specify)							0	
* Other (specify)							0	
TOTAL RESERVES	0	0	148,000	0	0	0	148,000	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones			554,167				554,167	Amount CCE app autocalculated
Developer Fee - Cash-out At Risk							0	
Commercial Developer Fee							0	
Developer Fee - GP Equity (also show as source)							0	
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees			1,000,000				1,000,000	to Mercy for development services
Other (specify)							0	
TOTAL DEVELOPER COSTS	0	0	1,554,167	0	0	0	1,554,167	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	2,500,000	9,500,000	16,500,000	29,452,428	31,599,421	3,000,000	92,551,849	
Development Cost/Unit as % of TDC by Source								

Acquisition Cost/Unit by Source

Acquisition Cost/Unit by Source								
---------------------------------	--	--	--	--	--	--	--	--

Construction Cost (inc Const Contingency)/Unit By Source

Construction Cost (inc Const Contingency)/SF								
--	--	--	--	--	--	--	--	--

*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	0
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Tax Credit Equity Pricing:

Construction Bond Amount:	N/A
Construction Loan Term (in months):	N/A
Construction Loan Interest Rate (as %):	N/A

Attachment C: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	<u>N/A</u>	
1	Acquisition/Predev Financing Commitment	<u>1/2023</u>	
2.	Site Acquisition	<u>1/2023</u>	
3.	Development Team Selection		
a.	Architect	<u>1/2023</u>	
b.	General Contractor	<u>2/2023</u>	
c.	Owner's Representative	<u>1/2023</u>	
d.	Property Manager	<u>10/2022</u>	
e.	Service Provider	<u>10/2022</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>4/2023</u>	
b.	Submittal of Design Development & Cost Estimate	<u>8/2023</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>12/2023</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>6/2024</u>	
5.	Commercial Space	<u>N/A</u>	
a.	Commercial Space Plan Submission	<u>N/A</u>	
b.	LOI/s Executed	<u>N/A</u>	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	<u>N/A</u>	
b.	CEQA Environ Review Submission	<u>N/A</u>	
c.	NEPA Environ Review Submission	<u>12/2023</u>	<u>If awarded HUD 202 PRAC</u>
d.	CUP/PUD/Variances Submission	<u>N/A</u>	
7.	PUC/PG&E		
a.	Temp Power Application Submission	<u>12/2024</u>	
b.	Perm Power Application Submission	<u>12/2025</u>	
8.	Permits		
a.	Building / Site Permit Application Submitted	<u>12/2023</u>	
b.	Addendum #1 Submitted	<u>5/2024</u>	

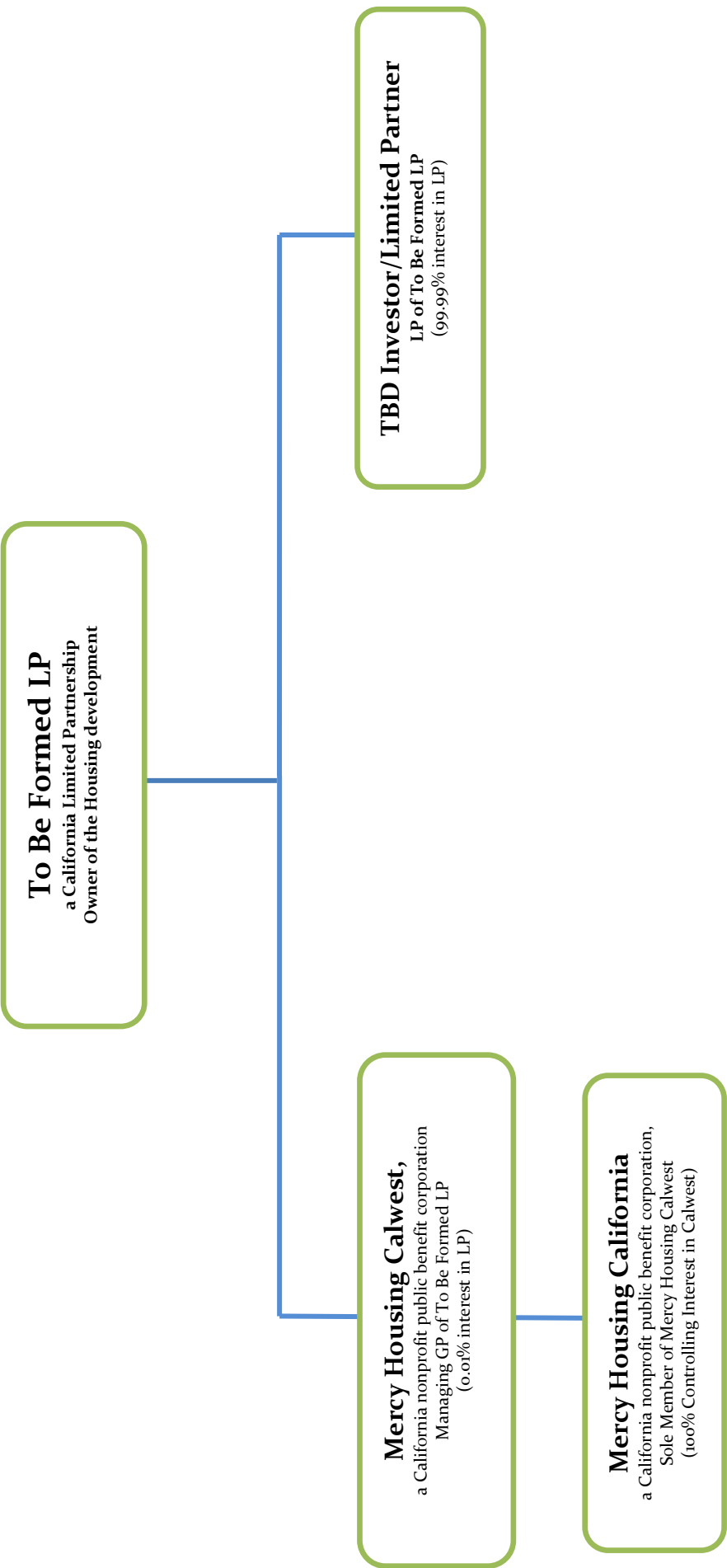
c.	Addendum #2 Submitted	<u>7/2024</u>	
9.	Request for Bids Issued	<u>8/2024</u>	
10.	Service Plan Submission		
a.	Preliminary	<u>2/2023</u>	
b.	Final	<u>1/2024</u>	
11	Communication Plan Draft	<u>4/2022</u>	
12	Additional City Financing		
a.	Preliminary Gap Financing Estimated Approval	<u>2/2023</u>	
b.	Gap Financing Estimated Approval	<u>6/2024</u>	
13.	Other Financing		
a.	HCD Application	<u>5/2023</u>	MHP. Awards scheduled for <u>9/23</u>
b.	Construction Financing RFP	<u>6/2024</u>	
c.	AHP Application	<u>3/2023</u>	
d.	CDLAC Application	<u>4/2024</u>	
e.	TCAC Application	<u>4/2024</u>	
f.	Other Financing Application – HUD 202 PRAC	<u>1/2023</u>	
g.	LOSP Funding Request	<u>N/A</u>	
14.	Closing		
a.	Construction Loan Closing	<u>12/2024</u>	
b.	Conversion of Construction Loan to Permanent Financing	<u>7/2026</u>	
15.	Construction		
a.	Notice to Proceed	<u>12/2024</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>11/2026</u>	
16.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>6/2024</u>	
b.	Commence Marketing	<u>5/2025</u>	
c.	95% Occupancy	<u>4/2026</u>	
17.	Cost Certification/8609	<u>3/2027</u>	
18.	Close Out MOH/OCII Loan(s)	<u>3/2027</u>	

