



118-0082021-002

Agenda Item **Nos. 5(c) through 5(e)**
Meeting of April 6, 2021

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Sally Oerth, Interim Executive Director

SUBJECT: Authorizing an Exclusive Negotiations Agreement with Transbay 2 Family, L.P., a California limited partnership, and Transbay 2 Senior, L.P., a California limited partnership, for the development of approximately 254 affordable rental housing units, and approximately 11,650 square feet of commercial space, including space for a child care facility, at Transbay Block 2; adopting environmental findings and providing notice pursuant to the California Environmental Quality Act ("CEQA")

Authorizing a Predevelopment Loan Agreement in an amount not to exceed \$3,500,000 with Transbay 2 Family, L.P., a California limited partnership, for the development of approximately 101 affordable family rental housing units, including one manager's unit, space for a child care facility, and retail space at Transbay Block 2 East; adopting environmental findings and providing notice pursuant to CEQA

Authorizing a Predevelopment Loan Agreement in an amount not to exceed \$3,500,000 with Transbay 2 Senior, L.P., a California Limited Partnership, for the development of approximately 153 affordable senior rental housing units, including one manager's unit, and retail space at Transbay Block 2 West; adopting environmental findings and providing notice pursuant to CEQA

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EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure (“OCII”) is carrying out its obligation to facilitate the development of certain formerly State-owned parcels in the Transbay Redevelopment Project Area (“Project Area”) and, in doing so, ensuring that a minimum of 35% of all residential units developed in the Project Area are affordable to low- and moderate-income households (pursuant to the Transbay Implementation Agreement and Cal. Public Resources Code § 5027.1). To meet the Project Area affordability requirement, 100% of residential units on Transbay Block 2 (“Block 2”), except for on-site manager’s units, will be affordable. In addition to complying with the Project Area affordability requirement, the planned units on Block 2 will contribute significantly toward Mayor Breed’s goal of increasing affordable housing in the City.

In June 2020 OCII issued a request for proposals (“RFP”) seeking a team to develop, own, and operate mixed-use affordable rental family and senior housing units, including units set-aside for formerly homeless households, on Transbay Blocks 2 East and West. Five teams responded to the RFP in September 2020 and the following month OCII convened an evaluation panel. Based on the results of the panel, staff recommends the selection of Mercy Housing California (“Mercy”) as lead developer, Chinatown Community Development Center (“CCDC”) as co-developer (Mercy and CCDC together are the “Sponsors”), and Kennerly Architecture and Planning and Mithun | Solomon (“Mithun”) as architects. Mercy would be owner and property manager of the 2 East parcel, providing a mixed-use family building with family supportive services provided by Episcopal Community Services (the “Family Project” or “Block 2 East”), and CCDC would be owner, property manager and services provider of the mixed-use senior building on the 2 West parcel (the “Senior Project” or “Block 2 West”).

The Sponsors proposed a development program that includes a total of 254 affordable rental housing units (including two manager’s units) and approximately 11,650 square feet of commercial space in two separate buildings, a mid-block pedestrian mews, and related streetscape improvements (the “Project”). In that scenario, the Family Project would provide 101 housing units and related resident amenities, space for a child care center, and ground floor retail. The Senior Project would provide 153 housing units and related resident amenities, as well as ground floor retail space. However, a key phase of the predevelopment period will be to determine if the building massing and designs are fully maximizing the potential for housing units and therefore the unit counts may change significantly.

The Sponsors are seeking to enter into an Exclusive Negotiations Agreement, as well as two separate Predevelopment Loan Agreements of \$3.5 million each to fund predevelopment activities on the Family and Senior Projects. The loan requests for both the Family Project and Senior Project were approved by the Citywide Affordable Housing Loan Committee on February 19, 2021, subject to certain terms and conditions stated in the attached loan evaluations (Attachment 1 for the Family Project and Attachment 2 for the Senior Project). The amounts are consistent with the funding estimates included in OCII’s fiscal year 2020-2021 Recognized Obligation Payment Schedule (“ROPS”) to the California Department of Finance, line numbers 413 (Senior Project/Block 2 West) and 416 (Family Project/Block 2 East).

OCII and the Sponsors have agreed to conditions in the ENA and Predevelopment Loan Agreements to address critical aspects of the development program and to ensure coordination between the developer and design teams. Among other things, conditions require the Sponsors to explore increasing the height and unit count to maximize affordable housing production, seek community serving uses for ground floor retail spaces, and establish a cohesive design plan between the two buildings and streetscape elements.

Staff recommends that the Commission authorize the Exclusive Negotiations Agreement and Predevelopment Loan Agreements to facilitate the commencement of predevelopment activities on Blocks 2 East and West and adopt environmental findings pursuant to the California Environmental Quality Act.

