

**Citywide Affordable Housing Loan Committee**

Mayor’s Office of Housing and Community Development  
Department of Homelessness and Supportive Housing  
Office of Community Investment and Infrastructure  
Controller’s Office of Public Finance

**Bernal Bundle**

**\$2,570,158 Rehabilitation Loan,  
\$3,711,000 Preservation and Seismic Safety  
Program Loan,  
\$ 4,114,056 Loan Recast, and \$1,839,173  
in Interest Forgiveness**

Evaluation of Request for:	Permanent Financing, Loan Recast, and Interest Forgiveness
Loan Committee Date:	April 5, 2024
Prepared By:	Amanda Fukutome-Lopez, Project Manager
MOHCD Asset Manager:	Carmen Otero, Asset Manager
MOHCD Construction Rep	Holly Babe Faust, Construction Rep
Sources and Amounts of New Funds Recommended:	\$ 3,711,000 – PASS (Series 2020C) \$ 2,500,000 – General Funds \$ 70,158 – Housing Trust Funds <b>\$ 6,281,158 - Total</b>
Sources and Amounts of Existing City Funds to be Recast:	<b>\$ 4,114,056 – Total</b>

NOFA/PROGRAM/RFP:

Preservation and Seismic Safety  
Program

2023 NOFA - Existing Nonprofit  
Owned Rental Housing Capital  
Repairs

Applicant/Sponsor(s) Name:

Bernal Heights Housing Corporation

## **EXECUTIVE SUMMARY**

### **Sponsor Information:**

Project Name:	Bernal Bundle	Sponsor(s):	Bernal Heights Housing Corporation (“BHHC”)/Bernal Heights Neighborhood Center (“BHNC”)
Project Address:	Positive Match – 1652 Eddy St, San Francisco, CA 94115 Hazel Betsey – 3554 17th St, San Francisco, CA 94110 195 Woolsey & 615-617 Girard, San Francisco, CA 94134	Ultimate Borrower Entity:	Hazel Eddy Woolsey LLC

### **Project Summary:**

The Bernal Bundle is a scattered sites rehabilitation of three Bernal Heights Housing Corporation (“BHHC”)-owned properties: Positive Match (1652 Eddy Street), Hazel Betsey (3554 17<sup>th</sup> Street), and 195 Woolsey Street (“Properties” or “Project”). The Properties in the Bernal Bundle will be transferred to a new LLC, Hazel Eddy Woolsey LLC and will function as a single project for the purposes of Annual Monitoring Reports (“AMRs”) and sharing of reserves.

Across the Properties, there are 26 units including 16 studio units, four 1-BR units, five 2-BR units, and one 3-BR unit. Positive Match, with seven units, serves formerly homeless families with parents living with HIV/AIDS who have a concurrent substance abuse and/or mental health diagnosis. Hazel Betsey, with nine units, offers permanent supportive housing for formerly homeless families and individuals living with HIV/AIDS and who have a concurrent substance abuse and/or mental health diagnosis. And 195 Woolsey, with ten units, serves low-income individuals at a maximum of 60% AMI.

The current request is for an up to \$2,570,158 rehabilitation loan, under the 2023 Existing Non-Profit Owned Rental Housing Capital Repairs (“ENP”) NOFA, an up to \$3,711,000 PASS loan, \$4,114,056 in loan recast, and up to \$1,839,173 in interest forgiveness. The proposed rehabilitation will address urgent mandatory soft-story work, window repair/replacement, and HVAC work at all three buildings, as well as roof replacement, electrical upgrades, and fire escape work at Hazel Betsey and 195 Woolsey. COVID-related issues at Hazel Betsey, a stale waitlist at 195 Woolsey, and challenges with SFHA referrals at Positive Match have resulted in a current occupancy of 50%; however, the Project is anticipating a full lease up by May 2024.

Rehab will start at the beginning of 2025 and is expected to be completed by Summer 2025. Though the Project will require six months of rehabilitation, the work should not require extensive relocations or impact any future lease up. As a result, cash flow will be minimally impacted during the rehabilitation period. Structuring the Project as a scattered site and modifying the replacement reserve structure will allow the Bernal Bundle to pool replacement reserves across three sites, cover replacement reserve needs for 20 years, and cash flow for at least 20 years.

**Project Description:**

Construction Type:	All Type V	Project Type:	Rehab
Number of Stories:	1652 Eddy St – 4-story 3554 17 <sup>th</sup> St – 3-story 195 Woolsey – 2-story	Lot Size (acres and sf):	1652 Eddy St – 0.15 acres/6,338 sq ft 3554 17 <sup>th</sup> St – 0.07 acres/2,874 sq ft. 195 Woolsey - 0.07 acres/3000 sq ft.
Number of Units:	26 residential units, 2 commercial units	Architect:	Mathau/Roche Design Group
Total Residential Area:	1652 Eddy St- 3,758 sf 3554 17 <sup>th</sup> St- 6,175 sf 195 Woolsey- 5,100 sf	General Contractor:	TBD
Total Commercial Area:	1652 Eddy St- 2,580 sf 3554 17 <sup>th</sup> St- 850 sf 3,430 square feet	Property Manager:	Caritas Management Corporation
Total Building Area:	1652 Eddy St- 6,338 sf 3554 17 <sup>th</sup> St- 7,025 sf <u>195 Woolsey St- 5,100 sf</u> Total- 18,463 sf	Supervisor and District:	1652 Eddy St- District 5, Dean Preston 3554 17 <sup>th</sup> St- District 8, Rafael Mandelman 195 Woolsey St- District 9, Hillary Ronen
Land Owner:	Bernal Heights Housing Corporation		
Total Development Cost (TDC):	\$6,382,278	Total Acquisition Cost:	N/A
TDC/unit:	\$245,472	TDC less land cost/unit:	N/A
Loan Amount Requested:	\$6,281,158	Request Amount / unit:	\$241,583
HOME Funds?	N	Parking	1652 Eddy St – 4 spaces I 3554 17 <sup>th</sup> St – No parking 195 Woolsey - No parking

## **PRINCIPAL DEVELOPMENT ISSUES**

- **Cross-collateral Financing and Low Tenant Rents** – 195 Woolsey is an unsubsidized building with current household incomes between 30-55% of MOHCD AMI and as such is unable to take on permanent debt. Positive Match has Project-Based Vouchers (“PBVs”) on all seven of its units, and Hazel Betsey has a Continuum of Care (“CoC”) contract for all nine of its units. Both Positive Match and Hazel Betsey cash flow well. But since all three buildings have ten units or less, it is difficult to achieve economies of scale. In order to keep costs low and to support 195 Woolsey, BHHC has bundled the operations and capital repairs for all three Properties. Bundling will save administrative, construction, financing, and legal costs and reduce operational risk by allowing properties to share operating and replacement reserves; it will also leverage cash flow from subsidized units at Positive Match and Hazel Betsey to secure a low-interest PASS loan to finance a portion of the rehabilitation, including the seismic work, for all three properties. The ENP NOFA funds were awarded for non-seismic work for all three projects, thus the ability of the buildings to leverage PASS funds is essential to completing mandated soft story retrofits. See **Sections 1.1 and 4.4** for more on the seismic work.
- **Interest Forgiveness** – The Project has six existing loans, four of which have accrued over \$1.8M in interest to date, which is more than 1/3 of the principal balance of \$4.1M. The Sponsor is requesting up to \$1.84M (\$71K/unit) in interest forgiveness, which would forgive only the accrued interest on the loan and none of the principal balance. MOHCD supports this request because the Sponsor’s loan recast and amended and restated Declaration of Restrictions will extend the affordability of the Project by 55 years. The forgiveness of \$71K/unit acknowledges the extended affordability for 26 residential units, 16 of which provide permanent supportive housing, and reduces the Sponsor’s current debt to MOHCD, improving the Sponsor’s balance sheet and financial positioning, which conforms with MOHCD’s racial equity goals. See **Section 1.1** for more on interest forgiveness.
- **Vacancies** – In 2023, BHHC experienced an unprecedented number of vacancies across the Properties at the same time. DAHIA Waitlist and SFHA referral challenges at 195 Woolsey and Positive Match, respectively, have resulted in difficulty maintaining occupancy. At Hazel Betsey, vacancies are primarily attributable to several households failing to comply with their leases and their required services during the pandemic. All vacated units were left heavily damaged, requiring an upwards of \$20K/unit in renovations. Delays in just-cause evictions and issues securing vendors resulted in longer unit turn timelines than expected, with units only recently becoming available. There are currently seven units ready to be leased across the Properties and six units that are vacant and undergoing repairs in anticipation of being leased, resulting in an overall vacancy of 50%. This high level of vacancy does not reflect historic trends, which are more closely aligned with the

standard 5% vacancy loss assumption. The Sponsor anticipates lease up of currently vacant units by early May 2024 and the lease up of units currently undergoing repairs by the end of May 2024. See **Section 7.1** for more on vacancies.

- **Replacement Reserves** – Capital Needs Assessments (“CNAs”) from 2023 identified capital needs across the three properties and estimated \$2.4M in replacement reserve needs over the next 20 years, excluding immediate needs. After the completion of the proposed rehabilitation scope, which will address immediate needs and additional replacement reserve items, there will be an estimated \$1.6M in replacement reserve needs over the next 20 years. Currently, the amount of combined replacement reserves across all three projects is \$257K, and the required annual replacement reserve deposit for the Project is \$30,686 (\$1,180 per unit per year (“PUPA”). Without any additional funding, the replacement reserve is projected to go negative in Year 9. To mitigate this, BHHC will deposit \$100K from existing equity at another BHHC project, into the replacement reserve through escrow at loan close, and MOHCD staff recommend the assumption of the Small Sites Program (SSP) Residual Receipts split policy to support replenishment of replacement reserves throughout the next 20 years. With BHHC’s contribution and the assumption of the SSP Residual Receipts split, the Project is projected to have reserves funded through Year 20. See **Section 7.3** for more on replacement reserves.
- **PASS Interest-Only Period** – To ensure the operational support of the Project during the rehabilitation period, the Sponsor is requesting an interest-only period of up to two years on the requested PASS loan. While the Sponsor anticipates minimal disruption to cash flow during the rehabilitation period, the interest-only period would allow the Project to absorb cash flow issues due to unforeseen circumstances. It would also allow the Project’s replacement reserve to be built if the Project does not experience cash flow issues. For more on the PASS interest-only period, please see **Section 6.4.1** for more on the PASS interest-only period.
- **Rehabilitation Costs** – The three buildings are each 100 or more years old with deferred maintenance. As such, the rehab budget will evolve with further testing at the buildings, through additional pricing when the general contractor is selected, and through the process of demolition for the window replacement and structural work. The budget has been developed with CNA data, the assistance of two experienced construction managers, and estimates from two general contractors with a track record of success with these types of buildings and rehabs. The budget incorporates what MOHCD staff would judge as customary and sufficient contingencies and allowances for work of this type. However, rehabs can be unpredictable, and this Project will have to be monitored closely to maintain the budget, with the possibility of scope refinements through the duration of the Project. See **Section 9.3** for more on loan conditions.

- Commercial Vacancy Loss Assumption** – The Project has two commercial spaces, one at Positive Match and one at Hazel Betsey. Both commercial spaces are leased by Catholic Charities and provide on-site services to tenants, as well as services to off-site clients. Catholic Charities has leased the commercial space at Positive Match since 1996 and has leased the commercial space at Hazel Betsey since 2008. Due to Catholic Charities’ long-term tenancy and continued commitment to providing services at the site, the Sponsor is requesting a reduction in the underwriting vacancy assumption from a standard 20% to 10% across all 20 years. See **Section 4.5** for more on commercial spaces.

**SOURCES AND USES SUMMARY**

Permanent Sources	Amount	Per Unit	Terms	Status
MOHCD	\$2,570,158	\$98,852	55 yrs @ 3% / Res Rec	This Request
PASS- MR	\$2,259,999	\$86,923	40 yrs @ 3.87% / Periodic Pymt	This Request
PASS- BMR	\$1,246,896	\$47,958	40 yrs @ .96% / Periodic Paymt	This Request
PASS- deferred	\$204,105	\$7,850	40 yrs @ .96% / Deferred	This Request
Remaining 2017 HOWPA Funds	\$101,120	\$3,889	55 yrs @ 3% / Res Rec	Committed
<b>Total</b>	<b>\$6,382,278</b>	<b>\$245,472</b>		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	\$0	\$0	\$0.00
Hard Costs	\$5,084,078	\$195,541	\$275.37
Soft Costs	\$693,888	\$26,688	\$37.58
Reserves	\$0	\$0	\$0.00
Developer Fee	\$604,313	\$23,243	\$32.73
<b>Total</b>	<b>\$6,382,278</b>	<b>\$245,472</b>	<b>\$345.68</b>

**BACKGROUND**

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

The Department of Building Inspections (“DBI”) created the Mandatory Soft Story Program (“MSSP”) in 2013. The program was created to ensure the safety and resilience of San Francisco’s housing stock through the retrofit of older, wood-framed, multi-storied buildings. In 2013, DBI determined Hazel Betsey and 195 Woolsey Street to be Tier III priorities and Positive Match as a Tier IV priority in the MSSP. Tier III properties were required to submit permit applications for the seismic retrofit work by September 15, 2017, with the work completed by September 15, 2019. Tier IV properties were required to submit permit applications by

September 15, 2018, with the work completed by September 15, 2020.

In 2015, Bernal Heights Housing Corporation (“BHHC”) started working with Mathau/Roche Design Group to design the soft story retrofit for the three properties through a MOHCD grant. In 2017, Hazel Betsey was awarded HOPWA Capital funding in the amount of \$252,000, of which \$152,000 was allocated to elevator modernization work and \$100,000 to seismic work at the building. The elevator modernization work was completed in 2017, but due to inflation and funding constraints, the seismic work was put on hold until additional funds could be identified to fill the gap. At the time, BHHC was also unable to identify funding for the seismic work at Positive Match and 195 Woolsey. The penalty/extension fees for delayed seismic work are estimated to be roughly \$12K, which will be reimbursed to the Sponsor through loan proceeds. There is \$101,120 in HOPWA funds (\$100K for the seismic work and \$1,120 in remaining elevator modernization funds) that is currently encumbered and ready to spend on the Project.

Staffing transitions and other unforeseen events have impeded the progress of completing the soft story work and addressing other critical life safety and building systems work. In Spring 2023, BHHC proposed the bundling of three properties in their portfolio (Positive Match, Hazel Betsey, and 195 Woolsey) as one scattered site project, called the Bernal Bundle and applied for ENP and PASS funds as a scattered site project. Each site will require structural reinforcement of the ground level with foundation, new retaining walls, patch-back of existing building systems, finishes related to structural work, and other repair work such as electrical, roofing, elevator repair, and life safety work.

The bundling of the three properties will:

- achieve economies of scale by bundling three project rehabilitations into one project, saving in administrative, construction, financing, and legal costs;
- reduce operational risk by allowing properties to share operating and replacement reserves;
- leverage cash flow from subsidized units at Positive Match and Hazel Betsey to secure a low-interest PASS loan for the Project; and
- finance seismic, life safety, and other critical work at the three buildings.

This request to Loan Committee is for the following approvals:

- Up to \$3.711M in PASS mortgage financing
- Up to \$2,570,158 in rehabilitation loan funds
- \$4,114,056 loan recast of existing old loans
- Up to \$1,839,173 in interest forgiveness



MOHCD's existing debt on Positive Match, Hazel Betsey, and 195 Woolsey will be recast and consolidated at closing. The existing 1996, 2001<sup>1</sup>, and 2017<sup>2</sup> HOPWA loans, the 1995<sup>3</sup> and 2002<sup>4</sup> HOME loans, and the 2002 Hotel Tax loan will be subordinated to the PASS loan and to the Project's Declaration of Restrictions. All existing loans will be restructured and conformed to an extended loan term of 55 years and assigned and assumed by Hazel Eddy Woolsey LLC. A single Purchase Option for all three properties will be recorded at close. To ensure project transfer, in the unlikely event of default, the projects will cross-collateralize, and the City will have the option to purchase all three properties.