Attachment D: Borrower Org Chart

[Insert information]

Treasure Island E1.2 Senior – Organization Chart

Ownership Structure



Attachment E: Development Staff Resumes

Mercy Housing California (“MHC”) has been developing and owning affordable housing in San Francisco for 30 years. MHC owns and operates 37 buildings that it developed in San Francisco for families, seniors, disabled, and the formerly homeless in San Francisco, including two properties in Mission Bay (1180 Fourth St and Mission Creek Senior Housing) as well as one property in the nearby Transbay District (280 Beale). MHC also has 4 additional properties under construction in San Francisco and 5 in pre-construction.

MHC has a long history of working in successful development and ownership partnerships that include partnerships with childcare providers, medical clinics, and senior centers. MHC has negotiated a variety of ownership and financing structures, including air rights lot splits, master-leases, etc., in order to make these partnerships work.

MHC also has extensive experience with green design and green building criteria that ranges from green roofs, solar hot water and electric, and recycled storm water. This commitment to green building extends into operations with composting and recycling training programs as well as a Healthy Home Guide to educate residents about green building features and green maintenance.

MHC’s property management affiliate, Mercy Housing Management Group, will manage the property after construction is complete. MHM currently manages 37 properties in San Francisco with populations that range from formerly homeless, to seniors and frail elders, persons with disabilities and families. MHM manages 500 units serving the formerly homeless populations including 50 at 1180 Fourth Street.

Mercy staff working on TI-E1.2 are listed below with their brief resume.

Evelyn Perdomo, Senior Project Manager, started her career at Mercy Housing in 2015. Evelyn worked on several projects from 2015-2018 as a Project Assistant including 455 Fell, two RAD deals in 2698 California and JFK Tower. As a Project Manager at Satellite Affordable Housing Associates, Evelyn worked on two new construction projects in Pittsburg and San Jose from 2018-2022. In addition to Parcel E1.2, Evelyn is also managing 1064 Mission and Star View Court. Evelyn has a Master’s in Community & Regional Planning from the University of Oregon.

Elizabeth Kuwada, Associate Director, before joining Mercy, worked for various architectural firms and nonprofit developers. Elizabeth’s work consisted of design and the oversight of multiple affordable housing projects. Elizabeth has a B.A. in Architecture from Yale University and has a Master’s in Real Estate Development from the Massachusetts Institute of Technology.

Ramie Dare, Regional Director of Development, will serve as MHC’s Director of Development beginning in 2023. Ramie has served as Director of Real Estate, Housing and Community Infrastructure and has led Mercy’s work in Sunnydale – a 50-acre, 1,700+ home and public housing transformation in San Francisco.

Tariq Jacobs, Assistant Project Manager joined Mercy in 2022 as a Bay Area Housing Internship Program Intern. Tariq assists in project management, the closeout

and completion of projects, and relevant housing development application documents. Tariq will support the development by ensuring the desired outcomes are achieved through cooperation with the appropriate service providers and effective community engagement and outreach.

Attachment F: Asset Management Evaluation of Project Sponsor

Mercy Housing California's California Asset Management staff will provide asset management staff for the asset management duties. Mercy's Denver compliance and accounting staff would continue to perform compliance and accounting duties for the TI Parcel E1.2 project during operations.

Total Number of Projects and Average Number of Units Per Project Currently in Developer's Asset Management Portfolio

MHC's Asset management department currently oversees 126 buildings with 8,398 units in the state of California.

Developer's Current Asset Management Staffing Including Job Titles, Full Time Employees, an Organizational Chart and the Status of Each Position (filled/vacant)

MHI's Asset management department currently has a staff of 10 people. Four (4 FTEs) Asset Managers oversee the entire California portfolio. Four (4 FTEs) Asset Management Analysts provide support to the Asset managers. There is a Director of Portfolio Analysis (1 FTE) that oversees all of the analysts. The department head is the Senior Vice President of Portfolio Management (1 FTE) that oversees the entire department. All positions are currently filled and they are all full time. The breakdown of MHI's asset management staff positions is as follows:

- (1) Senior Vice President of Portfolio management
- (1) Director of Portfolio Analysis
- (4) Asset Managers
- (4) Asset management Analysts

Description of Scope and Range of Duties of Developer's Asset Management Team

MHI's Asset Management staff has oversight over all operations of the properties in the portfolio. All of the Asset Management staff mentioned above fall under the umbrella of the property management department. Asset Management reviews financials, approves budgets, approves substantial capital initiatives, is a part of the team that determines long term capital projects. The asset management staff oversee build out for all existing commercial spaces and do all of the reporting and communication to all of financial partners. Asset management approves all annual budgets for the properties and approve all operating reserve draws or internal line of credit requests when a property is short of cash and needs a temporary funding to meet property operations costs. Asset management submits grants and loan applications for the properties to secure or continue operating funding.

Description of Developer's Coordination Between Asset Management and Other Functional Teams, Including Property Management, Accounting, Compliance, Facilities Management, etc.

There is constant coordination between Property Management, related departments and Asset Management. Asset management oversees all aspects of operations so there is constant coordination with property management on a daily basis in regards to those issues. Asset and Property Management work together on the annual audits and budgets. In addition, there is constant coordination around cash management and the financial oversight of the property. There is also contact around preparation of the financials. Asset Management and Compliance primarily coordinate around compliance issues that directly affect ownership and the partnership. Asset management and facilities coordinate around preparation the budget and capital projects. The Asset Management staff also coordinates around emergencies.

Developer's Budget for Asset Management Team Shown as Cost Center for SF Projects

Asset Management staffing budget is \$1,585,000

Number of Projects Expected to be in Developer's Asset Management Portfolio in 5 Years and, If Applicable, Plans to Augment Staffing to Manage Growing Portfolio

MHI anticipates that the portfolio will grow from 126 buildings to approximately 136 buildings in the next 5 years.

MOHCD Asset Management Staff's Final Assessment of Developers Asset Management Capacity

The Developer's description of their asset management functions, duties and coordination with related teams within the organization demonstrates an adequate asset management operation for their existing portfolio. With 4 FTE asset managers and a portfolio of 126 projects in California, the projects/AM staff ratio is 32, which is considered high based on the industry standard of 20-25 taught by NeighborWorks America; however, the Developer's asset management staff also includes 4 FTE asset management analysts who support the asset managers. Assuming that the full range of asset management responsibilities are covered by the asset managers and the asset management analysts, a total of 8 FTEs provides asset management services at a ratio of 16 projects per staff person, not including staff supervision and oversight. With an increase of 10 projects in the Developer's portfolio anticipated over the next 5 years, the ratio will increase to 17 and remain within the industry standard.