BACKGROUND

Transbay Development

The Project Area, established in 2005, calls for the redevelopment of approximately 40 acres of property, approximately 10 of which were formerly occupied by a portion of the Embarcadero Freeway, into a vibrant new downtown neighborhood combining high-density, transit-oriented housing, office and retail. The Redevelopment Plan for the Transbay Redevelopment Project Area ("Redevelopment Plan") is implemented through partnerships between OCII, the City, Transbay Joint Powers Authority ("TJPA"), Caltrans, and for-profit and non-profit developers. The zoning for the Project Area is divided into two zones: Zone 1 is implemented by OCII and Zone 2 is implemented by the San Francisco Planning Department. When completed, the Transbay Redevelopment Project Area (including both Zone 1 and Zone 2) will include:

- Approximately 3,800 new residential units, 35% of which will be affordable;
- 2.6 million square feet of office space and 200,000 square feet of retail space;
- 9.2 acres of parks, including the 5.4-acre Salesforce Park (located on the roof of the Salesforce Transit Center), the 1-acre Block 3 Park (to be located directly north of Block 2), and the approximately 2.5-acre Under-Ramp Park;
- Significant transportation improvements, including the Salesforce Transit Center, a regional hub connecting 11 transit systems and the planned future terminus for Caltrain and high-speed rail; and
- Streetscape improvements including the redesign of Folsom Street, widened sidewalks, bicycle facilities, and pedestrian-oriented alleys.

Within Zone 1, a total of 2,196 residential units have been completed, 33% of which are affordable. Please see the table below for a summary of completed and planned housing development in Zone 1.

Transbay Redevelopment Project Area Zone 1 Housing Projects				
Block/Address/Name	Market Rate Units (including manager's units)	Affordable Units	Total Units	Timing
Completed				
Block 11a (25 Essex "Rene Cazenave Apartments")	-	120	120	Completed in 2013
Block 6 (280 Beale, 299 Fremont)	410	69	479	Completed in 2015
Block 7 (255 Fremont, 222 Beale "Natalie Gubb Commons")	1	119	120	Completed in 2018
Block 8 (400 Folsom, 250 Fremont, "Avery")	399	149	548	Completed in 2019
Block 9 (500 Folsom)	429	108	537	Completed in 2020
Block 1 (285 Main, 280 Spear, "Mira")	236	156	392	Completed in 2020
Total Completed	1,475	721 (33%)	2,196	
Planned*				
Block 2 East (subject of this Memo)	1	100	101	Start in 2023
Block 2 West (subject of this memo)	1	152	153	Start in 2023
Block 4	342	327	669	Start in 2023
Block 12	1	79	80	TBD
Total Planned Unit Estimates	345	658 (66%)	1,003	
TOTAL	1,820	1,379 (43%)	3,199	

* All unit counts are estimates and subject to change; maximum unit capacity for both Block 2 buildings will be studied during the predevelopment phase and unit counts for Block 4 are subject to change pending negotiation and Commission approval of a Disposition and Development Agreement for the Block.

Construction is also complete on Salesforce Tower (Parcel T), which features 1.4 million square feet of office space and 10,600 square feet of retail, and on Park Tower (Block 5), which includes 767,000 square feet of office space and 8,642 square feet of retail. The Salesforce Transit Center opened in August 2018, subsequently closed for repairs, and reopened in July 2019.

RFP Summary

On June 22, 2020, OCII released an RFP seeking a team to develop, own and operate mixed-use affordable rental family and senior housing on Blocks 2 East and West. Block 2 is an approximately 42,627 square foot (0.98 acre) rectangular site bounded by Folsom Street to the south, Beale Street to the west, Main Street to the east, and the planned extension of Clementina Street to the north. Block 2 will be divided by a planned mid-block pedestrian mews, creating two distinct building sites of approximately 19,375 square feet each – Blocks 2 East and West.

Extensive notification of the RFP was provided to community groups, developers, contractors (including Small Business Enterprises and minority- and woman-owned contractors), and other community stakeholders through OCII and Mayor's Office of Housing and Community Development ("MOHCD") email lists and newspaper advertising. The RFP was available on the OCII and the City's websites.

To facilitate expedited development, OCII sought submittals from qualified teams comprised of: a lead non-profit or for-profit housing developer with a non-profit housing co-developer, a property manager, an architect, a Workforce and Contracting Action Plan ("WCAP") consultant (or identified staff WCAP contact), and a services provider. All other consultants will be selected through a subsequent RFP process in coordination with OCII contract compliance staff and in compliance with OCII's Small Business Enterprise ("SBE") Program.

Upon completion of the Family and Senior Projects, OCII's assets related to Block 2 will be transferred to MOHCD, which is the designated Housing Successor Agency under Redevelopment Dissolution Law. MOHCD reviewed the RFP, participated in the development team evaluation, and will also review and comment on the Family and Senior Projects' financial underwriting and funding and disposition documents to ensure a smooth transition to MOHCD at project completion.

RFP Development Program

The RFP sought submittals that:

- Provided for the development of affordable rental housing for families and seniors while minimizing local financial subsidy according to the following program requirements:

Transbay Block 2 Development Program Guidelines	
Number of units	Approximately 250 units featuring high quality architecture and livable design
Unit types	Family units: 1-, 2-, and 3-bedroom units Senior units: studio and 1-bedroom units

(table continued next page)

Transbay Block 2 Development Program Guidelines (continued)	
Populations	Families: low-income families; 20% of family units designated for formerly homeless households Seniors: low-income seniors age 62+; 20% of senior units designated for formerly homeless senior households
Pedestrian amenities and street improvements	Pedestrian mews through the center of the site, creating a connection from Folsom Street to Clementina Street and the planned Transbay Block 3 Park Beale Street Clementina Street sidewalks and streetscape improvements Main Street linear park Folsom Street sidewalks and related streetscape improvements
Commercial spaces	Ground floor neighborhood-serving retail along Folsom Street and wrapping onto the pedestrian mews Ground floor dedicated indoor and outdoor space for a childcare facility serving a minimum of 45 children, ages 0 to 5
Parking	No residential parking; minimal parking for staff and deliveries Class I bicycle parking at a 1:1 ratio for family units and 1:5 for senior units