The Sponsor is requesting up to \$1,839,173 in interest forgiveness on its existing 2001<sup>1</sup> HOPWA Loan, 2017<sup>2</sup> HOPWA loan, 2002<sup>4</sup> HOME Loan, and 2002 Hotel Tax Loan. The interest forgiveness will forgive the interest that has accrued on these loans; the principal amounts will remain the same. Forgiving the accrued interest on the Sponsor's existing loans will improve the Sponsor's balance sheet, aligns with efforts to support racial equity for MOHCD's BIPOC sponsors, and acknowledges the Sponsor's commitment to providing long-term affordable housing. Three percent simple interest on the new loans will conform with MOHCD's standard loan terms, and interest will accrue on the recast loans. Accruing interest on the new loan is standard practice and provides security for ensuring the properties' continued use as affordable housing. MOHCD staff recommend the request for up to \$1,839,173 in interest forgiveness.

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

**ENP NOFA**

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

- Alignment with City goals
- Repair urgency
- Need for funding
- Scope cost and budget

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<sup>1</sup> The 2001 HOPWA Loan is the Second Amendment to the original 1998 HOPWA Loan for Positive Match.

<sup>2</sup> The 2017 HOPWA Loan is the Fourth Amendment to the 2000 Amended and Restated HOPWA Loan, which amended and restated the original 1996 HOPWA Loan for Hazel Betsey.

<sup>3</sup> The 1995 HOME Loan is the Second Amendment to the original 1994 HOME Loan for 195 Woolsey.

<sup>4</sup> The 2002 HOME Loan is an Amendment to the original 2002 HOME Loan for Positive Match.

- Property operations
- Bonus points for emerging developers, integrated pest management and electrification.

MOHCD received 15 applications, all of which met the threshold eligibility requirements. Of the 15 applications received, 14 met the minimum scoring criteria of 70 out of 120 points and proceeded through the selection process. The Bernal Bundle scored 86.65 Points. BHHC was awarded \$2.57M for capital improvements and repairs through the 2023 ENP NOFA for the three sites.

### **PASS Loan Program**

The Preservation and Seismic Safety Program (PASS) provides low-cost and long-term financing to fund seismic retrofits, as well as the acquisition, rehabilitation, and preservation of affordable multi-family housing. The Program was created to complement the City's anti-displacement and preservation strategy, including the Small Sites Program. PASS was initially funded by repurposing \$261 million in underutilized bond authority funds from the 1992 Seismic Safety Loan Program. \$72 million was funded in the first issuance of the PASS program in February 2019. The second issuance of \$103 million took place in December 2020. PASS is an over-the-counter program. The Project is considered an eligible property under Section 2.1 of the PASS Program Regulations, and the Sponsor is considered an eligible borrower under Section 2.2 of the PASS Program Regulations.

BHHC is requesting up to \$3.711M through the PASS Program, which along with ENP NOFA funds, will fund mandatory soft-story seismic work, roofing, window replacements, electrical upgrades, fire escape repairs, and window replacements, among other scope items.

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

1.3.1. Borrower. Hazel Eddy Woolsey LLC (the "LLC") will be the ultimate borrower for the PASS and ENP loans. The sole managing member of Hazel Eddy Woolsey LLC is Bernal Heights Housing Corporation, a California nonprofit public benefit corporation.

Loans previously made to the three properties will be assigned and assumed by the LLC by loan closing, and BHHC will transfer the properties to the LLC by closing.

1.3.2. Joint Venture Partnership. N/A

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

		Gender Identity	Race
Bernal Heights Neighborhood Center Board		M: 1 F: 4	Black or African American: 1 Caucasian/White: 4 Pacific Islander: 1
Bernal Heights Housing Corporation Board		M:3 F: 2	Black or African American: 2 Caucasian/White: 3
Bernal Heights Neighborhood Center - All Staff		M: 6 F: 15 excluding consultants	Black or African American: 3 Caucasian/White: 1 Hispanic or Latino: 2 Pacific Islander: 0 Asian: 8 Other: 3
Development Staff		M: 1 F: 5	Black or African American: 2 White: 1 Asian: 2 Hispanic or Latino: 1

**1.3.4. Racial Equity Vision.**

Achieving racial equity in BHHC’s programs is central to the organization’s mission and on the agenda for program development. In 2021, BHHC underwent a strategic planning process where they established a value system and direction for the organization to advance racial equity.

In Summer 2024, BHNC Board and staff are set to engage an outside specialist for training to deepen their understanding of the impact of racial equity or absence of it. This training will include, but is not limited to, sessions on implicit biases; the disparate ways racial inequities manifest among different demographic groups, neighborhoods, and issues; and strategies for increasing racial equity throughout BHNC housing and community services.

In 2022 BHHC became a San Francisco recognized emerging developer and successfully gained eligibility to pursue the newly formed California BIPOC tax credit pool.

As the repairs noted get underway, BHHC will engage BIPOC-led professional services to the fullest extent possible, including selecting BIPOC subcontractors where possible.

**1.3.5. Relevant Experience.**

The Sponsor has completed 18 developments with a total of 586 units, including four commercial units. The Project Team has provided in-house project management across BHHC's portfolio of 18 small- and medium sized properties, including major repairs and emergency short/long term repairs for supportive housing communities, addressing water leaks, floods, fires, mold remediation, HVAC, electrical, unit repairs, and plumbing issues.

In 2017, the Sponsor as a 50% partner, managed the relocation of their Alemany property during its RAD conversion. Relocation was conducted in 5 phases for 158 households over 18 months. And, from 2018-2021, the Sponsor resyndicated two properties in its portfolio, Bernal Gateway Apartments (55 units) and Market Heights Apartments (46 units). The Bernal Gateway project scope included HVAC upgrades, electrical upgrades, plumbing upgrades, cabinet replacement, flooring, painting, solar heating. All 55 households were relocated in a 10-phase plan. The Market Heights project scope included landscaping, cabinets/countertops in units, flooring, painting, HVAC upgrades, electrical upgrades, and plumbing upgrades. All 46 households were relocated in a 13-phase plan. Staff had to be available for tenant inquiries and manage their needs in conjunction with the construction.

Recently, the Sponsor oversaw rehabilitation of its Monterey property. The property experienced a fire that impacted the entire building. All four households had to be relocated while the building was rehabilitated. Emergency relocation was required in collaboration with the service agency during rehab. Staff had to pivot and respond quickly to mobilize different resources; provide temporary housing to tenants; coordinate with vendors for the repair work; coordinate with neighborhood associations, Department of Building Inspections, and the insurance company; and work closely with property management to communicate with tenants.

#### 1.3.6. Project Management Capacity.

The following team members on the Project are:

- Miriam Noboa, Project Manager - 18 hours per week (0.45 FTE)
- Adeline Siew, Controller - 1.6 hours per week (0.04 FTE)
- Patrick Murphy, Accountant Supervisor - 3.2 hours per month (0.08 FTE)
- Ayanna Weathersby, Relocation & Asset Manager - 2 hours per week (0.08 FTE)
- Connie Xie, Housing Development Coordinator - 8 hours per week (0.2 FTE)

- Gina Dacus, Executive Director - 4.8 hours per week (0.12 FTE)

Miriam Noboa is the primary point of contact and liaison for the Project. She brings to the team expertise in project management, construction, finance, real estate, and social work. She currently oversees the repairs and maintenance for BHHC portfolio and has managed major repairs for existing sites.

Adeline Siew provides financial oversight to the Asset Management Department and will assist with any finance related questions, while Patrick Murphy recently joined BHNC as the Accounting Supervisor. He will provide finance support and oversee this Project along with Adeline Siew. Ayanna Weathersby will coordinate the resident engagement and services and is the point person for relocation and any service provider-related information. Ayanna oversees the pre- and post-relocation of tenants during construction, rehab, site, and funding reporting requirements. Connie Xie will provide additional backend support with the procurement process and loan evaluation packet. Gina Dacus will provide backend support and escalation.

1.3.7. Past Performance.

BHHC does not have outstanding performance issues.

1.3.7.1. City audits/performance plans.

BHHC does not have audit issues and is in good standing with the MOHCD Community Development team.

1.3.7.2. Marketing/lease-up/operations.

BHHC’s performance in the Marketing and Lottery Program has been satisfactory.

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

Site Description	
Zoning:	Positive Match- 1652 Eddy St – RM-2 District: Moderate Density; Height & Bulk 65-A  Hazel Betsey- 3554 17 <sup>th</sup> Street – RM-1 – Residential-Mixed, Low Density; Height & Bulk 40-X  195 Woolsey St – RH-2 Residential-House, Two Family; Height & Bulk 40-X
Maximum units allowed by current zoning (N/A if rehab):	N/A

Number of units added or removed (rehab only, if applicable):	0
Seismic (if applicable):	Seismic Zone 4; PML N/A
Soil type:	For Hazel Betsey and Woolsey St, per Phase I reports, the subject property is mapped as Urban Land. The Urban Land designation indicates that more than 85% of the original soils have been disturbed or covered by paved surfaces, buildings, or other structures; due to variability of the soil material, on-site investigation would be required to determine the specific soil composition at the subject property No slope information was included.  Positive Match is also mapped as Urban Land (Sirdrak complex, 2-50% slopes).
Environmental Review:	NEPA review is required for Hazel Betsey to use the remaining \$101,120 in remaining funds from the 2017 HOPWA Capital Funds that were loaned to the Project in 2017 but have not yet been expended. NEPA review was completed in 2017, but since more than 5 years have passed, MOHCD Environmental Compliance staff recommended a new NEPA review. The Project was determined to be categorically excluded subject to Section 58.5 on November 20, 2023.
Adjacent uses (North):	Positive Match – Park, residential Hazel Betsey – Residential, retail/art, gas station, school 195 Woolsey St – Residential, library, schools
Adjacent uses (South):	Positive Match – Apartment complex Hazel Betsey – Residential homes (Duplex), restaurants 195 Woolsey St – single family homes
Adjacent uses (East):	Positive Match – School, cafes, residential, retail, restaurants Hazel Betsey – Residential, restaurants, retail 195 Woolsey St – Residential, retail/services, including bank, hair salons, auto services, restaurants, transportation systems
Adjacent uses (West):	Positive Match – School, garage, apartment complexes Hazel Betsey – Residential, Mission Dolores Park, café, schools 195 Woolsey St – Residential, churches
Neighborhood Amenities within 0.5 miles:	<b>Positive Match</b> Libraries - Western Addition Library - 1,269 ft Playgrounds - Raymond Kimbell playground - 5.42 acres - 300 ft - Golden Gate & Steiner Mini Park - 0.08 acres - 700ft - Hamilton Playground 3.22 acres - 1,100 ft

	<p><b>Schools</b></p> <ul style="list-style-type: none"> <li>- Gateway High School - 1500 ft</li> <li>- Rosa Parks Elementary – 1500 ft</li> <li>- Ida B. Well - 2500 ft</li> <li>- Cobb Dr. William Elementary - 2500 ft</li> </ul> <p><b>Hazel Betsey</b></p> <p><b>Libraries</b></p> <ul style="list-style-type: none"> <li>- Eureka Valley Branch - 2000 ft</li> <li>- Mission Branch - 4500 ft</li> </ul> <p><b>Parks</b></p> <ul style="list-style-type: none"> <li>- Dolores Parkway 3.62 acres - 400 ft</li> <li>- Dearborn community garden 0.15 acres - 700 ft</li> <li>- Mission Dolores Park 14.2 acres - 800 ft</li> </ul> <p><b>Schools</b></p> <ul style="list-style-type: none"> <li>- Mission High School - 1500 ft</li> <li>- Sanchez Elementary School - 1500 ft</li> <li>- Everett Middle School - 1500 ft</li> <li>- Marshall Elementary School - 2000 ft</li> </ul> <p><b>195 Woolsey St</b></p> <p><b>Libraries</b></p> <ul style="list-style-type: none"> <li>- Portola Branch Library (Future site) - 1100 ft</li> <li>- Anna E Waden Library - 4500 ft</li> </ul> <p><b>Parks</b></p> <ul style="list-style-type: none"> <li>- Street Park: Gottingen St - 0.27 acres - 700 ft</li> <li>- Mansell Parkway - 3.52 acres - 1300 ft</li> </ul> <p><b>Schools</b></p> <ul style="list-style-type: none"> <li>- Martin Luther King Jr Middle School - 1500 ft</li> <li>- ER Taylor Elementary - 1500 ft</li> <li>- Burton High School – 1500 ft</li> <li>- El Dorado Elementary - 2500 ft</li> </ul>
Public Transportation within 0.5 miles:	<p>Positive Match – Muni Lines 22, 24, 31, 38, 38R, 5, 5R</p> <p>Hazel Betsey – Muni Lines 14, 14R, 22, 33, 49, 55, J, 714</p> <p>195 Woolsey St – Muni Lines 29, 54, 8, 8AX, 8BX, 9, 90, 9R</p>
Article 34:	<p>The Project is in the process of applying for Article 34 authority for one currently unrestricted unit at 195 Woolsey St.</p>
Article 38:	<p>N/A - total square feet of all buildings in Bernal Bundle is less than 25k, while all conditions have been met</p>
Accessibility:	<p>Positive Match has an elevator and accessible pathway travel (No additional accessibility features planned in scope and none are required by the extent of the scope of work).</p> <p>Hazel Betsey has an elevator and 1 unit has an ADA accessible bathroom (No additional accessibility features planned in scope and none are required by the extent of the scope of work).</p> <p>195 Woolsey St does not have accessibility features. (No additional accessibility features planned in scope and none are required by the extent of the scope of work)</p>
Green Building:	<p>N/A (not new construction and will not have major alterations of 25,000 gross sf or more)</p>

Recycled Water:	Exempt
Storm Water Management:	Exempt

## 2.1. Description.

### Positive Match/1652 Eddy Street

1652 Eddy Street, in the Fillmore District, is a permanent supportive housing site for formerly homeless families led by parents living with HIV/AIDS and who also have a concurrent substance abuse and/or mental health diagnosis. The average resident income is 15% of AMI. This site consists of seven units (1 one-bedroom, 5 two-bedrooms and 1 three-bedrooms) funded by HUD/HOPWA and subsidized with Project Based Vouchers by the San Francisco Housing Authority (“SFHA”). This site is supported by Catholic Charities that provides coordinated case management through their Rita de Cascia program to women and children impacted by chronic homelessness and illness. Currently, the program is approximately 60% occupied.

### Hazel Betsey/3554-17<sup>th</sup> Street

Hazel Betsey, in Mission Dolores neighborhood, is a long-term supportive housing property funded by HUD-HOPWA and San Francisco Department of Homelessness and Supportive Housing (“HSH”). The average resident income is 20% of AMI. The site provides permanent supportive housing for formerly homeless families and individuals living with HIV/AIDS who have a concurrent substance abuse and/or mental health diagnosis. The building consists of 6 studio units and 3 one-bedroom units. This housing site is supported by on-site services administered through Catholic Charities. Tenants receive housing stability, Short-Term Rent, Mortgage, and Utility (STRMU) Assistance, and coordinated case management through Catholic Charities’ Rita de Cascia program for women and children impacted by chronic homelessness and illness. Currently, the program is approximately 45% occupied.

### 195 Woolsey Street & 615-617 Girard St

195 Woolsey, in the Portola Neighborhood, consists of 10 studio apartments for low-income and disabled adults. Tenants in need of services and food support utilize BHNC food security services at BHNC’s Excelsior and Cortland Avenue neighborhood centers. There are no supportive services at this site, and current tenant AMIs range from 30%-55%, excepting one unit with an over-income tenant.

## 2.2. Zoning.

The three sites are in neighborhoods zoned for low to moderate density. None of the buildings in the Project will have a change in use, bulk, height, or density.



### 2.3. Probable Maximum Loss.

N/A MOHCD does not require a PML study for its PASS loans or soft debt. The soft story corrections are based on engineered drawings approved by DBI to meet the soft story life-safety standards set by the City.

