

Citywide Affordable Housing Loan Committee

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
Housing Authority of the City and County of San Francisco

Sunnydale HOPE SF Block 7
Up to \$15,350,000 Funding Amount
Preliminary Gap Financing Commitment

Evaluation of Request for:	Preliminary Gap Loan
Loan Committee Date:	March 15, 2024
Prepared By:	Ryan VanZuylen, Senior PM
MOHCD Asset Manager:	Omar Cortez
MOHCD Construction Representative:	Sarah Tenpas
Sources and Amounts of New Funds Recommended:	\$12,530,000 – 2019 GO Bonds
Sources and Amounts of Previous City Funds Committed:	\$200,000 – LMIHAF <u>\$2,620,000 – 2019 GO Bonds</u> \$2,820,000 – Total
NOFA/PROGRAM/RFP:	HOPE SF
Applicant/Sponsor(s) Name:	Mercy Housing California and Related Companies of California

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	Sunnydale HOPE SF Block 7	Sponsor(s):	Mercy Housing California and Related Companies of California
Project Address (w/ cross St):	Proposed Address 65 Santos St (on Santos St, at Blythdale Ave, Malosi Street and Sunrise Way)	Ultimate Borrower Entity:	Sunnydale Block 7 Housing Partners, L.P.

Project Summary:

Sunnydale Block 7 Housing Partners, L.P. (“Sponsor”), comprised of Mercy Housing California (“Mercy”) and Related Companies of California (“Related”), requests preliminary gap financing the amount of up to \$15,350,000 for the fifth Sunnydale HOPE SF affordable housing development known as Sunnydale HOPE SF Block 7. The building is located within the Phase 3 infrastructure footprint of Sunnydale HOPE SF and will be a total of 5 stories, 4-story wood over 1-story concrete podium. Sunnydale HOPE SF Block 7 will include 89 units of affordable housing with 14 one-bedrooms, 43 two-bedrooms, 23 three-bedrooms, 9 four-bedrooms and one three-bedroom manager’s unit (“Project”). The unit mix is informed by current Sunnydale public housing household size data from the San Francisco Housing Authority (“SFHA”). Of the units, 75% (67) will be set aside for existing Sunnydale public housing households subsidized by a 20-year Section 8 Project Based Voucher (“PBV”) contract and limited to households earning up to 50% Mayor’s Office of Housing and Community Development Area Median Income (MOHCD AMI). The remaining 21 units will be restricted to 70% MOHCD AMI and would be marketed through DAHLIA to the most restrictive at a maximum of 50% TCAC (5 units) and 60% TCAC (16 units). The Project includes 1:1 bike storage ratio and a 0.67 parking ratio with parking for 60 vehicles.

The design for the Project is currently at 60% Construction Drawings. On May 7, 2021, Loan Committee approved a predevelopment loan for \$2,820,000. This preliminary gap request is needed to apply for the Affordable Housing and Sustainable Communities (“AHSC”) program by the March 19, 2024, application deadline. If the Project successfully receives an AHSC award in August 2024, the Sponsor will apply for tax credits and 4% bonds in the second round of 2024 – August 27, 2024. If successful, vertical construction of Block 7 is expected to start July 2025. The construction period is expected to be 20 months with full lease up in 2027. Relocation of all residents previously living within the Block 7 footprint was completed in 2023.

Project Description:

Construction Type:	Type VA over 1-story Type IA concrete podium	Project Type:	New Construction
Number of Stories:	5	Lot Size (acres and sf):	1.02 acres / 44,400 SF
Number of Units:	89	Architect:	Saida & Sullivan Design
Total Residential Area:	84,399 GSF	General Contractor:	Cahill Guzman Joint Venture
Total Commercial Area:	0 sf	Property Manager:	Mercy Housing Management Group
Total Building Area:	130,655 GSF	Supervisor and District:	Sup. Walton D10

Land Owner:	SFHA		
Total Development Cost (TDC):	\$108,646,076	Total Acquisition Cost:	\$1 / long-term ground lease
TDC/unit:	\$1,220,742		
Loan Amount Requested:	\$15,350,000	Request Amount / unit:	\$172,472
HOME Funds?	N	Parking?	Y: 60 spaces and .67 parking/units ratio

PRINCIPAL DEVELOPMENT ISSUES

- **Financing:** The expected high level of competition for State financing, coupled with anticipated State budget cuts, limits the funding opportunities available for Block 7. The Project is not feasible without AHSC since MHP funding is not viable for HOPE SF projects. Transit and infrastructure provide essential competitive points for AHSC, without which these applications are not competitive for any award amount. See Section 6.4.1.
- **High Costs:** Multiple factors lead to larger all-in Total Development Cost (TDC), anticipated to be approximately \$1,220,742 per unit. The hard costs include a flat 6% escalation to account for a July 2025 construction start date and 5% hard cost contingency, but low bid and plan check contingencies given new 60% CD bid estimates. The City subsidy per unit is relatively low at \$172,472. The Project also includes more parking and larger units than typical MOHCD affordable projects. See Section 4.4.
- **Schedule:** The Block 7 site is within the Phase 3 infrastructure footprint and Phase 3 infrastructure is scheduled to start construction in July 2024. Given a projected June 2025 construction closing date for Block 7, the Sponsor and MOHCD believe there is enough time scheduled to prepare the Block 7 pad as part of the infrastructure scope. However, if there are infrastructure work delays, there may be a shift in the infrastructure schedule to grade Block 7 earlier in the timeline or delay a vertical closing until infrastructure work is complete.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Per Unit	Terms	Status
MOHCD	\$2,820,000	\$31,685	3% @ 55 years RR	Committed
Total	\$2,820,000			

Permanent Sources	Amount	Per Unit	Terms	Status
MOHCD/OCII	\$15,350,000	\$172,472	3% @ 55 years RR	This Request
Conventional Perm Loan	\$20,851,000	\$234,281	6.58% @35yr.	Not Committed
HCD AHSC Loan	\$18,500,000	\$207,865	3% @ 55 years RR	Not Committed
Deferred Dev Fee	\$3,350,000	\$37,640		
GP Equity	\$100			Committed
LP Equity	\$49,893,911	\$560,606	\$0.95 pricing	Not Committed
MOHCD Loan deferred interest	\$701,065	\$7,877		
Total	\$108,646,076	\$1,220,742		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	\$10,001	\$112	\$0.08
Hard Costs	\$81,197,443	\$912,331	\$621.46
Soft Costs	\$20,611,890	\$231,594	\$157.76
Reserves	\$1,276,642	\$14,344	\$9.77
Developer Fee	\$5,550,100	\$62,361	\$42.48
Total	\$108,646,076	\$1,220,742	\$831.55

FOR REFERENCE ONLY – Block 9

Block 9, the other affordable development within Sunnydale Phase 3, is at 100% DD and roughly at the same level of design as Block 7. Block 9 will be 95 units and located to the north of the Sunnydale site near Block 2 Open Space and McLaren Park (see Section 1.2 below). Since both Block 7 and Block 9 are necessary to continue the relocation of public housing residents, Block 9’s Sources and Uses are included below. In collaboration with the AHSC consultant, it was determined that to make Block 7 more competitive the transit component could not be split between the two projects. Currently Block 9 is not competitive for any State funding programs.

Block 9 Preliminary Sources and Uses:

Sources

Tax Credit Equity	\$53,810,195
Tranche A Perm Loan	\$26,656,735
GP Equity	\$500,000
Deferred Costs	\$4,500,000
Gap	\$31,619,862
Total Permanent Sources	\$117,086,792

Permanent Uses

Total Development Cost	\$117,086,792
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1. BACKGROUND

1.1. Project History Leading to This Request.

N/A. For a Project History of Sunnydale HOPE SF, with Applicable NOFA/RFQ/RFP, please see Attachment M.

In 2011, the Sponsor issued a Request for Qualifications (RFQ) for architectural services for the first several phases of the Sunnydale Master Plan, with the expectation that Block 6, Block 3 (now Blocks 3A and 3B) and Block 7 could be designed and built at the same time. Saida + Sullivan Design Partners, were selected as Project architect for Block 7 through the competitive procurement process and tested the Design Standards Guidelines (DSG) for implementation and preliminary design work for Block 7 yielding rough schematic designs. However, shortly after beginning this engagement, Block 7 was halted for various reasons, including finalization of the Master Development Agreement (MDA) and Developer Agreement (DA), and full entitlements for the site.

Block 6 (290 Malosi) is complete, and Blocks 3A and 3B are under construction. In 2021, Block 7 received a \$2,820,000 predevelopment loan to begin concept design. Saida + Sullivan revised the original concept/schematic drawings to examine cost-efficient massing and unit mix to streamline Project financing, development processes, and meet Sunnydale needs. Since 2021, Saida + Sullivan has continued to work on design drawings and are currently at the 60% Construction Drawings milestone. Through a competitive Request for Proposals (RFP) process in 2022, Cahill Guzman Joint Venture was selected as the General Contractor and Gonzalo Castro was selected as the Construction Manager.

Through strategic design changes, the Sponsor was able to increase the Project unit count from 69 units during the master planning phase up to 89 units. This change was made possible due to a 10-foot height increase (from 40 feet to 50 feet), which was approved by the Planning Commission in September 2023, amongst other technical modifications to amend the DSG. The Project is currently in the process of a Planning Vertical Design Review approval and DBI-led Site Permit approval expected March 2024.

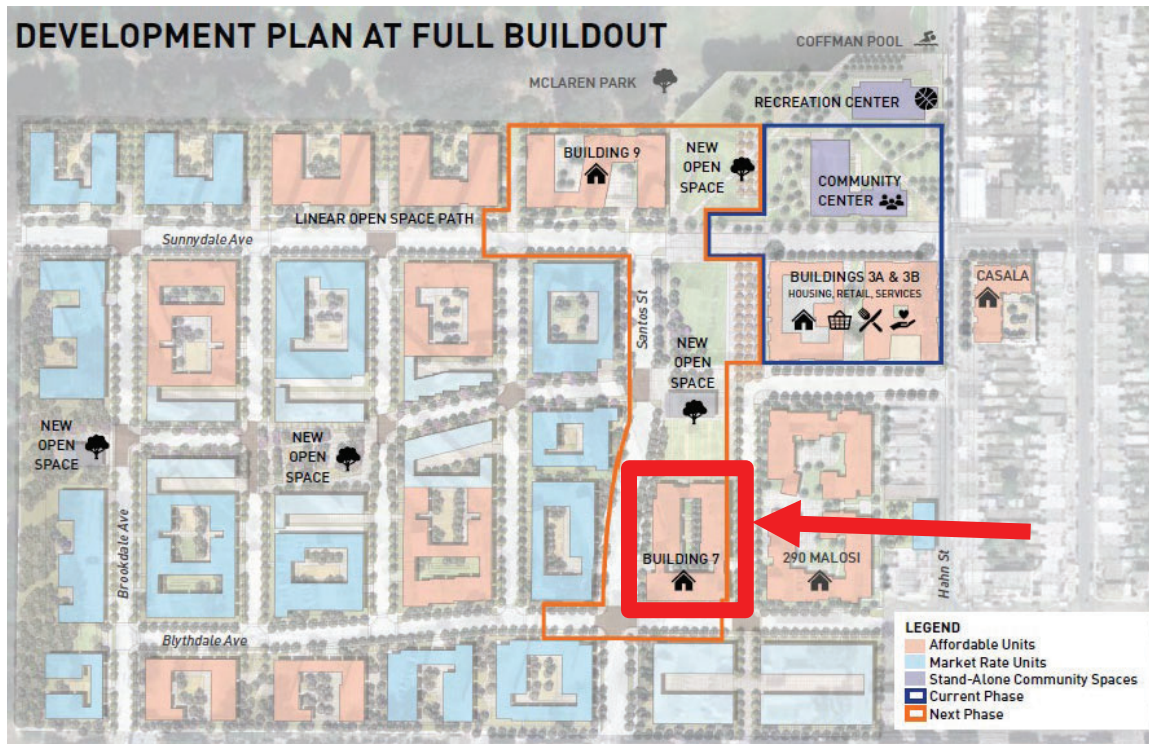
In April of 2023, Sunnydale Block 7 was part of a comprehensive application by the City of San Francisco for an Infill Infrastructure Grant Catalytic Qualifying Infill Area (IIGC). This Project applied alongside Potrero Block Q, Potrero R3, Sunnydale Block 9, and India Basin and the City of San Francisco, as applicant, was awarded in August 2023. The funding amount for Sunnydale Block 7 is approximately \$5-7 million. Any funding received through IIGC for Block 7 will be used to pay down the Phase 3 infrastructure loan.

In January 2024, HCD issued a Notice of Funding Availability (NOFA) for \$675 million in funding for the AHSC Program. The AHSC program is administered by

the Strategic Growth Council and implemented by HCD and funds land use, housing, transportation, and land preservation projects to support infill developments that reduce greenhouse gas emissions. Funding for the AHSC Program is provided from the Greenhouse Gas Reduction Fund, an account established to receive Cap-and-Trade auction proceeds. MOHCD and the Sponsor are applying for Sunnydale Block 7 for AHSC Round 8 funding in March 2024.