Attachment G: Threshold Eligibility Requirements and Ranking Criteria

Not Applicable

Attachment H: Site Map with amenities

Not available with this request.

Attachment I: Elevations and Floor Plans

Not available with this request.

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

Affordable Multifamily Housing New Construction Cost Comparison

	Updated 1/11/2023		Acquisition by Unit/Bed/SF										Construction by Unit/Bed/SF					Soft Costs by Unit/Bed/SF					Total Development Cost (Incl. Land)					Subsidy	
	Acq/Unit	Acq/BR	Acq/Lot sq.ft	Const/Unit	Const/BR	Const/Sq.ft	Soft/Unit	Soft/BR	Soft/Sq.ft	Gross TDC/Unit	Gross TDC/BR	Gross TDC/sq.ft	Subsidy / Unit	Leveraging %	Acq/Unit	Acq/BR	Acq/Lot sq.ft	Const/Unit	Const/BR	Const/Sq.ft	Soft/Unit	Soft/BR	Soft/Sq.ft	Gross TDC/Unit	Gross TDC/BR	Gross TDC/sq.ft	Subsidy / Unit	Leveraging %	
	Delta of Subject and Comparable Projects	\$ (17,394)	\$ (10,709)	\$ 215	\$ (28,126)	\$ 211,123	\$ 254	\$ 37,711	\$ 96,726	\$ 123	\$ (7,762)	\$ 297,169	\$ 362	\$ (88,278)	-1037.3%	\$ (17,394)	\$ (10,709)	\$ 215	\$ (28,126)	\$ 211,123	\$ 254	\$ 37,711	\$ 96,726	\$ 123	\$ (7,762)	\$ 297,169	\$ 362	\$ (88,278)	-1037.3%
Delta Percentage	-8%	-97%	332%	-4%	54%	45%	24%	100%	88%	-1%	59%	50%	-37%	-1465%	-8%	-97%	332%	-4%	54%	45%	24%	100%	88%	-1%	59%	50%	-37%	-1465%	
TIE1.2	\$ 280	\$ 280	\$ 280	\$ 604,448	\$ 604,448	\$ 824	\$ 193,748	\$ 193,748	\$ 264	\$ 798,473	\$ 798,473	\$ 1,088	\$ 147,220	81.6%	\$ 280	\$ 280	\$ 280	\$ 604,448	\$ 604,448	\$ 824	\$ 193,748	\$ 193,748	\$ 264	\$ 798,473	\$ 798,473	\$ 1,088	\$ 147,220	81.6%	
Comparable Projects	Average:	\$ 17,674	\$ 10,989	\$ 64.75	\$ 62,574	\$ 393,234	\$ 570	\$ 156,035	\$ 97,020	\$ 141	\$ 806,235	\$ 501,304	\$ 726	\$ 235,498	70.8%	\$ 17,674	\$ 10,989	\$ 64.75	\$ 62,574	\$ 393,234	\$ 570	\$ 156,035	\$ 97,020	\$ 141	\$ 806,235	\$ 501,304	\$ 726	\$ 235,498	70.8%

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

	Average:	Building Square Footage					Total Project Costs					Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments	
		Lot sq.ft	Completion start date	# of Units	# of BR	Res. 2	Non-Res. Sq. Ft.	Total	Acq. Cost	Const. Cost	Soft Cost								
ALL PROJECTS	Average:	32,841		121	193	122,027	13,401	133,137	\$ 2,052,940	\$ 76,144,372	\$ 18,968,233	\$ 97,159,809	\$ 28,242,208	\$ 95,112,606					
Comparable Projects Completed (filtered)	Average:	36,157		108	181	108,261	16,653	124,915	\$ 3,506,450	\$ 87,458,915	\$ 13,458,126	\$ 84,423,491	\$ 23,882,523	\$ 80,917,041					
Comparable Projects Under Construction (filtered)	Average:	32,238		142	207	136,139	10,939	140,809	\$ 2,536,663	\$ 79,870,587	\$ 23,381,206	\$ 105,788,655	\$ 33,576,955	\$ 103,251,792					
Comparable Projects In Predevelopment (filtered)	Average:	30,766		114	196	124,350	13,893	137,603	\$ 378,631	\$ 82,522,338	\$ 19,857,534	\$ 102,741,292	\$ 28,110,956	\$ 102,379,872					
Total Comparable Projects	Average:	33,600		121	195	122,917	13,828	134,544	\$ 2,140,648	\$ 76,617,280	\$ 18,898,955	\$ 97,651,146	\$ 28,523,478	\$ 95,516,235					
SUBJECT PROPERTY	TIE 1.2			100	100	73,387		73,387	\$ 28,000	\$ 60,444,758	\$ 19,374,564	\$ 79,847,292	\$ 14,722,000	\$ 78,819,292			6		
Delta of Subject and Comp Project Averages				-21	-95	-49,530		-13,828		-61,067	(\$ 2,112,648)	(\$ 16,172,522)	\$ 475,800	(\$ 17,803,584)	(\$ 13,800,943)				
Delta Percentage		-100%		-17%	-49%	-40%	-100%	-45%	-99%	-45%	-99%	-18%	-48%	-16%					