### 2.4. Local/Federal Environmental Review.

In 2017, HOPWA capital funds loaned to Hazel Betsey to fund the elevator modernization and seismic work subjected the Project to environmental review under NEPA. MOHCD found the Hazel Betsey project to be Categorically Excluded per 24 CFR 58.35(a) and exempt per Section 58.34(a)(12), as of July 29, 2016. Because the Bernal Bundle will utilize the remaining funds from the 2017 HOPWA capital funds loan, MOHCD staff performed another analysis to determine the level of review required under NEPA. On November 20, 2023, MOHCD Staff determined that the Project qualified again for a Categorical Exclusion. An Authorization to Use Grant Funds (AUGF) is not required for this Project because the Project was determined to be exempt.

### 2.5. Environmental Issues.

#### Phase I/II Site Assessment Status and Results.

Partner Engineering and Science, Inc. completed a Phase I Environmental Report on October 11, 2023, for all three sites.

#### **Positive Match**

Consultants did not identify any Recognized Environmental Conditions (“RECs”), Controlled Recognized Environmental Conditions (“CRECs”), or Historically Recognized Environmental Conditions (“HRECs”) during the course of assessment. However, the following Business Environmental Risks (“BERs”) were identified during the assessment:

- The potential exists for asbestos-containing materials (“ACMs”) on-site. Readily visible suspect ACMs were observed in good condition.
- Due to the age of the building, potential lead-based paint (“LBP”) on-site. Readily visible painted surfaces were observed in good condition. A few areas of the painted surfaces, specifically in the area of the water heater on the sub-grade floor, were noted during the assessment to be broken, chipped, and/or have signs of water damage.

Partner Engineering and Science, Inc. recommends that an Operations and Maintenance (O&M) Program be implemented to safely manage the suspect ACMs and LBP located at the subject property.

### **Hazel Betsey**

There is no evidence of RECs, CRECs, or HRECs. However, the same BERs were identified as the Eddy Street assessment above.

Partner Engineering and Science, Inc. recommendations are the same as above.

### **195 Woolsey**

There is no evidence of RECs, CRECs, or HRECs. However, Partner identified the following BERs:

- The potential for ACMs on-site. Readily visible suspect ACMs were observed in good condition.
- Due to the age of the building, there is potential for LBP on-site. Readily visible painted surfaces were observed in good condition.

Partner Engineering and Science, Inc. recommends that an Operations and Maintenance (O&M) Program be implemented to safely manage the suspect ACMs and LBP.

## **2.6. Adjacent uses and neighborhood amenities.**

The immediate neighborhood of the three sites consists of a mixture of residential and commercial uses, including mixed-use buildings, office buildings, multi- and single-family residential buildings, and businesses, including cafes, restaurants, and other small businesses.

## **2.7. Green Building.**

N/A

## **3. COMMUNITY SUPPORT**

### **3.1. Prior Outreach.**

All sites within the Project have good relationships with the surrounding neighbors, and no specific community outreach with the surrounding neighbors has been done for this rehab. In February 2024, Caritas Property Management Company and BHHC's Relocation Manager started to hold meetings with residents to inform them of the scope, schedule, and any disruptions or anticipated relocation. Initial meetings have gone well, and BHHC will continue to engage residents and Catholic Charities as the rehab progresses.

### 3.2. Future Outreach.

The Project Team will continue to engage residents and employ a variety of strategies to communicate with residents. The Team will provide residents with, and post in communal spaces, general informational notices. Notices will inform tenants that they will not be permanently displaced in connection with the rehabilitation of the property and that temporary relocation will only be required for a minority of the residents. While most of the tenants are English speaking, a few monolingual Spanish speaking households exist across the three sites. In compliance with the city's Language Access Ordinance, the Project Team will use translators as needed in meetings and for written communication, ensuring that language does not pose barriers to understanding the rehabilitation and relocation processes.

#### Relocation Outreach:

The Sponsor anticipates the need to relocate: 1) a maximum of four total current residential households from Hazel Betsey and 195 Woolsey (no resident relocation is expected at Positive Match) for no more than two to three weeks and 2) the two commercial spaces for up to six months during the rehabilitation. The relocation budget allows for the possibility of up to ten additional residents requiring relocation during the rehabilitation period.

BHHC has conducted one-on-one meetings with households that may be required to temporarily relocate to discuss placement options. Relocation managers will typically schedule follow-up meetings in the resident's home or by virtual zoom meetings to continuously assess accommodation needs and address any questions or concerns. 60-day relocation notices will be sent out to residents, with a follow-up notice being sent at 30 days. Any updates will be posted on the community bulletin board with appropriate translations. Monthly community meetings will be scheduled to update residents, service providers, property management and Project Team. Through this process, service providers will provide support for the relocation moves in tandem with the relocation manager and property manager.

The commercial spaces are occupied by the Catholic Charities, the service provider for both Positive Match and Hazel Betsey. The seismic upgrades in Woolsey and Hazel Betsey will affect the Catholic Charities ground floor operations. The Sponsor will host in-person and zoom meetings to keep Catholic Charities updated on the construction schedule.

During the rehabilitation, Catholic Charities will continue to provide services to residents. At a minimum, Catholic Charities will provide virtual services to residents during rehabilitation, but Catholic Charities and the Sponsor are continuing to discuss possible relocation options, including

temporarily relocating services and Catholic Charities staff offices to another BHHC building for up to six months, while offering Catholic Charities discounted rent during construction.

### 3.3. 1998 Proposition I Citizens' Right-To-Know. N/A

## 4. DEVELOPMENT PLAN

### 4.1. Site Control.

Bernal Heights Housing Corporation, an affiliate of Bernal Heights Neighborhood Center, acquired the properties in:

- 1994 (Woolsey);
- 1996 (Hazel Betsey); and
- 1998 (Eddy St).

#### 4.1.1. Proposed Property Ownership Structure

BHHC is the fee simple owner for all three properties. Fee simple interest will be transferred to the newly formed LLC, Hazel Eddy Woolsey LLC, before closing. Bernal Heights Housing Corporation is the sole member and manager of Hazel Eddy Woolsey LLC.

### 4.2. Proposed Design. N/A

### 4.3. Proposed Rehab Scope.

The scopes of work have been shaped to achieve a total construction cost all-in of approximately \$5.08M with a focus on immediate critical and life-safety capital needs. The costs have been derived from the Capital Needs Assessment (“CNA”) of April 2023, provided by Integrated Property Analysis; the analyses of two third-party Construction Managers who are highly experienced and established with San Francisco multifamily rehabs; and based on the bids and estimates of two general contractors and other trades contractors. Regardless of these reliable estimates, all trades are being bid out, and most of the work is expected to be done with design-build subs, eliminating the need for additional consultants.

The primary drivers of the scope and construction budget are Mandatory seismic upgrades; fire escape repairs; fire alarm upgrades; window replacements; roofing; and electrical upgrades. The chart below illustrates the scope in order of priority.

<b>Immediate capital needs</b>	<b>Woolsey</b>	<b>Hazel Betsy</b>	<b>Eddy</b>	<b>Totals</b>
Seismic Retrofit	\$ 85,000	\$ 325,000	\$ 80,000	\$ 490,000
Flooring	\$ 20,000	\$ 58,500	\$ 6,600	\$ 85,100
Fire Escapes	\$ 87,600	\$ 143,700	\$ -	\$ 231,300
Fire Alarm systems	\$ -	\$ 97,000	\$ 60,000	\$ 157,000
Mold/pest /lead/asbestos allowances	\$ 20,000	\$ 50,000	\$ 10,000	\$ 80,000
Windows, window sills	\$ 216,900	\$ 244,000	\$ 100,000	\$ 560,900
Dry rot allowance	\$ 20,000	\$ 50,000	\$ 20,000	\$ 90,000
Roof	\$ 94,400	\$ 108,000	\$ -	\$ 202,400
Electrical Upgrades	\$ 120,000	\$ 145,000	\$ -	\$ 265,000
Security intercom	\$ -	\$ 20,650	\$ -	\$ 20,650
Lighting/fan upgrades for efficiency	\$ 44,000	\$ 20,000	\$ 45,000	\$ 109,000
Exterior Stairs/Deck	\$ 75,000	\$ -	\$ -	\$ 75,000
Plumbing upgrades	\$ 53,400	\$ 62,700	\$ -	\$ 116,100
Exterior Paint	\$ -	\$ 113,000	\$ -	\$ 113,000
Siding replacement allowance	\$ -	\$ 30,000	\$ 5,000	\$ 35,000
HVAC upgrades	\$ 120,000	\$ 135,000	\$ 110,000	\$ 365,000
Contractor contingency	\$ 95,630	\$ 160,255	\$ 43,660	\$ 299,545
<b>Direct costs</b>	<b>\$ 1,051,930</b>	<b>\$ 1,762,805</b>	<b>\$ 480,260</b>	<b>\$ 3,294,995</b>
<b>GRs/GCs/ins/fee/escal</b>	<b>\$ 347,137</b>	<b>\$ 581,726</b>	<b>\$ 158,486</b>	<b>\$ 1,087,348</b>
<b>Owner's and bid contingency</b>	<b>\$ 223,851</b>	<b>\$ 375,125</b>	<b>\$ 102,199</b>	<b>\$ 701,175</b>
<b>Project Totals</b>	<b>\$ 1,622,918</b>	<b>\$ 2,719,656</b>	<b>\$ 740,945</b>	<b>\$ 5,083,518</b>
<b>Scope Options</b>	<b>Woolsey</b>	<b>Hazel Betsy</b>	<b>Eddy</b>	<b>Totals</b>
Roof			\$ 140,000	\$ 140,000
Deck repairs	\$ 94,000			\$ 94,000

All three buildings are wood-framed consisting of 2-4 stories and have soft story conditions with Notices of Violations from DBI pertaining only to the delay with the soft story work. The structural drawings for the mandatory seismic upgrade were submitted to DBI and approved in 2016, but the permits were not pulled, and the work was not done due to funding constraints. MOHCD has communicated with DBI to assure them that the work is soon commencing – with evidence of the funding award for the approved scope that includes the soft story retrofit – with a favorable response from the senior inspector. The Project team has budgeted for a fine/extension fee of \$12K. This will not affect the Sponsor’s ability to move forward with this work or any other rehab work at these properties. Sam Mathau of Mathau-Roche Design Group was the original architect and Kevin O’Connor, Inc. the structural engineer – each is staying on the Project for further design and construction administration.

In 2018, a consultant to the Sponsor estimated the aggregate seismic retrofit costs at roughly \$500K total. The CNA estimate was \$750K. In January the Project Team received two general contractors’ independent estimates (based on the permit drawings, on-site inspections, and experience with similar projects) for the structural work that were remarkably similar and came in at \$500K direct hard cost for all three

Properties. The Sponsor is currently soliciting general contractors for a lump sum bid for the seismic retrofit component, with the expectation that the selected GC will assist with scope refinements and solicit for the subcontractors for the rest of the Project. In the course of the structural work, unit and program space flooring will be demolished and replaced for a total of up to \$85K.

The Fire Department cited the fire escapes at Hazel Betsey and Woolsey as non-code compliant, and both need significant upgrades. The budgeted cost of up to \$231K is an estimate from the 2023 CNA and one general contractor. The scope of work is not yet verified by the Fire Department. Hazel Betsey and Eddy also have fire alarm systems that no longer meet code and are failing. This work is urgent for life safety and is included in the rehab scope for up to \$157K.

Another cost driver is the roofs at Woolsey and Hazel Betsey. Though not actively leaking, these roofs have well outlived the remaining useful life and show considerable wear. The Sponsor has recently received a roofing assessment and pricing from one general contractor and a roofer for an average total hard cost of up to \$202K for the two Properties. (Eddy's roof is also old but deemed not sufficiently worn to warrant replacement at this time, and this work will be executed later via Replacement Reserves.)

Windows, windowsills, and framing will be replaced at all three buildings for a combined cost of up to \$651K including allowances for dry rot. These windows have worn to the point of being virtually inoperable, have evident rot, and are not weather or energy tight. The budget incorporates up to \$143,000 for siding replacement/repair and painting at Hazel Betsey. Woolsey is also slated for major repair of the exterior stairs, with hard costs of up to \$75K drawn from the CNA and contractor estimates.

Plumbing upgrades at Woolsey and Hazel Betsey for a combined costs of up to \$116K include new fixtures, supply lines, and waste. The scope of work for all buildings includes pest and hazardous materials abatement for a total estimate of up to \$80K.

The electrical systems at Woolsey and Hazel Betsey often cannot meet demand and routinely fail, so electrical wiring, panel, and service upgrades (for a total estimate of up to \$265K) are a critical need. The budget includes lighting replacement for efficiency and replacement of bath fans for a total estimate of up to \$109K.

The Project assumes major upgrades of the heating system by replacing gas-fired equipment with individual unit electric heat pumps (which heat and cool the space) for a total estimated cost of up to \$365K (based on the CNA). This is not a critical need, but electric heating would be more efficient and healthier than the existing gas-fired systems. This is a scope item that needs the most additional research. Woolsey and Hazel Betsey are both slated for electrical upgrades, but it is still unknown if the upgrades will sufficiently support electric heat. Eddy has a 400-amp system assumed to be sufficient to support electric heat. Furthermore, unit heating upgrades may force additional relocation costs. The Project team is obtaining engineering support and more refined estimates now. In the event the electrical systems are not sufficient to support electric heat this component will be abandoned for this Project unless there are other savings generated. In the event of savings from this component or others, funds will be redistributed to a major deck repair at Woolsey (estimated at up to \$94K) and roof replacement at Eddy (up to \$140K).

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

The work proposed encompasses substantial work at three buildings with costs primarily driven by seismic upgrades, roof replacements, electrical upgrades, window replacement, and fire escape repairs. Folded in this work is lead and asbestos abatement and pest management based in the Integrated Pest Management plans. The Project is addressing all the critical and most expensive immediate needs for these three buildings for a total construction cost of approximately \$5.08M. (The ENP NOFA scope and budget included an up to \$250K allowance for Hazel Betsey elevator repair or replacement, but the Sponsor has since determined, with the assessment of a reputable San Francisco elevator company, that the elevator can be successfully repaired at a much lesser cost, and the Sponsor is currently utilizing replacement reserves for this repair.)

Although rehabs vary widely, and it is difficult to draw comparisons between projects, at \$196K/unit and \$275/SF the Bernal Bundle compares favorably to the Throughline Scattered Sites (three-building) project at \$261K/unit and \$461/SF and the South Park scattered sites (three buildings) at \$233K/unit and \$781/SF which are similar in scope and scale.

To date, the Project Team has conducted extensive budget and scoping exercises and has obtained reliable bids for the electrical upgrades, roofs, and structural work, the latter based on the structural engineer's drawings

already approved by DBI. The other systems work has been priced through the CNA; through the work of SCCS Group, an experienced construction manager hired by Bernal early in the process (who was also the construction manager for the recently completed SFHA Mission Housing Scattered Sites project); and by general contractor estimates. The costs appear reasonable to the Sponsor's Construction Manager and the MOHCD CR. There will be no additional drawings for the Project beyond the structural engineering. The general contractor RFP has been submitted to CMD for a hard bid for trades based on the scopes and for the structural work based on the drawings. The architect will pull the permit for the seismic upgrade, and the subcontractors will pull their own permits over the counter.

Unforeseen conditions are the greatest threat to the Project costs. The Project Team expects to find dry rot particularly with the demolition for the seismic upgrade and the window replacements. An up to \$100K dry rot allowance has been added to the budget for Hazel Betsey, which is considered sufficient at this time, but will only be substantiated with the start of construction. The window replacement and windowsill replacement costs are padded for additional coverage.

Because the seismic upgrades will primarily affect the ground floor spaces, the Project Team does not expect this work to entail resident relocation beyond a few current households (though some future households may be required to temporarily relocate). The up to \$140K relocation budget accounts for relocation of Catholic Charities ground floor office spaces at Positive Match and Hazel Betsey (rent reductions and moving expenses) and relocation of any residents who may be temporarily affected by the rehabilitation scope. See **Section 4.10** for details on relocation.

