

Citywide Affordable Housing Loan Committee

San Francisco Mayor's Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure

2550 Irving

Final Gap Loan Request up to \$16,956,650 Including a \$1,000,000 AHP Bridge Loan

Evaluation of Request for:	Permanent Loan
Loan Committee Date:	March 15, 2024
Prepared By:	Omar Masry, Project Manager
MOHCD Asset Manager	Omar Cortez
MOHCD Construction Representative	Harry Wong
Total Gap Source of Funds Recommended:	2019 GO Bonds: \$9,964,621 Condo Conversion: \$1,367,418 Total: \$11,332,039
NOFA/PROGRAM/RFP:	2019 Affordable Multifamily Rental Housing Notice of Availability
Total Previous City Funds Committed:	2019 GO Bonds: \$4,365,813 CPMC Funds: \$898,798 Total: \$5,264,611
Applicant/Sponsor Name:	Tenderloin Neighborhood Development Corporation (TNDC)

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	2550 Irving	Sponsor(s):	TNDC
Project Address (w/ cross St):	2550 Irving Street (26 th and 27 th Avenues) 94122	Ultimate Borrower Entity:	2550 Irving Associates, L.P.

Project Summary:

In December of 2019, MOHCD issued a Notice of Funding Availability (NOFA) for the goal of promoting the development of permanent affordable housing for low-income seniors and low- and moderate-income families including families experiencing homelessness, in districts experiencing significant displacement pressures, but which have traditionally been underserved by new affordable housing production.

Tenderloin Neighborhood Development Corporation (TNDC or Sponsor) was selected for a family community at 2550 Irving Street (Site), which will be a 90-unit 100% affordable housing development, including 22 units set aside for permanent supportive housing for families exiting homelessness (Project) that will be subsidized by the Local Operating Subsidy Program (LOSP). In addition, the Project will include 15 units for veterans, including those exiting homelessness, which will be subsidized on a 20-year contract, by the Federal Veterans Affairs Supportive Housing (VASH) program. The proposed Project features a one-bedroom manager's unit and 9 studios, 33 one bedrooms, 23 two-bedrooms and 24 three-bedroom units restricted to households between 25% to 75% MOHCD AMI.

The Site is a 19,125 square-foot through corner lot, fronting on the north side of Irving Street and running from 26th to 27th Avenues. The former credit union building and surface parking have been demolished and will be redeveloped into a Type I seven-story mixed-use residential building and will include ground floor community-serving spaces (community room, meeting room, resident lounge, kitchen); a 150 square-foot office and 387 square-foot meeting room for a Sunset Chinese Cultural District community-based organization; and 18 resident parking spaces in a ground floor parking garage utilizing a two-level parking stacker system.

While the Project was approved by the San Francisco Planning Department through affordable housing streamlining pursuant to Senate Bill 35 (SB 35) and associated State Density Bonus Waivers, the Project has been subject to significant litigation and timing challenges due to a combination of neighborhood opposition to the Project and concerns regarding concentrations of chemicals typically associated with a gas station that previously existed on the Site as well as dry cleaners that previously existed both on and near the Site. The Sponsor prevailed in litigation and appeals, and clearances regarding possible and known environmental hazards were granted for residential development, per review by agencies including the San Francisco Department of Public Health and the State Department of Toxic Substances Control.

The Project was awarded a Multi-Family Housing Program (MHP) Loan for \$29,363,536 and Infill Infrastructure Grant (IIG) for \$6,999,486 on May 2, 2023. The Sponsor applied for and was awarded a bond allocation for up to \$51,846,000 by the California Debt Limit Allocation Committee (CDLAC) on December 6, 2023, which requires the Sponsor to start construction by June 6, 2023. Lease up will begin in August 2025. The MOHCD acquisition loan of \$9,012,905 will be considered paid in full upon transfer to the City at construction start. The Sponsor is requesting a total of \$16,956,650, which will include a \$1 million Affordable Housing Program (AHP) Bridge loan through the Federal Home Loan Bank of San Francisco (FHLBSF). The Sponsor intends to apply for this financing in late 2024 and upon award will reduce the MOHCD Permanent loan by the same amount.

Project Description:

Construction Type:	Type I	Project Type:	New Construction
Number of Stories:	7	Lot Size (acres and sf):	19,125 sf, 0.439 acres
Number of Units:	90	Architect:	Pyatok Architects
Total Residential Area:	75,753 sf	General Contractor:	Guzman Construction Groups
Total Commercial Area:	None (See Section 4.7)	Property Manager:	TNDC
Total Building Area:	102,118 sf	Supervisor and District:	Joel Engardio, D4
Future Land Owner:	MOHCD	Total Acquisition Cost:	\$9,284,000
Total Development Cost (TDC) w/o land:	\$99,123,275	Acquisition cost per unit:	\$103,156
TDC/unit w/o land:	\$1,101,370	MOHCD Gap Request w/o land (not including AHP Bridge Loan)	\$15,956,650
Predevelopment Loan Requested w/o land:	\$4,993,516	MOHCD Gap per unit w/o land (not including AHP Bridge Loan)	\$177,296
Predevelopment Request w/o land per unit:	\$55,484	Total MOHCD Subsidy/unit (Gap + Acq.) (not including AHP Bridge Loan)	\$277,440
HOME Funds?	N	Parking	18 (first floor interior stacker)

PRINCIPAL DEVELOPMENT ISSUES

•**High Overall and Soft Development Costs.** The overall development cost of \$99,123,275, or \$1,101,369 per unit, is significantly higher than the average per unit cost of \$831,528 for somewhat similar projects averaging 137 units. Primary contributors to overall development costs include substantial legal costs to resolve appeals and litigation, neighbor agreement related costs and delays, building unit count reductions (from 98 to 90) that reduce economies of scale for hard and soft costs, larger bedroom counts compared to similar developments, and measures incorporated to address neighborhood environmental health concerns. Additional information on these costs is discussed further in Section 6.6.

•**Property Insurance.** Affordable housing developments, especially those featuring supportive housing, are seeing large spikes in insurance premiums after the COVID-19 pandemic, that have a significant impact on yearly operating budgets. A recent insurance quote for annual property is \$512,705, where the Sponsor's 1st Year operating budget assumes a \$184,245 annual premium. While the insurance market outlook is uncertain, there remains a possibility that rates may abate by the time construction is complete. This is discussed further in Section 7.1.

•**Sunset Chinese Cultural District (SCCD) Space and Cost Implications.** The ground floor features a 150 square-foot office and 387 square-foot meeting room for exclusive use of SCCD as a newly formed community-based non-profit organization, in partnership with the Wah Mei School and TNDC. As currently planned, SCCD would have shared use of much of the ground floor including the kitchen, meeting rooms and resident serving common areas. While this space received a \$500,000 capital grant from HCD, this would remove approximately 2,121 square feet of space from being eligible for tax credit equity, with an estimated reduction in Project capital of approximately \$1 million. In addition, the Project lacks a detailed plan for funding for operations for SCCD. This is discussed further in Section 4.1.

•**Overall Cash Flow and Lack of Private Permanent Loan.** The Project's capital stack does not feature a first mortgage, due to the lack of sufficient cash flow due to the spread of AMIs and underwriting considerations when considering insurance rate concerns. In addition, debt service coverage ratios are projected to fall below 1.15 in Year 20. This is discussed further in Section 7.1

•**Neighbor Agreement and Traffic Control Plans for Construction.** The Project requires approval of traffic control plans by SFMTA to facilitate construction including necessary temporary street closures, and a separate neighbor agreement is awaiting approval by the residential property owner adjacent to the Site on 27th Avenue to enable some construction activity such as scaffolding. This is discussed further in Section 3.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
MOHCD Predevelopment Loan	\$5,264,611*	3%** deferred until land is transferred or funds are repaid	Committed
MOHCD Acquisition Loan (to be forgiven at construction start and land transfer)	\$9,012,905	0%	Committed
Corporation for Supportive Housing Bridge Loan	\$5,500,000 line of credit	\$4.7MM drawn, to be repaid at construction loan closing from MOHCD Loan and Limited Partner Equity	Committed
Total	\$19,777,516		

PERMANENT SOURCES	AMOUNT	TERMS	STATUS
MOHCD Gap Loan*	\$15,956,650	55 yrs. @ 0.00% / Res Rec	This Request
HCD Multi-Family Housing (MHP) Loan	\$29,363,536	55 yrs. @ 3% Res Rec w/ \$0.42 annual hard debt payment	Committed
HCD Infill Infrastructure Grant (IIG)	\$6,999,486	Grant	Committed
Limited Partner Equity	\$45,303,503	\$0.99 per Tax Credit	Committed
Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP)**	\$1,000,000	15 yrs. @ 0%	Not Committed
General Partner Equity	\$100		Committed
Total	\$99,123,275		

USES	AMOUNT	Per Unit	Per SF
Acquisition Holding Costs	\$30,000	\$103,489	\$0.29
Hard Costs	\$70,426,835	\$782,520	\$690
Soft Costs	\$24,952,127	\$277,246	\$244
Developer Fee	\$2,200,100	\$24,446	\$22
Reserves	\$1,326,713	\$14,741	\$13
Total	\$99,123,275	\$1,202,442	\$969

*The MOHCD Gap Loan includes the MOHCD predevelopment loan of \$5,264,611 but does not include the \$9,012,905 acquisition loan, which will be considered paid in full once the Site is transferred to MOHCD at construction close.

**MOHCD will also provide a \$1,000,000 AHP Bridge Loan at 0% interest, as part of this gap loan request, for a total MOHCD Gap Loan amount of \$16,956,650. The Bridge Loan will be repaid once the FHLB AHP Loan is disbursed during construction.

1. BACKGROUND

1.1. Project History Leading to This Request.

TNDC was awarded funding to acquire the Site in September 2020 after a successful application to MOHCD's NOFA for Acquisition and Predevelopment Financing for Affordable Multifamily Housing, supported by the 2019 General Obligation Housing Bond – Proposition A. Proposition A's mandate is to create new affordable, low-income units and to serve vulnerable populations in those districts that have been "underserved" by new affordable housing production. According to the April 2023 San Francisco Housing Balance Report, District 4 is experiencing the second greatest impact of housing loss including affordable housing loss across the City's supervisorial districts. Furthermore, 2550 Irving responds to the State's policy priorities of developing affordable family housing, including housing for those experiencing homelessness, in high resource areas.

After being awarded funding to develop the Project, TNDC conducted an extensive community engagement effort throughout 2021, and its design team, led by Pyatok Architects, advanced the design of the Project and submitted its Project Application to San Francisco Planning for approval. TNDC closed on its MOHCD acquisition and predevelopment loans and acquired the Site in November 2021.

Over the next 22 months, TNDC applied for state financing, conducted Site prep work (i.e., demolition of the existing building and infrastructure work), advanced project design, and engaged community in placemaking and public art design. During predevelopment the Sponsor conducted Phase I and II environmental Site assessments and implemented testing for soil contamination including a monitoring program during building demolition.

A predevelopment loan in the amount of \$14,277,516 (\$9,012,905 Acquisition Loan and \$5,264,611 Predevelopment Loan) was approved by the Citywide Affordable Housing Loan Committee on April 2, 2021. A preliminary gap commitment of \$16,759,885 with a total development cost of \$95,926,122 was approved by the Citywide Affordable Housing Loan Committee on June 24, 2022. The Sponsor leveraged the preliminary gap commitment to secure MHP and IIG funding, which was awarded on May 2, 2023.

The Project was awarded a bond allocation for up to \$51,846,000 by CDLAC on December 6, 2023, and has selected Bank of America as the investor and the construction loan lender. The CDLAC award requires the Sponsor to start construction by June 6, 2023.

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

On December 27, 2019, MOHCD released a Notice of Funding Availability (NOFA) for Affordable Multifamily Rental Housing targeting districts traditionally underserved by affordable housing. The NOFA provided funding for affordable housing development activities including acquisition and predevelopment costs

for new housing projects that will serve lower income families and vulnerable populations in Districts 1, 2, 4, 7, and 8.

Proposition A, along with MOHCD's NOFA, aimed to address San Francisco's well-documented and severe housing affordability crisis by meeting several goals. These goals include the following:

- Address geographic equity by investing in affordable housing in districts that have not benefited significantly from new affordable housing production previously,
- Fund new affordable housing, including for San Francisco's lower and middle working class,
- Create new housing opportunities for those in greatest need, with rents set at affordability levels for Family Projects at the maximum tax credit eligible rent under the HUD Unadjusted Metro Fair Market Rent Area. The NOFA did not automatically restrict family Projects to a 60% AMI as has been included in similar NOFAs.

On January 30, 2020, TNDC submitted a proposal for 2550 Irving that met the goals of Proposition A and the NOFA. The proposal targeted lower income families by providing a mix of 1-bedroom, 2-bedroom, and 3-bedroom apartments serving households earning in ranges between 25% and 80% MOHCD AMI (Area Median Income). TNDC was the only respondent to the NOFA with a proposal for Senior housing at 4200 Geary Boulevard, and a proposal for Family housing at 2550 Irving. The 2550 Irving proposal scored a total of 85 out of 100 points.

On September 14, 2020, MOHCD notified TNDC its proposal for 2550 Irving would be considered for acquisition and predevelopment funding.

1.3. Borrower/Grantee Submittal. The Borrower entity is 2550 Irving Associates Limited Partnership (LP). TNDC is the manager of the LP's general partner 2550 Irving GP LLC. No joint venture partnership is involved.

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)

TNDC was founded in 1981 with the acquisition of a single property and a commitment to creating permanently affordable homes for low-income San Franciscans. Over its 40-year history, TNDC has developed, owned, and managed 3,674 units, with another 263 under construction and 1,129 in predevelopment, totaling 5,066 units in total.

TNDC's in-house Property Management, Tenant Services, Asset Management, Accounting, and Community Organizing teams will ensure the Project's transition from development and construction into leasing and stabilized operations.

1.5. Demographic of Board of Directors, Staff and People Served.

TNDC is a racially diverse organization with 85% of staff, 60% of the Board of Directors and 50% of executives identifying as BIPOC.

Male/female split of Board and Executive staff:

Female	Male
58%	42%

Race/Ethnicity of TNDC Board & Staff	Percentage
Asian	18%
Black or African American	6%
Hispanic/Latino	24%
White or Caucasian	41%

Senior Management has a 50% BIPOC representation rate.

Race/Ethnicity of TNDC Staff	Percentage
Asian	31%
Black or African American	33%
Hispanic/Latino	20%
White or Caucasian	13%
Unknown or Decline to State	6%

1.6. Racial Equity Vision.

Per TNDC, while TNDC has always centered underserved and underrepresented communities in development, management, and service provision work, TNDC's explicit focus on the racial components of inequity and injustice has come to the forefront since 2019. TNDC is committed to racial equity and becoming a truly anti-racist organization. In 2004, TNDC launched its Cultural and Linguistic Competency Committee, which has since become the Committee on Equity (COE). In 2017, TNDC formed its Racial Justice Police Conduct Task Force to address police harassment issues in the Tenderloin, and to dialogue with the local precinct captain. These groups have provided regular racial equity presentations, including guest speakers, training, and forums, which are open to all staff. Furthering this work, TNDC launched its Racial Equity Initiative in 2019, an endeavor with representation from all departments. The Racial Equity Initiative has implemented several policies centered on racial equity during the recent coronavirus pandemic, including increasing TNDC's minimum wage after internal research demonstrated that the lowest paid staff were disproportionately Black and Latinx. In its work on the pillars of homes, health, and voice, TNDC understands how critical it is to consider racial equity. It is actively implementing practices to be part of the solution for communities that have long been denied opportunities on account of race.

