

**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

**The Dudley Apartments  
Up to \$2,942,275  
Rehabilitation Loan**

Evaluation of Request for:	Rehabilitation Loan Funding
Loan Committee Date:	February 16, 2024
Prepared By:	Rosie Chavez
Construction Representative:	Harry Wong
Sources and Amounts of New Funds Recommended:	\$1,583,541 Housing Trust Fund Advance \$1,358,734 CPMC Impact Fee \$2,942,275 Total New Funding
Sources and Amounts of Previous City Funds Committed:	Tax Increment Funds \$3,680,200 HOPWA \$700,000 Tax Increment Funds \$150,000 Eastern Neighborhoods SOMA Funds \$1,628,625
Total of all Funding	\$9,101,100
NOFA/PROGRAM/RFP:	Existing Non-Profit (ENP) NOFA 2023
Applicant/Sponsor(s) Name:	Mercy Housing California

## **EXECUTIVE SUMMARY**

### **Sponsor Information:**

Project Name:	The Dudley Apartments	Sponsor(s):	Mercy Housing California
Project Address (w/ cross St):	172 6 <sup>th</sup> Street (@Howard St.), 94103	Ultimate Borrower Entity:	Mercy Housing California XXII, L.P.

### **Project Summary:**

This request is made pursuant to Mayor's Office of Housing and Community Development's (MOHCD) 2023 Existing Non-Profit Notice of Funding Availability (ENP NOFA), to which Mercy Housing California (the "Sponsor") of The Dudley Apartments responded for the Dudley, and the ENP NOFA selection committee recommended funding in July 2023. This request will address the most critical health and safety immediate needs identified in a recent Capital Needs Assessment (CNA), including structural reinforcements, repairs to the building envelope, exterior painting, roof, and interior common area, common kitchen and community room remodel upgrades addressing residents' concerns and quality of life. Staff recommend approval of this request.

The Dudley Apartments is a 6-story, 75-unit apartment building, located at 172 Sixth Street, at Howard, at the center of the 6th Street corridor in the South of Market (SOMA) neighborhood of San Francisco (the "Project" or "the Dudley"). The Dudley Apartments consists of 25 Single Room Occupancy (SRO) units, 25 studios and 25 1-bedroom units with over 3,000 square feet of ground floor commercial space and a basement. There are 74 units restricted to 50% MOHCD AMI. There is one unrestricted managers unit. The Project provides permanent housing for formerly homeless individuals, people with HIV/AIDS and undocumented residents. The Project has a Project-Based Voucher (PBV) Section 8 Housing Assistance Payment contract through the San Francisco Housing Authority (SFHA) for 68 units (19 SROs, 25 Studios, 24 1-bedrooms). There are eight 1-bedroom units under the PBV contract reserved for persons with HIV/AIDS under the Housing Opportunities for Persons with AIDS (HOPWA) program. Additionally, the Project has a supportive housing (formerly Direct Access to Housing) contract with the Department of Homelessness and Supportive Housing (HSH) for the remaining 6 SRO units. Over 75% of the residents' incomes fall below the 20% AMI level for San Francisco.

As a 100+ year old building, The Dudley has significant capital repair needs, and has had limited opportunities to finance the capital repair needs comprehensively. Resyndication has not been feasible due to projected long-term operating deficits. However, cash flow has improved due to the Project securing 41 PBVs, in 2018, shortly after receiving \$1.6M to replace its elevator through MOHCD's 2016 ENP NOFA, and another 27 in 2022. The 68 PBVs greatly improve the Project's cash flow. The investment of City funds from this request will address urgent life/safety issues and ensure that the extremely low-income tenants at the Dudley are safely housed. Combined with improved cash flow from PBV income and lowered maintenance costs, the City's investment will also help to stabilize the Project financially for the long term. The funding under the 2023 ENP NOFA will help the City meet the goals and objective of the MOHCD 2020-2024 Consolidated Plan to preserve affordable housing and work to eliminate the causes of racial disparities.

**Project Description:**

Construction Type:	Type III non-rated, basement. Wood Framed, Concrete and masonry, with structural steel upgrades	Project Type:	Rehabilitation
Number of Stories:	6	Lot Size (acres and sf):	0.17 acres / 7,348 sf
Number of Units:	75	Architect:	Aurora Design
Total Residential Area:	Approximately 41,926 sf	General Contractor:	Freestone Construction
Total Commercial Area:	3,069 sf	Property Manager:	Mercy Housing Management Group
Total Building Area:	44,995 sf	Supervisor and District:	Sup. Matt Dorsey D6
Land Owner:	City and County of San Francisco		
Total Development Cost (TDC):	\$2,988,131	Total Acquisition Cost:	\$0
TDC/unit:	\$39,230	TDC less land cost/unit:	\$39,230
Loan Amount Requested:	\$2,942,275	Request Amount / unit:	\$39,230
HOME Funds?	No	Parking?	None

## **PRINCIPAL DEVELOPMENT ISSUES**

- **Rehabilitation Cost and Scope.** Current bid prices are from April 2023 and reflect completion of schematic design. The architect, Aurora Design, is completing construction drawings and pending MOHCD approval, will receive an updated bid from the General Contractor, Freestone Construction. Given that the current scope of work and construction budget is based on schematic designs and construction costs have escalated since that time, Mercy anticipates that some scope items as proposed in their ENP NOFA application may need to be cut. Mercy will prioritize the life/safety scope items first, including the structural roof improvements. Then, the masonry, exterior painting and community room/kitchen improvements. The common area hallway improvements are prioritized last and will be reduced or cut, in order to prioritize the life/safety scope items. Additionally, an exploratory plumbing analysis revealed that the Project has some galvanized piping. Over the years, the galvanized piping has either been abandoned or replaced with copper piping. Mercy Housing's plan is to continue to replace galvanized piping with copper piping when leaks occur by actions of residents or by deteriorated galvanized piping. It is requested that an adequate annual reserve is provided to cover the anticipated water leaks and corresponding repair/replacement costs. (See Section 4.4)
- **Commercial Space ADA Compliance.** The ground floor includes two commercial spaces. One is currently master leased to Mercy Commercial California, and the other has been vacant for a few years. It has not been possible to rent the second commercial space out due to ADA challenges and security concerns. Mercy estimates that bringing the space to meet ADA requirements would cost upwards of \$1M, which the project cannot afford for another five or more years. Currently, Mercy has forecasted a replacement reserve withdrawal of \$500K in 2030, related to the Commercial Space ADA Conversion. (See Section 4.5)
- **Vacancies.** The Project has 17 vacancies, all of which are Section 8 units. The Sponsor has had challenges getting referrals from SFHA, and the Project has averaged an 11% vacancy rate historically. With SFHA's recent replenishment of their studio waitlist, the Sponsor is seeing more referrals to the Project. Mercy believes that improvements to the community room and kitchen will improve marketability of the Dudley overall and expects that vacancy loss will decrease as a result of the proposed rehab. (See Section 4.11)

**SOURCES AND USES SUMMARY**

<b>Permanent Sources</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Terms</b>	<b>Status</b>
MOHCD	\$2,942,275	\$39,230	55 yrs @ 3% / Res Rec	This Request
Replacement Reserve	\$45,856	\$611		Committed
<b>Total</b>	<b>\$2,988,131</b>	<b>\$39,841</b>		

<b>Permanent Uses</b>	<b>Amount</b>	<b>Per Unit</b>	<b>Per SF</b>
Acquisition	\$0	\$0	\$0.00
Hard Costs	\$2,480,431	\$33,072	\$55.13
Soft Costs	\$361,844	\$4,825	\$8.04
Reserves	\$0	\$0	\$0.00
Developer Fee	\$100,000	\$1,333	\$2.22
<b>Total</b>	<b>\$2,942,275</b>	<b>\$39,230</b>	<b>\$65.39</b>

## 1. BACKGROUND

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

The Dudley Apartments is a 75-unit apartment building, consisting of 25 Single Room Occupancy (SRO) units, 25 studios and 25 one-bedroom units with over 3,000 square feet of ground floor commercial space and a basement, located at 172 6<sup>th</sup> Street, between Howard and Natoma Streets. 74 of the 75 units (one unit is a manager's unit) will continue to be income restricted to 50% MOHCD AMI. Over 75% of the existing resident incomes fall below the 20% AMI level for San Francisco.

The building was originally constructed in 1913. In 1989, the building was significantly damaged in the Loma Prieta earthquake and remained vacant for many years. The property owner at the time sold it to a developer who partially renovated the building and intended to sell it. In 2001 Mercy Housing entered into a contract to purchase the property and requested the former San Francisco Redevelopment Agency's (SFRA) participation in the building's acquisition and rehabilitation financing, in order to convert it to affordable housing as well as provide displaced residents an opportunity to return. In 2002, Mercy Housing California XXII LP, the property-specific partnership (the LP), was formed to rehabilitate and operate the Dudley. The SFRA entered into an option to purchase the land for \$1.4M and upon closing, entered into a ground lease agreement with the LP. After acquiring tax credits, a limited rehabilitation of the building in the amount of \$6,702,754, comprised of \$4,491,234 as temporary bridge financing and up to \$2,211,520 as permanent financing, was completed in 2003 and allowed the displaced residents an opportunity to return. In 2016 the Project was awarded \$1,628,625 under the 2016 ENP NOFA to replace the nearly 100-year-old elevator at the property. Mercy Housing covered the \$1.2M tenant relocation cost due to the lack of other available funds and Mercy's commitment to the Project. The 15-year tax compliance period for the project ended and the tax credit investor exited in December 2018. The rents are still restricted however, under the existing Loan Agreements, Ground Lease, and Declaration of Restrictions.

