

**Citywide HOPE SF 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  
San Francisco Housing Authority

**Sunnydale HOPE SF**  
**Phase 1A3 Infrastructure Additional Gap**  
**Up to \$1,495,294**

Evaluation of Request for:	Horizontal Construction
Loan Committee Date:	October 20, 2023
Prepared By:	Ryan VanZuylen, Senior Project Manager
MOHCD Asset Manager:	Omar Cortez
MOHCD Construction Representative:	Sarah Tenpas
Source of New Funds Recommended:	\$901,418 – 2019 GO Bonds \$593,876 – Housing Trust Fund
NOFA/PROGRAM/RFP:	HOPE SF
Total Previous City Funds Committed	\$9,800,000 - 2015 GO Bond \$2,411,824 - Housing Trust Fund \$8,772,111 - 2019 GO Bond <u>\$4,088,176 - HOPE SF General Fund</u> \$25,072,111 – total previous City funds
Applicant/Sponsor Name:	Related California (“Related”) & Mercy Housing California (“Mercy”)

**Sponsor Information**

Phase Name:	Phase 1A3 Infrastructure	Sponsor:	Related & Mercy
Phase Location:	Sunnydale Ave & Hahn St, San Francisco, CA 94134	Ultimate Borrower Entity:	Sunnydale Infrastructure Phase 1A3, LLC

**Project Summary**

Phase 1A3 Infrastructure (“Phase 1A3”) is the second infrastructure development phase within the Sunnydale HOPE SF Master Plan, after the combined infrastructure Phases 1A1/1A2. Phase 1A3 is approximately 4.14 acres, of which 1.46 acres represent the Block 1/community center site, 0.83 acres represent the Block 3A affordable housing development site, 0.85 acres represent the Block 3B affordable housing development site, and one acre represents the Sunnydale Avenue public right of way. Phase 1A3 included the demolition and abatement of 13 public housing buildings and associated utilities, as well as new realignment of Sunnydale Avenue between Hahn Street and Santos Street, and new underground utilities, street, sidewalks, bike lane, MTA bus stops, and pad-ready preparation of the Blocks 1, 3A, and 3B sites for development (the “Project”). To date, all buildings within Phase 1A3 are under construction with Blocks 3A and 3B set to complete in Q1 2025 and Block 1 set to complete September 2024.

In May 2022, the Sponsor started infrastructure construction with the expectation that the Project would be completed by June 2023. Unfortunately, due to severe weather in early 2023 that delayed work and led to unanticipated site cleanup, and unforeseen site conditions that added scope, the Project is now expected to be completed in November 2023. This delay and additional scope accounts for roughly \$1.2M of additional costs. The Housing Authority of the City and County of San Francisco (the “Authority” or “SFHA”) with assistance from Mercy Housing supported the Project with relocation efforts before demolition and abatement started in September 2021. The Sponsor has maintained relocation services uninterrupted from late 2022 until present without funding and is requesting reimbursement for those expenses as well as future relocation funding through the end of 2023. This accounts for the remaining roughly \$219,000 in requested funds.

To complete this Project, the Sponsor is requesting up to an additional \$1,495,294 due to unprecedented weather delay in Winter 2023, unforeseen site conditions impacting the speed of delivery and increasing the scope of this infrastructure project, and previous and future relocation readiness costs.

**Horizontal Loan Request – Project Description**

Note: For HOPE SF master project summary narrative, see Attachment A.

Land Owner:	SFHA	Supervisor and District:	Walton, D10
Total Open Space:	0 SF	Total Parcel Size:	4.14 acres/180,338 sq. ft.
Total Street Area:	1.00 acre	Master Plan Architect:	VMWP
TDC:	\$26,567,405 (with this request)	Civil Engineer:	KPFF
TDC/SF:	\$147	TDC Less Land Cost/SF:	\$147
Loan Amount Requested:	\$1,495,294	Request Amount/SF:	\$147

**PRINCIPAL DEVELOPMENT ISSUES**

- **Construction Delay Impacts.** Roughly \$1.2M in additional funds requested are due to delays from severe weather in the winter of 2022/2023, unforeseen conditions, interim power due to PUC delays, and various other costs. If any funds are reimbursed by PUC for the interim power, those funds will be used to reduce the MOHCD loan requested in this evaluation. See Section 7.3.
- **Resident Relocation.** Development of Phase 1A3 required the abatement and demolition of 84 units over 13 buildings. Accordingly, all households living in this phase’s boundary were relocated before work took place. The Sponsor and SFHA coordinated relocation efforts and in 2022 the Sponsor took on additional responsibilities to successfully complete relocation. The relocation readiness funds requested in this evaluation include Mercy’s onsite staff support for late 2022 through the end 2024 for the relocation of Phase 3 units (2022-2023), relocation into offsite Kapuso, formerly Balboa Park Upper Yard, and 4840 Mission (2023), and relocation into Blocks 3A and 3B (2024). See Section 8.

**SOURCES AND USES SUMMARY**

<b>Predevelopment Sources (2019)</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD	\$5,800,000	5 yrs. @ 0%	Committed

<b>Permanent Sources</b>	<b>Amount</b>	<b>Terms</b>	<b>Status</b>
MOHCD	\$19,272,111	0% interest/Paid in Full upon City Acceptance of Improvements	Committed
MOHCD	\$1,495,294	0% interest/Paid in Full upon City Acceptance of Improvements	This Request
<b>Total</b>	<b>\$26,567,405</b>		
IIG Sunnydale Block 3B*	\$6,500,000	0% interest/Grant	Committed
<b>Uses</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per SF</b>
Hard Costs	\$22,108,397	\$130,049	123
Soft Costs	\$4,004,463	\$23,557	22
Developer Fee	\$454,545	\$2,674	3
<b>Total</b>	<b>\$26,567,405</b>	<b>\$157,483</b>	<b>147</b>

\*IIG Sunnydale Block 3B: These funds will be used to reduce the total MOHCD loan amount. Ninety percent of the funds were received from HCD in summer 2023 and the remaining 10% will be drawn once Block 3B completes construction.

**This Additional Gap Request Sources and Uses**

<b>Permanent Sources</b>	<b>Amount</b>
MOHCD	\$1,495,294
<b>Uses</b>	<b>Amount</b>
Hard Costs	\$1,276,633
Relocation Services	\$218,661
<b>Total</b>	<b>\$1,495,294</b>