- Met design standards established in the Transbay Design for Development and Development Controls and Design Guidelines;
- Provided a plan for resident services addressing needs specific to both family and senior households, and specifically describing case management and supportive services to be performed by a provider with experience serving formerly homeless populations;
- Provided thoughtful community spaces that address the needs of the resident populations;
- Provided a marketing plan to discuss efforts to facilitate leasing to diverse communities, with a focus on outreach to Certificate of Preference holders;
- Provided a retail plan that targets businesses that will benefit Block 2 residents as well as the neighborhood as a whole, focuses tenant outreach on locally owned small businesses, and outlines a strategy for engaging with city agencies and non-profit organizations who provide resources and assistance to local start-ups and entrepreneurs;
- Provided a program that incorporates excellent, visually interesting design and financial feasibility; and,
- Incorporated “green” and sustainable building strategies in accordance with the City’s requirements.

In furtherance of long-standing City objectives to increase affordable housing, the RFP noted that, pending further studies and community engagement, OCII may consider a measured height increase on a portion of Block 2. Applicants were asked to consider the impacts of a height increase and provide a narrative describing their approach, including the potential increase in number of units, operational feasibility, changes to financial feasibility and construction costs, urban design and shadow considerations, and the experience of the team with entitlement processing and community outreach.

Applicant Teams

OCII received five submittals in response to the RFP by the September 17, 2020 deadline. All submittals met the minimum threshold requirements and were invited for an interview with the evaluation panel. Applicant teams were as follows:

- McCormack Baron Salazar (MBS) with Young Community Developers (YCD)
 - Architect(s): Kava Massih Architects
 - Property Management: John Stewart Company
 - Services Provider: Bayview Senior Services
 - WCAP Consultant: Baines Group
- BRIDGE Housing with San Francisco Housing Development Corporation (SFHDC)
 - Architect(s): David Baker Architects
 - Property Management: BRIDGE Property Management
 - Services Provider: SFHDC/Lutheran Social Services
 - WCAP Consultant: Monica Wilson
- MidPen Housing with Tishman Speyer
 - Architect(s): Perry Architects
 - Property Management: MidPen
 - Services Provider: MidPen
- The Related Companies with Tenderloin Neighborhood Development Corporation (TNDC)
 - Architect(s): Leddy Maytum Stacy Architects
 - Property Management: TNDC
 - Services Provider: TNDC
 - WCAP Consultant: Monica Wilson
- Mercy with CCDC
 - Architect(s): Kennerly Architecture and Planning (family project) and Mithun (senior project)
 - Property Management: Mercy (for Family Project) and CCDC (for Senior Project)
 - Services Provider: Episcopal Community Services (for Family Project) and CCDC (for Senior Project)

Evaluation Process and Criteria

After determining that all five submittals met the minimum threshold requirements of the RFP, staff forwarded the proposals to an evaluation panel consisting of OCII staff as well as representatives from MOHCD, the San Francisco Department of Homelessness and Supportive Housing (“HSH”), and the Transbay Citizen’s Advisory Committee (“CAC”) (together, the “Evaluation Panel”). The Evaluation Panel reviewed the proposals in advance of the applicant interviews, which were held via video conference (due to COVID-19 stay-at-home health orders) over two days on October 14-15, 2020. A representative from OCII’s contract compliance team was present to monitor the process and provided analysis for scoring the WCAP sections of each submittal.

Proposals were then scored using the selection criteria set forth in the RFP: a total of up to 50 points were awarded for the proposed development concept and up to 50 points for developer team experience and capacity, for an overall total of up to 100 points. A detailed breakdown of the RFP proposal criteria is provided below:

Maximum Points	Criteria
50	Proposed Development Concept
20	Proposed massing concept: architectural concept and vision, strength, financial viability, and constructability of proposed massing concept, number of units, conformance with the Redevelopment Plan and Transbay design standards; and, alternative development approach narrative
15	Financial feasibility and level of OCII subsidy
10	Proposed Services Plan
5	Proposed Marketing Plan
50	Developer Team Experience and Capacity
10	Developers' experience in developing and marketing comparable affordable housing and mixed-use projects
10	Developers' experience with government assisted affordable housing programs and financing sources and/or "green" housing, and workload capacity
10	Workforce and Contracting Action Plan
10	Architect experience and capacity
5	Services provider experience and capacity
5	Property manager experience and capacity
100	Maximum Total Points

Evaluation Process Results

After the scores were tallied, the Evaluation Panel recommended the team led by Mercy and CCDC, with proposal scoring as follows:

Applicant Team	Total Score	Average Score
Mercy/CCDC	538	90
Related/TNDC	522	87
BRIDGE/SFHDC	432	72
MidPen/Tishman	385.5	64
MBS/YCD	371	62

The Evaluation Panel noted that the proposal from Mercy and CCDC included, among other things, a comprehensive design that activated the ground floor with retail and child care space, thoroughly assessed the Project's financial feasibility, and emphasized services specific to the populations to be served.