As is common in many older buildings, The Dudley has many physical and operational challenges associated with the age of the building and the needs of the tenants served. The property continues to have significant capital needs that cannot be met through regular operations. In 2019, a Property Needs Assessment was performed which indicated deficiencies in the basement structural reinforcement and identified the need to paint the exterior of the building and address masonry repairs. The roof has reached its useful life and presents a risk for water intrusion events. Since two-thirds of the units are SROs and studios and the building primarily serves formerly homeless individuals, the common area upgrades to the community room/kitchen and hallways would improve the quality of life for residents through provision of

clean, safe and healthy spaces. The property lacks other financial resources to address this urgent work.

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

In February 2023, MOHCD issued a \$20M Existing Nonprofit Owned Rental Housing Capital Repairs Notice of Funding Opportunity (ENP NOFA). The ENP NOFA intends to help address the unmet emergency repairs and capital improvements of affordable housing developments that previously received capital funding from MOHCD or the former San Francisco Redevelopment Agency (SFRA). Each sponsor was limited to two applications, ranging in scope of \$1-4 million, with a third application for smaller properties with fewer than 25 units and up to \$500K.

Applications were scored and ranked based on the following categories:

- Alignment with city goals
- Repair urgency
- Need for funding
- Scope cost and budget
- Property operations
- Bonus points for emerging developers, integrated pest management and electrification.

MOHCD received 15 applications, all which met the threshold eligibility requirements. Of the 15 applications received, 14 met the minimum scoring criteria of 70 out of 120 points to proceed through the selection process. The Dudley Apartments scored 102.35 points.

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

1.3.1. Borrower. Mercy Housing California XXII, L.P., is an affiliate of Mercy Housing California and will be the borrower entity.

1.3.2. Joint Venture Partnership. N/A

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

- Mercy's 14-member Board of Directors has 7 people of color (50%) and 9 (64%) women. Of Mercy's senior staff, 40% are persons of color. In addition, the majority of staff working at and overseeing the Dudley are persons of color.

1.3.4. 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. will publish its organization wide racial equity mission and goals.

The Dudley provides housing to four out of five target populations identified by MOHCD 2020-2024 Strategic Plan: households experiencing a legacy of exclusion; households destabilized by system trauma; households with barriers to access to opportunities; and extremely and very low-income households. It is critical to address and improve the physical state of the building as it directly impacts the quality of life of the residents. The rehabilitation will advance opportunities and improve outcomes for the most vulnerable residents.

#### 1.3.5 Relevant Experience.

The California region of Mercy Housing represents the largest portion of the Developer's Asset Management Portfolio with 155 operating properties across the state; 55 Mercy owned and occupied properties are located in the City of San Francisco. Experience with occupied acquisition/rehabilitation projects in the Mercy Housing portfolio includes the following projects

- The Arlington (2007 – 154 Units),
- The Madonna (2011 – 70 Units),
- Vista Grande/School House Station (2011 – 71 Units),
- Neary Lagoon (2012 – 95 Units),
- Martinelli House (2005 – 66 Units)



**1.3.6 Project Management Capacity.**

- Esmeralda Campos, Senior Asset Manager will dedicate 20% of her time to the Project.
- Fiona Ruddy, Project Developer II, will dedicate 10% of her time to the Project.
- Ken White, Capital Project Investment Manager, will dedicate 50% of his time to the Project.
- Paul Tonga, Regional Facilities Manager, will dedicate 10% of his time to the Project.

**1.3.7 Past Performance.**

1.3.7.1 City audits/performance plans. Mercy Housing California is in good standing with MOHCD and MOHCD staff report positively on the Sponsor’s performance. MOHCD Director of Housing Services, Helen Hale, noted that Mercy Housing California is a strong City partner who is responsive, hardworking, compliant with regulations, meet their goals and remain flexible to City requests. They also work well with residents.

1.3.7.2 Marketing/lease-up/operations. All units at The Dudley are filled via referrals with the 25 SRO units filled through Coordinated Entry and the remaining units are referrals made by SFHA. The 8 HOPWA units are currently under referrals made by SFHA. MOHCD is working with SFHA to update so that MOHCD becomes the referring agency.

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

<b>Site Description</b>	
Zoning:	NCT – SOMA Neighborhood Commercial Transit
Maximum units allowed by current zoning (N/A if rehab):	N/A
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	N/A
Soil type:	The building footprint completely covers soil so no observations of underlying geologic materials could be made. The building slab at the basement level was visually observed and no faults attributable to soils conditions were noted.
Environmental Review:	New Environmental reports will be generated as related to the scope of work with the NOFA Funds.

Adjacent uses (North):	Mixed Use Residential with ground floor commercial
Adjacent uses (South):	Mixed Use Residential with ground floor commercial
Adjacent uses (East):	Mixed Use Residential with ground floor commercial
Adjacent uses (West):	Mixed Use Residential with ground floor commercial
Neighborhood Amenities within 0.5 miles:	Mabuhay Health Clinic (Mission St.), South of Market Health Center (7 <sup>th</sup> St.), Trader Joe's (4 <sup>th</sup> St.), San Francisco Public Library (Larkin St.), CVS Pharmacy (Mission St.), San Francisco Worship Center (Jones St.), Mandal Hall (Ellis St.), Al Sabeel Masjid Noor Al-Islam (Jones St.), SoMa Shul (Jones St.), Bessie Carmichael Elementary School (Harrison St.), Proof School High School (Mission St.), Bessie Carmichael Middle School (Harrison St.)
Public Transportation within 0.5 miles:	The site is less than 0.5 miles from Civic Center BART/MUNI Metro station and the bus lines that serve Market Street.
Article 34:	Exempt – No additional units proposed.
Article 38:	Exempt - Project is located within Air Polluted Exposure Zone map but does not meet criteria that triggers Article 38 requirement.
Accessibility:	Accessible to Physically Impaired: 2 units/3% units Adaptable for Physically Impaired: 0 units/0% units Accessible to Visually Impaired: 0 units/0% units Adaptable to Visually Impaired: 0 units/0% units Accessible to Hearing Impaired: 0 units/0% units Adaptable to Hearing Impaired: 0 units/0% units
Green Building:	N/A
Recycled Water:	Exempt
Storm Water Management:	Exempt

2.1. Description. The Site is a 0.17 acre lot with an existing 75-unit apartment building with over 3,000 square feet of commercial space and a basement containing mechanical systems, electrical equipment, hot water heater, fire alarm panel, storage areas, maintenance equipment and supplies, located at 172 Sixth Street between Howard and Natoma Streets. There is a community room equipped with a kitchen, that also serves as additional space for residents to gather.

2.2. Zoning. N/A

2.3. Probable Maximum Loss. N/A

2.4. Local/Federal Environmental Review. N/A as no new federal funds are being invested.

2.5. Environmental Issues. New environmental studies will be conducted as part of the proposed scope of work. These studies include asbestos and lead.

- Phase I/II Site Assessment Status and Results. N/A. Mercy does not anticipate that a Phase I/II Site Assessment will be needed as no soil work is planned.
  - Potential/Known Hazards. None.
- 2.6. Adjacent uses and neighborhood amenities. See table above.
- 2.7. Green Building. N/A
3. COMMUNITY SUPPORT
- 3.1. Prior Outreach. N/A
- 3.2. Future Outreach. Mercy will engage neighbors to discuss the planned exterior work. Future outreach efforts include:
- Mailing distribution to neighbors regarding proposed work
  - Conducting 1-2 meetings to introduce Mercy staff, explain scope of the renovation, specifically those items that may impact neighbors, provide a timeline for work, and answer questions. Mercy anticipates that the loud construction activities associated with the structural work will be of most concern to the neighbors.
  - Distribute Q&A from Meetings 1 and 2.
- In terms of outreach to residents, Mercy will also be hosting a community meeting to discuss the work with residents and gather input. Mercy staff will provide translation services to tenants.
- 3.3. 1998 Proposition I Citizens' Right-To-Know. N/A
4. DEVELOPMENT PLAN
- 4.1. Site Control. The SFRA purchased the land in 2002. The initial 55-year term of the ground lease runs until 2057. In any given Lease Year, the Base Rent is \$20,000 and the Residual Rent is \$120,000. The land and Ground Lease were transferred to MOHCD when the San Francisco Redevelopment Agency was dissolved by the State of California.
- 4.1.1. Proposed Property Ownership. No changes to Project ownership are proposed.
- 4.2. Proposed Design. N/A
- 4.3. Proposed Rehab Scope. For The Dudley Hotel, Mercy has proposed the following scope of work with corresponding costs based on bids received in April 2023:
- \$218,342 Structural Repairs (including items such as Concrete Crack Repairs, Replacement of Hollow Clay Tile Walls, Grout Existing Base Plates, Epoxy Anchors at Existing Bent Plate Clips and Exterior Brick Wall Repairs)
  - \$250,000 Roof Replacement and Pigeon Netting
  - \$695,594 Exterior Paint

- \$50,000 Masonry Repairs
- \$632,203 Common Area Hallway Renovations
- \$238,257 Community Room/Kitchen, First Floor Corridor and Offices Renovation

Residential SF:	41,926
Commercial SF:	3,069
<b>Building Total SF:</b>	<b>44,995</b>

#### 4.4. Construction Supervisor/Construction Representative's Evaluation

Mercy provided a Physical Needs Assessment Report dated 4/23/2019 (though property visits were conducted in December 2018) by Elizabeth McLachlan Consulting, Inc. that mentioned numerous items, only some of which have made it into the above-described scope of work. This scope appears to capture the most critical items from the PNA, while leaving out less important ones due to budgetary constraints. The need for, and details of, these scopes of work have already been provided above, and what follows is additional commentary on each scope:

Structural Repairs: The PNA recommended that a structural evaluation be conducted by licensed structural engineering firm to identify any existing deficiencies and to provide recommendations for repairs.

