

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

MEMORANDUM

DATE: OCTOBER 20, 2023
TO: CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE
FROM: PAM SIMS, SENIOR DEVELOPMENT SPECIALIST
RE: **400 CHINA BASIN – REQUESTING AN ADDITIONAL \$8,000,000 IN GAP FUNDING TO REDUCE THE PRIVATE COMMERCIAL CONSTRUCTION LOAN**

1. Request Summary

Michael Simmons Property Development (“MSPDI”), Curtis Development (“CD”) and Young Community Developers (“YCD”), jointly 350 China Basin Partners, LLC (“Sponsor”), request additional gap financing in the amount of \$8,000,000 for a 148-unit affordable ownership housing development at 400 China Basin Street (the “Project”). The Citywide Affordable Housing Loan Committee (“Loan Committee”) last considered this Project on November 5, 2021, when the Sponsor requested gap financing in the amount of \$75,184,522. With Loan Committee’s approval of this request, OCII’s total investment will be \$83,184,522, please refer to table at the end of this section. Project financing closed in June 2022, and construction began in July 2022. As of September 1, 2023, construction is 50% complete. The project is on budget and approximately three weeks delayed due to extreme winter rain.

Due to market conditions, residential mortgage interest rates, which are a key factor in calculating unit pricing, have increased substantially. The Project was originally underwritten at gap loan approval with units priced based on an interest rate of 4.2% (see Loan Evaluation in Attachment 1) and the rate is now 7.18%. The increase in interest rates decreases the permanent loan amount a first-time homebuyer can qualify for thereby increasing mortgage payments and making the unit unaffordable to the Project’s targeted affordability levels, which are between 80% to 110% area median income (“AMI”). In order to maintain target affordability, prices have to be reduced, which significantly decreases the amount of sales proceeds available to pay back the private construction loan (\$53,788,939 from Goldman Sachs (“GS”). Since January 2023, OCII staff has been working with the Sponsor and the Mayor’s Office of Housing and Community Development (“MOHCD”) to find a solution to the increasing interest rates in order to maintain the current average affordability level of 90% AMI. The Sponsor has determined that estimated sales proceeds, based on updated pricing reflective of current interest rates, will not be sufficient to repay the GS loan in full. Therefore, the Sponsor is seeking approval from Loan Committee for an additional \$8M, which reduces the amount of the GS loan and allows the

Sponsor to retain lower unit sales prices for first-time home buyers and still repay the lower GS loan with available sales proceeds. After the Loan Committee’s action, staff will seek the approval of the additional \$8M from the OCII Commission.

Source	November 2021	Current	Difference
Goldman Sachs construction loan	\$53,788,939	\$45,788,939	(\$8,000,000)
OCII Loan	\$75,184,522	\$83,184,522	+\$8,000,000
Infill and Infrastructure Grant	\$ 4,243,993	\$ 4,243,993	\$0

2. Project Overview and Project Status

a. Project Overview

Block 9a (aka “400 China Basin”) is part of the 303-acre Mission Bay redevelopment district that was administered by the former San Francisco Redevelopment Agency (“SFRA” or “Agency”). Pursuant to state law redevelopment agencies throughout the State of California were eliminated on February 1, 2012, under California Health and Safety Code §§34161 et seq. OCII is the Successor Agency to SFRA and is responsible for implementing SFRA’s enforceable obligations. On January 24, 2014, the California Department of Finance (“DOF”) determined “finally and conclusively” that the Mission Bay South OPA and tax allocation pledge agreement are enforceable obligations under AB 26 and AB 1484.

Block 9a is a 148-unit affordable for-sale housing development on an almost 30,000 square foot parcel for low- to moderate-income households earning between 80%-110% of AMI as defined by MOHCD with prices set at 75%-105% of AMI, with estimated prices ranging from \$267,963 (for a 1-bedroom at 75% AMI) to \$505,592 (for a 3-bedroom at 105% AMI). (The Sponsor has not yet submitted the Project for pricing, so the prices should be considered as an example only.) The Project is comprised of 50 one-bedrooms, 63 two-bedrooms, and 35 three-bedrooms. To ensure the units remain permanently affordable, these units will be sold as part of OCII’s Limited Equity Program, which provides homeownership opportunities to low- and moderate-income households who otherwise would not be able to purchase a home in San Francisco. In turn, buyers purchase their homes at affordable prices and agree to comply with program requirements (primarily maintain affordability to homebuyers at the same AMI level at resale), which allows the City to offer affordable homeownership units into perpetuity. (For additional details on the LEP, please refer to the Loan Evaluation dated November 5, 2021, Attachment N – LEP Disclosure Book.)

The Project is the seventh Agency Affordable Housing Parcel (which allows the development of affordable housing on specifically designated parcels) in the Mission Bay South Redevelopment Project Area, and the 11th affordable housing development in the overall Mission Bay Project Area. The Project is the first and only affordable homeownership project in Mission Bay South, and the second overall in Mission Bay after Mission Walk in Mission Bay North.

In the Spring of 2019, a Request for Proposals was released looking for development teams to develop affordable homeownership housing opportunities in Mission Bay South on Block

9a, with average unit prices at 95% AMI and affordable to households averaging 100% AMI. The proposal from MSPDI, CD, and YCD was the only submittal received by the July 22, 2019, deadline. The proposal scored particularly well (90.6 out of 100 possible points) in the massing, developer experience, and workforce and contracting categories. Based on the scoring results, the evaluation panel recommended that MSPDI, CD and YCD be selected to develop the Project.

The Loan Committee previously considered and approved \$3.5M in predevelopment funding at its January 17, 2020, meeting. On November 5, 2021, the Loan Committee considered and approved \$71,684,522 in permanent funding. OCII Commission subsequently approved these funding requests in April 2022. Because of limited availability of funding sources for affordable homeownership units, the Project is financed solely with State Infill and Infrastructure Grant (“IIG”) funding and OCII permanent financing. Construction commenced in July 2022 and the building is expected to receive a Temporary Certificate of Occupancy (“TCO”) in August 2024. Currently the Project is on track and on budget per the assumptions staff presented to the Loan Committee in November 2021.

b. Increased Interest Rates

In October 2022, the Sponsor contacted OCII staff to discuss the unanticipated and steady increases in mortgage interest rates over the previous several months as a result of increases in the federal funds rate by the Federal Reserve. When pricing Below Market Rate units, MOHCD uses a 10-year rolling average interest rate. The rolling average was 3.8% for a 30-year fixed mortgage at the time of construction loan closing and was estimated to increase to approximately 4.2% for a 30-year fixed when sales would begin in 2024. Actual increases to mortgage interest rates have far exceeded this assumption and are currently at approximately 7.18% for a 30-year fixed mortgage. Unfortunately, the increase in mortgage interest rates is so drastic that it created a significant gap between unit prices as originally calculated based on the 4.2% mortgage rate and prices affordable to buyers at current mortgage rates. As a result of the increase, supportable mortgages will be significantly lower. This reduction in the homebuyers’ mortgage amounts will also reduce the amount that is available to pay off the construction loan, creating a gap between proforma sales prices and prices affordable at the higher interest rate.

In February 2023, the Sponsor contacted OCII staff to discuss the possibility of reducing the private GS loan. In August 2023, the Sponsor provided an updated proforma setting sales prices for the Project using a 6.75% mortgage rate. The 6.75% mortgage rate allows for pricing that can be attainable when the units come on the market in August 2024, and recognizes that interest rates are continuing to increase. A single point in time interest rate seems too risky, and a 12-month average does not adequately reflect what is currently occurring in the market at any given time. Because the trendline is clearly showing higher interest rates, it was important to give greater weight to the more recent interest rates. So, averaging 6.44% (12-month average) and 7.18% (the current rate as of the last week in September 2023), resulted in 6.8%. The 6.8% is consistent with some analyst projections through the end of the year. Pricing will be completed by MOHCD once the Sponsor has received the State Department of Real Estate approval of the Homeowner Association

budget, and the property tax disclosure report to verify the monthly property tax special assessment costs. This information, along with the Pricing Request Form will be submitted to MOHCD, who will take approximately 45 days to complete the pricing exercise. At this rate, the Sponsor can maintain affordability by keeping prices of the units below \$500k, with the highest priced unit at \$499,176 for a three-bedroom unit at 105% AMI. This would result in **\$50,053,825** in Total Sales Proceeds. After Sales Commissions of 3% and Closing Costs of 1.25% are subtracted, the Net Sales Proceeds are expected to total \$47,926,573. The GS loan amount is currently \$53,788,939 and net sales proceeds would be insufficient to repay the loan. If the Loan Committee approves an additional \$8M dollars for the Project, it reduces the GS loan to \$45,788,939. The \$8M will be used to reduce the GS loan, which will provide a 95.5% loan to net sales proceeds ratio, which is significantly higher than the 84.4% ratio that was originally underwritten by GS. Therefore, the Sponsor has outreached to GS to request a reduction in the hard cost contingency from \$9.52M to \$7.52M, or from 10% of the original hard cost amount to 7.9%. The 10% hard cost contingency was required by GS as a condition of closing. The proposed 5.8% exceeds the MOHCD Underwriting Guidelines for hard cost contingency. Furthermore, while the Project is currently at approximately 50% completion, only 13% of the hard cost contingency has been committed to date through change orders or approved change order requests. The Sponsor believes the reduction in contingency is justified by the fact that hard cost contingency usage has been low and that the Project construction is past the typically uncertain and potentially costly aspects of new construction (such as soils issues, and unexpected underground findings). The reduction of contingency will provide an additional \$2M that can be used to reduce the GS loan to \$43,788,939. If the GS loan is reduced to \$43,788,939, it then would provide an 83.4% loan to net sales ratio, which is more favorable to GS than 87.1%. Additionally, the reduction in the GS loan will result in approximately \$1.5M in construction loan savings. Any net sales proceeds not required to pay down the GS loan may be used for downpayment assistance and/or returned to OCII.

Staff recommends approval of the \$8 to reduce the GS construction loan. If approved by Loan Committee, an amended Loan Agreement and Disposition and Development Agreement will be presented to the OCII Commission at its December 5, 2023 meeting.

400 China Basin Condominiums Higher Interest Rate Impact				
		<u>Original</u>	<u>Loan Reduction</u>	<u>Revised</u>
Mortgage Interest Rate		4.2%		6.75%
GS Loan Amount		\$53,788,939	**\$10,000,000	\$43,788,939
Total Sales Proceeds*		\$66,582,451		\$54,865,830
Closing Costs	4.25%	(\$2,829,754)		(\$2,331,798)
Net Sales Proceeds		\$63,752,696		\$52,534,032
Loan to Net Sales		84.4%		83.4%

- *Original total sales proceeds are based on 2021 City AMIs and Revised total sales are based on 2023 AMIs.
- **\$10M totals \$2M in additional contingency (requested by Goldman Sachs) that Sponsor is requesting be released, plus \$8M from OCII.

3. Status of Previous Loan Conditions:

Prior to Construction Closing:

a) Prior to the close of gap financing, Sponsor (in coordination with MOHCD and OCII) will finalize the appropriate staffing plan and budget (with detail by staff person, roles, and hours to support the budget amount), for marketing and sales contract services, as well as, MOHCD staffing/services. MOHCD will provide appropriate information and materials to Sponsor to help facilitate this. MOHCD must attest that the sales timeline is realistic and staffing/services are adequate. **Status: Completed.**

b) Sponsor will inform Mission Bay Development Group (MBDG) staff of the area needed and length of time required to stage on Bridgeview Way. **Status: Completed.**

c) Sponsor will seek OCII's approval for any amount in excess of \$4.3M amount for the architecture and design budget. **Status: Completed.**

d) Sponsor will explore the possibility of obtaining AHP Funding for the 29 units at 80% Area Median Income (AMI). Sponsor will provide self-score to OCII staff. If this funding is secured then the OCII loan amount will be reduced. **Status: Sponsor researched this funding source in 2022, and it was not feasible at the time. Sponsor will revisit this potential funding source in Spring 2024.**

e) Sponsor will apply for CalHome funding, if the funding guidelines allow for this Project to be competitive for an award. If funding is secured, then the OCII loan amount will be reduced. **Status: At the time Sponsor researched this funding source, CALHFA was being used primarily to address residents of fire damaged areas. Sponsor will revisit this funding source Winter 2023.**

f) Sponsor will provide drafts of the RFQ/P for a construction lender for OCII review and approval prior to soliciting bids for the same. OCII will review the RFQ/P for indemnification language. **Status: Completed.**

g) To determine the impact (if any) of the indicator pile program, Sponsor will provide responses to the RFQ/P for a construction lender for OCII review and approval prior to selection of the same. **Status: Completed.**

h) YCD will provide a draft Workforce and Contracting Action Plan (WCAP) and schedule of Implementation. **Status: Ongoing.**

i) Sponsor must provide operating and development budgets (including contractor budgets) that meet MOHCD underwriting guidelines. **Status: Completed.**

i) Sponsor will obtain cost estimates from the selected contractor and will work with their architectural team to ensure that the site's development costs are managed to OCII's approval. Furthermore, Borrower shall cooperate with OCII and continue to require the general contractor to exercise good faith efforts to select subcontractors who either are SBEs or, if they are not SBEs are willing to create joint ventures or similar partnership opportunities with SBEs. **Status: Completed.**

k) Sponsor must provide OCII with an information memo outlining cost containment, efficiencies and innovation strategies to reduce overall project costs and maximize efficiency of OCII gap funding. **Status: Completed.**

l) Sponsor will update the sales proceeds projections with updated pricing inputs such as the interest rate assumption and HOA dues assumption for OCII and MOHCD review. **Status: Ongoing.**

m) Sponsor must provide a parking management plan, subject to approval by OCII and MOHCD. The parking management plan must include the fee schedule, projected revenues to cover parking maintenance costs, any contracted services to manage the parking garage, waitlist management and so forth. OCII and MOHCD will provide feedback during their review of the draft CC&Rs. **Status: Ongoing.**

n) Sponsor must provide an Early Outreach Plan 1 month after the start of construction and initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to OCII' preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents. **Status: Completed.**

o) Sponsor must provide quarterly updated responses to any letters requesting corrective action. **Status: Completed.**

Post-Closing:

a) Sponsor will submit to OCII for review and approval all the organizational documents (including, Covenants, Conditions and Restrictions, a Tentative Map, and a Reciprocal Easement Agreement) required for issuance of a Final Public Report by the California Bureau of Real Estate (BRE). **Status: Ongoing.**

b) Sponsor will submit a copy of the Preliminary Public Report application; a copy of the Conditional Public Report application; and, a copy of any revisions or resubmittals of any of these items. **Status: Ongoing.**

c) Sponsor will work with MOHCD and OCII to proactively identify and assess possible additional support for BMR homeowners, given it is a 100% affordable development, including targeting excess revenues to a fund to assist with escalating HOA costs and special assessments and post-purchase education about HOA management, expected repairs and maintenance and legitimate construction defaults. **Status: Ongoing.**

PROPOSED LOAN CONDITIONS:

1. Sponsor must include OCII staff in its negotiations with Goldman Sachs regarding reducing the contingency amount by \$2M, which will be used to further reduce the GS loan.
2. Sponsor must obtain formal approval from GS of a reduction of the hard cost contingency by \$2M, or of the 87.1% loan to net sales proceeds ratio that would be the result of the updated sales prices.
3. Sponsor will work with OCII and MOHCD to finalize the methodology for establishing the interest rate in order to determine the sales prices of the units. The methodology will be stated in the amended OCII Loan and Disposition and Development Agreements.

4. Sponsor will work with MOHCD and OCII staff to assure adequate funding at the time the Project is submitted for pricing.
5. Sponsor will use construction savings for Downpayment Assistance for the first-time homebuyers.
6. Sponsor will revisit the AHP and Cal Home funding sources and will submit funding applications in 2024, unless Sponsor can demonstrate that the Project will be unable to secure funding from these sources.

LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

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: Sales Proforma
Loan Committee Evaluation dated November 5, 2021

400 China Basin

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

Fri 10/20/2023 2:18 PM

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

As the MOHCD rep to the 10/20/23 Loan Committee meeting, I approve the request by Michael Simmons Property Development, Curtis Development and Young Community Developers (jointly 350 China Basin Partners, LLC) for additional gap financing in the amount of \$8,000,000 for a 148-unit affordable ownership housing development at 400 China Basin Street.

Thank you,
Lydia

Lydia Ely
Deputy Director for Housing
San Francisco Mayor's Office of Housing and Community Development
(415) 225-2936

400 China Basin Street

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

Fri 10/20/2023 11:43 AM

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

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

I support Michael Simmons Property Development, Curtis Development and Young Community Developers (jointly 350 China Basin Partners, LLC) request for additional gap financing in the amount of \$8,000,000 for a 148-unit affordable ownership housing development at 400 China Basin Street in order to keep the units affordable.

Best,

salvador



Salvador Menjivar
Director of Housing
Pronouns: He/Him

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

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Request for Additional Gap Funding for 400 China Basin

Kaslofsky, Thor (CII) <Thor.Kaslofsky@sfgov.org>

Fri 10/20/2023 11:41 AM

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

Cc: Ely, Lydia (MYR) <lydia.ely@sfgov.org>; Shaw, Eric (MYR) <eric.shaw@sfgov.org>; Colomello, Elizabeth (CII) <elizabeth.colomello@sfgov.org>; Slutzkin, Marc (CII) <marc.slutzkin@sfgov.org>

Hi Vanessa,

I approve the above request on behalf of OCII.

Thanks!

Best Regards,
Thor



Thor Kaslofsky
Executive Director

One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
415.749.2588

thor.kaslofsy@sfgov.org

www.sfocii.org

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RE: REQUEST FOR ADDITIONAL GAP FUNDING FOR 400 CHINA BASIN

Trivedi, Vishal (CON) <vishal.trivedi@sfgov.org>

Fri 10/20/2023 11:37 AM

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

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

I vote Yes. Thanks!

Vishal Trivedi | Financial Analyst

Office of Public Finance | City & County of San Francisco

Email | vishal.trivedi@sfgov.org

Mission Bay Block 9A
90% Average AMI

400 CHINA BASIN STREET		9/22/23		Average Affordability				90%		Total Units	
UNIT SALES PROCEEDS		Housing Cost		Mortgage Interest		Property Tax Rate		Downpayment		Number of Units	
		33.00%		6.75%		1.20%		5.00%		Number of Units	
										A	
										B	
										C	
										D	
										105% AMI	
										12	
										11	
										8	
										16,851,485	
										23,730,140	
										14,652,415	
										35	
										TOTAL	
										148	
										29	
										48	
										40	
										31	
										20%	
										32%	
										27%	
										21%	
Percentage AMI											
Number of Units											
INCOME											
AMI 100% (MOH 2023)											
Pricing AMI											
Percentage AMI											
Allowable Housing Exp											
MONTHLY EXPENSES											
Monthly Housing Expense											
Taxes											
Insurance											
HOA Dues											
Mortgage Payment											
Mortgage Amount											
Down Payment (5%)											
Purchase Price											
Sales Proceeds											
TOTAL SALES PROCEEDS											
Less Sales Commissions - 3.0%											
Less Closing Costs - 1.25%											
NET SALES PROCEEDS											
0.9											
HOUSING											
Purchase Price											
Less Downpayment											
Less CAL HOME Funds											
Effective Buyer Mortgage											
Effective Buyer Price											
Effective Buyer Downpmt											
Effective Buyer Affordability											
CAL HOME Mortgage Assistance											
Effective Mortgage Payment											
Effective Housing Expense											
Eff Allowable Housing Exp											
Effective Income											

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

400 China Basin Street

Mission Bay South Block 9a

**\$71,684,522 Permanent Funding including
\$1,500,000 in Additional Predevelopment Funding**

Evaluation of Request for:	Permanent Forgivable Loan including Additional Predevelopment funds
Loan Committee Date:	November 5, 2021
Prepared By:	Pam Sims, Senior Development Specialist

Sources and Amounts of <u>New</u> Funds Recommended:	\$71,684,522 OCII Bond Proceeds (this amount includes \$1,500,000 in Additional Predevelopment funds)
Sources and Amounts of Previous City Funds Committed:	\$3,500,000 OCII Bond Proceeds
Total Funding Recommended	\$71,684,522 OCII Bond Proceeds
ROPS Line	ROPS 21/22 Line 419
NOFA/PROGRAM/RFP:	Mission Bay South Block 9a RFP May 2019
Applicant/Sponsor(s) Name:	Michael Simmons Property Development (MSPDI) Curtis Development (CD) Young Community Developers (YCD)

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	Mission Bay South Block 9a	Sponsor(s):	MSPDI, CD, and YCD
Project Address (w/ cross St):	400 China Basin Street (bordered by Mission Rock St to the north, Terry A Francois Blvd to the east, and Bridgeview Way to the west)	Ultimate Borrower Entity:	350 China Basin Partners, LLC

Project Summary:

Michael Simmons Property Development (“MSPDI”), Curtis Development (“CD”), and Young Community Developers (“YCD”), (collectively, the “Sponsors”), are requesting \$1,500,000 in additional predevelopment financing for Mission Bay South Block 9a (“Block 9a”) to fund design, engineering (\$970,000), and indicator pile program (\$534,000) work during the predevelopment period, and \$70,184,522 in gap financing. The total contract amount to their architect, Mithun, will not change. As a result of the expedited permit processing occurring under the Housing Executive Directive, Sponsors have already received the Site Permit, and therefore are incurring more of the architecture and engineering fee earlier than was originally budgeted for during the predevelopment period in order to submit the first two DBI addenda and complete bidding and negotiations for a construction closing in April 2022.