DISCUSSION

Development Program

The Block 2 development program proposed by the Mercy/CCDC team is outlined below:

Block 2 Development Program			
	Total/Combined	Family Project	Senior Project
Number of units	254	101	153
Unit types	35 studio 153 1-bed 37 two-bed 29 three-bed	0 Studio 36 one-bed 36 two-bed (1 mgr's unit) 29 three-bed	35 studio 117 one-bed 1 two-bed (mgr's unit) 0 three-bed
Commercial	11,650 SF	Retail: 1,380 SF Child care: 5,950 SF	Retail: 4,320 SF
Population	Low- to moderate-income families and seniors, with approximately 20% of units set aside for formerly homeless families and seniors	Families: 30-80% AMI Formerly homeless families: 20% AMI	Seniors: 30 - 80% AMI Formerly homeless seniors: 25% AMI
Parking	No tenant vehicular parking Secured bicycle parking (for each building)		
Resident amenities/ community spaces		• Community room with kitchen • 6th floor roof deck • Property management and resident services offices	• Community room with kitchen • Ground floor courtyard and 6th floor roof deck • Property management and resident services offices

Transbay Block 2 (Overall) Proposed Design

As one of the final remaining sites in the Project Area, the urban design of Block 2 is critical to augmenting the vibrant pedestrian realm OCII and the City have created in the Transbay district. The designs of Block 2 East and West will be closely coordinated, and the Sponsors and design teams will collaborate to submit a single schematic design package for OCII review and approval. Designs will feature complementary exterior features and materials for a cohesive look across the block. The design teams envision a masonry material for the façade that will contrast nicely with the glassy towers across Folsom Street. A common landscape architect will work on both Blocks 2 East and West, ensuring public realm consistency in the appearance and function of the streetscapes on Beale and Main, the wide sidewalk on the Folsom Street frontage, the central pedestrian mews, and the townhome frontages on Clementina. Pursuant to the Joint Development Agreement between Mercy and CCDC (see Attachment 4), Mercy's affiliate, Mercy Commercial California ("MCC") will lead the planning, initial lease-up, and build-out of the commercial spaces on both 2 East and West.

Block 2 East (Family) Proposed Design

The preliminary massing for the Family Project on Block 2 East that the Sponsor proposed features a nine story (85') building anchoring the corner of Folsom and Main, stepping down to approximately 50' along Clementina Street. Units with townhome-style frontages and stoops are located along the planned extension of Clementina Street, while the child care facility will be located at the Main-Clementina corner. This allows for safe childcare drop-offs on Clementina and places the child care entry directly across from the planned Block 3 park, which will feature a playground. A retail space on the Main-Beale corner will complement the Woodlands Market located across Folsom and will contribute to the Folsom "main street" retail corridor.

The ground floor also contains the resident lobby as well as management and services offices. The sixth floor features a community room that opens to an approximately 3,000 square foot roof deck overlooking the planned Block 3 park. A partial basement will provide resident bicycle storage, building storage, utility functions, and trash storage. There will be no resident vehicular parking.

The Sponsors and design team will revisit the proposed height and massing of Block 2 East and present alternatives to OCII before finalizing a conceptual design. The Transbay design guidelines allow for a building of up to 165' on a portion of the site at Main Street and Folsom Street. Thus at 85', the proposed project does not take full advantage of allowable building area. Further, in the RFP for Transbay Blocks 2 East and 2 West, OCII sought consideration of an alternative height of 240'. A height of 85' may be less challenging to finance given the lower tax-exempt bond request, however, preliminary studies indicate that a height of 165' would yield an additional 46 units (bring the Block 2 East unit count to 147) and would likely result in a lower cost per unit. As a condition to the predevelopment loan, Mercy will further analyze development scenarios with heights at 165' and 240'.

Block 2 West (Senior) Proposed Design

The preliminary massing for Block 2 West features a nine story (85') building anchoring the corner of Folsom and Beale, stepping down to approximately 50' along Clementina Street. Units with townhome-style frontages and stoops are located along the planned extension of Clementina Street, while a retail space on the Beale-Clementina corner will serve residents as well as patrons of the planned park across the street. On the Folsom Street side, a continuous stretch of retail from Beale to the pedestrian mews furthers the Folsom "main street" retail corridor.

The ground floor also contains the resident lobby and most of the management and services spaces, including a community room near the entrance that opens out onto the courtyard. There is also a roof deck on the sixth floor overlooking the future park where residents can gather. A partial basement will provide resident bicycle storage, building storage, utility functions, and trash storage. There will be no resident vehicular parking.

To improve the efficiency of the floor plate without sacrificing quality or space, some bedrooms in the one-bedroom units may be “shared light”, meaning that they will not have a direct window to the outdoors. OCII has approved “shared light” units in other Transbay projects so they are not unique to the Block 2. CCDC and its design team will work with OCII to ensure that all units provide high quality living spaces.

Neighborhood Amenities and Transit Access

The Transbay neighborhood is rich in amenities. There are numerous retail outlets within walking distance of Block 2 or reachable by a short bicycle ride or Muni (see Attachment 3 for an amenity map). Two pharmacies, a post office, the Embarcadero YMCA, and several restaurants are located within half a mile of Block 2. Woodlands Market is located directly across Folsom Street and other grocery outlets are located within one mile.