The Draft Structural Observations Report, dated 6/8/22 by Holmes Engineers, calls for *“a seismic analysis of the existing building to quantitatively evaluate the deficiencies at the reentrant corners and irregularities of the diaphragm, and prepare strengthening measures. The possible seismic strengthening may include moment frames and/or shear walls with corresponding foundations, out-of-plane anchors for brick walls, and diaphragm strengthening.”* Holmes was subsequently retained to design the proposed improvements and their recently issued permit drawings appear to show no new scope of work beyond what their initial report highlighted.

Mercy received three bids for work in March/April of 2023, but none of them covered all the scopes of work requested. Freestone's response was the most complete and cost effective but lacked retail on this structural scope. One of the GCs who was not selected, Saarman Construction, had a proposal with a more detailed Structural Repair Cost Estimate (the \$218,342 figure in the budget above), dated 4/17/23, that includes scopes of work mentioned in the Holmes Engineers Report as described above. Lacking a quote from Freestone on this scope, Mercy has elected to use the Saarman figure as a placeholder. Should

Freestone's final cost come in over this budget amount, a reduced scope of work elsewhere (for example: replacing flooring in corridors) might be needed.

Roof Replacement: The 2019 CNA Report indicated that "the condition of the roof is good. It was installed during the 2003 rehabilitation". Therefore, it is now over 20 years old and Mercy Housing wants to be proactive about roof replacement if sufficient construction budget is available. Freestone's proposal did not include this work, so the cost shown comes from recent comparable projects in Mercy's portfolio. The amount seems reasonable, possibly a bit low. Mercy has stated that the roof replacement is the third highest priority scope (after the structural repairs and front entry accessibility improvements), and seems likely to remain in the final scope of work.

Exterior Paint and Masonry Repairs: Freestone's proposal includes \$1,594,001 for "Exterior Upgrades", which included repainting all painted surfaces of the exterior and tuckpointing all mortar joints in the brickwork. Saarman's structural budget number previously mentioned also included mortar repairs. The current \$695,594 budget in this line item will need to be reviewed by Mercy and Freestone in conjunction with the Structural Repair budget, and it is possible that a more targeted approach to mortar repairs and/or painting will be needed to remain within this budget, or perhaps other interior scopes of work will be reduced or eliminated to allow for a full scope of exterior work.

Common Area Hallway Renovations: Freestone Reconstruction, Inc.'s proposal includes \$632,203 for "Common Area 2nd-5th Floor Hallway Renovations", which included new flooring, painting walls, and replacing lighting. More recent design drawings have already value engineered out the lighting, and have moved painting into the "add alt" category, to be included only if other more critical scopes of work remain within their current budgets.

Community Room/Kitchen, First Floor Corridor and Offices Renovation: Freestone Reconstruction, Inc.'s proposal includes \$238,257 for "Community Room, Offices, First Floor Corridor & Kitchen Renovation". Since Aurora Design's construction documents were issued subsequent to this pricing, it is unclear if this price reflects the work currently shown in the drawings. The improvements at the building entry are the most critical work in this scope, as they will improve accessibility to the building, and this budget seem more than sufficient to cover those costs, with any remaining funds in this line being available for less critical cosmetic upgrades in other common areas.

Plumbing: The PNA recommended a comprehensive plumbing evaluation due to management and maintenance staff reporting plumbing leaks and there was no indication that plumbing stacks had been replaced.

Following this recommendation, an exploratory plumbing analysis was conducted and revealed that the Project has some galvanized piping. Over the years, the galvanized piping has either been abandoned or replaced with copper piping. Mercy Housing's plan is to continue to replace galvanized piping with copper piping when leaks occur by actions of residents or by deteriorated galvanized piping. It is requested that an adequate annual reserve is provided to cover the anticipated water leaks and corresponding repair/replacement costs.

4.5. Commercial Space. [note: commercial space development budget and financing are discussed in Section 6 below]

The Partnership has a master lease agreement with Mercy Commercial California (MCC), an affiliate of the General Partner, to lease the 3,069 square foot ground floor space. The master lease was amended, effective December 31, 2019, to continue to lease the two commercial retail spaces through December 31, 2038. Beginning January 1, 2022, MCC began to pay monthly rent with 2 percent increase in rent each year through the end of the lease term on December 31, 2038. 1,367 square feet of commercial space is occupied by City Produce, a convenience store that provides produce and sundries. Another 1,702 square feet was previously occupied by Sketchpad, an art gallery and print store, but has been vacant since 2018. It has not been possible to rent the space out due to ADA challenges and security concerns. Mercy estimates that bringing the former Sketchpad space to meet ADA requirements would cost upwards of \$1M, which the project cannot afford for another five or more years. Mercy plans to address the ADA upgrades in 2030 with the Project's replacement reserve. In the meantime, the space remains vacant. Any commercial income from the commercial spaces supports the affordable housing component.

- Operating Pro Forma. The commercial operating budget assumes the lease terms under the master lease agreement with MCC. Income is projected at \$0.98/SF/month year 1 (2024) and escalates annually by 2%, which is significantly below market. The lease term ends December 31, 2038, in year 15 of the operating budget. Because MCC is an affiliate of Mercy, the budget assumes a continuation of the lease beyond 2038 through year 20. Due to the unfunded ADA requirements of the 2<sup>nd</sup> commercial space, no income is projected from this space. The commercial space is projected to generate positive net operating income for all 20 years despite the vacant second commercial unit. 100% of net operating income supports the residential project.

4.6. Service Space. The property includes three resident service offices on the ground floor. See Section 8.1 for the services provided on-site to residents. The proposed scope of work will not impact the service space in the building.

4.7. Interim Use. N/A.

4.8. Infrastructure. N/A.

4.9. Communications Wiring and Internet Access. As the proposed scope of work does not include in unit electrical upgrades, updating the Project to meet MOHCD’s Communication Wiring Standards is not feasible at this time.

4.10. Public Art Component. N/A.

4.11. Marketing, Occupancy, and Lease-Up

The Project is in operations and serves very low-income formerly homeless disabled individuals, undocumented residents, and persons with HIV/AIDS. The Project has a 20year. PBV contract through the San Francisco Housing Authority for 68 units. There are 8 of the one-bedroom units under the PBV contract reserved for persons with disabling HIV/AIDS under the Housing Opportunities for Persons with AIDS (HOPWA) program. Additionally, the Project has a Direct Access to Housing contract with HSH for 6 SRO units. Due to the subsidy programs that support the tenants at the Project, all units, with exception of the manager’s unit are filled via referrals from either SFHA or HSH.

Currently, the Project has 17 vacancies, all of which are PBV units. The Sponsor has had challenges getting referrals from SFHA, and the Project has averaged an 11% vacancy rate historically. With SFHA’s recent replenishment of their studio waitlist, the Sponsor is seeing more referrals to the Project. Mercy believes that improvements to the community room and kitchen will improve marketability of the Dudley overall and expects that vacancy loss will decrease as a result of the proposed rehab.

4.12. Relocation. Relocation is not anticipated given the proposed scope of work (roof, structural work in the basement, community room).

## 5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Aurora Design	Y	N
General Contractor	Freestone Construction.	N	N
Other Consultant	Holmes Construction- Structural Engineer	N	N

5.1. Procurement Plan. Sponsor met with the Contracts Management Division (CMD) to establish professional and construction goals. Sponsors received a procurement waiver for professional services of architect and structural engineer and general contractor. The waiver was requested as vendors are familiar with the Project and assisted with scope

development. This will help to reduce duplication of costs. The Local Business Entity (LBE) requirement applies to the project. The Architect is women-led and is Small Business Entity (SBE) certified. The sponsor will ensure that the project meets its remaining goals of LBE requirement through the General Contractor’s subcontractors.

5.2. Opportunities for BIPOC-Led Organizations. The General Contractor is has committed to hiring LBE and subcontractors to meet the 25% requirement set by CMD. Mercy anticipates that the subcontractors will be BIPOC-led.

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 Source	Loan Date	Loan Amount	Interest Rate	Repayment Terms	Maturity Date	Outstanding Principal Balance	Accrued Interest
Affordable Housing Fund - Eastern Neighbor SOMA	2/24/2017	\$1,628,625	3% simple	Residual Receipts	2/28/2072	\$1,628,625	\$299,605.05
HOPWA	6/25/2002	\$700,000	4.9% simple	Residual Receipts	11/19/2057	\$100,000	\$98,818.36
Tax Increment	4/29/2003	\$150,000	0.00%	Deferred Pmt	12/31/2058	\$121,460	\$0.00
Tax Increment	1/2/2002	\$6,702,754	3% simple	Residual Receipts	2/28/2072	\$3,680,200	\$2,306,236
<b>Total:</b>		<b>\$9,181,379</b>			<b>Total:</b>	<b>\$5,530,285</b>	

Notes: \*The Tax Increment loan executed 1/2/2002 of \$6,702,754 comprised of a temporary bridge loan and permanent Tax Increment loan. As of the 3<sup>rd</sup> Amendment to Tax Increment Affordable Housing Program Loan Agreement dated 2/24/2017, the Borrower has repaid the entire Bridge Loan, including interest. The outstanding balance of the Amended Loan amount is currently \$3,680,200.