If the Project obtains an AHSC award in August 2024, the Sponsor will apply for tax credits and 4% bonds in the second round of 2024 – August 27, 2024. If successful, vertical construction of Block 7 is expected to start July 2025. The construction period is expected to be 20 months with full lease up in 2027.

1.2. Phasing Map.



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

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

1.4.1. Borrower. Sunnydale Block 7 Housing Partners, L.P., a California limited partnership whose sole members are affiliates of Mercy and Related. An affiliate of Mercy, Sunnydale Block 7 LLC, will act as the Managing General Partner and an affiliate of Related, Related/Sunnydale Block 7 Development Co., LLC will act as the Administrative General Partner.

1.4.2. Joint Venture Partnership. Mercy and Related are co-developing the Sunnydale Master Plan project as a joint venture partnership with a 50-50 split of responsibilities during phase development. Mercy and Related alternate the responsibility of serving as lead developer for each Sunnydale project with Mercy taking responsibility for Block 7. Mercy is responsible for the Phase 3 infrastructure, in which Block 7 is located, while Related oversaw the previous Phase 1A3 infrastructure and Blocks 3A and 3B.

1.4.3. Demographics of Board of Directors, Staff and People Served. See below for gender identity and race demographics for the applicable Mercy entities. Mercy does not collect sexual orientation data from staff and board members.

Entity	Gender Identity	Race
Mercy Housing California Board	M: 43% F: 57%	Asian: 14.29% African American: 7.14% Caucasian: 43.86% Latinx: 14.29% Biracial: 21.43%
Mercy Housing, Inc. - Board	M: 50% F: 50%	Asian: 5% African American: 15% Caucasian: 75% Latinx: 5%
Mercy Housing, Inc. - All Staff	M: 42% F: 58%	2 or More Races – 3% American Indian/Alaska Native – 1% Asian – 11% Black or African American – 24% Hispanic or Latino – 22% Native Hawaiian/Other Pacific Islander – 1% Not specified – 1% White – 37%
Mercy Housing California - All Staff	M: 43% F: 57%	2 or More Races – 5% American Indian/Alaska Native – 1% Asian – 21% Black or African American – 17% Hispanic or Latino – 31% Native Hawaiian/Other Pacific Islander – 2% Not specified – 1% White – 22%

See below for a breakdown of the gender identity and race demographics for Related California’s Northern California and Northwest affordable housing division. Related does not collect sexual orientation data from staff. The division is led by Ann Silverberg, a woman leader as CEO, and women serve all positions at the senior vice president level as well. Related is a for-profit entity and does not have a Board of Directors.

Entity	Gender Identity	Race
Related Northern California/Northwest	M: 40% F: 60%	Asian: 10% Black/African American: 10% White/Caucasian: 65% Hispanic/Latino: 15% American Indian/Alaska Native: 0% Native Hawaiian/Other Pacific Islander: 0%

Racial Equity Vision.

Mercy is dedicated to moving forward racial equity work. Mercy Housing was founded on the belief that housing justice is social justice. Mercy’s organizational values of respect, justice, and mercy are integral to its racial equity work. To advance its racial equity and social justice, Mercy’s national office launched the Racial Equity, Diversity, and Inclusion (REDI) initiative. In 2021, Mercy Housing Inc. hired Web Brown as SVP for Racial Equity, Diversity, and Inclusion. Mr. Brown has created a coordinated approach to REDI that includes creating an organizational framework that consists of focus areas to produce action plans throughout the organization in areas of internal culture, resident empowerment, education, and training, hiring and recruitment, communication, and advocacy.

Mercy has also established REDI goals for each department. The California real estate development team generated five goals in 2020 and created workplans around achieving each of the goals. Goals include expanding the pipeline of diverse real estate staff, creating a national contracting and procurement policy, developing REDI evaluation standards for each stage in the development process, incorporating equitable digital access in development projects, and creating a legislative advocacy strategy. San Francisco real estate staff have been central in elevating these conversations and moving the goals forward. In 2023, Mercy Housing Inc. published its organization wide racial equity mission and goals.

The principles of diversity, equity, inclusion, and belonging (DEIB)

are core to Related. Related was founded on affordable housing and community development principles over 30 years ago, with origins in revitalizing San Francisco's most segregated and underinvested communities and serving low-income families, seniors, and formerly homeless people. Related has a track record of hiring those with a strong commitment towards social impact and hiring from within the communities they serve. All staff including executives involved in San Francisco projects have completed Trauma Informed Training.

1.4.4. Relevant Experience.

Mercy Housing, Inc. ("MHI") is the largest non-profit owner of affordable housing in the United States. MHI owns and provides property management (through Mercy Housing Management Group or "MHMG") to more than 23,000 units of affordable housing and currently serves more than 50,000 people. Mercy Housing California is the California affiliate of MHI. In San Francisco, the company owns and/or manages 56 properties with 4,551 homes and 7,620 residents. Of the rental housing completed, approximately 52% are for families, 32% for seniors, and 16% supportive housing for formerly unhoused households. In addition, Mercy has nearly 6,000 units in its development pipeline with a team of 38 development staff members to support the process. The San Francisco portfolio includes four family and senior properties in the Visitacion Valley neighborhood and two completed properties in Sunnydale thus far (Casala and 290 Malosi, totaling 222 units). Sunnydale Buildings 3A and 3B will be completed late 2024 and early 2025, adding 170 additional units to Mercy's ownership and management portfolio.

Related has developed 122 LIHTC-financed projects in California. In San Francisco most are primarily Type V/I and Type III/I urban infill projects including Sunnydale's Casala project, Balboa Park Upper Yard, Crescent Cove, Fillmore Marketplace, Hayes Valley Apartments, and Five 88. Related owns close to 13,500 affordable units in operations plus 5,200 affordable units under construction or in predevelopment in California. Related serves extremely low- and low-income households in family properties, senior properties, and properties with permanent supportive housing.

1.4.5. Project Management Capacity.

Mercy Housing California is the Lead Developer for Block 7 through a joint venture with Related California, who serves as Co-Developer. The MHC Real Estate Development team working on

Sunnydale Block 7 is made up of Emily Estes (Senior Project Manager, 30% of her time on Block 7) and Priscila Tapia (Assistant Project Manager, 30% of time), with support from Elizabeth Kuwada (Director of Real Estate Development) and Clare Murphy (Associate Director of Real Estate Development).

The Related Real Estate Development team working on Sunnydale Block 7 includes Thu Nguyen (Assistant VP of Real Estate California, 10% of time) and Carlos Vasquez (Project Manager, 10% of time).

1.4.6. Past Performance.

1.4.6.1. City audits/performance plans. Mercy will be the lead service provider for Sunnydale Block 7. According to MOHCD's Community Development team, Mercy has no outstanding performance issues and has made significant progress overcoming staffing challenges within the last four years.

1.4.6.2. Marketing/lease-up/operations.

Mercy and Related started lease up calls for the two Sunnydale projects under construction, Blocks 3A and 3B, in February 2024. Resident move-ins are expected to begin in January 2025. The most recent lease-up effort on site was completed in March 2022 with 290 Malosi, a 167-unit affordable development, reaching 100% occupancy. As with all projects to date in Sunnydale, the project included 75% public housing replacement units. The remaining 41 units were marketed through the DAHLIA housing portal with the same marketing preferences as shown in Section 4.11. MOHCD marketing and lease up staff provided 290 Malosi with a scorecard on the lease up of the 41 units marketed through DAHLIA. The project was awarded a 52, which is an A grade, based on the marketing plan, assessment of the lottery, and lease up process. MOHCD's leasing team notes that requests have been made to Mercy to have a local marketing staff member to work on marketing plan documents since the main staff person is in Colorado.

The following tables summarize the resident data for head of households at Casala and 290 Malosi, the first and second fully leased projects at Sunnydale. Note: Casala did not have a Right To Return (RTR) Preference for the non-PBV (Project-based Voucher) tax credit units at time of lease up. The Right To Return Ordinance was passed on January 19, 2020 after the

Casala marketing plan was approved and posted on the DAHLIA housing portal.

Casala – Initial Lease-up Demographics

Race	TCAC (13 units)	PBV (41 units)
Black	23%	59%
Hispanic	38.5%	12%
Asian	38.5%	15%
Pacific Islander	0%	10%
White	0%	2%
Mixed-Race	0%	2%

290 Malosi – Initial Lease-up Demographics

Race	TCAC (32 units)	TCAC – Right to Return (9 units)	PBV (125 units)
Black	13%	78%	44%
Hispanic	31%	11%	18%
Asian	50%	0%	15%
Pacific Islander	3%	11%	21%
Indian	3%	0%	0%
White	0%	0%	2%

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

Site Description	
Zoning:	Sunnydale HOPE SF Special Use District (Approved Jan. 31, 2017)
Maximum units allowed by current zoning (N/A if rehab):	No restriction on Block 7. There is a maximum unit count and density limitation for the entire Sunnydale HOPE SF site.
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Zone 4.
Soil type:	A soil study is currently being conducted for the entire Phase 3 area by the environmental consultant, Essel Technology Services, Inc. The Sponsor expects Block 7 to mirror Block 6 and 3's soil type, which include: The top one to five feet of soil is loose. ENGE0, the geotechnical engineer, recommends the removal and

	<p>amendment of the existing soils to one to five feet depth for development. The soil has poor infiltrative capacity and water quality, in which flow attenuation will likely need to be achieved via horizontal filtration (conveyance) and storage rather than groundwater recharging and vertical infiltration. The expansive soils also make the location of the infiltration facilities in relation to other improvements (such as foundations, walls, and roads) more critical.</p>
<p>Environmental Review:</p>	<p>The Planning Commission approved a joint Sunnydale HOPE SF EIR/EIS on July 9, 2015. HUD issued Authorization to Use Grant Funds (AUGF) on September 1, 2015. No new environmental review is necessary if the project scope remains the same. However, since the unit count increased there may be a need for a supplemental review. MOHCD staff are determining if this supplemental review is necessary and if so, will complete prior to construction close.</p> <p>Phase 1 Environmental Site Assessment conducted for all of Phase 3 Infrastructure boundaries (including Block 7) on 10/18/23.</p>
<p>Adjacent uses (North):</p>	<p>Open space Block 4.</p>
<p>Adjacent uses (South):</p>	<p>Block 8 Market Rate site and Visitacion Valley neighborhood.</p>
<p>Adjacent uses (East):</p>	<p>Sunnydale Block 6 (290 Malosi), a 167-unit affordable housing development owned by a Mercy and Related limited partnership.</p>
<p>Adjacent uses (West):</p>	<p>Sunnydale public housing units</p>
<p>Neighborhood Amenities within 0.5 miles:</p>	<p>Community and social services planned to be located on the ground floor of Block 3A and 3B (Estimated in 2025): Health and Wellness Center operated by the San Francisco Department of Public Health (DPH), as well as Felton Early Childhood Education Center and Mercy Housing's Neighborhood Resource Center. The Block 3 ground floor will also include neighborhood retail aimed for a grocery store, food hall/restaurant, and resident owned businesses.</p> <p>The Block 1 Community Center, to the northeast of the Project, will house a new and expanded Wu Yee Early Childhood Education Center (which includes Head Start) and a new and expanded Boys & Girls Clubhouse. The Center will also include indoor multi-purpose spaces and outdoor space for community events and activities. The Center is under construction and estimated to open to the public in fall 2024.</p> <p>The Sponsor is working with the San Francisco Recreation and Parks Department (RPD) to construct the Herz Recreation Center at Herz Park to provide the community with a new neighborhood gym and multi-purpose room. The recreation center is currently</p>

	<p>under construction and estimated to open to the public in early 2025. RPD also recently completed the renovation of the Herz playground with new equipment.</p> <p>Samoan CDC is planning to maintain their McLaren School center and continue to be active in the services and programming in the neighborhood.</p> <p>Grocery Outlet and the Leland Avenue small business retail corridor is approximately three-fourths of a mile away. The Schlage Lock development, about one mile away, will include a major grocery store.</p> <p>Small churches and places of worship are located throughout the neighborhood.</p> <p>McLaren School, Visitacion Valley Elementary School, Visitacion Valley Middle School, June Jordan Equity School, and Our Lady – The Visitacion School are in the area.</p>
Public Transportation within 0.5 miles:	Bus Lines 8, 8BX, 9, 9R, 56, 91
Article 34:	Article 34 Authority no longer required for projects with AHSC funding and tax credits.
Article 38:	Exempt. The Sunnydale site is not located in an Article 38 Air Pollutant Exposure Zone.
Accessibility:	15% of units (14) are accessible (Mobility features, Hearing and Visual Aid featured)
Green Building:	Block 7 will meet Green Point Rated Requirements in the San Francisco Green Building Ordinance.
Recycled Water:	Exempt. Per the Development Agreement, all Sunnydale HOPE SF development is exempt.
Storm Water Management:	A specific stormwater mitigation plan for Block 7 is still in design and will be developed as part of the predevelopment scope. A revised Preliminary Stormwater Control Plan was submitted in February 2024 with approval expected in April 2024. Upon approval of the PSCP, final conditions will be addressed in the final SCP which will be submitted during the building addenda process later in 2024.