Block 9a will be a 148-unit affordable for-sale housing development on an almost 30,000 square foot parcel for low- to moderate-income households earning between 80-110% of area median income as defined by the San Francisco Mayor’s Office of Housing and Community Development (the “Project”). The Project will be comprised of 50 one-bedrooms, 63 two-bedrooms, and 35 three-bedrooms. To ensure the units remain permanently affordable, these units will be sold as part of the OCII’s Limited Equity Program, as further explained in Section 7.7 Proposed Unit Mix and Affordability Table and Narrative.

Anticipated permanent sources for the Project include: a forgivable OCII loan, unit sales proceeds, and an IIG grant from the State of California Department of Housing and Community Development (“HCD”). The final financial plan (“FFP”), including a final forgivable loan amount that may be reduced based on the final sources and uses for this Project, will be approved by the OCII Executive Director and MOHCD Director closer to the start of construction of the Project. The only funds available to the Developer prior to the approval and execution of the Disposition and Development Agreement (DDA) and close of construction financing will be the remaining predevelopment funds from the Predevelopment Loan plus \$1,500,000 in Additional Predevelopment Funding described in this evaluation and the attached Predevelopment Budget. If awarded, the Project will begin construction in May 2022 with a target completion by May 2024.

Project Description:

Construction Type:	Type I	Project Type:	New Construction
Number of Stories:	Both Blocks: 5 (4 over podium)	Lot Size (acres and sf):	0.69 acres/29,939 sf
Number of Units:	148	Architect:	Mithun YA Studio
Total Residential Area:	129,712 sf	General Contractor:	Nibbi Baines
Total Commercial Area:	NA	Property Manager:	N/A
Total Building Area:	180,063 sf	Supervisor and District:	Sup. Haney – D6
Land Owner:	OCII		
Total Development Cost (TDC):	\$134,220,472	Total Acquisition Cost:	\$0
TDC/unit:	\$906,895	TDC less land cost/unit:	\$906,895
Loan Amount <u>Requested</u> :	\$1,500,000 (additional predevelopment) \$70,184,522 (gap financing)	Request Amount / unit:	\$10,135 (addl predev) \$474,220 (gap financing)
HOME Funds?	N	Parking?	Y: 34 spaces .23 1 ratio

PRINCIPAL DEVELOPMENT ISSUES

- **Additional Pre-development Funding.** Typically, an initial predevelopment loan is sized to take a project fully through the predevelopment period prior to starting construction. The Sponsor team, however, is requesting an additional \$1.5M to cover predevelopment expenditures to the start of construction for: architectural and related costs (including \$80,000 for an extended schematic design period); additional geotechnical studies; owner’s representative; and, the indicator pile program (as described below). In the past, OCII has funded additional predevelopment funding requests in the Mission Bay Project Area. For more details see Section 6.4 Proposed Additional Predevelopment Financing.
- **Indicator Pile Program.** Funds for the requested indicator pile program will facilitate start of construction two months earlier than would otherwise be possible, thus condensing the construction period and saving costs. To ensure compliance with construction lender requirements, the Sponsor clarified that the general contractor will indemnify the title company against any potential mechanic liens related to the indicator pile program. The indemnification allows the title company to provide insurance to the construction lender, and therefore, addresses concerns that may arise from the indicator pile program. For more details See Section 2.5 Environmental Issues.
- **Permanent Financing Sources.** As this Project is a 100% affordable homeownership development, the available sources of permanent funding are extremely limited. The current permanent budget includes three sources: OCII funding, sales proceeds, and HCD IIG funding. Currently, it appears the Project is well-placed to receive an IIG award in the Fall 2021. The Sponsor was prepared to apply for CalHome funding, however, the funding guidelines were released in early August and these funds are being targeted towards communities that have been negatively impacted from the fires throughout California (see Section 6.3 Fulfillment of Loan Conditions). Also, while the September 2021 NOFA has broadened the funding availability, the Sponsors would not meet the eligibility requirements because the non-profit has not developed two-like projects in the past four years. Therefore, this source is not currently a likely source for this Project. Should the eligibility guidelines change in a subsequent funding round, the Sponsor will apply for these funds as stated in Section 9.2 Recommended Loan Conditions.

- Unit Absorption Rate.** A condition of the predevelopment loan was to complete a market study to determine the anticipated absorption rate, or how quickly the units are likely to sell. The study was completed in July 2021, and determined an absorption rate of 10 units/month on average, or about 15 months to complete sales, considering the affordable pricing and the inventory of comparable market rate ownership projects. On September 28, 2021, MOHCD met with the Sponsor to discuss the Below Market Rate (BMR) application process and MOHCD's timeline from pricing to closing of BMR units. At that meeting MOHCD staff informed the Sponsor that they anticipate 4-5-unit closures/month for a total of approximately 30 months. The unit closing schedule is conditioned in Section 9.2. As the project continues through the predevelopment and construction phases of development, the Sponsor will update the study to reconfirm the absorption rate. OCII is focused on this rate because it ultimately determines adequacy of the marketing and sales team budget, as well as minimizing construction loan interest during the absorption period. To achieve the absorption period closer to that indicated by the market, the Sponsors have increased the marketing budget to include funding for a temporary MOHCD staff person to be dedicated to the Block 9a sales process. For more details see Section 7.1 Market Study.
- Per Unit OCII Subsidy.** Anticipated per unit OCII subsidy is high at \$508K per unit. This is due primarily to the fact that this is a homeownership project, and there are minimal non-OCII funding sources for this housing type. However, if other sources become available (such as the Affordable Housing Program (AHP) or CalHome), the Sponsor will apply, and if secured, the OCII subsidy will be reduced. Also adding to the higher subsidy is reducing the average pricing Area Median Income ("AMI") from 95% to 90% (which reduces the sales proceeds and increases the OCII subsidy). Both items are discussed in Section 6.5. See also Attachment H Comparison of City Investment in Other Housing Developments. Finally, the budget currently includes maximum contingencies and an escalation factor of 5%. These line items may be reduced as the Project proceeds towards a construction start.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
OCII Loan	\$3,500,000	The Repayment Term began on execution loan date and end at either (1) the close of construction financing for the Project or, (2) the Developer and OCII execute a construction/permanent loan agreement that incorporates the predevelopment and permanent loan amounts. @3%	Committed
Additional OCII Loan Amount	\$1,500,000	Same as above	This request
Total	\$5,000,000		

Permanent Sources	Amount	Terms	Status
OCII Loan	\$75,184,522	36 months, forgiven upon issuance of Project Certificate of Completion @ 0-3%	This request (includes predevelopment)
Sales Proceeds	\$55,717,121	N/A	Not committed
Infill/Infra Grant (IIG)	\$4,243,993	55 yrs @ 0%/forgivable	Not committed
Total	\$135,145,636		

Uses	Amount	Per Unit	Per SF
Acquisition	\$0	\$0	\$0

Hard Costs	\$105,199,208	\$710,805	\$584
Soft Costs	\$27,266,428	\$184,233	\$151
Developer Fee	\$2,680,000	\$18,108	\$15
Total	\$135,145,636	\$913,146	\$751

1. BACKGROUND

1.1. Project History Leading to This Request.

Housing Production in the Mission Bay Project Area

Block 9a is part of the 303-acre Mission Bay redevelopment district that was administered by the former San Francisco Redevelopment Agency (“SFRA” or “Agency”). Pursuant to state law redevelopment agencies throughout the State of California were eliminated on February 1, 2012 under California Health and Safety Code §§34161 et seq (the “Redevelopment Dissolution Law”). OCII is the Successor Agency to SFRA and is responsible for implementing SFRA’s enforceable obligations. On January 24, 2014, the California Department of Finance (“DOF”) determined “finally and conclusively” that the Mission Bay South OPA and tax allocation pledge agreement are enforceable obligations under AB 26 and AB 1484. FOCIL-MB, LLC (“FOCIL”) is the Master Developer of the Mission Bay redevelopment district.

The Project will be the seventh Agency Affordable Housing Parcel in the Mission Bay South Redevelopment Project Area, and the eleventh affordable housing development in the overall Mission Bay Project Area. The Project will be the first and only affordable homeownership project in Mission Bay South, and the second overall in Mission Bay after Mission Walk in Mission Bay North:

Location	Site	Project Name	# of Units	Housing Type	Year Completed
Mission Bay North	Block N2-2	Rich Sorro Commons	100	Family rental	2002
	Block N3A-1	Mission Creek Senior Community	140	Senior rental (including 49 units for homeless seniors)	2006
	Block N5	Crescent Cove	36 ¹	Family rental	2007
	Blocks N4-A, N4-A2	Mission Walk	131	Family for-sale	2009
Mission Bay South	Block 13 East	1180 4th Street	150	Family rental (including 50 units for homeless families)	2014
	Block 7 West	Five 88	200	Family rental	2017
	Block 6 East	626 Mission Bay Boulevard North	143	Family rental (including 29 units for homeless families)	2018

¹ 36 units out of total 234 restricted units built at the Crescent Cove development were OCII-sponsored. The remaining 198 restricted units are Master Developer inclusionary units.

	Block 3 East	1150 Third Street	119	Homeless Veterans (62 units) and Family rental (57 units)	2021
	Block 6 West	691 China Basin Street	152	Family rental (including 38 units for HOPE SF)	2021
	Block 9	410 China Basin Street	141	Homeless adult rental units	2022 (Under Construction)
	Block 9a	400 China Basin	148	Family for-sale	2024 (Subject property)
Total			1,460		

The Mission Bay North and South project area includes the development of 6,514 housing units, with 1,916 units (29%) set aside as affordable. To date, 1,456 of those affordable units have been completed in both inclusionary and OCII-funded projects, leaving approximately 452 affordable units to be developed. The majority of the 1,916 affordable units will be developed on OCII Affordable Housing Parcels contributed by the Master Developer to OCII pursuant to the Mission Bay OPA. The Project site is part of this land contribution.

In the Spring of 2019, a Request for Proposals (RFP) was released looking for development teams to develop affordable homeownership housing opportunities in Mission Bay South on Block 9a, with average unit prices at 95% AMI and affordable to households averaging 100% AMI. The Sponsor submitted a response by the July 22, 2019, deadline. The Loan Committee previously considered predevelopment funding at its January 17, 2020, meeting, where \$3.5M was approved by the Committee.

- 1.2. Applicable NOFA/RFQ/RFP. Mission Bay South Block 9a RFP May 2019. For more information see Attachment E. The proposal from MSPDI, CD, and YCD was the only submittal and received an average score of 90.6 out of 100 possible points. The proposal scored particularly well in the massing, developer experience, and workforce and contracting categories. Based on the scoring results, the evaluation panel recommended that MSPDI, CD and YCD be selected to develop the Project.
- 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. 350 China Basin Partners, LLC
 - 1.3.2. Joint Venture Partnership. The Borrower entity, 350 China Basin Partners LLC, is a limited liability company, formed by Mission Bay 9a LLC, whose sole member is Curtis Development (“CD”), Michael Simmons Property Development (“MSPDI”), and Young Community Developers (“YCD”) to develop, own and sell the Project. Mission Bay 9a LLC and MSPDI are co-managing members and YCD is a member of the Borrower entity.

The development team has over sixty years of combined development experience developing affordable and market rate housing in SF including both homeownership and rental. Michael Simmons of MSPDI developed four of the City’s subsidized homeownership projects and Charmaine Curtis of CD has developed market rate condominium projects in San Francisco and the East Bay, including the City’s first loft condominiums. Charmaine and Michael are long time colleagues having worked together on several projects. They bring deep experience in affordable homeownership through the City’s Limited Equity Program; buyer outreach, preparation and marketing; HOA creation, project and buyer financing; and San Francisco public approvals.

Implementation of the Developer's Workforce and Contracting Action Plan will be led by YCD which has a proven track record of successfully providing employment preparation and placement for young people, getting unemployed San Franciscans back to work, and fostering economic development in the communities it serves. YCD will partner with Construction Industry Workforce Initiative (CIWI) to expand and enhance opportunities and resources to disadvantaged communities.

1.3.3. Demographics of Board of Directors and Staff. Both Charmaine Curtis and Michael Simmons are African American, and 350 China Basin Partners, LLC does not have a Board of Directors or a staff. The Developers have partnered with YCD, as a development associate. Founded in 1973, YCD is a long-time training organization operating in the Bayview Hunters Point neighborhood. Historically seen as an African American organization, YCD has 11 leadership positions and of these: African American - 7; Asian American – 1; Latinx – 2; and unknown – 1. The Board of Directors is comprised of 12 members: African American – 7; Asian American – 2; White – 1; and unknown – 2.

1.3.4. Racial Equity Vision. The developers do not have a Racial Equity Vision however, Michael Simmons has spent his 30-year career working in the historic African American neighborhoods in San Francisco: Western Addition; Bayview Hunters Point; and Visitation Valley. As a developer and project manager Mr. Simmons continues to work to improve the lives of African Americans through new and renovation of existing affordable housing, and community facilities. He often works with Boards of Directors of community organizations and churches to help realize their vision. Most recently, he worked in the Bayview with Providence Baptist Church and Mercy Housing to develop Bayview Hill Gardens, a 73-unit affordable housing project for homeless families after the church found that families were not able to leave the shelter because of the lack of affordable housing opportunities. He also worked with College Trak to build a new center to support District 10 high schoolers prepare to attend College. In the Western Addition neighborhood, he has worked with Bethel AME church to renovate their existing affordable housing stock, and, with Ella Hill Hutch Community Center to renovate the center and upgrade the preschool. Currently, Mr. Simmons is working with the boards of Third Baptist Church to renovate a 104-unit family housing project and, Thelma Arms to renovate its 142-unit senior housing project. He also developed the Kapor Center for Social Justice in Oakland which is focused on diversifying technology to allow more black and brown people to participate.

As an African American woman working in the Bay Area, Ms. Curtis has held many leadership positions and continues to develop projects. She sits on several Boards and works to mentor and promote young women of color in the development field.

Since 1973, YCD has considered its work with young people in the D10 community. During the pandemic, YCD has continued working to assist young people in graduating high school, assisting with personal and professional development, have trained the community to work for the Environmental Protection Agency (EPA), and has provided an "Essential Services Hub" for the Bayview Hunters Point community, and all of San Francisco. YCD's participation in the partnership totals 1%. YCD plays a vital role in the project by having their interns work on the project and exposing them to the process of housing development. YCD also brings its deep expertise in community development and local hiring and training.

1.3.5. Relevant Experience. Both Ms. Curtis and Mr. Simmons have 30 years of experience working in development as developers and project managers. For this project, Charmaine and Michael will split duties. Charmaine has extensive experience developing market rate condominiums and apartments in the Bay Area and Michael has developed, marketed, and sold four affordable condominium projects under the

Agency's Limited Equity Program (LEP). At Fillmore Park, which is located in the Western Addition at 1345 Turk Street, Michael was successful in outreaching to Certificate of Preference (COP) holders with a successful purchase. Prior to initiating the marketing program, Michael spent a year engaging with community leaders, providing workshops and presentations at local community events to encourage African American residents in the community to purchase an affordable housing unit. For over 10 years, YCD has been an active partner in development projects in San Francisco including projects with AMCAL and CCDC. YCD is currently partner on three projects it successfully won through an MOHCD multi-site RFP. YCD brings integral and valuable experience with community development, training and local hiring. YCD has an experienced development staff who participates at every level of the development process.

1.3.6. Project Management Capacity. In addition to sharing the responsibility of project manager, 400 China Basin Condominiums is the primary project for MSPDI allocating 50% of his time to manage this project.

1.3.7. Past Performance. N/A

1.3.7.1. City audits/performance plans. N/A

1.3.7.2. Marketing/sales/operations. MSPDI's marketing and outreach efforts at Fillmore Park (completed in 2012-13) were laudable, as Michael was outreaching to African Americans in the Western Addition community prior to MOHCD's or OCII's current concentrated effort to retain and bring-back the African American community to San Francisco. Special workshops were held to assist individuals with credit repair. Mr. Simmons and his team (all African Americans) literally held interested homebuyers' hands through the process. Ms. Lisa Fitts worked extensively with five COP certificate holder households, and ultimately assisted one household through the entire process. Fillmore Park is a very diverse and inclusive development, with African, African American, Latino, Asian and White families in the development. At 400 China Basin, the team's goal is to have as much, or greater success with all interested homebuyers, and especially African American individuals and households.

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

Site Description	
Zoning:	<p>Zoning for the site is form-based and is governed by the Redevelopment Plan for the Mission Bay South Redevelopment Project and the Design for Development (D4D) for the Mission Bay South Project Area. Height limits are calculated as averaged by block (not parcel) and are as follows: the maximum building height for buildings facing China Basin and Bridgeview Way shall be 90' and a mid-rise height of up to 90' is allowed. 100% lot coverage is allowed up to a maximum height of 40'; above 40', 75% lot coverage is allowed.</p> <p>The Commission for Community Investment and Infrastructure approved the Project's Basic Concept and Schematic Designs ("BCSD") and associated D4D amendments on February 16, 2021; the Project is now fully entitled.</p>
Maximum units allowed by current zoning (N/A if rehab):	<p>The maximum number of units on the site is based on form-based zoning, so while there is no set number, the number of units is limited by what can fit within the site's height and bulk restrictions per the D4D.</p>

Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Zone 4
Soil type:	<p>According to the Mission Bay Subsequent Environmental Impact Report (“SEIR”), Block 9a was submerged in shallow water in Mission Bay before it was filled.</p> <p>Existing data in the vicinity indicate there is about 15 to 36 feet of fill. The fill is underlain by weak compressible clay known as Bay Mud with thicknesses of 80 to 120 feet.</p> <p>The development team has engaged Langan Engineering to perform a geotechnical analysis and the report dated February 8, 2021 showed that the site has challenging soil conditions similar to other Mission Bay sites with fill consisting of Bay Mud and corrosive soils, requiring driving approx. 200 ft long piles to bedrock.</p>
Environmental Review:	<p>As part of its actions on September 17, 1998 establishing the Mission Bay Redevelopment Project Areas, the Redevelopment and Planning Commissions certified the Final Subsequent Environmental Impact Report (“FSEIR”), adopted findings under the California Environmental Quality Act (“CEQA”), adopted a series of mitigation measures, and established a comprehensive system for mitigation monitoring. The Board of Supervisors and other City departments adopted similar findings and mitigation monitoring plans.</p> <p>The Sponsors will work with OCII staff to ensure that the mitigation monitoring measures for Block 9a are appropriately documented and implemented.</p> <p>Mission Bay Development Group completed a full environmental analysis of the site and did not find any issues of environmental significance. The environmental analysis was reviewed under the Maher Ordinance and a Site Mitigation Plan dated April 24, 2019 was approved by the Department of Public Health. The entirety of Mission Bay is subject to the Risk Management Plan submitted to the California Regional Quality Water Board and the California Department of Toxic Substances Control dated May 11, 1999.</p>
Adjacent uses (North):	Currently a surface parking lot, planned for a multi-story housing or office development serving the Mission Rock development.
Adjacent uses (South):	Block 10a (to the south of the Site) is a 99-unit mid-rise condominium building known as “Radiance” that was completed in 2008. Block 10 (to the southwest of the Site) is a 329-unit mid-rise condominium building known as “Madrone” that was completed in 2012.