1.7. Relevant Experience.

TNDC's housing development pipeline has grown to include over \$1 billion of affordable housing activity, and it will add nearly 1,500 units of affordable housing to the portfolio over the next five years. Many of these units will be Type I or Type III/Type V over Type I New construction projects. As evidenced by project completions at Eddy & Taylor, 681 Florida and 1990 Folsom, TNDC can complete complex projects on time and on budget.

1.8. Project Management Capacity.

Below is a list of TNDC staff assigned to 2550 Irving, along with the percentage of their total workload that will be dedicated to the Project:

- Hermandeep Kaur (Project Manager): 50%
- Samuel Ruiz Cervantes (Assistant Project Manager): 50%
- Shreya Shah (Director of Housing Development): 10%
- Chris Cummings (Director of Housing Development): 5%

1.9. Past Performance

1.9.1 City audits/performance plans.

There are no pending audits or performance plans in place for TNDC.

1.9.2 Marketing/lease-up operations.

MOHCDs lease up and marketing team recently reviewed TNDC and MEDA's (joint partner in transaction) 2022 lease up of Casa Adelante at 681 Florida Street. While TNDC is experienced in marketing and lease up, challenges included difficulty leasing up 85% AMI studios without sufficient market research, inability to meet a tax credit deadline and some gaps in communication between the development team and the lease up team, and a few applications waiting for file review for a few weeks longer than expected.

Through a high level of engagement by MOHCD staff, including several meetings, the Sponsors were able to resolve these issues, and received few applicant complaints and none noted perceived or substantiated discrimination. Another TNDC Project at 555 Larkin Street, did not contend with the same challenges.

TNDC's properties are primarily leased up through MOHCD's DAHLIA system, the Department of Homelessness and Supportive Housing's Coordinated Entry System, the Veterans Administration and the Housing Authority of the City and County of San Francisco. TNDC has extensive experience complying with DAHLIA and all other marketing requirements and lease up of this Project is expected to proceed with few challenges given the Sponsor's experience, the smaller size of the building, and

fewer units priced at levels that may be considered more challenging to lease up.

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

Site Description	
Zoning:	Irving Street Neighborhood Commercial District 40-X Height and Bulk District
Maximum units allowed by current zoning:	Unlimited
Seismic (if applicable):	Seismic Zone 4
Soil type:	Dune Sand Deposits
Environmental Review:	The streamlined approval process under SB 35, granted on August 17, 2022, governs the scope of environmental review under the California Environmental Quality Act. The Project also completed environmental review required for the use of VASH funding, on September 13, 2022, under the National Environmental Policy Act (NEPA).
Adjacent uses (North):	Single-family residential
Adjacent uses (South):	Mixed-use commercial and multi-family
Adjacent uses (East):	Single-family residential and commercial surface parking
Adjacent uses (West):	Single-family and multi-family residential
Neighborhood Amenities within 0.5 miles:	Parks and Recreation Areas • Golden Gate Park • Sunset Playground • Ocean Park Health Center Schools and Libraries • Sunset Branch Library • Jefferson Elementary School • Jefferson Child Development Center Preschools • Lawton Alternative School • Wah Mei School • Kumon Math. Reading. Success. Nine Places of Worship in the Area Grocery Stores • Irving Seafood Market Ten Restaurants Exercise and Fitness • Raise the Bar Fitness • American Gymnastics Club • Nomad Cyclery • Elevation Bike Co. At least 13 General Neighborhood Commercial Stores and 10 Banks Medical and Pharmacy • Walgreens Pharmacy • S.F. Eye Care

	<ul style="list-style-type: none"> • Lau Chiropractic • James G. Nickolopoulos, D.P.M Foot Clinic • Sunset Dental Care • California Center of Dental Aesthetics • Sunset Family Dental • Oriental Natural Healing Center
Public Transportation within 0.5 miles:	N – Judah light rail Buses: 29 Sunset 7 Haight/Noriega 28 19th Avenue
Article 34:	Approval on File. Dated June 29, 2022, for 90 units.
Article 38:	Exempt – Not in an Air Pollutant Exposure Zone Area, per the City's Air Pollutant Exposure Zone Map.
Accessibility:	Per updated TCAC regulations at least 15% of units (14 required, 20 provided) will be mobility accessible and at least another 10% of units (9 required, 11 provided) will be communication accessible, with no overlap of units.
Green Building:	Green Building program will comply with Title 24 and the City's green building requirements. As envisioned, the Project will align with LEED program requirements.
Recycled Water:	Not incorporated (exempt as 100% Affordable Housing).
Storm Water Management:	The Project will comply with Stormwater control and treatment rules as required by local agencies including SFPUC.

2.1. Site Description.

2550 Irving is located alongside the Irving Street neighborhood commercial corridor and in proximity to neighborhood-serving businesses representing a wide range of services and products meeting daily shopping needs. The Site is one block from Golden Gate Park and near schools and recreation areas. Proximity to nearby schools, library, and recreational areas was factored into TNDC's early assessment of the Site for family housing. District 4 has a high concentration of children, and local schools rank well in Statewide testing in the SFUSD system. In addition to the many nearby activities available to families in Golden Gate Park, Ocean Beach is under a mile and half from the Site and is easily accessible by the N Judah light rail. The surrounding mid-Sunset neighborhood offers many restaurants, grocery stores, active lifestyle, and cultural activities.

2.2. Zoning.

The proposed 73-foot-tall building is in the Irving Street Neighborhood Commercial District (NCD) and the 40-X Height and Bulk District. The State Density Bonus Law exempts 100% affordable projects from density limits and provides up to three additional stories of height, or 33 feet, above the zoned height limit. A 100% affordable project in a 40-X Zoning District may be up to 73 feet in height.

2.3. Local/Federal Environmental Review.

- Environmental Issues.

The Project is subject to SB 35, which provides for an exemption from review under the California Environmental Quality Act (CEQA). As the Project will also utilize (Federal) VASH funds, environmental review under the National Environmental Policy Act (NEPA) was completed by November 9, 2022

- Phase I/II Site Assessment Status and Results.

No known significant hazards are present at the Site. The Phase I recommended performing further testing for asbestos containing materials (ACM) and lead based paint (LBP) in the building that was previously located on the Site. This testing was conducted concurrent with demolition by the Project team and necessary steps were taken for appropriate disposal. Also recommended in the Phase I ESA was an Underground Storage Tank (UST) survey, which was conducted by AllWest May 15, 2019, finding the Site clear.

- Potential/Known Hazards. Studies conducted by AllWest on behalf of the prior property owner, and by Path Forward on behalf of TNDC, detected Tetrachloroethene (also referred to as PCE), a common dry-cleaning contaminant in soil vapor at concentrations exceeding environmental screening levels. No contaminants were found in the soil. The likely source is past dry-cleaning operations at nearby properties, as dry-cleaning operations were present both on-site and nearby. With oversight by the California Department of Toxic Substances Control (DTSC) and Path Forward, the Project's environmental consultant, TNDC has designed a Vapor Intrusion Mitigation System (VIMS) to remedy the issue ensuring residential use of the Site is safe for future residents. The Project has an approved Response Plan from the DTSC. The Response Plan includes a maintenance plan for the life of the Project. In addition, the Project operating budget includes \$19,059 per year for the VIMS system.

Due to the high amount of public engagement on the Project, DTSC also conducted a public participation process for the Project and the wider neighborhood related to environmental issues. Additionally, the Project team conducted a Voluntary Subsurface Investigation (SSI) in August 2023 and the levels of PCE found were below the screening levels and the report was accepted by the DTSC. Costs for DTSC review and site monitoring were approximately \$839,712 and are included in the development budget. Existing investigations and the remedy plan proposed will likely satisfy Maher requirements and further testing and mitigation beyond what has currently been conducted and planned, is unlikely to be required.

2.4. .Green Building.

As envisioned the Project will be all-electric and include photovoltaic systems valued at \$201,850, to offset electrical load. The Project may follow the LEED (Leadership in Energy and Environmental Design) guidelines without enrollment as a means of evaluating and recognizing the envisioned green building standards that will be incorporated while containing overall Project costs.

2.5. Community Support.

To date the property has been the subject of protests, as well as litigation and an appeal before the Board of Appeals, that contributed to significant soft development costs primarily in the form of legal fees.

Community engagement was conducted between January 2021 and August 2022. Two community meetings were held jointly by TNDC and the previous District 4 Supervisor, Gordon Mar, and three community workshops were held by TNDC and the Project architect. In February 2021 the Supervisor and representatives from MOHCD participated in a neighborhood meeting sponsored by the Mid Sunset Neighborhood Association (MSNA). In March, TNDC and the Project architect, Pyatok, held four workshops as a first step in engaging the community in visioning for the Project (see Section 3.1.) Finally, a Meet-the-Contractor Session was held in August 2022.

Concerns and issues raised by opponents have included the size and height of the building, the limited amount of parking, and the number of units reserved for formerly homeless individuals and families.

TNDC set up a website and email account assuring that neighbors and interested community members, groups and stakeholders can access current information on the Project, upcoming community activities, and ways to provide input.

The Sponsor indicated that the multiple appeal hearings before the Board of Appeals (Mid-Sunset Neighborhood Association, or MSNA, Appeal No. 22-092), and a lawsuit in Superior Court, also brought by MSNA (Case Number CGC21596994) did not result in significant Project timeline delays given the necessary site demolition and utility relocation phases.

Because likely avenues of permit appeal or related litigation have been exhausted, the risk of new timing delays or litigation costs are considered limited.

2.6. 1998 Proposition I Citizens' Right-To-Know. Proposition I – Neighborhood Notification is required for the Project and was posted for at least 30 days starting on June 24, 2021.

DEVELOPMENT PLAN

2.7. Site Control.

TNDC entered into a purchase and sale agreement (PSA) with The Police Credit Union and purchased the Site for \$9,000,000 with funds from a MOHCD acquisition, plus another \$284,000 in closing costs. MOHCD provided another \$5,264,611 in predevelopment funds at the same time. The PSA was signed October 12, 2021, and the land is currently owned by TNDC.

2.8. Proposed Property Ownership Structure.

The Project will be owned, developed, and operated by a Limited Partnership (2550 Irving Associates, L.P.) with TNDC as the manager of the managing general partner, 2550 Irving GP LLC. At construction closing, the \$9,012,905 MOHCD Acquisition loan will be forgiven and considered repaid, and the Site will be transferred to the City and County of San Francisco. The partnership will enter into a long-term ground lease with MOHCD, with rent terms consistent with the March 3, 2023, MOHCD Ground Lease Policy, including a base rent of \$15,000 per year and a residual rent and base rent requirement. The Limited Partnership will construct and own the improvements.

2.9. Interim Use Plan.

Not applicable. The existing two-story commercial building (Police Credit Union) was demolished in 2023 and the Site will remain vacant until construction begins in June 2024.

2.10. Proposed Design.

The building entry will be located on Irving Street, featuring a timber trellis framing a biophilic entry, which provides continuity between green spaces from the Irving Street frontage through the entry and open-air lobby, with connection to the rear yard. The entry leads to a lobby containing the residents' mail area, a receptionist desk, and elevator. The ground floor will contain a multipurpose room, rear courtyard, laundry room, bicycle parking, two resident services offices, two property management offices, a maintenance office, a car parking garage, utility rooms, and other back of house functions. Residents will not be charged for parking, as that is not allowed per Federal Tax Credit rules, and spaces will be set aside based on the following considerations: reasonable accommodation requests, accessible space needs, lottery rank order and needs of LOSP/VASH tenants. The southeast (Irving and 26th Avenue) corner of the building will feature a 150 square foot office and shared community services space for the newly formed Sunset Chinese Cultural District that will be open to the public. The facade will be a mix of fiber cement siding and brick veneer. A roof top courtyard will provide residents with green space for gathering. The Sponsor has indicated the unit sizes are larger TCAC minimums in order to meet TNDC's Design Guidelines for family units. This includes separate living

and dining areas and is based on their experience and findings from operating their portfolio and conducting post-occupancy evaluations.

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Avg Unit SF by type:	Unit Type	TCAC Minimum SF as written in 6/16/2022 Regulations	Project proposed unit SF	% Difference
	Studio	300	444	148%
	1-BR	450	581	126%
	2-BR	700	931	133%
	3-BR	900	1,291	143%
Residential SF:	75,753			
Circulation SF:	15,327			
Parking Garage SF:	4,381			
Common Area SF:	18,066 SF, including 150 SF office on ground floor, which will be used exclusively for the Sunset Chinese Cultural District (SCCD) office. The 387 SF meeting room adjacent to the SCCD office will be primarily used by SCCD but available to residents and building staff.			
Utility SF:	2,500			
Building Total SF:	102,118			
Retail:	None Proposed			

3. Construction Representative's evaluation:

The updated MOHCD proforma features total construction costs at \$70.4MM, which includes multiple contingencies (Bid and Plan-Check), and the owner's hard cost contingency (at 7.2% instead of 5%) which all appear to be on-target given current construction market conditions. There are three primary areas of risk that remain: construction pricing, neighbor access agreements, and infrastructure permitting and coordination.

Construction Pricing: 2550 Irving involves three separate construction costs:

- Demolition of existing Police Credit Union Building for \$422,159
- Utility Relocation
(currently at \$614,442 but could be higher with subsequent change orders)
- Vertical's Guaranteed Maximum Price (GMP) for \$63,510,614.

The General Contractor, Guzman Construction Group, has indicated the GMP's subcontractor pricing is valid to June 2024, which is when construction is expected to commence.

Typically, the GMP is based upon the bid set, which are not 100% construction drawings (CDs), nor a Conformed Set. This non-final construction set results in extensive Qualifications and Exclusions (currently under review by the Project team) with corresponding subsequent change orders during construction.

The Sponsor's assumption is that the change order reflecting the differences between the Bid Set and Conformed Set (which will incorporate plan-check comments and include full scope/details) will be between \$900K to \$1MM and when the Qualifications/Exclusions are negotiated to include additional allowances and higher costs for soils off-haul and utility costs, the GMP could rise from \$66MM to \$67MM. The point of connection for permanent power from SFPUC and PG&E is currently located near 2550 Irving and no extensive trenching will be required.

At this stage of permitting and time to construction start in June 2024, this cost escalation risk is considered low, and no specific conditions of approval are recommended.

Neighbor Access Agreements:

- 26th Avenue: Neighbor Agreement has been approved and would allow the Sponsor to complete the rerouting of the existing PG&E power service that bisects the Site to the existing power pole located in the neighbor's rear yard.
- 27th Avenue: Neighbor Agreement is needed to allow scaffolding to facilitate the construction of 2550 Irving's north elevation and to resolve 27th Avenue's existing south fence and planters that encroach onto 2550 Irving's property. Without a Neighbor Agreement in-place, the scaffolding would need to be cantilevered over the 27th Avenue property at substantial additional expense. Please note that the cantilevered scaffold solution may still be subject to "air-rights" claims and/or court injunctions from the 27th Avenue property owner. MOHCD will require the Sponsor to obtain approval of the neighbor agreement prior to introduction of the MOHCD Loan to the Board of Supervisors. See Section 9.3, Loan Conditions.