2.1. Description. Block 7 is on approximately 1.02 acres (44,400 SF) located at the corner of Malosi Street and Sunrise Way and part of Phase 3 Infrastructure. The Site was previously occupied by 23 public housing units, but SFHA, with support from the Project Sponsors, worked to relocate the families before the units were demolished. Demolition of the Site was completed in February 2024. The Site is now vacant.

2.2. Zoning. N/A, see above.

2.3. Probable Maximum Loss. N/A

2.4. Local/Federal Environmental Review. See chart above.

2.5. Environmental Issues.

Phase I Site Assessment Status and Results

A Block 7 Phase I Environmental Site Assessment was completed on October 18, 2023, by Essel Technology Services, Inc. The assessment concluded that there are no Recognized Environmental Conditions (RECs) a Phase II investigation is not recommended.

The report did identify serpentinite, asbestos-containing materials and lead-based paint in the public housing units which are now demolished. Asbestos abatement was performed and an Asbestos Dust Mitigation Plan (ADMP), Dust Control Plan (DCP), and hazardous building material demolition surveys were produced to address these issues. Asbestos on the buildings was removed during demolition, however there is naturally occurring asbestos in the soil from serpentine rock. This will be remediated through the DCP and ADMP.

Extensive soil testing is currently taking place on site by Essel Technology Services, Inc. A report with results of the soil testing is expected in late March 2024 but early findings show that none of the soil samples would be considered hazardous based on total concentrations or soluble concentrations.

2.6. Green Building. See chart above.

3. COMMUNITY SUPPORT

3.1. Prior Outreach.

Since early 2009, Mercy Housing's community building staff have been working on site to outreach to Sunnydale residents. The goals of the community building scope of work are to support an operating culture in which residents and staff create a community network that embodies a culture of empowerment, aspiration, and shared accountability. This includes building and maintaining trust and relationships, mutual support, creative problem solving amongst residents and staff, as well as resident-led initiatives. Part of this work includes social activities that encourage relationship building in addition to sharing about pertinent services and development-related work. Mercy Housing has worked with community development and organizing consultants to help guide this work.

The team has shared the Block 7 Project with the community at monthly Neighbor Up community meetings and events such as the annual Family Day held each June, as well as at focused events such as the Design Charrette held in November 2021 to receive community input about all project elements within Phase 3 (Block 7 and 9 housing, Block 2 and 4 open space) and the Vertical Design Review community meeting for

Block 7 and Block 9 in July 2022. Community meetings have had interpreters providing live translation as needed.

3.2. Future Outreach.

Mercy Housing will continue to hold monthly in-person Neighbor Up meetings and other community events where information about Building 7 as well as other Sunnydale development activity will be shared. The Project Sponsors will also continue to share project information through the GoSunnydale website.

3.3. 1998 Proposition I Citizens' Right-To-Know. Prop I notification occurred in July 2023.

4. DEVELOPMENT PLAN

4.1. Site Control. The Site is currently owned by SFHA. The forms of the horizontal and vertical ground leases, the demolition license agreement to abate and demolish existing buildings, and the form of short-term ground lease to construct the new infrastructure have been negotiated by the Sponsor, MOHCD and SFHA. A long-term vertical ground lease between SFHA and the Sponsor for Block 7 will be executed at construction loan closing.

4.1.1. Proposed Property Ownership Structure. SFHA will retain long-term ownership of the land and ground lease it to the Sponsor, who will develop and own the affordable housing improvements. The form of the ground lease will be negotiated by the Sponsor, SFHA and MOHCD. Previous SFHA long-term vertical ground leases were executed at construction closing with a term of 75 years, with an option to extend for an additional 24 years, and a \$15,000 annual base rent.

4.2. Proposed Design.

Residential SF:		130,655
Commercial SF:		-
Building Total SF:		130,655
UNIT TYPES	Avg Unit SF - This Project	CTCAC-Required Minimum SF
1BR:	566	450
2BR:	786	700
3BR:	1037	900
4BR:	1326	1100

The Sponsor intends to have similar unit sizes to legacy units when possible. They provided direction to architects to keep similar sizes while balancing the need for cost efficiency in design with respect to standardized unit types and efficient layouts.

4.3. Parking. On the lowest floor there is a parking garage that will provide 60 parking spaces with no parking stackers. After construction, a lottery process will take place after lease-up for the free parking assignment like Casala and 290 Malosi.

<u>Standard</u>	<u>Future EV</u>	<u>ADA</u>	<u>Total</u>	<u>Parking/unit ratio</u>
50	7	3	60	67%

4.4. Construction Supervisor/Construction Representative’s Evaluation

The Block 7 design makes efficient use of the sloped site and consists of relatively simple forms and materials to keep costs low. The initial design featured more “stepping” vertically to work within the vertical height constraints and required non-stacking unit types, leading to some substantial inefficiencies. With MOHCD’s support, the Sponsor and architect were able to get Planning to increase the height limit, leading to a much more efficient design with like-type units stacking above each other. There is still one step-back at the top floor to conform to the steep grade change from east to west, which creates some inefficiency, but is a vast improvement over what they designed under the old height constraints.

The construction costs are roughly comparable to similar projects at 14% more expensive on a per unit basis but slightly below average on a per bedroom and per square foot basis. The higher cost per unit is partly due to the high ratio of units to bedrooms (89 units:205 bedrooms for Block 7, 99:197 for comparable projects). The soft costs come in well above average (63% more per unit, 41% more per bedroom, and 42% more per square foot). The current environment of high construction loan interest rates is the primary driver of the high soft costs, as most of the comparable projects are either

completed or started construction before interest rates rose. As with all HOPE SF projects, the inclusion of parking (at a relatively high ratio) and in-unit laundry in larger units tends to drive the cost higher than in non-HOPE SF buildings. The aforementioned slope of the site is also a cost driver, as is the need for an underground cistern for stormwater management.

4.5. Commercial Space. N/A

4.6. Service Space.

Block 7 includes a resident services office, where residents will be able to access services. Services will also be available at the Neighborhood Resource Center in Block 3A.

4.7. Interim Use. N/A

4.8. Infrastructure. Phase 3 infrastructure, which comprises Block 7, Block 9, and Blocks 2 and 4 open spaces, will commence construction in June 2024. Phase 3 consists of infrastructure improvements along Sunnydale Avenue, including streets, sidewalks, street trees and furniture, utility infrastructure, bicycle lanes, off-site intersection improvements, and SFMTA infrastructure, as well as grading of the three development blocks. The Sponsor and MOHCD are involved in infrastructure task force meetings for this infrastructure phase that include SFPW, OEWD, and SFPUC. The infrastructure construction is planned to reach substantial completion by October 2025. The pad for Block 7 will be ready by April 1, 2025. If infrastructure work is delayed, then the infrastructure schedule will be modified to grade Block 7 earlier in the timeline to meet a June 2025 construction start date. The Sponsor's goal is to open public open spaces Blocks 2 and 4 at the same time as Block 9 opening (tentatively late 2027). Blocks 7 and 9 pads will sit vacant until vertical construction begins.

4.9. Communications Wiring and Internet Access.

The Sponsor is working with the MOHCD Construction Representative to determine the appropriate communications wiring scope to meet MOHCD's current standards. All Sunnydale projects, including Block 7, have access to the City fiber high-speed network and are served by Department of Technology's internet service provider.

4.10. Public Art Component. While the Charter provision that requires public art in new construction projects funded by MOHCD does not apply to HOPE SF, the Sponsor anticipates incorporating a public art component with Sunnydale resident involvement. This amount appears/ does not appear in the current development budget.

4.11. Marketing, Occupancy, and Lease-Up

The 67 public housing replacement units under a 20-year PBV contract will be available to current Sunnydale public housing residents who are in good standing and eligible for new housing under the SFHA Right to Return policy and City Ordinance through a random drawing, a process determined and agreed upon by MOHCD, HOPE SF, SFHA, and the Sponsor. SFHA will refer future applicants from its waitlist for these 67 units after all the existing residents have exercised their HOPE SF right to return.

The preferences for the 25% of units subject to the standard initial marketing and occupancy preferences are as follows (with Veterans of the US Military ranking highest within a lottery preference category):

MOHCD Preference	Applicant Category
1	HOPE SF Right to Return (Sunnydale Residents)
2	Certificate of Preference (COP) Holders
3	Displaced Tenants Housing Preference (DTHP) Certificate Holders (20%)
4	Neighborhood Preference (25%)*
5	Live or Work in San Francisco
6	All Other Applicants

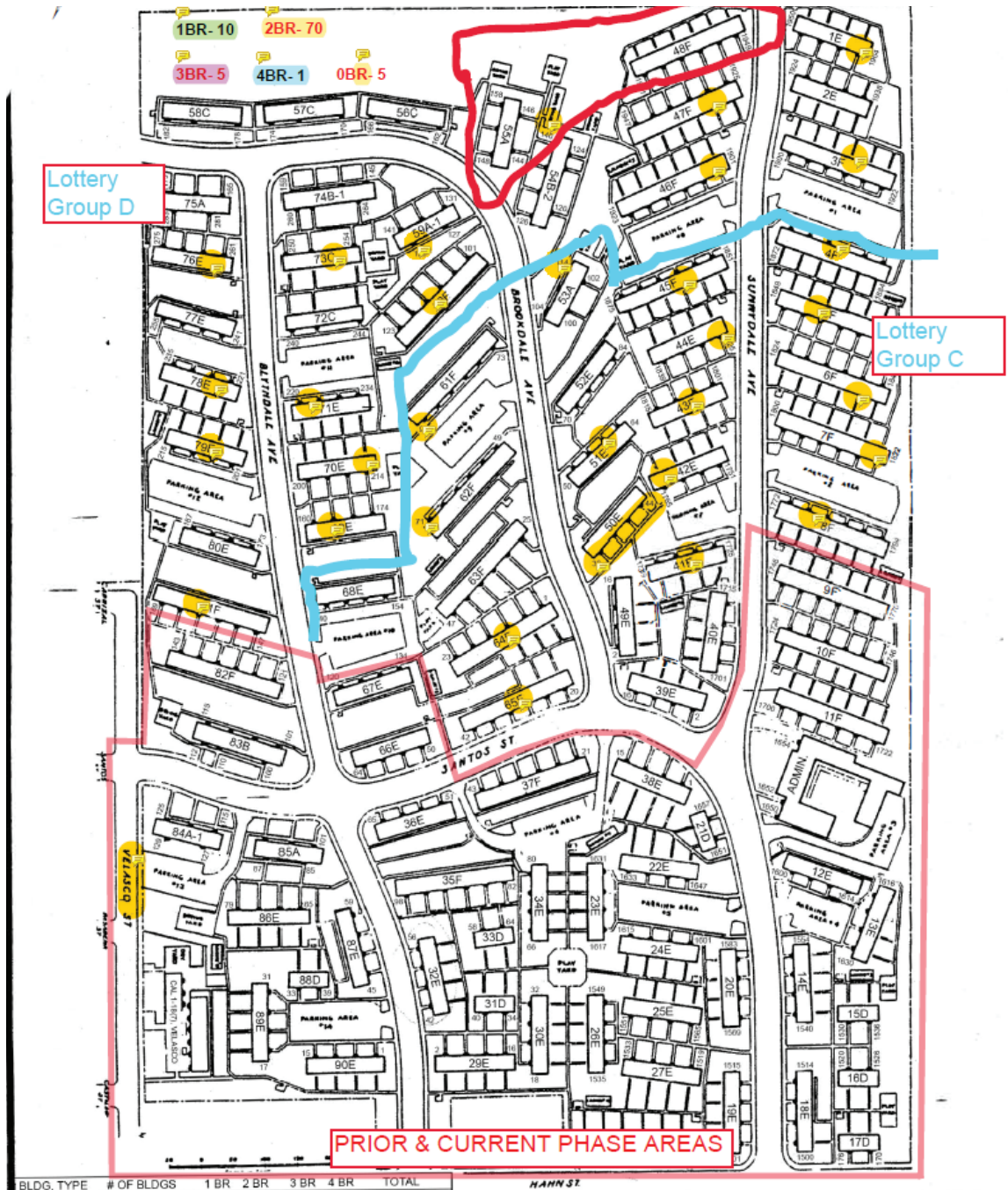
*Due to this Project projecting to receive state funding from the AHSC program, the Neighborhood Preference set aside is reduced to 25% of available units, instead of 40%.