Adjacent uses (East):	P19 bioswale area immediately adjacent to the Site and bordered by Terry Francois Boulevard.
Adjacent uses (West):	Mission Bay South Block 9, currently under construction and using portions of the Site for staging. The Block 9 project will provide 141 units of affordable rental housing with supportive services for formerly homeless adults.
Neighborhood Amenities within 0.5 miles:	Supermarkets: Gus's Community Market is 0.3 mile from the site, and a Safeway supermarket located at 4th and King Streets, 0.6 mile from the site. Additionally, there is a supermarket located at 4th and Harrison Streets, 1 mile away from the site. Pharmacy: 2 Pharmacies are located just over half mile from the site – one Walgreens at 4th and Townsend Streets and Safeway at 4th and King Streets. Library: The Mission Bay Public Library is located 0.5 mile from the site. Parks: Mission Creek Park is 1 block from the site; Mission Creek Park is 2 blocks from the site; and Bay Front Park is 2 blocks away (the San Francisco Bay Trail can be accessed from this park).
Public Transportation within 0.5 miles:	The site is located 1.5 blocks from the Muni Third Street Mission Rock Light Rail station and approximately 0.5 mile from the San Francisco Caltrain station on 4th Street between King and Townsend streets. A stop for the Muni 55-16th street bus line is located 2.5 blocks from the site.
Article 34:	Exempt. Project is homeownership.
Article 38:	Exempt. Project is new construction and is outside the exposure zone map area.
Accessibility:	The Project will provide 5% of mobility units and 2% of communications units in compliance with the California Department of Real Estate's accessibility requirements for condominium projects.
Green Building:	Per the RFP, the building must either achieve a Green Point Rating of 125 or above, or LEED Gold rating. The OCII design team continues to work with the Sponsors to ensure the Project meets one of these two thresholds.
Recycled Water:	Not exempt. The project does fall within the boundaries of the designated recycled water use area, and therefore it will be required to comply with the City's Recycled Water Ordinance. As such, the Sponsors will be required to install purple pipe to recycle grey water within the project.
Storm Water Management:	Developments that disturb 5,000 square feet or more of the ground surface must comply with the Storm Water Design Guidelines which includes the submission of a Storm Water Control Plan to the SFPUC for review. The development team initially met with SFPUC on October 6, 2020, and presented the preliminary stormwater management approach. The Preliminary Stormwater Control Plan was submitted on April 2, 2021, and was approved (with comments) on June 11,

	2021. The Final Stormwater Control Plan was submitted on August 18, 2021.
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- 2.1. Description. Block 9a is a relatively level site bounded by Mission Rock Street to the north; the proposed Bridgeview Way to the west; China Basin Street to the south; and, the proposed Park P19 and Terry Francois Boulevard to the east. The site is rectangular in shape with plan dimensions of about 110 feet by 275 feet.
- 2.2. Zoning. The Project is fully entitled. The OCII Commission approved the Project's BCSD and associated D4D amendments on February 16, 2021.
- 2.3. Probable Maximum Loss. N/A
- 2.4. Local/Federal Environmental Review. CEQA clearance was obtained through the Mission Bay EIR. It is not currently anticipated that NEPA clearance will be necessary because no federal funds are anticipated.
- 2.5. Environmental Issues.
 - Phase I/II Site Assessment Status and Results. Mission Bay Development Group completed a full environmental analysis of the site and did not find any issues of environmental significance. The environmental analysis was reviewed under the Maher Ordinance and a Site Mitigation Plan has been approved by the Department of Public Health. Also, the Sponsor had a Phase I Assessment completed specifically for this site (Phase 1 ESA prepared by AEW Engineering, Inc. dated December 4, 2020).
 - Potential/Known Hazards. Soil contaminants currently exist in the Project Area and are assumed to exist at the Site. The principal chemicals that have been detected in the Project Area are petroleum hydrocarbons and inorganic compounds (e.g. heavy metals). Additionally, asbestos was detected in the soil primarily from serpentine rock, which was imported to fill Mission Bay. No significant concentrations of Volatile Organic Compounds were detected in soil or groundwater. Limited concentrations of select volatiles such as benzene were found around the former petroleum storage facilities in the Mission Bay South Redevelopment Project Area, but are not expected to affect the Site. None of the chemicals detected at the Site in the environmental studies prepared on behalf of MBDG are at concentrations that would pose a threat to human health following the completion of the planned development in the Project Area. All applicable mitigation measures set forth in the Site Mitigation Plan approved by DPH will be implemented.
 - Foundation Requirements. In addition to this preconstruction work, the design and construction team has recommended an "indicator pile program" that would involve placing test piles on the site 2-3 months prior to construction start. Not only will this allow testing of the pile performance but also further refinement of the design and depth of the piles prior to ordering all of the piles. The team is planning to start both the stone column and indicator pile program in February 2022. That work will be completed under a smaller contract with Nibbi Brothers prior to construction loan closing and the formal Notice To Proceed with construction.
- 2.6. Adjacent uses and neighborhood amenities. See table above.
- 2.7. Green Building. The project will exceed the requirements of the RFP with a Green Point rating of 195.
3. COMMUNITY SUPPORT
 - 3.1. Prior Outreach. The Mission Bay Citizens Advisory Committee ("CAC") of the San Francisco Redevelopment Agency is comprised of 15 members who represent neighboring residents, property owners, and Citywide interests. The CAC is charged with providing advice to OCII on all matters pertaining to the planning and implementation of the Mission Bay North and South Redevelopment Project Areas.

Staff presented the RFP to the CAC in April 2019 prior to Commission approval and issuance of the RFP. A member of the CAC participated in the interview and evaluation panel for the RFP developer selection. Staff presented an update on the selection process and the selected developer to the CAC on October 10, 2019 in advance of the anticipated January 2020 OCII Commission action on the Predevelopment Loan and Exclusive Negotiations Agreement. On January 14, 2021, OCII and the Sponsors and architect presented the BCSD to the CAC, who took an action to recommend and forward the design to Commission for review and approval. At each meeting, the CAC members were supportive of the Project.

- 3.2. Future Outreach. As the Project progresses toward construction closing, Sponsors will continue to engage the CAC on major updates, including start of the indicator pile program and any construction-related activities.
- 3.3. Proposition I. Not required

4. DEVELOPMENT PLAN

- 4.1. Site Control. FOCIL-MB, LLC ("FOCIL"), the master developer of Mission Bay South, currently owns the site. Pursuant to the Mission Bay Owner's Participation Agreement ("OPA"), the site will be transferred at no cost to OCII for the development of affordable housing. The OPA requires a 100-day notice to FOCIL to express OCII's intent to exercise a Memorandum of Option transferring ownership of the site to OCII.
 - 4.1.1. Proposed Property Ownership Structure. After FOCIL transfers the site to OCII (typically concurrently with the close of construction financing), OCII will immediately transfer the land to 350 China Basin Partners, LLC. As this is a homeownership development, there will be no ground lease, but the land transfer will be governed by a Disposition and Development Agreement ("DDA") by and between OCII and the development entity. After construction is complete, individual units will be transferred to homebuyers pursuant to the Limited Equity Program and OCII's assets related to the site, which are the surviving provisions of the DDA (including, but not limited to, the Grant Deed, insurance requirements, covenants and restrictions) and individual unit deed restrictions, will be transferred to MOHCD as the designated Housing Successor under Redevelopment Dissolution Law. Following the sale of the individual units, MOHCD's obligations will be limited to monitoring and resale to ensure the permanent affordability of the units by qualified households.

4.2. Proposed Design.

The proposed massing takes advantage of the site's location at the edge of San Francisco Bay. The U-shaped eight-story building form wraps a podium level outdoor space with views across the water toward the East Bay, forming an open space for residents to enjoy outdoor amenities and the adjacent community room. A large rooftop deck will offer 360-degree views of the City and the Bay. A focal point entry at the corner of China Basin and Bridgeview Way will provide private access to the building lobby for residents as well as a "front porch" where residents can interact informally.

The most public, east-facing façade includes articulation with subtle references in its massing to the heritage of the busy port activities. Along the west side the building steps up in massing to create a scale and rhythm that relates to both the lower 4-5 story neighboring buildings and the taller forms proposed to the north at Mission Rock. The projecting roof line tilts up toward the main building entrance to the south, creating the identifiable entry.

Resiliency is a primary driver of the design. The entire ground floor is raised up to protect the residents' and city's investment from the effects of future sea level rise. Residences at

the lowest level are raised +4' by raised stoops and planters along Bridgeview. The main entrance and lobby are raised, but fully accessible.

Over 12,000 square feet of open space is provided on the second level courtyard and a roof deck. Community spaces are located adjacent to the podium level open space to maximize opportunities for resident interaction and community building. Open spaces have been carefully programmed to allow for various activities to take place at the same time. A parking garage with approximately 34 spaces provides an up to parking ratio of .25:1, which is consistent with the RFP. Estimated area square footages are as follows:

Avg Unit SF by type:	Average unit net square footage (paint-to-paint):
	1-brdm avg sf: 500-550 sf
	2-brdm avg sf: 800-850 sf
	3-brdm avg sf: 1,000-1,100 sf
Residential SF:	129,712
Circulation SF:	21,094
Parking Garage SF:	12,376
Common Area SF:	6,376
Building Total SF:	180,063
Maintenance/Back of House SF:	10,505

The building is currently proposed to be Type I construction set on steel piles. Cost containment strategies will continue to be pursued during the predevelopment period. Two elevators and two sets of stairs will reach all levels and the roof deck. Exterior materials will include stucco, metal, and cement board panels with accents of wood used for screens. High-quality aluminum windows and doors will be used. A high-performance building envelope will be developed for energy efficiency and the roof will have a large area available for photovoltaic panels. <https://400chinabasin.com/>

4.3. Construction Supervisor/Construction Representative's evaluation Mission Bay Block 9a's massing study proposes an eight story, Type-1 concrete building. The 148-unit development is scheduled to break ground in early 2022, with a 24-month construction period. Based on lessons learned in Mission Bay South, the Sponsor is using several strategies to address settlement issues including: below-slab conduits; and, piping and sand interceptors which must be supported by (or hung from) the building structure. All utility laterals will require flexible settlement connections as they exit from the pile-supported building footprint to the public right of way. Thus, there are a variety of ramps, stairs, double slabs and sand-set unit pavers. These added features to address settlement issues add approximately \$1.2M to the construction costs. Additionally, the Sponsor has included a \$250k sidewalk reserve to address additional settlement issues. Mithun, the architect of record, and the Sponsor worked with two contractors who have built in the neighborhood to provide preliminary estimates for the Response to Request for Proposals dated July 22, 2019.

The projected hard costs of \$710,873 per unit is a bit higher than other similar type buildings with the exception of 730 Stanyan. However, the per-bedroom costs and per-square foot are comparable with the average of all projects. The majority of other like-type buildings are significantly smaller with a greater number of one-bedroom units. In comparison, 730 Stanyan has significantly higher construction costs, and the Project's TDC is comparable with 730 Stanyan. In conclusion, the Project is comparable to other type-like

projects or projects with a similar unit and bedroom count. Please see the Comparison of City Investment in Other Housing Development Chart (Attachment H).

In addition to addressing settlement issues through added construction features, the higher hard costs, are also related to: the type of construction; the number, type, size and depth of the piles; the proximity to the Bay (which required the ground floor lobby and units to be 4' above the low point of the site); longer ramps, elevated stoops, a stepped ground floor structure, structural foam fill) which all make the foundation and level one slab much more complicated; and, the higher number of 2- and 3-bedroom units in the development. The additional costs to address these features is approximately \$5M. Moreover, the project does include 5% escalation, plus 15% of bid, plan check, and hard cost contingencies in accordance with MOHCD underwriting guidelines. At eight-stories, Type I construction is necessary because the typical wood-frame over concrete construction that is used for mid-rise residential buildings is limited to 7 stories (i.e., a maximum of 5 stories of Type III-A over 2 stories of Type-I podium). In order to maximize the site density per the stated goals of the RFP, Mithun has designed up to the 90' height limit on a slim parcel and fit 148 units of housing within eight-stories. The eighth story pushes the construction type from Type III-A to Type-I throughout the upper stories of the building.

Additionally, due to the Site's soil conditions, topography, and the proposed building height and type, the foundation will include 200-foot below ground surface piles for the unconsolidated soil in Mission Bay. The site's Bayfront location also necessitates a design that will accommodate sea level rise, and thus portions of the ground floor will be raised 4-5 ft above grade, which further adds to costs. The Project costs include the cost of building a parking garage for about 34 spaces as well as additional FF&E, such as in-unit washer and dryer and dishwasher. It should be noted that the project falls slightly below the .25:1 parking requirement because the Sponsor added units in order to keep the overall development costs at a comparable amount per unit.

The cost of this project will continue to be refined as the development team moves through the Construction Documents (CDs) process.

- 4.4. Commercial Space. N/A
- 4.5. Service Space. N/A
- 4.6. Interim Use. The Mission Bay Development Group owns the site, and is currently in a license agreement with the developers of Block 9. The northern portion of the site is currently used as a construction staging area for Block 9, while the southern portion of the site is occupied by a paved lot and construction equipment.
- 4.7. Infrastructure. To address the infrastructure needs of this project, the Sponsors have applied for HCD IIG funding. All related infrastructure costs (including environmental remediation, onsite improvements, offsite improvements and parking) are eligible under the IIG Program.
 - 4.7.1. N/A
- 4.8. Marketing, Occupancy, and Sales. The OCII Commission has authorized staff to apply the preferences in City Affordable Housing Programs, as amended from time to time, to affordable housing approved by OCII, to the extent that those preferences are consistent with redevelopment plans, enforceable obligations, and applicable law. The preferences applicable for the Project are:
 1. Certificate of Preference holders (As part of the implementation of the COP holder preference, the Sponsors will comply, as administered by MOHCD, with Assembly Bill 1584 and "prioritize descendants of displaced residents for affordable housing.")
 2. Displaced Tenant Preference Program
 3. Neighborhood Resident Housing Preference for 40% of the lottery units if project does not include State funding sources, and 25% of the lottery

units if project does include State funding sources (if such preference does not conflict with other financing sources)

4. San Francisco Residents or Workers
5. Members of the General Public

Any authorized preference shall be permitted only to the extent that such preference: (a) does not have the purpose or effect of delaying or otherwise denying access to a housing development or unit based on race, color, ethnic origin, gender, religion, disability, age, sexual orientation, or other protected characteristic of any member of an applicant household; and (b) is not based on how long an applicant has resided or worked in the area. OCII will work with the selected developer teams to resolve potential occupancy conflicts and determine additional occupancy preferences and marketing requirements and to ensure adherence to OCII occupancy preferences and marketing requirements as further described in the Inclusionary Affordable Housing Program Monitoring and Procedures Manual (Procedures Manual), as amended from time to time.

4.9. Relocation. N/A

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Project Executive	Charmaine Curtis, CD	Y	N
Project Manager	Michael Simmons, MSPDI	Y	N
Project Manager	Divali Magnus, YCD	Y	N
Architect	Mithun Architects	N	N
Landscape Architect	GLS	Y	N
JV/other Architect	YA Studio	Y	N
General Contractor	Nibbi Construction/Baines Group	N/Y	N
Owner's Rep/Construction Manager	Waypoint Consulting	N	N
WCAP Consultant	Monica Wilson	Y	N
Other Consultant	Engineering 350	Y	N
Legal	Lubin Olson	N	N
1 st Time Homebuyer Consultant	Lisa Fitts	Y	N

5.1. Procurement Plan.

The development team, led by Monica Wilson, has been working with OCII's Contract Compliance team throughout the predevelopment period. To date the project has achieved 74% participation on soft cost consultants. Ms. Wilson will work with the general contractor to ensure maximum exposure to LBE/SBE/MBE/BIPOC subcontractors with a goal of achieving 50% participation.

Opportunities for BIPOC-Led Organizations. The development team is committed to providing opportunities for BIPOC-Led organizations and individuals for the project. Two significant examples of their commitment are selecting a JV of Baines-Nibbi JV for the construction of the development, and engaging an associate architect that was founded and led by Yakuh Askew, a native San Franciscan of African American heritage.

6. FINANCING PLAN (See Attachment H for Cost Comparison of City Investment in Other Housing Developments; See Attachment I and J for Sources and Uses and Additional Predevelopment)

6.1. Prior MOHCD/OCII Funding:

Loan Type/ Program	Loan Date	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Outstanding Principal Balance
OCII Bond Proceeds	April 17, 2020	\$3,500,000	3%	The earliest date of either: the close of construction financing, or the date construction /permanent loan agreement (which incorporates loan amount and interest) is executed.	Began on execution loan date and ends at either (1) the close of construction financing or, (2) execution of a construction/permanent loan agreement that incorporates the predevelopment and permanent loan amounts. @3%	\$103,021
Total:		\$3,500,000				\$103,021

6.2. Disbursement Status. Total funds disbursed to date is \$3,396,979 with \$103,021 available to disburse. However, the gap loan proceeds (\$70,184,164) may not be drawn prior to the close of construction financing and execution of the Disposition and Development Agreement (DDA). The \$1,500,000 in additional predevelopment and funding recommended in this evaluation is for eligible expenses relating to architecture and the pile indicator program.

6.3. Fulfillment of Loan Conditions. Below is the status of Loan Conditions since this project was last at Loan Committee for Predevelopment Financing on January 17, 2020:

- Sponsor will issue an RFQ for a general contractor in accordance with OCII's Contract Compliance specifications, will obtain cost estimates from the selected contractor, and will work with their architectural team to ensure that the site's development costs are managed to OCII's approval. Sponsors will cooperate with OCII and competitively solicit a general contractor with the intent of creating a joint venture or similar partnership opportunity, to the extent practicable and economically feasible, between a general contractor and an OCII-recognized SBE contractor. Furthermore, Sponsors will cooperate and require the general contractor to exercise good faith efforts to select subcontractors who either are SBEs or, if they are not SBEs, are willing to create joint ventures or similar partnership opportunities with SBEs. **Status: Completed. Nibbi/Baines selected.**
- Sponsor must evaluate the likelihood of securing CalHome, IIG, Federal Home Loan Bank of San Francisco's Access to Housing and Economic Assistance for Development (AHEAD), and any public or private downpayment assistance program funds for the Project and will work with OCII staff to determine the most appropriate financial plan with the goal of adding alternative permanent subsidy sources and minimizing OCII subsidy. Sponsor will provide an analysis of potential sources and strategies and provide a revised financing plan by June 1, 2020. **Status: Completed. The AHEAD Program funds are not applicable for this project because they are only available for very low-income individuals, also the August 2021 CalHome funding availability is for Disaster Assistance, and only available for the six counties impacted by the 2020 Federal Disaster Declarations. The September 2021 NOFA, broadens the areas of eligibility however, the Sponsor does not meet the threshold eligibility requirements. The Sponsor has applied for IIG funding, and the applicant has received information that the Project is very competitive. Finally, the Sponsor will evaluate applying for AHP funds.**

- Sponsor will commission, with OCII review and approval of the scope of work, a market study for this Project and will adjust the assumed absorption rate and sales period as appropriate. The market study firm will be directed to provide drafts of the marketing study contemporaneously to the Sponsor and OCII for review and finalization. **Status: Completed**
- Sponsor will solicit, with OCII review and approval of the scope of work, a marketing & sales team, that may include non-commercial brokers, for OCII review and approval prior to soliciting bids for the same. **Status: On-going. The development team will begin the process of securing a marketing and sales team in the Fall 2021. MOHCD staff will be included in the planning process prior to proceeding.**
- Sponsor will provide all responses to the RFQ/P for a marketing & sales team for OCII review and approval prior to selection of the same. **Status: On-going.**
- Sponsor will work with staff at OCII and MOHCD to review the marketing & sales budget, including the sales fee assumptions, and will adjust, as appropriate, based on data from the market study and marketing & sales team bids. **Status: On-going. OCII met with the development team to discuss the marketing and sales budget in early August 2021, and met with MOHCD in mid-August, and again in late September. Additional meetings will be held with MOHCD BMR staff to determine the roles, responsibilities and budget for each party.**
- Sponsor will provide drafts of the RFQ/P for a HOA budgeting and reserve consultant(s) for OCII review and approval prior to soliciting bids for the same. **Status: Completed.**
- Sponsor will provide responses to the RFQ/P for a HOA budgeting and reserve consultant(s) for OCII review and approval prior to selection of the same. **Status: Completed. John Beatty & Associates was selected earlier last year as part of the comprehensive “small consultants” RFP.**
- Sponsor will work with staff at OCII and MOHCD to review HOA fees and reserve assumptions and will adjust, as appropriate, based on data from existing affordable homeownership housing sites. **Status: On-going.**
- Sponsor will conduct ongoing outreach to the Mission Bay community to solicit input, address concerns, and educate community members on various aspects of the Project. **Status: On-going.**

6.4. Proposed Additional Predevelopment Financing

6.4.1. Additional Predevelopment Sources Evaluation Narrative. OCII is providing all predevelopment funding to the Project which is not sufficient to bring the Project to the start of construction. The Developer has requested an additional \$1,500,000 during predevelopment, which will come from this request for funding. See description below.