1. BACKGROUND

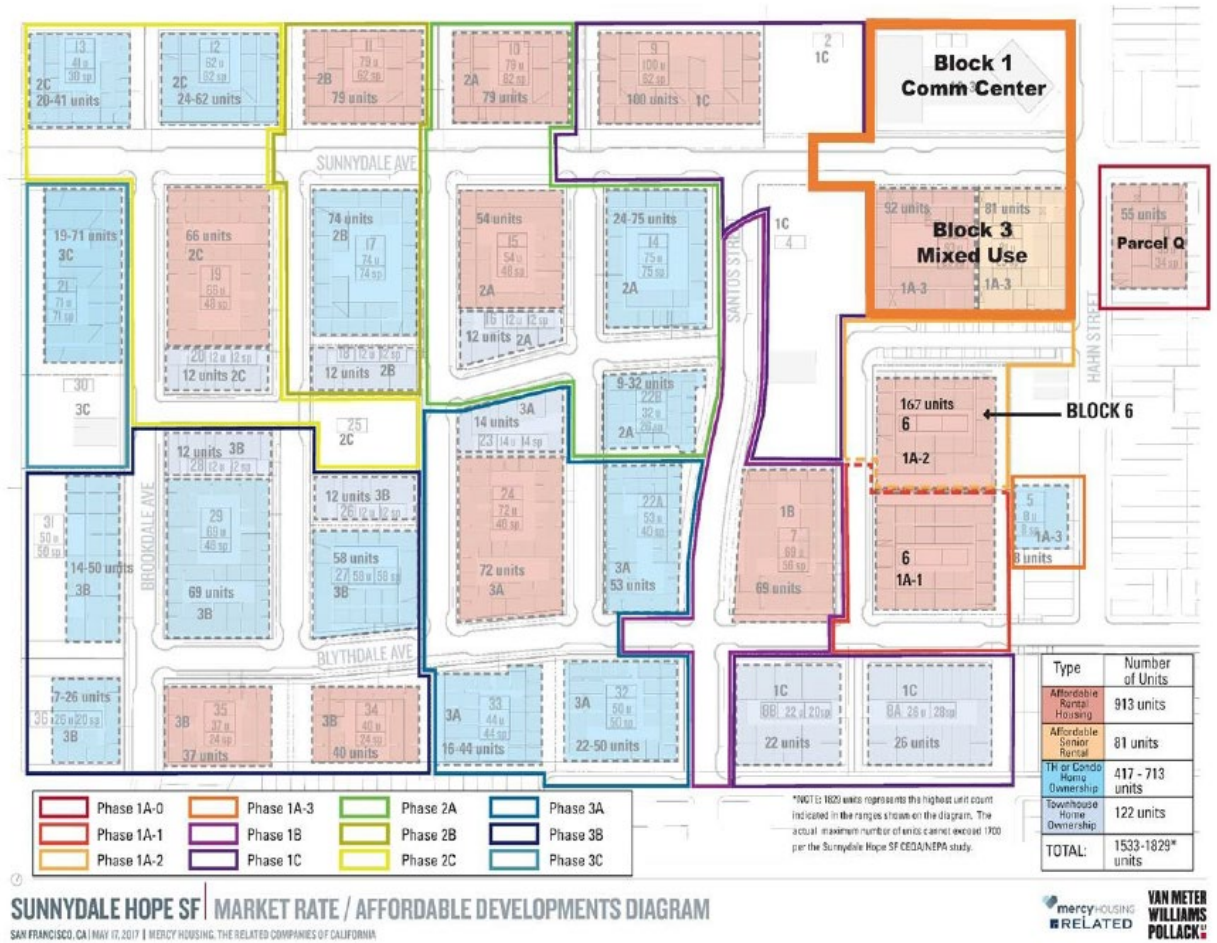
1.1. Project History Leading to This Request

The Sponsor received predevelopment funding approval in the amount of \$5.8M from Loan Committee for Phase 1A3 on June 9, 2019, and approval for additional funding for a total of \$25,072,111 from Loan Committee on November 5, 2021. The Sponsor has worked with various City agencies, including OEWD and the Infrastructure Taskforce Department of Public Works (DPW-ITF), to permit the design of the infrastructure improvements and execute the Streetscape Improvement Plan and Public Infrastructure Agreement. Concurrently, the Sponsor worked closely with SFHA to complete the resident relocation work funded by MOHCD necessary to start construction.

In September 2021, demolition and abatement commenced on the 13 public housing buildings and existing infrastructure comprising the Phase 1A3 site. In May 2022, the Sponsor commenced infrastructure construction with the expectation that the Project will be completed by June 2023. Unfortunately, due to weather delay, unforeseen site conditions, and added scope, the Project is now expected to be completed by November 2023. Upon construction completion, the Sponsor will seek DPW’s Notice of Completion and City Acceptance of the improvements which is anticipated in Q2 2024.

1.2. Phasing Map

Below is a phasing map that indicates the order of the phases and type of housing with affordable (in pink) and market rate (in blue). Please note that future phases include an approximate number of residential units, as indicated in the 2017 Development Agreement approvals. The next phase of infrastructure, Phase 3 or Megaphase, which includes Phases 1B, 1C and 3C (outlined in purple) is currently undergoing demolition and abatement. It is expected that the Sponsors will request infrastructure gap funds from Loan Committee in Q1 2024 for Phase 3 infrastructure. For more detail and updates, please see Attachment A. Phase 1A3 is outlined in orange.



## 2. BORROWER/GRANTEE PROFILE

The Borrower of this loan will be Sunnydale Infrastructure Phase 1A3, LLC. The LLC's sole members are Mercy and Related entities.

### 2.1. Development Team for Infrastructure

The Sponsor was selected for the revitalization of Sunnydale HOPE SF in 2007. Due to the nature of the work and the required continuity needed over each phase, Contract Management Division (CMD) approved certain contractors to be maintained through each phase. As such, the core infrastructure team, including the Sponsor's preconstruction and construction management consultant, for Phase 1A3 is consistent with Sunnydale's first infrastructure phase. For all other disciplines, the Sponsor is complying with CMD's requirement to competitively procure when the expected fee exceeds CMD's threshold.

CMD provided the Sponsor the goal of 20% for professional services, 20% for demolition and abatement, and 20% for infrastructure construction. To date, the Sponsor has met or exceeded the goals for professional services, demolition and abatement, and infrastructure.

<u>Development</u>	<u>SBE Construction % Goal</u>	<u>SBE Construction % through 2022</u>	<u>SBE Professional Services Goal</u>	<u>SBE Professional Services % through 2022</u>
Ph 1A-3 Abatement/Demo and Infrastructure	20%	20%	20%	53%

<b>Infrastructure Team</b>				
<b>Consultant Type</b>	<b>Name</b>	<b>Selected Team in 2007</b>	<b>SBE / LBE</b>	<b>Outstanding Procurement Issues</b>
Project Manager	Related CA	Y		N
Civil Engineer	KPFF	Y		N
Landscape Architect	Merrill Morris	Y	Y	N
Joint Trench Consultant	Giacalone			N
General Contractor	Baines/Nibbi		Y	N
Owner’s Rep/CM	Hollins/Townsend		Y	N
Geotechnical	Engeo	Y		N
Legal	Farella Braun + Martell			N
Master Plan Architect	VMWP	Y		N
Stormwater Management Designer	MIG	Y		N
Surveyor/Mapping	Ron Martin	Y		N
Environmental Consultant	AEW	Y	Y	N

3. PRIOR MOHCD FUNDING FOR CURRENT REQUEST

This is the third funding request related to Sunnydale HOPE SF Phase 1A3. On June 9, 2019, the Project received \$5,800,000 for predevelopment activities, including designing the streetscape improvement plan and demolition and abatement of the public housing improvements within the project area. Then on November 5, 2021, Loan Committee approved \$19,272,111 for a new total of \$25,272,111 for the added infrastructure gap construction scope. Since then, Sunnydale Block 3B received an IIG award of \$6,500,000, which will eventually decrease MOHCD’s total contribution by that amount.

3.1. Disbursement Status.

As of this Loan Committee date of October 20, 2023, the Sponsor has drawn approximately \$19,474,120 of the \$25,072,111 in funding and has roughly \$5.6 million remaining for disbursement.

4. SITE

4.1. Description

Phase 1A3 forms a rectangular shaped site bisected by the realigned Sunnydale Avenue between Hahn Street and Santos Street. It is bordered to the south by the new 167-unit affordable development known as 290 Malosi, Hahn Street to the east, McLaren Park to the north, and existing public housing buildings to the west (Site).

Infrastructure improvements will not only support the surrounding neighborhood but will also support three new buildings within Phase 1A3. Block 1, a 30,000 square feet community center paid for by private fundraising, contributions from the City, and New Market Tax Credits, will be situated north of Sunnydale Avenue. Block 3A and 3B will be a total of 170 units of multifamily affordable housing across two buildings situated south of Sunnydale Avenue and include roughly 24,000 square foot of commercial space combined.

The realigned Sunnydale Avenue will connect Hahn Street to Santos Street with a dedicated bicycle travel lane on the north side of the roadway for westbound bicycle traffic. A new San Francisco Municipal Transportation Agency (SFMTA) bus stop and shelter will be located on the south side of Sunnydale Avenue directly west of Hahn Street. A garage entry to Block 3B will be located on Harmonia Street, which was constructed as part of the Phase 1A1/1A2 infrastructure improvements. The main lobby and retail entries for both Block 3A and 3B will be located on Sunnydale Avenue. No off-street parking will be provided at Block 1. Prior to the construction of the new street and utility infrastructure, the Sponsor abated and demolished 84 existing units in 13 buildings.