All eligible Sunnydale households can move in to the newly completed buildings, no matter the income levels of the households. Two households over the 60% TCAC AMI limit moved into 290 Malosi. For Block 7, the TCAC application will include all units as tax credit units to earn equity. If any households are over TCAC income requirements upon lease up, then the project will lose the proportional tax credit equity at permanent conversion.

4.12 Relocation. The relocation of public housing residents residing within the Block 7 footprint to rehabbed public housing units in later phases was completed in June 2023 before demolition and abatement began. SFHA, with financial support from MOHCD, performed the relocation of these former households. The Sunnydale HOPE SF Final Master Relocation Plan approved by SFHA on August 25, 2016, and the Phase 3 (1B, 1C and 3C) revision and update, approved by SFHA on October 11, 2021, outlines the applicable relocation requirements, including the Uniform Relocation Act (URA) and State of California Relocation Assistance Law (CRAL), and details a phased relocation plan consistent with those requirements. SFHA, as the displacing agency, executed the relocation activities for Block 7, with support from the Sponsor and MOHCD. Residents who were impacted by the demolition of

the Block 7 footprint area moved to either 290 Malosi or a rehabilitated unit on the Sunnydale HOPE SF site. Residents moving in to the completed Block 7 are expected to be in Relocation Group Area D (see image below). There are expected to be approximately 208 households living in the existing public housing at the time Block 7 lease-up begins. Once Blocks 7 and 9 are leased up, there are expected to be approximately 100 households living in existing public housing thereafter.

The Block 7 Project Site is within the Phase 3 (Phase 1B-1C-3C) infrastructure area. While most buildings in this infrastructure area have already been demolished, there is a limited amount of relocation still required before Phase 3 infrastructure work can commence: two households on Velasco, Wu Yee Children's Services on Velasco, and the community-based organizations (CBOs) in the Administration Building on Sunnydale Avenue. The Wu Yee Children's Services and CBOs' relocations are dependent on the construction completion of the Block 1 Community Center and temporary CBOs relocation efforts. Block 1 Community Center is scheduled to be completed in fall 2024. If these relocation efforts are delayed and subsequent infrastructure construction is delayed, there may be a shift in the infrastructure schedule to grade Block 7 earlier or delay Block 7's construction closing until infrastructure pad work is complete. As of now, there is no indication that Block 1 completion will be delayed.



The Infrastructure Phase 3 budget includes \$116,000 in direct relocation costs for Sunnydale residents to move into Block 7, and therefore the Block 7 budget does not include these costs.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Saida + Sullivan	Y	N
Landscape Architect	TS Studio	Y	N
General Contractor	Cahill Guzman Joint Venture	Y (Guzman for overall SBE but not 20% sub goal)	N
Owner's Rep/Construction Manager	Design Studios Gonzalo Castro	Y	N
Financial Consultant	CHPC	N	N
Legal	Gubb & Barshay LLP	N	N
Property Manager	Mercy Housing Management Group	N	N
Services Provider	Mercy Housing California	N	N

5.1. Procurement Plan.

Mercy and Related are committed to ensuring that Block 7 will benefit and generate economic opportunities for smaller and BIPOC-led firms, SBE/LBE organizations, and low-income local residents, in addition to creating a positive outcome for future residents. At the Project level, the Sponsor continues to work with MOHCD on established community and economic development goals and has competitively procured consultants and contractors who have a track record of meeting or supporting those represented with proper data collection.

Project Sponsor has coordinated with Contract Management Division (CMD) to establish a professional services goal of 20% SBE and a construction goal of 20% SBE. The Project achieved professional services SBE participation of 58% as of February 2024.

Pursuant to the Sunnydale Workforce MOU, the Sponsor established a First Source Hiring Program Goal of hiring 50% of new construction hires through the OEWD CityBuild workforce system.

5.2. Opportunities for BIPOC-Led Organizations.

The Sponsor is fully committed to ensuring that Block 7 will generate economic opportunities for smaller and BIPOC-led firms, SBE/LBE organizations, and low-income local residents, in addition to creating a positive outcome for future residents.

The Sponsor is currently working with MOHCD and the General Contractor to develop meaningful subcontracting opportunities for SBE/LBE businesses, particularly those located in the Project vicinity in District 10. The General Contractor is performing early outreach to share about this opportunity prior to the project bid. Strategies include:

- Outreach, advertising and marketing, including timely use of the Bid and Contract Opportunities newsletter published by the City and County of San Francisco Purchasing Department and media focused specifically on SBE businesses such as the Small Business Exchange, of the opportunity to submit bids or proposals and to attend a pre-bid meeting to learn about contracting opportunities.
- Perform direct outreach to SBE firms to ascertain their interest in performing certain contract scopes.
- Consider splitting professional contracting into smaller scopes of work or dollar amount contracts to allow smaller firms to participate more easily.
- Assist and provide possible solutions to potential contractors and subcontractors who have questions around bonding and lines of credit.

The Sponsor will also work with the General Contractor and CityBuild, per the Sunnydale Workforce MOU, to provide opportunities for Sunnydale residents to enter into or continue working in the construction industry. Strategies include:

- Mercy Housing Services Staff will provide referrals to CityBuild and/or work readiness support referrals to residents seeking employment opportunities.
- General Contractor and subcontractors provide First Source Hiring Plans to outline the specific steps the contractors will take to implement hiring goals.
- Collaborate with other local, community-based employment and training agencies to enroll very low- and low-income area residents in training programs, such as City Build, so they are prepared for construction workforce opportunities when they become available.
- Collaborate with CityBuild and General Contractor to provide sponsorship opportunities and to plan workforce training in alignment with the project construction schedule to maximize hiring opportunities.
- Utilize the Construction Industry Workforce Initiative for outreach to employ neighborhood college students as interns.

6. FINANCING PLAN (See Attachment F for Cost Comparison of City Investment in Other Housing Developments; See Attachment G and H for Sources and Uses)

6.1. Prior MOHCD/OCII Funding:

Loan Type/ Program	Loan Date	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Outstanding Principal Balance
Predevelopment	September 24, 2021	\$2,820,000	3%	57 years from recorded DOT	Residual Receipts	\$1,319,708

6.2. Disbursement Status. The last draw was January 31, 2024. There is \$1,319,708 in remaining funds for disbursement.

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 May 7, 2021:

- Sponsor will work with MOHCD to select a Construction Manager and General Contractor through the RFQ process.

Status: Complete.

- Sponsor will provide 9% feasibility for Project before end of 2021.

Status: Complete.

- The Sponsor will submit a marketing and lease up plan before gap.

Status: To be Completed by gap closing.

- Sponsor will submit an updated services plan and budget to MOHCD at gap financing and will work to reduce overall level of services.

Status: Ongoing. Sponsor provided updated plan but will refine by gap.

- Sponsor will reduce property management, maintenance and community coordinator costs to align with MOHCD guidelines.

Status: Complete.

- Sponsor will provide analysis on competitiveness for various funding sources, including CDLAC, FHLBSF and HCD.

Status: Ongoing. Sponsor provided analyses for CDLAC, AHP and AHSC. The Project self-scored 62 for AHP with lowest funded in 2023 at 66.5. Sponsor will provide self-scores as needed.

- MOHCD must approve the debt and equity RFP as well as the final investor and lender selection.

Status: To Be Completed.

- MOHCD must approve raw financial data from Sponsor or financial consultant prior to selection of the investor and lender.

Status: To Be Completed. Sponsor will provide this information once they receive lender and investor proposals.

- Sponsor will decrease DSCR to 1.1 in the first year to maximize permanent debt proceeds.

Status: N/A. Sponsor is using DSCR of 1.15 per MOHCD Guidelines.

- Sponsor will work with MOHCD staff to bring Operating Expenses in line with underwriting guidelines.

Status: Ongoing.

- Sponsor will seek to increase permanent mortgage proceeds through securing better loan terms and a more competitive interest rate before returning for gap.

Status: Ongoing.

- Sponsor will work with SFHA to secure PBVs for the development.

Status: Completed. Sponsor obtained PBV commitment letter for AHSC application.

- Sponsor to work with MOHCD construction manager and other resources to bring hard costs and A&E costs within an acceptable range for MOHCD approval.

Status: Ongoing.

6.4. Proposed Permanent Financing

6.4.1. Permanent Sources Evaluation Narrative: The Borrower proposes to use the following sources to permanently finance the project:

- MOHCD Gap Financing: \$15,350,000: 55-year term, 3.0% simple interest with residual receipts payments.
- Private mortgage (\$20,851,000): Lender TBD, 35-year amortization (17-year term), 6.57% interest rate including 2.25% spread and 0.15% cushion. Per the MOHCD proforma and the terms of this loan, the maximum supportable mortgage is \$21.2 million. The Sponsor will maximize the mortgage at gap financing.

- 4% Tax Credit Equity (\$49,893,911): Investor TBD, \$0.95 per credit. This is lower than current projects in MOHCD pipeline have received recently.
- AHSC Loan (\$18,500,000): 55-year, 3.0% simple interest rate, mandatory payment equal to 0.42% of loan; remainder based on residual receipts.

For the 2024 round, the Sponsor and MOHCD have been working closely with Enterprise and various City agencies to refine its AHSC application. The total AHSC loan and grant request will be for approximately \$28,100,000 including approximately \$9,600,000 in Sustainable Transportation Infrastructure (STI) and Transportation Related Amenities (TRA) funds for transit, bike, and pedestrian improvement, as well program funds including transit passes for tenants. The project's competitiveness for an AHSC award depends partially on requesting lower Affordable Housing Development (AHD) funding. MOHCD worked with the Sponsor to request \$18,500,000 in AHD funds with a MOHCD commitment of \$12,500,000.

At this time, AHSC is the only feasible HCD funding source for Block 7. If AHSC is not awarded, the Project will likely need to wait to apply for a future AHSC funding round, consider requesting more MOHCD gap funding, or wait for new State funding programs, which is unrealistic given the current budget deficit. Project delays will incur escalation costs which will increase total development costs. If awarded AHSC in this current 2024 round, the Sponsor anticipates being able to secure a 4% tax credit and tax-exempt bond award later in 2024, as the last round of awards for these funds in 2023 was non-competitive and it is expected that these awards will remain uncompetitive in 2024 given the lack of available local and State gap funding.

- AHP (\$0): The latest AHP self-score is 62 with 66.5 or above considered competitive.
- Deferred Developer Fee (\$3,350,000): Paid out by year 17.
- General Partner Equity (\$100)
- Construction Loan (\$53,327,000): While not a permanent source, the assumed construction loan terms are 30-month term and 7.52% including 1.70% spread and 0.50% cushion.

6.5.2 CDLAC Tax-Exempt Bond Application:

CDLAC Self-Score	
Opportunity Map Resource Level	Low Resource
TCAC Housing Type (new construction only)	Large Family
Bond Allocation Request Amount	\$53,327,000
Total Self-Score (out of 120 points)	119
Tiebreaker Score	121.48%

Winning tiebreakers in 2023 for 119-point projects were 120-121% with higher tiebreakers more competitive.

6.5.4 Commercial Space Sources and Uses Narrative: N/A

6.4.2. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit is within standards	Y	\$912,331/unit. Project hard cost is 14% higher than comparable projects on per unit basis but slightly below average on a per bedroom and square foot basis.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5%. Hard cost estimate also includes 6% escalation for a July 2025 construction start date. Bid and Plan Check contingencies are low given new 60% CD bid estimates. MOHCD will work with Sponsor to adequately size these contingencies after AHSC application submission.
Architecture and Engineering Fees are within standards	Y	A&E fees are within MOHCD underwriting guidelines. Architecture fees total \$2,945,736 and Engineering fees are \$282,000.
Construction Management Fees are within standards	Y	Construction Management Fees are \$200,000 which are within standards (precon: \$50,400 annual fee, construction: \$72,000 annual fee)
Developer Fee is within standards, see also disbursement chart below	Y	Project management fee: \$1.1MM At risk fee: \$1.1MM Deferred fee: \$3,350,000

		GP Equity: \$100 Total fee: \$5,550,100
Consultant and legal fees are reasonable	Y	Financial consultant fees are \$95,000 and legal fees are \$713,592 (includes Borrower legal fees, bond counsel, construction and perm lender fees, MOHCD legal fees and SFHA legal fees)
Entitlement fees are accurately estimated	Y	Entitlement fees are \$1,668,750.
Construction Loan interest is appropriately sized	Y	Construction loan interest is \$8,934,649 at 7.52% interest.
Soft Cost Contingency is 5-10% per standards	Y	Excluding construction loan interest, soft loan interest, cost of issuance and TCAC/CDLAC fees (per MOHCD Guidelines) the Soft Cost Contingency is 5%.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months

6.5.5 Developer Fee Evaluation: The milestones for the payment of the developer fee to the sponsor are specified below:

Total Developer Fee:	\$5,550,100	
Project Management Fee Paid to Date:	\$330,000	
Amount of Remaining Project Management Fee:	\$770,000	
Amount of Fee at Risk (the "At Risk Fee"):	\$1,100,000	
Amount of Fee Deferred (the "Deferred Fee"):	\$3,350,000	
Amount of General Partner Equity Contribution (the "GP Equity"):	\$100	
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
Closing of initial predev financing	\$330,000	30%
Submit HCD Application	\$110,000	10%
Submit CDLAC/TCAC Application	\$110,000	10%
Construction Close	\$220,000	20%
50% Construction Completion*	\$220,000*	20%*
Project close-out	\$110,000	10%

Milestones for Disbursement of that portion of Developer Fee defined as At-Risk Fee		Percentage At Risk Fee
95% lease up and draft cost certification	\$220,000	20%
Permanent conversion	\$550,000	50%
Project close-out	\$330,000	30%

*If Sponsor negotiates equity installment at 50% construction closing

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

7.1. Annual Operating Budget.

- Project Based Section 8 (PBV) Units: All HOPE SF projects utilize Housing Choice Vouchers (HCVs) awarded by HUD as part of the Section 18 Demolition and Disposition process. Block 7 will apply for 67 Project-based Vouchers from SFHA. Per SFHA's updated Administrative Plan, all future Housing Assistance Payment (HAP) contracts will be 20 years. Sponsor will provide a rent reasonableness study to SFHA to determine rents.
- Community Association Fee: \$45,000: This fee is to cover costs of the master association (aka HOA). This is a standard fee on Sunnydale HOPE SF projects, at \$500 PUPA, and is intended to cover x y and z.