Infrastructure Permitting and Coordination:

- *Traffic Control Plans and Permits:*
Traffic Control Plans need to be developed and worked out with SFMTA. It is unknown at this time if SFMTA will require certain work (like concrete foundation pours) to be performed at night at more expense to the Project. SFMTA's requirements to maintain pedestrian access and bike lanes during certain construction activities have typically added expenses to projects.
- *Existing Overhead Power Lines along Irving Street:*
To facilitate construction and protect workers from the existing overhead power lines along Irving Street, these overhead power lines may need to be relocated by PG&E with "Alley Arms" extending away from the wooden utility pole. Since only PG&E can perform this alley-arm work, 2550 Irving will be dependent on PG&E's schedule to perform this work, which could potentially delay the Project's construction schedule accordingly.

Sponsor and MOHCD expect resolution on these items by May 2024.

4.

4.1. Commercial Space.

There is no proposed ground floor commercial space. There is however, a 150 square-foot office for the newly formed Sunset Chinese Cultural District (SCCD) that will be located next to the Sponsor's Property Management offices on site. Through collaboration from Wah Mei School and community partners, programming will be developed to enhance and support the neighborhood's unique culture. SCCD would pay a use fee of \$1 per year. The SCCD non-profit organization will also have shared use, along with building residents, of ground floor space including an adjacent meeting room (387 SF), the main resident-serving community room (730 SF), restroom (57 SF), adjacent hallway (156 SF) and kitchen (135 SF); totaling up to 2,121 square feet of ground floor space (including the office). This 2,121 square-foot area will therefore not be eligible for low-income housing tax credits.

While removing this space from tax credit eligibility (Site is not in a QCT), reduces tax credit capital funding by approximately \$1,000,000; the Project's overall development capital stack does include a \$500,000 one-time grant from HCD based on the inclusion of this non-profit public benefit use space, which will also cover tenant improvements.

The Sponsor will also be required as a condition of loan closing to provide a space plan or similar, and executed use agreement, for MOHCD approval of the SCCD Public Benefit Use which identifies:

1. Sources and uses of funds for tenant improvements and furnishings from sources other than the approved development budget; and
2. Funds needed for operations (including event programming, service offerings, applicable insurance, and common area maintenance) from

sources other than the approved operating budget. See Section 9.3, Loan Conditions.

4.2. Service Space.

The ground floor will feature about 500 square feet of space for supportive services. One office will provide space for 1.5 FTE full-time social workers that will serve the 22 LOSP supported units. In addition, office space will also provide space for the 0.5 FTE full-time social worker that will support the 52 general affordable units (not including the manager's unit). The Veterans Administration in San Francisco will provide case management to the 15 VASH units through staff visiting residents in their units as needed.

4.3. Target Population.

TNDC proposes subsidizing 15 units with Veterans Affairs Supportive Housing (VASH) vouchers for veterans exiting homelessness. TNDC was encouraged to look at serving veterans at the Project Site by veterans in the neighborhood and because of the relative proximity of the Veterans Administration (VA) hospital located at 4150 Clement Street, which is 2.3 miles away, or about 33 –minutes, by bus. In June 2021, the VA issued a letter to TNDC supporting the Project and the conversion of 15 of the San Francisco Housing Authority's (SFHA) tenant-based VASH vouchers into Project-Based Vouchers for 2550 Irving. On March 14, 2022, SFHA issued an award letter for the VASH vouchers. The VASH vouchers will be placed on 15 1BR units, and the subsidy is based on SFHA's published Project Based Voucher (PBV) Payment Standard. The subsidy also helps support Project feasibility. The Project requires an AHAP contract which is scheduled for SFHA approval on March 11, 2024.

4.4. Infrastructure.

SFPUC/PG&E permanent power is contingent on several factors as follows:

- An existing PG&E underground power line bisecting the Project from Irving Street to the existing power pole located at the 26th Avenue neighbor's rear yard must be relocated. The General Contractor has completed most of the relocation work along 26th Avenue as well as trenched along the northeast portion of the Site. The neighbor access agreement to the 26th Avenue neighbor's rear yard is pending and once signed, PG&E will schedule the connection between the 2550 Irving Site to the existing power pole.
- The existing overhead power lines along Irving Street need to be "alley armed" (extended away) from the property to facilitate construction. PG&E has indicated that this "alley arm" work will proceed only after the connection to the 26th Avenue neighbor's power pole has been completed and is in the process of being scheduled. If this "alley arm" work is unduly delayed by the availability of PG&E's work crew in the coming months, then 2550 Irving's construction will be delayed correspondingly.

- The permanent power will connect to underground vaults adjacent to the property along Irving Street and therefore, the amount of sidewalk trench work to the vaults should be minimal unless unforeseen lines, objects and/or tanks are encountered. Sidewalk potholing will be performed to verify conditions and/or uncover potential barriers/issues.
- PG&E provided the Draft Service Agreement in mid-November 2023 and TNDC will be issuing payment.
- PG&E indicated that the Final Service Agreement is estimated to be provided by 5/20/2024.

4.5. Communications Wiring and Internet Access.

The Project’s construction scope includes the appropriate communications wiring scope that meets MOHCD’s standards and TCAC minimum requirements. The City’s Department of Technology has indicated the Site should be servable by City Fiber to enable free broadband for residents.

4.6. Public Art Component.

The Project’s public art requirement calculation minimum is \$118,300, or 1% of expected construction cost at the time of predevelopment, multiplied by the percent of Project funded by eligible MOHCD funds. The development budget includes \$118,300 for public art costs. Public Art is proposed at two ground floor locations on the building’s Irving Street frontage, along with space for a potential Native American acknowledgement near a building entrance on the same frontage. The Sponsor is in the process of formulating a scope for public art programming and will be required to provide such a plan as a condition of approval 12 months prior to building completion. See Section 9.3, Loan Conditions.

MOHCD Estimated Gap Funds at Predevelopment (less acquisition cost)	\$16,132,412
TDC (at predevelopment)	\$84,578,492
Hard Cost Total	\$62,022,139
Public Art Calculation	
Construction Cost	\$62,022,139
1% of Construction Cost	\$6,202,213
Percent funded by MOHCD (MOHCD Committed / TDC)	19.07%
Public Art Requirement	\$118,300

4.7. Marketing & Occupancy.

Marketing will be focused on individuals and families subject to the City’s Preference requirements for Affordable Housing for the 52 general affordable lottery units (not including one manager’s unit). For the 22 units reserved and subsidized through LOSP for families exiting homelessness, HSH will provide referrals through the Coordinated Entry System. Referrals for the 15 VASH units will be through the Veterans Administration.

The following preferences will apply to the 52 general affordable lottery units:

MOHCD Preference	Applicant Category
1	Certificate of Preference (COP) Holders
2	Displaced Tenants Housing Preference (DTHP) Certificate Holders (20% of the 52 lottery units; 10 units total)
3	Neighborhood Resident Housing Preference (NRHP) (Restricted to 25% of the 52 lottery units based on use of HCD funding; 13 units total)
4	Live/Work in San Francisco
5	All Others

Within each of the categories listed above, those Veterans that are not eligible for VASH units, shall receive an additional preference within the same category of applicants that would apply to the applicant.

As a loan condition, Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps to be taken 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. In addition, Sponsor must also demonstrate, per TCAC rules, that rents for the 52 general affordable units are at or below 10% of fair market rents. See Section 9.3, Loan Conditions.

4.8. Relocation.

Not applicable. There are no existing commercial tenants or dwelling units (permitted or unpermitted) at the Site. The prior tenant, a credit union, has vacated the building which was demolished in 2023.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Pyatok Architects	N, N	
Landscape Architect	Miller Landscape Architects		
JV/other Architect	N/A?		
General Contractor	Guzman Construction Group		
Owner’s Rep/Construction Manager	Waypoint Consulting		
Financial Consultant	California Housing Partnership Corporation	N, N	N

Legal	Gubb & Barshay	N, N	N
Environmental Counsel	Farella, Bruan + Martel	N, N	N
Property Manager	Tenderloin Neighborhood Development Corporation	N/A	N
Services Provider	Tenderloin Neighborhood Development Corporation	N/A	N

5.1. Outstanding Procurement Issues.

None. San Francisco’s Contract Monitoring Division (CMD) approved TNDC’s professional services procurement plan in May 2021. The plan includes a 20% Small Business Entity (SBE) participation goal. Since then, TNDC has procured many members of its design and due diligence team, including Waypoint Consulting as Owner’s Representative. TNDC has currently achieved a 28.3% SBE participation goal. CMD has established an SBE participation goal of 22% for the construction work.

5.2. Opportunities for BIPOC-Led Organizations

The general contractor, Guzman Construction Group, is a certified local and minority-owned contractor. Guzman has generally exceeded SBE/LBE goals with BIPOC inclusion in subcontractors, suppliers and vendors.

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/OII Funding.

MOHCD Acquisition and Predevelopment funding to date is \$14,277,516, approved on November 19, 2021, which consists of a:

- MOHCD Acquisition Loan for \$ 9,042,599, at 3% simple interest, to be considered fully repaid upon land transfer to MOHCD, and a
- MOHCD Predevelopment Loan for \$5,264,611 at 3% simple interest.

6.2. Disbursement Status

As of the last draw (20) in February 2024, \$13,657,313 in MOHCD funds have been disbursed with \$620,202 remaining.

Source of Funds	MOHCD Acquisition Loan	MOHCD Predevelopment Loan
2019 GO Bonds	\$9,012,906	\$4,365,813
CPMC Funds	\$0	\$898,798
Total	\$9,012,906	\$5,264,611
Drawn to Date	\$9,012,906	\$4,644,407
Remaining Amount	\$0	\$620,202

6.3. Fulfillment of Loan Conditions.

<p>Prior to disbursement of funds for acquisition, Sponsor shall:</p> <p>(a) Provide an appraisal supporting the acquisition cost,</p> <p>(b) Refine the community outreach plan in collaboration with MOHCD, and specifically focus on access to housing through the City’s housing lottery preferences, including COP Holders, Displaced Tenants, and Neighborhood Residents,</p> <p>(c) Complete environmental due diligence and receive approval for the proposed response plan from Department of Toxic Substance Control.</p>	<p>Complete</p>
<p>Sponsor to provide MOHCD with detailed monthly updates on Community Outreach completed and commercial-use programming (this may be included in the standard MOHCD monthly report form).</p>	<p>Ongoing.</p>
<p>Sponsor will provide for MOHCD review any Request for Proposals (RFPs) for equity investors before it is finalized and released for investors.</p> <p>Sponsor will provide for MOHCD review all raw financial data from developer or financial consultant prior to selection.</p> <p>Sponsor will provide for MOHCD review and approval all selected investors.</p> <p>Sponsor will provide for MOHCD review and approval all Letters of Intent from financial partners.</p>	<p>Complete. Equity Letter of Intent and Debt Term Sheet completed March 6, 2024.</p>
<p>Sponsor shall provide MOHCD with information outlining cost containment, efficiencies and innovation strategies to reduce overall Project costs and maximize efficiency of MOHCD gap loans.</p>	<p>Not Met. See Section 9.3 for loan condition</p>
<p>Sponsor will provide operating and development budgets that meet MOHCD underwriting guidelines and if commercial space is included, MOHCD commercial underwriting policy requirements.</p>	<p>Not Met. See Section 9.3 for loan condition</p>
<p>Sponsor to provide MOHCD with a services plan and proposed staffing levels that meet MOHCD underwriting standards prior to gap loan approval. Any changes to the current proposed staffing will need to be presented to MOHCD at least 90 days prior to gap loan approval.</p>	<p>Not Met. See Section 9.3 for loan condition</p>
<p>Sponsor to work with MOHCD and HSH to establish the LOSP budget and income restrictions for the referrals from Coordinated Entry.</p>	<p>Not Met. See Section 9.3 for loan condition</p>

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

- **MOHCD Gap Loan (\$15,956,650). 55 Year Term**, 0.00% interest (due to true debt test), and residual receipts. This amount includes the \$5,264,611 predevelopment loan but would not include any accumulated interest associated with the original predevelopment loan, which featured a 3% simple interest term and would not apply to the amended and restated loan. Based on the total development cost, the City's subsidy per unit is estimated at \$177,296 (not including land acquisition). This is lower than \$271,747 average for similar projects in MOHCD pipeline.
- **State Multi-Family Housing Program (MHP) Loan (\$29,363,536)**. The MHP loan terms are 55 years, 3% simple interest with a 0.42% mandatory payment, residual receipts, \$500 PUPA replacement reserve requirement, HCD Pooled Transition Reserve (\$86,481 – required for VASH units) and a minimum of 3 months of operating reserves.
- **State HCD Infill Infrastructure Grant (\$6,999,486)**. The maximum available grant per Project is \$10 million, which is reduced by Project's eligible infrastructure costs.
- **Federal Home Loan Bank Affordable Housing Program (FHLB AHP) Loan (\$1,000,000)**. Actual bank to be determined before Sponsor applies in late 2024 or early 2025 (dependent on competitiveness and construction timing), 15 Year term at 0.00% with disbursement into Project during construction. MOHCD will bridge this amount and in the event the Project obtains more funds from AHP, this additional amount will be used to reduce the MOHCD gap. In addition, funds are required to be used during construction period.
- **General Partner Contributions (\$100)**. Paid out at, or prior to loan close.
- **LIHTC 4% Tax Credit Equity (\$45,303,503)**. Bank of America as investor. Sponsor assumes \$0.99 per Federal Low Income Housing Tax Credit.

Though not a part of permanent sources, the construction loan amount, with Bank of America as construction lender, is estimated at \$51,846,000, with a 32-month term loan at 8.17%. The development budget assumes \$8,117,024 in construction loan interest.

While MOHCD consistently encourages Sponsors to pursue additional financing to reduce the MOHCD gap loan amount, such as private permanent loans (i.e., mortgages averaging 15 to 30 years), the Project capital stack does not include a permanent private loan, due to insufficient cash flow to support such debt costs in Year 20. Sponsor will be required to re-evaluate the ability to incur private loans or other financing, with the goal of reducing the MOHCD gap loan amount. See Section 9.3, Loan Conditions

6.5. CDLAC Tax-Exempt Bond Application:

The Project scoring competed in the Large Family set-aside within the New Construction pool and the Bay Area’s geographic set-aside. The Sponsors applied to CDLAC-TCAC in 2023 with a \$51.8 million tax-exempt bond request, scoring 120 out of 120 total points, with a tiebreaker of 150.74%. The award was made on December 6, 2023, and the Sponsor will need to begin construction within six months.

CDLAC Score	
Opportunity Map Resource Level	TCAC/HCD Opportunity Map: Highest (In a DDA)
TCAC Housing Type (new construction only)	TCAC regs: Large Family
Bond Allocation Award Amount	\$51,846,000
Total Self-Score (out of 120 points)	120
Tiebreaker Score	150.740%. (Highly Competitive)

6.6. Permanent Uses Evaluation:

The overall development cost of \$99,123,275, or \$1,101,370 per unit, is significantly higher than the average per unit cost of \$831,528 for somewhat similar projects averaging 137 units. Primary contributors to overall development costs include substantial legal costs to resolve appeals and litigation, neighbor agreements, larger bedroom counts, and measures to address environmental health concerns. The future risk of additional costs is considered low.