The following table summarizes the allocation of this Development Area:

	SF	Acres	% of Site
Block 1 Development Site	63,598	1.46	35%
Block 3A Development Site	36,155	0.83	20%
Block 3B Development Site	37,026	0.85	21%
Public Right-of-Way	43,560	1.00	24%
<b>Phase 1A3 Area</b>	<b>180,338</b>	<b>4.14</b>	<b>100%</b>

## 5. DEVELOPMENT PLAN

### 5.1. Property Ownership Structure

The ownership structure and sequence is as follows:

The Sunnydale Infrastructure Phase 1A3, LLC (LLC) entity had executed a short-term demolition license agreement with the Authority through which the LLC can abate and demolish the existing buildings in the Phase 1A3 footprint on October 4, 2021.

On May 2, 2022, the SFHA and the Sponsor executed a short-term ground lease to allow the LLC to demolish and construct the utility and street infrastructure as well as grade and prepare the Blocks 1, 3A, and 3B sites. This ground lease will be in effect until the City accepts the infrastructure through a Board of Supervisors action, which is expected in 2024.

At the construction closing for Blocks 3A and 3B, the vertical development parcels were ground leased for 99 years by SFHA to California limited partnerships consisting of Mercy and Related as co-general partners. Mercy and Related affiliates ground leased the Block 1 parcel from SFHA.

### 5.2. Environmental Review

A comprehensive hazardous material survey was conducted in the fall of 2021. Asbestos-containing materials (ACMs) were detected in concentrations greater than 1 percent in textured wall plaster, vinyl floor tile and mastic, exterior window caulk in certain buildings. Additionally, polychlorinated biphenyls (PCBs) of varying levels were detected in exterior window caulk and sealant on exhaust pipes in certain buildings. A hazardous material work plan was developed by

the general contractor and subcontractors accordingly. Due to the presence of hazardous materials, environmental monitoring was conducted throughout the demolition and abatement period. To date, there has been no irregular, or any level of hazardous, material detected. The Sunnydale HOPE SF development received CEQA clearance on July 9, 2015, and NEPA clearance with CPD and PIH Authorization to Use Grant Funds on September 1, 2015.

### 5.3. Permits & Planning Review

The Sponsor submitted a Phase Application for this Project to the Planning Department in August 2019 and it was approved in December 2019. The Phase Application included the scope of the vertical and horizontal development and how the phase relates to the previous and future phases.

The infrastructure construction plans for Right of Ways (ROWs) and utilities were reviewed and approved by the City through Street Improvement Permit (SIP) applications in May 2022. The DPW-ITF does intake of these drawings and coordinates the review and comments by DPW, Planning, SFMTA, San Francisco Public Utilities Commission (SFPUC), Fire Department (SFFD), and Department of Technology.

On October 14, 2021, the Department of Building Inspection (DBI) approved the permit for the demolition of the 13 existing buildings. Infrastructure construction was permitted through the Streetscape Improvement Plan (SIP) which was approved May 2022. Finally, the Project submitted a master asbestos dust mitigation plan which was approved by the Bay Area Air Quality Management Department (BAAQMD) on March 24, 2022.

### 5.4. Mapping

Sunnydale HOPE SF has an approved Master Tentative Map, Final Map 11040, associated with this Project that was recorded on April 1, 2022.

### 5.5. Parking.

Parking is not governed by zoning but by the 2017 Sunnydale Special Use District and the 2017 Development Agreement which requires, as stated in the Transportation Demand Management Plan (TDM) exhibit, a parking maximum of 1-to-1 off-street parking for all units built. At full build out, it is expected that there would be about 1360 total off-street parking spots (.76 spaces per dwelling unit), which is higher than the .55 ratio for the 775 units originally on Sunnydale. In the TDM, the Sponsor has proposed a maximum ratio of 0.75 off-street parking for all affordable housing units. While parking supply may be aggregated, the total must not exceed the maximum across the site.

Sunnydale, partly due to its location and partly due to lack of City transportation investments in this neighborhood, has been historically underserved by SFMTA and as such, residents are largely reliant upon automobiles. Parking generally, and more specifically the decrease in overall parking onsite after revitalization, has been a contentious issue at all HOPE SF sites. The lack of adequate on-street and off-street parking is exacerbated by delays in planned public transportation improvements at the HOPE SF sites.

Due to the lack of parking on- and off- street and inadequate transit opportunities, the Sponsor, with MOHCD support, has increased off-street parking at Blocks 3A, 3B, 7 and 9 to a 0.75 ratio. The updated breakdown of the number of on-street spaces in building block and off-street parking associated with each built property is listed below, based on construction.



Phase	Block	Units	Off-Street Spaces	Parking Ratio <i>Per Development, excludes On-Street</i>
	Casala (Parcel Q)	55	30	0.55
1A-1, 1A-2	Block 6	167	78	0.47
1A-3	Block 3A & 3B	170	138	0.81
1B	Block 7	89	61	0.69
1C	Block 9	95	71	0.75

In addition, HOPE SF, MOHCD, SFMTA and SF Planning need to work closely to address parking challenges while also considering the inadequate transportation options for large families. For example, while most HOPE SF Master Developers considered providing parking on a phase-by-phase basis, residents do not consider their neighborhood in phases. As on-street parking decreases in the phases due to increased density, many residents feel they are losing an amenity especially when their large families' primary transportation option, due to income, becomes the inadequate public transit system for basic needs like school, food shopping, and other essentials. Furthermore, due to the pandemic SFMTA may have limited future investments for the HOPE SF communities. SFMTA was awarded a Visitacion Valley community planning grant in 2021-2022.

## 5.6. Roads

### 5.6.1. Existing Roads

Sunnydale Avenue, an existing residential street, will be realigned in this phase from Hahn to Santos. Additionally, sidewalk enhancement will be done on Hahn Street. As part of the Blocks 3A and 3B vertical development, the Sponsor installed the laterals in the new Harmonia Street to the south of the Project Area.

### 5.6.2. Design

The two-way, impervious asphalt over concrete, paved street will include sharrows, curb and gutter, sidewalks, on-street loading zones, street trees with grates, street & pedestrian lighting, corner bulb-outs with ramps and crosswalks, ornamental planters, street furnishings (e.g. street signs, utility meter boxes, sewer traps/vents, fire hydrants, fire pull boxes, site benches, bike racks, irrigation control boxes and covers, bollards, etc.), underground utilities, and combined sewer system (CSS) with manholes & catch basins, domestic water, auxiliary water supply system (AWSS), and joint trench (electrical/gas/telecommunications/street light conduit).

5.7. Open Space. N/A. This phase does not include open space.

5.8. Market Rate Parcels. N/A. This phase does not include any market rate parcels.

5.9. Utilities to Parcels

Irrigation, domestic water, auxiliary water supply system, combined sewer services, electrical, gas and telecommunications utilities are being installed to serve Blocks 1, 3A and 3B, and as well as the surrounding area. These agencies will be reviewing and approving the installations:

- SFPUC is responsible for reviewing and approving the installation of all street lighting & electrical, irrigation, domestic and AWSS, stormwater management and Combined Storm Sewer and Grading and Overland Release. SFPUC is also responsible for providing permanent power to each building from the newly installed Harmonia switchgear from the Phase 1A1/1A2 project. Unfortunately, permanent power is still not available. The Phase 1A3 project needed to include additional scope to provide Casala and 290 Malosi an alternate source of permanent power from the McLaren feed, and Phase 1A3 is currently coordinating with SFPUC to be their developer for needed trench work to connect the Harmonia switchgear to the Sawyer feed;
- PG&E is responsible for natural gas install; no gas is contemplated for the new buildings
- AT&T for telecommunications;
- Department of Technology for emergency communications and City fiber installation; and
- DPW for road and sidewalk construction including accessible path of travel. Utility connections will be typical and comply with utility company and City standards.

The Sponsor will start the City acceptance process for all utilities and street improvements in January 2024 upon substantial completion of the infrastructure construction.

#### 6. PRIOR CONDITIONS

Sponsor must complete relocation plan related to demolition of existing buildings and secure the Authority Commission approval.

**Status:** Completed. The Authority approved the Phase 1A3 relocation plan on December 17, 2020.

Sponsor must submit Phase schedule, including sequencing of relocation, demolition, infrastructure construction and construction start to MOHCD for approval by December 31, 2019.

**Status:** Completed. See above.

Sponsor must submit Phase Application prior to submission for Planning approval.