As previously noted, the Project Area will include several new parks. The completed Salesforce Park is located within close walking distance. The Block 3 Park will be directly north of Block 2 and Under Ramp Park will be located approximately two blocks to the west. The existing Rincon Park and adjacent San Francisco Bay Trail are two blocks from Block 2.

Block 2 is well served by local and regional transit. Block 2 is two blocks from the Salesforce Transit Center which provides regional transit as well as local bus connections to neighborhoods throughout San Francisco. Block 2 is also less than half a mile from the Embarcadero BART station and multiple muni rail lines along Folsom Street, Market Street and the Embarcadero.

Marketing and Leasing Preferences

Residential Units

Tenants in the units set-aside to serve formerly homeless households will be referred to the Family and Senior Projects by HSH through the Coordinated Entry System. All remaining affordable units will be marketed and leased through OCII’s standard procedures, including early outreach to Certificate of Preference (“COP”) holders, broad marketing and outreach, and applications and a lottery through the MOHCD DAHLIA digital housing portal system.

Prospective tenants will be prioritized in accordance with preferences established in City Affordable Housing Programs (as approved by the Commission in April 2019), as amended from time to time. The preferences applicable to Blocks 2 East and West are:

1. COP holders
2. Displaced Tenant Preference Program (20% of lottery units)
3. Neighborhood Resident Housing Preference (25% of lottery units if State funding, increases to 40% if there is no State funding)
4. San Francisco residents or workers
5. Members of the general public

The Sponsors will be required to provide early outreach and marketing plans that describe specific efforts to engage preference program participants and clearly describe how the marketing is consistent with the Mayor's Racial Equity statement.

Commercial/Retail Space

The proposal by the Mercy/CCDC team highlighted Mercy's success marketing and leasing their retail spaces to local small businesses. For this Project, Mercy will conduct early outreach and collaborate with the San Francisco Neighborhood Business Alliance (SFNBA), a membership-based trade association founded by retailers in the Arab, Asian, and Black communities in the Bay Area, as well as other local organizations supporting entrepreneurs and small businesses to market the retail spaces and secure neighborhood-serving tenants. As outlined in one of the loan conditions below, Mercy will also coordinate with the San Francisco Office of Economic and Workforce Development on the availability of the City's small business, legacy business, and other programs to help identify and assist potential local business tenants for the same.

Exclusive Negotiations Agreement

The requested ENA establishes development expectations for Block 2 as a whole, including the overall development program and key milestones. The ENA enables the Sponsors to pursue predevelopment activities leading to the execution of two long-term ground leases for each Transbay Block 2 East and 2 West. Per the ENA, the Sponsors have paid to OCII the cash sum of \$1,000 as an earnest money deposit. An additional \$9,000 will be due to OCII at the time of the execution of the ENA. The total \$10,000 is considered the Performance Deposit, which will be held by OCII until construction completion. The term of the ENA is through September 7, 2023. The ENA allows for extension of up to 12 months to be approved by the Executive Director in the event the Project incurs unexpected delays.

The ENA defines a series of milestones that will result in the execution of two separate ground leases for Blocks 2 East and West between OCII and the respective Sponsor of the Family Project and Senior Project ("Ground Leases"), subject to Commission approval. It also authorizes the OCII Executive Director to enter into two separate options to ground lease for Blocks 2 East and West, to execute a Permit to Enter to allow the Sponsors and their consultants access to the site to perform site investigations and testing (forms of the Option to Ground Lease and Permit to Enter are included as attachments to the ENA). The ENA milestones include:

- Submittal of conceptual, schematic, and design development documents and cost estimates;
- Submittal of a subdivision map application;
- Execution of Option to Ground Lease in preparation for financing applications; and
- Execution of Ground Leases.

The development schedule anticipates that the Family and Senior Project will begin construction at the same time. The Sponsors will continue to pursue a synchronized construction schedule, however, the ENA will continue in effect in the event that one project secures financing ahead of the other and OCII authorizes a divergent schedule.

Predevelopment Loan Agreements

On February 19, 2021, the Citywide Affordable Housing Loan Committee approved predevelopment loan requests for \$3,500,000 for each the Family Project and Senior Project (Attachments 1 and 2, respectively). The loan funds will allow the Sponsors to work with the architects and other consultants to develop the design through to full construction drawings and permits, and will fund survey and engineering work, legal costs, due diligence studies, and developer fees.

The loans each bear 3% simple interest and will convert to permanent loans at the close of construction financing for each project, subject to future Commission approval. The Loan Evaluations and the Predevelopment Loan Agreements include several conditions which the Sponsors must address during predevelopment.