PROJECTS COMPLETED																			
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR	Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments	
						Res. 2	Non-Res.	Total	Acq. Cost	Const. Cost	Soft Cost								
Dr. George Davis Senior Center	1751 Carroll Ave	80,208	Jun-16	121	125	90,475	62,340	169,815	\$ 4,991,545	\$ 57,957,636	\$ 11,597,997	\$ 74,508,278	\$ 26,221,201	\$ 69,514,733		Type V over 2 Type IA	4	Incl ramp & comm. kitchen (significant reserves)	
St. Leger Senior	851 Leger	14,580	May-19	79	82	90,788	32,616	121,601	\$ -	\$ 8,012,000	\$ -	\$ 8,012,000	\$ 1,744,793	\$ 6,267,207	\$ 2,124,000	\$ 4,143,207		Incl Community Service space	
Hunters View Phase II - B7 & C11	227-229 West Point Rd	117,023	May-17	107	239	117,023	23,857	140,880	\$ -	\$ 9,158,954	\$ 9,272,003	\$ 18,430,957	\$ -	\$ 18,430,957	\$ 19,737,263	\$ 7,840,957	\$ 10,596,306		Mixed Townhome stepping down
Hunters View Phase II - Block 10	146 West Point Road	90,274	Jun-18	72	144	90,274	13,328	103,602	\$ -	\$ 9,370,577	\$ 8,732,464	\$ 18,103,041	\$ -	\$ 18,103,041	\$ 17,309,406	\$ 48,772,041	0%	Incl Parking, Community Hub and Chikara	
Mission Bay Block 7 West	588 Mission Bay Blvd N	204,965	Apr-17	200	328	204,965	6,035	210,900	\$ -	\$ 92,048,777	\$ 14,998,767	\$ 107,047,544	\$ -	\$ 107,047,544	\$ 108,144,544	\$ 108,144,544		TDC Incl Community Center \$8.4MM	
Block 1 - Washington	800 Presidio	40,340	Feb-19	30	32	40,340	20,703	61,043	\$ 3,323,000	\$ 39,128,105	\$ 9,933,303	\$ 42,484,408	\$ -	\$ 42,484,408	\$ 45,456,408	\$ 45,456,408		HCD MHP Loan	
Tranberry 7 - Nattala Gable Comm	222 Beale St	29,209	Oct-18	125	208	118,251	6,000	124,251	\$ 35,000	\$ 71,156,083	\$ 16,314,668	\$ 87,470,751	\$ 25,500,000	\$ 61,970,751	\$ 61,970,751		Type II Podium	4-8	3 Buildings - Public structural system, plus Children's safe
Mission Family Housing	1036 Mission	15,200	Oct-18	88	134	92,462	6,955	99,417	\$ 5,511,029	\$ 48,093,181	\$ 5,565,453	\$ 59,219,663	\$ 1,704,400	\$ 57,515,263	\$ 57,515,263		Type II	8	41 gap spaces, Mission Bay soils and infrastructure
Mission Bay B & East	628 Mission Bay Blvd No	63,260	Nov-18	143	276	162,680	9,718	172,398	\$ 148,129	\$ 91,143,876	\$ 22,292,167	\$ 113,536,042	\$ 32,749,000	\$ 80,787,042	\$ 80,787,042		Type IIIA V over Type I	9	Strong articulation / est. steel to DAD reserves
Mission Bay S, Block 3E	1150 Third Street	47,140	Jun-20	119	192	81,138	41,062	124,200	\$ -	\$ 75,040,427	\$ 3,764,744	\$ 78,805,171	\$ 20,099,600	\$ 58,705,571	\$ 58,705,571		HCD VHPH Loan	6	4-6 stories stepped up topography. No in-ramp Cost
Pohono Block X (Vertical)	29th and Connecticut	30,000	Sep-19	72	139	86,569	28,952	115,521	\$ 20,700	\$ 79,559,152	\$ 12,796,230	\$ 92,355,382	\$ -	\$ 92,355,382	\$ 93,326,382		Type IIIA & V over Type I (Pod)	4-6	Extensive PG&E regional switch required
Loft and Townhome Family Housing	222 Beale St	22,344	Jan-19	113	204	106,440	21,088	127,528	\$ 9,300,000	\$ 69,362,003	\$ 14,842,484	\$ 93,504,487	\$ 21,200,000	\$ 72,304,487	\$ 72,304,487		Type IIIA (MHP)	8	
Paradise	455 Pal Street	37,428	Jan-19	105	185	108,387	1,800	110,187	\$ -	\$ 69,860,048	\$ 9,954,203	\$ 79,814,251	\$ -	\$ 79,814,251	\$ 79,814,251		Type IIIA V over Type I	9	
1296 Shouval	1296 Shouval	11,667	Jan-20	94	94	86,153	-	86,153	\$ 8,311,098	\$ 54,814,235	\$ 1,126,851	\$ 64,772,204	\$ 27,812,014	\$ 36,960,190	\$ 36,960,190		4% LHFC HOME AHP	9	Interior damper
Sunnyvale Parcel G	1471 14th Sunnyvale Ave	21,740	Jan-20	55	102	75,701	-	75,701	\$ 40,942,394	\$ 10,012,797	\$ 50,955,191	\$ -	\$ 50,955,191	\$ 50,955,191		4% LHFC	9	Grass podium parking	
480 South Van Ness	480 S. Van Ness Avenue	14,250	Apr-21	81	81	61,630	28,885	90,514	\$ 18,500,000	\$ 54,959,878	\$ 3,939,811	\$ 77,399,689	\$ -	\$ 77,399,689	\$ 78,368,689		Type V over Type I	7+	Over central basement
1950 Mission Street	1950 Mission Street	36,590	Mar-21	157	262	113,432	48,142	161,574	\$ 9,775,000	\$ 105,864,846	\$ 15,171,496	\$ 126,711,342	\$ 4,945,740	\$ 121,765,602	\$ 121,765,602		Type IIIA V over Type I	9	35% of art area PDR spaces and Passes Des Artes
2000 Folsom Street	2000 Folsom	20,075	May-21	127	202	105,648	11,810	117,458	\$ 134,631	\$ 85,134,630	\$ 20,100,172	\$ 105,234,803	\$ 31,697,110	\$ 73,537,693	\$ 73,537,693		HCD MHP Loan	9	RAMM
720 Davis Street Housing	720 Davis Street	10,165	May-21	53	84	12,603	1,297	14,900	\$ -	\$ 14,848,267	\$ 44	\$ 14,848,267	\$ -	\$ 14,848,267	\$ 14,848,267		Type IIIA & V over Type I	6	Senior
88 Broadway	88 Broadway	140,279	Jan-21	125	221	140,279	8,700	149,979	\$ 14,900,000	\$ 77,968,126	\$ 27,798,078	\$ 152,666,104	\$ -	\$ 152,666,104	\$ 152,666,104		Type IIIA & V over Type I	6-6	Family
891 China Basin (MB South 6W)	891 China Basin St	49,437	Aug-21	152	294	178,050	7,998	186,048	\$ -	\$ 119,759,924	\$ 23,515,332	\$ 143,275,256	\$ 40,726,827	\$ 102,548,429	\$ 102,548,429		HCD IG Grant	9	care space
3001 24th Street	3001 24th Street	6,713	Sep-21	45	45	24,249	1,239	25,488	\$ 3,225,000	\$ 19,163,548	\$ 4,982,287	\$ 27,380,835	\$ -	\$ 27,380,835	\$ 27,380,835		Type V over Type I	1	
1900 Folsom Street	1900 Folsom	20,047	Jan-22	143	225	138,824	15,063	153,887	\$ 8,407,380	\$ 55,916,137	\$ 25,616,112	\$ 84,729,629	\$ -	\$ 84,729,629	\$ 84,729,629		Type III and Type VA	2-8	Mixed Type - Townhomes + 8 story Type I
Sunnyvale Block 6	242 Hahn Street	96,213	Feb-22	167	375	244,330	30,524	274,853	\$ -	\$ 102,447,000	\$ 28,989,989	\$ 131,436,989	\$ 28,109,924	\$ 103,327,065	\$ 103,327,065		Type V over Type I	9	fast turn close out costs
Mission Bay S, Block 8	410 China Basin Street	47,487	Oct-22	141	141	80,780	-	80,780	\$ -	\$ 63,139,399	\$ 25,946,287	\$ 89,085,686	\$ -	\$ 89,085,686	\$ 89,085,686		HCD Loan	8	Faculty bus
53 Colton (Pumbers Union DA)	53 Colton	7,780	Jan-22	86	86	47,969	-	47,969	\$ 171,697	\$ 34,899,639	\$ 16,271,213	\$ 51,178,511	\$ -	\$ 51,178,511	\$ 51,178,511		4% HCD MHP AHP	6	Controlled site, efficiency studies
Completed Projects	Average:	35,509		109	176	105,592	15,372	120,968	\$ 3,243,327	\$ 66,040,182	\$ 13,665,859	\$ 82,946,478	\$ 23,038,713	\$ 79,706,151					