- Soft development costs at \$277,246 per unit are significantly higher than similar projects averaging \$150,111 per unit. Primary contributors to higher soft development costs include site design work and legal fees discussed further below. The estimated hard cost of \$782,520 per unit is approximately 14% above the average for similar projects at \$679,720 per unit.
- Site Design Work: During the predevelopment phase the number of units was reduced from 98 units to 90 units to avoid developing units over an existing PG&E easement for electrical service that bisects the Site. This unit count reduction reduces the economies of scale for total development costs, and especially soft costs, when compared to other MOHCD projects averaging 137 units. The Sponsor indicated the cost of redesign is not distinctly broken out given timing early in the design process.
- Legal Fees: Significant legal and environmental consultant expenses of approximately \$1.5 million were incurred due to a combination of community opposition- local appeals (Board of Appeals) and State court litigation. By way of comparison legal fees associated with 730 Stanyan (160 units) were approximately \$452,000 and legal fees associated with 4200 Geary Boulevard (98 units) were approximately \$145,000.
- Soil testing and monitoring costs included fees paid to DTSC of \$372,846 and environmental consultant costs of \$466,866.

- Primary contributors to the Project’s hard costs exceeding the average include the required infrastructure and utility relocation work; the reduced unit count which reduces economies of scale in multi-family construction, and the increased number of bedrooms per unit. This family development features a higher bedroom count than other MOHCD projects, with 47 of the 90 units featuring two- and three-bedroom units; the increased bedroom count also contributes to a higher per unit development cost. The total development cost per bedroom is \$627,363, while the average development cost per bedroom, for comparable Projects featuring more studios and bedrooms as a percentage of unit count, is \$499,026.

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Costs per unit is within standards	N	Hard Costs of \$782,520 per unit are not within standards. Projected construction cost appears reasonable since the contractor, Guzman, has provided a GMP that includes escalation to June 2024.
Construction Hard Cost Contingency is at least 5% (new construction)	Y	Hard Cost Contingency is 7.2%, with an additional 1.6% bid contingency and 1.6% and plan check contingency at 0.75%. The budget also assumes a 0.5% escalation. The budget assumes no design contingency given progress on design and permitting.
Architecture and Engineering Fees are within standards	Y	The development budget includes \$3,713,765 for architecture and design fees, and \$1,197,000 for engineering and environmental studies. This amount appears justified given the scope of design and engineering.
Construction Management Fees are within standards	Y	The budget includes a \$228,634 construction management fee, which is appropriate given the work necessary for demolition and utility relocation ahead of construction start. CR staff has indicated the current fee standards need an update to meet market conditions.
Developer Fee is within standards, see also disbursement chart below	Y	Project management fee: \$1,100,000 At risk fee: \$1,100,000 General Partner Equity: \$100 Total fee: \$2,200,100
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 8.2%, which falls between the 5% to 10% underwriting guideline. This is justified given the small size of the building and progress made on site design, building permitting and infrastructure improvements.

Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserves are \$464,810, which is 3 months of operating expenses and debt service.
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6.7. Developer Fee Evaluation.

Below is the total development fee with a breakdown by milestone of the payment of the developer fee to the Sponsor.

Total Developer Fee:	\$2,200,100	
Amount of Project Management Fee:	\$1,100,000	
Amount of Fee at Risk (the "At Risk Fee"):	\$1,100,000	
Amount of Commercial Space Developer Fee (the "Commercial Fee"):	Not Requested	
Amount of Fee Deferred (the "Deferred Developer Fee"):	Not requested	
Amount of General Partner Equity Contribution (the "GP Equity"):	\$100	
Milestones for Disbursement of Developer Fee payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
Project Management Fee: Acquisition/Predevelopment Closing	\$165,000	15%
Project Management Fee (composed of three categories below)		35%
<i>Close of Predevelopment Financing</i>	\$165,000	15%
<i>Submission of HCD Funding Application</i>	\$110,000	10%
<i>Submission of joint CDLAC and TCAC Application</i>	\$110,000	10%
At the Construction Closing	\$220,000	20%
During Construction	\$220,000	20%
Project Close Out - Construction Completion	\$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%
Milestones for Disbursement of that portion of Developer Fee defined as Commercial Fee	N/A	N/A

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

7.1. Annual Operating Budget.

The Project is currently estimating first year operating expenses starting December 2025 at \$1,657,132, or \$18,413 Per Unit Per Annum, not including debt service and \$123,327 in minimum required HCD MHP annual loan payments.

The operating budget assumes 24-hour coverage utilizing 2.4 FTE front desk clerks as well as property management staff, with LOSP subsidies to support the 22 supportive housing units for families exiting homelessness. The operating budget assumes a pro rata split for all operating costs except for a 75% split borne by the LOSP units for front desk staffing costs. The LOSP subsidy is estimated at \$469,015 in the first full year of operations (2026) and a total of \$8,611,488 over 15 years.

Using the typical insurance premium found in the Project's operating budget, the Project DSCR drops below 1.15 in Year 20 to 1.107. If, however, a recent property insurance estimate of \$512,705 is used in the first-year operating budget, instead of the \$184,245 amount in the current operating budget, then DSCR is significantly impacted at 0.91 in Year 1 and -2.443 by Year 20.

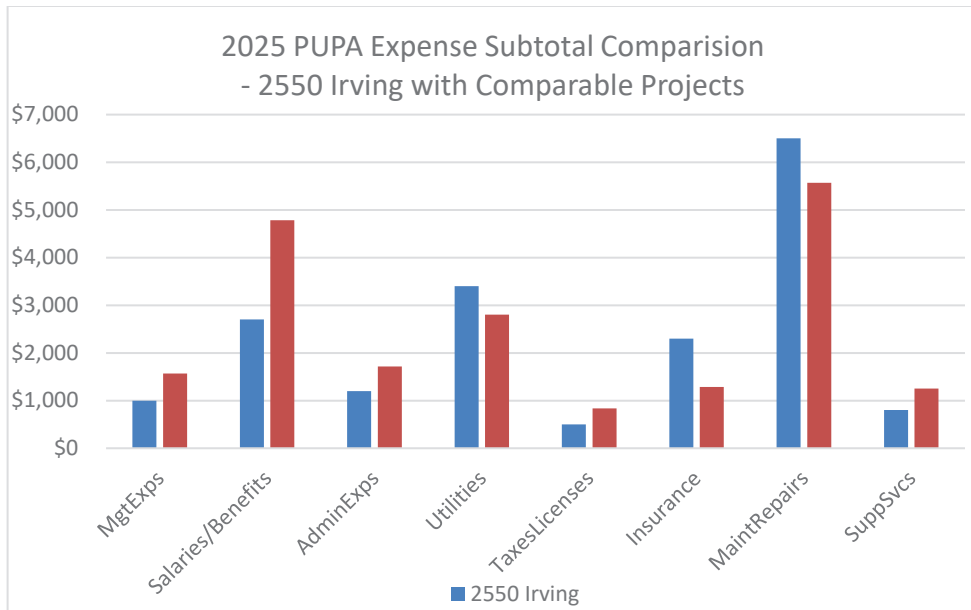
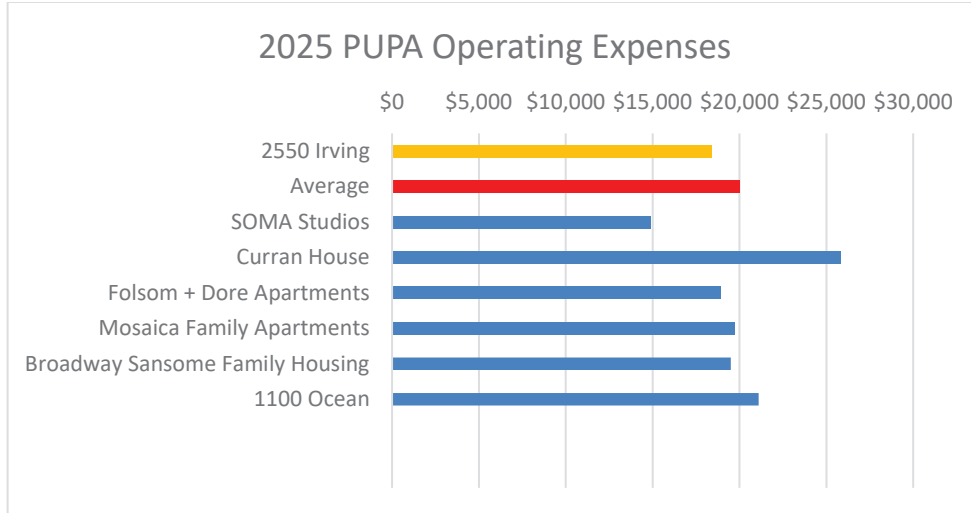
The Sponsor has indicated they plan to absorb this insurance cost, if required but have also noted such a significant spike in rates appears largely attributed to market conditions due to COVID-19 as well as a reduction in competition for available insurers and remain cautiously optimistic that premiums will be lower by the time the building goes into operations. No conditions of approval are proposed at this time.

7.2. Annual Operating Expenses Evaluation.

Operating expense projections in Year 1 are \$1,657,132 at \$18,413 per unit per year before reserves and ground lease payment and are lower than the \$20,000 average for similar Projects (with unit counts between 71 and 110) in the MOHCD pipeline.

The annual operating budget includes sufficient staffing for 24-hour front desk coverage through a combination of desk clerks and property management staff. Such coverage is consistent with other MOHCD Projects that include supportive housing.

This budget assumes an annual property liability expense of \$184,245, which appears comparable (on a pro-rated by-unit basis) to other MOHCD New Construction Projects under construction or recently developed. The Sponsor's most recent insurance carrier provided estimate is \$512,705, where the Sponsor's 1st Year operating budget assumes a \$184,245 annual premium. The Sponsor will obtain updated quotes closer to the TCO.



A primary contributor to the higher-than-average Maintenance and Repairs cost includes combined expenses of \$53,779 associated with the VIMS system (vapor reduction to address soil concerns) and the parking stacker.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio stays above 1:1 through Year 20	N	DSCR is 2.94 at Year 1 and decreases to 1.246 by year 19 and 1.107 by Year 20. See also Section 7.1.
Vacancy meets TCAC Standards	Y	Vacancy is 5%

Annual Income Growth is increased at 2.5% per year	N	Income escalation factor is 2% (including for LOSP and VASH subsidized units) and Expense escalation is 3% in order to reflect investor/lender underwriting requirements for Bank of America. The net effect of these changes does not create a significant impact with respect to MOHCD underwriting standards.
Annual Operating Expenses are increased at 3.5% per year	N	Income escalation factor is 2% and Expense escalation is 3% in order to reflect investor/lender underwriting. The net effect of these changes does not create a significant impact with respect to MOHCD underwriting standards.
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are \$18,413 per unit. This expense includes 24-hour front desk coverage, which is typical for MOHCD developments featuring supportive housing units.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$63,720 or \$59 PUPM. The allowed maximum is \$81 PUPM.
Property Management staffing level is reasonable per comparables	Y	<ul style="list-style-type: none"> • 1.0 FTE property manager (PM) • 1.0 FTE Asst PM • 2.4 FTE Desk clerks • 1.0 FTE Maintenance Supervisor • 1.5 FTE Custodian
Asset Management and Partnership Management Fees meet standards	Y	Annual Asset Management Fee is \$26,920/yr (escalated for 2026) Partnership Management Fee is 24,270/yr
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement reserve deposits are \$500 per unit per year.

Limited Partnership Asset Management Fee meets standards	N	\$7,500 per year through Year 15 with 3% annual escalation. Underwriting guidelines limit this fee to \$5,000 per year with no escalation. Similar exceptions have been approved by MOHCD based on requests from limited partner (Bank of America).
Annual Rent under long term ground lease with MOHCD	Y	\$15,000 per year

7.3. Income Restrictions for All Sources.

The table below summarizes the equivalent affordability restrictions from all funders and will be used at the time of marketing, per a MOHCD approved marketing plan, to determine the most restrictive income and rent levels. In order to improve monitoring of affordability restrictions, a loan condition of approval will require the Sponsor to revise unit AMI restrictions and rents as needed, prior to construction start in order to reduce overall number of MOHCD AMI bands while complying with most restrictive financing requirements and ensuring sufficient Project cash flow until Year 20.

<u>NON-LOTTERY</u>	No. of Units	TCAC/MHP Restriction	MOHCD Equivalent AMI Limit (provided for comparison only)
1BR – LOSP	5	20% TCAC AMI	25% MOHCD AMI
2BR – LOSP	8	20% TCAC AMI	25% MOHCD AMI
2BR – LOSP	1	40% TCAC AMI	55% MOHCD AMI
3BR – LOSP	7	20% TCAC AMI	30% MOHCD AMI
3BR – LOSP	1	40% TCAC AMI	55% MOHCD AMI
1 BR – VASH	3	25% TCAC AMI	35% MOHCD AMI
1BR – VASH	12	30% TCAC AMI	45% MOHCD AMI
SUB-TOTAL	37		
<u>LOTTERY</u>			
0 BR	3	25% TCAC AMI	35% MOHCD AMI
0 BR	2	30% TCAC AMI	45% MOHCD AMI
0 BR	4	40% TCAC AMI	55% MOHCD AMI
Sub-Total	9		
1 BR	2	30% TCAC AMI	45% MOHCD AMI

1 BR	5	40% TCAC AMI	55% MOHCD AMI
1 BR	6	50% TCAC AMI	70% MOHCD AMI
Sub-Total	13		
2 BR	3	25% TCAC AMI	35% MOHCD AMI
2 BR	1	30% TCAC AMI	45% MOHCD AMI
2 BR	1	40% TCAC AMI	55% MOHCD AMI
2 BR	4	50% TCAC AMI	70% MOHCD AMI
2 BR	5	60% TCAC AMI	75% MOHCD AMI
Sub-Total	14		
3 BR	3	25% TCAC AMI	35% MOHCD AMI
3 BR	1	30% TCAC AMI	45% MOHCD AMI
3 BR	1	40% TCAC AMI	55% MOHCD AMI
3 BR	4	60% TCAC AMI	70% MOHCD AMI
3 BR	7	60% TCAC AMI	75% MOHCD AMI
Sub-Total	16		
LOTTERY UNITS		52	
STAFF UNIT 1 BR	1	N/A	N/A
TOTAL	90		
PROJECT AVERAGE NOT INCLUDING MANAGER'S UNIT		37.08% TCAC AMI	48% MOHCD AMI
AVERAGE FOR LOTTERY UNITS ONLY		42% TCAC AMI	59% MOHCD AMI

7.4. MOHCD Restrictions.

The MOHCD restrictions shown in the chart below are less restrictive than the TCAC AMIs shown above (which would apply to the Project based on State financing requirements) and would average 59% MOHCD AMI across 89 units (not including the manager's unit).

Unit Size	No. of Units	Maximum Income Level
0 BR	9	60% of Median Income
1 BR	13	60% of Median Income
1 BR LOSP	5	50% of Median Income
1 BR VASH	15	80% of Median Income

2 BR LOSP	9	50% of Median Income
2 BR	14	75% of Median Income
3 BR LOSP	8	50% of Median Income
3 BR	16	75% of Median Income
1 BR	1	Manager's Unit
Total		90

65.95% Maximum average MOHCD AMI for 89 units

8. SUPPORT SERVICES

8.1. Services Plan.

TNDC will be the sole supportive service provider for all tenants except for the 15 VASH subsidized units. Supportive services include Intake and Assessments, Case Management, Supportive Counselling, Individualized Service Planning, Crisis Intervention, Mediation, Housing Stabilization, and Eviction Prevention.