Conditions applicable to both the Family and Senior Projects:

- Sponsors will work closely with each other throughout predevelopment and will:
 - Ensure that the design teams for Blocks 2 East and West collaborate and submit a single combined schematic design package, which demonstrates cohesive design between Blocks 2 East and West, particularly for the ground floor and mid-block pedestrian mews; and
 - Use the same general contractor or joint venture for construction and coordinate construction timing between Blocks 2 East and West, either by construction of both sites at the same time or phased development.
- Sponsors will cooperate with OCII and with each other to competitively solicit a general contractor with the intent of creating a joint venture or similar partnership opportunity, to the extent practicable and economically feasible, between a general contractor and an OCII-recognized SBE contractor. Furthermore, Sponsor will cooperate and require the general contractor to exercise good faith efforts to select subcontractors who either are SBEs or, if they are not SBEs, are willing to create joint ventures or similar partnership opportunities with SBEs.
- Sponsors will work with OCII, MOHCD, and HSH to:
 - Finalize the number of permanent supportive units, ensuring consistency with best practice case management ratios;
 - Review AMI levels for LOSP-supported units to ensure that the levels are appropriate to accommodate anticipated tenant needs; and
 - Refine the services plans and budgets.
- Sponsors will evaluate the need for 24-hour desk coverage for the Family and Senior Projects and will explore the potential for shared after hours front desk coverage/security between Blocks 2 East and West to improve efficiency and reduce costs.
- Sponsor will closely monitor available funding sources such as AHP, MHP, AHSC, IIG, and others, review regulations, and submit timely applications, as appropriate. If necessary, Sponsor will recommend strategies and program modifications for OCII approval to improve the Project's likelihood of securing awards.

- Through Mercy Commercial, Sponsors will:
 - ensure that commercial spaces are designed in accordance with the specifications established in the MOHCD Commercial Space Underwriting Guidelines and will provide a commercial financing plan for OCII review and approval; and
 - conduct early outreach to local small business organizations, non-profit entrepreneur organizations, and other entities, groups and organizations, as appropriate, to market the Project's retail space. In addition, Sponsors will work with the San Francisco Office of Economic and Workforce Development regarding the retail space and the availability of the City's small business, legacy business, and other programs to identify and assist potential local business tenants.
- Sponsors will coordinate with each other and OCII to establish the Family and Senior Project boundaries and secure a subdivision map for Transbay Block 2.
- Prior to submittal of a site permit application and subdivision map application, Sponsors will recommend for OCII approval a specific plan for the development of public or common use areas in Transbay Block 2, e.g., the mid-block pedestrian mews, that establishes the lot lines, allocation of development costs, a mechanism for ensuring public access, and responsibilities for construction and ongoing maintenance and security.
- Sponsors will provide RFPs for debt and equity providers before it is finalized and released.
- Sponsors will work collaboratively on a community outreach plan, conduct outreach to the Transbay community to solicit input, address concerns, and education community members on various aspects of the Project. Mercy will take the lead in obtaining OCII approval for the community outreach plan.

Conditions specific to the Family Project (Block 2 East):

- Mercy will, in coordination with OCII, study massing and financing scenarios at 165', 240', and other design variations as recommended by the design team to balance unit count and financial feasibility on the 2 East site and will submit a combined conceptual design and cost estimate with Block 2 West.
- Mercy will seek a child care provider through a competitive RFP process. Mercy will coordinate with the selected provider to refine space designs and support the provider, as appropriate, in seeking tenant improvement assistance.
- Mercy will seek to maximize permanent debt, while maintaining an AMI mix as agreed upon with OCII and ensuring an adequate debt service coverage ratio.

Conditions specific to the Senior Project (Block 2 West):

- Prior to any applications for project financing, CCDC will analyze financing application parameters and operations for senior housing and recommend, for OCII approval, an age limit for project residents at age 55 or 62.
- Prior to any application for project financing, CCDC will review maximum income levels to confirm that they are appropriate for the population to be served. Proposed income limits are subject to OCII review and approval.
- Prior to schematic design submittal, CCDC will work with OCII to assess the physical and financial feasibility of integrating a limited number of two-bedroom units into the project to accommodate the needs of seniors in need of larger units.
- CCDC will ensure that the debt service coverage ratio remains over 1.0:1 for the first 20 years of operations and will further analyze the potential for permanent debt and/or alternative ways to utilize surplus cash to support the project and reduce the OCII gap loan.
- CCDC will review local, state, and federal rent and operating subsidy programs as appropriate for the target population, and will assess program viability and pursue funding applications.

Equal Opportunity Program and Compliance with OCII Policies

The Sponsors are required to comply with OCII's Nondiscrimination in Contracts, Minimum Compensation and Health Care Accountability policies, and will work closely with contract compliance staff to comply with the Small Business Enterprise ("SBE") Program on this Project.

The Sponsors will strive to meet OCII's goal of 50% SBE participation in the selection of consultants and subconsultants during predevelopment. In addition, OCII will require that approximately 35% of the architectural scope be contracted to an associate architect for Blocks 2 East and West. SBE architects will be prioritized for this role, which is intended to provide smaller firms with experience on a large complex project.

During the construction phase, the Sponsors will strive to meet OCII's requirements and goals which include the 50% SBE construction subcontracting participation goal, payment of prevailing wages, and the 50% local construction workforce hiring goal. In its competitive selection of a general contractor, the Sponsors will evaluate the possibility, to the extent practicable and economically feasible, of requiring a joint venture or similar partnership opportunity between the general contractor and an OCII-recognized SBE contractor looking to building capacity.

Community Outreach

Staff initially presented the RFP to the CAC in June 2018. Due to construction issues at the Salesforce Transit Center and the need to temporarily return the Block 2 site to its previous use as the temporary bus terminal, OCII did not proceed with issuing the RFP at that time. Staff provided a subsequent update to the CAC in October 2019.