**Status:** Completed. Phase Application approved by Planning in December 2019.

Sponsor must submit Construction Management RFQ to MOHCD for approval and include MOHCD on selection panel. Sponsor must provide Construction Management contract to MOHCD for approval.

**Status:** N/A. CMD allowed for Phase 1A1/2 Infrastructure Construction Manager to remain on Phase 1A3.

Sponsor work with the developer of Block 1, in order to analyze whether Block 1 can absorb a portion of the infrastructure loan in eligible basis for New Market Tax Credits. The Sponsor will provide analysis before seeking gap funding.

**Status:** Completed. See Section 9.1 below. Only rough grading and sewer laterals are included in this budget for Block 1.

Sponsor to provide board of directors' approval to execute loan in time of BOS approval date.

**Status:** Completed.

Sponsor will work with MOHCD and HCD to request reimbursement of City with IIG awards at construction of Blocks 3B and 3A.

**Status:** Completed. Block 3B was awarded IIG but Block 3A was not. The Sponsor coordinated the draw request with MOHCD and the initial 90% reimbursement was received in summer 2023. Sponsor will work with MOHCD to request remaining 10% at Block 3B construction completion.

Sponsor to contain costs and in the event that update cost estimates come in below what is approved by Loan Committee, the MOHCD loan will be reduced accordingly.

**Status:** Ongoing. Sponsor attempted to contain costs but due to severe weather and other delays outlined in this evaluation, the overall costs are above what was anticipated originally. They will continue to mitigate as needed moving forward.

## 7. HORIZONTAL FINANCING PLAN

### 7.1. Horizontal Financing Narrative

On June 23, 2020, The Sponsor was awarded an Infrastructure and Infill Grant (IIG) for Sunnydale Block 3B from the State of California Department of Housing and Community Development (HCD) in the amount of \$6.5M. These funds will be used to repay the MOHCD infrastructure loan for Phase 1A3. Ninety percent of the grant is available to draw down now and the remaining 10% will be available once Block 3B finishes construction. MOHCD and the Sponsor requested 90% of the grant from HCD in spring 2023 and MOHCD received 90%, or \$5,850,000, in summer 2023.

### 7.2. Horizontal Uses Evaluation

The Sponsor has based all infrastructure costs on contracted and expected change orders.

INFRASTRUCTURE DEVELOPMENT BUDGET		
Underwriting Standard	Meets Standard?	Notes
Bid Contingency is at least 5% of total hard costs	Y	Hard cost contingencies are 10%
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	Y	No escalation included in this request
Construction Management Fees are within standards	Y	Costs are comparable to Phase 1A1/2 contract
Developer Fee is within standards	Y	Total dev fee based on HOPE SF Developer Fee Policy
Soft Cost Contingency is 10% per standards	Y	Soft cost contingency is 10%
Infrastructure Project Management Fees included in Developer Fee	Y	No additional project management fee

**Hard Cost:** The Project budget at gap closing started with an owner hard cost contingency of \$1,513,987 for infrastructure construction, which totals slightly less than 10% of the infrastructure construction GMP. The GMP also included a GC contingency of \$544,857. Since then, the Sponsor has expended this hard cost contingency on approved change orders and will expend the rest on additional approved change orders. The Sponsor is seeking another \$1,276,633 in hard costs to complete this Project.

Hard Costs	Amount
Change Orders – Weather	\$793,909
Change Orders – Power/Shoofly	\$507,429
Change Orders – Agency Coordination	\$172,571
Change Orders – Other	\$1,861,568
<b>Total Change Orders</b>	<b>\$3,335,477</b>

Hard Cost Contingency (Owner Contingency)	\$1,513,987
GC Contingency	\$544,857
<b>Total Contingency</b>	<b>\$2,058,844</b>
<b>Difference of COs and Contingency</b>	<b>\$1,276,633</b>

- Of the change orders, \$793,909 are related to weather delays stemming from the historic storms and flooding of Winter 22-23. This includes General Conditions, additional SWPPP measures for December 2022 – March 2023, and combined sewer bypass system due to prolonged weather conditions. Infrastructure construction is more dependent on weather than vertical projects. The Project budgeted for 10 rain days but the Project ended up needing 40 rain days.
- Approximately \$507,000 in change orders are related to added temporary electrical poles and undergrounded infrastructure to maintain continuous power to the 290 Malosi and Casala buildings. It was expected that permanent power to Sunnydale would occur during this infrastructure phase, preventing the need for this additional scope and work. However, since power was not provided through the Harmonia switchgear in time for vertical construction starting, the project team worked with PUC to self-perform the design and installation of power from the west side of the campus. See Construction Supervisor Section 7.3 below for more information.
- Additional agency coordination costs were incurred during construction due to rescheduled inspections, additional requests by City departments during construction, or rework performed by the contractor due to City error. One example is the rework associated with a hydrant installed at the wrong elevation.
- Unforeseen conditions costs are associated with rework and changed made during construction to handle unforeseeable issues. Examples include the PG&E duct vault installed at the incorrect elevation and backfilled with concrete slurry, and retrofitting needed at an existing manhole.
- Engineering/Miscellaneous costs cover a wide range of costs and the most subjective category. This covers costs associated with updated street improvement plan (SIP) updates that may have been required due to existing conditions or agency requests. An example of an engineering cost is the relocation of a hydrant along Hahn Street which used \$281,000 of contingency. Although the scope was outlined in the SIP, the design team did not have the exact scope of work required by the water department at time of bid, and the team encountered an unforeseen joint trench.
- Phasing costs were primarily caused by the delays in opening 1A3, causing Block 1 to require additional temporary construction entrances; bus stops on Sunnydale needing to remain open along project boundaries; and the addition of a combined sewer (CS) bypass system to allow the

construction of the permanent bypass system to be installed while keeping buildings west of 1A3 open.

### 7.3 Construction Supervisor and Additional Hard Cost Analysis

The 1A3 infrastructure project had a relatively small footprint compared to other Sunnydale infrastructure projects. However, it had a significant amount of scope being installed during one of the rainiest seasons San Francisco has had in the past 40 years. The significant amount of rain caused secondary impacts for equipment use, extended general conditions and coordination with other projects because of the delay. In addition, there were unforeseen phasing costs due to bus stops not being relocated as assumed, unforeseen conditions, and an installation of interim power to avoid delay to Block 3A because permanent power is not installed yet. Due to weather, unforeseen conditions, and additional phasing, 1A3 has a forecasted substantial completion date of November 14th, 2023.

Weather was a major issue at the Sunnydale site – the 1A3 site sits at the southeast corner of the Sunnydale campus and receives the runoff from the rest of the Sunnydale campus and McLaren Park. The original Storm Water Prevention Plan (SWPPP) did not account for the runoff of the surrounding areas, which caused a significant amount of unplanned maintenance. The original contract schedule estimated 10 rain days and Substantial Completion July 1st, 2023. To date, the Project has had over 40 rain days. The site took days to dry prior to trenching for utilities or grading which compounded the impacts of unforeseen conditions. At the Hahn-Sunnydale intersection for example, the project had to re-trench the sewer line multiple times due to weather conditions while the City and design team worked through re-route solution around an unforeseen duct bank. The new permanent infrastructure in 1A3 is expected to handle the runoff received from higher elevations. The next infrastructure phase, Phase 3/Megaphase, includes SWPPP drawings that are more robust based on the lessons learned from 1A3.

The rain delays caused extended use of temporary measures to support construction, like the combined sewer bypass, and it caused troubleshooting unforeseen conditions extremely difficult. Almost 1/5 of the added cost to the Project was caused by unforeseen conditions, which were difficult to resolve in the winter months due to the rain and saturated soils making it nearly impossible to perform exploratory work. Specifically, the catch basins at the Hahn & Sunnydale intersection were particularly difficult. The team discovered the sewer lines were to run through a PG&E duct bank that had been installed at an incorrect elevation and backfilled with concrete slurry. The team had to redesign the catch basin location and run, requiring the construction team to perform investigative work. Because of the rain, the construction team had to backfill this 8' deep trench twice to avoid cave ins.