PROJECTS UNDER CONSTRUCTION																			
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR	Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments	
						Res. 2	Non-Res.	Total	Acq. Cost	Const. Cost	Soft Cost								
Macco May	Treasure Island C3, B C3 A	32,203	Jan-23	105	138	68,488	34,472	103,960	\$ 15,000	\$ 57,175,248	\$ 17,045,748	\$ 74,221,000	\$ -	\$ 74,221,000	\$ 74,160,956	\$ 74,160,956		2 HCD Loans (VHPH)	
800 Turk Street (505 Lanika)	800 Turk Street	18,906	Dec-22	108	188	101,792	7,639	109,431	\$ 1,853,895	\$ 54,251,461	\$ 29,818,020	\$ 85,920,376	\$ 32,490,000	\$ 53,430,376	\$ 53,430,376		HCD MHP Loan	9	Type II 8 stories on constrained site
1004 Mission Street	1004 Mission Street	39,844	Dec-22	258	258	102,519	3,291	105,810	\$ -	\$ 68,427,164	\$ 2,570,500	\$ 70,997,664	\$ -	\$ 70,997,664	\$ 70,997,664		4% Credits: AHP & NPI	8	limited structural comp. minimal cost
891 Florida Street	891 Florida Street	19,020	Oct-22	130	189	126,830	9,250	136,080	\$ 125,091	\$ 69,184,293	\$ 20,545,793	\$ 89,829,177	\$ 33,826,507	\$ 56,002,670	\$ 56,002,670		HCD MHP Loan	9	4.000+ PDR
4840 Mission	4840 Mission	46,033	Jan-23	137	2														

Attachment K: Predevelopment Budget

Application Date: 10/10/22 # Units: 100
 Project Name: TI E1.2 - Senior # Bedrooms: 100
 Project Address: # Beds:
 Project Sponsor: Mercy Housing Calwest

		Total Sources					Comments	
SOURCES		3,000,000	-	-	-	-	3,000,000	
USES	Name of Sources: MOHCD/OCII							

ACQUISITION

Acquisition cost or value							0	
Legal / Closing costs / Broker's Fee		3,000					3,000	
Holding Costs							0	
Transfer Tax							0	
TOTAL ACQUISITION		3,000	0	0	0	0	3,000	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab							0	Include FF&E
Commercial Shell Construction							0	
Demolition							0	
Environmental Remediation							0	
Onsite Improvements/Landscaping							0	
Offsite Improvements							0	
Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.
Parking							0	
GC Bond Premium/GC Insurance/GC Taxes							0	
GC Overhead & Profit							0	
CG General Conditions							0	
Sub-total Construction Costs		0	0	0	0	0	0	
Design Contingency (remove at DD)							0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)							0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)							0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency							0	5% new construction / 15% rehab
Sub-total Construction Contingencies		0	0	0	0	0	0	
TOTAL CONSTRUCTION COSTS		0	0	0	0	0	0	

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

Architect design fees		1,275,538					1,275,538	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)		400,000					400,000	
Architect Construction Admin							0	
Reimbursables							0	
Additional Services							0	
Sub-total Architect Contract		1,675,538	0	0	0	0	1,675,538	
Other Third Party design consultants (not included under Architect contract)							0	Consultants not covered under architect contract; name consultant type and contract amount
Total Architecture & Design		1,675,538	0	0	0	0	1,675,538	

Engineering & Environmental Studies

Survey		10,000					10,000	
Geotechnical studies		12,500					12,500	
Phase I & II Reports		22,000					22,000	
CEQA / Environmental Review consultants							0	
NEPA / 106 Review		27,000					27,000	
CNA/PNA (rehab only)		12,010					12,010	
Other environmental consultants		20,001					20,001	Name consultants & contract amounts
Total Engineering & Environmental Studies		103,511	0	0	0	0	103,511	

Financing Costs

Construction Financing Costs							0	
Construction Loan Origination Fee							0	
Construction Loan Interest							0	
Title & Recording		5,000					5,000	
CDLAC & CDIAC fees							0	
Bond Issuer Fees							0	
Other Bond Cost of Issuance							0	
Other Lender Costs (specify)							0	
Sub-total Const. Financing Costs		5,000	0	0	0	0	5,000	
Permanent Financing Costs							0	
Permanent Loan Origination Fee							0	
Credit Enhance. & Appl. Fee							0	
Title & Recording							0	
Sub-total Perm. Financing Costs		0	0	0	0	0	0	
Total Financing Costs		5,000	0	0	0	0	5,000	

Legal Costs

Borrower Legal fees		50,000					50,000	
Land Use / CEQA Attorney fees							0	
Tax Credit Counsel							0	
Bond Counsel							0	
Construction Lender Counsel							0	
Permanent Lender Counsel							0	
Syndication/Organization		27,451					27,451	
Total Legal Costs		77,451	0	0	0	0	77,451	

Other Development Costs

Appraisal		3,795					3,795	
Market Study		6,000					6,000	
Insurance							0	
Property Taxes							0	
Accounting / Audit							0	
Organizational Costs							0	
Entitlement / Permit Fees		195,000					195,000	
Marketing / Rent-up							0	
Furnishings							0	
PSE / Utility Fees		100,000					100,000	\$2,000/unit; See MOHCD U/W Guidelines: http://sfmohcd.org/documents-reports-and-forms
TCAC App / Alloc / Monitor Fees		2,000					2,000	
Financial Consultant fees		35,000					35,000	
Construction Management fees / Owner's Rep		21,250					21,250	
Security during Construction							0	
Relocation							0	
Other (specify)							0	
Other (specify)							0	
Other (specify)							0	
Total Other Development Costs		363,045	0	0	0	0	363,045	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)		222,455	0	0	0	0	222,455	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS		2,447,000	0	0	0	0	2,447,000	10.0%

Total Soft Cost Contingency as % of Total Soft Costs

RESERVES

Operating Reserves							0	
Replacement Reserves							0	
Tenant Improvements Reserves							0	
Other (specify)							0	
Other (specify)							0	
Other (specify)							0	
TOTAL RESERVES		0	0	0	0	0	0	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones		550,000					550,000	
Developer Fee - Cash-out At Risk							0	
Commercial Developer Fee							0	
Developer Fee - GP Equity (also show as source)							0	
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)							0	
TOTAL DEVELOPER COSTS		550,000	0	0	0	0	550,000	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source		3,000,000	0	0	0	0	3,000,000	
Development Cost/Unit as % of TDC by Source		30,000	0	0	0	0	30,000	
		100.0%	0.0%	0.0%	0.0%	0.0%	100.0%	

Acquisition Cost/Unit by Source

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

Construction Cost (inc Const Contingency)/Unit By Source

Construction Cost (inc Const Contingency)/SF		0.00	0.00	0.00	0.00	0.00	0.00	
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*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit		35,000					35,000	
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Tax Credit Equity Pricing:

Construction Bond Amount:		0.95					0.95	
---------------------------	--	------	--	--	--	--	------	--

Construction Bond Term (in months):

		39,114,389					39,114,389	
--	--	------------	--	--	--	--	------------	--

Construction Loan Term (in months):

		26					26	
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Construction Loan Interest Rate (as %):

		6.00%					6.00%	
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Attachment L: Development Budget