One and a half (1.5) full-time equivalent (FTE) social workers will serve the 22 LOSP-subsidized supportive housing units, through a contract with the Department of Homelessness and Supportive Housing (HSH). One half (0.5) additional FTE social worker will serve the 52 remaining general affordable units (not including manager's unit) and will be funded through building operations. The 2.0 total FTE Social Workers will work on-site to provide free comprehensive, culturally and age-appropriate, voluntary, and confidential services to tenants living at the Project.

The veteran residents of the 15 VASH subsidized homes will have access to direct health care and social services at the VA in the Seacliff neighborhood, which is approximately 2.2 miles away. In addition, VA's social workers also provide home visits to veteran residents and will not have an office on-site.

8.2. Service Budget. The proposed services budget for the 52 general affordable units are included in the Project operating budget at \$72,639 per year and includes a salary expense of \$62,140 for a 0.5 FTE Social Worker, and \$10,499 per year for associated program expenses.

8.3. DPH/HSH Assessment of Service Plan and Budget. The proposed service plan and budget for the 22 LOSP-subsidized supportive housing units received approval from HSH. The budget assumes salaries, benefits, program expenses and training for 1.5 FTE Social Workers and is budgeted at \$361,258 in Year 1. These funds will come from a separate contract between HSH and the Sponsor that is typically completed at least three months before TCO.

9. STAFF RECOMMENDATIONS

Staff supports approval of the gap loan request as indicated below. Based on a true debt test provided by the Sponsor, and to lower debt service costs, the MOHCD predevelopment loan will be amended and restated to include the final gap amount and not include any accrued interest that was previously associated with the 3% simple interest term of the original MOHCD Predevelopment loan. A condition of MOHCD gap loan approval will require the Sponsor to seek the maximum FHLB AHP loan available of up to \$2 million, instead of the \$1 million assumed, in order to accelerate repayment of the MOHCD loan.

A condition of MOHCD gap loan approval will require the Sponsor to seek the maximum FHLB AHP loan available of up to \$2 million, instead of the \$1 million assumed, in order to accelerate repayment of the MOHCD loan.

9.1. Proposed Loan/Grant Terms

Financial Description of Proposed MOHCD Loan*	
Loan Amount:	\$16,956,650
Loan Term:	55 years
Loan Maturity Date:	1/1/2081
Loan Repayment Type:	Upon Land Transfer
Loan Interest Rate:	0%

*Includes a \$5,264,611 MOHCD predevelopment loan which will not be subject to accrued interest, and a \$1,000,000 MOHCD AHP Bridge Loan subject to 0% interest.

9.2. Recommended disbursement conditions/schedule:

Sponsor shall submit a draw schedule for review by MOHCD staff consistent with the MOHCD Budget's Permanent Sources and Uses and the Developer Fee Agreement.

9.3. Loan Conditions

1. Sponsor must provide MOHCD with detailed monthly updates via the MOHCD Monthly Project Update, including on (1st report due January 10, 2024):
 1. Community outreach,
 2. Outcomes achieved related to racial equity goals
2. Sponsor must provide quarterly updated response to any letters requesting corrective action.
3. Sponsor to provide self-scores for all third-party funding requests.
4. Sponsor to obtain approval of the 27th Avenue neighbor agreement prior to introduction of the MOHCD Loan to the Board of Supervisors.
5. In the event Project obtains additional subsidies, Sponsor shall re-evaluate opportunities to obtain permanent debt.

Prior to Construction Start:

6. Sponsor shall also revise unit AMI restrictions and rents to reduce overall number of MOHCD AMI bands while complying with most restrictive financing requirements and ensuring sufficient Project cash flow until Year 20
7. Sponsor must provide a Commercial Space Plan, or similar space and leasing plan for any space not for exclusive use of building staff and residents; that complies with MOHCD Underwriting Guidelines and Commercial Space Underwriting Guidelines, to MOHCD no later than 90 days after Loan Committee approval for the final gap loan. Sponsor shall also provide any commercial or community-serving tenant leases for review prior to execution. Expenses associated with tenant improvements, insurance, taxes, common area maintenance, or final furnishings and fixtures for spaces reserved for the exclusive use of the SCCD non-profit organization, or similar, are not an eligible use of development or operating funds.
8. Sponsor must provide MOHCD with a services plan and proposed staffing levels approved by HSH that meet MOHCD underwriting standards prior to construction loan close. Any changes to the current proposed staffing will need to be presented to MOHCD at least 90 days prior to construction loan close.

9. Sponsor will provide MOHCD with information outlining cost containment, efficiencies and innovation strategies to reduce overall project costs and maximize efficiency of MOHCD gap loans.

10. Sponsor shall evaluate opportunities to reduce the MOHCD gap loan amount, including by incorporating 15-year (or similar) private permanent loans/debt into the Project's capital stack throughout construction and prior to stabilization. Sponsor to report on efforts undertaken 30 days before construction start.

11. If Maker is awarded AHP funding for the Project, Sponsor will make a payment of principal and interest (an "AHP Payment") in an amount equal to the AHP Bridge Loan within one hundred twenty (120) days of the later of (i) the date the Deed of Trust is recorded in the Official Records, or (ii) the date Maker closes the loan for AHP funding and the AHP funds are disbursed to Maker ("AHP Payment Date"); provided, however, that if Maker is not awarded AHP funding for the Project or receives AHP funding sufficient for only partial repayment of the AHP Bridge Loan, the unpaid principal balance of the AHP Bridge Loan will be due and payable on the Maturity Date. The AHP Payment will be applied to the following in the following order: (a) costs and fees incurred and unpaid; (b) accrued and unpaid interest; and (c) reduction of the principal balance of the Loan.

Post Construction Closing

12. Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps to be taken 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. In addition, Sponsor must demonstrate that rents for the 85 general affordable units are at or below 10% of fair market rents.

13. Sponsor must submit an updated 1st year operating budget and 20-year cash flow – if any changes have occurred – by November 1st before the year the Project will achieve TCO so that MOHCD may request the LOSP subsidy.

14. Sponsor shall provide an updated MOHCD pro forma reflecting updated development and operational costs, including removal of Multi-site Tax Credit Compliance Support (\$6,596 per year) staff from

operating budget, no later than 45 days prior to projected stabilization.

15. Sponsor must apply for Continuum of Care (CoC) subsidies, if they are available, to supplant the City General Fund expenditures for the LOSP program.

16. Sponsor must provide a detailed scope, budget, and communications plan for public art programming at least 12 months before TCO.

17. Sponsor shall obtain an HSH approved contract for supportive services before TCO.

10. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

_____ Date: _____
Daniel Adams, Director
Mayor's Office of Housing and Community Development

APPROVE. DISAPPROVE. TAKE NO ACTION.

_____ Date: _____
Salvador Menjivar, Deputy Director of Programs
Department of Homelessness and Supportive Housing

APPROVE. DISAPPROVE. TAKE NO ACTION.

_____ Date: _____
Thor Kaslofsky, Executive Director
Office of Community Investment and Infrastructure

APPROVE. DISAPPROVE. TAKE NO ACTION.

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

- Attachments:
- | | |
|---|--|
| A. Project Milestones/Schedule | G. Comparison of City Investment in Other Housing Developments |
| B. Borrower Org Chart | H. Sources and Uses |
| C. Developer Resumes | I. Development Budget |
| D. Asset Management Analysis of Sponsor | J. 1 st Year Operating Budget |
| E. Neighborhood Amenity Map | K. 20-year Operating Pro Forma |
| F. Elevations and Floor Plans | |

FW: Request for Permanent Gap Loan for 2550 Irving Street

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

Mon 3/18/2024 11:11 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

2550 Irving

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

Fri 3/22/2024 1:32 PM

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

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

I support 2550 Irving Associates L.P. request for a permanent gap loan in the amount of \$16,956,650 for 2550 Irving, a proposed new construction affordable housing development for families featuring 90 units, of which 22 units are for families exiting homelessness, and 15 units are set aside for the Veterans Affordable Supportive Housing Program.

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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2550 Irving

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

Fri 3/22/2024 1:32 PM

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

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

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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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Re: REQUEST FOR PERMANENT GAP LOAN FOR 2550 IRVING STREET

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

Fri 3/15/2024 11:49 AM

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

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

I vote yes.

Thanks!

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

(628) 652-5967

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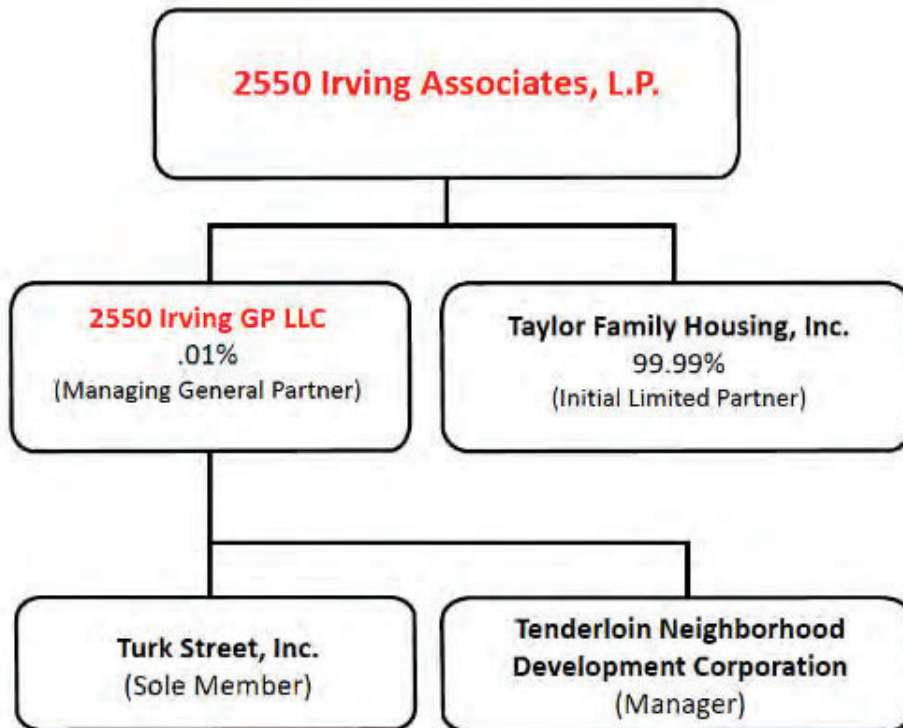
Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
1.	Prop I Noticing	June 24, 2021	
1	Acquisition/Predev Financing Commitment	Complete	
2.	Site Acquisition	November 2021	
3.	Development Team Selection		
a.	Architect	Complete	
b.	General Contractor	August 2022	
c.	Owner's Representative	May 2021	
d.	Property Manager	N/A (TNDC)	
e.	Service Provider	N/A (TNDC)	
4.	Design		
b.	Submittal of Schematic Design & Cost Estimate	March 2022	
c.	Submittal of Design Development & Cost Estimate	March 2023	
d.	Submittal of 50% CD Set & Cost Estimate	N/A	
	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	October 2023	
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	N.A.	
b.	NEPA Environ Review Submission	11/9/2022	
6.	Permits		
a.	Building / Site Permit Application Submitted	April 2022	
b.	Addendum #1 Submitted	August 2023	
c.	Addendum #2 Submitted	June 2023	
7.	Request for Bids Issued	March 2023	
8.	Service Plan Submission		
a.	Preliminary	June 2022	
b.	Interim	March 2024	
c.	Update	January 2025	
9.	Additional City Financing		
a.	Predevelopment Financing Application #2	N.A.	
b.	Gap Financing Application	March 2024	
10.	Other Financing		
a.	MHP Application	July 2022	
b.	Construction Financing RFP	November 2023	
c.	AHP Application	March 2025	

d.	CDLAC Application	September 2023	
e.	TCAC Application	September 2023	
f.	HUD 202 or 811 Application	N/A	
g.	Other Financing Application	N/A	
11.	Closing		
a.	Construction Closing	May 2024	
b.	Permanent Financing Closing	January 2027	
12.	Construction		
a.	Notice to Proceed	May 2024	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	December 2025	
13.	Marketing/Rent-up		
a.	Marketing Plan Submission	January 2025	
b.	Commence Marketing	June 2025	
c.	95% Occupancy	September 2026	
14.	Cost Certification/8609	December 2027	
15.	Close Out MOH/OCII Loan(s)	December 2027	

Attachment B: Borrower Org Chart

**2550 Irving
Organizational Chart**



Attachment C: Developer Resume

Developer Experience

TNDC has developed more than 4,600 homes across seven San Francisco neighborhoods, which includes 900 homes for seniors, in its 42-year history as an affordable housing provider. By 2024, TNDC expects to house some 10,000 people in over 5,200 homes, nearly double the number ten years prior. Over 20% of TNDC's portfolio houses people and households coming from direct experiences of homelessness. The development team has completed numerous 100% affordable developments of Type I construction utilizing LIHTC financing, on schedule and within budget including:

- TNDC's Eddy & Taylor: A Type I building on an infill lot in the Tenderloin with 113 units of family housing, including 30 units for homeless families and 5 for adults with developmental disabilities. The ground floor has 5,360 square feet of community-serving retail, including a grocery store providing fresh produce.
- TNDC's 681 Florida: A Type I 9-story building in SOMA with 130 units of family housing, including 39 units for homeless families and a 9,250 SF ground floor commercial space dedicated to PDR

TNDC's 18-person development team has expertise to manage risk and create opportunity on complex development sites efficiently and effectively. The team structure includes a housing director, three associate directors, three senior project managers, four project managers, five assistant project managers, a department administrator, and one intern. TNDC's ability to complete complex projects on-time, on-budget, and with the very best financial terms is evidenced by recent completions at 626 Mission Bay, Eddy & Taylor, 681 Florida and 1036 Mission, as well as its track record of successful HCD and TCAC/CDLAC applications. TNDC can also adapt nimbly to changing circumstances, like pivoting to HCD Accelerator funding to close construction on 4200 Geary. When faced with unpredictable challenges like COVID, rising interest rates, and utility providers challenges, TNDC's experienced team has responded quickly to keep projects moving forward while exhausting all non-City resources for cost-overruns first.

It is TNDC's practice to conduct community outreach on all our development projects with the goal of building long-term community. The Daldas grocery store at Eddy & Taylor is an example of how TNDC incorporated community feedback and needs into the development program and is ultimately serving both the 222 Taylor residents and the greater Tenderloin community with fresh, healthy food options. More recently, TNDC has been building strong community partnerships in neighborhoods in the Westside as part of their outreach process on pipeline projects in D1, D4, and D5.

TNDC's Associate Director of Housing Development, Shreya Shah, Project Manager, Hermandeep Kaur, and Assistant Project Manager, Samuel Cervantes Ruiz, will be staffing the 2550 Irving Project.

Ownership Experience

From its humble beginnings renovating a dilapidated Single Room Occupancy (SRO) residential hotel in 1981, TNDC has grown into the largest community-based

development corporation in San Francisco. TNDC owns over 4,600 affordable homes, 75% of which utilize LIHTC financing, and more than 20% house the formerly homeless. TNDC also promotes the economic vitality of the neighborhoods where it operates by providing 100,000 square feet of ground-floor retail space in its buildings.