Finally, a cost the project team did not anticipate was the addition of the McLaren power shoofly (connector) work to support Block 3A construction. It was originally anticipated PUC would provide permanent power to the Harmonia Switchgear and remove a utility pole in Block 3A's footprint prior to vertical construction starting. The team realized in the beginning of 2023 this wasn't going to happen in time due to PUC-PG&E coordination, so the project team worked with PUC to self-perform the design and install power from the west side of the campus to the east side, which cost an additional \$500,000. The Sponsor and MOHCD are in conversations with PUC regarding reimbursement of these costs but it is not clear how much if any funds will be reimbursed. If any funds are reimbursed by PUC they will be used to reduce the MOHCD loan requested in this evaluation.

## 8. RELOCATION READINESS SERVICES

As part of this loan increase, the Sponsor is requesting \$218,661 for relocation readiness staffing from 2022 for costs incurred through calendar year 2023 to successfully support residents moving out of and into the Project site. MOHCD's Community Development team and HOPE SF have confirmed there is no overlap between this funding request and staffing in their grants.

These services include household assessments, removing barriers for relocation and coordinating with SFHA and the real estate team on the relocation of these households. The budget is for the October 2022 – December 2023 period to support relocation readiness for these moves:

1. 84 relocations out of Phase 3 units (2022-2023)
2. 39 relocations into completed units at Kapuso (Sunnydale offsite), formerly Balboa Park Upper Yard, and possible relocations into 4840 Mission (Potrero offsite) (2023)

These funds were originally anticipated to be provided through the infrastructure Phase 3 gap loan but given the need for reimbursement and delays to Phase 3 the Sponsor is requesting now. If this amount is approved, then at infrastructure Phase 3 gap MOHCD will evaluate the need for additional relocation readiness services after December 2023. Prior to 2022, the relocation readiness work by Mercy was funded in the Phase 1A1/A-2 gap loan and partially in earlier 1A-3 infrastructure budgets. Mercy has been reimbursed for relocation readiness services through September 2022 but not since then.

A Mercy Housing California (MHC) resident services manager and an outreach coordinator work closely with the SFHA, Eugene Berger Management Corp (EBMC), Mercy Housing Management (MHMG), MOHCD, and HOPE SF, to ensure that the 356 remaining Sunnydale Households successfully transition to the newly developed Mercy Housing units, on-site rehabbed units, or to off-site units if that option is preferred by the household. These positions are supervised by MHC's Director of Community Life and supported by the Resident Services Manager.

The relocation readiness work includes but is not limited to:

- Hosting relocation information/readiness meetings with Sunnydale residents. At these meetings, the Sponsor provides up-to-date information about the relocation process and provides residents the information and tools they need to make informed decisions about their housing. Additionally, these meetings allow residents to build relationships with the relocations team, ask questions, and get connected to needed services.
- Help with appointment reminders, vital document collection, filling out the various applications, translation services, door-to-door on the ground assistance with residents with disabilities and residents who have been hard-to-reach.

In 2022, SFHA completed the accelerated conversion of Sunnydale's public housing units to the Section 8 program, and the transfer of property management responsibilities to Eugene Berger Management Company. Since that time, Mercy has been helping residents with SFHA paperwork by allowing residents to go to the Mercy office at 1711 Sunnydale to complete personal declaration packets, and other important items for EBMC and SFHA instead of having residents travel to the SFHA office at 1815 Egbert. While rare, when residents do need to travel to 1815 Egbert, the Mercy

team helps with transportation and time management expectations as the wait time at Egbert can now take 2-6 hours for a family to be seen.

Below is the proposed budget for relocation readiness services from October 2022 – December 2023:

2023

	FTE	Salary + Benefits	Amount/Year
Outreach Coordinator	1.0	\$ 77,563	\$ 77,563
RSM II Sunnydale	0.60	\$ 122,179	\$ 73,307
Director of Community Life	0.20	\$ 205,920	\$ 41,184
Grants Compliance	0.10	\$ 124,050	\$ 12,405
			\$ 204,459
		Grant Source	\$ (59,463)
		<b>2023 Total</b>	<b>\$ 144,996</b>

	<i>Oct-Dec 2022</i>	<i>2023</i>	<i>Additional Costs*</i>	<i>2022-2023 Total</i>
<b>Total</b>	<b>\$27,227</b>	<b>\$144,996</b>	<b>\$46,438</b>	<b>\$ 218,661</b>

\*Additional Costs are for direct resident moving expenses.

Relocation Readiness Job Descriptions and Personnel

Resident Services Manager II (Housing): Elizabeth Chilton

- Leads a networked approach to service delivery for the neighborhood and oversees programs and service delivery at each property (Focus on Resident Empowerment, Community Building, Housing Success/Stability, Financial Stability/Wealth Building and Health and Wellness.
- Coordinate moving dates with construction schedules, available units, and household preference. Provide on-going education, and housing stability support through workshops, family briefings, and clinics.
  - Conduct household relocation interviews to determine households size needs, assist with Reasonable Accommodation needs, and accommodate relocation preference if possible.
  - Analyze information collected from the household survey to ensure program objectives are met by evaluating the scope and scale of household need.
  - Assist with the collection of all resident’s paperwork required for relocation including vital documents, including personal identification such as a driver license, birth certificate, and social security card, and income verification such as a copy of the most recent tax return, paycheck stub, and/or asset information.
  - Knock on doors, conduct document clinics, and arrange transportation to assist residents obtain the documents.
  - Outreach to households eligible for relocation. Host activities include handing out informational brochures, following up on policies and procedures introduced during the household interview, and providing residents with a property tour.
  - Services provided to eligible residents may include packing assistance, transportation, one-to-one relocation counseling, adding or removing tenants from lease, pest control,

- assistance with pets, assistance with utility accounts, right-sizing, large debris and furniture removal, and addressing barriers to relocation.
- Case management may include assisting households with issues of hoarding, problems with mental or physical health, drug addiction, back rent, and resolving legal issues. Additional workshops and clinics will be offered as part of relocation assistance.
  - Outreach for households who are not eligible for assistance under the Right to Return Ordinance is aimed at locating another housing option for that individual or family. Ineligible groups that may require alternative housing options include sublets, squatters, and those who have been, or are in the process of being evicted.
  - Host clinics and workshops provide Readiness and Relocation information, and conduct activities that promote housing stabilization consistent with HOPE SF’s goal of minimizing displacement during the revitalization effort.
  - Arrange for a Warm Hand-off with the property’s RSC, the purpose is to introduce households to the new unit, building, property staff, services plan, and in the case of households moving off-site, the new neighborhood.
  - Host orientations which may include activities such as ice-breakers, resident feedback, resident interest surveys, community and open space programming ideas, formation of resident activity groups, and networking events designed to familiarize residents with their neighbors and service team.
  - Host family briefings held after households relocate to the new unit will follow-up on resident orientation, reiterate property management expectations, and ensure that the household acclimates comfortably to the new environment.

Outreach Coordinator: Juan Polanco

- Partners with the RSM and supports all relocation activities as outlined above. Supports with translation services and assists with mixed status families.

Director of Community Life: Ashlei Hurst

- Creates Neighborhood Vision, Develops Neighborhood Resident Services Strategy, Supervises Policy and Department of fiscal health. Ensures program deadlines are met based on the required timelines. Ensures that revitalization efforts remain consistent with local, federal, and state law, and HOPE SF’s Guiding Principles

Grants Manager, Compliance and Operations: Jeremy Olsen

- Sunnydale budget, contract compliance, grant management, and invoice and billing.

9. HORIZONTAL DEVELOPER FEE

Per the HOPE SF Developer Fee Policy (Attached as Exhibit B), which is part of the Development Agreement, the Sponsor is eligible for \$454,545 in developer fee for this phase. The Sponsor has received \$272,726 in developer fee for completing 60% Construction Documents, starting construction and achieving 50% completion of the infrastructure project. They will receive the remaining developer fee upon DPW Determination of Completion and BOS Acceptance.