6.4.2. Additional Predevelopment Uses Evaluation: The Sponsors are seeking an additional predevelopment loan of \$1,500,000. The budget includes costs \$970,000 related to design through construction documents, and \$564,000 for the indicator pile program. As stated above, the Sponsor is requesting funding for the indicator pile program two months ahead of construction close to condense the construction schedule and save on costs. The additional predevelopment funds are needed to get the project through to the start of construction. In addition to the architectural additional services, the added architectural design and the design subcontractors funding is all for work needed to get the project through to construction start. Finally, the Owners Rep line item budget increased due to the extended schematic design period. It is important to note; the perceived increased architectural category costs are *actual* costs for architectural and engineering services because the architect provided estimates and

when the bids came in the predevelopment loan amount was already finalized. The Sponsors budgeted well to this point, and now the additional \$1.5M is needed to continue the momentum to a Spring 2022 construction start.

6.5. Proposed Permanent Financing. No funding, other than the OCII Predevelopment Loan, has been secured for this Project, although an IIG funding application was submitted to the State. The Developer is researching if it is competitive for an AHP award. A final financial plan ("FFP") will be developed by staff, and approved by the OCII Executive Director and MOHCD Director. Permanent financing is also being sought at this time as the project has received sign-off on design development drawings, and construction drawings are 50% complete.

6.5.1. Permanent Sources Evaluation Narrative: The

Borrower proposes to use the following sources to permanently finance the project:

- OCII Loan: The current budget assumes an OCII subsidy of \$75,184,522 or \$508,003 a unit and represents approximately 53% of total development costs. This higher subsidy amount is typical of a homeownership project where the availability of alternative funding sources is very limited. The OCII subsidy will be used during predevelopment and construction and will be structured as a loan with 0-3% interest; upon the completion of sales of all the units and OCII's issuance of a certificate of completion under the DDA, the loan will be forgiven.
- Sales Proceeds: Although the RFP requested that units be priced at a 95% AMI average affordability at 95% AMI, COP holder data that 90% AMI average pricing is more attractive to some COP homebuyers. Therefore, sales prices are calculated per OCII guidelines with average affordability at 90% AMI and sales prices calculated based on the unadjusted 2021 AMIs published by MOHCD and applying the maximum 33% housing costs to income. Reducing the average AMI by 5% added approximately \$4.5M (\$30,400/unit) to the OCII subsidy however, this reduction does allow for additional units to be available at the lower AMIs. The assumed mortgage interest rate of approximately 4% represents the ten-year rolling average for a 30-year fixed-rate mortgage at the time of the attached proforma, per RFP guidelines. HOA dues were estimated based the recently completed market study. Sales proceeds are subject to variables such as changes in AMI's published at the time of unit sales, and interest rates. This source may also be increased if additional down payment assistance sources are identified and committed to the Project. Sponsors are required as a condition of this loan to pursue such funds and lower OCII subsidy as a result.
- IIG: Sponsors have assumed a grant of \$4.2M from HCD's IIG program. The application for this grant was submitted in July 2021 with awards announced in October 2021. Recently, the Sponsor received notification from HCD that the project has received all eligible points on their IIG application.
- Construction Loan: The Sponsors are projecting a construction loan based on net sales proceeds of \$59M with a 30-month term and an assumed interest rate of 6% (Prime plus .5%) based on the current lending market and information provided by a financing broker and a prospective lender.

Sponsors are unlikely to be able to provide the guarantees that commercial banks typically require for a construction loan. However, based on Sponsor's preliminary discussions with prospective lenders, a commercial bank has indicated that they are willing to provide a construction loan without the guarantees if OCII agrees to subordinate its interests relative to the bank during construction. Since OCII/MOHCD typically subordinates its interests to

the construction lender on rental projects, OCII may be willing to do so here so long as the terms and conditions of said loan are subject to OCII review and approval.

As an on-going condition, the development team will be required to submit draft RFQ/Ps for a construction lender to OCII for review and approval prior to soliciting bids. They will also be required to submit all responses and letters of interests for review and approval prior to construction lender selection.

6.5.3. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Soft Costs	N/A	The soft costs/bedroom are \$106,571, and for the project are higher to other construction-like projects. This is due to increasing the sales commission percentage from 1.5% to 3% per discussions with MOHCD staff. Additionally, the Sponsor has added \$500k for MOHCD staffing during the sales process.
Hard Cost per unit are within standards	N	Hard costs are \$710,873/ unit (includes \$11.3M in contingencies and \$4M (or 5%) in escalation). These costs are higher than other like developments included in the Construction Cost Comp chart, however, the Project is much larger than other Type I developments. Additionally, (as described in Section 4.3, the Project is including features to address the soils conditions, sidewalk settlement issues, and its proximity to the Bay. Adding to the costs is the 5% escalation that has been included in the budget.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard cost contingency is 5%. Bid, plan check, and hard cost contingencies total approximately 7.5%. 5% escalation has been included.
Architecture and Engineering Fees are within standards	Y	A&E fee (inclusive of reimbursables & additional services) is \$3,954,790, which is 3.8% of hard costs (including contingencies).
Construction Management Fees are within standards	Y	The construction management fee of \$280K is within the maximum allowable per MOHCD's underwriting guidelines for a large project.
Developer Fee is within standards, see also disbursement chart below	Y	Total Dev Fee is \$2,680,000 (\$2.2 million as the base fee + \$480,000 as compensation for a large development), per OCII Homeownership Developer Fee. (See further details below.) Total At-Risk Dev Fee is \$1,580,000.
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is at 10% (not including construction loan interest).

Capitalized Operating Reserves are a minimum of 3 months	N/A	Budget includes: unit warranty and self-insured retention reserves of \$1.48M; capitalized HOA reserves at \$1.1M to cover \$815k in HOA fees that need to be paid until all units are sold plus \$250k for sidewalk maintenance reserve, as discussed in Section 4.3. Sponsors will work with OCII and MOHCD to establish whether this amount is adequate.
Capitalized Replacement Reserves are a minimum of \$1,000 per unit (Rehab only)	N/A	N/A

6.5.4 Developer Fee Evaluation:

As the Project is an affordable for-sale development and therefore not tax credit eligible, MOHCD's Tax Credit Developer Fee Policy does not apply. Instead Sponsor was directed to follow OCII's Homeownership Developer Fee Policy (March 2019) that was included as an attachment to the RFP and reads largely as follows:

Consistent with MOHCD's developer fee policy (most recently updated July 20, 2018) for affordable, tax credit rental projects receiving soft loans from the City, the OCII homeownership developer fee will be subject to the same maximum as a tax credit rental project funded by MOHCD. Risks associated with the development of an affordable rental and homeownership project are assumed to be roughly equivalent.

The minimum developer fee for a homeownership development shall be \$2,200,000 ("Base Fee") plus \$10,000 per unit over 100 units, up to a maximum of \$4,000,000. In this case, Sponsor is requesting the Base Fee plus \$480,000 for the 48 units over 100, for a grand total of \$2.68M in developer fee, which is in line with this policy.

The maximum developer fee shall be comprised of a Project Management Fee and an At-Risk Fee. The Project Management Fee shall be one-half (50%) of the Base Fee (i.e. \$1,100,000) and shall be distributed according to achievement of certain development milestones set out below. The At-Risk Fee shall consist of the remaining half of the Base Fee plus the \$10,000 per unit over 100 units, and shall cover any cost overruns that exceed the available contingency funds in the final project budget approved by OCII at construction loan closing. In the event of any cost overruns after OCII's construction funding commitment, the Developer will contribute up to half of the total maximum fee (e.g. \$2,200,000 * 50% = \$1,100,000) to cover the overruns. Cost overruns beyond that amount can only be requested from OCII's Commission if no other funding sources are available and the availability of OCII funds are not guaranteed. The At-Risk fee shall be distributed according to milestones as set forth below.

The milestones for the payment of the developer fee to the sponsor are specified below

Total Developer Fee:	\$2,680,000	
Project Management Fee Paid to Date:	\$385,000	
Amount of Remaining Project Management Fee:	\$715,000	
Amount of Fee at Risk (the "At Risk Fee"):	\$1,500,000	

Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
Upon receipt of 50% CDs & cost estimate	\$165,000	15%
Construction close	\$330,000	30%
Project close-out	\$220,000	20%
Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee		Percentage At Risk Fee
At 50% construction completion	\$474,000	30%
Issuance by BRE of Final Subdivision Condominium Report	\$316,000	20%
Receipt of Temporary Certificate of Occupancy	\$474,000	30%
Project close-out – upon close of escrow/sale of final unit	\$316,000	20%

7. PROJECT MARKETING & OPERATIONS (See Attachment K for Unit Sales Analysis)

7.1 Marketing Plan & Sales Schedule

The Sponsor will comply with the Procedures Manual for marketing and selling the units. In addition, the Sponsor plans to offer a concierge program to Certificate of Preference Holders as well as provide hands-on support for other Occupancy Preference groups. They plan to hold monthly information sessions and make presentations at neighborhood and employment groups in order to encourage potential buyers to start early working with a homeownership readiness group. Several months prior to the lottery, Sponsor will work with potential buyers to get them ready for applications, explain the DAHLIA system and Limited Equity Program and the lottery in order to achieve a goal of at least 600 lottery participants. Post lottery, the sales, buyer interface, counseling and move in team will work with lottery winners to guide them through the purchase, closing and move-in process.

Sales Schedule

Unit sales will commence 6 months before construction completion with a lottery. The results of the lottery will also create a substantial applicant list to replace buyers who fall-out. The Sponsor has presented a unit sales closings and occupancy plan that anticipates 20 units closing in the first month after completion and continue at 7 units per month over the following 17 months, and 1 unit in the 18-month. (This schedule is supported by a recently completed market study for this project, anticipates absorption of 10 units/month on average.) As stated earlier, MOHCD anticipates 4-5-unit closings/month for an approximate 30-month sales period. The Sponsor, MOHCD, and OCII staff will work together to create an agreed upon unit sales closings and occupancy schedule as stated in Section 9.2.

7.2 Marketing & Sales Budget

Item	Budget
Website designer, branding, logo design, printing, advertising placement, multi-language services	\$140,000
COP Liaison	\$20,000
Social Media Manager	\$100,000
MOHCD Processing Support	\$550,000
Buyer Coordinator	\$444,000
Homeownership Counseling	\$40,000

Sales Center Costs	\$50,000
Move-in coordinator	\$70,000
Model unit furnishings	\$50,000
Misc (materials, move-in packages)	\$30,000
Total	\$1,494,000

Because the Sponsor has included funding for MOHCD staff in the permanent budget, now the Marketing line item budget is over the OCII Homeownership Developer Fee Policy (Attachment M), of \$7,500 per unit. The budget is now \$1,494,000 or \$10,094 per unit, which assumes \$500k for MOHCD staff services. When the Sponsor met with MOHCD in September 2021, the Sponsor was informed by MOHCD that its current capacity for application processing and the time necessary to qualify applicants after the lottery would result in 4–5-unit closings per month, for an approximate sales closing period of 2.5 years. As a result of that conversation, the Sponsor has added \$500k to the marketing budget, which will allow the Sponsor to fund a temporary underwriter and/or applicant intake staff member at MOHCD dedicated to the Block 9a development. The Sponsor will work with OCII and MOHCD staff to confirm that adding \$500k for MOHCD staffing will provide the capacity to handle 8 closings per month (see Section 9.2) reducing the sales period accordingly.

The marketing & sales budget also assumes \$350,000 (\$2,500 per unit) to a first-time homebuyer liaison, Lisa Fitts (a consultant who was included in the Sponsor's RFP response), to help shepherd COP holders and lottery applicants through the homebuying process. This role is envisioned as a warm hand-off service that provides COP holders and prospective buyers with the support they need to navigate the often confusing and layered process to home-buying. Sponsors represent that Ms. Fitts' involvement will ensure a smooth sales process and enable the team to meet their projected absorption period. In addition, the marketing & sales budget assumes \$200,000 for branding, advertisements, collateral material, website and social media.

As a condition to this loan, Sponsors will work with OCII and MOHCD staff to refine the marketing and sales budget to accurately reflect the internal and external costs associated with this task.

7.3 Homeowners Association, Fees, and Reserves

Sponsor will set up an HOA for the development. Sponsor or Sponsor-affiliated development entity will control the Board of Directors until 50% of the units are sold, at which time, control is transferred to the homeowners via their elected Board members. The HOA is responsible for the operation and management of the property, typically carried out through a property management agent. Included in operation and management of the common areas of the property, the HOA will manage the parking structure, and parking is unbundled from the units. OCII will review and approve the creation of an HOA by the Sponsors. Budgeted HOA fees are \$520, \$660, and \$840 per month for the 1-, 2- and 3-bedrooms respectively and are based on a market study conducted by the Concord Group in July 2021.

John Beatty & Associates will develop the HOA budget and reserve per DRE guidelines. The selected property manager will work with the developer and OCII to confirm the appropriateness of the budget and reserves.

7.4 Parking

Parking will be unbundled and rented to homebuyers according to the Procedures Manual, as amended from time to time, unless otherwise agreed upon by the Sponsor, OCII and MOHCD, or the OCII Commission adopts a different policy prior to the marketing of the units. The lack of on-site parking may affect interested homebuyers. The development team has engaged with

Common Interest to help determine the fee schedule, subject to the approval of the Sponsor, OCII and MOHCD. (These fees are used to reduce the total HOA budget prior to assessing fees on a per unit basis.)

7.5 Capital Needs Assessment & Replacement Reserve Analysis. N/A

7.6 Income Restrictions for All Sources. N/A

7.7 Proposed Unit Mix and Affordability Table and Narrative.

The 148 units include 50 one-bedroom (34%), 63 two-bedroom (43%), and 35 three-bedroom (23%) condominiums. The unit mix and affordability levels were established based on OCII goals established for this development. The units will be sold pursuant to OCII's Limited Equity Program, see Attachment N for the Limited Equity Homeownership Program Disclosure Book, in order to ensure the units will be permanently affordable.

For this Project, units will be affordable to households at four income tiers: 80%, 90%, 100%, and 110% of AMI, and average 95% AMI overall. In order to create bands of affordability for these income tiers, the units will be priced at 75%, 85%, 95%, and 105% of AMI respectively. Units for this Project will have average sales prices affordable to households earning 90% AMI.

Unit Type	Net Sq. Ft.	Quantity	% Median Income (for pricing)	% Median Income (for qualifying)
1 Bedroom, 1 Ba	500-550	10	75%	80%
1 Bedroom, 1 Ba	500-550	14	85%	90%
1 Bedroom, 1 Ba	500-550	14	95%	100%
1 Bedroom, 1 Ba	500-550	<u>12</u>	105%	110%
Subtotal 1 Bdrms		50		
2 Bedroom, 2 Ba	800-850	11	75%	80%
2 Bedroom, 2 Ba	800-850	22	85%	90%
2 Bedroom, 2 Ba	800-850	19	95%	100%
2 Bedroom, 2 Ba	800-850	<u>11</u>	105%	110%
Subtotal 2 Bdrms		63		
3 Bedroom, 2 Ba	1,000-1,100	8	75%	80%
3 Bedroom, 2 Ba	1,000-1,100	12	85%	90%
3 Bedroom, 2 Ba	1,000-1,100	7	95%	100%
3 Bedroom, 2 Ba	1,000-1,100	<u>8</u>	105%	110%
Subtotal 3 Bdrms		35		
TOTAL		148	90% average	95% average

8 SUPPORT SERVICES

8.1 Services Plan. N/A

8.2 Service Budget. N/A

9 STAFF RECOMMENDATIONS

9.1 Proposed Forgivable Loan Terms

Financial Description of Proposed Loan (Addl. Predevelopment)	
Loan Amount:	\$1,500,000 will be rolled into existing predevelopment loan of \$3,500,000 for a total loan amount of \$5,000,000.
Loan Term:	The Repayment Term will begin on the date of execution of the loan and end at either (1) the close of construction financing for the Project or, (2) the Developer and OCII execute a construction/permanent loan agreement that incorporates the predevelopment and permanent loan amounts. The permanent loan will be forgivable upon completion of the project in compliance w/OCII terms and therefore, so will the predevelopment loan.
Loan Maturity Date:	3 years from date of execution of the loan agreement.
Loan Repayment Type:	Construction/permanent loan proceeds
Loan Interest Rate:	3%

Financial Description of Proposed Gap Funding	
Loan Amount:	\$70,184,522
Loan Term:	36 months
Loan Maturity Date:	Upon issuance of Project Certificate of Completion
Loan Repayment Type:	Forgivable
Loan Interest Rate:	0%

9.2 Recommended Loan Conditions

Prior to Construction Closing:

- a) Prior to the close of gap financing, Sponsor (in coordination with MOHCD and OCII) will finalize the appropriate staffing plan and budget (with detail by staff person, roles, and hours to support the budget amount), for marketing and sales contract services, as well as, MOHCD staffing/services. MOHCD will provide appropriate information and materials to Sponsor to help facilitate this plan. MOHCD must attest that the sales timeline is realistic and staffing/services are adequate.
- b) Sponsor will inform Mission Bay Development Group (MBDG) staff of the area needed and length of time required to stage on Bridgeview Way.
- c) Sponsor will seek OCII's approval for any amount in excess of \$4.3M amount for the architecture and design budget.
- d) Sponsor will explore the possibility of obtaining AHP Funding for the 29 units at 80% Area Median Income (AMI). Sponsor will provide self-score to OCII staff. If this funding is secured then the OCII loan amount will be reduced.

- e) Sponsor will apply for CalHome funding, if the funding guidelines allow for this Project to be competitive for an award. If funding is secured, then the OCII loan amount will be reduced.
- f) Sponsor will provide drafts of the RFQ/P for a construction lender for OCII review and approval prior to soliciting bids for the same. OCII will review the RFQ/P for indemnification language.
- g) To determine the impact (if any) of the indicator pile program, Sponsor will provide responses to the RFQ/P for a construction lender for OCII review and approval prior to selection of the same.
- h) YCD will provide a draft Workforce and Contracting Action Plan (WCAP) and schedule of implementation.
- i) Sponsor must provide operating and development budgets (including contractor budgets) that meet MOHCD underwriting guidelines.
- j) Sponsor will obtain cost estimates from the selected contractor and will work with their architectural team to ensure that the site's development costs are managed to OCII's approval. Furthermore, Borrower shall cooperate with OCII and continue to require the general contractor to exercise good faith efforts to select subcontractors who either are SBEs or, if they are not SBEs, are willing to create joint ventures or similar partnership opportunities with SBEs.
- k) Sponsor must provide OCII with an information memo outlining cost containment, efficiencies and innovation strategies to reduce overall project costs and maximize efficiency of OCII gap funding.
- l) Sponsor will update the sales proceeds projections with updated pricing inputs such as the interest rate assumption and HOA dues assumption for OCII and MOHCD review.
- m) Sponsor must provide a parking management plan, subject to approval by OCII and MOHCD. The parking management plan must include the fee schedule, projected revenues to cover parking maintenance costs, any contracted services to manage the parking garage, waitlist management and so forth. OCII and MOHCD will provide feedback during their review of the draft CC&Rs.
- n) Sponsor must provide an Early Outreach Plan 1 month after the start of construction and initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to OCII' preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents.
- o) Sponsor must provide quarterly updated responses to any letters requesting corrective action.

Post-Closing:

- a) Sponsor will submit to OCII for review and approval all the organizational documents (including, Covenants, Conditions and Restrictions, a Tentative Map, and a Reciprocal Easement Agreement) required for issuance of a Final Public Report by the California Bureau of Real Estate (BRE).
- b) Sponsor will submit a copy of the Preliminary Public Report application; a copy of the Conditional Public Report application; and, a copy of any revisions or resubmittals of any of these items.
- c) Sponsor will work with MOHCD and OCII to proactively identify and assess possible additional support for BMR homeowners, given it is a 100% affordable development, including targeting excess revenues to a fund to assist with escalating HOA costs and special assessments and post-purchase education about

HOA management, expected repairs and maintenance and legitimate construction defaults.