Over the past 42 years, TNDC has developed a track record of success through housing, advocacy, and support services to create opportunities for the lowest-income members of our community. Our success is in part the result of an operating principle that maintaining a financially sustainable organization is critical to meeting our mission. Our continued financial strength allows us to invest in programs and people, to take risks and to avoid disruptions due to short-term volatility. Our sustainability derives from diverse streams of revenue and a disciplined approach to operations.

Our asset management function crosses many departments across TNDC including accounting, compliance, facilities, sustainability, and housing development. TNDC's Asset Management Department is closely entwined with our in-house property management team. Asset Management is staffed with 3 FTE's including a Director of Asset Management and two Asset Managers. Each Asset Manager manages a portfolio of 22-24 projects, with an average number of units per project of 83. Based on the existing staff knowledge and experience, TNDC's team currently has capacity for additional projects per FTE and can therefore take on additional portfolio properties including 2550 Irving and is prepared to hire a fourth FTE when necessary. The department is overseen by TNDC's Chief Financial Officer, Roxanne Huey.

To affect financial goals, the Department monitors medium and long-term financial performance, conducts investor and lender reporting, reviews annual operating budgets, defines property-specific surplus cash goals, writes property asset management plans, manages partner exits, lender/investor reporting and portfolio re-investment planning.

Property Management Experience

Since 1981, TNDC has been managing affordable housing to the highest standard of quality, care, and compliance. TNDC's Property Management Department, comprised of more than 350 employees provides property management services to over 6,300 residents in approximately 4,600 units throughout our 47-building portfolio. 75% of TNDC's portfolio utilizes LIHTC financing and 30% of TNDC's tenants come from direct experiences of homelessness.

"Housing First" is one of the three pillars by which TNDC approaches our work (along with Harm Reduction and Cultural Humility). The tenant application process is continuously 4) Selection Criteria and Scoring – 4a. Experience 3 reviewed and updated to accommodate low barrier entry as part of the Harm Reduction philosophy upheld by the organization. For example, applicants are not disqualified based on a lack of credit history or lack of income or due to a history of drug use. TNDC was the first non-profit to implement a precursor to the "Fair Chance Ordinance" in 2012 at Kelly Cullen Community. Using a low-barrier tenant selection process, TNDC reduced the denial ratio from 50% to 6%.

A key element of our management practice is that building management staff work closely with the building's on-site support services staff to ensure residents retain their housing. TNDC has a multi-step process for resolving lease violations and building

conflicts. Property management and on-site social workers meet weekly to discuss tenant and community issues, such as nonpayment of rent, nuisance behavior, and other issues that may impact housing stabilization and retention. This integrated approach to housing retention is successful as evidenced by our 99% retention rate among households that have been housed for 12 months or longer. Across TNDC's portfolio of homeless units, the eviction rate is under 2%.

TNDC endeavors to achieve cost efficiency by using resources to maximize staffing capacity and reduce fixed operational expenses. At TNDC, there are over 100 capital improvement projects across the portfolio each year, to ensure longevity of our properties. By conducting preventative maintenance inspections, and following up with corrective actions, our goal is to create a stress-free, safe and comfortable environment for our residents. TNDC is a member of Omnia Partners, a network which gives us access to product discounts on building maintenance materials and services from leading national providers. Our size allows us to leverage favorable pricing amongst local vendors by negotiating enterprise level contracts under a single agreement, allowing for cost savings in operations.

For operational efficiency, TNDC uses a 3rd party company for trash management which has proven to cut time spent by on-site maintenance in trash handling, while increasing collection of recycling and compost and reducing landfill waste. TNDC is recognized by HUD's Better Building Challenge for reducing energy and water consumption by 20%, and the Department of Energy for our work in environmental care.

Service Provider Experience

Since 1996, TNDC's Tenant and Community Services social workers have been providing culturally responsive support services to its tenants. Our unique approach to supportive housing combines safe, affordable homes with free, voluntary, on-site, culturally responsive, and confidential services. TNDC tenant services team has 27 years of experience serving diverse populations within TNDC's housing portfolio. The TNDC Social Work team attracts top talent and has a high staffing retention rate.

TNDC centers equity and believes that equal access to resources and services is a cornerstone to social justice and remains wholly committed to delivering high quality services to all of its tenants. TNDC's Tenant and Community Services and Property Management staff work closely together to achieve high rates of housing retention. Social Workers assist tenants in the stabilization and maintenance of housing, provide tenants with ongoing individualized support services, and promote the growth of safe and supportive communities. Services staff and property management utilize a homegrown interdepartmental Services Integration Manual (SIM) that is trauma-informed, rooted in cultural humility, and in accordance with the harm reduction model.

TNDC's Social Work Unit has 41 social workers with extensive experience developing and implementing service plans that meet the needs of a diverse range of populations, including seniors, families, individuals, and people who have experienced homelessness. In 2022 alone, TNDC's Social Workers achieved the following positive outcomes for tenants: facilitated 2,234 referrals, 87% of which resulted in successful collaboration and linkages to the city's safety net of services; supported 650 tenants to address their long-term medical and mental health needs to support their improved health and well-being; assisted 334 households to access additional income and

benefits to improve their economic stability; assisted 651 households to submit rental assistance applications to support their economic recovery from the COVID-19 pandemic.

TNDC social workers support the growth of supportive community through social activities, cultural celebrations and health focused workshops like nutrition, cooking, meditation, and health screenings. TNDC will deliver wrap-around services centered around inclusivity and cultural sensitivity ensuring positive outcomes for residents of 2550 Irving.

TNDC has historically supported underserved communities, especially people with low incomes and people of color from its founding mission of acquiring and removing buildings from the speculative marketplace to curb the displacement of communities of color to its current practices of ensuring that the Tenderloin has the amenities and services needed to sustain a thriving neighborhood. TNDC's tenant population reflects San Francisco's diversity: 33% Asian, 22% White, 21% African American, 18% Hispanic/Latino, 4% American Indian/Alaskan Native, and 3% Native Hawaiian or other Pacific Islander. We support these diverse tenants through a variety of culturally responsive, trauma informed, and harm-reduction services and programs that eliminate barriers. while providing mentoring in the arenas of political and civic life.

TNDC conducts annual tenant satisfaction surveys for onsite support services in multiple languages. Surveys include demographic data so that responses can be disaggregated by race/ethnicity to identify racial disparities in the way clients experience services. These results inform future programming as well as efforts to increase tenant participation in services.

TNDC's commitment to racial equity extends to its housing development goals and operations philosophy. TNDC is experienced with the implementation of COP and neighborhood preference policies. In 2016, TNDC helped the City of San Francisco introduce new federal legislation, the Anti-Displacement Preference, as part of leasing up TNDC's Willie B. Kennedy Apartments. TNDC also works with community partners such as Bethel AME Church, Bayview Senior Services, Bayview Hunters Point Multiservice Center, SOMCAN, and Veterans Equity Center to market directly to COP holders, previously displaced households, and people of color. TNDC ensures people of color are represented and valued at all levels of our organization, influencing policies that dismantle racist structures and build racially and economically inclusive communities. At TNDC, the CEO, 85% of staff, 60% of the Board, and half of our executive staff are people of color. TNDC also works to foster similar diversity amongst our consultant development teams and has partnered with local emerging BIPOC-led businesses on its development projects.

We recognize that the Limited English Proficiency (LEP) and BIPOC communities are usually left behind when they cannot access important benefits, healthcare, and affordable housing opportunities. TNDC has the capabilities and proven record of accomplishment to help the communities at 2550 Irving gain access to programs and services that they need to support their overall wellbeing.

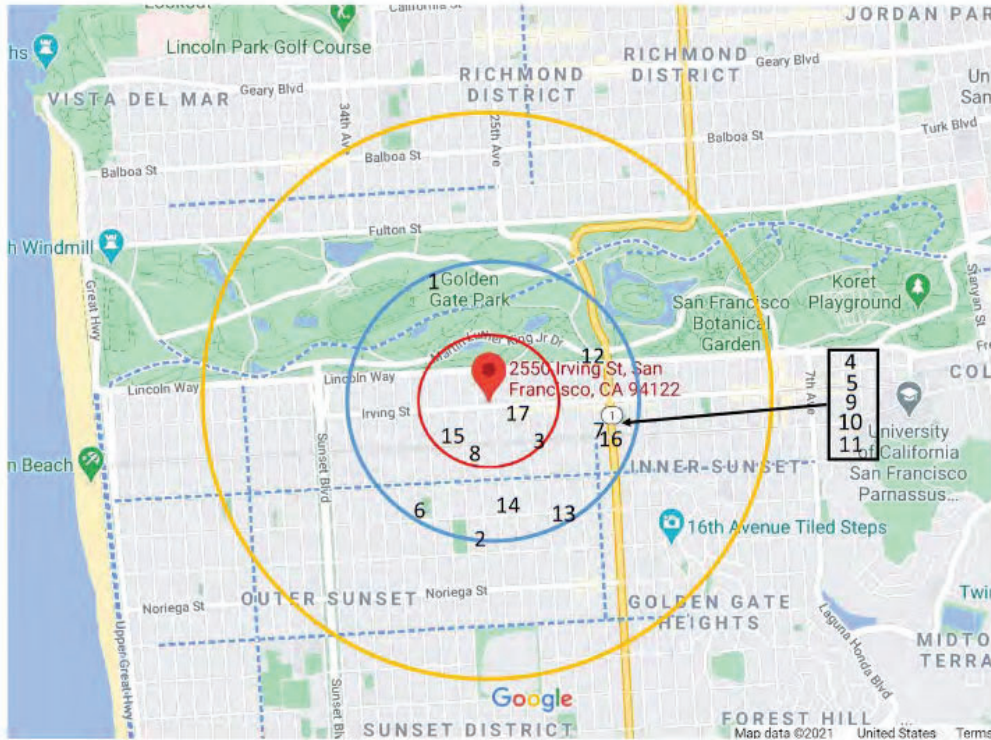
Attachment D: Asset Management Evaluation of Project Sponsor

TNDC has 47 projects in its portfolio, with an additional 16 projects in the pipeline including recapitalization. The average units per project ranges from 75-200. There are three full-time employees. The department is headed by the Senior Asset Manager with two Asset Managers reporting to the Senior Asset Manager, who reports to the CFO. Each of the three employees in the Asset Management Department has a set number of projects in the portfolio. Each is responsible for developing asset management plans for each property, as well as managing the needs and requests of the partner and/or lender in each of the properties, examining opportunities related to the rental structure/operating subsidies, and developing, when necessary, partner exit strategies and/or resyndications and refinancing strategies for those projects that are approaching Year 15. Members of the Asset Management Department work closely with other TNDC departments. Each project in development in the Housing Development Department has a multidisciplinary "interdepartmental team" to help inform rehab or new construction scopes in which one or more members of asset management participates. Additionally, TNDC has a Recapitalization Workgroup, in which all members of the Asset Management Department attend in order to update senior staff members and the Housing Development Department about asset management plans, partner exit strategies and other asset management related activities, challenges and opportunities.

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

NOFA Selection Panel awarded Sponsor a score of 19 out of 20 in the Developer field, a score of 9 out of 10 as an Owner, a 4 out of 5 as a Property Manager, and a 5 out of 5 as a Service Provider.

Attachment E: Neighborhood Amenity Map



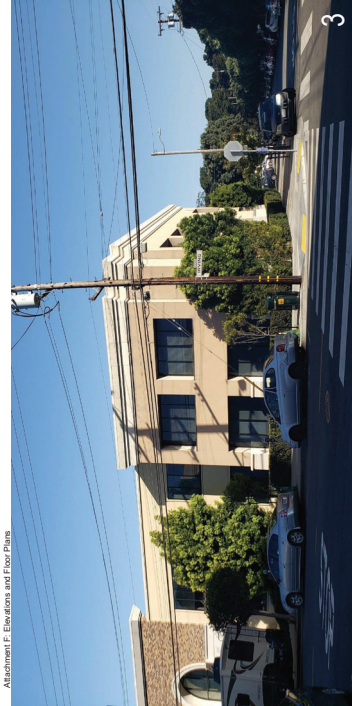
- 1 Golden Gate Park
- 2 Sunset Rec Center
- 3 Ocean Park Health Center

- 4 Sunset Branch Library
- 5 Jefferson Elementary School
- 6 Lawton Alternative School
- 7 Wah Mei School
- 8 Kumon Math. Reading. Success.

- 9 19th Avenue Baptist Church
- 10 19th Avenue Chinese Baptist Church
- 11 19th Avenue Japanese Baptist Church
- 12 The Meeting Place of The Church of San Francisco
- 13 The Church of Jesus Christ of Latter-day Saints
- 14 Cornerstone Evangelical Baptist Church
- 15 San Francisco Mandarin Baptist Church
- 16 Calvary United Methodist Church

- 17 Sunset Super

Attachment F: Elevations and Floor Plans



26TH AND IRVING LOOKING NORTH



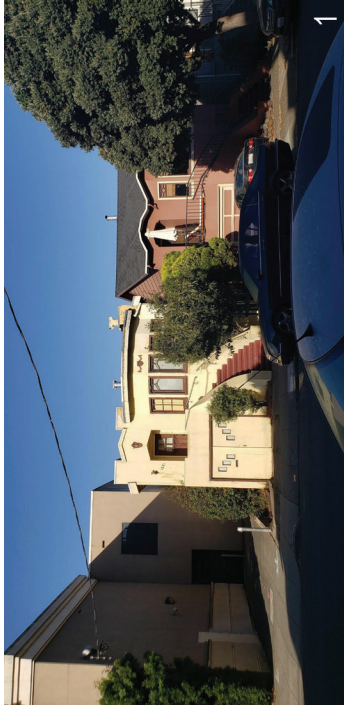
27TH AND IRVING LOOKING NORTH



26TH AND IRVING LOOKING WEST



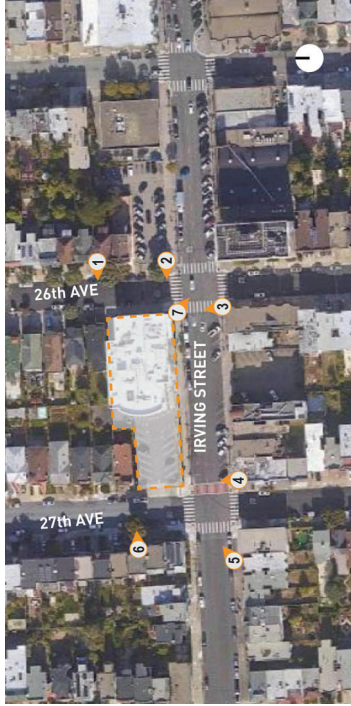
27TH AND IRVING LOOKING NORTHEAST



IMMEDIATE ADJACENT RESIDENTIAL PROPERTIES AT 26TH



IMMEDIATE ADJACENT RESIDENTIAL PROPERTIES AT 27TH



SITE PHOTO KEY PLAN



7 STORY RESIDENTIAL PROPERTY AT 26TH AND IRVING



IRVING AND 27TH LOOKING EAST

2550 IRVING ST
San Francisco, CA 94122



NO TRAFFIC SCHEDULING
PAGE

DATE: 01/20/2023
DRAWN BY: [Name]
CHECKED BY: [Name]
SCALE: 1/8" = 1'-0"
PROJECT: [Name]