<b>Total HOPE SF Developer Fee Disbursement For Infrastructure</b>			
<b>Phase</b>	<b>Square Feet</b>	<b>% of fee</b>	<b>Fee amount earned</b>
1A1 Infrastructure	124,411	9.09%	\$454,500
1A2 Infrastructure	102,881	9.09%	\$454,500
<b>1A3 Infrastructure</b>	<b>207,020</b>	<b>9.09%</b>	<b>\$454,545</b>



1B Infrastructure	333,413	9.09%	\$454,545
1C Infrastructure	106,830	9.09%	\$454,545
2A Infrastructure	354,425	9.09%	\$454,545
2B Infrastructure	216,943	9.09%	\$454,545
2C Infrastructure	289,388	9.09%	\$454,545
3A Infrastructure	129,791	9.09%	\$454,545
3B Infrastructure	209,483	9.09%	\$454,545
3C Infrastructure	40,026	9.09%	\$454,640
<b>Totals</b>	<b>2,114,610</b>	<b>100%</b>	<b>\$5,000,000</b>

<b>HOPE SF Developer Fee Disbursement For Infrastructure</b>		
<b>Payment Milestone</b>	<b>% of Project Mgmt. Fee</b>	<b>Amount</b>
<b>60% Construction Documents (complete)</b>	<b>15%</b>	<b>\$68,181</b>
<b>Construction Commencement (complete)</b>	<b>25%</b>	<b>\$113,636</b>
<b>50% Completion of Phase (complete)</b>	<b>20%</b>	<b>\$90,909</b>
DPW Determination of Completion	30%	\$136,364
BOS Acceptance	10%	\$45,455
Total Developer Fee	100%	\$454,545

10. STAFF RECOMMENDATIONS

10.1. Proposed loan/grant terms

<b>Financial Description of Proposed Loan</b>	
Loan Amount:	\$26,567,405
Loan Term:	55 years
Loan Maturity Date:	2078
Loan Repayment Type:	Forgiven through in-kind transfer of work product to City
Loan Interest Rate:	0%

10.2. Loan Conditions

1. Any SFPUC reimbursement for interim power scope changes will be used to reduce the MOHCD loan.
2. MOHCD will review and approve all change orders that will be funded under this loan request. We reserve the right to reject or ask for modifications of any change order.

11. LOAN COMMITTEE

11.1. Modifications

11.2. Recommendations

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

APPROVE       DISAPPROVE       TAKE NO ACTION

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

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

\_\_\_\_\_  
Thor Kaslofsky, Executive Director  
Office of Community Investment and Infrastructure

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

\_\_\_\_\_  
Tonja Lediju, Chief Executive Officer  
San Francisco Housing Authority

#### ATTACHMENTS

- A. HOPE SF Project Summary
- B. Applicable HOPE SF Developer Fee Policy
- C. Project Milestones and Schedule
- D. Site Map with Amenities
- E. Infrastructure Development Budget

## Sunnydale 1A3 funding request

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

Fri 10/20/2023 2:19 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 from Related and Mercy for additional gap loan financing in the amount of \$1,495,294 in order to complete construction for Sunnydale Phase 1A3.

Thank you,  
Lydia

---

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

## Sunnydale Phase 1A3

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

Fri 10/20/2023 11:40 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 Related and Mercy request for additional gap loan financing in the amount of \$1,495,294 in order to complete construction for Sunnydale Phase 1A3.

Best,

salvador



Salvador Menjivar

Director of Housing

*Pronouns: He/Him*

San Francisco Department of Homelessness and Supportive Housing

[salvador.menjivar1@sfgov.org](mailto:salvador.menjivar1@sfgov.org) | 415-308-2843

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## Request for Additional Gap Funding for Sunnydale Phase 1a3

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](mailto:thor.kaslofsy@sfgov.org)

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

---

\*Please note that if you are receiving this email outside of your normal working hours there is no urgent need to respond unless there is a specific request to do so.

**Re: REQUEST FOR ADDITIONAL GAP FUNDING FOR SUNNYDALE PHASE 1A3**

Trivedi, Vishal (CON) <[vishal.trivedi@sfgov.org](mailto:vishal.trivedi@sfgov.org)>

Fri 10/20/2023 11:26 AM

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

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

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

### **HOPE SF Initiative:**

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

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

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

### **Project Summary:**

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

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

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

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



- 4.6 acres of open spaces in four blocks and a linear open space on the north side of Sunnydale Avenue. The program for these open spaces includes a community garden, orchards, plazas, play areas, and neighborhood green.

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

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

**Master Planning Funding to Date:**

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

<b>Total Master Planning Sources</b>	<b>Amount</b>	<b>Status</b>
HOPE SF Loan 1	\$1,400,000	Disbursed
HOPE SF Loan 2	\$1,724,593	Disbursed
HOPE SF Loan 3	\$1,000,000	Disbursed
HOPE SF Loan 4	\$1,123,846	Disbursed
HOPE SF Loan 5	\$1,000,000	Disbursed
HOPE SF Loan 6	\$2,475,000	Disbursed
HOPE SF Loan 7	\$1,094,878	\$756,451 remaining
<b>Total</b>	<b>\$9,818,317</b>	

**Vertical and Horizontal Funding to Date:**

	<b>Amount</b>	<b>Status</b>
Sunnydale Parcel Q Vertical Gap	\$ 12,466,847	Disbursed; Leased up 2019,
Sunnydale Block 6 Vertical Gap	\$12,910,414	Disbursed; Lease up Nov 2021
Sunnydale Phase 1A1/1A2 Gap	\$28,478,891	Closed May 2019
Sunnydale Phase 1A3 Gap	\$25,072,111	Closed Feb 2022
<b>Sunnydale Phase 1A3 Additional Gap</b>	<b>\$1,495,294</b>	<b>This Request</b>
Sunnydale Phase 3B Vertical Gap	\$29,316,271	Closed Feb 2023
Sunnydale Block 3A Vertical Gap (Res+Com)	\$26,397,647	Closed May 2023
Sunnydale Phase 3 Infrastructure Predevelopment	\$4,000,000	Closed Sept 2021
Sunnydale Phase 3 Infrastructure Demo+Abatement	\$5,975,000	Closed Dec 2022
Sunnydale Block 7 Predevelopment	\$2,820,000	Closed Sept 2021
Sunnydale Block 9 Predevelopment	\$3,500,000	Closed Sept 2021
	<b>\$152,637,181</b>	

**Overall Funding and Ownership Structure:**

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

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

**Services Plan and Relocation Summary:**

**Overall Services approach**

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

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

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

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

**Overall Relocation Approach:**

Mercy/Related's approach to supporting Sunnydale/Velasco households in relocating to new on site or off-site permanent housing units and/or temporarily to vacant units and then to new permanent housing

units involves pre and post move work by Mercy's Sunnydale Resident Services team and others as follows:

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

**Attachment B: Applicable HOPE SF Developer Fee Policy**

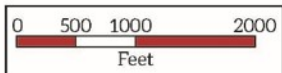
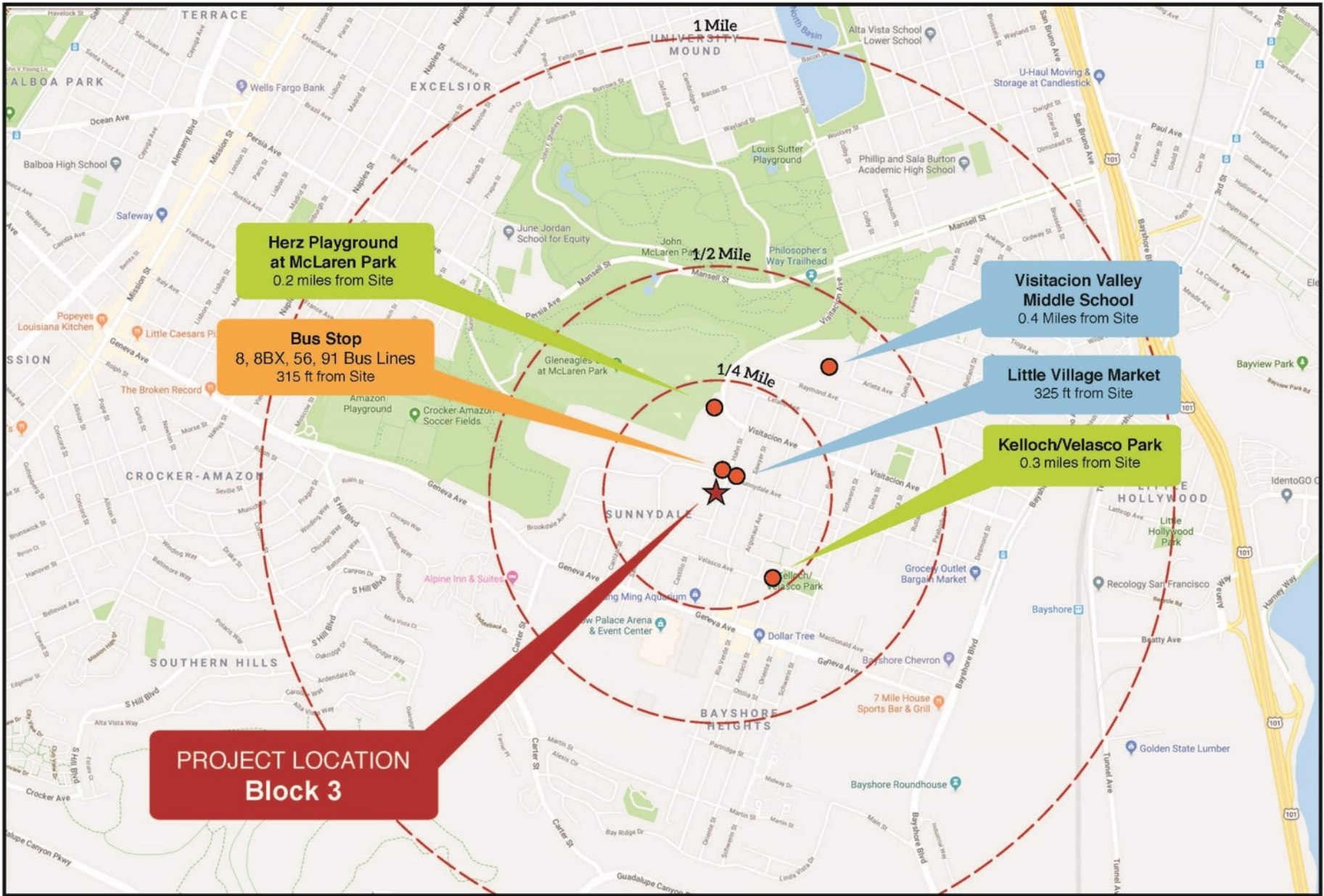
The HOPE SF Developer Fee Policy for Sunnydale HOPE SF is attached as Exhibit B to this loan evaluation. A summary of the policy is as follows:

<b>HOPE SF DEVELOPER FEE STRUCTURE BY FEE TYPE AND MILESTONE</b>	
<b>Master Planning Fee</b>	<b>\$1,400,000</b>
Management cost reimbursement during planning/entitlement	\$1,000,000
Land use approval - DA	\$200,000
HUD Section 18 approval	\$200,000
<b>Master Planning Additional Residential Fee (as applicable on a per-building basis pursuant to Section 1) AT RISK</b>	<b>\$800,000</b>
<b>Infrastructure Development Fee: Disbursements Milestones Per Phase</b>	
	Total Aggregate Fee: \$5 Million (per phase fee values divided equally between DA-defined phases)
60% Construction Documents	15%
Construction Commencement	25%
Fifty Percent Completion of the Phase	20%
DPW Determination of Completion	30%
Board of Supervisors Acceptance	10%
<b>Residential Developer Fee(s) by Financed Phase (example)</b>	<b>\$2,000,000</b>
HOPE SF Loan Closing	\$150,000
During or at completion of predevelopment/construction closing with no more than 35% of the total project management fee disbursed prior to construction loan closing	\$550,000
During or at Completion of Construction	\$200,000
Project close-out: PIS application; 100% lease-up; City Approval of Sponsor's project completion report and documents, including final cost certification	\$100,000
At-Risk	\$1,000,000
<b>Lot Sales Proceeds (as applicable, pursuant to Section 4)</b>	

**Attachment C: Project Milestones and Schedule**

<b>Phase 1A3 Horizontal</b>		
<b>Task</b>	<b>Initiate</b>	<b>Complete</b>
Phase Application Approval	08/2019	12/2019
Street Improvement Permit Approval	09/2019	05/2022
Final Map Recorded	12/2021	04/2022
Street Improvement Plans and Specs, Final Map and Public Improvement Agreement Approved by BOS and Signed/Recorded	12/2021	05/2022
Abatement and Demolition of Existing Buildings under License Agreement	10/2021	05/2022
Infrastructure Construction	05/2022	11/2023
Anticipated City Acceptance by BOS	12/2024	06/2024

**Attachment D: Site Map with Amenities**



# Community Amenities



**Attachment E: Infrastructure Development Budget**



## OWNER CHANGE ORDER LOG

PCO#	Description	Approved
3	ADA Barricades for SFPUC Power Shutdown	8/18/2022
6	Additional Light Demolition	9/23/2022
29	Additional SWPPP Measures Dec 2022	3/16/2023
40	Attic Shock	7/25/2023
26	Block 1 Bridge Access Across Sunnydale Ave	3/6/2023
28	Block 1 Building Pad Certification	3/6/2023
63	Block 1 Steel Plates Rental May 2023	7/25/2023
4	Builder's Risk Credit	8/18/2022
22	Cathodic Protection	12/21/2022
12	Combined Sewer Bypass Plan	9/23/2022
25	Cover JT Stockpile Due to Cancelled SFPUC Inspection	2/22/2023
18	Custom Vault Labels	10/24/2022
36	Excavation Credit	7/25/2023
7	Field Order 1: AC Pedestrian Paving Temp Pathway Required by MUNI	9/23/2022
13R1	Field Order 2: Hydrant Relocation	
11	Field Order 3: Permit Set Pricing	
81	Generator for Day Care	
27R1	Hahn St and Santos St Temp Lighting Plan	3/20/2023
55R1	Hahn St Extend D1 Joint Trench	7/25/2023
51	Harmonia utility Laterals Size Revisions	7/25/2023
44	Herz Rec Center Conduit (to be paid by Herz Rec Center)**	7/25/2023
56	Interim Overhead and Joint Trench Electrical	
39	PEC Remob	7/25/2023
14	Potholing for Soil Chloride Testing	10/19/2022
33R1	Prune Trees for Power Lines Behind Community Bldg and Malosi Lot	3/6/2023
19	Rec Center Conduits (Reimbursement Agmt)	11/1/2022
50	Regrade Bys pad at Sunnydale and Hahn NW Corner	7/25/2023
37	REJECTED - RFI 48- Ufer Grounding System	7/25/2023
8	REJECTED - RFI 6: North JT CDF Pricing	

16	Remove & Dispose (11) 25' Power Poles	10/19/2022
17	RFI #36: Removal of Asbestos Piping Crossing Waterline	10/19/2022
15	RFI #43: #2 SFPUC Splice Box Size Change	10/19/2022
48	RFI #51: SDCB 6, 9, 10 Rim and Invert Elevation	7/25/2023
23	RFI #72 Santos Inlet Obstruction	1/4/2023
76	RFI 137: Conflict for #7, Tie-In at Location 816	
80	RFI 145 Shoofly Pole Riser Size Change	
24R3	RFI 62 Santos St Bldg 21D Entrance Additional Demo	2/22/2023
38	RFI 63- Modify Joint Trench Layout Sta 20+46.25	7/25/2023
30	RFI 77- SDCB#10 Invert Elevation Conflict	
20	RFI's 12.0-12.2 North Hahn St Joint Trench Changes	11/18/2022
75	SFPUC Add'l Temp Power Shoofly Work (PUC-directed changes and silt on live	7/25/2023
2R1	Signage	8/18/2022
1Rev4	SIP v4 Pricing	11/10/2022
42	Steel Plate Rental	7/25/2023
49	Steel Plate Rental for April 2023	7/25/2023
35	Steel Plate Rental for Block 1 Bridge	3/14/2023
21	Streetlight Conduit Potholing	12/21/2022
5R1	Sunnydale Ave Cleanup for Community Press Event	8/18/2022
61	Sunnydale Soft Subgrade for AWSS	7/25/2023
53	Underground Electrical and Soil Removal	
9	VOID - LPW Mitigation Schedule	
10	VOID - LPW Mitigation Schedule	
79R1	VOID - Pinnacle Temp Power Remob Fee	
54	VOID - Switchgear Maintenance Pad	
77	VOID - Tree Species Replace	
85	Block 1 Bridge Access Material Offhaul	