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.

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

- Attachments:
- A. Project Milestones/Schedule
 - B. Borrower Org Chart
 - C. Developer Resumes including Experience and Capacity
 - D. Asset Management Analysis of Sponsor
 - E. Threshold Eligibility Requirements and Ranking Criteria
 - F. Site Map with amenities
 - G. Elevations and Floor Plans, if available
 - H. Comparison of City Investment in Other Housing Developments
 - I. Sources and Uses
 - J. Additional Predevelopment Budget
 - K. Unit Sales Analysis
 - L. CD, MSPDI, & YCD Memorandum of Understanding
 - M. OCII Homeownership Developer Fee Policy
 - N. Limited Equity Homeownership Program Disclosure Book

Chavez, Rosanna (MYR)

From: Ely, Lydia (MYR)
Sent: Tuesday, November 9, 2021 4:31 PM
To: Chavez, Rosanna (MYR)
Subject: 11/5/21 Loan Committee -- Mission Bay 9a homeownership project

Hi Rosie,

I approve of the funding request for gap and additional predevelopment funds for the homeownership project at Mission Bay Block 9a, which was at Loan Committee 11/5/21.

Thank you,
Lydia

Lydia Ely
Deputy Director for Housing
SF Mayor's Office of Housing and Community Development
Work from home: (415) 225-2936

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Monday, November 8, 2021 2:30 PM
To: Shaw, Eric (MYR)
Cc: Chavez, Rosanna (MYR)
Subject: PREDEVELOPMENT AND GAP FUNDING FOR MISSION BAY SOUTH BLOCK 9a

I approve the request from Curtis Development, Michael Simmons Property Development, Inc., and Young Community Developers for \$1.5M in additional predevelopment loan funding and a gap funding loan amount of \$70,184,522 for a 148-unit homeownership new construction project in the Mission Bay South project area.



Salvador Menjivar
Director of Housing
Pronouns: He/Him
San Francisco Department of Homelessness and Supportive Housing
salvador.menjivar1@sfgov.org | 415-308-2843

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

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Chavez, Rosanna (MYR)

From: Oerth, Sally (CII)
Sent: Friday, November 5, 2021 11:58 AM
To: Chavez, Rosanna (MYR)
Cc: Sims, Pamela (CII)
Subject: MBS 9a predev and gap request - 11.5.21 Loan Committee

I approve the predevelopment and gap funding request for the Mission Bay Block 9a project, as presented at the 11.5.21 Loan Committee



Sally Oerth
Interim Executive Director

📍 One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
📞 415.749.2588
🏠 www.sfocii.org

Chavez, Rosanna (MYR)

From: Katz, Bridget (CON)
Sent: Friday, November 5, 2021 11:58 AM
To: Chavez, Rosanna (MYR)
Subject: Mission Bay South Block 9a

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

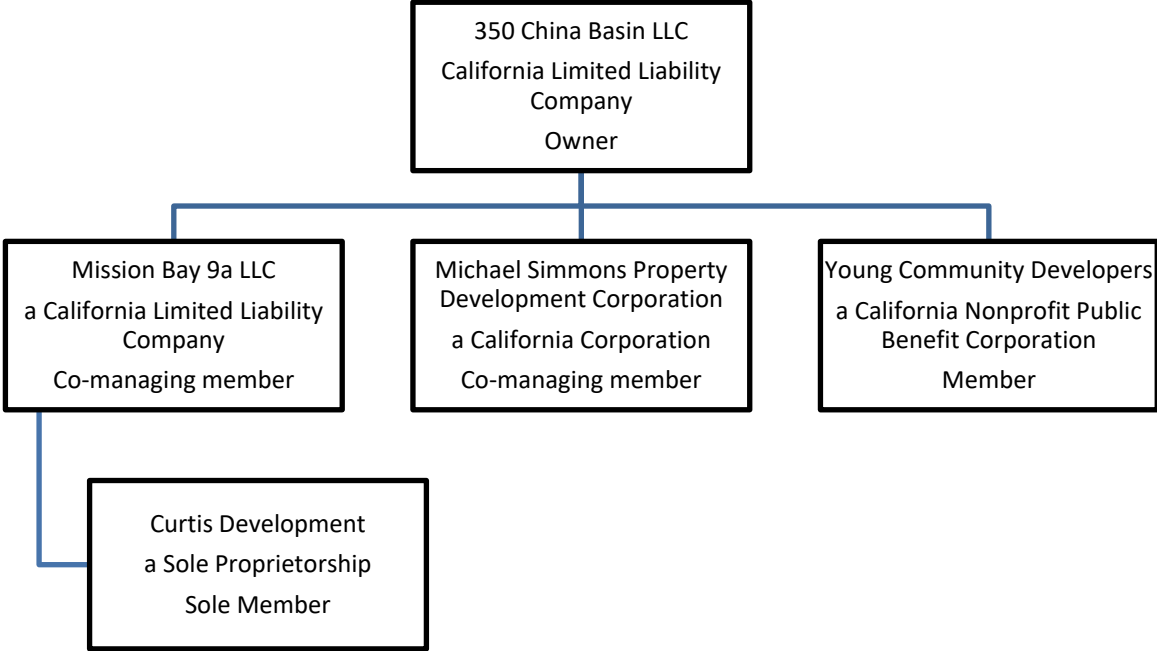
E-mail: bridget.katz@sfgov.org

Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)		
1	Acquisition/Predev Financing Commitment	<u>completed</u>	
2.	Site Acquisition	<u>2/2022</u>	<u>1/2022</u>
3.	Development Team Selection		
a.	Associate Architect	<u>completed</u>	
b.	General Contractor	<u>completed</u>	
c.	Owner's Representative	<u>completed</u>	
d.	Property Manager	<u>completed</u>	
e.	Service Provider	<u>n/a</u>	
4.	Design		
a.	Submittal of Basic Concept/50% SD & Cost Estimate	<u>completed</u>	
b.	Submittal of Schematic Design & Cost Estimate	<u>completed</u>	
c.	Submittal of Design Development & Cost Estimate	<u>completed</u>	
d.	Submittal of 50% CD Set & Cost Estimate	<u>8/2021</u>	
e.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>10/2021</u>	
5.	Environ Review/Land-Use Entitlements/Mapping		
a.	Phase I/Phase II and Negative Declaration under CEQA	<u>completed</u>	
b.	Maher Ordinance Compliance completed	<u>completed</u>	
c.	Geotechnical Investigations Complete	<u>completed</u>	
d.	Tentative Map application to DPW	<u>9/2021</u>	
e.	Preliminary Public Report Application to DRE	<u>9/2021</u>	
6.	Permits		
a.	Building / Site Permit Application Submitted	<u>completed</u>	
b.	Addendum #1 Submitted	<u>8/2021</u>	
c.	Addendum #2 Submitted	<u>11/2021</u>	
d.	Addendum #3 Submitted		
7.	Request for Bids Issued	<u>11/2021</u>	
9.	City Financing		

a.	Predevelopment Financing Committed	<u>2/2020</u>	
b.	Additional Predevelopment Funding Committed	<u>12/2021</u>	
c.	Gap Financing Committed	<u>12/2021</u>	
10.	Other Financing		
a.	Bank Construction Financing RFP	<u>11/2021</u>	
b.	CalHOME Financing Application	<u>N/A</u>	
c.	IIG Application	<u>completed</u>	
d.	Bank Construction Loan Close	<u>5/2022</u>	
e.	CalHOME Loan/Grant Close	<u>N/A</u>	
f.	IIG Committed	<u>10/2021</u>	
g.	Other Financing Application	<u>_____</u>	
h.	Other Financing Close	<u>_____</u>	
11.	Closing		
a.	Construction Closing	<u>4/2022</u>	
b.	Permanent Financing Closing	<u>n/a</u>	
12.	Construction		
a.	Notice to Proceed	<u>5/2022</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>5/2024</u>	<u>7/2024</u>
13.	Marketing/Rent-up		
a.	Early Outreach Plan Submission	<u>6/2022</u>	
b.	Marketing Plan Submission	<u>6/2023</u>	
c.	Commence Marketing	<u>9/2023</u>	
d.	Preliminary Public Report Issued by DRE (pink)	<u>11/2021</u>	
e.	Final Public Report Received from DRE (white)	<u>3/2024</u>	
f.	95% Sale & Occupancy	<u>5/2025</u>	
15.	Close Out MOH/OCII Loan(s)	<u>7/2025</u>	

Attachment B: Borrower Org Chart



Attachment C: Developer Resumes

CHARMAINE D. CURTIS

415-609-4996 | charmaine@curtis-development.com

1/09 – Current
San Francisco, CA

PRINCIPAL, Curtis Development

Curtis Development develops strategic urban infill multi-family and mixed-use projects, provides comprehensive development consulting services to profit motivated, non-profit and government clients. Highlighted work:

- Co-developed recently completed, fully leased 162-unit market rate rental project in Oakland, CA.
- Crafting a feasible plan to develop a 432-unit mixed-income high-rise in San Francisco's South of Market with local non-profit developer.
- Developing 68 units of privately financed homeless housing in Oakland.
- Obtained first SB 35 approval in San Francisco.
- Oversaw master planning and entitlements for the redevelopment of 600-unit Potrero Terrace & Annex public housing into an approximately 1,700 unit mixed-income development.

1/04 – 12/08
San Francisco, CA

PRESIDENT, Curtis + Partners Development, LLC

Founder of company that developed high quality, infill residential and mixed-use projects in emerging neighborhoods in the San Francisco Bay Area. Completed two condominium projects in the East Bay and assembled, entitled and sold a high-profile development site in Seattle, WA.

9/97 – 12/03
San Francisco, CA

PRESIDENT, A. F. Evans Development, Inc.

Oversaw multi-family development activities throughout California and Washington for mid-sized development company supervising a staff of 9 project managers and 2 assistant project managers in San Francisco and Seattle. Projects included mixed-use infill housing both for rent and for sale, garden style apartments, and acquisition and rehabilitation of affordable and market rate income properties. Oversaw the development of about 4,000 units in multi-family and mixed-use projects throughout California and Washington with a value of nearly \$300 Million.

5/95 - 9/97
San Francisco, CA

PRINCIPAL, Charmaine Curtis Housing Development Consulting

Provided project management services primarily to non-profit housing developers and social service agencies. Identified development opportunities and performed due diligence activities for property acquisition. Assessed project feasibility including land use and building analysis.

8/91 - 5/95
San Francisco, CA

DIRECTOR OF HOUSING DEVELOPMENT, Mercy Housing California

Coordinated and oversaw affordable housing development projects throughout California including identifying new development opportunities, assessing project feasibility, and supervising seven project managers in four cities. Set annual housing production goals and assessed available financial and staff resources.

1/88 - 5/91
San Francisco, CA

PROJECT MANAGER, McKenzie, Rose & Holliday Development, Inc.

Instrumental in start-up of real estate development company. Managed several projects including pioneering live/work loft condominium projects in San Francisco's South of Market neighborhood.

EDUCATION University of California, Berkeley; Master of City Planning, May 1985
Dartmouth College; Bachelor of Arts, Major - Government/Economics, June 1981

AFFILIATIONS Lambda Alpha
Board of Directors, SPUR (Executive Board and Co-Chair, Project Review
Committee)
Board of Directors, Homeless Prenatal Program

M I C H A E L S I M M O N S

2370 Market Street #458 • San Francisco, CA 94114
425-845-5527 • 415-358-8842 fax MichaelS@mspdi.com

MANAGEMENT EXPERIENCE

MICHAEL SIMMONS PROPERTY DEVELOPMENT, San Francisco, CA
Real Estate Consulting and Development (1997 - Present)

Real Estate Developer, Project Manager and Development consulting firm with a focus on affordable housing and community facilities. Projects include new construction and renovation including homeownership for first time homebuyers and rental apartments for families, seniors and individuals.

Project management experience includes initial project planning and programming, site and team selection, entitlements, design management, community outreach and approvals, HOA creation and DRE approvals, budgeting and financing, permitting, construction management and project close out and sales.

SAN FRANCISCO HOUSING DEVELOPMENT CORP., San Francisco, CA
Executive Director. Nonprofit real estate development and homeownership counseling organization. Responsible for all aspects of organization leadership including program oversight, planning and strategy, personnel management, fundraising, budgeting, and Board interaction(1993 - 1997)

RELATED BOARD MEMBER ACTIVITIES

Market Octavia Citizens Advisory Committee – (2011 – 2013)

Tides Real Estate Committee – (2007 – 2011)

Global Citizen Center – (2006 – 2008)

Episcopal Community Services – (1999 - 2001)

Mission Bay Citizen's Advisory Committee (1996 - 1997)

The NAMES Project Foundation - (1993 - 1995)

THE SUN REPORTER & THE NEW BAYVIEW - Wrote articles on housing issues.

KPOO Radio - Guest commentator on housing issues. (1994 – 1997)

EDUCATION

UNIVERSITY OF CALIFORNIA AT BERKELEY • MBA

BOSTON UNIVERSITY • B.S.

HOMEOWNERSHIP PROJECT MANAGEMENT EXPERIENCE

Fillmore Park Condominiums –

Developer - 32 unit family condominium project for first time homebuyers. Won an award to develop through the former SF Redevelopment Agency Limited Equity program. Developed project from initial site acquisition through design, construction and sales. Completed 2012

Bay Oaks Condominiums –

Project Management Consultant – 18-unit family condominium project for first time homebuyers with retail component. Developed through former SF Redevelopment Agency Limited Equity Program. Responsible for all aspect of development from initial site acquisition through design, construction and sales and retail build out. Completed 2009

Bell Mews –

Executive Director of Nonprofit Housing Developer and Project Executive – 10 unit affordable condominium through SF Redevelopment Agency Limited Equity program. Responsible for all aspects of development from building acquisition through design, construction and sales. Completed 1997

Garnett Terrace –

Executive Director of Nonprofit Housing Developer and Project Executive – 28 unit affordable condominium through SF Redevelopment Agency Limited Equity program. Responsible for all aspects of development from building acquisition through design, construction and sales. Completed 1995

OTHER KEY PROJECT EXPERIENCE

Kapor Center for Social Investment-

Project Management Consultant. Managed the development of a 40,000 square foot mixed use building with offices, meeting center and retail restaurant. Worked with principals to guide them through the development process including programming, entitlements, design, financing and construction. Received LEED Gold (2012 - 2016)

Bayview Hill Gardens-

Project Management Consultant. Managed the development of 73 units of housing for homeless families. Responsible for site and team selection through design, entitlements, construction and close out. Financed using 9% low income housing tax credits, bank loan and State MHP funds. Completed 2013

College Track –

Project Management Consultant. Managed the development of a 13,500 square foot conversion of an unreinforced masonry warehouse into a college preparatory center for underprivileged high school students. Worked with key staff and Board members to guide them through the development process including programming, entitlements, community outreach, design, financing and construction. (2009 - 2012)

DIVALI MAGNUS

HOUSING AND COMMUNITY DEVELOPMENT SPECIALIST

AFFORDABLE HOUSING ● PROJECT MANAGEMENT ● COMMUNITY DEVELOPMENT

EDUCATION

MASTERS OF CITY AND REGIONAL PLANNING, COMMUNITY DEVELOPMENT
THESIS: BALANCE OF CULTURAL IDENTITY IN THE FACE OF REDEVELOPMENT
UNIVERSITY OF CALIFORNIA, BERKELEY ● 2008

BACHELOR OF ARTS
MAJOR IN POLITICAL SCIENCE, CONCENTRATION IN POLITICAL THEORY
MINOR IN PUBLIC POLICY, CONCENTRATION IN URBAN PLANNING
UNIVERSITY OF CALIFORNIA, LOS ANGELES ● 2006

PROFESSIONAL EXPERIENCE

DIRECTOR OF HOUSING DEVELOPMENT AND ANTI-DISPLACEMENT POLICY – YOUNG COMMUNITY DEVELOPERS ● San Francisco, CA ● San Mateo, CA ● 2016 - Current

- Develop and oversee the strategic plan for capacity building of the affordable housing team
- Build partnerships to support the development and preservation of affordable housing in District 10
- Collaborate with various entities throughout San Francisco to propose strategies and policies to advance the work
- Assist in the project management of pipeline projects

HOUSING SPECIALIST - SAN MATEO COUNTY, DEPARTMENT OF HOUSING ● San Mateo, CA ● 2014-2016

- Program lead/underwriter of county's first time homebuyers and down payment assistance programs
- Program and contract administration and monitoring of CDBG, HOME and county funded affordable housing and community development projects and programs
- Design and implement asset management system for departments portfolio
- Conduct a LEAN review among colleagues to streamline the workflow and create a set of internal policy and procedures
- Collaborating on county specific housing policy needs to create work plans, determine resources and developing manageable schedules for project completion for various housing policy directives

INTERN - SAN MATEO COUNTY, DEPARTMENT OF HOUSING ● San Mateo, CA ● Summer 2014

- Created a work plan for the development of an asset management system
- Lead application for the San Mateo County Saves grant resulting in a \$250,000 award
- Developed a draft policy and procedures manual based on HOME and CDBG federal requirements

INTERN - GREENMARKET, COUNCIL ON THE ENVIRONMENT OF NYC ● New York, NY ● Summer 2009

- Evaluated Healthbucks and EBT project at farmers markets across the five boroughs
- Developed surveys and analyzed final report with the NYC Department of Health and Mental Hygiene

INTERN - DUMBO IMPROVEMENT DISTRICT ● Brooklyn, NY ● Summer 2007

- Calculated statistics to quantify the changing dynamics of the neighborhood from residential rezoning and becoming a Business Improvement District
- Developed information packets in line with PlaNYC encouraging stakeholders to initiate greener practices

INTERN - NATIONAL LOW INCOME HOUSING COALITION ● Washington, DC ● Winter 2006

- Facilitated grassroots efforts for the National Housing Trust Fund Campaign
- Created database to track local advocates of campaign and wrote field articles for weekly memos to members

SKILLS

GIS Arch, Excel, PowerPoint, Microsoft Outlook

Dion-Jay L. Brookter, MBA

<http://www.linkedin.com/in/djbrookter>

1 Crescent Way #1207, San Francisco, CA 94134

415.471.0105 C

dionjaybrookter@gmail.com

OBJECTIVE:

To obtain an innovative position with a multifaceted organization like Young Community Developers whose values are built upon the blocks of authenticity, trust, and to make a meaningful difference within today's society, where I will be allowed to utilize my strong interpersonal skills, organizational abilities, professional experience, computer knowledge and leadership ability to strengthen and support growth to its existing and prospective constituents.

QUALIFICATIONS:

Excellent communication and leadership skills as well as the ability to relate well in multicultural environments

Highly organized with the ability to multi-task effectively while efficiently managing time and resources

Quick learner who is able to take direction very well

Computer literate in Mac & PC Platforms, Microsoft Office Suite capable, MS Project

Enthusiastic, strong interpersonal skills and highly self motivated

EDUCATION:

Utah State University, Logan, UT 84341

B.S. Speech Communications with an emphasis in Business, May – 2006

University of Phoenix, Fresno CA 93722

M.B.A. Emphasis in Business Management, October – 2009

ACHIEVEMENTS & SPECIAL INTERESTS:

Eastern Neighborhoods Democratic Club – Eboard Member - Current

OurWiseMen – Alliance Member – 2016

Citizens' General Obligation Bond Oversight Committee – BOS Appointee, 2015

Black Young Democrats of San Francisco – VP of External Affairs, 2015

Omega Psi Phi Fraternity, Inc., 2013- Current Vice Basileus

Jeffery Gittomer "Yes Attitude" Certified, 2010

Fresno's Leading Young Professionals (Board Member), 2009

Full Athletic Scholarship, Utah State University football team, 2001-2005

EXPERIENCE:

Deputy Director

Young Community Developers Inc., San Francisco CA

01/18-Present

Working alongside our Controller and leadership team, I am responsible for managing and overseeing our financial and business planning activities, including: review and analyzing our financial reports, support and advise our Executive Director in decision making, lead and support organizational budgeting. I am also responsible for managing and overseeing the human resource function of our agency including: recruitment, hiring, compensation benefits, administration and oversight. Responsible for staff developmental, training, including new employee orientation, retention strategies, regulatory oversight and legal compliance, ensuring that the human resource function is properly resourced and represented within the senior management team. In charge of risk management and legal activities: letters of agreement, contracts, leases, and other legal documents and agreements. Information technology -

working as the manager of information technology, ensure the ongoing maintenance and updating of information systems and infrastructure, including hardware, software. Organizational reporting and monitoring: provide guidance and leadership through management of our agency metrics and measurement reporting process. Office management: oversee administrative functions for the entire agency, ensuring smooth daily operations.