The Project budget, based largely on estimates from trades professionals, is as reliable as it can be at a pre-bid and pre-demo stage. As a condition of this loan, in an effort to contain costs, the project team will coordinate with 380 Management and MOHCD's Construction Representative to select a highly experienced general contractor, oversee design-build sub selection and bids, coordinate specifications across trades, maintain a 6-month construction schedule to keep general conditions costs down, and quickly turnaround value engineering and scope re-prioritization as needed. See **Section 9.3** for more on loan conditions.



There are several safeguards for the Project budget. It builds in 15% owner's contingency and 10% contractor contingency (with any unused balances going into replacement and/or operating reserves), as well as 3% escalation and \$57K in bid contingency.

The Project Team is researching climate change program incentives and rebates to offset the costs for electrical upgrades as well as rebates for windows and weatherproofing through the Low-Income Weatherization Program ("LIWP"). The Project Team has selected their Owner's Rep/Construction Manager who has been highly effective in getting trades estimates and preparing the budgets, and it is now critical to get a general contractor and subcontractor pricing.

#### 4.5. Commercial Space.

- Space Description.

Positive Match - Catholic Charities provides housing stabilization services for tenants located onsite at 1652 Eddy Street and clients that live offsite, serving 110 clients combined, seven of which are residents at the site. The first floor is approximately 1,645 square feet. This includes four offices, one bathroom, and a front desk, together comprising approximately 1,145 square feet, and a community room at 500 square feet. The community room is used for case meetings, activities for the clients, and community meetings.

The basement is approximately 935 square feet. It includes one office space that seats three case managers, a kitchen, two bathrooms and a community space for kids to play when parents are in meetings. Thus, the service space combined totals approximately 2,580 square feet.

Hazel Betsey - Catholic Charities provides housing stabilization services for tenants of Hazel Betsey located at 3554 17th Street. There are two offices and a bathroom (450 sf). There is also a community room (400 sf). In total, the service space is approximately 850 sf. Catholic Charities uses the community room as a meeting space and as a space to provide computers and a copy machine for tenant use.

- Commercial Leasing Plan.

Positive Match - This space is leased to Catholic Charities to provide services for on- and off-site clients. The typical lease term is 3 years. BHHC will renew a 3-year lease with Catholic Charities in 2024. Catholic Charities has leased its space at Positive Match since 1996. The lease is not triple net. The Sponsor is responsible for utilities,

property insurance, and real estate taxes, which are included in the operating proforma. The rent per square foot is \$.40/sf per month or \$4.65/sf per year.

Hazel Betsey – This space is currently leased to Catholic Charities to provide services for on-site clients. The typical lease term is three years. BHHC will renew a 3-year lease with Catholic Charities in 2024. Catholic Charities has leased its space at Hazel Betsey since 2008. The lease is not triple net. The Sponsor is responsible for utilities, property insurance, and real estate taxes, which are included in the operating proforma. The rent per square foot is \$.80/sf per month or \$9.41/sf per year.

Catholic Charities is a long-term lessee of the commercial spaces at Positive Match and Hazel Betsey, and Catholic Charities is committed to staying in those spaces to optimally serve their on-site and off-site clients. **To reflect the long-term commitment of Catholic Charities to the site, the Project is requesting an exception to the 20% commercial vacancy assumption and is requesting to use a 10% commercial vacancy rate.** MOHCD staff supports this request. Because of the exception request, Bernal will attempt to negotiate a longer lease term with Catholic Charities at Positive Match and Hazel Betsey as a condition of this loan. See **Section 9.3**, Loan Conditions.

- Operating Pro Forma.  
Both commercial spaces are leased by Catholic Charities, a nonprofit entity, and are welfare tax exempt. Operating expenses are included in the Project's operating budget, and the Sponsor does not take a management fee for the spaces.
- Tenant Improvement Build Out. N/A

#### 4.6. Service Space.

Positive Match – Catholic Charities provides housing stabilization services for tenants located onsite at 1652 Eddy Street and clients that live offsite. See Section 4.5 above.

Hazel Betsey – Catholic Charities provides housing stabilization services for tenants of Hazel Betsey located at 3554 17<sup>th</sup> Street. The case manager is responsible for coordinating the provision of direct services for the 9 tenants onsite. On-site services include housing supportive services, case management, and referrals. See Section 4.5 above.

Woolsey – There is no service space at this site.

4.7. Interim Use. N/A

4.8. Infrastructure. N/A

4.9. Communications Wiring and Internet Access. BHHC is not anticipating that there will be the ability to add City Wi-Fi or Wi-Fi within common spaces of the building during this rehab.

4.10. Public Art Component. N/A

4.11. Marketing, Occupancy, and Lease-Up.

All three sites are in operation, and all three sites serve low to extremely low-income tenants. Positive Match serves residents with an average AMI of 15% AMI; Hazel Betsey serves residents with an average AMI of 20%; and 195 Woolsey serves residents with current tenant AMIs ranging from 30-55%. Positive Match has 15-year PBV contract through the San Francisco Housing Authority for all seven units. Hazel Betsey receives CoC funding for all nine of its units through the Department of Homelessness and Supportive Housing. The CoC funding is typically renewed annually through a competitive process. However, HSH in March 2024, HSH voluntarily entered into a 5-year CoC contract with the Sponsor. 195 Woolsey markets through DAHLIA.

Currently, the Project has 13 vacancies, while it's averaged around a 5% vacancy rate historically. Challenges related to referrals and a stale waitlist have impacted the ability for the sites to quickly lease up. With a path for moving forward with lease up for Positive Match and Hazel Betsey and a new DAHLIA waitlist for 195 Woolsey, the Sponsor is confident that they will be able to achieve lease up by May 2024. Please see **Section 7.1** for more on vacancies.

4.12. Relocation.

Originally, the Project Team projected all residents to be temporarily relocated due to the seismic upgrades, but that assessment has been modified to align with the contractors' on-site investigations and assessments of the seismic permit drawings. Much of the work for Woolsey will be in the basement and at Hazel Betsey in the ground floor office spaces, with potentially minimal effect on the residents.

Due to the scope of rehabilitation work and the concern for each household's health, safety, and welfare, up to four current residents from

195 Woolsey and Hazel Betsey may be required to vacate their units temporarily. These tenants are projected to be temporarily relocated for up to two to three weeks. Resident relocation is not expected at Positive Match. However, unforeseen conditions could require longer relocations of those units or the relocation of additional units. Allowances for relocation have been built into the Project budget to mitigate potential unforeseen relocation needs. The relocation budget also accounts for the possibility of up to ten additional new residents requiring relocation for the same period. The Sponsor does not anticipate any permanent relocation in connection with the Project.

An approved relocation plan will be a condition of loan close. The cost for relocation has been reduced from an initial projection of \$450K to \$140K for the two service spaces, as well as a maximum of four current households due to the modification of the elevator scope of work at Hazel Betsey. BHHC relocation plans include the costs associated with temporarily relocating households and the commercial spaces at the sites, as well as potential concessions, including rent forgiveness or reduction for Catholic Charities and gift cards for residents during the rehabilitation. The relocation budget is a worst-case scenario that includes relocation for up to ten new tenants.

<b>Hazel Betsey</b>			
<i>Resident Relocation (6 residents)</i>	Rates	# days	Total
Hotel	\$250	21	\$31,500
Travel	\$40	21	\$5,040
		Total	\$36,540
	Hrs.	Hourly rate	Total
Moving Expenses	15	\$150	\$2,250
Moving Coordinator for Medically Fragile Individuals	4	\$95	\$380
		Total	\$2,630
<i>Commercial Relocation</i>			
Office Move and Storage			\$5,496
Discounted rent (6 mos.)			\$3,000
	Hrs.	Hourly rate	
Relocation Manager Prep	10	\$150.00	\$1,500
		Total	\$9,996
<b>Total Hazel Betsey</b>			<b>\$49,166</b>
<b>Woolsey (615 Girard)</b>			
<i>Resident Relocation (8 residents)</i>	Rates	# days	Total
Hotel	\$250	30	\$60,000
Travel	\$40	30	\$9,600

		Total	\$69,600
	Hrs.	Hourly rate	Total
Moving Expenses	20	\$150.00	\$3,000
		<b>Total</b>	<b>\$3,000</b>
<b>Total Woolsey</b>			<b>\$72,600</b>
<b>Positive Match</b>			
<i>Commercial Relocation</i>			
Office Move and Storage	\$5,574		\$5,576
	Hrs.	Hourly rate	Total
Moving Expenses	10	\$150.00	\$1,500
Discounted rent (6 mos.)			\$6,000
		<b>Total</b>	<b>\$7,500</b>
<b>Total Positive Match</b>			<b>\$13,076</b>
<b>Tenant Concessions Allowance</b>			<b>\$5,780</b>
<b>Total Relocation Budget</b>			<b>\$140,622</b>

For tenants required to temporarily relocate, the Sponsor will provide a Notice of Temporary Relocation Assistance at least 60 days prior to the start of rehabilitation. A reminder will be sent 30 days prior to the start of rehabilitation. The Notice will advise tenants, provide dates, times, expectations, packing instructions, and identify assistance to be provided. If temporary relocation is required, a tenant qualifies for three different housing options: hotel with kitchenette, temporary placement in a unit currently owned by BHNC, or living with friends and family in exchange for a stipend that reimburses the tenant for living expenses ranging from \$33 - \$48 dollars daily. The Sponsor will also cover costs associated with moving and storing items. Relocation services will include, when applicable, packing materials, moving assistance, storage, and transportation.

Once the tenant is scheduled to return to their permanent unit, they will receive a 7-day notice with move back instructions that outline the support they will receive. Each move will be supervised by a move Coordinator. The relocation process, including interviews, intake forms, and the signing of the relocation agreement is the responsibility of the Relocation Manager.

Because of the extent of the soft story work, the commercial spaces occupied by Catholic Charities will be most impacted. The Sponsor is anticipating the need to relocate Catholic Charities for up to 6 months. During that time, Catholic Charities has agreed to at least provide services virtually and, if possible, relocate temporarily to another site in BHHC's portfolio. While BHHC will work with Catholic Charities to minimize the

impact of relocation, the relocation budget includes the assumption that Catholic Charities will pay reduced rent for 6 months at Positive Match and Hazel Betsey.

## 5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Mathau/Roche Design Group	LBE/MBE	No
General Contractor	TBD	Y/N	Underway
Structural Engineer	Kevin O'Connor	LBE	No
Owner's Rep/Construction Manager	380 Management Inc.	LBE/MBE /WBE	No
Waterproofing	TBD	Y/N	TBD
Legal	Goldfarb	Y/N	No
Property Manager	Caritas Management Corporation	Y/N	N
Services Provider	Catholic Charities	Y/N	N

### 5.1. Procurement Plan.

The team worked with MOHCD and the City's Contracts Monitoring Division (CMD) to approve the procurement plans. This project has a project-wide subcontracting goal of 25% Local Business Enterprise (LBE)/Small Business Enterprise (SBE). All consultants currently on the project are LBE/SBEs. In 2015, BHHC worked with Mathau-Roche Design Group to design the soft story retrofit scope of work, with Kevin O'Connor as structural engineer, through a MOHCD grant, and this design team will continue with the project through construction administration. Mathau-Roche is a BIPOC-owned LBE/MBE firm certified with the City. The structural engineer is a local small business owner. The Owner's Rep/Construction Manager was selected in December through the CMD procurement process; 380 Management Inc. is an LBE/WBE/MBE led by Christie Harbinski, formerly a MOHCD Construction Rep with extensive experience with rehabs of this complexity, scale, and potential unknowns. The Request for Proposals for the general contractor has been published with responses due March 29. The general contractor will be responsible for soliciting their subcontractors. As a loan condition, the development team will work with CMD and MOHCD to ensure all procurement policies are followed and the deadline for procurement of the general contractor is met. See **Section 9.3** for more on loan conditions.

### 5.2. Opportunities for BIPOC-Led Organizations.

The Sponsor is working to increase contracting with BIPOC-led organizations using the following strategies:

- Create a BIPOC-led or owned professional firms list for distributing contracting opportunities.
- Include meaningful scoring in the RFQ and RFP procurement process for professional services (i.e. Owner’s Rep, General Contractor, etc) for organizations that utilize racial and gender equity-centered initiatives in an effort to support advancement within the organization, hiring and subcontracting.

The Sponsor is in the process of constructing a professional firms list, but they have recently started including scoring metrics in their procurement process for professional services. While they are at the beginning of the implementation of these strategies, the Sponsor believes they will see improvement in their BIPOC-led contracting and is committed to tracking contracting progress across the Bernal Bundle.

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

6.1. Prior MOHCD/OCII Funding.

Site	Existing Debt	Original Principal Amount	Original Loan Terms	Terms of 2024 recast	Accrued Interest (through 7/11/24)
Positive Match	2001 <sup>5</sup> HOPWA	\$1,070,119	50 yrs @ 3% interest, res-rec		\$701,175.38
Hazel Betsey	2017 <sup>6</sup> HOPWA	\$1,243,315	55 yrs @ 3% interest, res-rec		\$760,146.21
Hazel Betsey	1996 HOWPA	\$221,575	75 yrs @ 0% interest, forgivable		\$0
<b>Consolidated and Recast</b>	<b>HOPWA</b>	<b>\$2,535,009</b>	<b>55 yrs @ 3%, res-rec</b>	<b>55 yrs @ 3% res-rec</b>	

<sup>5</sup> The 2001 HOPWA Loan is the Second Amendment to the original 1998 HOPWA Loan for Positive Match.

<sup>6</sup> The 2017 HOPWA Loan is the Fourth Amendment to the 2000 Amended and Restated HOPWA Loan, which amended and restated the original 1996 HOPWA Loan for Hazel Betsey.

Positive Match	2002 <sup>7</sup> HOME	\$921,725	Part A: 75 yrs @ 0% interest, res-rec Part B: 75 yrs (Yrs 7-15 @ 6.7% interest; Yrs 15-75 @ 3%), res-rec		\$163,949.06
195 Woolsey	1995 <sup>8</sup> HOME	\$428,453	75 yrs @ 0% interest, forgivable		\$0
<b>Consolidated and Recast</b>	<b>HOME</b>	<b>\$1,350,178</b>		<b>55 yrs @ 3% res-rec</b>	
<b>Positive Match Recast</b>	<b>2002 Hotel Tax</b>	<b>\$228,869</b>	75 years (Yrs 7-15 @ 6.7% interest; Yrs 15-75 @ 3% interest), res-rec	<b>55 yrs @ 3% res-rec</b>	\$213,901.95

On April 28, 1998, acquisition and initial rehabilitation funds were provided for Positive Match with a SF Redevelopment Agency (SFRA) 1998 HOPWA loan totaling \$1,070,119. On January 8, 2022, Positive Match received additional rehabilitation funds with a two-part MOHCD 2002 HOME loan, totaling \$1,150,594. Part A of the HOME loan totaled \$710,594, and Part B of the HOME loan totaled \$440,000. On August 19, 2022, Part B of the HOME loan was reduced to \$211,131. The total principal balance on the HOME loan (labeled 2002 HOME) is \$921,725. On August 19, 2022, Positive Match additionally received MOHCD Hotel Tax Loan funds in the amount of \$228,869 for its rehabilitation.

On March 14, 1996, acquisition and initial rehabilitation funds were provided for Hazel Betsey with a SFRA 1996 HOPWA loan totaling \$924,800. The loan was amended and restated on December 20, 2000, to add \$66,515 in additional funds, bringing the total amount to \$991,315. The amended and restated loan was amended twice more, once on December 20, 2000, and again on July 17, 2001, to modify the rehabilitation milestone dates. The loan had a third amendment on February 24, 2017, to increase the principal loan

<sup>7</sup> The 2002 HOME Loan is an Amendment to the original 2002 HOME Loan for Positive Match.