Application Date: 10/10/22
 Project Name: TI E1.2 - Senior # Units: 100
 Project Address: # Bedrooms: 100
 Project Sponsor: Mercy Housing Calwest # Beds:

SOURCES	Total Sources									Comments
	3,000,000	11,722,000	6,813,486	21,969,964	1,000,000	1,300,000	100	27,817,169	6,224,573	
			HUD 202 Capital Advance	HCD MHP	AHP	Deferred Developer Fee	GP Equity	Investor Capital Contribution	Permanent Loan	

USES	Name of Sources:	MOHCD/OCH	MOHCD Gap	HUD 202 Capital Advance	HCD MHP	AHP	Deferred Developer Fee	GP Equity	Investor Capital Contribution	Permanent Loan	
ACQUISITION											
Acquisition cost or value											0
Legal / Closing costs / Broker's Fee		3,000								25,000	28,000
Holding Costs											0
Transfer Tax											0
TOTAL ACQUISITION		3,000	0	0	0	0	0	0	0	25,000	28,000

CONSTRUCTION (HARD COSTS)												
* Unit Construction/Rehab			9,217,038	6,813,486	17,970,314	1,000,000			4,313,359	6,224,573	45,538,770	Include FF&E and includes GRs of \$2,976,049 and GC contingency of 2% (\$897,090)
Commercial Shell Construction											0	
Demolition											0	
Environmental Remediation											0	
Onsite Improvements/Landscaping											0	
Offsite Improvements											0	
Infrastructure Improvements											0	HOPE SF/OCH costs for streets etc.
Parking											0	there are currently 5 parking spaces, but not sufficient break out of the estimate to break out these costs
GC Bond Premium/GC Insurance/GC Taxes									1,805,376		1,805,376	bond: \$271,349; SF: \$311,795; \$1,222,232; CCIP
GC Overhead & Profit									1,664,084		1,664,084	Includes fee = \$1,644,084 (3.5%)
GC General Conditions									1,980,000		1,980,000	
Sub-total Construction Costs		0	9,217,038	6,813,486	17,970,314	1,000,000	0	0	9,762,879	6,224,573	50,998,230	
Design Contingency (remove at BID)									1,017,298		1,017,298	contingency
Bid Contingency (remove at bid)									997,341		997,341	Escalation at 5%/year for 18 months for assumed bid
Plan Check Contingency (remove/reduce during Plan Review)									997,785		997,785	2% of estimated GMP
Hard Cost Construction Contingencies									2,444,464		2,444,464	5% new construction / 15% rehab
Sub-total Construction Contingencies		0	0	0	3,999,650	0	0	0	5,456,879	0	5,456,879	
TOTAL CONSTRUCTION COSTS		0	9,217,038	6,813,486	21,969,964	1,000,000	0	0	15,219,687	6,224,573	60,444,758	

SOFT COSTS												
Architecture & Design												
Architect design fees		1,275,538	109,462						55,155		1,440,155	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)		400,000							95,000		495,000	
Architect Construction Admin									490,000		490,000	
Reimbursables									30,000		30,000	
Additional Services									50,000		50,000	
Sub-total Architect Contract		1,675,538	109,462	0	0	0	0	0	720,155	0	2,595,155	
Other Third Party design consultants (not included under Architect contract)									85,000		85,000	Green Consultant-50k; Satellite Consultant-35k
Total Architecture & Design		1,675,538	109,462	0	0	0	0	0	805,155	0	2,590,155	
Engineering & Environmental Studies												
Survey		10,000							13,500		23,500	
Geotechnical studies		12,500							67,500		80,000	services during construction
Phase I & II Reports		22,000							22,000		22,000	
CEQA / Environmental Review consultants		23,001							260,480		283,481	
NEPA / 106 Review		27,000							27,000		27,000	
CNA/PNA (rehab only)		12,010							12,010		12,010	
Other environmental consultants		23,001							260,480		283,481	see Sheet 1 for breakout
Total Engineering & Environmental Studies		103,511	0	0	0	0	0	0	341,490	0	445,001	
Financing Costs												
Construction Financing Costs												
Construction Loan Origination Fee									293,358		293,358	
Construction Loan Interest									4,393,588		4,393,588	
Title & Recording		5,000							25,000		30,000	
CDLAC & CDIAC fees											0	
Bond Issue Fees											0	
Other Bond Cost of Issuance									472,094		472,094	
Other Lender Costs (specify)		5,000	0	0	0	0	0	0	5,184,040	0	5,189,040	
Sub-total Const. Financing Costs		5,000	0	0	0	0	0	0	5,184,040	0	5,189,040	
Permanent Financing Costs												
Permanent Loan Origination Fee									12,617		12,617	
Credit Enhance. & Appl. Fee											0	
Title & Recording									10,000		10,000	
Sub-total Perm. Financing Costs		0	0	0	0	0	0	0	22,617	0	22,617	
Total Financing Costs		5,000	0	0	0	0	0	0	5,206,657	0	5,211,657	
Legal Costs												
Borrower Legal fees		50,000	65,000								115,000	
Land Use / CEQA Attorney fees											0	
Tax Credit Counsel											0	
Bond Counsel											0	
Construction Lender Counsel											0	
Permanent Lender Counsel											0	
Syndication/Organization		27,451	7,549								35,000	
Total Legal Costs		77,451	72,549	0	0	0	0	0	0	0	150,000	
Other Development Costs												
Appraisal		3,795							11,205		15,000	
Market Study		6,000							24,000		30,000	
Insurance									1,400,000		1,400,000	
Property Taxes											0	
Accounting / Audit									30,000		30,000	
Organizational Costs											0	
Entitlement / Permit Fees		195,000							714,410		909,410	
Marketing / Rent-up									300,000		300,000	
Furnishings									200,000		200,000	
PGE / Utility Fees		100,000							200,000		300,000	
TCAC App / Alloc / Monitor Fees		2,000							73,891		75,891	
Financial Consultant fees		35,000							27,000		62,000	
Construction Management fees / Owner's Rep		21,250							125,750		145,000	
Security during Construction											0	
Relocation											0	
Special Inspections			115,000						115,000		230,000	
Impact Fees			400,000								400,000	
Other (specify)		363,045	515,000	0	0	0	0	0	3,219,266	0	4,097,301	Total Soft Cost Contingency as % of Total Soft Costs: 9.9%
Total Other Development Costs		363,045	515,000	0	0	0	0	0	3,219,266	0	4,097,301	
Soft Cost Contingency												
Contingency (Arch, Eng, Fin, Legal & Other Dev)		222,455	69,701	0	0	0	0	0	950,746	0	1,242,901	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS		2,447,000	766,712	0	0	0	0	0	10,523,304	0	13,737,015	

RESERVES												
Operating Reserves									399,168		399,168	
Replacement Reserves											0	
Tenant Improvements Reserves											0	
Capitalized Reserve - 2 years of assumed PRAC increase amount to get to r			1,738,250								1,738,250	Need to remove the 1st two years of PRAC increase in the 20 year cashflow
Other (specify)											0	
Other (specify)											0	
TOTAL RESERVES		0	1,738,250	0	0	0	0	0	399,168	0	2,137,418	