CAC and community members confirmed the need for additional child care in the neighborhood and were in support of the planned child care facility. In addition, CAC members expressed a desire to add ground floor retail to the frontage along the future extension of Clementina Street. CAC members felt that a retail use may help to activate the planned park on Block 3. OCII staff revised the RFP to direct applicants to consider retail on the Clementina Street frontage. As previously noted, the preliminary design for Block 2 includes a retail space on Clementina at Beale Street and proposed entry to the child care facility on Clementina at Main Street. These uses are intended to complement the park. The Sponsors and architects will continue to consider ground floor activation and the relationship with the park as the designs are refined.

OCII staff provided an informational update to the Transbay CAC on June 11, 2020 prior to RFP issuance. Staff reviewed the program for the site and advised CAC members that the RFP had been updated to request that, in addition a complete zoning compliant submittal, applicants provide a brief narrative considering limited additional housing units through a measured height increase on Block 2.

A member of the CAC participated in the Evaluation Panel to recommend developer team selection. OCII staff presented an update on the selection process and the recommended developer to the CAC on November 12, 2020, and the CAC had no objections. The Sponsors will return to the CAC to present the recommended concept design for Blocks 2 East and West (anticipated in summer 2021) and will return again to seek approval of the Project's schematic design (anticipated in fall 2021).

In addition to continued engagement with the CAC, the Sponsors will reach out to neighborhood groups such as the East Cut Community Business District, neighboring homeowner associations, and others.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

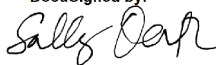
On April 20, 2004, the Former Agency Commission adopted Resolution No. 45-2004, certifying the Transbay Terminal/Caltrain Downtown Extension/Redevelopment Project Final Environmental Impact Statement/Environmental Impact Report (the "Final EIS/EIR"), and on January 25, 2005, adopted Resolution No. 11-2005, adopting under the California Environmental Quality Act ("CEQA"), a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program in connection with the adoption of the Redevelopment Plan. Subsequently, the TJPA, the Golden Gate Bridge and Highway Transportation District, and OCII issued eight addenda to the Final EIS/EIR.

OCII staff has reviewed the ENA and the Predevelopment Loan Agreements for Blocks 2 East and West, considered and reviewed the Final EIS/EIR and its addenda, and finds that the Commission's authorization of the ENA and Predevelopment Loan Agreements is within the scope of the project analyzed in the Final EIS/EIR and no additional environmental review is required pursuant to State CEQA Guidelines Sections 15162, 15168, and 15180.

NEXT STEPS

The Sponsors and architects will work on a conceptual design (including a recommendation of the height for Block 2 East) through summer 2021 and anticipate seeking Commission approval of a schematic design in late fall 2021. In 2022, the architects will prepare design development and construction documents, and the Sponsors will pursue funding sources. OCII staff anticipates returning to Commission in early 2023 to seek approval for permanent loans and long-term ground leases. Construction start is currently estimated in fall 2023 and completion in late summer or early fall 2025.

(Originated by Annie Wong and Kim Obstfeld, Development Specialists)

DocuSigned by:

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Sally Oerth

Interim Executive Director

Attachment 1: Loan Evaluation, February 19, 2021 – Block 2 East (Family Project)

Attachment 2: Loan Evaluation, February 19, 2021 – Block 2 West (Senior Project)

Attachment 3: Location Map

Attachment 4: Joint Development Agreement

Citywide Affordable Housing Loan Committee

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

Transbay Block 2 East
\$3,500,000
Predevelopment Loan

Evaluation of Request for:	Predevelopment Loan
Loan Committee Date:	February 19, 2021
Prepared By:	Kim Obstfeld
Source of Funds Recommended:	Transbay Jobs/Housing Linkage Fees
NOFA/PROGRAM/RFP:	OCII RFP issued June 22, 2020
FY 20/21 ROPS Line:	416
Total Previous City Funds Committed:	None
Applicant/Sponsor Name:	Transbay 2 Family L.P./Mercy Housing California ("Mercy")

EXECUTIVE SUMMARY**Sponsor Information:**

Project Name:	Transbay Block 2 East	Sponsor(s):	Mercy
Project Address (w/ cross st):	Eastern half of Transbay Block 2 (bounded by Folsom St. to the south, Beale St. to the west, the future extension of Clementina St. to the north, and Main St. to the east)	Ultimate Borrower Entity:	Transbay 2 Family L.P.

Project Summary:

Mercy Housing California (“Mercy” or the “Sponsor”), through Transbay 2 Family L.P., is requesting \$3,500,000 in predevelopment financing for Transbay Block 2 East (“Block 2 East”). Block 2 East will be a 101-unit mixed-use affordable rental housing development serving low-income families, with approximately 20% of units set-aside to serve formerly homeless families, subsidized by the Local Operating Subsidy Program (“LOSP”).

Block 2 East will be comprised of 36 one-bedroom, 35 two-bedroom, and 29 three-bedroom units, as well as one two-bedroom manager’s unit. Units will serve households at a wide range of income levels, with an average at or below 60% of Area Median Income as defined by the San Francisco Mayor’s Office of Housing and Community Development (“SF AMI” or “AMI”). In addition to residential units and resident serving amenities, the Block 2 East development includes a child care center and ground floor retail (the residential and commercial together are the “Project”).