<sup>8</sup> The 1995 HOME Loan is the Second Amendment to the original 1994 HOME Loan for 195 Woolsey.



amount to \$1,143,315 to reflect additional HOPWA funds added to the site from MOHCD to complete elevator modernization work. The loan had a fourth amendment on June 26, 2017, to add \$100,000 to the principal balance, for a total of \$1,243,315, to reflect additional HOPWA funds added to the site for future seismic work. On March 14, 1996, Hazel Betsey executed an additional HOPWA loan in the amount of \$221,575 to support the acquisition and rehabilitation of the site. This 1996 loan has not been modified since its execution.

On March 28, 1994, acquisition and rehabilitation funds were provided for 195 Woolsey Street with a HOME loan in the amount of \$409,648. On December 27, 1994, the loan was amended to add an additional \$18,805 in HOME funds, for a total of \$428,453. A second amendment was executed on July 28, 1995, amending restrictions on the property.

With this transaction, the 1996, 2001, and 2017 HOPWA loans will be consolidated and recase into one Amended and Restated Loan agreement, with the proposed financing, as a 3% simple interest, residual receipts loan, with a 55-year term. With this transaction, the 2002 and 1995 HOME loans will be consolidated and recase into one Amended and Restated Loan agreement, with the proposed financing, as a 3% simple interest, residual receipts loan, with a 55-year term. The 2002 Hotel Tax Loan will be recast, with the proposed financing, as a 3% simple interest, residual receipts loan, with a 55-year term

**6.2. Disbursement Status.**

<b>Building</b>	<b>Source</b>	<b>Funding Amount</b>	<b>Amount Disbursed</b>
Positive Match	2001 HOPWA <sup>5</sup>	\$1,070,119.00	\$1,070,116.73
	2002 HOME <sup>7</sup>	\$921,725.00	\$921,725.00
	2002 Hotel Tax	\$228,869.00	\$228,869.00
Hazel Betsey	2017 HOPWA <sup>6</sup>	\$1,243,315.00	\$1,119,873.83
	1996 HOPWA	\$221,575.00	\$221,575.00
195 Woolsey	1995 HOME <sup>8</sup>	\$428,453.00	\$428,453.00

**6.3. Fulfillment of Loan Conditions.**

Positive Match: BHHC has fulfilled loan conditions for Positive Match.

Hazel Betsey:

- Sponsor has not fulfilled the following loan conditions related to 2017 HOPWA<sup>6</sup> loan funds:
  - Sponsor to capitalize replacement reserves in the amount of \$101,120, specifically earmarked for the seismic retrofit work required under the City's Mandatory Seismic Safety Retrofit Program. BHHC did not capitalize replacement reserves with the funds allocated to do so under the 2017 HOPWA loan. Instead, the funds remained encumbered and undisbursed by MOHCD. BHHC will use the encumbered funds as a source to the rehabilitation for Hazel Betsey. NEPA clearance to use these funds for the rehabilitation was approved in November 2023.

195 Woolsey: BHHC has fulfilled loan conditions for 195 Woolsey Street.

#### 6.4. Proposed Permanent Financing.

##### 6.4.1. Permanent Sources Evaluation Narrative.

The Sponsor proposes to use the following sources to permanently finance the project:

- MOHCD Rehabilitation Loan (\$2,570,178): 55-year term at 3% interest, repaid from residual receipts.
- MOHCD PASS Loan (\$3,711,000): 40-year term from the first month following the Completion Date, but no more than 2 years after Closing, at 3.87% for market-rate portion of loan and 0.96% for below market-rate and deferred portions of loan, with periodic (monthly) repayment of the market-rate and below market-rate portions of the loan and a balloon payment for the deferred portion of the loan.

The PASS loan will be structured as interest-only until the Project completes rehabilitation (the "Completion Date"). At that milestone, but no more than 2 years after the Closing Date, the PASS loan will convert to a 40-year fully amortizing loan with monthly annual debt payments. This is a slightly different structure than what is contemplated in the PASS regulations, which have separate construction interest only and permanent amortizing loan structures outlined instead of the construction to permanent loan structure planned for this transaction. **Thus, the Project is also seeking an exception to PASS regulations from the MOHCD Director, in consultation with the Loan Committee. MOHCD staff support this exception.**

- Recast Loans:

- HOPWA Loan (\$2,535,009): 55-year term at 3% interest paid out of residual receipts;
- Hotel Tax Loan (\$228,869): 55-year term at 3% interest paid out of residual receipts; and
- HOME Loan (\$1,350,178): 55-year term at 3% interest paid out of residual receipts

6.4.2. HOME Funds Narrative. N/A. There are no new HOME funds in this project.

6.4.3. Commercial Space Sources and Uses Narrative. Commercial spaces will not receive upgrades beyond the building's soft story retrofit, life safety work, and critical needs.

6.4.4. Permanent Uses Evaluation:

<b>Development Budget</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Hard Cost per unit is within standards	Y	\$196K/unit (not incl. commercial units)
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 15%
Architecture and Engineering Fees are within standards	Y	Architecture/engineering services required will be sufficiently covered by \$20K budgeted, in addition to contribution from CD TA contract of approximately \$70K
Construction Management Fees are within standards	Y	Construction Management Fees and Project Management Fees are allowable under ENP NOFA Guidelines.
Developer Fee is within standards, see also disbursement chart below	Y	Project management fee: \$604,313 At risk fee: \$302,156 Total fee: \$604,313
Consultant and legal fees are reasonable	Y	\$20K for Borrower legal and \$15K for MOHCD legal
Entitlement fees are accurately estimated	N/A	There are no entitlement fees.
Construction Loan interest is appropriately sized	N/A	No construction loan; rehab completed through ENP NOFA and PASS funds
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10%
Capitalized Operating Reserves are a minimum of 3 months	Y	Existing Operating Reserve funds are equal to 60% of the required 3-month

		deposit. BHHC will deposit \$66K at closing through escrow to fully fund the operating reserve.
Capitalized Replacement Reserves are a minimum of \$1,000 per unit (Rehab only)	Y	Existing Capitalized Replacement Reserve funds are \$9,884 per unit

#### 6.4.5. Developer Fee Evaluation:

The ENP NOFA limits the applicant's project management and construction management expenses to no more than 15% of construction or repair hard costs. The total hard cost is \$5.084M, and 15% of the hard cost is \$762,612. The budget includes construction management fees in the amount of \$150,000, and a project management fee of \$604,313. At \$754,313, the total construction and project management costs comply with the fee allowed through the ENP NOFA. Half of the fee is payable at loan closing, and the other half will be payable at project close-out and will be considered at-risk.

Total Developer Fee:	\$604,313	
Project Management Fee Paid to Date:	\$0	
Amount of Remaining Project Management Fee:	\$604,313	
Amount of Fee at Risk (the "At Risk Fee"):	\$302,156	
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
Loan Closing	\$302,157	50%
Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee		Percentage At Risk Fee
Project close-out	\$302,156	100%

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

### 7.1. Annual Operating Budget.

The Project has a combined operating budget for the three sites. 195 Woolsey is the only building that does not have some form of subsidy, while Positive Match has PBVs on all seven units and Hazel Betsey has Continuum of Care (CoC) on all nine units. SFHA provides referrals for the units at Positive Match, and HSH provides referrals for the CoC units at Hazel Betsey.

Rents for Woolsey are set at 50-60% AMI to conform with AMI restrictions and are in-line with current market conditions for studios. A Rent Comp Study was commissioned for Hazel Betsey to substantiate the current rents. The Hazel Betsey Rent Comp study, performed by Certified General Appraisal Services on February 2, 2024, concluded that market rents for Hazel Betsey are in line with Fair Market Rent (FMR), as established by HUD. FMR is slightly higher than the current rents at Hazel Betsey, and rents for Hazel Betsey have been set at HUD FMR to reflect these conclusions. Current rents are assumed for all occupied units at 195 Woolsey, and current contract rents are assumed for all units at Positive Match.

The PBV contract at Positive Match is a 15-year contract, which was renewed in 2022. CoC at Hazel Betsey is awarded annually through a competitive process. Though it is an annual award, the Sponsor and MOHCD staff feel confident that the contract will continue. The CoC contract has been renewed annually since 2008, and the Project ranked in Tier 1 (most competitive) during the 2023 CoC NOFO. In March 2024, HSH voluntarily entered into a 5-year CoC contract with the Sponsor, affirming the Sponsor's performance and the department's commitment to the site.

Vacancies

The vacancy rate is set at 5%, which is in line with historic trends. However, since Winter 2023, all three buildings have experienced higher than normal vacancy rates.

<b>Building</b>	<b>Total Units</b>	<b>Vacant Units</b>	<b>Ready for Lease Up</b>	<b>Agency Responsible for Lease Up</b>	<b>Est. Date of Full Occupancy</b>
Positive Match	7	3	0	HSH	May-24
Hazel Betsey	9	5	2	SFHA	May-24
195 Woolsey Street	10	5	5	Sponsor (DAHLIA)	May-24

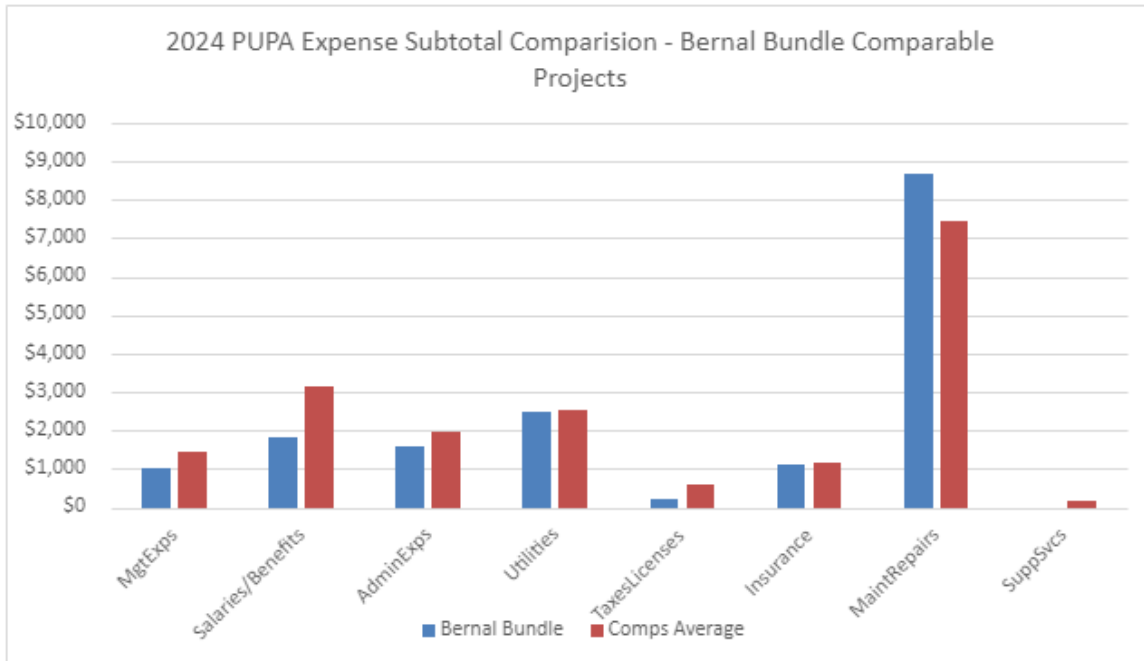
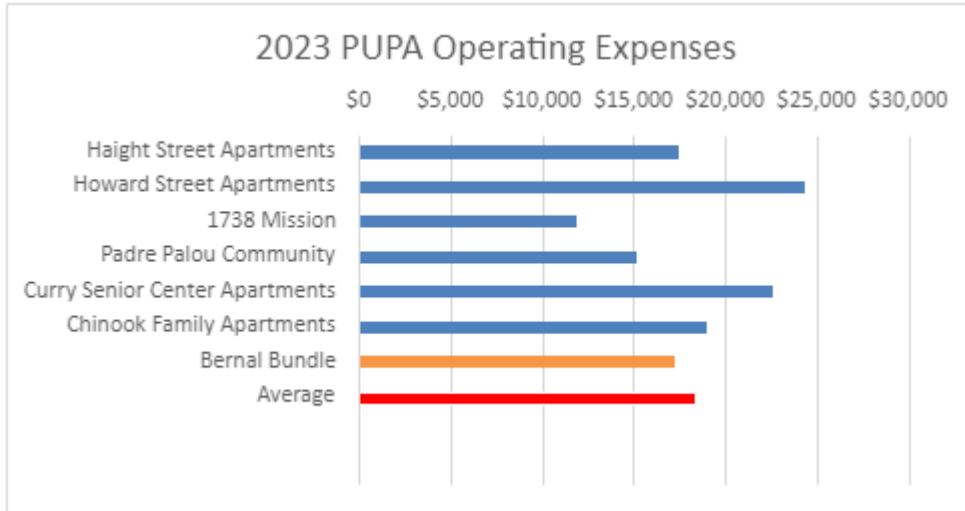
At Hazel Betsey, five units are currently vacant and two recently became ready to lease. Three units are still being renovated in anticipation of lease up. During the COVID-19 pandemic, isolation and other pandemic-related challenges led to tenants not complying with their leases and

services. Hoarding and drug-use severely impacted vulnerable tenants, which led to necessary just-cause evictions and a death in one unit. Eviction delays due to legal advocacy and severe unit damage to vacant units resulted in lease up delays and vacancies coming online all at once. HSH is currently working on leasing the 2 ready-to-lease units at Hazel Betsey and expects those units to be leased up by the end of March 2024/early April 2024. The lease up for the other three units is expected by May 2024. The Sponsor's past experiences with HSH lease-up have been positive, and they anticipate no issues leasing up the vacant units at Hazel Betsey.

There are three vacant units at Positive Match, and all three units are undergoing work to get them ready for lease up. While the Sponsor has recently experienced slower than anticipated referrals from SFHA, they have identified a work around for slow referrals by engaging MOHCD to work with SFHA to identify and secure appropriate referrals for the site. Vacant units at Positive Match are anticipated to be ready for leasing by the middle to end of March 2024, with lease up by the end of April 2024/early May 2024.

There are five vacancies at Woolsey, the majority of which occurred within the past few months. To address a stale waitlist, the Sponsor worked with MOHCD to create a new waiting list. As of February 20, 2024, the Sponsor has posted vacant units on DAHLIA, and Caritas has committed to leasing up the vacant units by May 2024.

Operating expenses are in line with the properties' historic actuals, recent AMRs, and comparable properties. Comparables were selected with 10-12 units to reflect the individual building size across the Bernal Bundle. Higher unit count buildings were not included because higher unit count buildings often achieve economies of scale that may not be achievable in smaller unit count buildings.



7.2. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	Y	DSCR is 1.8 at Year 1, 1.218 in Year 3 (when PASS will require interest and principal payments), and 1.18 at Year 19.
Vacancy rate is based on project's historical actuals	Y	Vacancy rate is 5%.

Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	Y	Income escalation factor is 2.5%
Annual Operating Expense escalation is based on project's historical actuals	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are \$17,256 per unit without reserve deposits and PASS monitoring fees  This is in-line with the operating expenses of other comparables. The average comparable PUPA for operating expenses is \$18,400. Since this is a scattered sites project of buildings with 10 or less units, comparables included buildings with 10-12 units.
Property Management Fee is at allowable <u>HUD Maximum</u>	Y	Total Property Management Fee is budgeted at \$25,272 per year or \$81 PUPM, which is the HUD maximum fee.
Property Management staffing level is reasonable per comparables	Y	Proposed staffing: 1 property manager is shared across BHNC's 8 small site portfolio. The budget accounts for approximately 2/3 of their salary and benefits.
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$11,681/yr
Replacement Reserve Deposits meet project needs based on I	N	Replacement Reserves are \$1,180 per unit per year. This is lower than the per unit per year replacement deposit amount recommended in the Project CNAs.
Limited Partnership Asset Management Fee meets standards	N/A	Not a tax credit project

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

Site	Positive Match	Hazel Betsey	195 Woolsey
Date ICNA	April 6, 2023	April 6, 2023	April 6, 2023
Assessment	The property is well constructed, and the	The units are in fair condition and the	The units are in average condition



	<p>maintenance level appears to be average. The CNA observed that there are areas of deterioration and deferred maintenance, and some of the building systems are in poor condition and require replacement. With proper maintenance and completion of the required repairs, the building is estimated to have another 40+/- years of economic life remaining.</p>	<p>common areas are in good condition. However, there are code compliance and life safety issues that are present at the property, including inclusion in the MSSP, non-code conforming fire escapes, non-code compliant fire alarm system, mold in bathrooms, and an inoperable elevator. With proper maintenance and completion of the required repairs, the building is estimated to have another 40+/- years of economic life remaining. The Sponsor has located an elevator technician to repair the elevator economically in advance of the rehab.</p>	<p>and the common areas are in good condition. However, there are code compliance and life safety issues that are present at the property, including inclusion in the Mandatory Soft Story Retrofit Program, non-code conforming fire escapes, electrical issues, missing or inoperable smoke detectors, and missing or inoperable carbon monoxide detectors in 2 units. With proper maintenance and completion of the required repairs, the building is estimated to have another 40+/- years of economic life remaining.</p>
Estimated Critical Repairs	\$267,800	\$742,050	\$295,375
Estimated Non-Critical Repairs	\$28,600	\$174,300	\$47,850
RR Deposit Estimate (PUPA)	\$5,451 PUPA (\$6,833 PUPA inflated)	\$3,357 PUPA (\$4,218 PUPA inflated)	\$2,754 PUPA (\$3,463 PUPA inflated)
CNA 20-Year RR Total	\$763,172 (\$956,647 inflated)	\$604,190 (\$759,329 inflated)	\$550,850 (\$692,566 inflated)

Across the Project, the CNAs identified \$2.4M in replacement reserve needs, excluding immediate needs, over the next 20 years. The proposed rehabilitation will address immediate needs as well as other replacement reserve items that were contemplated in the years beyond immediate needs. After the proposed

rehabilitation, there will be an estimated \$1.6M in replacement reserve needs over the next 20 years.

	Positive Match	Hazel Betsey	195 Woolsey	Total
CNA 20-Year RR Total	\$956,647	\$759,329	\$692,566	\$2,408,542
Post-rehab RR Total	\$970,187	\$382,551	\$283,187	\$1,635,925

The Project currently has \$275K in replacement reserves across all three Projects. The replacement reserve deposit of \$30,686 (\$1,180 PUPA) was based on the Project’s existing replacement reserve deposit requirements. While \$31K is less than what would be required to fully fund the required reserve amount of \$1.6M over the next 20 years, increasing the requirement would decrease the amount of assumable PASS debt and would impact the Sponsor’s ability to address the critical immediate needs of the Project, including seismic work. With the current \$257K in replacement reserves and \$31K in annual replacement reserve deposits, the Project’s replacement reserves are expected to go negative in Year 9.

To address inadequate replacement reserves (\$257K in existing funds and \$31K in annual replacement reserve deposit requirements), BHHC will contribute \$100K to replacement reserves from their own equity through closing to help grow the replacement reserves, and MOHCD staff recommend approval for the Project to assume the Small Sites Program (SSP) residual receipts policy.

Small buildings often experience replacement reserve challenges related to high building rehabilitation needs and low-unit count. To address this challenge, SSP requires 2/3 of residual receipts to be deposited into a project’s replacement reserve for years that the project’s balance is less than 1.5 times the original capitalized replacement reserve amount. Because the Project is comprised of three small buildings, it experiences many of the same challenges as SSP properties. To support the reserves over the life of the Project, the **Project is requesting to use the same residual receipts policy as the Small Sites Program, where for any year when the replacement reserve balance is less than 1.5 times the original capitalized replacement reserve required, 1/3 of residual receipts may be retained by Project Sponsor and 2/3 must be deposited into the Project’s Replacement Reserve.**

With these adjustments, the average annual replacement reserve deposit is projected to be around \$55K. \$55K is equal to the \$31K of required annual replacement reserve deposit requirement and \$24K, which is the average yearly amount estimated to be deposited into replacement reserves from residual receipts. With these modifications, replacement reserves are projected to be fully funded through Year 20. MOHCD staff supports this request.

7.4 Income Restrictions for All Sources.

UNIT SIZE		MAXIMUM INCOME LEVEL	
<b>LOTTERY</b>		<b>MOHCD</b>	<b>TCAC</b>
Studio (Woolsey)	2	50% MOHCD AMI	30% TCAC AMI
Studio (Woolsey)	8*	60% MOHCD AMI -	40% TCAC AMI
<b>Sub-Total</b>	<b>10</b>		
<b>NON-LOTTERY</b>		<b>MOHCD</b>	<b>TCAC</b>
Studio (HB)	6	50% MOHCD AM	30% TCAC AMI
<b>Sub-Total</b>	<b>6</b>		
- BR (HB --3, Eddy - 1)	4	50% MOHCD AMI	30% TCAC AMI
<b>Sub-Total</b>	<b>4</b>		
2 BR (Eddy)	5	50% MOHCD AMI	30% TCAC AMI
<b>Sub-Total</b>	<b>5</b>		
3 BR (Eddy)	1	50% MOHCD AMI	30% TCAC AMI
<b>Sub-Total</b>	<b>1</b>		
<b>TOTAL</b>	<b>26</b>		
<b>PROJECT AVERAGE</b>		<b>53.08%</b>	<b>33.08%</b>
<b>AVERAGE FOR LOTTERY UNITS ONLY</b>		<b>22.31%</b>	<b>14.62%</b>

**\*NOTE:** One of the studio units at Woolsey is currently unrestricted because the tenant is over income. However, restricting the unit to no more than 60% AMI at turnover will be a condition of this loan. See **Section 9.3** for more on loan conditions.

- Woolsey is the only site that uses DAHLIA and the lottery system. Hazel Betsey receives referrals from HSH and Positive Match receives referrals from SFHA.

7.5 MOHCD Restrictions.

There are no changes proposed to the following existing restrictions:

<b>Unit Size</b>	<b>No. of Units</b>	<b>Maximum Income Level</b>
studio	8	50% of Median Income
studio	8*	60% of Median Income
1-BR	4	50% of Median Income
2-BR	5	50% of Median Income
3-BR	1	50% of Median Income

\* See Note above.

## 8. SUPPORT SERVICES

### 8.1. Services Plan.

Resident services are provided by Catholic Charities for Eddy Street and Hazel Betsey properties. Woolsey does not have a service plan since its residents do not require supportive services. All resident services are paid out of a separate budget and not incorporated in the Project's operating budget.

At Eddy Street, Catholic Charities Rita Da Cascia - Positive MATCH Program provides housing stabilization services for all tenants living onsite and additional clients that live offsite. This program collaborates with other HIV service providers to provide clients with mental health, substance abuse, and housing support. Participation with the Program's collaborative partners, including Family Service Network and the Women's Center of Excellence, is critical to the success of the Program. The Program, together with these collaborations, provides an integrative service model, including wrap-around psychosocial services and intensive medical case management. On-site psychotherapy and support groups are also provided to clients through this collaboration.

For this service program, Catholic Charities provides case managers, funded through a separate funding stream, who do intake and assessment, case planning, individual and group counseling, and resource referral, case coordination and advocacy. The program also has one 0.8 FTE Program Coordinator, shared across onsite and offsite clients, who focuses on planning educational and enriching activities and events.

Catholic Charities also provides services at Hazel Betsey through the HOPWA Short-Term Rent, Mortgage, and Utility (STRMU) assistance program. This program provides intensive wrap-around case management services, including food distribution, support groups, art therapy, financial planning, budgeting, and credit readiness workshops. The Program also offers health and wellness support including, healthy lifestyle/prevention/safety, whole-family health screenings, nutrition,

fitness, mental health maintenance, substance disorders and abuse classes. Case management escorts participants to medical appointments to ensure compliance, provide advocacy/support, coordinate housing services, assist in obtaining benefits, provide referrals and/or mainstreaming to appropriate services. STRMU provides a part-time FTE Program Coordinator, a part-time FTE Program Coordinator, and part-time FTE Case Manager for supportive services.

## 8.2. Services Budget.

### **Positive Match**

Separate from the operating budget, supportive services will be funded through a Catholic Charities contract. Catholic Charities also serves clients that do not live onsite and maintains a separate budget for those clients. Services expenses funded through the separate Catholic Charities contract are estimated at \$8.8K per unit for adults and families, totaling an annual of \$1,029,550.00 per year.

### **Hazel Betsey**

Separate from the operating budget, BHHC has a HOPWA Permanent Supportive Housing contract with HUD. BHHC sub-contracts to Catholic Charities to provide onsite services to nine tenants. The total grant amount is \$477,343 for 3 years, \$115,114.33 per year. Through the STRMU program, there is a 0.13 FTE Program Coordinator. For the supportive service, there is a 0.72 FTE Case Manager and a 0.33 FTE Program Coordinator. The Program Coordinators and Case Managers are shared across multiple properties, which is why only a fraction of the FTE is allocated to Hazel Betsey.

### **195 Woolsey**

There are no services at this site.

## 9. STAFF RECOMMENDATIONS

### 9.1. Proposed Loan/Grant Terms

<b>Financial Description of Proposed ENP NOFA Loan</b>	
Loan Amount:	\$2,570,158
Loan Term:	55 years
Loan Maturity Date:	2079
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%

Date Loan Committee approves prior expenses can be paid:	July 31, 2023 (date of ENP NOFA award)
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<b>Financial Description of Proposed PASS Loans</b>	
Loan Amount:	PASS- MR Loan: \$2,259,999 PASS- BMR Loan: \$1,246,896 PASS- Deferred Loan: \$204,105
Loan Term:	40 Years, after interest-only period
Loan Maturity Date:	40 Years, after interest-only period
Loan Repayment Type:	PASS MR and BMR Loan: Periodic (monthly) PASS Deferred: Balloon
Loan Interest Rate:	PASS MR Loan: 3.87289% PASS BMR and Deferred Loan: 0.95763%
Date Loan Committee approves prior expenses can be paid:	July 31, 2023 (date of ENP NOFA award)

**9.2. Recommended Closing Conditions.**

1. Sponsor will achieve 90% occupancy across the three sites before loan closing.
2. Relocation plan and final proposed budget will be provided and approved by MOHCD staff before loan closing.
3. Any existing non-MOHCD loans will be paid off through escrow through operating income (non-loan proceeds) before loan closing.
4. Sponsor must provide operating and development budgets that meet MOHCD Underwriting Guidelines and MOHCD Commercial Space Underwriting Guidelines before Sponsor executes loan documents.
5. BHC will deposit \$100K in replacement reserves and \$66K in operating reserves through escrow at closing.

**9.3. Recommended Loan Conditions**

1. Sponsor must provide MOHCD with detailed monthly updates via the MOH Monthly Project Update, including on:
  1. Lease up progress;
  2. Procurement progress; and
  3. Rehabilitation progress
2. If Lead and Asbestos are not abated as part of the rehabilitation scope, an O&M Plan addressing the handling of unabated lead

and asbestos must be submitted no later than 90 days after construction completion.

3. Sponsor will continue to identify additional capital sources for rehabilitation work, including utilizing the Low-Income Weatherization Program where applicable and applying for Affordable Housing Program funds in 2025.
4. The one unrestricted unit at 195 Wooley will be required to be restricted to no less than 60% AMI at turnover.
5. Sponsor will implement rent increases at 195 Woolsey to bring tenants closer to a 30% rent burden.
6. To contain costs, the Project Team will coordinate with 360 Management and MOHCD's Construction Representative to select a highly experienced general contractor, oversee design-build sub selection and bids, coordinate specifications across trades, maintain a 6-month construction schedule to keep general conditions costs down, and quickly turnaround value engineering and scope re-prioritization as needed.
7. BHHC will work with MOHCD project staff to revise budget based on general contractor hard bid for the seismic work and subcontractor bids for other project components.
8. The Sponsor will work with CMD and MOHCD to ensure all procurement policies are followed and procurement deadlines are met.
9. Sponsor will work with Catholic Charities to maximize the length of commercial leases at Hazel Betsey and Positive Match.

## 10. LOAN COMMITTEE MODIFICATIONS



## LOAN COMMITTEE RECOMMENDATION

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

\_\_\_\_\_  
Daniel Adams, Director  
Mayor's Office of Housing and Community Development

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

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

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

**REQUEST FOR APPROVALS OVER REHAB FINANCING, LOAN RECASTING, AND INTEREST FORGIVENESS; FOR 1652 EDDY STREET, 3554 17TH STREET, AND 195 WOOLSEY STREET.**

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

Tue 4/9/2024 6:45 PM

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

Hi Vanessa – I vote yes to approve the above listed request.

Daniel Adams

Director

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

1652 Eddy Street (Positive Match), 3554 17th Street (Hazel Betsey), and 195 Woolsey Street.

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

Tue 4/9/2024 2:22 PM

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

I approve Bernal Heights Housing Corporation, through Hazel Eddy Woolsey LLC, request for \$2,570,158 in ENP funds, \$3,711,000 in Preservation and Seismic Safety Program funds, \$4,114,056 in loan recast, and \$1,839,633 in interest forgiveness for the rehabilitation and permanent financing of the following properties: 1652 Eddy Street (Positive Match), 3554 17th Street (Hazel Betsey), and 195 Woolsey Street.

Best,

salvador



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

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## Request for Approvals Over Rehab Financing, Loan Recasting, and Interest Forgiveness; for 1652 Eddy Street, 3554 17th Street, and 195 Woolsey Street.

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

Fri 4/5/2024 11:56 AM

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

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

Hi Vanessa,

I approve the above request on behalf of OCII.

Thanks

Marc



**Marc Slutzkin**  
**Deputy Director**

---

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

🏠 [www.sfcii.org](http://www.sfcii.org)

REQUEST FOR APPROVALS OVER REHAB FINANCING, LOAN RECASTING, AND INTEREST FORGIVENESS; FOR 1652 EDDY STREET, 3554 17TH STREET, AND 195 WOOLSEY STREET.