Executive Director of the Southeast Community Facility Commission

SF Public Utilities Commission, San Francisco CA

05/16-01/18

As the SECF Executive Director I was responsible for all day-to-day support of the Southeast Community Facility Commission as well as programming, activities and revitalization efforts of the Southeast Community Facility and Greenhouses. These responsibilities included but are not limited to: planning, developing and implementing the vision and activities of the Southeast Community Facility Commission in order to fulfill its legislative mandate; managing all day-to-day activities of the SECF and Greenhouses not delegated to tenant partners; developing and implementing a long-range strategic plan for the SECF and greenhouse mitigation requirements; ensuring the Community Center and Greenhouse programs function as thriving community efforts and have measurable, positive impact on residents; in partnership with the SFPUC Real Estate Division, ensuring Commission-approved performance metrics are included in future lease agreements; leveraging outside partnerships to support programming; identifying and managing relationships with an outside fiscal sponsor; operating with a high level of emotional intelligence and cultural competency; building bridges across diverse communities for the greater good of Southeast residents; advancing diplomacy and tact with all community relationships; managing all commission-requested projects including research and analytical requests, writing, event planning, documentation, data management and evaluation; managing assigned staff; developing and managing budget and contracts-related matters for the SECF Commission.

Deputy Director

Young Community Developers Inc., San Francisco CA

12/10-05/16

Working alongside our Controller, I was responsible for managing and overseeing our financial and business planning activities, including: review and analyzing our financial reports, support and advise our Executive Director in decision making, lead and support organizational budgeting. I was also responsible for managing and overseeing the human resource function of our agency including: recruitment, hiring, compensation benefits, administration and oversight. Responsible for staff developmental, training, including new employee orientation, retention strategies, regulatory oversight and legal compliance, ensuring that the human resource function is properly resourced and represented within the senior management team. In charge of risk management and legal activities: letters of agreement, contracts, leases, and other legal documents and agreements. Information technology – working as the manager of information technology, ensure the ongoing maintenance and updating of information systems and infrastructure, including hardware, software. Organizational reporting and monitoring: provide guidance and leadership through management of our agency metrics and measurement reporting process. Office management: oversee administrative functions for the entire agency, ensuring smooth daily operations.

REFERENCES:

Program Manager, Derek L. Toliver, 415.373.2923 – Felton Institute - Senior Community Service Employment Program & Economic Security Initiative Center, 1500 Franklin St, San Francisco, CA 94109

Executive Director/Commissioner, Shamann Walton, MPA, 707.332.3225 - Young Community Developers Inc., 1715 Yosemite Ave. – San Francisco, Ca. 94124

Former Associate Dean of Instruction, Dr. Carolyn C. Drake, 559.273.5991, Fresno City College - 1101 East University Avenue, Fresno, Ca. 93741

Attachment D: Asset Management Evaluation of Project Sponsor

YCD

YCD currently has 3 projects, 1 completed (Pacific Point) and 2 in the pipeline (CP 10A and MB 9a).

YCD currently has no asset management staff.

The asset management of YCD's projects is currently taken on by their development partners.

MSPDI

As a development consultant and developer of affordable ownership housing, MSPDI does not hold projects after completion. Therefore, it does not serve an asset management function.

CD

As a development consultant and developer of affordable ownership housing, CD does not hold projects after completion. Therefore, it does not serve an asset management function.

Attachment E: Threshold Eligibility Requirements and Ranking Criteria

RFP and Developer Selection Process

On May 23, 2019 OCII staff released the RFP for Mission Bay South Block 9a. The RFP established the following program requirements:

Block 9a Program Requirement Summary	
Number of Units	Approximately 135 units of high quality livable design, subject to a future amendment to the Design for Development to allow a height of 90' across the entire site.
Unit types	Family Units with a target mix of: <ul style="list-style-type: none"> • 25% 1 Bedrooms • 50% 2 Bedrooms • 25% 3 Bedrooms
Area median income (AMI) and sale price restrictions	<ul style="list-style-type: none"> • OCII will restrict sale prices to rates affordable to households ranging from 80-110% of AMI as defined annually by MOHCD. • Project must average 95% of AMI overall
Target population	Low and moderate income individuals and families meeting the AMI eligibility criteria listed above.
Parking	<ul style="list-style-type: none"> • Resident parking at a ratio of up to 0.25 cars per unit • Parking will be unbundled

The deadline for submitting proposals was July 22, 2019 and by that date OCII received one proposal from Michael Simmons Property Development (MSPDI), Curtis Development (CD), and Young Community Developers (YCD) with Mithun as architects, Monica Wilson as WCAP consultant, and Lisa Fitts as a homebuyer counselor consultant.

Ranking Criteria

An evaluation panel interviewed the team and scored the proposal. The panel consisted of representatives from MOHCD, OCII (design, project area management, and housing), as well as a member of the Mission Bay Community Advisory Committee. The panel used the following scoring criteria:

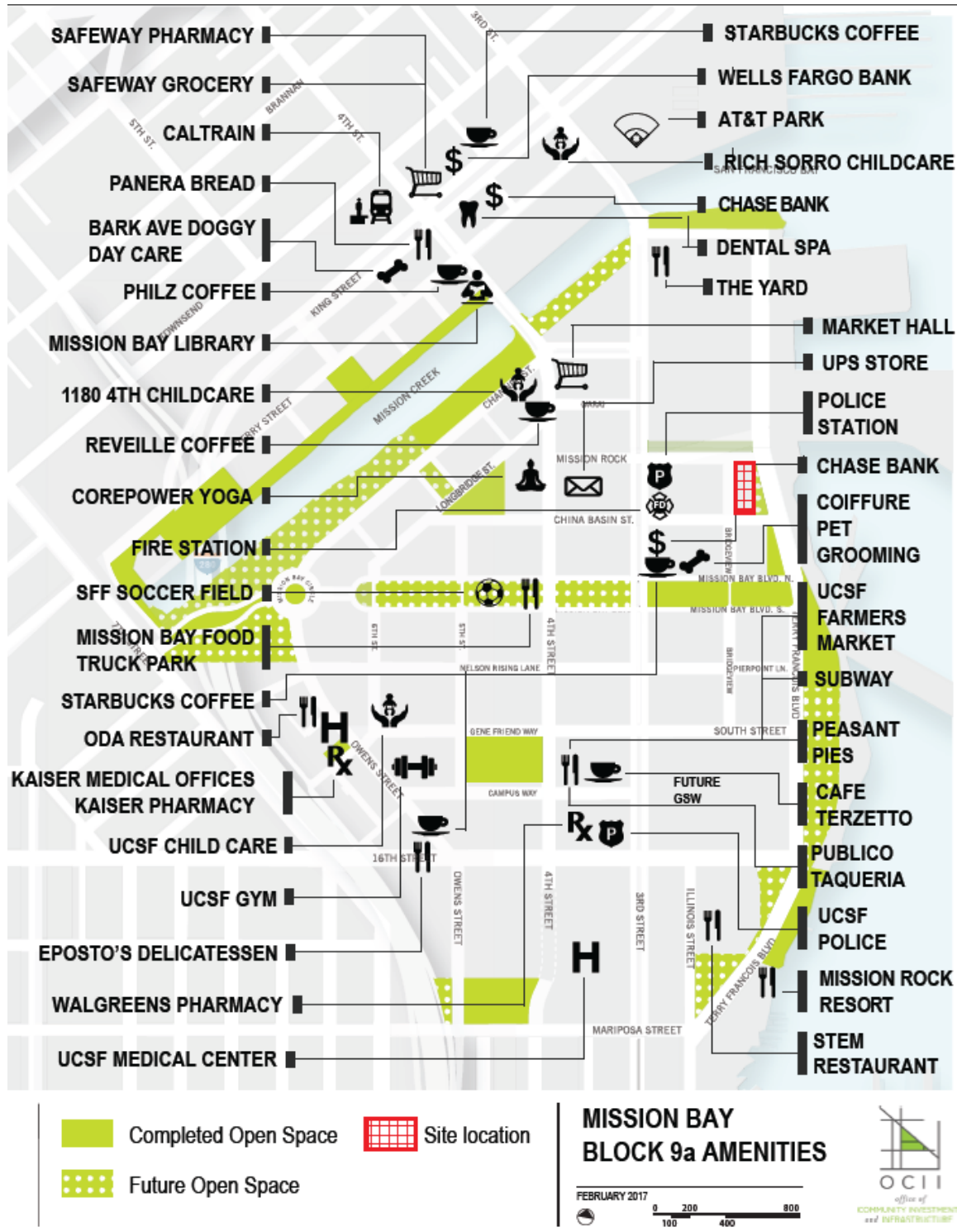
Maximum Points	Criteria
60	Proposed Development Concept
25	Proposed Massing Concept: strength and cost efficiency of proposed massing concept, number of units, conformance with the Redevelopment Plan and the Design for Development, design precedents and inspirations provided for the massing concept, and philosophy of design specific to Project.
25	Proposed Funding and Program Concept; including financial feasibility, level of OCII subsidy, and unique program elements
10	Proposed Homeownership Outreach and Marketing Plan
40	Team Experience and Capacity
10	Developer experience in developing and marketing for-sale affordable housing <i>comparable</i> to the housing proposed in this RFP and in accordance and in good standing with current OCII/MOHCD standards related to marketing and homebuyer selection; experience with HOA documentation and budget creation, including obtaining approvals from the California Bureau of Real Estate; experience with OCII/MOHCD marketing

	policies and conducting lotteries through MOHCD's electronic DAHLIA portal. Developer Workload Capacity
10	Developer experience with government assisted affordable housing programs and homeownership financing sources. Developer experience delivering affordable housing on budget (defined as maintaining or reducing a project's per unit cost between RFP response, approval of a predevelopment loan/schematic design approval and construction loan closing).
10	Workforce and Contracting Action Plan
10	Architect experience & capacity; Architect experience delivering affordable housing on budget (defined as maintaining or reducing a project's per unit cost between RFP response, approval of a predevelopment loan/schematic design approval and construction loan closing).
100	Maximum Total Points

The proposal from MSPDI, CD, and YCD received an average score of 90.6 out of 100 possible points. The proposal scored particularly well in the massing, developer experience, and workforce and contracting categories.

Based on the scoring results, the evaluation panel recommended that MSPDI, CD and YCD be selected to develop the Project. OCII presented the results on the evaluation panel to the Mission Bay Citizens Advisory Committee at their monthly meeting on October 10, 2019. Since that time, the development team has settled on a construction type, refined the project schedule, selected the full design consultant team, applied for IIG funding, completed SDs and DD's, received SD approval from the OCII Commission, and submitted the site permit application, which has been fully reviewed by DBI and is ready to be issued, pending sign off by OCII staff.

Attachment F: Site Map with amenities



Attachment G: Elevations and Floor Plans

SOUTHEAST AERIAL VIEW



NORTHEAST VIEW



EAST VIEW



SOUTHWEST VIEW



NORTHWEST VIEW



Attachment H: Comparison of City Investment in Other Housing Developments

Affordable Multifamily Housing New Construction Cost Comparison

Updated 10/22/2021

PROJECTS COMPLETED						Building Square Footage			Total Project Costs					Notes on Financing	Comments	
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5			Total Dev. Cost w/o land
Transbay 7 - Natalie Gubb Comm	222 Beale Street	29,209	Oct-18	120	208	118,251	5,000	123,251	\$ 35,000	\$ 84,390,196	\$ 16,314,468	\$ 84,390,664	\$ 25,560,000	\$ 84,355,664	HCD AHSC Loan	3 Buildings - Type I Podium, 4-8 stories (Pueblo structural system), plus Childcare shell
Mission Bay Bl 6 East	626 Mission Bay Blvd. No.	63,250	Nov-18	143	276	162,080	9,719	171,799	\$ 148,125	\$ 89,064,265	\$ 15,222,907	\$ 104,435,297	\$ 35,750,000	\$ 104,287,172	HCD AHSC Loan	Type IIIA & V over Type I podium, 41 pkg spaces, Mission Bay soils and infrastructure
Eddy and Taylor Family Housing	222 Taylor	22,344	Jun-19	113	211	108,440	21,086	129,526	\$ 9,300,000	\$ 63,457,831	\$ 14,837,459	\$ 87,595,290	\$ 22,187,436	\$ 78,295,290	2 HCD Loans (MHP & TOD)	2 HCD Loans (MHP & TOD)
490 South Van Ness	490 S. Van Ness Avenue	14,250	Apr-21	81	121	51,639	28,985	80,624	\$ 18,500,000	\$ 52,506,177	\$ 13,393,811	\$ 84,399,988	\$ 28,892,030	\$ 65,899,988		Type IA - 7 stories over partial basement
1950 Mission Street	1950 Mission Street	36,590	Mar-21	157	262	113,432	48,142	161,574	\$ 9,775,000	\$ 101,221,008	\$ 15,171,496	\$ 126,167,504	\$ 44,945,740	\$ 116,392,504	HCD AHSC Loan	Type IA - 9 stories with significant (30% of sf) art and PDR spaces and Paseo Des Artes
2060 Folsom Street	2060 Folsom	29,075	May-21	127	252	155,648	11,810	167,458	\$ 134,931	\$ 81,408,114	\$ 20,100,172	\$ 101,643,217	\$ 31,697,110	\$ 101,508,286	HCD AHSC Loan	9 Story Type IB - TAY, Childcare, Community Hub w/AHSC Improvements of \$6MM
Completed Projects:	Average:	32,453		124	222	118,248	20,790	139,039	6,315,509	75,949,765	15,840,052	98,105,327	31,505,386	91,789,817		

PROJECTS UNDER CONSTRUCTION						Building Square Footage			Total Project Costs					Notes on Financing	Comments	
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5			Total Dev. Cost w/o land
1990 Folsom Street	1990 Folsom	29,047	Sep-21	143	226	138,824	15,063	153,887	\$ 8,407,380	\$ 73,760,332	\$ 25,616,512	\$ 107,784,224	\$ 46,711,496	\$ 99,376,844		Mixed type - Type VA (townhomes) and 8 story Type I
500 Turk Street (555 Larkin)	500 Turk Street	18,906	Dec-21	108	186	82,805	26,586	109,391	\$ 1,853,895	\$ 54,251,461	\$ 29,815,020	\$ 85,920,376	\$ 32,400,000	\$ 84,066,481	HCD AHSC Loan	Type I 8 stories on constrained site
681 Florida	681 Florida Street	19,000	Sep-22	130	199	126,830	9,250	136,080	\$ 125,091	\$ 69,184,293	\$ 20,545,793	\$ 89,855,177	\$ 33,826,507	\$ 89,730,086	HCD MHP Loan	Type IB 9 stories, 8.400+/- PDR
4840 Mission	4840 Mission	64,033	Apr-23	137	232	181,711	14,384	196,095	\$ 14,169,802	\$ 83,789,393	\$ 23,931,086	\$ 121,890,281	\$ 51,614,447	\$ 107,720,479	HCD MHP Loan	Type V over Type I Podium + retail + 39 spaces pkg + Health Clinic + POPO (11/20 Eval)
BPUY	2430 San Jose Ave	30,699	Dec-22	131	217	164,636	10,741	175,377	\$ -	\$ 91,871,410	\$ 25,523,152	\$ 117,394,562	\$ 30,493,722	\$ 117,394,562	4% Credits: HCD IIG & AHSC	Type IB - 8-9 story adjacent to BART. Early Childhood Ed Center. MOHCD Land not incl. (GMP Dr
Under Construction:	Average:	32,337		130	212	138,961	15,205	139,119	4,911,234	74,571,378	25,086,313	104,568,924	39,009,234	99,657,690		

PROJECTS IN PREDEVELOPMENT						Building Square Footage			Total Project Costs					Notes on Financing	Comments	
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy			Total Dev. Cost w/o land
TI Parcel C3.1	Treasure Island C3.1	49,497	Jul-22	138	319	140,803	52,000	192,803	\$ 25,000	\$ 95,399,362	\$ 21,841,279	\$ 123,422,727	\$ 33,014,900	\$ 123,397,727	HCD AHSC Loan	Type IIIA and VB over Type I in 3 to 7 stories stepped + 26 pkg and Youth Activity (50% CD est.)
Potrero Block B	25th and Connecticut	74,311	Feb-22	157	348	274,371	10,473	284,844	\$ 11,919,500	\$ 127,851,223	\$ 49,467,028	\$ 189,237,751	\$ 11,991,620	\$ 177,318,251	4% Credits: HCD IIG & AHSC	Type IIIA over Type IA 5-6 stepped, 65 pkg + childcare & park. (per 75% CD est. 3/28/21 incl VE) e
600 7th Street (fmly. 801 Brannan)	600 7th Street	37,800	Mar-22	221	334	181,534	4,223	185,757	\$ 10,000	\$ 111,943,100	\$ 29,117,734	\$ 141,070,834	\$ 72,050,000	\$ 141,060,834	4% Credits: HCD IIG & NPLH	Type I, 8 stories (50% CD pricing updated 8/30/21 incl. Type I concrete and VE)
730 Stanyan	730 Stanyan Street	37,813	Oct-22	160	282	173,030	19,728	192,758	\$ -	\$ 113,319,647	\$ 13,958,549	\$ 98,121,310	\$ 34,325,853	\$ 98,121,310	4% Credits: HCD MHP	Type I 8 stories, passive house design, multiple services spaces, urban farm (Revised concept pri
2550 Irving	2550 Irving Street	19,125	Apr-23	98	187	105,390	2,228	107,618	\$ 9,426,500	\$ 62,022,139	\$ 15,972,611	\$ 94,019,992	\$ 25,573,912	\$ 84,593,492	4% LIHTC: HCD - IIG, MHP, AHP	Type I, 7 stories, TI space, 11 parking spaces
Reservoir Buiding E	Lee Avenue	31,008	Mar-23	124	192	138,150	1,000	139,150	\$ 1,777,707	\$ 73,866,869	\$ 30,807,599	\$ 106,452,175	\$ 13,628,128	\$ 104,674,468		Type IIIA over Type IA 7 stories
In Predevelopment	Average:	41,592		150	277	168,880	14,942	183,822	\$ 3,859,785	\$ 97,400,390	\$ 26,860,800	\$ 125,387,465	\$ 31,764,069	\$ 121,527,680		

ALL PROJECTS	Average:	35,461		134	237	142,030	16,979	153,993	\$ 5,028,842	\$ 82,640,511	\$ 22,595,722	\$ 109,353,905	\$ 34,092,896	\$ 104,325,063		
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SUBJECT PROJECT	MB Block 9A	29,939	May-22	148	281	129,712	50,351	180,063	\$ -	\$ 105,209,208	\$ 29,936,428	\$ 135,145,636	\$ 75,184,522	\$ 135,145,636	OClI, IIG	Type I, 8 story Homeownership, (Loan Eval August 2021 data)
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PROJECTS COMPLETED		Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft6	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft6	Subsidy / unit	Leveraging ⁷
Natalie Gubb Commons (TB7)	Oct-18	292	168	1	\$ 567,010	\$ 327,121	\$ 552	\$ 135,954	\$ 78,435	\$ 132	\$ 703,256	\$ 405,724	\$ 685	\$ 213,000	69.7%
Mission Bay S6E	Nov-18	1,036	537	2	\$ 622,827	\$ 322,697	\$ 518	\$ 106,454	\$ 55,155	\$ 89	\$ 730,317	\$ 378,389	\$ 608	\$ 250,000	65.8%
Eddy & Taylor Family Housing	Jun-19	82,301	44,076	416	\$ 561,574	\$ 300,748	\$ 490	\$ 131,305	\$ 70,320	\$ 115	\$ 775,180	\$ 415,144	\$ 676	\$ 196,349	74.7%
490 South Van Ness	Apr-21	228,395	152,893	1,298	\$ 648,224	\$ 433,935	\$ 651	\$ 165,356	\$ 110,693	\$ 560	\$ 1,041,975	\$ 697,521	\$ 1,047	\$ 356,692	65.8%
1950 Mission Street	Mar-21	62,261	37,309	267	\$ 644,720	\$ 386,340	\$ 626	\$ 96,634	\$ 57,906	\$ 396	\$ 803,615	\$ 481,555	\$ 781	\$ 286,279	64.4%
2060 Folsom Street	May-21	1,062	535	5	\$ 641,009	\$ 323,048	\$ 486	\$ 158,269	\$ 79,763	\$ 204	\$ 800,340	\$ 403,346	\$ 607	\$ 249,584	68.8%
Completed Projects:	Average:	62,558	39,253	332	\$ 614,227	\$ 348,981	\$ 554	\$ 132,329	\$ 75,379	\$ 249	\$ 809,114	\$ 463,613	\$ 734	\$ 258,650	68%