DEVELOPER COSTS												
Developer Fee - Cash-out Paid at Milestones		550,000							550,000		1,100,000	
Developer Fee - Cash-out At Risk									1,100,000		1,100,000	
Commercial Developer Fee											0	
Developer Fee - GP Equity (also show as source)								100			100	
Developer Fee - Deferred (also show as source)								1,300,000			1,300,000	
Development Consultant Fees											0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)											0	
TOTAL DEVELOPER COSTS		550,000	0	0	0	0	0	1,300,000	100	1,650,000	3,500,100	

TOTAL DEVELOPMENT COST												
Development Cost/Unit by Source		3,000,000	11,722,000	6,813,486	21,969,964	1,000,000	1,300,000	100	27,817,169	6,224,573	79,847,291	
Development Cost/Unit as % of TDC by Source		3.8%	14.7%	8.5%	27.5%	1.3%	1.6%	0.0%	34.8%	7.8%	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		0	92,170	68,135	219,700	10,000	0	0	152,197	62,246	604,448	
Construction Cost (inc Const Contingency)/SF		0.00	125.59	92.84	299.37	13.63	0.00	0.00	207.3			

Attachment M: 1st Year Operating Budget

Application Date: 10/10/2022 Project Name: TI E1.2 - Senior
 Total # Units: 100 Project Address:
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026 Project Sponsor: Mercy Housing Calwest
TCAC Income Limits In Use!

INCOME	Total	Comments
Residential - Tenant Rents: 80% AMI or Less	752,892	Links from New Proj - Rent & Unit Mix Worksheet
Residential - Tenant Rents: >80 AMI	245,400	Links from New Proj - Rent & Unit Mix Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	77,568	Links from New Proj - Rent & Unit Mix Worksheet
Commercial Space	0	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	255,840	SOS funds flow here from 'Utilities & Other Income' Worksheet
Supportive Services Income	0	
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	10,800	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	This row shows PRAC Bonus funding for years 3-20
Other Commercial Income	0	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)	850,000	enter two years worth of Cap Reserve that provides PRAC bonus into ws7a, row
Gross Potential Income	2,192,500	
Vacancy Loss - Residential - Tenant Rents: 80% AMI or Less	(37,645)	Vacancy loss is 5% of <=80% AMI Tenant Rents.
Vacancy Loss - Residential - Tenant Rents: >80% AMI or Less	(12,270)	Vacancy loss is 5% of >80% AMI Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(3,878)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%
EFFECTIVE GROSS INCOME	2,150,977	PUPA: 21,510

OPERATING EXPENSES		
Management		
Management Fee	78,000	1st Year to be set according to HUD schedule.
Asset Management Fee		
Sub-total Management Expenses	78,000	PUPA: 780

Salaries/Benefits		
Office Salaries	216,480	includes desk clerk & assistant manager
Manager's Salary	83,200	manager
Health Insurance and Other Benefits	68,598	
Other Salaries/Benefits		
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	368,278	PUPA: 3,683

Administration		
Advertising and Marketing	2,780	
Office Expenses	96,175	
Office Rent		
Legal Expense - Property	5,000	
Audit Expense	11,457	
Bookkeeping/Accounting Services		
Bad Debts		
Miscellaneous		
Sub-total Administration Expenses	115,392	PUPA: 1,154

Utilities		
Electricity	100,000	
Water	50,000	
Gas		
Sewer	88,800	
Sub-total Utilities	238,800	PUPA: 2,388

Taxes and Licenses		
Real Estate Taxes	10,000	
Payroll Taxes		
Miscellaneous Taxes, Licenses and Permits	2,043	property taxes (non tax credit)
Sub-total Taxes and Licenses	12,043	PUPA: 120

Insurance		
Property and Liability Insurance	150,000	
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
Sub-total Insurance	150,000	PUPA: 1,500

Maintenance & Repair		
Payroll	110,240	1 FTE Janitor; 1 FTE Maintenance
Supplies	0	in contracts
Contracts	166,950	
Garbage and Trash Removal	45,240	
Security Payroll/Contract		
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses	25,000	grounds & extermination
Sub-total Maintenance & Repair Expenses	347,430	PUPA: 3,474

Supportive Services	100,000	Resident services
Commercial Expenses	0	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%
TOTAL OPERATING EXPENSES	1,409,943	PUPA: 14,099

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	15,000	Island Development Authority Provide additional comments here, if needed.
Bond Monitoring Fee	7,000	bond issuer annual fee
Replacement Reserve Deposit	50,000	\$500 PUPA
Operating Reserve Deposit	40,512	Master HOA Fee @405.12 PUPA
Other Required Reserve 1 Deposit	3,000	One TI Fee
Other Required Reserve 2 Deposit	0	
Required Reserve Deposits, Commercial	0	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	115,512	PUPA: 1,155

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	1,525,455	PUPA: 15,255
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NET OPERATING INCOME (INCOME minus OP EXPENSES) **625,522** **PUPA: 6,255**

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	390,509	Permanent Loan Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	92,274	HCD MHP Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from 'Commercial Op. Budget' Worksheet, Commercial to Residential allocation: 100%
TOTAL HARD DEBT SERVICE	482,783	PUPA: 4,828

AVAILABLE CASH FLOW		
USES OF CASH FLOW BELOW (This row also shows DSCR.)	142,740	
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL	1.30	
Relationship-line Asset Mgt fee (uncommon in new projects, see policy)	17,318	1st - With Partnership Management Fee Total equals HCD Allowable
Partnership Management Fee (see policy for limits)	25,000	Partnership Management Fee
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	LP Asset Management Fee
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)	47,711	Def. Develop. Fee split: 50% Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	95,029	PUPA: 950

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		
Residual Receipts Calculation	47,711	
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease? No
Will Project Defer Developer Fee?	Yes	
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	50%	Max Deferred Developer Fee Amt (Use for data entry above. Do not link.): 47,711
% 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/OCI1 - Soft Debt Loans	All MOHCD/OCI1 Loans payable from res. recs.	\$13,915,271	38.76%
MOHCD/OCI1 - Ground Lease Value or Land Acq Cost	Acquisition Cost	\$15,000	0.04%
HCD (soft debt loan) - Lender 3	HCD MHP	\$21,989,964	61.20%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE
 Proposed MOHCD Residual Receipts Amount to Replacement Reserve | 0 | MOHCD res recs to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
DEBT SERVICE	29,198	
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE	29,198	
HCD Residual Receipts Amount Due	29,198	50% of residual receipts, multiplied by 61.2% -- HCD MHP's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	29,198	

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

Attachment N: 20-year Operating Proforma

TI E1.2 - Senior

Total # Units: 100

TCAC Income Limits In Use!