Katz, Bridget (CON) <bridget.katz@sfgov.org>

Fri 4/5/2024 11:55 AM

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

Approve

**Bridget Katz**

*Deputy Director*, Office of Public Finance  
Controller's Office | City & County of San Francisco

Office Phone: (415) 554-6240

Cell Phone: (858) 442-7059

E-mail: [bridget.katz@sfgov.org](mailto:bridget.katz@sfgov.org)

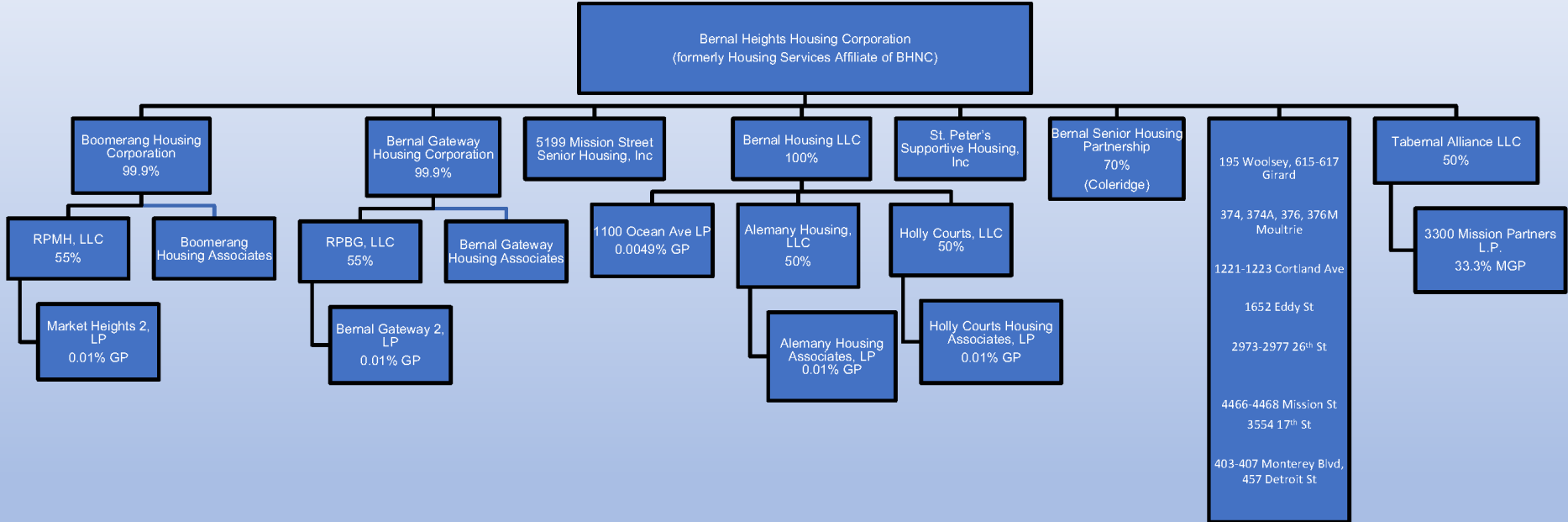
**Attachment A: Project Milestones and Schedule**

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	<u>N/A</u>	
1	Acquisition/Predev Financing Commitment	<u>Dec - June 2024</u>	
2.	Site Acquisition	<u>N/A</u>	
3.	Development Team Selection		
a.	Architect	<u>October 2023</u>	
b.	General Contractor	<u>Dec - Apr 2024</u>	
c.	Owner's Representative	<u>November 2023</u>	
d.	Property Manager	<u>Completed</u>	<u>Already in Place</u>
e.	Service Provider	<u>Completed</u>	<u>Already in Place</u>
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>January 2024</u>	
b.	Submittal of Design Development & Cost Estimate	<u>March 2024</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>May 2024</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>July 2024</u>	
5.	Commercial Space	<u>N/A</u>	
a.	Commercial Space Plan Submission	<u>N/A</u>	
b.	LOI/s Executed	<u>Renews every 3 year</u>	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	<u>N/A</u>	
b.	CEQA Environ Review Submission	<u>N/A</u>	
c.	NEPA Environ Review Submission	<u>N/A</u>	
d.	CUP/PUD/Variances Submission	<u>N/A</u>	
7.	PUC/PG&E		
a.	Temp Power Application Submission	<u>N/A</u>	
b.	Perm Power Application Submission	<u>N/A</u>	
8.	Permits		
a.	Building / Site Permit Application Submitted	<u>October 2024</u>	
b.	Addendum #1 Submitted		

c.	Addendum #2 Submitted		
9.	Request for Bids Issued	<u>February 2025</u>	
10.	Service Plan Submission		
a.	Preliminary		
b.	Final		
11.	Additional City Financing	<u>N/A</u>	
a.	Preliminary Gap Financing Application	<u>N/A</u>	
b.	Gap Financing Application	<u>N/A</u>	
12.	Other Financing	<u>N/A</u>	
a.	HCD Application	<u>N/A</u>	
b.	Construction Financing RFP	<u>N/A</u>	
c.	AHP Application	<u>N/A</u>	
d.	CDLAC Application	<u>N/A</u>	
e.	TCAC Application	<u>N/A</u>	
f.	Other Financing Application	<u>N/A</u>	
g.	LOSP Funding Request	<u>N/A</u>	
13.	Closing		
a.	Loan Closing	<u>July 2024</u>	
b.	Conversion of Construction Loan to Permanent Financing	<u>N/A</u>	
14.	Construction	<u>March 2025</u>	
a.	Notice to Proceed	<u>March 2025</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>TBD</u>	
15.	Marketing/Rent-up	<u>N/A</u>	
a.	Marketing Plan Submission	<u>N/A</u>	
b.	Commence Marketing	<u>N/A</u>	
c.	95% Occupancy	<u>N/A</u>	
16.	Cost Certification/8609	<u>TBD</u>	
17.	Close Out MOH/OCII Loan(s)	<u>TBD</u>	

**Attachment B: Borrower Org Chart**

**Bernal Heights Housing Corporation  
Organizational Chart  
October 2023**





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

### **Gina Dacus, Executive Director**

Gina leads both BHNC and BHHC organizations. She leads all the housing development, including strategy, direction and guidance around partnerships, service management, community engagement and relationship building with decision making bodies. As a BIPOC leader, she is passionate about addressing racial equity.

### **Adeline Siew, Controller**

Adeline provides financial oversight to the Asset Management Department. As the CPA to BHHC in 2022 and with more than 12 years of accounting experience, Adeline's oversight is instrumental to aligning assets management data with the Finance Department. She also leads staff overseeing finance tasks and oversight that pertains to Asset Management functions.

### **Patrick Murphy, Accounting Supervisor**

Patrick brings 8 years of accounting and audit experience in CPA firms to the team and works in tandem with the controller to ensure accuracy and continued compliance within the Finance Department. He provides direct oversight and review of reporting for the Asset Management activities and Programs for the Neighborhood Center. He is a key member in checking and improving processes and controls as the organization continues to grow capacity.

### **Miriam Noboa, Housing Project Manager**

Miriam supervises current projects and oversees major repairs for properties in BHHC's portfolio. She brings to the team expertise in several areas: construction, finances, real estate and social work. She contributed to the Alemany RAD project and was the project manager for the recent resyndication of Bernal Gateway and Market Heights properties. She interfaces with small sites properties and oversees the repair budgets for the portfolio.

### **Ayanna Weathersby, Asset/Relocation Manager**

Ayanna oversees the daily operations of BHHC properties, including monitoring the activities of service providers and property management companies. She also oversees the pre- and post- relocation of tenants during construction rehabilitation and site and funding reporting requirements.

### **Connie Xie, Housing Development Project Manager**

Connie was involved with BHHC initiatives through the Bernal Gateway Apartments resyndication. She works closely with the asset management consultant to develop strategies for implementation of our housing vision. She provides daily operational support for new development and acquisition projects.

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

Bernal Neighborhood Center (BHNC)’s Asset Management Department will provide asset management staff to monitor and support the Bernal Bundle properties. BHHC’s asset management staff/consultants and accounting staff will continue to perform compliance and accounting duties for the Bernal Bundle project during operations.

BHHC’s portfolio represents a breadth of complex funding arrangements that is significant for its modest size. Properties in the portfolio reflect a variety of HUD and low-income housing tax credit programs including - HOPWA, LOSP, Section 8, PRAC, etc.

BHNC’s Asset Management department currently oversees 197 units of 584 residential units that BHHC owns. In BHHC’s portfolio, they have: two buildings with tax credit units, two HOPWA sites, two with PRAC, a senior building, a building for adults with disabilities, and small sites. The properties range in size from two to 135 units and are located throughout Bernal Heights, the Excelsior, Sunnyside, the Mission, the Portola, SOMA, Western Addition, and Outer Richmond. The residents who live in these properties are low-income seniors or families, adults with physical and/or developmental disabilities, individuals living with HIV/AIDS, and formerly homeless families and individuals. Overwhelmingly, they are also people of color, limited English-speakers, and immigrants.

<b>Staff, Role</b>	<b>Vacant/Filled</b>	<b>FTE/PTE</b>
Gina Dacus, Executive Director	Filled	FTE, 27% allocation to AM
Ayanna Weathersby, Asset Manager	Filled	FTE, 90% allocation to AM
Kayne Doumani, AM Consultant	Filled	PTE, on project basis
Juana Mejia, AM consultant	Filled	PTE, on project basis for 2 properties
Adeline Siew, Accounting Manager	Filled	FTE, 33% allocation to AM
John Beem, Finance Consultant	Filled	FTE, 50% allocation to AM
Miriam Noboa, Project Manager	Filled	FTE, 100% allocation to AM
Connie Xie, Housing Coordinator	Filled	FTE, 20% allocation to AM

**Description of Scope and Range of Duties of Developer’s Asset Management Team**

Asset Management Consultants for BHNC/BHHC assist with complex projects, overseeing portfolio sustainability, and a reconceptualization of the staffing pattern. Finance and Asset Management functions were combined during the pandemic due to hiring challenges, as asset management personnel are difficult to obtain. Key development staff - our Controller, Housing Project Manager, and Housing Development

Coordinator, and an Asset/Relocation Manager are in training to grow their staff capacity. All the asset management staffing mentioned above provide a range of duties, including reviewing financials, reporting and communicating to all financial partners, aiding in the approval of all budgets for the properties and operating reserves, and submitting grants and loan applications to secure or continue operating funding for the property.

BHNC/BHHC adheres to financial policies and procedures covering all areas of finance - treasury, investment, property/plant/equipment, receivables, revenue management, expenditure management, related party transactions, and record retention.

Asset Management oversees all aspects of operation and in daily communication with Property Management. There is constant coordination between Asset Management and the other departments listed above. Asset and Property Management work together to coordinate and resolve emergencies at properties and help resolve tenant related issues. Further, they collaborate with the accounting team on financial oversight of the properties and assist with annual audits & budgets. Asset Management works closely with the Compliance department on compliance issues that directly affect ownership and the partnership.

BHNC/BHHC anticipates that the portfolio will grow from 197 units under asset management to approximately 401 units in the next 5 years.

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

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

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

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

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

- Maximize the number of priority placements (COP holders, etc.)
- Maximize (meet or exceed) the City's requirements for promotion of SBE/LBE organizations with contracts and local hiring with construction labor
- Create opportunities for growth of Emerging Developers (smaller organizations) in development role or member of development team.
- Provide initial draft marketing plans within 6 months of anticipated completion of scope of work/re-rental of vacant units, if applicable, outlining the affirmative steps applicants will take to market each housing property to the City's preference program participants including Certificate of Preference (COP) Holders and Displaced Tenants, 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. (Note: not applicable for units that take referrals from Coordinated Entry or the San Francisco Housing Authority.)
- Submit responses to requests for demographic data regarding the Boards of Directors of the applicant organization and of the staff of the Respondents that are selected. This data will not be evaluated or scored.

Note: upon entry into loan agreement with MOHCD, applicants must agree to use DAHLIA and current marketing requirements. Please see Section E below.

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

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

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

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

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

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

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

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

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

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

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

- **Income Limits**

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

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

- **Affordability Term**

Furthermore, upon completion of any rehabilitation pursuant to this NOFA, affordability

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

- Capital Needs Assessment

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

- Replacement Reserve Account

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

- Marketing

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

- Annual Monitoring

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

- Other MOHCD Policies

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

## **F. AWARD LIMITATIONS**

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

To the extent practical, MOHCD encourages applicants to bundle several rehabilitation projects together under one application to minimize administrative

burdens. Bundled applications must be owned by the same nonprofit or general partner entity and are expected to share one operating reserve and one replacement reserve upon entry into the new loan agreement.



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

### **A. SELECTION PROCESS**

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

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

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

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

### **B. MINIMUM PROPOSAL REQUIREMENTS.**

1. Proposals must demonstrate financial feasibility and include a Financing Plan, including a detailed Sources and Uses Budget, that utilizes the most current version of the Mayor's Office of Housing and Community Development's Underwriting Guidelines, available on the MOHCD website (see <https://sfmohcd.org/housing-development-forms-documents>).
2. Proposals must demonstrate—through provision of specific examples of inputs used for estimating, including prevailing wages—that the project's total budget, as well as its specific line items, is comparable to recent and similar projects, to industry standards, and is compliant with funding source regulations, MOHCD policy, and most recent underwriting guidelines. Cost per unit, per square foot (land area and building space), per

bed or bedroom will be examined relative to total cost, City subsidy, and construction cost.

3. Proposals must provide a construction cost estimate that reflects current construction costs, including prevailing wages, and show escalation assumptions as a separate line item.
4. Proposals must include an operating budget that includes all expenses necessary to properly operate and maintain the building.
5. Proposals that include any tenant displacement/relocation (including any relocation of commercial uses) must include a full relocation plan and budget.
6. Proposals must include a community engagement plan that demonstrates the capacity to generate necessary resident and neighborhood support for the proposed scope of work. Include any evidence of support expressed to date for the project, as well as plans for community engagement with residents and neighbors going forward.
7. As applicable, Proposals must include a description of how any commercial vacancies will be addressed.
8. Proposals must include demographic data regarding the Boards of Directors of member organizations of the applicants' teams and staff.

**C. SELECTION CRITERIA AND SCORING**

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

	<b>Category</b>	<b>Points</b>
<b>A.</b>	<b>ALIGNMENT WITH CITY GOALS</b>	<b>10</b>
i.	Demonstrates experience working with or placing COP holders or populations who share characteristics with COP populations. Demonstrates how Applicant has previously promoted and plans to promote under the proposed scope of work, SBE/LBE organizations with contracts and local hiring.	5

ii.	Describes how development aligns with MOHCD's 2020-2024 Consolidated Plan by addressing one (1) or more of the identified objectives. Describes how the site serves one (1) or more of the identified five (5) target populations.	5
<b>B. URGENCY</b>		<b>25</b>
i.	Demonstrates need for urgent repairs through CNA, Notice of Violation (NOVs), Field Inspection report, and/or Third Party technical report. (Max points for scope that includes NOVs). Documentation of work orders for repairs and/or requests for ADA accommodations are encouraged.	15
ii.	Extent to which applicant has capacity to enter into a loan agreement with MOHCD by end of 2023. Extent to which applicant can complete full scope of work within 3 years (by Spring 2026).	10
<b>C. NEED</b>		<b>35</b>
i.	Extent to which average occupant income is less than 40% AMI. (Sliding scale of points, more points for lowest AMI)	10
ii.	Extent to which Replacement Reserves (available as of 12/31/2022) are less than \$5k/unit and insufficient to meet immediate and short-term capital improvement needs as recommended in a CNA. (Sliding scale, most points for least reserves)	5
iii.	Number of years since major recapitalization. (Sliding scale, most points for most time elapsed.)	5
iv.	Property applied for funding under the 2016 ENP NOFA and was not funded, nor has secured other funding or addressed the need identified in the 2016 NOFA response.	5
v.	Demonstrates need to meet City code/requirements for seismic safety, fire safety, and ADA compliance, for	5