PROJECTS UNDER CONSTRUCTION		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft6	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft6	Subsidy / unit	Leveraging ⁷
1990 Folsom Street	Sep-21	58,793	37,201	289	\$ 515,807	\$ 326,373	\$ 479	\$ 179,136	\$ 113,347	\$ 166	\$ 753,736	\$ 476,921	\$ 700	\$ 326,654	56.7%
500 Turk Street (555 Larkin)	Dec-21	17,166	9,967	98	\$ 502,328	\$ 291,675	\$ 496	\$ 276,065	\$ 160,296	\$ 273	\$ 795,559	\$ 461,938	\$ 785	\$ 300,000	62.3%
681 Florida	Sep-22	962	629	7	\$ 532,187	\$ 347,660	\$ 508	\$ 158,045	\$ 103,245	\$ 151	\$ 691,194	\$ 451,534	\$ 660	\$ 260,204	62.4%
4840 Mission Street	Apr-23	103,429	61,077	221	\$ 611,601	\$ 361,161	\$ 693	\$ 174,679	\$ 103,151	\$ 198	\$ 889,710	\$ 525,389	\$ 1,009	\$ 376,748	57.7%
BPUY	Dec-22	-	-	-	\$ 701,308	\$ 423,371	\$ 524	\$ 194,833	\$ 117,618	\$ 146	\$ 896,142	\$ 540,989	\$ 669	\$ 232,777	74.0%
Under Construction:	Average:	45,088	27,218	154	\$ 572,646	\$ 350,048	\$ 540	\$ 196,552	\$ 119,532	\$ 187	\$ 805,268	\$ 491,354	\$ 765	\$ 299,276	63%

PROJECTS IN PREDEVELOPMENT		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Start Date (anticipated)	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft6	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft6	Subsidy / unit	Leveraging ⁷
TI Parcel C3.1	Jul-22	181	78	1	\$ 691,300	\$ 299,058	\$ 495	\$ 158,270	\$ 88,468	\$ 113	\$ 894,368	\$ 386,905	\$ 640	\$ 239,238	73.3%
Potrero Block B	Feb-22	75,920	34,251	160	\$ 814,339	\$ 367,389	\$ 449	\$ 315,077	\$ 142,147	\$ 174	\$ 1,205,336	\$ 543,787	\$ 664	\$ 76,380	93.7%
600 7th Street	Mar-22	45	30	0	\$ 506,530	\$ 335,159	\$ 603	\$ 131,754	\$ 87,179	\$ 157	\$ 638,330	\$ 422,368	\$ 759	\$ 326,018	48.9%
730 Stanyan	Oct-22	-	-	-	\$ 708,248	\$ 401,843	\$ 588	\$ 87,241	\$ 49,498	\$ 72	\$ 813,258	\$ 347,948	\$ 509	\$ 214,537	65.0%
2550 Irving	Apr-23	96,189	50,409	493	\$ 632,879	\$ 331,669	\$ 576	\$ 162,986	\$ 85,415	\$ 148	\$ 959,388	\$ 502,781	\$ 874	\$ 260,958	72.8%
Reservoir Buiding E	Mar-23	14,336	9,259	57	\$ 595,701	\$ 384,723	\$ 531	\$ 248,448	\$ 160,456	\$ 221	\$ 858,485	\$ 554,438	\$ 765	\$ 109,904	87.2%
In Predevelopment	Average:	37,334	18,806	142	\$ 658,166	\$ 353,307	\$ 540	\$ 183,963	\$ 98,861	\$ 148	\$ 861,527	\$ 459,704	\$ 702	\$ 204,506	73%

All Projects:	AVERAGE	48,327	28,426	209	\$ 615,013	\$ 350,779	\$ 545	\$ 170,948	\$ 97,924	\$ 195	\$ 825,303	\$ 471,557	\$ 734	\$ 254,144	68.1%
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Attachment I: Sources and Uses

Attachment J: Additional Predevelopment Budget

Application Date: 8/20/2021 # Units: 148
 Project Name: Mission Bay Block 9A # Bedrooms:
 Project Address: China Basin N/A Street # Beds:
 Project Sponsor: Curtis Development, Michael Simmons Property Development, Young Community
 Don't forget to fill in D135:D138!

SOURCES	5,000,000	-	-	-	-	-	-	Total Sources	5,000,000	Comments
Name of Sources:	MOHCD/OCII									

USES

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	0	0	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab	564,000							564,000		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		0.0%
GC Overhead & Profit								0		0.0%
CG General Conditions								0		0.0%
Sub-total Construction Costs	564,000	0	0	0	0	0	0	564,000		
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	0		
TOTAL CONSTRUCTION COSTS	564,000	0	0	0	0	0	0	564,000		

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

SOFT COSTS

Architecture & Design

Architect design fees	2,087,445							2,087,445		See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	832,555							832,555		
Architect Construction Admin	0							0		
Reimbursables	10,000							10,000		
Additional Services	80,000							80,000		
Sub-total Architect Contract	3,010,000	0	0	0	0	0	0	3,010,000		
Other Third Party design consultants (not included under Architect contract)	30,000							30,000		Green Point consultant
Total Architecture & Design	3,040,000	0	0	0	0	0	0	3,040,000		

Engineering & Environmental Studies

Survey	25,000							25,000		
Geotechnical studies	133,655							133,655		
Phase I & II Reports	50,000							50,000		
CEQA / Environmental Review consultants	0							0		
NEPA / 106 Review	0							0		
CNA/PNA (rehab only)	0							0		
Other environmental consultants	76,818							76,818		Consultant for toxic off-haul and/or remediation
Total Engineering & Environmental Studies	285,473	0	0	0	0	0	0	285,473		

Financing Costs

Construction Financing Costs										
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	0		
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	0		
Total Financing Costs	0	0	0	0	0	0	0	0		

Legal Costs

Borrower Legal fees	35,000							35,000		predev and construction loan closings
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	35,000	0	0	0	0	0	0	35,000		

Other Development Costs

Appraisal	10,000							10,000		
Market Study	10,000							10,000		
Insurance	36,692							36,692		
Property Taxes	0							0		
Accounting / Audit	500							500		
Organizational Costs	10,000							10,000		
Entitlement / Permit Fees	40,000							40,000		
Marketing / Rent-up	5,000							5,000		initial work on marketing plan
Furnishings								0		\$2,000/unit: See MOHCD U/W Guidelines: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	25,000							25,000		
TCAC App / Alloc / Monitor Fees								0		
Financial Consultant fees								0		
Construction Management fees / Owner's Rep	91,000							91,000		
Security during Construction								0		
Relocation								0		
Buyer Liaison + Buyer Prep	20,000							20,000		
Condo mapping/CC&R's, Bureau of Real Estate Costs	50,000							50,000		
WCAP Consultant	40,000							40,000		
Total Other Development Costs	338,192	0	0	0	0	0	0	338,192		

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	187,335	0	0	0	0	0	0	187,335		Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	3,886,000	0	0	0	0	0	0	3,886,000		

Total Soft Cost Contingency as % of Total Soft Costs
 5.1%

RESERVES

Operating Reserves								0		
Replacement Reserves								0		
Tenant Improvements Reserves								0		
HOA Reserve								0		
Sales Commissions								0		
Unit Closing Costs								0		
TOTAL RESERVES	0	0	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		
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	0	0	550,000		

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	5,000,000	0	0	0	0	0	0	5,000,000		
Development Cost/Unit as % of TDC by Source	33,784	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	33,784		

Acquisition Cost/Unit by Source

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

Construction Cost (inc Const Contingency)/Unit By Source	3,811	0	0	0	0	0	0	3,811		
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Construction Cost (inc Const Contingency)/SF

Construction Cost (inc Const Contingency)/SF	2.75	0.00	0.00	0.00	0.00	0.00	0.00	2.75		
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City Subsidy/Unit

City Subsidy/Unit	33,784									
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Tax Credit Equity Pricing:

Construction Bond Amount:										Fill in with value or 'N/A' if not applicable.
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Construction Loan Term (in months):

Construction Loan Term (in months):										Fill in with value or 'N/A' if not applicable.
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Construction Loan Interest Rate (as %):

Construction Loan Interest Rate (as %):										Fill in with value or 'N/A' if not applicable.
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Attachment K: Unit Sales Analysis

Attachment L: CD, MSPDI, YCD Memorandum of Understanding

MEMORANDUM OF UNDERSTANDING
Between CD, MSPDI, and YCD
For the Development of Mission Bay Block 9A

This Memorandum of Understanding (“MOU”) is entered into as of September 9, 2019, by and between Young Community Developers (“YCD”) Michael Simmons Property Development, Inc. (“MSPDI”), and Curtis Development (CD).

RECITALS

- A. In June 2019, the Office of Community Investment and Infrastructure (“OCII”) issued a Request for Proposals (“RFP”) to develop an OCII-controlled parcel as affordable family ownership housing (the “Project”). Parcel 8719-5 is located at 350 China Basin Street and will be developed with up to 140 units of low- to moderate-income family ownership housing on what is commonly referred to as Mission Bay Block 9A (“MB9A”). The Parties to this MOU submitted a proposal in response to the RFP on or before July 22, 2019.
- B. Per the RFP, sales prices shall be restricted to households earning up to 105% of area median income, as defined by MOHCD and units shall be sold subject to San Francisco’s Limited Equity Program.
- C. Respondents to the RFP can be a partnership between a for-profit entity and a nonprofit organization. Members of the Respondent will be evaluated according to their experience with comparable projects, capacity, and the ability to deliver an excellent Project. The Parties acknowledge that YCD has special knowledge of OCII’s workforce programs and requirements, experience providing employment preparation and placement for young people age 14-24, getting unemployed San Franciscans back to work, and fostering economic development in the communities it serves. YCD has demonstrated the ability to connect developers and general contractors with local workers trained in the building and construction trades. The Parties acknowledge that MSPDI and CD have special knowledge of developing and managing affordable multi-family housing, including affordable homeownership.
- D. The Project will be funded in part by funds administered by the Office of Community Investment and Infrastructure (“OCII”).
- E. The Parties intend to form a Limited Liability Company to develop the Project (the “Company”). CD and MSPDI will serve as Co-Managing Members (“Managers”) with an 80% interest and YCD to serve as an additional Member with a 20% interest.
- F. The Parties wish to enter into this MOU outlining their respective rights and obligations for the development of the Project. In the event that the Parties are successful in obtaining development rights, this MOU will be superseded by an Operating Agreement.

AGREEMENT

1. PARTIES.

The Parties to this MOU are YCD, CD, and MSPDI. The Co-Managing Members will manage the business of the Company. Only the signature of the Managers shall be required to bind the Company. The Managers shall have the right, power, authority and obligation to do (or cause to be done) any and all things necessary, proper, or advisable to implement the Project, including expending Company funds, subject to the limitations of the Operating Agreement (including receipt of any necessary approvals).

2. ROLES IN THE DEVELOPMENT PROCESS

The Parties' roles and responsibilities are outlined in the attached detailed matrix. MSPDI and CD will have primary responsibility for developing the Project with MSPDI responsible for day-to-day project management, marketing and sales, and CD overseeing scheduling, budgeting, and financing, among other things. YCD will provide assistance and meaningful input on all key decisions and activities throughout the development process and will assign a Project Manager who will gain additional experience by assisting MSPDI and CD. YCD will also oversee the Workforce and Contracting Action Plan (WCAP), resident and local hiring, and employment preparation and training for youth.

The Parties shall strive for consensus on all key decisions, with the Managers having final decision making authority on any areas where consensus is not reached. After a request for approval from another party, the Parties shall have five (5) business days to provide a response, or to request up to five (5) additional business days in which to respond. If either party does not respond to a request for approval within this time frame, or should there be a disagreement on a decision that is not resolved within this time frame, and the delay would have a material adverse effect on the Project time frame, the Parties agree that the Managers, as the financial obligors for the Project, shall have the authority to make final decisions in order to maintain the Project schedule and/or Project budget. Either party may not request that the other provide its approval within a time frame shorter than five (5) business days unless such approval is required within a shorter time frame in order to avoid a material delay in the Project schedule or an adverse effect on the Project budget. The Managers shall inform YCD and discuss with it any final decisions made in the absence of consensus or response and will work with YCD, at YCD's request, to identify and mitigate concerns that arise as a result of such decisions.

3. REPRESENTATIONS

Each organization will represent that they have no past or current defaults, bankruptcy or foreclosures, and will provide the other with current financial statements.

4. INDEMNIFICATIONS

A. *Indemnification.* Each party agrees to indemnify, defend, and hold harmless the other from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including reasonable attorney's fees), arising directly or indirectly, in whole or in part, out of the gross negligence or any willful misconduct of the indemnifying party in connection with this MOU and services or

work provided hereunder, except to the extent caused by the negligence or misconduct of the indemnified party. The provisions of this paragraph shall survive termination of this MOU.

B. Notice of Claim and Demand. A party with notice of any claim or demand made of the other party with respect to any matter covered by this MOU shall immediately communicate details of the claim or demand to the other party by certified or express mail.

5. AUTHORIZED REPRESENTATIVES, NO EMPLOYEES

The Partnership shall not have any employees of its own. The Parties shall each supply the services of their respective staffs to the Company as needed for the Company to be able to carry on its activities and as described in this MOU.

6. SUCCESSORS, ASSIGNMENT

None of the Parties may assign its rights or obligations under this Agreement without the prior written consent of all other Parties, which consent may be given or withheld in the other Parties' sole discretion.

7. APPROVAL

Except as otherwise specifically provided in this MOU, wherever the consent or approval of a party is required under this MOU, such consent or approval shall not be unreasonably withheld or delayed.

8. AUTHORITY

Each of the Parties has the right, power and authority to enter into this MOU and perform its respective obligations hereunder. Without the prior written consent of the other Parties, which the other Parties may give or withhold in its sole discretion, none of the Parties shall have the authority to:

- A. Perform any act in contravention of this MOU;
- B. Assign their rights under this agreement;
- C. Transfer or assign their rights in the MOU;
- D. Commingle or permit the commingling of Project funds with the funds of any other person or entity;
- E. Terminate this MOU other than pursuant to Section 15 below; and
- F. Incur debts or liabilities on behalf of the Parties, except as provided in this MOU.

9. EFFECT OF MOU

This MOU is binding on the Parties and their permitted successors and assigns.

10. TERM

This MOU shall be effective as of the date set forth above, and shall continue thereafter until the occurrence of the earliest of the following events:

- A. Mutual agreement of the Parties;
- B. Full execution of an Operating Agreement;
- C. Upon notice of any of the Parties, if the other Parties shall fail to perform their obligations under this MOU and such failure shall continue for a period of at least thirty (30) days after written notice thereof from the party claiming such default, or such longer period as reasonably necessary to cure such default, provided that the defaulting party is proceeding diligently with such cure; and
- D. The Parties are not selected as developer of the Project by OCII.

11. MISCELLANEOUS

A. Notices. All notices under this MOU shall be in writing, shall be effective upon delivery by certified or express U.S. Mail or an express delivery service which shall show the location and the delivery date and shall be addressed as follows;

MSPDI:
Michael Simmons Property Development
425 Fell Street
San Francisco, CA
Attn: Michael Simmons 94102

CD:
Curtis Development
440 Molimo Drive
San Francisco, CA 94127
Attn: Charmaine Curtis

YCD:
Young Community Developers, Inc.
1715 Yosemite Avenue
San Francisco, CA 94124
Attn: Executive Director

B. Binding Effect. This MOU shall inure to and bind the Parties, their respective representatives, successors and assigns.

C. Legal Actions. In the event any legal action is commenced to interpret or enforce the terms of this MOU or to collect damages as a result of any default, the party prevailing in any such action shall be entitled to reasonable attorney's fees and costs incurred in such action against the party not prevailing. Each party shall pay its own fees and costs for mediation proceedings pursuant to this MOU.

D. Counterparts. This MOU may be executed in counterparts, all of which taken together shall be deemed one original agreement.

E. Captions. Section, titles, or captions in no way define, limit, extend or describe the scope of this MOU to the intent of any of its provisions, and are for convenience of reference only.

F. Governing Law. This MOU shall be construed in accordance with and be governed by the provisions of the laws of the State of California.

G. Waiver. No waiver of any right under this MOU shall be deemed effective unless contained in writing signed by the party charged with the waiver. No waiver of any breach or any failure to perform shall be deemed to be a waiver of any future breach or failure to perform or of any other right arising under this MOU.

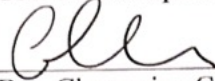
H. Entire Agreement. This MOU sets forth the entire agreement of the Parties. This MOU may not be modified except in writing signed by authorized signatories of each of the Parties.

I. Mediation. In the event of a conflict between the Parties, they shall use their best efforts to resolve the conflict in a manner that is in the best interests of the Project. In the event such conflict cannot be resolved in a timely manner, the Parties shall try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to some other dispute resolution procedure. Either party may request mediation by giving notice to the other party and by filing its applicable submission or request for mediation as required by the American Arbitration Association under its Commercial Mediation Procedures within thirty (30) days of the date of such notice.

J. Other Activities. None of the Parties shall be bound to devote all of its business time to the development of the Project and the Parties acknowledge that each are and will continue to be engaged in other activities, some of which may be connected with business investments and other enterprises which may be in competition with the Project, including but not limited to other projects which may be located in the same geographic area as the Project.

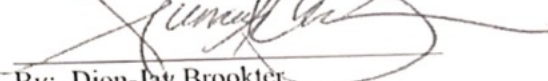
In witness whereof, the Parties have executed this MOU as of the date first written above.

Curtis Development



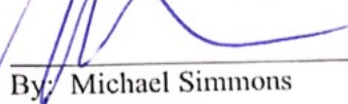
By: Charmaine Curtis
Its: Principal

Young Community Developers, Inc.



By: Dion-Jay Brooker
Its: Executive Director

Michael Simmons Property Development



By: Michael Simmons
Its: President

PROJECT RESPONSIBILITY MATRIX

	CD	MSPD	YCD
PROJECT MANAGEMENT			
Executive Oversight	lead		
Lead Project Management		lead	
Project Management/Assist			lead
OCII Development			
OCII Development Agreement	lead	assist	P&A
PROCUREMENT			
OCII LEAD		lead	assist
Consultant and contractor selection	P&A	lead	assist
DUE DILIGENCE			
Consultant management		lead	
Due diligence management		lead	
DEVELOPMENT PROGRAMMING			
Development program design	assist	lead	P&A
Development program management	P&A	lead	P&A
ENTITLEMENTS - D4D			
OCII Lead	lead		
Consultant selection	lead		
Entitlement management	lead		
DESIGN			
Architect and consultant contract negotiations	lead	P&A	
Design review (incl. managing OCII review)	P&A	lead	P&A
Design process management		lead	assist
Design team management		lead	
Design approval	P&A	lead	P&A
PERMITTING			
Expediter management (if any)	lead	assist	
BUDGETING			
Predevelopment	lead	assist	
Development	lead	assist	
FINANCING			
Pro Forma	lead	assist	
Financing structuring	lead	assist	
Securing financing	lead	assist	
Predevelopment (OCII)	lead	assist	
Construction Loan	lead	assist	assist
CAL Home State Subsidy	assist	assist	lead

OUTREACH

Community outreach		assist	lead
Mission Bay Advisory Committee		assist	lead
General community		assist	lead
Political outreach		assist	lead

HOA ORGANIZATION

HOA Formation	lead		
HOA Budgeting and Association Dues	lead	assist	
DRE Public Report	lead		
CC&Rs	lead	assist	

MARKETING/SALES

Project Branding	assist	lead	P&A
Broker Selection and Oversight	P&A	lead	assist
Market Planning		lead	assist
Buyer Outreach/ Application Preparation		lead	assist
Lottery Management with MOH		lead	assist
Mortgage Lender selection and Relationship management		lead	assist
Buyer Mortgages/Packaging/Oversight		lead	assist
Buyer Closing		lead	assist
Buyer Move In		lead	assist
HOA Board President		lead	assist

CONSTRUCTION

Construction manager selection		lead	
General contractor selection	P&A	lead	P&A
Preconstruction services management		lead	
Value engineering management	assist	lead	
Construction contract negotiations	lead	assist	
Bidding management		lead	
Construction oversight + management	assist	lead	
Attend Draw Meetings	assist	lead	P&A
Change Order Sign off	P&A	lead	P&A

MISCELLANEOUS

Project accounting	assist	lead	
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P&A = participate and approve

freeze

Attachment M: OCII Homeownership Developer Fee Policy

OCII Homeownership Developer Fee
 November 2019

Consistent with the San Francisco Mayor’s Office of Housing and Community Development’s developer fee policy (most recently updated July 20, 2018) for affordable, tax credit rental projects receiving soft loans from the City, the homeownership developer fee will be subject to the same maximum as a tax credit rental project funded by MOHCD. Risks associated with the development of an affordable rental and homeownership project are assumed to be roughly equivalent.