7.2. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	Y	DSCR is 1.15 at Year 1 and 1.39 at Year 17.
Vacancy rate meets TCAC Standards	Y	Vacancy rate is 5%
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are \$17,378 per unit Includes Reserves
Property Management Fee is at allowable <u>HUD Maximum</u>	Y	Total Property Management Fee is \$81,168 (\$76 PUPM, \$912 PUPA)
Property Management staffing level is reasonable per comparables	Y	Proposed staffing: 1.0 FTE Senior Property Manager (PM)

		1.0 FTE Assistant PM 1.0 FTE Maintenance Manager 1.0 FTE Janitor 1.0 Security
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$25,979 Annual PM Fee is \$24,270
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 per unit per year
Limited Partnership Asset Management Fee meets standards	Y	\$5,000, no escalation

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

7.4. Staffing Summary. Below is a staffing comparison of this Project, Block 7, with other projects at Sunnydale HOPE SF that are completed or in construction.

Staffing	Casala (55 units)	290 Malosi (167)	3B (90)	3A (80)	Block 7 (89)
Community Manager of Operations	1 FTE	1 FTE	.5 FTE	.5 FTE	1 FTE
Assistant Manager	1 FTE	2 FTE	1 FTE	1 FTE	1 FTE
Community Coordinator	1 FTE	2 FTE			
Regional Management Specialist	\$25 PUPA	\$25 PUPA	\$25 PUPA	\$25 PUPA	
Maintenance Manager	1 FTE	1 FTE	.5 FTE	.5 FTE	1 FTE
Maintenance Technician	0 FTE	1 FTE	.5 FTE	.5 FTE	
Janitor	1 FTE	2 FTE	1 FTE	1 FTE	1 FTE
Regional Maintenance Specialist	\$36 PUPA	\$36 PUPA	\$36 PUPA	\$36 PUPA	
Resident Service Coordinator (see Services below)	1 FTE	2 FTE	1 FTE	1 FTE	1 FTE

7.5. Income Restrictions for All Sources.

NON-LOTTERY	No. of Units	MOHCD	TCAC
1 BR – PBV	6	50% MOHCD AMI	30% TCAC AMI
2 BR – PBV	16	50 % MOHCD AMI	30% TCAC AMI

3 BR – PBV	5		50 % MOHCD AMI	30% TCAC AMI
4 BR – PBV	1		50 % MOHCD AMI	30% TCAC AMI
1 BR - PBV	7		50 % MOHCD AMI	50% TCAC AMI
2 BR - PBV	19		50 % MOHCD AMI	50% TCAC AMI
3 BR - PBV	13		50 % MOHCD AMI	50% TCAC AMI
Sub-Total	67			
<u>LOTTERY</u>				
3 BR	1		70 % MOHCD AMI	50% TCAC AMI
4 BR	4		70 % MOHCD AMI	50% TCAC AMI
Sub-Total	5			
1 BR	1		70 % MOHCD AMI	60 % TCAC AMI
2 BR	7		70 % MOHCD AMI	60 % TCAC AMI
3 BR	4		70 % MOHCD AMI	60 % TCAC AMI
4 BR	4		70 % MOHCD AMI	60 % TCAC AMI
Sub-Total	16			
<u>STAFF UNITS</u>				
3 BR	1			
TOTAL	89			
PROJECT AVERAGE			59%	45%
AVERAGE FOR LOTTERY UNITS ONLY			70%	58%

7.6. MOHCD Restrictions.

Unit Size	No. of Units	Maximum Income Level
1 BR	13	50% of Median Income
2 BR	35	50% of Median Income
3 BR	18	50% of Median Income
4 BR	1	50% of Median Income
1 BR	1	70% of Median Income
2 BR	7	70% of Median Income
3 BR	5	70% of Median Income
4 BR	8	70% of Median Income
3 BR	1	Manager's Unit

8. SUPPORT SERVICES

8.1. Services Plan.

Mercy Housing California will provide 1.0 FTE Resident Services Coordinator (“RSC”) for the 89 family units. Responsibilities include but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or other enrichment activities for tenants (such as holiday events, tenant council, etc.).

Based on experience, it is anticipated that the RSC will provide linkage to food security benefits, food banks, and health and wellness providers; support for new parents and families with young children; monthly resident-led community building activities and events; and ongoing social activities. Events and opportunities will be culturally appropriate with translation services as needed for this multilingual population. The population served will largely be made up of persons of color who will benefit from support and resources made available through the coordination of the RSC.

8.2. Services Budget.

The total Block 7 services budget is \$113,920, which will be funded by the project operating budget. This budget covers 1.0 FTE Resident Services Coordinator and 0.10 FTE Resident Services Manager by Mercy Housing California, and associated supplies, benefits and overhead. The staff ratio of 1.0 FTE RSC for 89 units meets the MOHCD underwriting guidelines for resident services which is currently set at 1.0 FTE RSC for 100 residents. HOPE SF has indicated that 1.0 FTE RSC is appropriate for 75-100 residents.

8.3. HSH Assessment of Service Plan and Budget. N/A

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$15,350,000
Loan Term:	57 years from recorded DOT
Loan Maturity Date:	2082
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%

9.2. Recommended Loan Conditions

1. Sponsor must provide MOHCD with information regarding cost containment and strategies to reduce overall project costs. At pre-bid set submittal in summer 2024, Sponsor will deliver a new MOHCD proforma, VE logs, redlined design documents and any budget savings. Sponsor must work with MOHCD staff and General Contractor to Value Engineer construction budget.
2. Sponsor must provide MOHCD with detailed monthly updates via the MOHCD Monthly Project Update, including on:
 1. Community outreach completed, and
 2. Outcomes achieved related to racial equity goals.
3. Sponsor must provide MOHCD proposed staffing levels that meet MOHCD underwriting standards prior to gap loan approval including any changes to property management staffing shown above. Specifically, within three months of Loan Committee approval for Preliminary Gap financing, Sponsor will provide updated staffing levels for security and property management for MOHCD approval.
4. Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.
5. Sponsor must provide quarterly updated response to any letters requesting corrective action.

6. Sponsor will work with lenders to secure a 40-year amortizing loan. The requirement for a 40-year amortizing loan will be included in the debt procurement.
7. Provide MOHCD with a list of value engineering (VE) recommendations to reduce construction costs. Periodically update the list until all VE options are evaluated by the architect and sponsor.

10. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Daniel Adams, 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: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Tonia Lediju, Director
Housing Authority of the City and County of San Francisco

Date: _____

- Attachments:
- A. Project Milestones/Schedule
 - B. Borrower Org Chart
 - C. Developer Resumes
 - D. Asset Management Analysis of Sponsor
 - E. Threshold Eligibility Requirements and Ranking Criteria
 - F. Site Map with amenities
 - G. Comparison of City Investment in Other Housing Developments
 - H. Predevelopment Budget
 - I. Development Budget
 - J. 1st Year Operating Budget
 - K. 20-year Operating Pro Forma
 - L. HOPE SF Project Summary

FW: Request for Preliminary Gap Financing for Sunnydale HOPE SF Block 7

Adams, Dan (MYR) <Dan.Adams@sfgov.org>

Mon 3/18/2024 11:12 AM

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

I also approve this request.

Daniel Adams
Director
Mayor's Office of Housing and Community Development
City and County of San Francisco

From: Slutzkin, Marc (CII) <marc.slutzkin@sfgov.org>
Sent: Friday, March 15, 2024 11:50 AM
To: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>
Cc: Adams, Dan (MYR) <Dan.Adams@sfgov.org>; Ely, Lydia (MYR) <lydia.ely@sfgov.org>; Kaslofsky, Thor (CII) <Thor.Kaslofsky@sfgov.org>; Colomello, Elizabeth (CII) <elizabeth.colomello@sfgov.org>
Subject: Request for Preliminary Gap Financing for Sunnydale HOPE SF Block 7

Hi Vanessa,

I approve the above request on behalf of OCII.

Thanks

Marc



Marc Slutzkin
Deputy Director

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

🏠 www.sfcii.org

Sunnydale Block 7

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

Fri 3/22/2024 1:18 PM

To: Adams, Dan (MYR) <Dan.Adams@sfgov.org>

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

I support Mercy Housing California request for preliminary gap financing in the amount of up to \$15,350,000 for the fifth Sunnydale HOPE SF affordable housing development known as Sunnydale HOPE SF Block 7.

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 Preliminary Gap Financing for Sunnydale HOPE SF Block 7

Slutzkin, Marc (CII) <marc.slutzkin@sfgov.org>

Fri 3/15/2024 11:50 AM

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

Cc: Adams, Dan (MYR) <Dan.Adams@sfgov.org>; Ely, Lydia (MYR) <lydia.ely@sfgov.org>; Kaslofsky, Thor (CII) <Thor.Kaslofsky@sfgov.org>; Colomello, Elizabeth (CII) <elizabeth.colomello@sfgov.org>

Hi Vanessa,

I approve the above request on behalf of OCII.

Thanks

Marc



Marc Slutzkin
Deputy Director

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

🏠 www.sfocii.org

Re: REQUEST FOR PRELIMINARY GAP FINANCING FOR SUNNYDALE HOPE SF BLOCK 7

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

Fri 3/15/2024 11:24 AM

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

Cc: Adams, Dan (MYR) <Dan.Adams@sfgov.org>

I vote yes.

Vishal Trivedi | Financial Analyst
Office of Public Finance | City & County of San Francisco
Email | vishal.trivedi@sfgov.org

Yes on Loan Committee Vote for Sunnydale Block 7 gap funding

Tonia Lediju, PhD <ledijut@SFHA.ORG>

Fri 3/22/2024 5:26 PM

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

Cc: Adams, Dan (MYR) <Dan.Adams@sfgov.org>

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Respectfully,

Tonia Lediju, PhD

Chief Executive Officer

Housing Authority of the City & County of San Francisco

[\(650\) 356-8401](tel:(650)356-8401)

[\(415\) 619-1936](tel:(415)619-1936)

Clear is kind. Unclear is unkind -- Brene' Brown, PhD

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

Sent: Friday, March 22, 2024 4:59:17 PM

To: Tonia Lediju, PhD <ledijut@SFHA.ORG>

Cc: Adams, Dan (MYR) <Dan.Adams@sfgov.org>

Subject: Loan Committee Vote for Sunnydale Block 7

Attachments in this message were not sanitized by **FileWall** open with caution

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Hi Tonia,

At your earliest convenience please provide your vote for the Loan Committee item Request for Preliminary Gap Financing for Sunnydale Block 7 that was presented on 3/15/2024.