6.2. Disbursement Status. Loan Committee approves payment of costs no earlier than the date of the NOFA award July 31, 2023, so long as these costs are deemed acceptable and correspond to construction budget attached herein.

6.3. Fulfillment of Loan Conditions. The Sponsor has met all loan conditions from the funding MOHCD provided in 2017 through the 2016 ENP NOFA.

6.4. Potential Proposed Permanent Financing



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

- MOHCD 2023 ENP NOFA Rehabilitation Loan (\$2,942,275): 55-year term at 3% interest paid out of residual receipts.
- Project Replacement Reserve (\$45,856).

6.4.2. CDLAC Tax-Exempt Bond Application: N/A

6.4.3. HOME Funds Narrative: N/A

6.4.4. Permanent Uses Evaluation: Uses of the proposed financing comply with MOHCD's underwriting guidelines.

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit is within standards	Y	\$33,072/unit.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 15% per underwriting guidelines for a rehab.
Architecture and Engineering Fees are within standards	Y	\$120,000, and is based on estimates from the Architect and Structural Engineer.
Construction Management Fees are within standards	Y	Project Admin Fee is \$100,000. The ENP NOFA allows a combined Construction Management and Project Management Fee of 15% of hard construction costs, which would be \$396,814.
Developer Fee is within standards, see also disbursement chart below	N/A	See above.
Consultant and legal fees are reasonable	N/A	None – Mercy will be using in-house counsel for all legal work.
Entitlement fees are accurately estimated	N/A	
Construction Loan interest is appropriately sized	N/A	
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10%
Capitalized Operating Reserves are a minimum of 3 months	N/A	As of the end of 2023, the Operating Reserve is depleted. Due to budget limitations, there is not enough money to fund this in the capital budget.
Capitalized Replacement Reserves are a minimum of \$1,000 per unit (Rehab only)	N/A	The Replacement Reserve will have a beginning balance of approximately

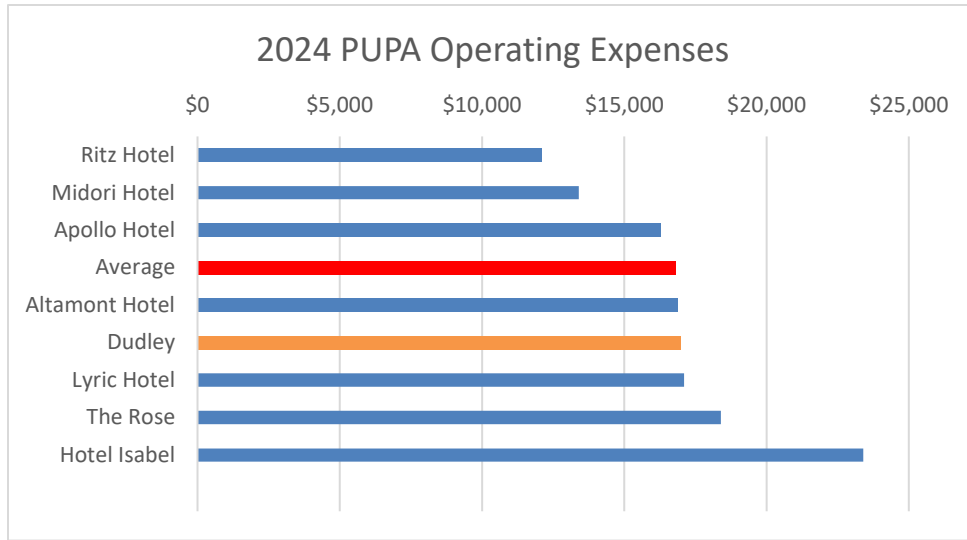
		\$538K (\$7.8K/unit) in year 1. The capital budget does not include additional payments.
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6.4.5. Developer Fee Evaluation: The 2023 ENP NOFA limits the Construction Management Fee and Project Management Fee to no more than 15% of hard costs. Mercy has budgeted \$100k for a Project Administration Fee, which is well below the allowable amount of \$372,065.

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

7.1. Annual Operating Budget.

- The first year operating budget is assumed to be 2024.
- The Project is forecasted to generate approximately \$1.87M income, or approximately \$25K PUPA, which is approximately 50% higher than the income generated in 2022. The main driver in the increase is the revenue from the additional 27 PBVs the Project received in 2022. Further, contract rents are projected to increase by 5% annually for the first two years and 3% thereafter.
- All other income assumptions escalate by MOHCD's 2.5% underwriting standard.
- First year cost assumptions are based on the Sponsor-approved budget for the Project in 2024 and equals just over \$17K PUPA, which is slightly above the \$16.8K average of comparable projects.
- The Project will be taking an above the line asset management fee as projected income will support this fee.
- Due in large part to the anticipated infusion of tenant subsidy income, the Project is projected to cash flow for the full 20-year period, while fully funding the replacement reserve and making operating reserve deposits as needed to meet the minimum balance requirement.



**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	N/A	The project does not have hard debt.
Vacancy rate is based on project's historical actuals	Y	Vacancy rate is 10%. Historic average of the previous 5 years is 11.8%. The Sponsor anticipates that the rehab effort will facilitate lease up.
Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	Y	Income escalation factor is 2.5% for residential-tenant rents and 3.0% for residential – tenant assistance payments (other non-losp), Historically, Fair Market Rents (FMRs) have increased by 4.3% annually since 2009, so the projected increase is conservative.
Annual Operating Expense escalation is based on project's historical actuals	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are \$17K per unit and is in line with the \$16.8K average of comparable projects.
Property Management Fee is at allowable <u>HUD Maximum</u>	Y	Below current HUD Maximum. Total Property Management Fee is \$57,600 or \$38.40 PUPM
Property Management staffing level is reasonable per comparables	N	1 FTE Senior Property Manager (PM) 1 FTE Assistant PM

		4.6 FTE Front Desk Coverage* 1 FTE Maintenance Manager 1 FTE Maintenance Tech 1 FTE Janitor  *additional 1FTE budgeted under contracts to cover staff vacancies and time off.
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$24,280/yr
Replacement Reserve Deposits meet project needs based on CNA	Y	Replacement Reserves are \$700 per unit per year
Limited Partnership Asset Management Fee meets standards	N/A	Limited Partnership exited in 2018.

**7.3. Capital Needs Assessment & Replacement Reserve Analysis.**

Elizabeth McLachlan Consulting, Inc. (CNA Consultant) prepared a Physical Needs Assessment (aka CNA) dated April 23, 2019, which evaluated the site construction, building construction, condition of building interiors and units, and mechanical systems. The CNA includes recommended improvements that are “immediate” or recommended to be completed within the next 12 months. Additionally, the CNA includes a replacement reserve analysis, which recommends an annual replacement reserve deposit amount based on the current placement reserve balance and the 15-year capital replacement plan. The CNA Consultant’s replacement reserve analysis does not account for the costs of immediate repairs.

The CNA assumed an initial replacement reserve balance in 2019 of \$202,392 with a recommended annual contribution of \$52,500 to meet the needs of anticipated capital repair needs for a 15 year period. Given that CNA costs are not escalated and are consistently low MOHCD has approved an annual contribution of \$92,000. The proforma assumes the MOHCD recommended annual contribution.

7.4. MOHCD Restrictions.

<b>UNIT SIZE</b>		<b>MAXIMUM INCOME LEVEL</b>	
<b>NON-LOTTERY</b>	<b>No. of Units</b>	<b>MOHCD</b>	
SRO– PBV	19	50% MOHCD AMI	
Studio– PBV	25	50% MOHCD AMI	
1 BR – PBV	24	50% MOHCD AMI	
SRO – GF formerly known as DAH	4	50% MOHCD AMI	
SRO – legacy formerly known as DAH	2	50% MOHCD AMI	
<b>Sub-Total</b>	<b>74</b>		
<b>STAFF UNITS</b>			
1 BR	1		
<b>TOTAL</b>	<b>75</b>		
<b>PROJECT AVERAGE</b>		50%	
<b>AVERAGE FOR LOTTERY UNITS ONLY</b>		N/A	

Eight PBV units are set aside for qualifying Very Low Income Tenants with HIV/AIDS.

If the legacy tenants, from the formerly known as DAH units vacate, then Sponsor needs to apply for an operating subsidy from SFHA or HSH.

8. SUPPORT SERVICES

- Services Plan. Mercy Housing California provides a combination of case management and service coordination at the Project through 2 FTE case managers, funded by HSH. This combination of services and programming includes assisting individuals and families in meeting many of their basic needs, including securing adequate food, medication, and access to quality healthcare. Case Management services include individual case management, linkages and referrals to substance dependency resources and mental health services. In addition to offering case management, the services team coordinates a wide range of group activities, presentations, classes and workshops that support the resident’s interests, activities, and self-advocacy. Examples may include health & wellness presentations and preventative health classes, leadership opportunities, and financial literacy and supports. All services are provided free of charge and are made available on a voluntary basis.

8.1. Services Budget. The residents at The Dudley are supported by 2 FTE case managers funded through a separate services budget from HSH. No changes to the services funding is anticipated with this rehab effort.