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
INCOME	% annual increase										
Residential - Tenant Rents: 80% AMI or Less	2.5%	752,892	771,714	791,007	810,782	831,052	851,828	873,124	894,952	917,336	940,259
Residential - Tenant Rents: >80 AMI	1.0%	245,400	247,854	250,333	252,836	255,364	257,918	260,497	263,102	265,733	268,390
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%	77,568	79,507	81,495	83,532	85,621	87,761	89,955	92,204	94,509	96,872
Commercial Space	2.5%	-	-	-	-	-	-	-	-	-	-
Residential Parking	2.5%	-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	255,840	262,236	268,792	275,512	282,399	289,459	296,696	304,113	311,716	319,509
Supportive Services Income	2.5%	-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	10,800	11,070	11,347	11,631	11,922	12,220	12,525	12,838	13,159	13,488
Tenant Charges	2.5%	-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	4.5%	-	-	928,224	969,994	1,013,644	1,059,258	1,106,924	1,156,736	1,208,789	1,263,185
Other Commercial Income	2.5%	-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	850,000	888,250	-	-	-	-	-	-	-	-
Gross Potential Income		2,192,500	2,280,632	2,331,198	2,404,287	2,480,002	2,558,444	2,639,722	2,723,946	2,811,232	2,901,703
Vacancy Loss - Residential - Tenant Rents: 80% AMI or Less	n/a	(37,645)	(39,596)	(39,599)	(40,539)	(41,559)	(42,561)	(43,556)	(44,546)	(45,532)	(46,513)
Vacancy Loss - Residential - Tenant Rents: >80 AMI	n/a	(12,270)	(12,363)	(12,517)	(12,642)	(12,768)	(12,896)	(13,025)	(13,155)	(13,287)	(13,420)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	(3,878)	(3,975)	(4,075)	(4,177)	(4,281)	(4,388)	(4,498)	(4,610)	(4,725)	(4,844)
Vacancy Loss - Commercial	n/a	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME		2,150,977	2,218,071	2,287,573	2,359,571	2,434,168	2,511,465	2,591,568	2,674,588	2,760,641	2,849,847
OPERATING EXPENSES											
Management											
Management Fee	3.5%	78,000	80,730	83,556	86,480	89,507	92,640	95,882	99,238	102,711	106,306
Asset Management Fee	3.5%	-	-	-	-	-	-	-	-	-	-
Sub-total Management Expenses		78,000	80,730	83,556	86,480	89,507	92,640	95,882	99,238	102,711	106,306
Salaries/Benefits											
Office Salaries	3.5%	216,480	224,057	231,899	240,015	248,416	257,110	266,190	275,623	285,063	295,040
Manager's Salary	3.5%	83,200	86,112	89,128	92,245	95,474	98,816	102,274	105,854	109,559	113,393
Health Insurance and Other Benefits	3.5%	69,598	70,999	73,484	76,056	78,718	81,473	84,324	87,276	90,330	93,492
Other Salaries/Benefits	3.5%	-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%	-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits		369,278	381,168	394,509	408,316	422,607	437,399	452,708	468,552	484,952	501,925
Administration											
Advertising and Marketing	3.5%	2,760	2,857	2,957	3,060	3,167	3,278	3,393	3,511	3,634	3,762
Office Expenses	3.5%	96,175	99,541	103,025	106,631	110,363	114,226	118,224	122,361	126,644	131,077
Office Rent	3.5%	-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814
Audit Expense	3.5%	11,457	11,858	12,273	12,703	13,147	13,607	14,084	14,577	15,087	15,615
Bookkeeping/Accounting Services	3.5%	-	-	-	-	-	-	-	-	-	-
Bad Debts	3.5%	-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	-	-	-	-	-	-	-	-	-	-
Sub-total Administration Expenses		119,392	119,431	123,611	127,937	132,415	137,049	141,846	146,811	151,949	157,267
Utilities											
Electricity	3.5%	100,000	103,500	107,123	110,872	114,752	118,769	122,926	127,228	131,681	136,290
Water	3.5%	50,000	51,750	53,561	55,436	57,376	59,384	61,463	63,614	65,840	68,145
Gas	3.5%	-	-	-	-	-	-	-	-	-	-
Sewer	3.5%	88,800	91,908	95,125	98,454	101,900	105,467	109,158	112,978	116,933	121,025
Sub-total Utilities		238,800	247,158	255,809	264,762	274,028	283,619	293,546	303,820	314,454	325,460
Taxes and Licenses											
Real Estate Taxes	3.5%	10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723	13,168	13,629
Payroll Taxes	3.5%	2,043	2,084	2,128	2,188	2,251	2,316	2,385	2,457	2,532	2,610
Miscellaneous Taxes, Licenses and Permits	2.0%	12,443	12,434	12,838	13,255	13,687	14,133	14,593	15,070	15,562	16,071
Sub-total Taxes and Licenses		24,486	24,868	25,678	26,529	27,423	28,356	29,331	30,343	31,392	32,470
Insurance											
Property and Liability Insurance	3.5%	150,000	155,250	160,684	166,308	172,128	178,153	184,388	190,842	197,521	204,435
Fidelity Bond Insurance	3.5%	-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%	-	-	-	-	-	-	-	-	-	-
Sub-total Insurance		150,000	155,250	160,684	166,308	172,128	178,153	184,388	190,842	197,521	204,435
Maintenance & Repair											
Payroll	3.5%	110,240	114,098	118,092	122,225	126,503	130,931	135,513	140,256	145,165	150,246
Supplies	3.5%	-	-	-	-	-	-	-	-	-	-
Contracts	3.5%	166,950	172,793	178,841	185,100	191,579	198,284	205,224	212,407	219,841	227,536
Garbage and Trash Removal	3.5%	45,240	46,823	48,462	50,158	51,914	53,731	55,612	57,558	59,572	61,657
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%	25,000	25,875	26,781	27,718	28,688	29,692	30,731	31,807	32,920	34,072
Sub-total Maintenance & Repair Expenses		347,430	359,590	372,176	385,202	398,684	412,638	427,080	442,028	457,499	473,511
Supportive Services	3.5%	100,000	103,500	107,123	110,872	114,752	118,769	122,926	127,228	131,681	136,290
Commercial Expenses											
TOTAL OPERATING EXPENSES		1,409,943	1,459,260	1,510,303	1,563,132	1,617,809	1,674,399	1,732,969	1,793,589	1,856,329	1,921,265
RESERVES/GROUND LEASE BASE RENT/BOND FEES											
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		7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Replacement Reserve Deposit		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Operating Reserve Deposit		40,512	40,512	40,512	40,512	40,512	40,512	40,512	40,512	40,512	40,512
Other Required Reserve 1 Deposit		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Other Required Reserve 2 Deposit		-	-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial		-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees		115,512	115,512	115,512	115,512	115,512	115,512	115,512	115,512	115,512	115,512
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)		1,525,455	1,574,772	1,625,815	1,678,644	1,733,321	1,789,911	1,848,481	1,909,101	1,971,841	2,036,777
NET OPERATING INCOME (INCOME minus OP EXPENSES)		625,522	643,298	661,757	680,927	700,847	721,553	743,086	765,487	788,800	813,070
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)											
Hard Debt - First Lender		390,509	390,509	390,509	390,509	390,509	390,509	390,509	390,509	390,509	390,509
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		92,274	92,274	92,274	92,274	92,274	92,274	92,274	92,274	92,274	92,274
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE		482,783	482,783	482,783	482,783	482,783	482,783	482,783	482,783	482,783	482,783
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)		-	-	-	-	-	-	-	-	-	-
USES OF CASH FLOW BELOW (This row also shows DSCR.)											
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL											
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	17,318	18,799	20,332	21,919	23,561	25,260				