The maximum developer fee for a homeownership development shall be \$2,200,000 (“Base Fee”) plus \$10,000 per unit over 100 units, up to a maximum of \$4,000,000. For homeownership projects of 20 units or less, the developer fee shall be up to \$500,000.

The maximum developer fee shall be comprised of a Project Management Fee and an At-Risk Fee. The Project Management Fee shall be one-half (50%) of the Base Fee (i.e. \$1,100,000) and shall be distributed according to achievement of certain development milestones set out below. The At-Risk Fee shall consist of the remaining half of the Base Fee plus the \$10,000 per unit over 100 units, and shall cover any cost overruns that exceed the available contingency funds in the final project budget approved by OCII at construction loan closing. In the event of any cost overruns after OCII’s construction funding commitment, the Developer will contribute up to half of the total maximum fee (e.g. \$2,200,000 * 50% = \$1,100,000) to cover the overruns. Cost overruns beyond that amount must be requested from OCII’s Commission. The At-Risk fee shall be distributed according to milestones as set forth below.

The maximum allowable marketing & sales fee per unit is \$7,500 per unit and will not be based on a percentage of sales price. Additional commission payments to outside real estate brokers are not allowed. The marketing and sales fee is in addition to the Project Management Fee and At-Risk Fee.

Fee Category	Fee Policy	Calculation
Project Management Fee	One-half of Base Fee (\$2,200,000)	\$2,200,000 x 0.5 = \$1,100,000
At-Risk Fee	One-half of Base Fee plus \$10,000 per unit over 100 units	\$1,100,000 + (10,000 x # of units over 100)
Maximum Fee	Project Management Fee plus At-Risk Fee; \$2,200,000 plus \$10,000 per unit over 100 units	\$2,200,000 + (10,000 x # of units over 100) not to exceed \$4,000,000

Milestone	PM Fee Distribution	Total PM Fee: \$1,100,000
Predevelopment loan closing	15%	\$165,000
Upon approval by OCII of Schematic Design. With no more than 50% of the total Project Management Fee to be disbursed prior to construction closing	35%	\$385,000
At Construction Loan Closing	30%	\$330,000
Project Close-Out: upon close of escrow/sale of all units	20%	\$220,000
TOTAL PM FEE	100%	\$1,100,000

Milestone	At Risk Fee Distribution	Total At Risk Fee: \$1,100,000
At 50% of construction completion	30%	\$330,000
Issuance by BRE of Final Subdivision Report Condominium	20%	\$220,000
At receipt of Temporary Certificate of Completion	30%	\$330,000
Project Close-Out: upon close of escrow/sale of final unit	20%	\$220,000 (plus amount if project over 100 units)
TOTAL AT-RISK FEE		\$1,100,000 plus \$10,000/unit over 100 units (if applicable)
MAXIMUM DEVELOPER FEE		\$2,200,000 + \$10,000/unit over 100 Units

Attachment N: Limited Equity Homeownership Program Disclosure Book

*MAYOR'S OFFICE OF HOUSING AND COMMUNITY
DEVELOPMENT*

**LIMITED EQUITY
HOMEOWNERSHIP
PROGRAM**

**Loan Disclosure Information
With Statement of Acceptance**

May 2019

**I M P O R T A N T
NOTE TO THE
READER**

In 2012, the San Francisco Redevelopment Agency (“SFRA”) was dissolved pursuant to California law. The Successor Agency to the Redevelopment Agency of the City and County of San Francisco, commonly known as the Office of Community Investment and Infrastructure (“OCII”), then became responsible for completing certain affordable housing obligations of the SFRA, including residential units to be sold under the Limited Equity Homeownership Program. The San Francisco Mayor’s Office of Housing and Community Development (“MOHCD”) implements the Limited Equity Homeownership Program on behalf of OCII.

The purpose of this Program Summary is to explain the Limited Equity Homeownership Program (“Limited Equity Program” or “Program”). Homes sold through this Program are subject to price controls at resale, as well as other terms and restrictions that affect your rights as a homeowner. Some of the terms and provisions are complex, and require that you thoroughly understand them prior to your purchase of a home. **IF YOU DESIRE TO PARTICIPATE IN THE PROGRAM AND PURCHASE A HOME, YOU MUST ATTEST TO YOUR FULL UNDERSTANDING OF AND AGREEMENT TO ALL THE PROGRAM’S TERMS AND CONDITIONS BY SIGNING BELOW PRIOR TO CLOSING ESCROW.**

This Program Summary has been provided to a prospective homeowner under the Limited Equity Program as a convenience only, but does not override any of the City Documents (defined below) associated with the Program. If any information in this Program Summary conflicts in any way with any of the City Documents, the information in the City Documents override this Program Summary.

I, the undersigned, hereby acknowledge and accept all the terms and conditions contained in the Declaration of Restrictions for For-Sale Affordable Housing Units and Option to Purchase Agreement, the Promissory Note Secured by a Deed of Trust, the Deed of Trust and Assignment of Rents, and the Acknowledgment of the Declaration, Notice of Affordability Restrictions, and the City and County of San Francisco Inclusionary Affordable Housing Program Monitoring and Procedures Manual effective October 11, 2018, as it may be updated and amended from time to

time (the "Procedures Manual"), all of which ("City Documents") I have agreed to comply with in return for purchasing my home at a below-market-rate price. I acknowledge that a staff member of the Mayor's Office of Housing and Community Development ("MOHCD") of the City and County of San Francisco ("City") explained the terms and provisions of the City Documents to me, and that I have had a chance to review this Limited Equity Homeownership Program Loan Disclosure Information document and the Procedures Manual, which further explain the City Documents. I have also been provided enough time to seek an independent legal opinion about the City Documents and my purchase of the home, if I so chose.

I understand that by my execution of the City Documents, I agree that the resale price of my home will be restricted to a price that is affordable to a household of a predetermined size, earning a predetermined percentage of Area Median Income ("AMI"), based on figures published by MOHCD, based on data published by the U.S. Department of Housing and Urban Development (or any government agency subsequently assuming this responsibility). I understand that MOHCD will determine the resale affordable price applicable to my home when I notify the City of my intent to sell. I understand that fair market value will not determine the resale affordable price of my home.

I further understand that the MOHCD's calculation of the resale affordable purchase price for my home will consider, in addition to the current income for a pre-determined AMI level, an interest rate which is the 10-year rolling average of 30 years of interest rates as calculated by the MOHCD (or its successor) and based on data provided by Freddie Mac, as well as other current housing costs, such as insurance, HOA dues, and taxes. I know that any proceeds I receive from the sale of my home will be affected by the value of these factors, since they will be used to calculate the resale affordable purchase price of my home.

I understand that the MOHCD imposes resale restrictions on homes that it subsidizes so that it can provide homeownership opportunities to future generations of low- and moderate-income families over time and that the equity I will be able to build in my home will be limited so that the Program is available to the next purchaser of my home. I understand that my ability to purchase my home at an affordable price is contingent on my agreement to comply with the resale controls and Program restrictions.

BMR Lien# LEPBMR191000

PROPERTY ADDRESS: 123 Sample Street, Unit 2, San Francisco, CA 94102

BUYER(S):

Mary Sample

John Sample

Ellen Sample

Jack Sample

PROGRAM SUMMARY

- The purpose of the City’s Limited Equity Homeownership Program (“Program”) is to provide homeownership opportunities to low- and moderate-income households (“Eligible Buyers”) who otherwise would not be able to purchase a home in San Francisco.
- To make homes affordable to Eligible Buyers, the City may sell land to developers at below-market- rate prices and/or provide construction funding. In return for this assistance, developers agree to sell the homes to Eligible Buyers. Eligible Buyers, in turn, purchase their homes at affordable prices and agree to comply with Program requirements.
- The City is able to offer the benefits of homeownership to many generations of Eligible Buyers through restrictions on resale prices, which limit the amount of equity that an Eligible Buyer is able to build. By limiting Eligible Buyers’ equity, a given home can be resold at affordable prices again and again. Market fluctuations, which often result in prices beyond the affordability of low- and moderate-income households, do not affect limited equity resale prices.

PROGRAM ELEMENTS

#1: Eligibility

To qualify as an Eligible Buyer, households must meet the following criteria:

- Household income (including income calculated from assets) within the AMI “target range” of low-to moderate-income buyers.
- Ability to qualify for a 30-year fixed mortgage, such as, sufficient income, manageable debt, sufficient savings to cover the minimum down

payment, closing costs, and required reserves.

- A minimum of 3% down payment (the entire 3% may be gift funds).
- A minimum of 3 months of housing payments (principal, interest, property taxes, hazard insurance, HOA dues and other related costs).
- First-time homebuyer status.
- Commitment to use the property as the buyer's primary residence.
- Any other requirements as set forth in the Procedures Manual.

MOHCD publishes AMI levels for San Francisco annually, based on data published by the U.S. Department of Housing and Urban Development. The AMI target ranges that determine a household's eligibility to purchase will vary from development to development, based on the amount of subsidy provided by the City to the developer. MOHCD will qualify all first-time homebuyers for both initial sales and resales. Program qualification documentation is required and detailed in the Procedures Manual.

#2: Affordable Purchase Prices

When developers set affordable purchase prices for units they sell, they use very specific information, as described below:

- AMI level: Developers in contract with the City are obligated to sell their units at prices affordable

to households within a certain AMI "target range." For example, a developer in 2016 may be obligated to sell his/her units to households making between

80% and 100% of AMI. For a household of 3, this translates to incomes between \$77,550 and \$96,950.

- Household size: For the pricing calculation, the City assumes a household size is one person larger

than the total number of bedrooms (except studio units which assume a one-person household; and SRO units which are calculated at $\frac{3}{4}$ of the price of a studio). For example, a household of one person is assumed for a studio, three people for a two-bedroom, four people for a three-bedroom, and so on. For occupancy, the City requires a minimum of one person per bedroom. For example, a single person can apply for a studio or one-bedroom unit only. A two-person household could apply for a studio, one-bedroom, or two-bedroom unit.

- 33% "PITI": Principal, interest, taxes, homeowners' insurance, homeowner's association dues and any other related costs – total housing costs – are assumed to be 33% of a household's gross monthly income.
- First mortgage interest rate: The City's calculation assumes a fixed mortgage interest rate based

on the 10-year rolling average of 30 years of interest rates as calculated by MOHCD (or its successor) based on data provided by Freddie Mac. The City will not permit a variable rate mortgage or an interest-only mortgage, as such financing instruments are contrary to the objectives of long-term affordability and stability of the first time homebuyer program.

- Owner down payment: The City assumes (and requires at a minimum) that the household will make

a cash down payment of 3% of the affordable purchase price; and the entire 3% may be gift funds.

Once MOHCD determines, for each unit, the applicable AMI level, the household size, the cost of taxes and insurance, and the interest rate, MOHCD can set the affordable purchase price. For example, a two-bedroom unit (which assumes a household of three) and the developer's obligation calls for pricing at an AMI level of 95% (with income eligibility up to a maximum of 100% of AMI), the three-person household's income would be \$92,103 in 2016. 33% of that income level is \$30,394, or \$2,533 per month. This figure, \$2,533, is the target total monthly payment for housing costs for all households buying at this income level. If the household's HOA dues were \$600 per month, taxes were \$350 per month, and property insurance was \$50 per month, the total monthly income available to pay the first mortgage would be \$1,533 per month (i.e., $\$2,533 - \$600 - \$350 - \$50 = \$1,533$). Using a 5% interest rate on a 30-year, fixed-rate first mortgage, the supportable mortgage would be \$285,539. Assuming a 5% down payment (since the first mortgage would cover 95% of the purchase price), the affordable purchase price would be \$300,567.

#3: Resale Affordable Purchase Prices

When a household decides to sell its home, it notifies the City, and the City calculates the resale affordable purchase price, using the same AMI percentage and household size that were used to calculate the seller's affordable purchase price. To follow the example given above, the family of 3 earning 95% of AMI that bought its home for \$300,567 in 2016 might decide to sell the home five years

later. The City will determine the resale price by taking the income for a 3-person household at 95% ofAMI in 2021 and limiting payments for PITI to 33% of gross monthly income. The calculation will use the then current 10-year rolling average of rates, and the then-current HOA, tax, and insurance costs,and it will assume a 5% down payment by the new Eligible Buyer. So, for example, if the ten-year average interest rate increased 0.5% between 2016 and 2021, AMI increased 15%, and taxes and insurance increased 5%, the resale affordable purchase price would be \$367,606. After subtracting thecost of necessary repairs (if any) and closing costs, the seller would be entitled to the differencebetween the old affordable price and the new affordable price. The example is shown numerically below:

95% AMI, 3-person HH income, 2016 (2021 + 15%):	\$105,918
33% of gross income:	\$34,953
Per month:	\$2,913
Monthly HOA dues, taxes & insurance, 2016 (2021 + 5%)	(\$1,050)
Monthly income available for 1 st mortgage:	\$1,863
Mortgage (assuming 5.5% interest, 30-yr fixed)	\$328,072
5% Down payment:	\$17,267
Resale Affordable Base Price:	\$345,339
MLS Realtor Commission (up to 5% of Base Price):	\$17,267
Eligible Capital Improvements:	\$5,000
Resale Affordable Purchase Price:	\$367,606
Resale Affordable Purchase Price:	\$367,606
Closing costs (6% of Purchase Price)	(\$22,056)
Repayment of full 1 st mortgage + down payment:	(\$300,567)
Owner's new equity:	\$44,983
Plus principal paid on the mortgage:	\$23,332
Plus return of owner's down payment:	\$15,028
Net Return to Owner:	\$83,343

By transferring this property from one 95% AMI household to another under the Program, the home remains affordable, the benefits of homeownership are passed along, and all owners have a chance toearn limited equity!

#4: Capital Improvements; Maintenance

As shown above, AMI levels and current housing costs such as interest rates, HOA dues, property taxes and insurance costs determine affordable prices. Eligible Capital Improvements credit and Multiple Listing Service listing realtor commission fees (up to 5% of the resale base price) may be added to the resale affordable price as provided in Section 6.3 of the Declaration.

Owners may begin claiming capital improvements in their resale price that are made ten (10) years after the initial sale of the property. Owner must follow the Capital Improvements policies and procedures as set forth in the Procedures Manual.

#5: Minimum Resale Value

As described above, the resale affordable purchase price is subject to factors that fluctuate over time, such as mortgage interest rates, taxes, and insurance costs.

Because of the variability of these factors, ***owners assume some risk when they purchase their homes!*** For example, if the interest rate used in the pricing calculation increases from the time of initial purchase to time of resale, and increases in AMI over that same time do not compensate for the interest rate increase, a resale affordable purchase price could actually be lower than the original price an owner paid. The MOHCD's use of the 10-year rolling average of interest rates is intended to minimize the interest rate risk at resale, but there is no guarantee that the 10-year average will not increase over time.

Owners are solely responsible for:

- Home Maintenance. Owner may not destroy or damage the property, allow

the property to

deteriorate, or otherwise commit waste on the property. Owner must maintain the property in compliance with all applicable laws, ordinances, and regulations and in a good and clean condition and all appliances and fixtures must be in good working order. Any damage by abnormal or excessive wear and tear or because of neglect, abuse, or insufficient maintenance, must be repaired as provided in Section 7.5 of the Declaration.

- Inspection and Repairs upon Resale. Owner shall follow the MOHCD's Property Inspection and

Repairs Policy as it exists at the time of the proposed resale as set forth in Section 7.5 of the Declaration, and as further detailed at

<https://sfmohcd.org/property-inspection>.

- First Mortgage Balance. If the resale affordable purchase price is insufficient to pay off the first

mortgage, the owner is solely responsible for his/her mortgage debt beyond that adjusted resale affordable purchase price. Please note that the first mortgage lender will not release its lien unless the mortgage is repaid in full. If the first lender does not release its lien because the owner has not or cannot fully repay it, then the sale will be cancelled or the owner will be in default.

#6: Owner Refinancing

To protect its investment and to preserve the intent of the Program, the City must approve all refinancing agreements.

Owners must obtain MOHCD's prior written approval of any refinancing of a loan and the addition of any lien on the property regardless of lien position. At all times, the City's lien position must be maintained and will only be subordinated as specifically provided in the MOHCD Subordination Policy. Owners must follow the MOHCD Subordination Policy at <https://sfmohcd.org/subordination-refinance>.

#7: Permissible Transfers & Resales

Owners may transfer the property only to an Eligible Buyer under the Transfer Procedures in Section 7 of the Declaration.

#8: City Purchase Option

While the City may purchase the home as an Eligible Buyer (in a standard sale transaction), it retains an option to purchase the home in the event of owner default under either the City Documents or the first mortgage.

#9: Owner Default and City Remedies

An owner is in default of the City Documents if any of the following occur:

- A transfer of the property in violation of the Declaration of Restrictions for For-Sale Affordable Housing Units and Option to Purchase Agreement;
- Use of the property other than as owner's primary residence (owners must certify annually that they occupy the home at least 10 months out of every 12);
- Renting or subleasing any part of the property is not permitted without the prior written approval from the City. No part of a property can be rented or subleased as a short-term rental or listed on short-term rental or vacation rental sites at any time. Renting of a parking space or any other space purchased with

the property is also prohibited.

- Failure to pay required housing costs, such as taxes, homeowners association dues, assessments, or insurance;
- Placement of any mortgages, liens, or encumbrances on the property that the City has not approved;
- Any other violation of the City Documents; or
- A default on the first mortgage.

If an owner is in default and doesn't or can't cure the default within the times specified in the City Documents or first mortgage documents, the City can exercise its purchase option, commence an action for specific performance or an injunction to prevent an impermissible sale, foreclose on its deed of trust, and/or exercise any other remedy permitted by law.

#10: City Promissory Note and Deed of Trust

To protect its investment, the City requires that all owners execute a promissory note and deed of trust when they purchase their homes. Its purpose is to protect the City's investment if an owner defaults on the first mortgage or City obligations. An owner default "triggers" the promissory note and City deed of trust, which secures the promissory note against the property and is recorded to provide public notice of the owner's obligations under the Program. In the case of default, the promissory note states that the owner must pay the City the entire principal balance and the Appreciation of the Note, together with all accrued and unpaid interest thereon, if any. The Appreciation is calculated as the amount equal to the difference between (i)

Unrestricted Price, and (ii) the appraised fair market value of the property at the time of resale without regard to the Property Restrictions.

Financing for the 3-person, 95% AMI household can again illustrate the issue. This household had an affordable purchase price of \$300,567 with a BMR Note of \$499,433 (calculated based on the fair market value at the time of purchase \$800,000). If they defaulted on their loan, and fair market value was, for example, \$1,000,000, they would owe the City \$699,433 (plus default-related costs) under the City's promissory note.

If an owner transfers his/her property according to the Program requirements and complies with all other City and first mortgage obligations, the City will simply terminate the promissory note and deed of trust at resale.

#11: Transfer by Marriage, Domestic Partnership, and Inheritance

If an owner marries or enters a domestic partnership, the spouse or partner can become a co-owner but no sooner than 12 months after the original purchase. If Owners enter into a dissolution of marriage or

Domestic Partnership after purchasing the property, an Owner may be removed from the title of the property on Owners' mutual agreement but subject to the City's prior written consent.

Upon the death of a property owner or owners, the home can be transferred by inheritance, will, or any other function of law to the Owner's child, spouse, or Domestic Partner provided that transferee is an Eligible Buyer. See the Transfer requirements and procedures as set forth in the Procedures Manual for details.

#12: Term

The term of the City Documents –the period of time that resale restrictions and all other City obligations-- apply for the life of the Project. Notwithstanding the foregoing, the Declaration will terminate on: (i) a Transfer of the property in compliance with the terms of the Declaration, and (ii) execution and recordation of a declaration with the same form and substance as the Declaration by the Eligible Buyer.