8.2. HSH Assessment of Service Plan and Budget. Since this request is for a project currently operational and does not request additional funding for services, HSH is not being asked to assess the service plan and budget. Program Manager, Kendra Leingang, reports that she is happy with the services provided at the Dudley overall. Mercy has committed case managers and work to tailor programming to the needs of the community that are culturally competent. No grievances or other complaints from tenants have been received.

## 9. STAFF RECOMMENDATIONS

### 9.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$2,942,275
Loan Term:	55 years
Loan Maturity Date:	2079
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	July 31, 2023

### 9.2. Recommended Loan Conditions

1. Sponsor must provide MOHCD with detailed monthly updates via the MOHCD Monthly Project Update, including on:
  - i) Community outreach completed,
  - ii) Outcomes achieved related to racial equity goals, and
2. Sponsor must work with MOHCD staff and project's General Contractor to finalize the construction scope and budget prior to loan closing, emphasizing life and safety improvements over common area improvements. This includes submitting structural drawings.
3. Sponsor must fill vacancies of the Property Management role prior to loan closing.
4. Sponsor will initiate an updated CNA before project close out (Updated CNA). The Sponsor must provide an updated proforma that reflects the

Updated CNA, including any changes to projected Replacement Reserve Deposits and withdrawals as determined by the Updated CNA.

## 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 Kaslovsky, Executive Director  
Office of Community Investment and Infrastructure

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

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

- Attachments:
- A. Project Milestones/Schedule
  - B. Borrower Org Chart
  - C. Developer Resumes
  - D. Asset Management Analysis of Sponsor
  - E. Threshold Eligibility Requirements and Ranking Criteria
  - F. Site Map with amenities
  - G. Elevations and Floor Plans, if available
  - H. Comparison of City Investment in Other Housing Developments
  - I. Predevelopment Budget [N/A if gap request]
  - J. Development Budget
  - K. 1<sup>st</sup> Year Operating Budget
  - L. 20-year Operating Pro Forma

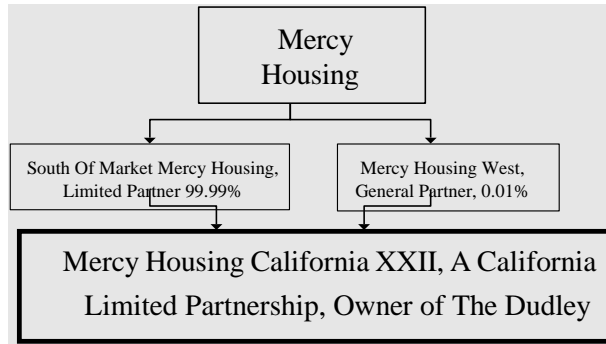


**Attachment A: Project Milestones and Schedule**

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	<u>N/A</u>	
1	Acquisition/Predev Financing Commitment	<u>N/A</u>	
2.	Site Acquisition	<u>N/A</u>	
3.	Development Team Selection		
a.	Architect	<u>11-10-23</u>	<u>Aurora Design</u>
b.	General Contractor	<u>3/24</u>	<u>Freestone Construction</u>
c.	Owner's Representative	<u>5/23</u>	<u>Mercy Housing</u>
d.	Property Manager	<u>5/23</u>	<u>Juana Thomas</u>
e.	Service Provider	<u>5/23</u>	<u>Mercy Housing California</u>
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>2-20-24</u>	
b.	Submittal of Design Development & Cost Estimate	<u>4-1-24</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>4-15-24</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>4-30-24</u>	
5.	Commercial Space		
a.	Commercial Space Plan Submission	<u>N/A</u>	
b.	LOI/s Executed	<u>N/A</u>	
6.	Environ Review/Land-Use Entitlements	<u>N/A</u>	
a.	SB 35 Application Submission	<u>N/A</u>	
b.	CEQA Environ Review Submission	<u>NA</u>	
c.	NEPA Environ Review Submission	<u>N/A</u>	
d.	CUP/PUD/Variances Submission	<u>N/A</u>	
7.	PUC/PG&E		
a.	Temp Power Application Submission	<u>N/A</u>	
b.	Perm Power Application Submission	<u>N/A</u>	
8.	Permits	<u>7-1-24</u>	
a.	Building / Site Permit Application Submitted	<u>5-1-24</u>	
b.	Addendum #1 Submitted	<u>N/A</u>	

c.	Addendum #2 Submitted	<u>N/A</u>	
9.	Request for Bids Issued	<u>2-1-24</u>	<u>Freestone Construction</u>
10.	Service Plan Submission	<u>N/A</u>	
a.	Preliminary	<u>N/A</u>	
b.	Final	<u>N/A</u>	
11.	Additional City Financing	<u>N/A</u>	
a.	Preliminary Gap Financing Application	<u>N/A</u>	
b.	Gap Financing Application	<u>N/A</u>	
12.	Other Financing		
a.	HCD Application	<u>N/A</u>	
b.	Construction Financing RFP	<u>N/A</u>	
c.	AHP Application	<u>N/A</u>	
d.	CDLAC Application	<u>N/A</u>	
e.	TCAC Application	<u>N/A</u>	
f.	Other Financing Application	<u>N/A</u>	
g.	LOSP Funding Request	<u>N/A</u>	
13.	Closing		
a.	Construction Loan Closing	<u>5-1-24</u>	
b.	Conversion of Construction Loan to Permanent Financing	<u>N/A</u>	
14.	Construction	<u>9/24</u>	
a.	Notice to Proceed	<u>N/A</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>N/A</u>	
15.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>N/A</u>	
b.	Commence Marketing	<u>N/A</u>	
c.	95% Occupancy	<u>N/A</u>	
16.	Cost Certification/8609	<u>N/A</u>	
17.	Close Out MOH/OCII Loan(s)	<u>6/25</u>	

**Attachment B: Borrower Org Chart**



## **Attachment C: Development Staff Resumes**

**Esmeralda Campos**, Senior Asset Manager, has been part of the Mercy Housing Asset Management Team for 6 years. Esmeralda oversees a portfolio of assets in The City of San Francisco and the Bay Area and leads our asset management work in Sunnydale. Esmeralda completes mini rehabs annually as part of the ongoing asset preservation initiatives.

**Fiona Ruddy**, Project Developer II, joined Mercy Housing in 2020 and has over 5 years of experience in affordable housing development. Fiona has managed the development of housing serving a range of populations including families, RAD households, and people with disabilities. Fiona has experience with projects sponsored by MOHCD and OCII and is overseeing The Kelsey Civic Center, which serves families and people with disabilities. Fiona has led procurement for The Kelsey Civic Center and Hunters Point Block 56.

**Ken White**, Capital Project Investment Manager, has been with Mercy Housing for 10 years providing Project Management oversight on over 600 projects. Ken is a certified PMP and is a member of IFMA. Ken currently manages projects in different geographical areas, working with Asset Managers on portfolio construction needs. Ken acts as the construction consultant and SME of the physical assets. If ENP NOFA funds are awarded, Ken would oversee the rehab.

**Paul Tonga**, Regional Facilities Manager, has been with Mercy Housing for over 9 years and provides project oversight for properties in the Bay Area and Southern California. His background is in residential and commercial construction having been a Class B General Contractor for over 18 years. He is certified in Construction Management and supports Development, Asset Management and Area Directors with new construction and capital projects.

**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. She leads a team of five Asset Managers and has participated in many rehabs and transactions, including the elevator replacement through the 2016 ENP NOFA.

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

California represents the largest portion of the portfolio with 155 operating properties across the state; 55 Mercy owned and occupied properties are located in the City of 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, 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 located in the San Francisco office and interfaces directly with Doug Shoemaker, President of Mercy Housing California (MHC). Yelena and her team act as Mercy's 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 2 staff devoted to other specialized needs such as the Year 15 buy out and the refinance of properties.

All positions in CA are currently filled and they are full-time. The breakdown of the Bay Area asset management staff positions is 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. The Asset Managers in the San Francisco office currently have 90 assets in their portfolio. Eight of these properties are in predevelopment, under construction or in rehab in the City of San Francisco or Bay Area. In San Francisco, Asset Managers manage fewer than the maximum of 25 assets to free up capacity for future developments.

Asset Management staff has oversight over all operations of the properties. The portfolio is analyzed monthly through the 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 Mercy Housing California President to find a solution to get the property off the watchlist.

Asset Managers are responsible for tracking all capital needs on 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 watchlist and budget planning, reviewing CNA's, 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 request 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 perseveration planning is accomplished through balancing the use of reserves with the payment of scheduled partnership and deferred development fees through cash flow.

The transaction team handles some of the longer term needs of the portfolio such as Year 15 analysis and investor buyout and property restructuring such as a refinance.

Asset Management staffing budget is \$3,308,737.

Mercy Housing anticipates that the portfolio will grow from 155 buildings to approximately 170 buildings in the next 5 years. Two new Asset Manager positions based in San Francisco were added in 2017 and one in 2019.

The Sponsor's description of their asset management functions, duties and coordination with related teams within the organization demonstrates an adequate asset management operation for their existing portfolio. With 7 FTE asset managers statewide and a portfolio of 155 projects in California, the project/asset management staff ratio is 22, which is in line with the industry standard of 20-25 recommended by NeighborWorks America. In addition, the Sponsor's asset management staff also includes Asset Management Analysts who support the Asset Managers. The full range of asset management responsibilities is covered by the asset managers and the analysts. With an increase of 15 projects in the Sponsor's portfolio anticipated over the next 5 years, the ratio will increase but remain within the industry standard.