G2.10
SHEET



IRVING AND 26TH LOOKING NORTHWEST



IRVING AND 27TH LOOKING NORTHEAST



IRVING AND 27TH LOOKING EAST



IRVING AND 26TH LOOKING WEST

2550 IRVING ST
San Francisco, CA 94122



DATE: 01/20/2023
NO. OF SHEETS: 10
NO. OF PAGES: 1

JOB NUMBER: 2550 IRVING ST
ARCHITECT: PIATOK
DATE: 01/20/2023

REVISIONS

PIATOK
G2.11



DATE: 01/20/2023
 TIME: 10:55 AM

PROJECT: TRINITY NURSING DEVELOPMENT CENTER
 SHEET: G2.12



ENTRY PORTAL ALONG IRVING



ENTRY PORTAL THROUGH GATE ALONG IRVING



LINCOLN AND 27TH LOOKING SOUTH



IRVING AND 27TH LOOKING EAST

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

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 Unimproved/Soft Costs By Unimproved/Soft Costs	Acquisition costs by Unimproved/Soft Costs			Soft Costs By Unimproved/Soft Costs			Total Development Cost (Not including Land)			Subsidy			
	Acq/BR	Acq/lot sq ft	Const/BR	Const/lot sq ft	Soft/BR	Soft/lot sq ft	TDC/BR	TDC/lot sq ft	Subsidy/unit		Leveraging ?		
Date of Subject and Comparable Projects	2,054	1,133	9,420/39,898	102,800	29,912	41	186,321	86,801	135	269,842	177	12,407	95.4%
Date Percentage	566%	520%	483%	18%	7%	11%	111%	96%	23%	32%	23%	8%	142%
2550 Irving	2,417	1,351	457,454	688	457,454	688	316,433	116,888	278	1,101,370	615,673	968	864,155
Comparable Projects	363	218	879,720	407,922	647	150,117	90,087	143	837,528	499,026	797	271,747	87.3%

Costs lower than comparable average (within 10%)

Costs higher than comparable average (within 10%)

Building Square Footage	Building Square Footage			Total Project Costs			Total Dev. Cost w/out costs	Local Subsidy	
	Res. 2	Non-Res.	Total	Acq. Cost	Const. Cost	Soft Cost			
ALL PROJECTS	138	229	129,029	16,987	146,016	20,537,496	115,078,833	37,234,737	
Comparable Projects Completed (filled)	115	195	107,172	19,424	126,296	17,206,743	90,565,468	30,236,175	
Comparable Projects Under Construction (filled)	176	299	161,425	24,767	186,193	325,175,286	144,577,035	363,737,816	
Comparable Projects in Predevelopment (filled)	120	191	111,307	8,118	119,425	19,301,836	1106,545,841	27,689,028	
Total Comparable Projects	137	228	126,635	17,336	143,971	20,468,635	113,902,768	37,234,006	
2550 Irving	90	161	102,287	171	102,428	217,500	899,123,275	25,673,912	
Date of Subject and Comp Project Averages	-34%	-29%	-19%	-47	-24,378	-17,165	57,916,852	(514,715,13)	-13%
Date Percentage	-25%	-29%	-38%	-28%	-25%	-38%	-13%	-31%	

PROJECTS COMPLETED

Project Name	Building Square Footage			Total Project Costs			Notes on Financing	Stores	Comments
	Res. 2	Non-Res.	Total	Acq. Cost	Const. Cost	Soft Cost			
Mission Family Housing	15,200	92,462	98,472	-	49,892,324	6,953,463	17,784,400	9	Completed
1650 South Van Ness Avenue	14,250	80,628	94,878	-	56,844,200	13,589,811	69,294,311	7.4	Completed
1950 Mission Street	30,200	113,432	143,632	-	108,736,917	15,171,496	44,945,740	9	Partial Data Aves.
2000 Folsom	29,075	155,648	184,723	134,931	87,452,897	20,100,172	107,687,670	9	WHHSO improvements of SRAM
601 Turk Street (S&S Laban)	19,000	101,292	120,292	75,008	62,819,120	2,910,920	101,409,864	9	Type II stories on construction site
601 Turk Street (S&S Laban)	19,000	101,292	120,292	75,008	62,819,120	2,910,920	101,409,864	9	Type II stories on construction site
2430 San Jose Ave	30,000	144,636	174,636	142,411	100,250,539	16,607,723	117,394,292	8-9	ET Center (H)HCD and not
Average:	23,258	114,355	137,613	123,241	76,689,049	17,114,266	83,138,622	8.9	

PROJECTS UNDER CONSTRUCTION

Project Name	Building Square Footage			Total Project Costs			Notes on Financing	Stores	Comments
	Res. 2	Non-Res.	Total	Acq. Cost	Const. Cost	Soft Cost			
600 7th Street (W. St. Brannan)	27,600	81,534	109,134	10,000	128,888,966	10,956,462	146,133,664	8	Strong Case / Prozz commercial
730 S. Van Ness Ave	148	281	429	-	126,644,695	2,943,368	153,252,044	8	Prozz commercial
730 S. Van Ness Ave	148	281	429	-	126,644,695	2,943,368	153,252,044	8	Prozz commercial
Average:	35,184	117,425	152,609	10,000	128,888,966	10,956,462	146,133,664	8	

PROJECTS IN PREDEVELOPMENT

Project Name	Building Square Footage			Total Project Costs			Notes on Financing	Stores	Comments
	Res. 2	Non-Res.	Total	Acq. Cost	Const. Cost	Soft Cost			
1515 S.V.N.	168	333	501	-	120,107,784	1,608,382	136,044,135	9	Strong Case / Prozz commercial
160 Folsom	85	154	239	20,000	75,295,791	19,236,327	94,513,118	9	Prozz commercial
201 Folsom	13,091	106,710	119,801	-	108,188,930	3,198,544	132,175,037	9	Prozz commercial
750 Golden Gate Phase 1	75	124	199	-	53,262,452	10,098,121	63,450,573	9	Prozz commercial
850 Divisadero	12,500	83,215	95,715	526,000	70,182,675	17,944,865	88,127,540	9	Prozz commercial
Average:	16,579	117,597	134,176	526,000	87,239,055	15,074,838	103,545,841	9	

Attachment H: Sources and Uses

Attachment H: Sources and Uses

GENERAL PROJECT INFORMATION

Application Date	2/28/2024		Current AMI/Rent Year:	2023
1st Yr of Operations	2025			
1st Month of Operations (1-12)	12			

This application for financing is for (select only one): Financing is requested for: Local Funding Programs:

New Construction **Complete 'New Proj - Rent & Unit Mix' Sheet**
 Acquisition/Predevelopment/Construction Small Sites Program PASS Program
 Existing Development Permanent/Gap LOSP Program

PROPOSED DEVELOPMENT

Project Name		Project Street #	Project Street Name	Project Street Suffix (St/Ave/etc.)	Project Zip Code
2550 Irving		2550	Irving	Street	94122
Project Neighborhood	Supervisorial District	Real Estate District	Building Type	Gross SF	# Floors
Sunset	4	2 - Central West	Tower (85' or >7 stories)	102,118	7
Total Units	# of Affordable Units	Occupancy Type	Supportive Housing?	Transitional Housing?	If Transitional, # Beds
90	89	Multi-Room Occupancy	No	No	N/A
# Comm Units	Comm SF	Project Sponsor (parent entit(ies), not LP)	Ownership Type	Property Owner	
0	2,121	Tenderloin Neighborhood Development Corporation	Non Profit Corporation	Tenderloin Neighborhood Development Corp	
Property Owner Contact Name	Property Owner Contact Title	Property Owner Contact Email		Property Owner Contact Phone	
Hemandeep Kaur	Project Manager	hkaur@tndc.org		(415) 417-3086	

PROPOSED UNIT DISTRIBUTION

Enter the total proposed number of units, including manager units, and unrestricted units, if any.

Unit Types	Proposed # Units include Mgr's Unit(s)	% of Total Units
SRO		0%
Studio	9	10%
1 BR	34	38%
2 BR	23	26%
3 BR	24	27%
4 BR		0%
5 BR		0%
Total Units	90	100%

TARGET POPULATION

Enter # of persons within each target proposed to be served: For persons that qualify for more than one target population group, include the individual in each target population group.

Families	90
Persons with HIV/AIDS	
Homeless Persons	22
Mentally or Physically Disabled	
Developmentally Disabled	
Seniors	
Persons with Substance Abuse	
Domestic Violence Survivors	
Veterans	15
Formerly Incarcerated	
Transition-Aged Youth ("TAY")	

Narrative: Please provide summary of target population proposed to be served.

Of the 90 units, 22 will receive LOSP subsidy, 15 will be set aside for veterans, and 1 for a night manager.

PROJECT FINANCING

In the table below, please provide information about all existing and proposed project financing, including all hard and soft debt lenders. Lenders should be listed in lien order with the most senior lender in the first lien position and the most junior lender in the last lien position. Enter information for all columns. If not applicable, enter "N/A."
Data entry below is required! Drop down menus in the 1st Year Operating Budget will not work if the Project Financing Table is not completed.

Lien Order	Lender (and Funding Program if applicable)	Total Funding Amount	Interest Rate	First Repymt Due Date	Maturity Date	Hard Debt/Soft Debt/Both	Repayment Terms (select from drop down)	Annual Payment Amount (or N/A, if not applicable)	Notes (please note any anticipate changes to repayment obligations)
1	MOHCD	15,956,650	0.00%	1/1/2026	N/A	Both	Residual receipts	40,000	
2	Federal LIHTC Equity	45,303,503	3.00%	N/A	N/A	Soft	Deferred	N/A	
3	HCD Community Develop	500,000	0.00%	N/A	N/A	Soft	Forgivable	N/A	funding to support build out of
4	HCD - MHP	29,363,536	3.00%	1/1/2026	1/1/2081	Hard	Periodic	123,327	
5	HCD - IIG	6,999,486	0.00%	N/A	N/A	Soft	Deferred	N/A	Grant
6	FHLBSF - AHP	1,000,000	0.00%	N/A	N/A	Soft	Deferred	Deferred	
7	GP Equity	100	0.00%	N/A	N/A	Soft	Forgivable	N/A	
8									
9									
10									
Total Funding:		\$99,123,275							

Does the project have/will have HCD financing?	Yes	Acquisition cost minus the present value of 55 years of ground lease base rent payments. (This data informs the pro rata split of residual receipts, see worksheet 6, I134-I138 for detailed breakdown.)		Does the project have/will have Federal Funding?	Yes
--	-----	--	--	--	-----

PROPOSED RENTAL SUBSIDIES

Enter # of units proposed to be supported by each rental subsidy type.

LOSP	22
Project-Based-Section 8	
Project-Based-Section 8 (Mod Rehab SRO)	
HAP Contract With (Select if any PB-Sec8 Units):	
Section 8-Voucher	
HOPWA	
PRAC - 202	
PRAC - 811	
S+C	
VASH	15
HOME TBA	
Other:	

RESIDUAL RECEIPTS/GROUND LEASE INFORMATION

Does/Will the project have a MOHCD/OCII Residual Receipts loan repayment obligation?	Yes
Will the project defer the payment of the Developer Fee, and therefore have two different Residual Receipts splits? (See Developer Fee Policy.)	No
Residual Receipts split for all years:	
% of Residual Receipts available for distribution to all soft debt lenders:	67%
% of Residual Receipts available for distribution to Owner:	33%
Does/Will the project have a MOHCD/OCII ground lease?	Yes
Does/Will the project have a non-MOHCD/OCII ground lease?	No
If yes, enter Lessor name: _____	
Must Pay Base Rent Amount:	15,000
Residual Rent Amount:	15,000
Annual Rent Amount:	15,000

Attachment I: Development Budget

Attachment I: Development Budget

Application Date: 2/28/24 **# Units:** 90
Project Name: 2550 Irving **# Bedrooms:** 158
Project Address: 2550 Irving Street **# Beds:** N/A **LOSP Project**
Project Sponsor: Tenderloin Neighborhood Development Corporation

SOURCES	15,956,650	45,303,503	500,000	29,363,536	6,999,486	1,000,000	100	Total Sources	Comments
		Federal LIHTC Equity	HCD Community Development Funding	HCD - MHP	HCD - IIG	FHLBSF - AHP	GP Capital	99,123,274	

USES

ACQUISITION

Acquisition cost or value									
Legal / Closing costs / Broker's Fee	90,000							90,000	
Holding Costs	60,000							60,000	
Transfer Tax	67,500							67,500	
TOTAL ACQUISITION	217,500	0	0	0	0	0	0	217,500	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab	4,079,439	13,670,233		29,363,536		1,000,000		48,113,208	
Commercial Shell Construction	726,259		500,000					1,226,259	MOHCD funds cold and partial warm shell build out. HCD CDF funds remaining warm shell build out. Breakdown is detailed in Sheet 1
Demolition	422,159							422,159	
Environmental Remediation					1,165,540			1,165,540	
Onsite Improvements/Landscaping					1,008,922			1,008,922	
Offsite Improvements					1,179,998			1,179,998	
Infrastructure Improvements					966,583			966,583	
Parking					1,230,343			1,230,343	
GC Bond Premium/GC Insurance/GC Taxes	1,338,186							1,338,186	Construction line item costs as a % of hard costs
GC Overhead & Profit	1,811,336							1,811,336	2.1%
CG General Conditions		5,299,301						5,299,301	2.8%
Sub-total Construction Costs	8,377,379	18,969,534	500,000	29,363,536	5,551,386	1,000,000	0	63,761,835	8.3%
Design Contingency (remove at DD)		1,033,776						1,033,776	0.5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM-\$845MM+; HK: Bid/Escalation/Plan Check total 3.25%
Bid Contingency (remove at bid)		1,033,776						1,033,776	1.6%
Plan Check Contingency (remove/reduce during Plan Review)		1,033,776						1,033,776	1.6%
Hard Cost Construction Contingency		4,597,448						4,597,448	5% new construction / 15% rehab
Sub-total Construction Contingencies	0	6,665,000	0	0	0	0	0	6,665,000	7.2%
TOTAL CONSTRUCTION COSTS	8,377,379	25,634,534	500,000	29,363,536	5,551,386	1,000,000	0	70,426,835	

SOFT COSTS

Architecture & Design

Architect design fees	1,748,518							1,748,518	See MOHCD A&E Fee Guidelines: http://mohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)								0	
Architect Construction Admin	494,136							494,136	
Reimbursables	39,046							39,046	
Additional Services	171,965							171,965	
Sub-total Architect Contract	2,453,665	0	0	0	0	0	0	2,453,665	
Other Third Party design consultants (not included under Architect contract)								260,100	Direct Contracts: 140,000; Dry Utilities: 170,000; Archeological: 90,000; Exterior Bldg Maint.: 10,000; Traffic Consultant: 7,500; Commissioning: 70,000; DTSC Consultant: 160,000; Other Consultant: 362,600; Special Inspections: 200,000; Civil: 50,000
Total Architecture & Design	2,453,665	1,000,000	0	0	260,100	0	0	3,713,765	

Engineering & Environmental Studies

Survey	50,000							50,000	
Geotechnical studies	165,000							165,000	
Phase I & II Reports	901,000							901,000	
CEQA / Environmental Review consultants								0	
NEPA / 106 Review	81,000							81,000	
CNA/PMA (rehab only)								0	
Other environmental consultants								0	Name consultants & contract amounts
Total Engineering & Environmental Studies	1,197,000	0	0	0	0	0	0	1,197,000	