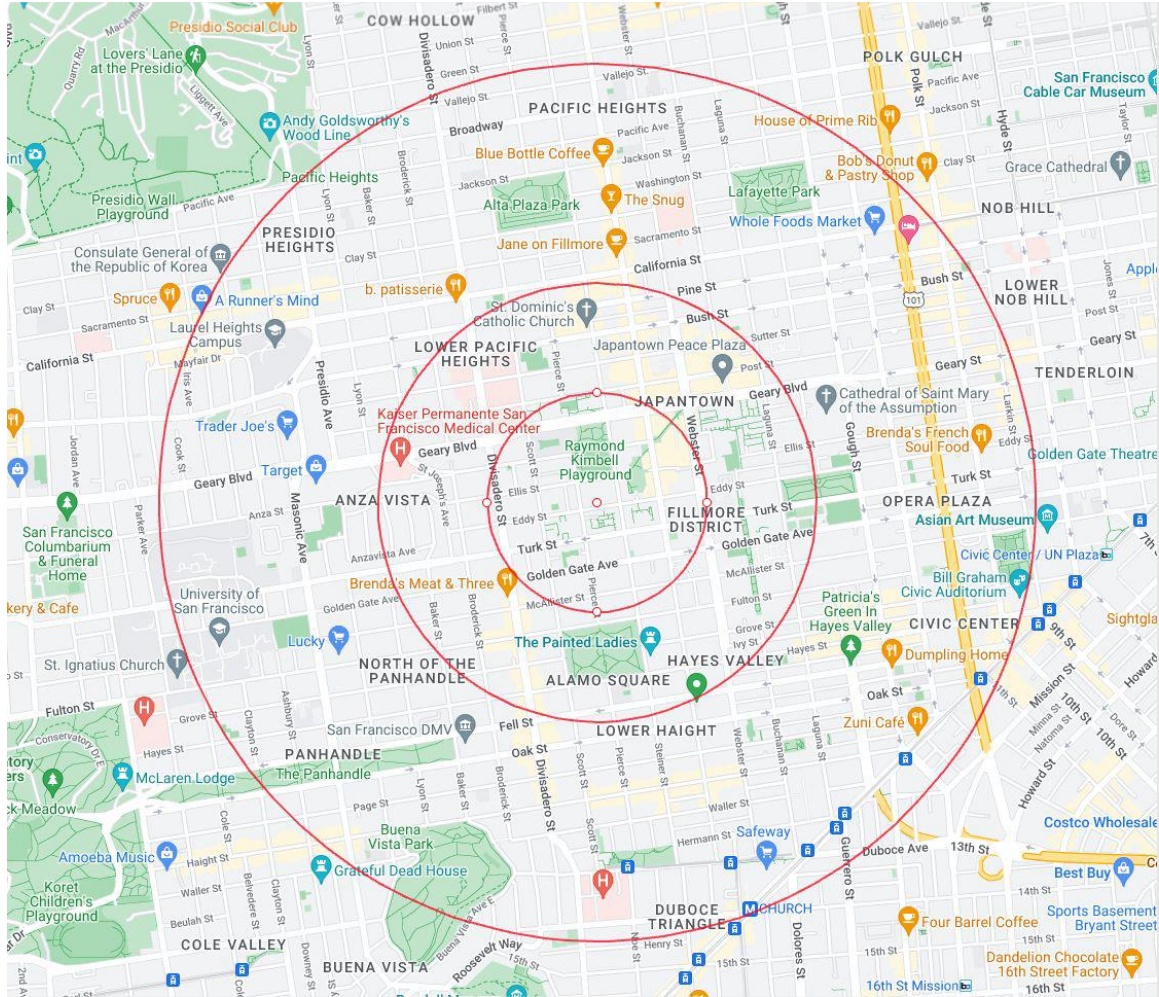
	example.	
vi.	<p>Property is not competitive for any of these funding sources:                      LIHTC 9% (competitive pools)                      LIHTC 4%/Tax Exempt Bonds                      MOHCD Cash Out Waiver</p> <p>For tax credits, provide self-score and/or narrative regarding analysis of competitiveness.</p>	5
<b>D. COST AND BUDGET</b>		<b>25</b>
	Appropriateness of Scope relative to documented needs (most points for connection made between proposed scope and materials submitted to receive Urgency points under B. above, which includes a CNA)	5
	Scope meets funding minimum of \$1M and maximum of \$4M, or \$100k/unit, whichever is lower. Projects with 25 or fewer units meet funding minimum of \$250K and maximum of \$500k.	5
	Number of years of project financial feasibility/independence gained from the proposed improvement, including capitalization of replacement reserve (.5 points for each year beyond 5 years, up to 5 points max) Demonstrates that property will not need additional MOHCD capital for at least five (5) years.	5
	Extent to which proposal accounts for necessary communication with residents and neighbors related to the scope of work, and any temporary relocation required, including appropriate budget and communications plan.	5

	Extent to which proposal includes admin costs that will cover staff/consultant(s) fees to insure project completion.	5
<b>E. OPERATIONS</b>		<b>20</b>
	Extent to which applicant has history of compliance with terms of previous financing agreements (subtract .5 point for every site that is out of compliance for income, rent or rent increase compliance issues, or for which an AMR has not been submitted on time in the past 12 months.)	10
	Extent to which rents are currently maximized for tenants who are not rent-burdened (most points for maximized rents.)	5
	Extent to which proposed scope demonstrates cultural competency and includes project partners that will deploy city resources that are responsive to populations disproportionately impacted by systemic racism.	5
<b>F. BONUS POINTS</b>		<b>5</b>
	Emerging Developers are included in the applicant team.	1
	Integrated Pest Management – site study was completed prior to application submission and recommendations from the IPM report must be adopted into the final scope of work.	2

	Electrification – Scope of work achieves full electrification and incorporates climate resilience measures, documents vulnerability to climate change, such as overheating in the building, exposure to unfiltered outdoor air, and vulnerable resident populations, resident benefits, in the form of projected reduction in energy bills or quality of life improvements, such as air conditioning or outdoor air filtration, and demonstrated leverage with rebate programs.	2
<b>TOTAL POSSIBLE POINTS</b>		<b>120</b>

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

### Attachment F: Site Map with amenities



**Attachment G: Elevations and Floor Plans**

N/A



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



**Attachment I: Predevelopment Budget**

N/A

**Attachment J: Development Budget**

Application Date: 7/1/23 # Units: 28
Project Name: Hazlet Eddy Woolsey Bundle # Bedrooms: 153
Project Address: Hazlet Eddy (See more on project info page) multiple # Beds:
Project Sponsor: Bernal Heights Neighborhood Corporation

Small Sites Project

SOURCES table with columns: SOURCES, 2,670,158, 2,259,999, 1,246,896, 204,105, 1,070,119, 921,725, 228,869, 1,464,890, 428,453, 166,642, Total Sources 10,561,856

ACQUISITION Perm loans total: 2,570,158

ACQUISITION table with columns: ACQUISITION, 2,570,158, 2,570,158, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 4,012,938

CONSTRUCTION (HARD COSTS)

CONSTRUCTION (HARD COSTS) table with columns: CONSTRUCTION (HARD COSTS), 12,116,468, 264,668, 1,246,896, 204,105, 1,070,119, 921,725, 228,869, 1,464,890, 428,453, 166,642, 10,120, 0, 0, 0, 0, 0, 3,033,265

SOFT COSTS

SOFT COSTS table with columns: SOFT COSTS, 8,019, 11,981, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 20,000

RESERVES

RESERVES table with columns: RESERVES, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0

DEVELOPER COSTS

DEVELOPER COSTS table with columns: DEVELOPER COSTS, 242,307, 362,008, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 604,313

TOTAL DEVELOPMENT COST

TOTAL DEVELOPMENT COST table with columns: TOTAL DEVELOPMENT COST, 2,870,158, 2,259,999, 1,246,896, 204,105, 1,070,119, 921,725, 228,869, 1,464,890, 428,453, 166,642, 10,395,214

Acquisition Cost/Unit by Source

Acquisition Cost/Unit by Source table with columns: Acquisition Cost/Unit by Source, 78,414, 57,430, 47,958, 7,850, 0, 0, 0, 0, 0, 0, 195,611

Construction Cost/Unit by Source

Construction Cost/Unit by Source table with columns: Construction Cost/Unit by Source, 110,42, 80,87, 67,53, 11,05, 0, 0, 0, 0, 0, 0, 275,37

Possible non-eligible GO Bond/COP Amount

Possible non-eligible GO Bond/COP Amount table with columns: Possible non-eligible GO Bond/COP Amount, 1,354,388, 98,852

Tax Credit Equity Pricing

Tax Credit Equity Pricing table with columns: Tax Credit Equity Pricing, N/A, N/A, N/A, N/A

Small Sites Combined Loan to Value Ratio

Small Sites Combined Loan to Value Ratio table with columns: Small Sites Combined Loan to Value Ratio, 0%, 0%, 0%, 0%, 27%, 23%, 263%, 100%

Small Sites Maximum Developer Fee

Small Sites Maximum Developer Fee table with columns: Small Sites Maximum Developer Fee, 340,000, Developer Fee exceeds the Maximum Developer Fee

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

**Application Date:** 7/1/2023 **Project Name:** Hazel Eddy Woolsey Bundle  
**Total # Units:** 26 **Project Address:** multiple (See more on property info page) multiple  
**First Year of Operations** (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2024 **Project Sponsor:** Bernal Heights Neighborhood Corporation *Correct errors noted in Col N!*

<b>Small Sites Project</b>		<b>Total</b>	<b>Comments</b>	<b>PUPA</b>	<b>PUPM</b>
<b>INCOME</b>					
Residential - Tenant Rents		178,423	Links from 'Existing Proj - Rent Info' Worksheet	6,786	565
Residential - Tenant Assistance Payments (SOS Payments)		0	Comments		
Residential - Tenant Assistance Payments (Other Non-LOSP)		513,084	Links from 'Existing Proj - Rent Info' Worksheet	19,734	1,645
Commercial Space		20,000	from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	769	
Residential Parking		0	Links from 'Utilities & Other Income' Worksheet	-	
Miscellaneous Rent Income		0	Links from 'Utilities & Other Income' Worksheet	-	
Supportive Services Income				-	
Interest Income - Project Operations		0	Links from 'Utilities & Other Income' Worksheet	-	
Laundry and Vending		0	Links from 'Utilities & Other Income' Worksheet	-	
Tenant Charges		0	Links from 'Utilities & Other Income' Worksheet	-	
Miscellaneous Residential Income		0	Links from 'Utilities & Other Income' Worksheet	-	
Other Commercial Income		0	from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	
Withdrawal from Capitalized Reserve (deposit to operating account)				-	
<b>Gross Potential Income</b>		<b>709,507</b>			
Vacancy Loss - Residential - Tenant Rents		(8,821)	Vacancy loss is 5% of Tenant Rents.		(339)
Vacancy Loss - Residential - Tenant Assistance Payments		(25,854)	Vacancy loss is 5% of Tenant Assistance Payments.		(987)
Vacancy Loss - Commercial		(2,000)	from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%		(77)
<b>EFFECTIVE GROSS INCOME</b>		<b>673,032</b>	<b>PUPA: 25,886</b>		

**OPERATING EXPENSES**

<b>Management</b>					
Management Fee		25,272	1st Year to be set according to HUD schedule.	972	81
Asset Management Fee		11,681		449	
<b>Sub-total Management Expenses</b>		<b>36,953</b>	<b>PUPA: 1,421</b>		
<b>Salaries/Benefits</b>					
Office Salaries		0	Links from 'Staffing' Worksheet	-	
Manager's Salary		45,597	Links from 'Staffing' Worksheet	1,754	
Health Insurance and Other Benefits				-	
Other Salaries/Benefits				-	
Administrative Rent-Free Unit				-	
<b>Sub-total Salaries/Benefits</b>		<b>45,597</b>	<b>PUPA: 1,754</b>		
<b>Administration</b>					
Advertising and Marketing		6,253	includes cost of tenants' credit and background checks	241	
Office Expenses		800		31	
Office Rent				-	
Legal Expense - Property		11,350		437	
Audit Expense		11,700		450	
Bookkeeping/Accounting Services		11,052		425	
Bad Debts				-	
Miscellaneous		1,296	19145 telephone, 3720 payroll processing fees, 1303 misc, 420 prof services	50	
<b>Sub-total Administration Expenses</b>		<b>42,451</b>	<b>PUPA: 1,633</b>		
<b>Utilities</b>					
Electricity		24,164		929	77
Water		22,027		847	71
Gas		18,156		688	58
Sewer				-	
<b>Sub-total Utilities</b>		<b>64,347</b>	<b>PUPA: 2,475</b>		
<b>Taxes and Licenses</b>					
Real Estate Taxes		4,040		155	
Payroll Taxes				-	
Miscellaneous Taxes, Licenses and Permits		600		23	
<b>Sub-total Taxes and Licenses</b>		<b>4,640</b>	<b>PUPA: 178</b>		
<b>Insurance</b>					
Property and Liability Insurance		28,465		1,095	
Fidelity Bond Insurance				-	
Worker's Compensation				-	
Director's & Officers' Liability Insurance				-	
<b>Sub-total Insurance</b>		<b>28,465</b>	<b>PUPA: 1,095</b>		
<b>Maintenance &amp; Repair</b>					
Payroll		93,288	Links from 'Staffing' Worksheet	3,588	
Supplies		12,805	repair materials	493	
Contracts		75,602	elevator	2,908	
Garbage and Trash Removal		30,276		1,164	
Security Payroll/Contract		9,941	Links from 'Staffing' Worksheet	382	
HVAC Repairs and Maintenance			included above in repairs/maintenance	-	
Vehicle and Maintenance Equipment Operation and Repairs			n/a - pay mileage to staff in misc line below	-	
Miscellaneous Operating and Maintenance Expenses		4,300		165	
<b>Sub-total Maintenance &amp; Repair Expenses</b>		<b>226,212</b>	<b>PUPA: 8,700</b>		
<b>Supportive Services</b>		0	Links from 'Staffing' Worksheet	-	
<b>Commercial Expenses</b>		0	from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	
<b>TOTAL OPERATING EXPENSES</b>		<b>448,665</b>	<b>PUPA: 17,256</b>		

<b>Reserves/Ground Lease Base Rent/Bond Fees</b>					
Ground Lease Base Rent		0	Provide additional comments here, if needed.	-	
Bond Monitoring Fee		5,000		192	
Replacement Reserve Deposit		30,886		1,180	
Operating Reserve Deposit		9,223		355	
Other Required Reserve 1 Deposit				-	
Other Required Reserve 2 Deposit				-	
Required Reserve Deposits, Commercial		0	from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%	-	
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>		<b>44,909</b>	<b>PUPA: 1,727</b>		
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond)</b>		<b>493,574</b>	<b>PUPA: 18,984</b>		
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>		<b>179,458</b>	<b>PUPA: 6,902</b>		
			Min DSCR: 1.09		
			Mortgage Rate: 5.00%		
			Term (Years): 30		
			Supportable 1st Mortgage Pmt: 164,640		
			Supportable 1st Mortgage Amt: \$2,556,788		
			Proposed 1st Mortgage Amt: \$2,259,999		

<b>DEBT SERVICE/MUST PAY PAYMENTS (Hard debt/amortized loans)</b>					
Hard Debt - First Lender		111,210	PASS- MR		Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% p/ymt, or other 2nd Len)		37,535	PASS- BMR		Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		0			Provide additional comments here, if needed.
Hard Debt - Fourth Lender		0			Provide additional comments here, if needed.
Commercial Hard Debt Service		0	from 'Commercial Op. Budget Worksheet, Commercial to Residential allocation: 100%		
<b>TOTAL HARD DEBT SERVICE</b>		<b>148,746</b>	<b>PUPA: 5,721</b>		

<b>CASH FLOW (NOI minus DEBT SERVICE)</b>		<b>30,712</b>			
<b>AVAILABLE CASH FLOW</b>		<b>30,712</b>			

<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>					
<b>USES THAT PRECEED MOHCD DEBT SERVICE IN WATERFALL</b>					
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)					
Partnership Management Fee (see policy for limits)					
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)					
Other Payments					
Non-amortizing Loan Pmt - Lender 1 (select lender in comments field)					Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (select lender in comments field)					Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)			Def. Develop. Fee split: 0%		Provide additional comments here, if needed.
<b>TOTAL PAYMENTS PRECEDING MOHCD</b>		<b>0</b>	<b>PUPA: 0</b>		

<b>RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS)</b>		<b>30,712</b>			
<b>Residual Receipts Calculation</b>					
Will Project Defer Developer Fee?	<b>No</b>		Project has MOHCD ground lease?	<b>No</b>	
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	33%				
% of Residual Receipts available for distribution to soft debt lenders in	67%				

<b>Soft Debt Lenders with Residual Receipts Obligations</b>	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	All MOHCD/OCII Loans payable from res. recs		100.00%
MOHCD/OCII - Ground Lease Value or Land Aca Cost	Ground Lease Value		0.00%
HCD (soft debt loan) - Lender 3			0.00%
Other Soft Debt Lender - Lender 4			0.00%
Other Soft Debt Lender - Lender 5			0.00%

Enter Total MOHCD/OCII Principal Loan ams

<b>MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>		
MOHCD Residual Receipts Amount Due	20,475	67% of residual receipts, multiplied by 100% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	0	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.
<b>REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS</b>	<b>10,237</b>	<b>Total Resid Receipts due not allocated, please revise F142</b>
<b>NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE</b>		
HCD Residual Receipts Amount Due	0	
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
<b>Total Non-MOHCD Residual Receipts Debt Service</b>	<b>0</b>	
<b>REMAINDER (Should be zero unless there are distributions below)</b>	<b>10,237</b>	
Owner Distributions/Incentive Management Fee	10,237	100% of Borrower share of 33% of residual receipts
Other Distributions/Uses	0	
<b>Final Balance (should be zero)</b>	<b>0</b>	



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