## **Attachment E: Threshold Eligibility Requirements and Ranking Criteria**

### **A. THRESHOLD ELIGIBILITY REQUIREMENTS**

1. The affordable housing property seeking funds must have the following characteristics.
  - a) It must be located in the City and County of San Francisco.
  - b) It must be owned and operated by a 501(c)(3) nonprofit public benefit corporation or a limited partnership or limited liability company whose managing general partner is a 501(c)(3) nonprofit public benefit corporation that is in compliance with the California Attorney General's Charitable Trust Registry.
  - c) It must have been previously funded by MOHCD, the Office of Community Investment and Infrastructure (OCII), or the San Francisco Redevelopment Agency (RDA), and not in default under MOHCD's agreements, including but not limited to loan agreements and/or regulatory agreements.
  - d) It must not have undergone a major recapitalization (greater than \$75,000 per unit) in the previous 15 years.
2. The work to be performed must:
  - a) Address conditions that threaten the health and/or safety of a building's occupants, such as mold, water intrusion, lead and pest remediation, damaged or inadequate fire/life-safety systems or ADA-compliance.
  - b) Replace building components or systems that contribute to a building's inefficient use of energy or whose condition requires unreasonable and excessive maintenance and repair expenditures.
3. The need for urgent, immediate or short-term improvements must be documented.
  - a) It must be identified in a CNA as an immediate or short-term need for capital investment. Short-term improvements are defined as improvements that must be completed within 12 to 24 months.
  - b) In addition to a CNA, respondents may provide evidence of need in the form of notices of violation, failed inspection reports, and/or third party technical reports on major systems, such as roofing, elevators or HVAC.

### **B. ALIGNMENT WITH CITY RACIAL EQUITY GOALS**

The City is required to affirmatively further fair housing as established by the State of California and the US Department of Housing and Urban Development. Pursuant to San Francisco Administrative Code Chapter 47, MOHCD has adopted explicit policies in its Certificate of Preference (COP), and Displaced Tenant programs, which provide historically displaced and vulnerable populations who reside within the community preference in obtaining access to quality affordable housing. In an effort to redress past and present inequities, the selection process for this NOFA will favor applicants who have direct experience working with COP holders, or populations who share characteristics with the COP population. Proposals should address the following racial and social equity goals:

### **C. ALIGNMENT WITH MOHCD DEPARTMENT GOALS**

1. Applicants should align their proposals with MOHCD's Theories of Change in the 2020-2024 Consolidated Plan at this link. MOHCD is addressing the City's priority needs through five interconnected, multidisciplinary objectives that cross program areas and leverage strategies both internally and across multiple city departments. These five objectives are:

- Objective 1: Families and individuals are stably housed
- Objective 2: Families and individuals are resilient and economically self-sufficient
- Objective 3: Communities have healthy physical, social, and business infrastructure
- Objective 4: Communities at risk of displacement are stabilized
- Objective 5: The City works to eliminate the causes of racial disparities

MOHCD has also identified five target populations based on the findings from the Consolidated Plan community engagement process. These are:

- Households experiencing a legacy of exclusion
- Households destabilized by system trauma
- Households with barriers to access to opportunities
- Extremely and very low-income households
- Households at risk of displacement.

#### **D. ELIGIBLE USES OF FUNDS**

Funds awarded through this NOFA may be used to pay the following residential construction costs.

- Construction contract payments for capital repair/rehabilitation work. Note that CNA estimates of construction costs are not sufficient documentation of funding need. Bids from relevant contractors or estimates from third party technical experts are recommended at time of NOFA response and required prior to Loan Committee approval. Estimates must assume use of applicable prevailing wage standards.
- Architectural and engineering expenses.
- Temporary tenant relocation expenses if necessary.
- Construction period insurance, permit fees and other costs associated with the rehabilitation work.
- Other necessary soft costs associated with the rehabilitation work.
- Legal and transactional costs associated with closing MOHCD funding.
- Applicant's project management and construction management expenses limited to no more than 15% of construction or repair hard costs.
- Capitalized replacement reserves if necessary to ensure the adequacy of such reserves to meet anticipated capital improvement needs.
- Completion of an updated CNA that anticipates future capital improvement needs for at least 15 years, and associated reserve analysis.
- Commercial construction costs only eligible to the extent that repairs are required to maintain habitability of the entire building. Commercial tenant improvements are not eligible for funding under this NOFA.

#### **E. SUMMARY OF FUNDING TERMS**

Funds are anticipated to be provided as loans. Loans will be interest bearing where financially feasible and may be deferred or require repayment depending on the circumstances.



Current MOHCD standard loan terms include the following terms that will be incorporated into funding agreements that result from this NOFA.

- Income Limits

MOHCD seeks to work with applicants to insure and deepen long-term affordability at each housing property. Upon completion of the rehabilitation work pursuant to this NOFA, all units shall be reoccupied at turnover by or held vacant for households earning no more than 60% Area Median Income (AMI) for San Francisco, adjusted for family size but not high cost area (often referred to as “unadjusted”), as published by MOHCD, and maximum rents may not exceed 30% of 60% AMI for San Francisco, as established by MOHCD and available on the MOHCD website.

MOHCD will consider an exception to this requirement for units that are currently restricted at 80% AMI. Units occupied by households whose incomes exceed 80% of AMI at the time funds are awarded under this NOFA may continue to be occupied by those households. However, upon vacancy of these units, they must be occupied by households earning no more than 60% AMI as published by MOHCD.

- Affordability Term

Furthermore, upon completion of any rehabilitation pursuant to this NOFA, affordability restrictions associated with prior City financing notwithstanding, the minimum term of affordability required for all units in the building will be for the life of the project, but no less than 75 years from the date of recordation of the new deed of trust. Updated affordability requirements will be codified in a revised City Declaration of Restrictions that will be recorded on title.

- Capital Needs Assessment

Sites must prepare and an updated Capital Needs Assessment (CNA) every five (5) years for MOHCD approval, in accordance with the CNA policy as it is amended from time to time.

- Replacement Reserve Account

Sites must make annual deposits into a Replacement Reserve Account, in accordance with the 20-year replacement reserve analysis contained within the most recently approved CNA.

- Marketing

Before advertising the availability of units for lease in a housing property or the opening of the waiting list, NOFA fund recipients will complete a marketing plan for MOHCD approval. Once the marketing plan is approved, MOHCD will post information about the available units or opening of the wait list on DAHLIA—the City's online application portal for affordable housing. Housing preferences may apply.

- Annual Monitoring

Sites will be monitored from time to time to assure compliance with loan terms. NOFA fund recipients will file an Annual Monitoring Report that includes but is not limited to: tenant occupancy information, audited financial statements, tenant demographics, eviction information.

- Other MOHCD Policies

Sites that may not be subject, under existing loan agreements, to current MOHCD policies, such as the Operating Fees Policy, Residual Receipts Policy, and Hold Harmless Policy, will be subject to current policies.

## **F. AWARD LIMITATIONS**

Requests for funding are limited to \$4 million per application, with a minimum request of \$1 million (see exception below) and not to exceed \$100,000 per unit. Applicants are limited to two applications each, with an exception for a third application for minimum of \$250,000 and maximum of \$500,000 for small properties (less than 25 units).

To the extent practical, MOHCD encourages applicants to bundle several rehabilitation projects together under one application to minimize administrative burdens. Bundled applications must be owned by the same nonprofit or general partner entity and are expected to share one operating reserve and one replacement reserve upon entry into the new loan agreement.

## **IV. SELECTION PROCESS, MINIMUM CAPACITY AND EXPERIENCE REQUIREMENTS, MINIMUM APPLICATION REQUIREMENTS, SELECTION CRITERIA AND SCORING, AND SUBMITTAL REQUIREMENTS OVERVIEW**

### **A. SELECTION PROCESS**

MOHCD staff will review all submittals for completeness and satisfaction of minimum experience and capacity requirements (see Section D, Submittal Requirements Section below). If a submittal does not meet minimum experience and capacity requirements, the respondent may submit an appeal to MOHCD staff on technical grounds only.

A Selection Panel appointed by the Director of MOHCD will include persons with expertise in such areas as development, affordable housing finance, affordable housing construction management, community development, commercial space development, property and asset management, housing access/marketing, and/or housing and services for homeless households.

The Selection Panel will determine the final ranking of all responses and present this ranking to the Director. The Selection Panel's scoring of each proposal will be done by consensus and will be final.

The Director will then select Proposals(s) for this funding pool and advise the Mayor of these selections. MOHCD and the selected applicants will enter into loan agreements with milestones established in accordance with the terms of this NOFA. If MOHCD staff cannot enter into a loan agreement with a selected applicant that is in the best interest of the City, the MOHCD Director may terminate negotiations in his sole discretion. If the MOHCD Director terminates negotiations with a selected applicant, the MOHCD Director reserves the right, in his sole discretion, to (1) negotiate with the next highest ranked Respondent, or (2) reject any and all other proposals, in whole or in part, prior to award, and (3) may re-advertise the NOFA for the full or partial funding amount under such terms the MOHCD Director deems to be in the City's best interest. MOHCD reserves the right to appoint additional parties

to the selected applicant should it be determined that the team lacks representation necessary to achieve the NOFA's goals.