Thank you,

Vanessa Amaya

Assistant Housing Loan Administrator

San Francisco Mayor's Office of Housing and Community Development

1 South Van Ness Ave, 5th Floor, San Francisco, CA 94103

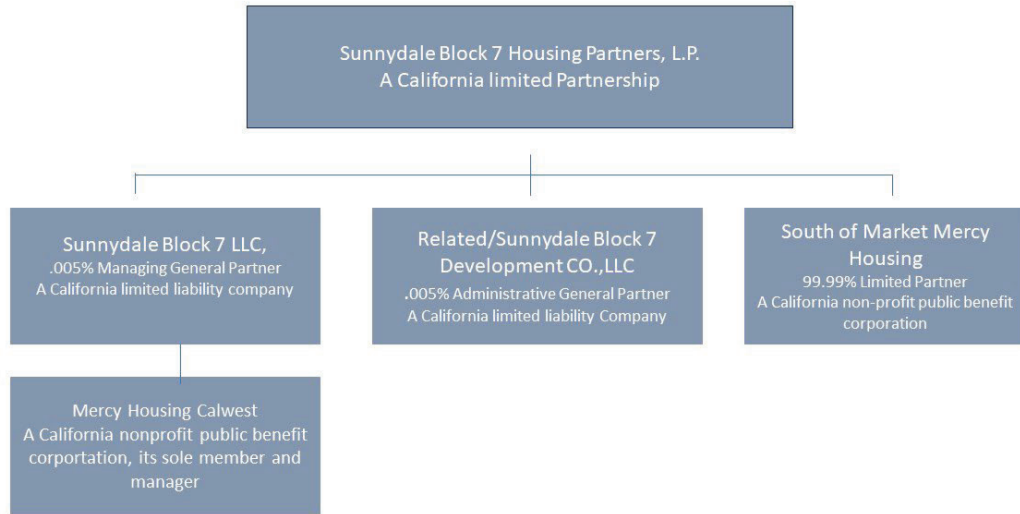
Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	07/2023	
1	Acquisition/Predev Financing Commitment	9/2021	
2.	Site Acquisition	N/A	
3.	Development Team Selection		
a.	Architect	1/8/2021	
b.	General Contractor	7/18/2022	
c.	Owner's Representative	6/1/2020	
d.	Property Manager	N/A	Mercy
e.	Service Provider	N/A	Mercy
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	2/28/2022	
b.	Submittal of Design Development & Cost Estimate	10/7/2022	
c.	Submittal of 60% CD Set & Cost Estimate	12/27/2023	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	4/2024	
5.	Commercial Space	N/A	
a.	Commercial Space Plan Submission	N/A	
b.	LOI/s Executed	N/A	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	N/A	
b.	CEQA Environ Review Submission	N/A	<u>CEQA Review Completed</u>
c.	NEPA Environ Review Submission	N/A	<u>NEPA Review Completed</u>
d.	CUP/PUD/Variances Submission	N/A	
7.	PUC/PG&E		
a.	Temp Power Application Submission	7/15/2023	
b.	Perm Power Application Submission	7/15/2023	
8.	Permits		

a.	Building / Site Permit Application Submitted	1/8/2024	<u>We expect to pull the site permit by the first week of March.</u>
b.	Addendum #1 Submitted	4/1/2024	<u>Assuming 7 months to pull</u>
c.	Addendum #2 Submitted	11/1/2024	<u>Assuming 7 months to pull</u>
d.	Addendum #3 Submitted	11/2/2025	
e.	MEP Addendum	5/2025	
f.	Fire Protection Addendum	5/2025	
9.	Request for Bids Issued	12/21/2021	
10.	Service Plan Submission		
a.	Preliminary (tied to AHSC)	4/2024	
b.	Final (tied to AHSC)	5/2024	
11.	Additional City Financing		
a.	Preliminary Gap Financing Application	2/2024	
b.	Gap Financing Application	4/2024	
12.	Other Financing		
a.	HCD Application (AHSC)	3/18/2024	
b.	Construction Financing RFP	12/2024	
c.	AHP Application	N/A	
d.	CDLAC Application	9/2024	
e.	TCAC Application	9/2024	
f.	Other Financing Application	N/A	
g.	LOSP Funding Request	N/A	
13.	Closing		
a.	Construction Loan Closing	6/2025	
b.	Conversion of Construction Loan to Permanent Financing	11/2027	
14.	Construction		
a.	Notice to Proceed	6/2025	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	2/2027	

15.	Marketing/Rent-up		
a.	Marketing Plan Submission	7/2026	
b.	Commence Marketing	8/2026	
c.	95% Occupancy	8/2027	
16.	Cost Certification/8609	12/2028	
17.	Close Out MOH/OCII Loan(s)	12/2028	

Attachment B: Borrower Org Chart



Attachment C: Development Staff Resumes

Mercy Housing California is the Lead Developer for Block 7 through a joint venture with Related California, who serves as Co-Developer. The MHC Real Estate Development team working on Sunnydale Block 7 is made up of Emily Estes (Senior Project Manager, 30% of her time on Block 7) and Priscila Tapia (Assistant Project Manager, 30% of time), with support from Elizabeth Kuwada (Director of Real Estate Development) and Clare Murphy (Associate Director of Real Estate Development).

The Related Real Estate Development team working on Sunnydale Block 7 include Thu Nguyen (Assistant VP of Real Estate California, 10% of time) and Carlos Vasquez (Project Manager, 10% of time).



Emily Estes

Senior Project Developer, Mercy Housing California Real Estate Development

As Senior Project Developer, Ms. Estes leads the development of Sunnydale Block 7, a 5-story, 89-unit 100% affordable housing project as part of the current phase in the master-planned revitalization of the existing Sunnydale public housing site known as Sunnydale HOPE SF. In addition to Sunnydale Block 7, Emily is leading the Sunnydale Phase 1B, 1C, 3C (collectively known as Phase 3) Infrastructure project. Phase 3 encompasses a project footprint of approximately 11 acres, paving the way for the development of two new 100% affordable housing buildings, blocks 7 and 9; along with two market rate sites, Blocks 8A and 8B. Additionally, Phase 3 will include the development of two new open spaces, Blocks 2 and 4. Ms. Estes also leads the development of Hunters Point 56, a 5-story, 73 unit 100% affordable housing project under construction.

Before joining Mercy Housing California, Ms. Estes worked for East Bay Asian Local Development Corporation (EBALDC) in Oakland as Project Manager where she managed three rehabilitation projects and led a new-construction multi-family project through predevelopment. Prior to EBALDC, Ms. Estes was a Development Manager for Integral Group, a vertically integrated real estate development and investment firm focused on the revitalization and enhancement of urban communities in major markets throughout the United States.

Ms. Estes graduated from Georgia Institute of Technology, with a Master in City and Regional Planning, and from University of Georgia with a Bachelor of Arts in Philosophy.



Priscila Tapia

Assistant Project Developer, Mercy Housing California Real Estate Development

As Assistant Project Manager, Ms. Tapia assists in the development of Sunnydale Block 7, a 5-story, 89-unit 100% affordable housing project as part of the current phase in the master-planned revitalization of the existing Sunnydale public housing site known as Sunnydale HOPE SF. In addition to Sunnydale Block 7, Priscila assists on the Sunnydale Phase 1B, 1C, 3C (collectively known as Phase 3) Infrastructure project. Ms. Tapia also assists in the development of Treasure Island C3.1 (collectively known as Star View Court), a 7-story, 138-units 100% affordable housing project in construction as part of the master-planning on Treasure Island. Priscila is a Bay Area Housing Internship Program alumna from Cohort 4.

Before joining Mercy Housing, Ms. Tapia worked for the Humanities Institute at the University of California, Santa Cruz as Web Assistant where she was responsible for providing academic and website services to 350 ladder-ran faculty.

Ms. Tapia graduated from the University of California, Santa Cruz with a Bachelor of Arts in Sociology.



Elizabeth Kuwada

Director of Real Estate Development, Mercy Housing California

As Director, Ms. Kuwada oversees affordable housing and community real estate development in the Bay Area regional office, focused on master planning areas such as Treasure Island and the Sunnydale-HOPE SF project, the transformation of an existing 50-acre public housing community into a 1,770-unit mixed-income neighborhood, in collaboration with city, community, and joint venture partners.

Ms. Kuwada leads development of 28,000 SF New Market Tax Credit-financed community center and 12,000 SF recreation center, including design, community engagement, operations planning, financing, and partnership management. Coordinates master planning activities, including community association, staffing and operations. Supports staff and joint venture partners in development work, currently overseeing 8 housing projects, 20,000 SF of neighborhood retail, 2 open space parks, and community-wide public art. Supervises team of 6 staff, including 3 participants/alumni of the Bay Area Housing Internship Program aimed to increase real estate career opportunities for low-income people of color.

Before joining Mercy Housing, Ms. Kuwada worked for Eden Housing where she managed full real estate development process for new construction and rehabilitation affordable housing projects; directly involved with the development or preservation of six projects totaling over 625 units. At Eden she led the development of one of the first 9%-4% hybrid tax credit projects in California, a 90-unit senior new construction project from deal structuring, financing closing, through construction and lease-up. Ms. Kuwada also managed development of one of the earliest income averaging tax credit projects nationwide, a 201-unit family rehabilitation project, from site acquisition through financing closing and construction. Coordinated asset stabilization of a 60-unit transitional housing project, including acquiring and restructuring the project as permanent supportive housing with increased operating support.

Ms. Kuwada graduated from Massachusetts Institute of Technology, with a dual Master in Real Estate Development and City Planning, and graduated from Yale University with a Bachelor of Arts in Architecture.



Clare Murphy

Associate Director of Real Estate Development, Mercy Housing California

As Associate Director, Ms. Murphy oversees affordable housing and community real estate development in the Sunnydale HOPE SF Masterplan development, the transformation of an existing 50-acre public housing community into a 1,770-unit mixed-income neighborhood, in collaboration with city, community, and joint venture partners. In addition, Clare oversees the Sunnydale Phase 1B, 1C, 3C (collectively known as Phase 3) Infrastructure project. Ms. Murphy also oversees the development of 1633 Valencia, a 6-story, 145-unit 100% permanent supportive housing project for seniors.

As Senior Project Developer, Ms. Murphy led 1939 Market Street, a 15-story multi-family residential building with a total of 187 affordable apartments for seniors during predevelopment, Casa de la Mision, a 5-story, 45-unit 100% affordable apartments through construction and close out. Ms. Murphy has been directly involved in the syndication portfolio in the Bay Area, working on the following project in the Bay Area pipeline: Bermuda Gardens Renovation – Predevelopment, Construction Dorothy Day Renovation –

Predevelopment, Construction, Francis of Assisi Renovation – Close-out, Dudley (Elevator Replacement) – Construction, Close-out.

Ms. Murphy graduated from the University of Oregon with a Bachelor of Arts in Planning, Public Agency, and Non-profit Management.

Thu Nguyen

Assistant Vice President, Development Related California Affordable

As Assistant Vice President of Development for Related California, Ms. Nguyen is responsible for managing all aspects of the design, financing and construction for many of Related's Northern California affordable developments, including the redevelopment of San Francisco's largest public housing site, Sunnydale-Velasco, a 50-acre site currently home to more than 1,700 people.

Before joining Related, Ms. Nguyen worked for The Community Builders, Inc. in Washington, D.C. where she directed the application submission for the Choice Neighborhoods Initiative Implementation Grant with the City of Baltimore, secured over \$200 million in funds for affordable housing, and won the company's 2015 Top Contributor Award for initiating impactful urban neighborhood projects. Prior to The Community Builders, Ms. Nguyen was a research associate at The Urban Institute in Washington, D.C., specializing in housing discrimination.



Ms. Nguyen graduated from The Wharton School at the University of Pennsylvania with a Master in Business Administration, and from Cornell University with a Bachelor of Science in Urban and Regional Studies and a Bachelor of Arts in Africana Studies.

Carlos Vasquez

Project Manager, Development Related California Affordable

As Project Manager for Related California, Mr. Vasquez is responsible for the management of all aspects of the development process, from design and financial feasibility, through construction completion and stabilization for more than 350 affordable units throughout Northern California, including the redevelopment of San Francisco's largest public housing site, Sunnydale-Velasco, a 50-acre site currently home to more than 1,700 people.

Mr. Vasquez comes to Related with more than ten years of development experience. As Development Manager at BUILD Inc., he oversaw the acquisition, entitlement, construction, development and asset management of more than 1,300 multifamily units, including more than 300 affordable housing units, a portfolio valued at more than \$1 billion. He collaborated with community groups and government bodies to obtain necessary entitlements, and most recently oversaw the construction and lease-up of two, 130+ unit developments in San Francisco.

Mr. Vasquez holds a Bachelor of Science in Philosophy from the University of Southern California. He is a member of the San Francisco Housing Action Coalition's Policy and Endorsement Committee and a Habitat for Humanity Global Village volunteer.



Attachment D: Asset Management Evaluation of Project Sponsor

Mercy Housing California (MHC) provides asset management for all its properties and will provide asset management for Block 2 East. Asset Management falls under the National Portfolio Management department of Mercy Housing Inc, which is led by Senior Vice President Melissa Clayton based in Denver, CO.

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

California represents the largest portion of Mercy's national portfolio with 155 operating properties across the state, 55 of which are located in San Francisco.

Yelena Zilberfayn is the Vice President of Asset Management at Mercy Housing where she has worked for the past 23 years, 10 of which in the Asset Management Department, and is responsible for a portfolio of real estate assets serving families, seniors, and special needs individuals. She leads a team of five Asset Managers (including 4 Asset Managers and 1 Commercial Asset Manager), three in San Francisco, two in Sacramento. Two Asset Management Analysts and one Commercial Asset Management Analyst based in the National Office in Denver, CO, and one Commercial Asset Manager based in San Francisco are supporting Yelena's team. In addition, there are two Asset Managers overseeing other regions in CA and one Capital Project Investment Manager, reporting directly to Melissa Clayton.