Financing Costs

Construction Financing Costs

Construction Loan Origination Fee								0	
Construction Loan Interest		8,117,624						8,117,624	
Title & Recording		45,000						45,000	
CDLAC & CDIAC fees								0	
Bond Issuer Fees								0	
Other Bond Cost of Issuance		956,409						956,409	
Other Lender Costs (specify)		595,800						595,800	
Sub-total Const. Financing Costs	0	9,714,233	0	0	0	0	0	9,714,233	
Permanent Financing Costs									
Permanent Loan Origination Fee		159,566						159,566	
Credit Enhance. & Appl. Fee								0	
Title & Recording		15,000						15,000	
Sub-total Perm. Financing Costs	0	174,566	0	0	0	0	0	174,566	
Total Financing Costs	0	9,888,799	0	0	0	0	0	9,888,799	

Legal Costs

Borrower Legal fees	385,000							385,000	
Land Use / CEQA Attorney fees								0	
Tax Credit Counsel								0	
Bond Counsel								0	
Construction Lender Counsel								0	
Permanent Lender Counsel								0	
Legal Fees Predev & Neighbor Impact Fees	1,150,000							1,150,000	
Total Legal Costs	0	1,535,000	0	0	0	0	0	1,535,000	

Other Development Costs

Appraisal	15,000							15,000	
Market Study	15,000							15,000	
Insurance	227,789	1,901,440						2,129,229	
Property Taxes	247,738							247,738	
Accounting / Audit	60,000							60,000	
Organizational Costs	22,500							22,500	
Entitlement / Permit Fees		1,601,430						1,601,430	
Marketing / Rent-up	205,000							205,000	
Furnishings		373,050						373,050	\$2,000/unit. See MOHCD UIW Guidelines on http://mohcd.org/documents-reports-and-forms
PGE / Utility Fees					1,188,000			1,188,000	
TCAC App / Alloc / Monitor Fees		83,666						83,666	
Financial Consultant fees	61,145	29,856						91,000	
Construction Management fees / Owner's Rep	228,634							228,634	
Security during Construction								0	
Relocation								0	
Other Construction Costs: Not in Contract	150,000							150,000	
1% SFAC - Required Expenditure	118,300							118,300	
Community Engagement & Events	190,000							190,000	
Total Other Development Costs	1,511,106	4,019,441	0	0	1,188,000	0	0	6,718,547	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	0	1,899,016	0	0	0	0	0	1,899,016	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	5,161,771	18,342,256	0	0	1,448,100	0	0	24,952,127	8.2%

RESERVES

Operating Reserves		464,810						464,810	
Replacement Reserves								0	
Tenant Improvements Reserves								0	
Lease Up Reserve		769,860						769,860	This covers 1st 6 months of operations assuming the project is fully staffed but not generating enough income to cover costs. It includes salaries, payroll costs, benefits, maintenance costs, admin expenses, utilities, taxes and insurance. Majority of parking stacker costs, VIMS maint. & inspection, and equipment repair & replacement costs are excluded.
HCD Pooled Transition Reserve		92,043						92,043	
TOTAL RESERVES	0	1,326,713	0	0	0	0	0	1,326,713	

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)								0	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	0	0	0	100	2,200,100	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	15,956,650	45,303,503	500,000	29,363,536	6,999,486	1,000,000	100	99,123,274	
Development Cost/Unit as % of TDC by Source	177,296	503,372	5,556	326,262	77,772	11,111	1	1,101,370	
	16.1%	49.7%	0.5%	29.6%	7.1%	1.0%	0.0%	100.0%	

Acquisition Cost/Unit by Source

	0	0	0	0	0	0	0	0	
Construction Cost (inc Const Contingency)/Unit By Source	93,082	284,828	5,556	326,262	61,682	11,111	0	782,520	
Construction Cost (inc Const Contingency)/SF	82.04	251.03	4.90	287.55	54.36	9.79	0.00	689.66	

***Possible non-eligible GO Bond/COP Amount:** 5,992,029
 City Subsidy/Unit: 177,296
 Tax Credit Equity Pricing: 0.990
 Construction Bond Amount: \$1,846,000
 Construction Loan Term (in months): 32 months
 Construction Loan Interest Rate (as %): 8.17%

Attachment J: 1st Year Operating Budget

Attachment J: 1st Year Operating Budget

Application Date: 2/28/2024
 Total # Units: 90
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2025

Non-LOSP Units	
LOSP Units	Non-LOSP Units
22	68

Project Name: 2550 Irving
 Project Address: 2550 Irving Street
 Tenderloin Neighborhood Development Corporation

INCOME	LOSP/Non-LOSP Allocation		Total	Comments	Alternative LOSP Split	PUPA	PUPM
	24%	76%					
Residential - Tenant Rents	66,000	1,186,296	1,252,296	Links from 'New Proj - Rent & Unit Mix' Worksheet			
Residential - Tenant Assistance Payments (SOS Payments)	0	0	0		non-LOSP	Approved	13,914
Residential - Tenant Assistance Payments (Other Non-LOSP)	0	449,244	449,244	Links from 'New Proj - Rent & Unit Mix' Worksheet			4,962
Residential - LOSP Tenant Assistance Payments	456,097	0	456,097	Links from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%	24.00%	100.00%	20,732
Commercial Space	0	0	0	Links from 'Utilities & Other Income' Worksheet			-
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet			-
Miscellaneous Rent Income	0	0	0	Links from 'Utilities & Other Income' Worksheet			-
Supportive Services Income	0	0	0	Links from 'Utilities & Other Income' Worksheet	non-LOSP	Approved	-
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet			-
Laundry and Vending	2,246	7,114	9,360	Links from 'Utilities & Other Income' Worksheet			-
Tenant Charges	0	0	0	Links from 'Utilities & Other Income' Worksheet	Projected LOSP Split	LOSP non-LOSP (only acceptable)	104
Miscellaneous Residential Income	0	0	0	Links from 'Utilities & Other Income' Worksheet			-
Other Commercial Income	0	0	0	Links from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%	Alternative LOSP Split	non-LOSP	Approved
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0	Withdrawal from Capitalized Reserve (deposit to operating account)			-
Gross Potential Income	524,344	1,642,654	2,166,997				
Vacancy Loss - Residential - Tenant Rents	(3,300)	(59,315)	(62,615)	Vacancy loss is 5% of Tenant Rents.			(696)
Vacancy Loss - Residential - Tenant Assistance Payments	0	(22,462)	(22,462)	Vacancy loss is 5% of Tenant Assistance Payments.			(250)
Vacancy Loss - Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%			-
EFFECTIVE GROSS INCOME	521,044	1,560,877	2,081,886	PUPA: 23,132			

OPERATING EXPENSES				Alternative LOSP Split	PUPA	PUPM
Management	Salaries/Benefits	Administration	Utilities			
Management Fee	15,293	48,427	63,720	1st Year to be set according to HUD schedule. HK Property Management Fees		
Asset Management Fee	6,461	20,459	26,920	HK; Escalated for 2026 figure		
Sub-total Management Expenses	21,754	68,886	90,640	PUPA: 1,007		
Office Salaries	1,583	5,013	6,596	Links from 'Staffing' Worksheet	Alternative LOSP Split	non-LOSP
Manager's Salary	34,154	108,154	142,308	Links from 'Staffing' Worksheet		
Health Insurance and Other Benefits	21,889	68,682	90,572	HK; Health insurance + 403B plan		
Other Salaries/Benefits	0	0	0			
Administrative Rent-Free Unit	0	0	0			
Sub-total Salaries/Benefits	57,426	181,849	239,276	PUPA: 2,659		
Advertising and Marketing	0	0	33,722			
Office Rent	2,880	9,120	12,000		Projected LOSP Split	LOSP non-LOSP (only acceptable)
Legal Expense - Property	2,673	8,466	11,139			
Audit Expenses	3,370	10,870	14,240			
Bookkeeping/Accounting Services	4,080	12,920	17,000		Projected LOSP Split	LOSP non-LOSP (only acceptable)
Bad Debts	4,902	15,525	20,427	Tech Support & Maint., Professional Fees, Training		
Miscellaneous	4,902	15,525	20,427			
Sub-total Administration Expenses	30,901	97,854	128,726	PUPA: 1,204		
Electricity	30,358	96,134	126,492	HK; This has increased per 2023 actuals for comparable properties	Projected LOSP Split	LOSP non-LOSP (only acceptable)
Water	43,438	137,552	180,990	Includes Water & Sewer		
Gas	0	0	0			
Sewer	0	0	0			
Sub-total Utilities	73,796	233,686	307,482	PUPA: 3,416		
Real Estate Taxes	2,810	8,900	11,710		Alternative LOSP Split	non-LOSP
Payroll Taxes	8,510	26,949	35,459			
Miscellaneous Taxes, Licenses and Permits	190	602	792			
Sub-total Taxes and Licenses	11,511	36,450	47,961	PUPA: 533		
Property and Liability Insurance	44,219	140,026	184,245		Alternative LOSP Split	non-LOSP
Fidelity Bond Insurance	0	0	0			
Workers Compensation	5,319	16,843	22,162			
Director's & Officers' Liability Insurance	0	0	0			
Sub-total Insurance	49,538	156,869	206,407	PUPA: 2,293		
Payroll	36,192	114,608	150,800	Links from 'Staffing' Worksheet	Alternative LOSP Split	LOSP non-LOSP (only acceptable)
Supplies	14,072	44,562	58,634	Combined total for Life Safety Equipment, Fire Systems, Staff Work Clothes, and Unit		
Contracts	17,492	55,392	72,884	Combined total for Exterminating/Contract, Grounds Contract, Maintenance Contract, and		
Garbage and Trash Removal	20,520	64,890	85,500		Alternative LOSP Split	LOSP non-LOSP (only acceptable)
Security Payroll/Contract	97,382	32,454	129,836	Links from 'Staffing' Worksheet		
HVAC Repairs and Maintenance	1,002	3,174	4,177			
Vehicle and Maintenance Equipment Operation and Repairs	6,914	21,896	28,810	Vehicle & Transportation - \$675; Flooring Cleaning & Maint. - \$7,000; Plumbing Repairs -		
Miscellaneous Operating and Maintenance Expenses	12,907	40,973	53,779	VIMS Maintenance & Inspection: \$19,059; Parking Stackers Repairs & Maintenance -		
Sub-total Maintenance & Repair Expenses	206,462	377,938	584,400	PUPA: 6,493		
Supportive Services	17,433	55,206	72,639	Links from 'Staffing' Worksheet	Alternative LOSP Split	non-LOSP
Commercial Expenses	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%		

TOTAL OPERATING EXPENSES				Alternative LOSP Split	PUPA	PUPM
Reserves/Ground Lease Base Rent/Bond Fees	NET OPERATING INCOME (INCOME minus OP EXPENSES)	DEBT SERVICE/MUST PAY PAYMENTS (hard debt/amortized loans)	CASH FLOW (NOI minus DEBT SERVICE)			
Ground Lease Base Rent	3,600	11,400	15,000	Ground lease with MOHCD		
Bond Monitoring Fee	600	1,900	2,500	Provide additional comments here, if needed.		
Replacement Reserve Deposit	10,800	34,200	45,000		Alternative LOSP Split	non-LOSP
Operating Reserve Deposit	0	0	0			
Other Required Reserve 1 Deposit	0	0	0			
Other Required Reserve 2 Deposit	0	0	0			
Required Reserves/Commercial	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%		
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	15,000	47,500	62,500	PUPA: 694		
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond)	483,820	1,256,239	1,719,632	PUPA: 19,107		
NET OPERATING INCOME (INCOME minus OP EXPENSES)	37,223	304,638	362,254	PUPA: 4,025		

DEBT SERVICE/MUST PAY PAYMENTS (hard debt/amortized loans)				Alternative LOSP Split	PUPA	PUPM
Hard Debt - First Lender	Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	Hard Debt - Fourth Lender			
Hard Debt - First Lender	29,598	93,729	123,327	HCD - MHP		
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	0	0	0			
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0			
Hard Debt - Fourth Lender	0	0	0			
Commercial Hard Debt Service	0	0	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 0%		
TOTAL HARD DEBT SERVICE	29,598	93,729	123,327	PUPA: 1,370		
CASH FLOW (NOI minus DEBT SERVICE)	7,625	210,910	238,927			

USES OF CASH FLOW BELOW (This row also shows DSCR.)				Alternative LOSP Split	PUPA	PUPM
MOHCD/DCI - Soft Debt Loans	MOHCD/DCI - Ground Lease Value or Land Acq Cost	HCD (soft debt loan) - Lender 3	Other Soft Debt Lender - Lender 4			
MOHCD/DCI - Soft Debt Loans	0	0	0			
MOHCD/DCI - Ground Lease Value or Land Acq Cost	5,825	18,445	24,270	Partnership Management Fee		
HCD (soft debt loan) - Lender 3	1,800	5,700	7,500	LP Asset Management Fee		
Other Soft Debt Lender - Lender 4	0	0	0			
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.	Alternative LOSP Split	non-LOSP
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.		
Deferred Developer Fee (Enter amt <= Max Fee from call 1130)	0	0	0	Def. Develop. Fee split: 0%		
TOTAL PAYMENTS PRECEDING MOHCD	7,625	24,145	31,770	PUPA: 353		

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING)				Alternative LOSP Split	PUPA	PUPM
Residual Receipts Calculation	Does Project have a MOHCD Residual Receipt Obligation?	Will Project Defer Developer Fee?	Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:			
Residual Receipts Calculation	Yes	Project has MOHCD ground lease?	Yes			
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?	Yes			
Will Project Defer Developer Fee?	No					
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	33%					
% of Residual Receipts available for distribution to soft debt lenders in	67%					

SOFT DEBT LENDERS WITH RESIDUAL RECEIPTS OBLIGATIONS				Distrib. of Soft Debt Loans
MOHCD/DCI - Soft Debt Loans	MOHCD/DCI - Ground Lease Value or Land Acq Cost	HCD (soft debt loan) - Lender 3	Other Soft Debt Lender - Lender 4	
MOHCD/DCI - Soft Debt Loans	\$15,956,850	\$5,000	\$3,000	35.00%
MOHCD/DCI - Ground Lease Value or Land Acq Cost	\$150,000	\$29,363,536	\$3,000	0.33%
HCD (soft debt loan) - Lender 3	\$29,363,536	\$3,000	\$3,000	64.58%
Other Soft Debt Lender - Lender 4	\$3,000	\$3,000	\$3,000	0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE			
Proposed MOHCD Residual Receipts Amount to Replacement Reserve	0	MOHCD res recs to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.	158,237
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT	158,237		
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE	89,185	16% of residual receipts, multiplied by 64.58% - HCD - MHP's pro rata share of all soft debt	
HCD Residual Receipts Amount Due	89,185		
Lender 4 Residual Receipts Due	0		
Lender 5 Residual Receipts Due	0		
Total Non-MOHCD Residual Receipts Debt Service	89,185		
REMAINDER (Should be zero unless there are distributions below)	69,052		
Owner Distributions/Incentive Management Fee	69,052	100% of Borrower share of 33% of residual receipts	
Other Distributions/Uses	0		
Final Balance (should be zero)	0		

Attachment K: 20-year Operating Proforma