**B. MINIMUM PROPOSAL REQUIREMENTS.**

1. Proposals must demonstrate financial feasibility and include a Financing Plan, including a detailed Sources and Uses Budget, that utilizes the most current version of the Mayor's Office of Housing and Community Development's Underwriting Guidelines, available on the MOHCD website (see <https://sfmohcd.org/housing-development-forms-documents>).
2. Proposals must demonstrate—through provision of specific examples of inputs used for estimating, including prevailing wages—that the project's total budget, as well as its specific line items, is comparable to recent and similar projects, to industry standards, and is compliant with funding source regulations, MOHCD policy, and most recent underwriting guidelines. Cost per unit, per square foot (land area and building space), per bed or bedroom will be examined relative to total cost, City subsidy, and construction cost.
3. Proposals must provide a construction cost estimate that reflects current construction costs, including prevailing wages, and show escalation assumptions as a separate line item.
4. Proposals must include an operating budget that includes all expenses necessary to properly operate and maintain the building.
5. Proposals that include any tenant displacement/relocation (including any relocation of commercial uses) must include a full relocation plan and budget.
6. Proposals must include a community engagement plan that demonstrates the capacity to generate necessary resident and neighborhood support for the proposed scope of work. Include any evidence of support expressed to date for the project, as well as plans for community engagement with residents and neighbors going forward.
7. As applicable, Proposals must include a description of how any commercial vacancies will be addressed.
8. Proposals must include demographic data regarding the Boards of Directors of member organizations of the applicants' teams and staff.

**C. SELECTION CRITERIA AND SCORING**

All applications that meet the above Threshold Eligibility Requirements (see Section III.A) and Minimum Proposal Requirements will be scored and ranked according to the following selection criteria.

	Category	Points
A.	<b>ALIGNMENT WITH CITY GOALS</b>	<b>10</b>

i.	Demonstrates experience working with or placing COP holders or populations who share characteristics with COP populations. Demonstrates how Applicant has previously promoted and plans to promote under the proposed scope of work, SBE/LBE organizations with contracts and local hiring.	5
ii.	Describes how development aligns with MOHCD's 2020-2024 Consolidated Plan by addressing one (1) or more of the identified objectives. Describes how the site serves one (1) or more of the identified five (5) target populations.	5
<b>B. URGENCY</b>		<b>25</b>
i.	Demonstrates need for urgent repairs through CNA, Notice of Violation (NOVs), Field Inspection report, and/or Third Party technical report. (Max points for scope that includes NOVs). Documentation of work orders for repairs and/or requests for ADA accommodations are encouraged.	15
ii.	Extent to which applicant has capacity to enter into a loan agreement with MOHCD by end of 2023. Extent to which applicant can complete full scope of work within 3 years (by Spring 2026).	10
<b>C. NEED</b>		<b>35</b>
i.	Extent to which average occupant income is less than 40% AMI. (Sliding scale of points, more points for lowest AMI)	10
ii.	Extent to which Replacement Reserves (available as of 12/31/2022) are less than \$5k/unit and insufficient to meet immediate and short-term capital improvement needs as recommended in a CNA. (Sliding scale, most points for least reserves)	5

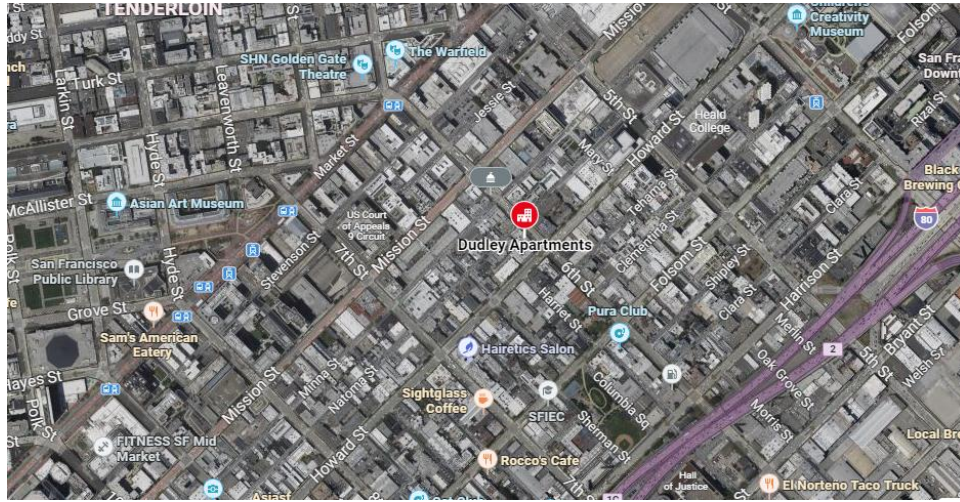
iii.	Number of years since major recapitalization. (Sliding scale, most points for most time elapsed.)	5
iv.	Property applied for funding under the 2016 ENP NOFA and was not funded, nor has secured other funding or addressed the need identified in the 2016 NOFA response.	5
v.	Demonstrates need to meet City code/requirements for seismic safety, fire safety, and ADA compliance, for example.	5
vi.	Property is not competitive for any of these funding sources: LIHTC 9% (competitive pools) LIHTC 4%/Tax Exempt Bonds MOHCD Cash Out Waiver  For tax credits, provide self-score and/or narrative regarding analysis of competitiveness.	5
<b>D. COST AND BUDGET</b>		<b>25</b>
	Appropriateness of Scope relative to documented needs (most points for connection made between proposed scope and materials submitted to receive Urgency points under B. above, which includes a CNA)	5
	Scope meets funding minimum of \$1M and maximum of \$4M, or \$100k/unit, whichever is lower. Projects with 25 or fewer units meet funding minimum of \$250K and maximum of \$500k.	5
	Number of years of project financial feasibility/independence gained from the proposed improvement, including capitalization of replacement reserve (.5 points for each year beyond 5 years, up to 5 points max) Demonstrates that property will not need additional MOHCD capital for at least five (5) years.	5

	Extent to which proposal accounts for necessary communication with residents and neighbors related to the scope of work, and any temporary relocation required, including appropriate budget and communications plan.	5
	Extent to which proposal includes admin costs that will cover staff/consultant(s) fees to insure project completion.	5
<b>E. OPERATIONS</b>		<b>20</b>
	Extent to which applicant has history of compliance with terms of previous financing agreements (subtract .5 point for every site that is out of compliance for income, rent or rent increase compliance issues, or for which an AMR has not been submitted on time in the past 12 months.)	10
	Extent to which rents are currently maximized for tenants who are not rent-burdened (most points for maximized rents.)	5
	Extent to which proposed scope demonstrates cultural competency and includes project partners that will deploy city resources that are responsive to populations disproportionately impacted by systemic racism.	5
<b>F. BONUS POINTS</b>		<b>5</b>
	Emerging Developers are included in the applicant team.	1

	Integrated Pest Management – site study was completed prior to application submission and recommendations from the IPM report must be adopted into the final scope of work.	2
	Electrification – Scope of work achieves full electrification and incorporates climate resilience measures, documents vulnerability to climate change, such as overheating in the building, exposure to unfiltered outdoor air, and vulnerable resident populations, resident benefits, in the form of projected reduction in energy bills or quality of life improvements, such as air conditioning or outdoor air filtration, and demonstrated leverage with rebate programs.	2
<b>TOTAL POSSIBLE POINTS</b>		<b>120</b>

Proposals must score at least 70 points in order to proceed through the selection process.

### Attachment F: Site Map with amenities





**Attachment G: Elevations and Floor Plans**

N/A

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

See attached.

Updated: 2/23/2024 25 units and larger of Served Sites **MOHCD REHABILITATION COST COMPARISON - SAN FRANCISCO**

Delta of Subject and Comparable Projects	Construction by Unit/Bed/SF		Soft Costs by Unit/Bed/SF		Total Development Costs (without Land)		Local Subsidy		Acquisition costs by Unit/Bed/SF	
	Constr/Unit	Constr/sq.ft	Soft/Unit	Soft/sq.ft	TDC/Unit	TDC/sq.ft	Subsidy/Unit	Levee/wing <sup>7</sup>	Acq/Unit	Acq/sq.ft
Delta of Subject and Comparable Projects	\$ (18,233)	\$ (12,470)	\$ (43)	\$ (6,631)	\$ (4,216)	\$ (21,438)	\$ (14,489)	\$ (60)	\$ (31,578)	\$ -
Delta Percentage	-36%	-27%	-44%	-45%	-38%	-35%	-43%	-47%	-	-
The Dudley	\$ 33,072	\$ 43,542	\$ 53	\$ 6,789	\$ 11	\$ 61,728	\$ 39,842	\$ 66	\$ 70,809	\$ -
Comparable Projects	Average: \$ 51,306	Average: \$ 98	Average: \$ 17,390	Average: \$ 10,955	Average: \$ 24	Average: \$ 67,278	Average: \$ 54,230	Average: \$ 177	Average: \$ -	Average: \$ -
Costs lower than comparable (within 10%)										
Costs higher than comparable (within 10%)										

ALL PROJECTS	Anticipated Start/Completion Date	# of Units	# of BR <sup>1</sup>	Total	Total Project Costs		Soft Cost	Local Subsidy	Total Dev. Cost when we include
					Commercial	Acq. Cost <sup>3</sup>			
Average:	99	158	59,768	702	\$ 22,724,866	\$ 9,733,274	\$ 6,256,223	\$ 40,813,648	
Comparable Projects in Redevelopment (filtered)	Average:	61	69	32,039	3,597	0	\$ 3,133,319	\$ 755,187	\$ 4,319,327
Total Comparable Projects	Average:	61	69	32,039	3,597	0	\$ 3,133,319	\$ 755,187	\$ 4,319,327
The Dudley	July-24	75	75	44,895	3,689	-	\$ 2,480,242	\$ 507,700	\$ 3,737,929
Delta of Subject and Comp. Project Average		14	6	12,856	-208	\$ 0	\$ (852,887)	\$ (324,887)	\$ (2,988,132)
Delta Percentage		23%	9%	40%	-15%	#DIV/0!	-21%	-33%	-20%