Yelena is in the San Francisco office and interfaces directly with Doug Shoemaker, President of Mercy Housing California (MHC). Yelena and her team act as Mercy Housing's representatives in relation to the physical and financial status of each asset and protect its financial health and long-term viability.

Mercy's portfolio management also includes a Transaction Team comprised of two staff devoted to other specialized needs such as year 15 buy-outs and refinancing.

All positions in CA are full-time and are currently filled. Bay Area staff positions are as follows:

- (1) Vice President of Asset Management
- (1) Director of Portfolio Analysis
- (4) Asset Managers
- (2) Asset Management Analysts
- (1) Commercial Asset Management Analyst
- (1) Commercial Asset Manager

Each Asset Manager oversees a portfolio of up to 25 assets. Asset Managers in the San Francisco office currently have 90 assets in their portfolio, or 18 per Asset Manager. Eight of these properties are in predevelopment, under construction or in rehab. In San Francisco, Asset Managers manage fewer than the maximum of 25 assets in order to free up capacity for future developments.

The portfolio is analyzed monthly through a Portfolio Scorecard, which looks at physical and economic occupancy, trade and intercompany payables. In addition, the team performs quarterly risk ratings according to Affordable Housing Investment Council (AHIC) standards, of every property to evaluate occupancy, reserves, management,

capital needs and available reserves. If a property is placed on the watchlist, there is a quarterly meeting with the Asset Management team, Mercy Housing Management Group and the Mercy Housing California President to discuss the issue and identify a solution.

Asset Managers are responsible for tracking the capital needs of their portfolio on a quarterly basis as part of Mercy's watchlist process. They are assisted by various staff of Mercy Housing Management Group, including the Regional Facilities Manager and the various Area Directors of Operations assigned to the properties. Using various analysis including our watchlist and budget planning, reviewing CNAs, and Reserve analysis, the Asset Managers determine when the necessary capital needs can be completed in the short and long term.

The analyst team submits reserve replacement requests bi-annually. In addition, the analyst team helps with the compliance with financing requirements and various reporting regulatory requirements by sending quarterly and annual reporting to investors and funders.

Portfolio preservation planning is accomplished through balancing the use of reserves with the payment of scheduled partnership and deferred development fees through cash flow.

Mercy's Asset Management annual staffing budget is approximately \$3.3M. Mercy anticipates that the California portfolio will grow from 155 buildings to approximately 170 buildings over the next five years. Two new Asset Manager positions based in San Francisco were added in 2017 and one in 2019.

Attachment E: Threshold Eligibility Requirements and Ranking Criteria

N/A

Attachment F: Site Map with amenities

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

Affordable Multifamily Housing New Construction Cost Comparison - San Francisco

Updated	3/8/2024	Acquisition costs by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Not including Land)			Subsidy	
		Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/ sq.ft	Soft/unit	Soft/BR	Soft/ sq.ft	TDC/unit	TDC/BR	TDC/ sq.ft	Subsidy / unit	Leveraging ⁷
Delta of Subject and Comparable Projects		\$ (1,160)	\$ (584)	-2,832,359,309	\$ 114,520	\$ (5,571)	\$ (3)	\$ 119,286	\$ 38,689	\$ 59	\$ 232,611	\$ 32,517	\$ 56	\$ (81,357)	135.0%
Delta Percentage		-100%	-100%	-100%	14%	-1%	0%	63%	41%	42%	24%	7%	8%	-32%	182%
SUBJECT PROJECT		\$ -	\$ -	\$ -	\$ 912,331	\$ 396,065	\$ 592	\$ 308,299	\$ 133,847	\$ 200	\$ 1,220,630	\$ 529,932	\$ 793	\$ 172,472	85.9%
Comparable Projects		Average: \$ 1,160	Average: \$ 584	Average: \$ 2.83	Average: \$ 797,811	Average: \$ 401,656	Average: \$ 595	Average: \$ 189,013	Average: \$ 95,158	Average: \$ 141	Average: \$ 988,019	Average: \$ 497,416	Average: \$ 737	Average: \$ 253,829	Average: 74.3%

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

ALL PROJECTS	Average:	Building Square Footage				Total Project Costs				Total Dev. Cost w/ w/cq costs	Local Subsidy			
		Lot sq.ft	Completion/ start date	# of Units	# of BR ¹	Res. ²	Non-Res.	Sq. ft.	Total sq. ft.			Acq. Cost ³	Constr. Cost ⁴	Soft Cost
ALL PROJECTS	Average:	32,206		119	194	119,969		13,412	131,603	\$ 170,651	\$ 81,928,975	\$ 20,939,290	\$ 103,037,233	\$ 30,739,292
Comparable Projects Completed (filtered)	Average:	42,364		92	176	104,583		13,306	117,889	\$ 9,283	\$ 66,558,924	\$ 14,152,598	\$ 80,720,805	\$ 19,657,428
Comparable Projects Under Construction (filtered)	Average:	42,262		95	198	113,012		23,024	136,036	\$ 8,000	\$ 83,361,982	\$ 22,760,553	\$ 106,140,935	\$ 35,891,666
Comparable Projects In Predevelopment (filtered)	Average:	36,949		111	217	130,801		13,413	144,214	\$ 327,060	\$ 86,975,695	\$ 19,211,208	\$ 106,516,962	\$ 19,821,128
Total Comparable Projects	Average:	40,525		99	197	116,132		16,581	132,713	\$ 114,781	\$ 78,965,534	\$ 18,708,120	\$ 97,791,901	\$ 25,123,407
Sunnydale Block 7	Sunrise Wy and Santos	73,161	Jun-25	89	205	114,841		22,222	137,063	\$ -	\$ 81,197,443	\$ 27,438,632	\$ 108,636,075	\$ 15,350,000
Delta of Subject and Comp Project Averages		32,636		-10	8	-1,291		5,641	4,350	(\$ 114,781)	\$ 2,231,909	\$ 8,730,512	\$ 10,844,174	(\$ 9,773,407)
Delta Percentage		81%		-10%	4%	-1%		34%	3%	-100%	3%	47%	11%	-39%

Notes on Financing (e.g., TCAC) Building Type (e.g., Type II over Type I) Stories Comments (stage of design/pricing, date of LC; unusual conditions such as childcare center)

PROJECTS COMPLETED

Project Name	Address	Building Square Footage				Total Project Costs				Total Dev. Cost w/cq costs	Local Subsidy ⁵	Notes on Financing	Building Type	Stories	Comments (stage of design/pricing, date of LC; unusual conditions such as childcare center)			
		Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost ³							Constr. Cost ⁴	Soft Cost	
Hunters View Phase II - Bl 7 & 11	227-229 West Point Rd	82,703	May-17	107	239	117,023		23,857	140,880	\$ -	\$ 71,053,359	\$ 9,272,003	\$ 80,325,362	\$ 19,737,243	2 HCD Loans (MHP & IG)	Type III-V over Type I flat	2+	downslope
Hunters View Phase II - Block 10	146 West Point Road	52,333	Jun-18	72	144	90,274		13,328	103,602	\$ -	\$ 55,177,021	\$ 8,732,484	\$ 63,909,485	\$ 17,393,406	9% LH/TC	Type IIIA over Type I	5	Childcare
Transbay 7 - Natalie Guib Contm	222 Beale Street	28,209	Oct-18	120	208	116,251		5,000	123,251	\$ 35,000	\$ 73,105,193	\$ 18,314,488	\$ 89,454,681	\$ 23,560,000	HCD AH/SC Loan	Type I Platinum	4-6	system, plus Childcare shell
Potrero Block X (Vertical)	25th and Connecticut	30,000	Sep-19	72	139	86,569		28,952	115,521	\$ 20,700	\$ 72,491,912	\$ 12,766,230	\$ 85,278,842	\$ 17,693,093		Type IIIA & V over Type I	4-6	No Infrast. Cost
Sunnydale Parcel Q	1477-1487 Sunnydale Ave	21,757	Jun-20	55	102	75,101		-	75,101	\$ -	\$ 42,063,890	\$ 10,072,197	\$ 52,136,087	\$ 9,652,147	9% LH/TC	Type V over Type I	5	Grade podium parking
88 Broadway - Family Housing	88 Broadway	38,182	Jul-21	125	221	140,279		8,700	148,979	\$ -	\$ 85,462,169	\$ 27,758,226	\$ 113,220,395	\$ 27,908,676		Type IIIA & V over Type I	5-6	Family
Completed Projects (average):	Average:	33,461		118	183	112,418		12,743	125,190	\$ 147,103	\$ 74,111,658	\$ 16,143,521	\$ 90,462,282	\$ 25,595,964				

PROJECTS UNDER CONSTRUCTION

Project Name	Address	Building Square Footage				Total Project Costs				Total Dev. Cost w/cq costs	Local Subsidy ⁵	Notes on Financing	Building Type	Stories	Comments (stage of design/pricing, date of LC; unusual conditions such as childcare center)			
		Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost ³							Constr. Cost ⁴	Soft Cost	
Sunnydale Block 3B	1501 Sunnydale Avenue	39,160	Feb-25	90	178	122,160		38,488	160,648	\$ 20,001	\$ 71,571,738	\$ 19,372,089	\$ 90,943,827	\$ 8,466,742	4% Credits; HCD IG & AH/SC	Type VA over IA	6	3/4/2022 escalation and plan check
Sunnydale Block 3A	1501 Sunnydale Avenue	34,400	Jan-25	80	164	94,595		19,013	113,608	\$ 20,001	\$ 72,470,936	\$ 22,824,983	\$ 95,315,920	\$ 20,044,938	4% Credits; HCD IG & AH/SC	Type VA over IA	6	10% CD w/VE 4/14/2022, 8%
HPSY Block 52-54	151 and 351 Friedell St	45,560	May-25	112	217	147,190		21,541	168,731	\$ -	\$ 103,737,629	\$ 29,252,420	\$ 132,990,049	\$ 61,515,200	4% credits; IG	Type V over Type 1	5	contiguous parcels; Parking ratio
HPSY Block 56	11 Innes Court	28,792	Apr-25	73	147	76,614		15,999	92,613	\$ -	\$ 53,720,684	\$ 16,725,791	\$ 70,446,475	\$ 34,813,441	4% LH/TC; AHP	Type V over Type I	5	
Hunters View Ph 3 Block 14 & 17	855 & 853 Hunters View Dr	63,379	May-25	118	283	124,502		20,138	144,640	\$ -	\$ 113,308,925	\$ 25,627,481	\$ 139,000,406	\$ 48,616,000	4% Credits; HCD MHP	Type IIIA over Type I	5-6	inter comm spaces & cc ping (cont)
Under Construction:	Average:	38,444		120	215	129,846		19,345	144,175	\$ 31,087	\$ 87,883,144	\$ 22,682,960	\$ 110,695,707	\$ 36,483,660.6				

PROJECTS IN PREDEVELOPMENT

Project Name	Address	Building Square Footage				Total Project Costs				Total Dev. Cost w/cq costs	Local Subsidy	Notes on Financing	Building Type	Stories	Comments (stage of design/pricing, date of LC; unusual conditions such as childcare center)			
		Lot sq.ft	Start Date (anticipated)	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost ³							Constr. Cost ⁴	Soft Cost	
Sunnydale Block 9	TBD	52,272	Jun-25	96	223	137,802		26,826	164,428	\$ 10,000	\$ 94,477,462	\$ 6,197,471	\$ 100,684,933	\$ 18,660,016	4% Credits; HCD IG & AH/SC	Type VA over IA	5	Parking at .4 ratio; 100% SU
249 Pennsylvania	249 Pennsylvania	21,625	Jun-26	125	210	124,000		-	124,000	\$ 644,119	\$ 79,473,927	\$ 32,224,945	\$ 112,342,991	\$ 20,982,240	TCAC; MHP; IG	Type III over Type I	7	8/8/2022 escalation; 100% for Jan
In Predevelopment	Average:	24,711		120	182	117,844		8,149	125,445	\$ 333,764	\$ 83,792,124	\$ 23,991,388	\$ 108,013,708	\$ 30,138,052				

Attachment H: Predevelopment Budget

N/A

Attachment I: Development Budget

Application Date: 2/12/24 # Units: 89
 Project Name: Sunnydale Block 7 # Bedrooms: 263
 Project Address: 65 Santos Street N/A
 Project Sponsor: Mercy Housing California

SOURCES	Total Sources							Comments
	15,350,000	20,851,000	18,500,000	3,350,000	49,893,911	100	701,065	

USES	Name of Sources	MOHCD/OCH	Conventional Perm Loan	HCD-AHSC Loan	Deferred Dev Fee	LP Equity	GP Equity	MOHCD Loan	Deferred Interest
ACQUISITION									
Acquisition cost or value		10,001							10,001
Legal / Closing costs / Broker's Fee									0
Holding Costs									0
Transfer Tax									0
TOTAL ACQUISITION		10,001	0	0	0	0	0	0	10,001