**Total**

PCO#	Description	Date
43	March 2023 SWPPP Measures	
45	Feb 2023 SWPPP Measures	
32	Jan SWPPP Measures	
41R1	Hahn Street Phasing - GC Contingency	

46R1	RFI #66: SDCB #8 Lateral Utility Conflicts
57	RFI #64 & 79 Series- Retrofit Condition at EXMH #1
58	RFI 65.1 to 65.3 CSMH 8 Lateral Conflict with Existing Duct Bank
59	RFI #75- 75.1 Community Center Existing Lateral
60	CCD 8 Pothole PUC Power Utilities on Harmonia
62	Removal of Additional SWPPP Measures
64R2	New Water Svc Install App - Sunnydale Mains, Hydrants, Chlorination
68	Extended CS Bypass during Remedial Work
69	Extended CS Bypass during Rain Delays
70	Extended CS Bypass due to RFI's 66 & 77
71	Extended CS Bypass due to RFI's 64 & 79-79.5
72R1	RFI 94 SDCB #3 Utility Conflicts
73	Giron Rain Remedial Work March 2023
74	Giron Rain Delays and Remedial work Nov-Feb
78	Existing Duct Bank in conflict w LPW (RFI 126 and 126.1)
95	Message Board Pricing Credit
96	Gas Line Credit
94	RFI 132 - Reroute JT due to conflict with CSMH#7
91	Early Roadbase Concrete Mix at Community Center
92	B1 Bridge Steel Plates Rental Jan 2023
88	Add 100' 2x6 Conduit to JT
93	RFI 103 & 104: Conduit Intercept at Harmonia St

**Total**

PCO#	Description	Date
34R3	Extended GC/GR's	
47R1	Block 1 Community Center Phasing	
67	Civil, Water, Landscape Revisions (asso w IB #2)	
82	RFI 139, 141, 144 Hahn Street N Tie in Utility Conflict	
83	RFI 147: LPW Hahn Street N Tie In Utility Conflict	
84	RFI 143 S Sunnydale Bioretention Sidewalk Grades	
86	SFWD S Hahn Fire Hydrant Installed Incorrectly	
87	RFI 104: Modify Conduits between #7 Vaults on Harmonia	
89	RFI 106 Unknown Utility in N. Hahn St	
90	RFI 137: Hahn #7 Conflict	

CCU 1	3A Service Laterals - Backfill & Re-Excavate
65	RFI 134 South Sunnydale Grade Changes - DRAFT
66	SFPUC Cancelled Inspections 6/14 - DRAFT
	DRAFT: 3B Garage Entrance off Harmonia
	DRAFT: Remove Slurry During LP Water Tie-In #3 Excavation
	HOLD: DAC Revisions
	HOLD: Punch list items
	HOLD: Streetlight
	HOLD: Striping, Signage
	HOLD: Till Construction Completion

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**Total**

**Original Contract**

Approved OCO  
Current Contract

Requested PCO  
Quoted PCO  
Anticipated Contract

**GC Contingency**

Approved Use  
Current GC Cont.

Quoted Use  
Anticipated Use  
Anticipated Total

**Hard Cost Contingency**

Approved  
Requested  
Quoted  
Total

Remaining (Over)

Construction Complete

Sunnydale Phase 1A3  
 San Francisco, CA  
 10/13/2023 12:31

Owner Cont	GC Cont	OCO	Time Ext	Status
\$2,681		1		
\$2,017		1		
\$14,750		5		
\$7,829		10R1		
\$36,386		5		
\$1,695		5		
\$2,240		10R1		
(\$7,153)		1		
\$19,097		4		
\$62,131		1		
\$1,102		5		
\$1,631		2R1		
(\$52,045)		10R1		
\$24,723		1		
\$281,808		4		
\$0		2R1		
\$5,062		8R3		
\$18,209		5		
\$48,298		7		
\$7,617		10R1		
\$4,270		11		Reimbused by Mercy
\$365,542		6R2		
\$2,824		10R1		
\$3,809		2R1		
\$17,531		5		
\$42,451		3		
\$6,262		10R1		
\$0		N/A		
\$0		N/A		

\$8,349	2R1		
\$2,657	2R1		
\$2,736	2R1		
\$1,518	10R1		
\$1,789	4		
\$12,759	12		
\$6,692	12		
\$5,335	5		
\$10,762	10R1		
\$9,841	5		
\$15,211	4		
\$24,141	9R1		
\$82,053	1	5	
\$104,991	2R1	6	
\$3,970	10R1		
\$3,970	10R1		
\$3,970	5		
\$9,048	4		
\$2,736	1		
\$28,980	10R1		
\$111,054	6R2		
\$0	N/A		
\$0	N/A		
\$0	N/A		
\$0	N/A		Defer to Sawyer Job
\$0	N/A		
\$0	N/A		Nibbi OK w this voided

<b>\$1,373,329</b>	<b>\$0</b>	<b>11</b>	
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Owner Cont	GC Cont	Quoted PCOs	Time Ext	Status
	\$28,951			Recommended by TY, Approved by MOHCD
	\$10,274			Recommended by TY, Approved by MOHCD
	\$142,017			Recommended by TY, Approved by MOHCD
	\$101,260			Recommended by TY, Approved by MOHCD

\$43,185		Recommended by TY, Approved by MOHCD
\$40,409		Recommended by TY, Approved by MOHCD
\$92,132		Recommended by TY, Approved by MOHCD
\$67,782		Recommended by TY, Approved by MOHCD
	\$24,976	Recommended by TY, Approved by MOHCD
	\$8,098	Recommended by TY, Approved by MOHCD
	\$0	Permit Line Item
	\$30,353	Recommended by TY, Approved by MOHCD
	\$30,353	Recommended by TY, Approved by MOHCD
	\$60,705	Recommended by TY, Approved by MOHCD
	\$11,382	Recommended by TY, Approved by MOHCD
\$35,411		Recommended by TY, Approved by MOHCD
	\$11,032	Recommended by TY, Approved by MOHCD
	\$124,790	Recommended by TY, Approved by MOHCD
\$116,296		Recommended by TY, Approved by MOHCD
(\$66,780)		Recommended by TY, Approved by MOHCD
(\$100,530)		Recommended by TY, Approved by MOHCD
	\$3,128	Recommended by TY, Approved by MOHCD
\$1,615		Recommended by TY, MOHCD to review
\$3,900		Recommended by TY, Approved by MOHCD
\$7,880		Recommended by TY, Steph to review
\$11,347		Recommended by TY, Steph to review
<b>\$252,648</b>	<b>\$587,319</b>	<b>0.00</b>

Owner Cont	GC Cont	Open PCOs	Time Ext	Status
\$393,291			124	Nibbi to discuss w M&H
	\$117,218.00			On TY Priority List
\$59,166	\$59,166			On TY Priority List
\$7,000				
\$12,000				
\$10,812				On Ryan to review
\$38,000				
\$21,496				On TY Priority List
\$35,114			6	On TY Priority List
\$7,000				



\$11,154

On TY Priority List

\$0  
\$0  
\$20,000  
\$10,764  
\$75,000  
\$80,000  
\$15,000  
\$40,000  
\$110,000

<b>\$934,643</b>	<b>\$187,538</b>
<b>\$2,560,620</b>	<b>\$774,857</b>

**\$15,467,139**

\$1,373,329  
\$16,840,468

\$839,966  
\$1,122,181  
\$18,802,616

**\$544,857**

\$0

#####

\$587,319

\$187,538

#####

Owner	GC	Total
<b>\$1,513,987</b>	<b>\$544,857</b>	<b>\$2,058,844</b>
\$1,373,329	\$0	\$1,373,329
\$252,648	\$587,319	\$839,966
\$934,643	\$187,538	\$1,122,181
\$2,560,620	\$774,857	\$3,335,477

(\$1,046,633)

(\$230,000)

(\$1,276,633)

84.0%