PROJECTS COMPLETED	Address	Construction Comm. Date	Pop. Type	# of Units	# of BR <sup>1</sup>	Building Square Footage		PROJECT COSTS		Building Type	Rehab program/type	Comments
						Commercial	Acq. Cost <sup>3</sup>	Soft Cost <sup>4</sup>	Local Subsidy <sup>5</sup>			
Average:				78	255	113,276	0	\$ 43,897,197	\$ 3,310,771	7/319,583		

PROJECTS UNDER CONSTRUCTION	Address	Construction Comm. Date	Pop. Type	# of Units	# of BR <sup>1</sup>	Building Square Footage		PROJECT COSTS		Building Type	Rehab program/type	Comments
						Commercial	Acq. Cost <sup>3</sup>	Soft Cost <sup>4</sup>	Local Subsidy <sup>5</sup>			
Average:				28	33	18,820	3,200	\$ 5,844,728	\$ 6,449,500	2-4	ENP NOFA	Modest with minor seismic

PROJECTS IN PREDEVELOPMENT	Project Name	Address	Start/Complete Construction	Current	Population Type	# of Units	# of BR <sup>1</sup>	Building Square Footage		PROJECT COSTS		Building Type	Rehab program/type	Comments
								Commercial	Acq. Cost <sup>3</sup>	Soft Cost <sup>4</sup>	Local Subsidy <sup>5</sup>			
Dunaway Plaza (MHCDO)	38 Hrdt St	Sept-23	Family	49	81	29,000	0	\$ 1,689,405	\$ 4,000,000	4	ENP NOFA	Small	Pre-dev of proj. considerate age of building; parking; unusual circumstances, etc.	
The Rose (Meco)	125 8th Street	July-24	SRO	76	76	39,536	2,184	\$ 3,091,228	\$ 2,812,014	4	ENP NOFA	Small	Pre-dev of proj. considerate age of building; parking; unusual circumstances, etc.	
Larkin Pine Senior Housing (CDDO)	1303 Larkin Street	July-24	SRO	63	63	31,174	-	\$ 2,289,280	\$ 3,958,725	4	ENP NOFA	Small	Pre-dev of proj. considerate age of building; parking; unusual circumstances, etc.	
William Penn (CDDO)	160 Eddy Street	July-24	SRO	91	91	41,836	12,800	\$ 3,531,925	\$ 3,958,725	4	ENP NOFA	Modest	Pre-dev of proj. considerate age of building; parking; unusual circumstances, etc.	
Bernal Bundle		Oct-24	Mixed	28	33	18,820	3,200	\$ 5,844,728	\$ 6,449,500	2-4	ENP NOFA	Modest with minor seismic		

PROJECTS COMPLETED	Project Name	Completion Date	Construction	Constr/BR	Constr/SF	TDC/Unit	TDC/sq.ft	Subsidy/Unit	Levee/wing <sup>7</sup>	Total Dev Costs by Unit/BR/SF (with acq, without land)
Westcoast Apartments	July-19	\$ 482,711	\$ 167,402	\$ 471	\$ 463,708	\$ 157,632	\$ 443	\$ 74,913	\$ 848	
Ping Vuen	Mar-19	\$ 330,180	\$ 143,331	\$ 324	\$ 728,283	\$ 316,175	\$ 716	\$ 24,733	\$ 976	
Alamere Apartments	Nov-19	\$ 479,277	\$ 211,446	\$ 522	\$ 927,891	\$ 409,275	\$ 1,011	\$ 25,525	\$ 876	
East Ocean	Dec-21	\$ 233,626	\$ 233,626	\$ 780	\$ 551,355	\$ 551,355	\$ 1,941	\$ 96,282	\$ 832	
Bernal Heights	Dec-21	\$ 292,863	\$ 119,172	\$ 275	\$ 639,064	\$ 281,561	\$ 647	\$ -	\$ 1,000	
Hynes Valley South	Dec-21	\$ 449,543	\$ 209,533	\$ 313	\$ 948,510	\$ 441,310	\$ 785	\$ 65,528	\$ 839	
Marina Valley North	July-22	\$ 652,402	\$ 229,548	\$ 216	\$ 1,182,886	\$ 482,233	\$ 216	\$ 105,406	\$ 1,000	
Marina Valley South	July-22	\$ 442,486	\$ 182,486	\$ 232	\$ 1,520,012	\$ 716,012	\$ 232	\$ -	\$ 1,000	
Herald Drive	Sept-22	\$ 120,012	\$ 120,012	\$ 232	\$ 1,520,012	\$ 716,012	\$ 232	\$ -	\$ 1,000	
SFHAK - Sealed Sites	Feb-22	\$ 679,488	\$ 300,843	\$ 647	\$ 1,182,859	\$ 523,188	\$ 1,127	\$ 454,751	\$ 626	
Throughline (3 Sites)	Jun-22	\$ 261,444	\$ 261,444	\$ 451	\$ 357,701	\$ 357,701	\$ 631	\$ 153,634	\$ 776	
Transcendence Plaza	June-22	\$ 129,202	\$ 129,202	\$ 452	\$ 553,921	\$ 263,921	\$ 452	\$ 7,693	\$ 876	
Marina Valley	July-22	\$ 442,486	\$ 182,486	\$ 232	\$ 1,520,012	\$ 716,012	\$ 232	\$ -	\$ 1,000	
San Chelona	Oct-22	\$ 299,137	\$ 289,137	\$ 503	\$ 624,351	\$ 624,351	\$ 1,554	\$ 44,250	\$ 950	
Completed Projects	Average:	\$ 340,116	\$ 165,883	\$ 409	\$ 620,689	\$ 357,524	\$ 775	\$ 70,442	\$ 907	

PROJECTS UNDER CONSTRUCTION	Project Name	Completion Date	Construction	Constr/BR	Constr/SF	TDC/Unit	TDC/sq.ft	Subsidy/Unit	Levee/wing <sup>7</sup>	Total Dev Costs by Unit/BR/SF (with acq, without land)
SECRET Sealed Sites	Dec-23	\$ 473,947	\$ 413,947	\$ 732	\$ 944,230	\$ 944,230	\$ 1,497	\$ 55,250	\$ 944	
Under Construction:	Average:	\$ 473,947	\$ 413,947	\$ 732	\$ 944,230	\$ 944,230	\$ 1,497	\$ 55,250	\$ 944	

PROJECTS IN PREDEVELOPMENT	Project Name	Start Date (anticipated)	Completion Date (anticipated)	Construction	Constr/BR	Constr/SF	TDC/Unit	TDC/sq.ft	Subsidy/Unit	Levee/wing <sup>7</sup>	Total Dev Costs by Unit/BR/SF (with acq, without land)
The Knox	Nov-23	243	\$ 234,515	\$ 243	\$ 234,515	\$ 234,515	\$ 603	\$ 63,563	\$ 736		
125 Mission	Sept-25	189,005	\$ 80,055	\$ 118	\$ 384,787	\$ 173,810	\$ 228	\$ 171,605	\$ 800		
The Dudley Apartments	July-24	33,072	\$ 46,674	\$ 95	\$ 39,842	\$ 39,842	\$ 66	\$ 39,230	\$ 76		
The Rose (Meco)	July-24	39,536	\$ 41,461	\$ 73	\$ 41,461	\$ 41,461	\$ 84	\$ 45,341	\$ 1,000		
Larkin Pine Senior Housing (CDDO)	July-24	38,538	\$ 38,538	\$ 94	\$ 43,502	\$ 43,502	\$ 95	\$ 43,502	\$ 876		
William Penn (CDDO)	July-24	38,538	\$ 38,538	\$ 94	\$ 43,502	\$ 43,502	\$ 95	\$ 43,502	\$ 876		
Bernal Heights	Nov-24	503,500	\$ 503,500	\$ 927	\$ 524,250	\$ 524,250	\$ 1,492	\$ 54,510	\$ 976		
B55 Turk (HSH)	Mar-25	206,612	\$ 193,729	\$ 205	\$ 247,934	\$ 247,934	\$ 341	\$ 68,839	\$ 375		
In Redevelopment	Average:	193,729	\$ 180,386	\$ 205	\$ 247,934	\$ 247,934	\$ 341	\$ 68,839	\$ 375		
All Projects:	AVERAGE	\$ 309,864	\$ 253,690	\$ 435	\$ 581,781	\$ 486,478	\$ 871	\$ 65,500			

1. Units highlighted in yellow represent gaps in information  
2. Redevelopment 50%  
3. Acquisition includes cost of buying land/building - legal, holding, taxes, etc. does not include the purchase value, exclude demolition & existing building  
4. Construction includes unit construction, site preparation/demolition (if applicable), site improvements, environmental remediation and land cost contingency for Phase 4 During Construction. Completed projects include used Contingency and are excluded per BPR CCI data  
5. All non-served local lands  
6. Total square footage  
7. Total square footage  
8. Project in progress but no budget yet  
9. Open Sites (20 Franklin)

**Attachment I: Predevelopment Budget**

N/A

**Attachment J: Development Budget**

See attached.

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

See attached.

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

See attached.