CONSTRUCTION (HARD COSTS)									
Unit Construction/Rehab	9,599,434	4,740,283	18,500,000		34,712,236			67,551,953	Includes 6% escalation
Commercial Shell Construction								0	
Demolition								0	
Environmental Remediation								0	
Onsite Improvements/Landscaping					200,000			200,000	
Offsite Improvements								0	
Infrastructure Improvements								0	HCOPE SF/OCH costs for streets etc.
Parking								0	
GC Bond Premium/GC Insurance/GC Taxes					3,103,269			3,103,269	4.1%
GC Overhead & Profit					2,359,258			2,359,258	3.1%
CG General Conditions					2,956,249			2,956,249	3.9%
Sub-total Construction Costs	9,599,434	4,740,283	18,500,000	0	43,331,011	0	0	76,170,228	
Design Contingency (remove at bid)					100,000			455,317	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+ 0.0%
Bid Contingency (remove at bid)		355,317						455,317	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+ 0.6%
Plan Check Contingency (remove/reduce during Plan Review)					762,862			762,862	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+ 1.0%
Hard Cost Construction Contingency					3,808,536			3,808,536	5% contingency, 5% new construction / 15% rehab 5.0%
Sub-total Construction Contingencies	0	355,317	0	0	4,671,398	0	0	8,626,715	
TOTAL CONSTRUCTION COSTS	9,599,434	5,095,600	18,500,000	0	48,002,409	0	0	81,197,443	

SOFT COSTS									
Architecture & Design									
Architect design fees	1,552,552	136,450			1,256,734			2,945,736	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)		200,000						200,000	
Architect Construction Admin								0	
Reimbursables								0	
Additional Services								0	
Sub-total Architect Contract	1,552,552	336,450	0	0	1,256,734	0	0	3,145,736	
Other Third Party design consultants (not included under Architect contract)								69,172	Consultants not covered under architect contract; name consultant type and contract amount
Total Architecture & Design	1,552,552	336,450	0	0	1,256,734	0	0	3,214,908	
Engineering & Environmental Studies									
Survey	15,000	25,000						40,000	
Geotechnical studies	40,000							40,000	
Phase I & II Reports	20,000							20,000	
CEQA / Environmental Review consultants								0	
NEPA / 106 Review								0	
CNAPNA (rehab only)								0	
Other environmental consultants		182,000						182,000	Admin ADM ³ monitoring
Total Engineering & Environmental Studies	75,000	207,000	0	0	0	0	0	282,000	
Financing Costs									
Construction Financing Costs									
Construction Loan Origination Fee		622,623						622,623	
Construction Loan Interest		8,876,007						8,876,007	Included interest plus tail
Title & Recording		140,000						140,000	
CDIAC & CDIAC fees		24,894						24,894	SK for CDIAC
Bond Issuer Fees		207,541						207,541	
Other Bond Cost of Issuance		60,000						60,000	
Other Lender Costs (specify)	200,500						701,065	901,565	MOHCD loan interest, lender fees + other construction lender expenses
Sub-total Const. Financing Costs	200,500	9,937,035	0	0	0	0	701,065	10,832,600	
Permanent Financing Costs									
Permanent Loan Origination Fee		208,510						208,510	
Credit Enhance. & Appl. Fee								0	
Title & Recording		20,000						20,000	
Sub-total Perm. Financing Costs	0	228,510	0	0	0	0	0	228,510	
Total Financing Costs	200,500	10,165,545	0	0	0	0	701,065	11,061,110	
Legal Costs									
Borrower Legal fees		3,280			265,000			268,280	
Land Use / CEQA Attorney fees								0	
Tax Credit Counsel								0	
Bond Counsel		65,000						65,000	
Construction Lender Counsel		75,000						75,000	
Permanent Lender Counsel		40,000						40,000	Counsel and Fees
MOHCD + SFHA		90,000						90,000	
Total Legal Costs	93,280	180,000	0	0	265,000	0	0	538,280	
Other Development Costs									
Appraisal	15,000	10,000						25,000	
Market Study	15,000	19,000						34,000	
Insurance		1,700,000						1,700,000	
Property Taxes								0	
Accounting / Audit		45,000						45,000	
Organizational Costs	58							58	
Entitlement / Permit Fees	500,000	1,168,750						1,668,750	
Marketing / Rentup	334,211							334,211	
Furnishings		222,500						222,500	\$2,000/unit. See MOHCD UW Guidelines on: http://sfmohcd.org/documents-reports-and-forms
POE / Utility Fees	133,500							133,500	
TCAD App / Alloc / Monitor Fees	51,902	38,113						90,015	
Financial Consultant fees					95,000			95,000	
Construction Management fees / Owner's Rep.	60,000	140,000						200,000	
Security during Construction		250,000						250,000	
Relocation								0	
Special Inspections/Testing	240,000							240,000	
Trustee Fee		2,400						2,400	
Other (specify)								0	
Total Other Development Costs	1,349,671	3,995,763	0	0	95,000	0	0	5,040,434	
Soft Cost Contingency									
Contingency (Arch, Eng, Fin, Legal & Other Dev)		200,390	0	0	274,768	0	0	475,158	Should be either 10% or 5% of total soft costs excluding interest and certain fees.
TOTAL SOFT COSTS	3,540,565	14,478,758	0	0	1,631,502	0	701,065	20,611,890	2.4%

RESERVES									
Operating Reserves		799,433						799,433	3 months
Replacement Reserves								0	
Tenant Improvements Reserves								0	
RCD Pooled Reserve		477,208						477,208	
Other (specify)								0	
Other (specify)								0	
TOTAL RESERVES	0	1,276,642	0	0	0	0	0	1,276,642	

DEVELOPER COSTS									
Developer Fee - Cash-out Paid at Milestones	1,100,000							1,100,000	
Developer Fee - Cash-out At Risk	1,100,000							1,100,000	
Commercial Developer Fee								0	
Developer Fee - GP Equity (also show as source)						100		100	
Developer Fee - Deferred (also show as source)				3,350,000				3,350,000	Need MOHCD approval for this cost, N/A for most projects
Development Consultant Fees								0	
Other (specify)								0	
TOTAL DEVELOPER COSTS	2,200,000	0	0	3,350,000	0	100	0	5,550,100	

TOTAL DEVELOPMENT COST									
	15,350,000	20,851,000	18,500,000	3,350,000	49,893,911	100	701,065	108,646,076	
Development Cost/Unit by Source	172,472	234,281	207,865	37,640	950,006	1	7,877	1,220,742	
Development Cost/Unit as % of TDC by Source	14.1%	19.2%	17.0%	3.1%	45.9%	0.0%	0.6%	100.0%	
Acquisition Cost/Unit by Source									
	112	0	0	0	0	0	0	112	
Construction Cost (inc Const Contingency)/Unit By Source									
Construction Cost (inc Const Contingency)/SF	107,859	57,254	207,865	0	539,353	0	0	912,331	
Construction Cost (inc Const Contingency)/SF	73.47	39.00	141.99	0.00	387.40	0.00	0.00	621.46	
*Possible non-eligible GO Bond/COP Amount:									
City Subsidy/Unit	10,083,703							172,472	
Tax Credit Equity Pricing:									
Construction Bond Amount:	0.97%							53,327,000	
Construction Loan Term (in months):	30							30	
Construction Loan Interest Rate (as %):	7.52%							7.52%	

Attachment J: 1st Year Operating Budget

Application Date: 2/12/2024
Total # Units: 89
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): **2027**

INCOME	Total
Residential - Tenant Rents	1,457,700
Residential - Tenant Assistance Payments (SOS Payments)	0
Residential - Tenant Assistance Payments (Other Non-LOSP)	2,160,888
Commercial Space	0
Residential Parking	0
Miscellaneous Rent Income	4,014
Supportive Services Income	
Interest Income - Project Operations	0
Laundry and Vending	8,886
Tenant Charges	0
Miscellaneous Residential Income	0
Other Commercial Income	0
Withdrawal from Capitalized Reserve (deposit to operating account)	
Gross Potential Income	3,631,488
Vacancy Loss - Residential - Tenant Rents	(93,484)
Vacancy Loss - Residential - Tenant Assistance Payments	(87,734)
Vacancy Loss - Commercial	0
EFFECTIVE GROSS INCOME	3,450,270

OPERATING EXPENSES

Management

Management Fee	81,168
Asset Management Fee	25,979
Sub-total Management Expenses	107,147

Salaries/Benefits

Office Salaries	0
Manager's Salary	131,185
Health Insurance and Other Benefits	
Other Salaries/Benefits	
Administrative Rent-Free Unit	
Sub-total Salaries/Benefits	131,185

Administration

Advertising and Marketing	2,700
Office Expenses	
Office Rent	
Legal Expense - Property	5,000
Audit Expense	
Bookkeeping/Accounting Services	33,570
Bad Debts	
Miscellaneous	36,431
Sub-total Administration Expenses	77,701

Utilities

Electricity	130,410
Water	64,200
Gas	
Sewer	106,800
Sub-total Utilities	301,410

Taxes and Licenses

Real Estate Taxes	3,000
Payroll Taxes	84,367
Miscellaneous Taxes, Licenses and Permits	2,000
Sub-total Taxes and Licenses	89,367

Insurance

Property and Liability Insurance	210,000
Fidelity Bond Insurance	
Worker's Compensation	
Director's & Officers' Liability Insurance	
Sub-total Insurance	210,000

Maintenance & Repair

Payroll	117,604
Supplies	6,535
Contracts	59,132
Garbage and Trash Removal	98,160
Security Payroll/Contract	55,000
HVAC Repairs and Maintenance	
Vehicle and Maintenance Equipment Operation and Repairs	
Miscellaneous Operating and Maintenance Expenses	90,558
Sub-total Maintenance & Repair Expenses	426,989

Supportive Services	113,920
Commercial Expenses	0

TOTAL OPERATING EXPENSES **1,457,719**

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent	15,000
Bond Monitoring Fee	
Replacement Reserve Deposit	44,500
Operating Reserve Deposit	
Other Required Reserve 1 Deposit	44,500
Other Required Reserve 2 Deposit	
Required Reserve Deposit/s, Commercial	0
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	104,000

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond **1,561,719**

NET OPERATING INCOME (INCOME minus OP EXPENSES) **1,888,551**

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)

Hard Debt - First Lender	1,552,020
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Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	84,000
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0
Hard Debt - Fourth Lender	0
Commercial Hard Debt Service	0
TOTAL HARD DEBT SERVICE	1,636,020

CASH FLOW (NOI minus DEBT SERVICE)	252,531
Commercial Only Cash Flow	0
AVAILABLE CASH FLOW	252,531

USES OF CASH FLOW BELOW (This row also shows DSCR.) 1.15

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	
Partnership Management Fee (see policy for limits)	24,270
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000
Other Payments	
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)	
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	

TOTAL PAYMENTS PRECEDING MOHCD **29,270**

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS) **223,261**

Residual Receipts Calculation

<i>Does Project have a MOHCD Residual Receipt Obligation?</i>	Yes
<i>Will Project Defer Developer Fee?</i>	Yes
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1	50%
% of Residual Receipts available for distribution to soft debt lenders in	50%

Soft Debt Lenders with Residual Receipts Obligations

(Select lender name)

MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII L
MOHCD/OCII - Ground Lease Value or Land Acq Cost	Ground Lease V
HCD (soft debt loan) - Lender 3	HCD AHSC Loan
Other Soft Debt Lender - Lender 4	
Other Soft Debt Lender - Lender 5	

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

Proposed MOHCD Residual Receipts Amount to Replacement Reserve	0
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS	122,562

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due	122,562
Lender 4 Residual Receipts Due	0
Lender 5 Residual Receipts Due	0
Total Non-MOHCD Residual Receipts Debt Service	122,562

REMAINDER (Should be zero unless there are distributions below)

Owner Distributions/Incentive Management Fee	0
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Other Distributions/Uses	0
Final Balance (should be zero)	0

Attachment K: 20-year Operating Proforma

Attachment L: 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:

Total Master Planning Sources	Amount	Status
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	\$730,880 remaining
Total	\$9,818,317	

Vertical and Horizontal Funding to Date:

	Amount	Status
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 Block 7 Predevelopment	\$2,820,000	Closed Sept 2021
Sunnydale Block 9 Predevelopment	\$3,500,000	Closed Sept 2021
Sunnydale Phase 3 Infrastructure Predevelopment	\$4,000,000	Closed Sept 2021
Sunnydale Phase 3 Infrastructure Demo+Abatement	\$5,975,000	Closed Dec 2022
Sunnydale Phase 1A3 Infrastructure Gap	\$25,072,111	Closed Feb 2022
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 1A3 Infra Additional Gap	\$1,495,294	Closed Dec 2023
Sunnydale Phase 3 Infrastructure Gap	\$55,000,000	Request in April 2024

Sunnydale Block 7 Preliminary Gap	\$15,350,000	This Request
	\$TBD	

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.