Block 2 East will be developed in coordination with Transbay Block 2 West (“Block 2 West”), a mixed-use affordable rental project serving low-income and formerly homeless seniors under development by Chinatown Community Development Center (“CCDC”). Mercy and CCDC will work closely to coordinate design and maximize efficiencies to the extent feasible, including joint consultant selection, a single general contractor shared site studies, and, if possible, concurrent construction.

The Project will be financed with 4% Low Income Housing Tax Credits and will seek funding from the California Department of Housing and Community Development’s Affordable Housing and Sustainable Communities (“AHSC”) and Infill Infrastructure Grant (“IIG”) programs, as well as the Federal Home Loan Bank Affordable Housing Program (“AHP”).

Project Description:

Construction Type:	Type I	Project Type:	New Construction
Number of Stories:	9	Lot Size (acres and sf):	0.49 acres / 21,313 sf*
Number of Units:	101	Architect:	Kennerly Architecture & Planning
Total Residential Area:	109,202 sf	General Contractor:	TBD
Total Commercial Area:	7,330 sf	Property Manager:	Mercy Housing Property Management Group
Total Building Area:	116,532 sf	Supervisor and District:	Sup. Haney - District 6
Land Owner:	OCII		
Total Development Cost (TDC):	\$98,156,140	Total Acquisition Cost:	N/A
TDC/unit:	\$971,843	TDC less land cost/unit:	\$971,843
Loan Amount Requested:	\$3,500,000	Request Amount / unit:	\$34,653
HOME Funds?	No	Parking	None

* Lot size reflects half of overall Transbay Block 2 site, exact lot dimensions between Blocks 2 East and West will be determined during predevelopment.

PRINCIPAL DEVELOPMENT ISSUES

1. Blocks 2 East/West Coordination. Mercy and CCDC were selected as co-developers under a single RFP for Transbay Block 2 East and 2 West. Mercy will be the lead developer, however, each developer will take primary responsibility for their respective project (as the sole owner). See Section 1.2 for further discussion and Conditions 11.2.1 and 11.3.2. Key considerations include:
 - a. Cohesive design: the building and streetscape designs must be complementary and cohesive, especially the ground level experience. This will require oversight by Mercy and extensive collaboration throughout predevelopment and construction;
 - b. Efficiency: the developers will work closely to identify and maximize efficiencies, jointly select key consultants, use the same general contractor, and coordinate logistics; and
 - c. Schedule: Blocks 2 East and West currently assume a schedule with the same construction timeline. Concurrent construction would reduce hard costs, streamline logistics, and allow key streetscape elements to be delivered along with the mixed-use buildings. However, maintaining a parallel schedule will be challenging due to the uncertainty in securing financing awards. The developers will coordinate project schedules and, if necessary, establish a plan for phased development.
2. Maximize Site Potential. The Transbay design guidelines allow for a building of up to 165' on a portion of Block 2 East at Main Street and Folsom Street. However, due to financing considerations, the Sponsor recommended a base scenario with a height of 85'. While financial feasibility is an essential consideration, OCII seeks to ensure that the site is utilized to the fullest extent possible. See Section 4.2 for further discussion and Condition 11.3.1 which requires the Sponsor to further analyze development scenarios at 165' and 240' on Block 2 East.
3. Development Costs. Estimated development costs are high in comparison to other comparable OCII/MOHCD projects under construction and in predevelopment. The Sponsor will need to work to contain costs to ensure overall feasibility and to minimize the OCII subsidy. See Section 4.4 for further discussion and Condition 11.3.1.
4. Financing Competition. The Sponsor will seek maximum awards for AHSC and IIG, as well as a sizeable tax-exempt bond allocation from CDLAC. All financing programs are currently highly competitive, and the bond program is expected to continue to be oversubscribed in the coming years. CDLAC regulations may change prior to the Project's anticipated application date, but may continue to disadvantage larger scale, higher cost urban infill projects. The Sponsor will need to closely monitor regulations and, if necessary, recommend program modifications and strategies to ensure the Project's applications are competitive. See Section 6.5 for further discussion and Condition 11.3.8.
5. Retail. Successful retail is crucial to ground floor activation and meeting community needs and expectations. Current restrictions due to COVID-19 and the related economic uncertainty will create a challenging environment in which to design, program, and secure interest in a new retail space. See Section 4.5 for further discussion and Condition 11.3.10 which requires the Sponsor to engage with local non-profit organizations that support small businesses, and other resources in the development of the planned retail space.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
OCII	\$3,500,000	3 years @ 3% deferred	This Request
Total	\$3,500,000		

Predevelopment Uses	Amount	Per Unit	Per SF
Architecture & Engineering	\$2,350,149	\$23,269	\$20
Soft Costs	\$599,851	\$5,939	\$5
Developer Fee	\$550,000	\$5,445	\$5
Total	\$3,500,000	\$34,653	\$30

Permanent Sources	Amount	Terms	Status
Tax Credit Equity	\$38,760,668	\$0.90/credit, 4% credit rate	Not Committed
OCII Loan	\$26,695,472	55 years @ 0-3% interest, residual receipts	Not Committed
Permanent Loan	\$1,500,000	15 years, 4.35% interest	Not Committed
HCD AHSC	\$20,000,000	55 years @ 0.42% residual receipts	Not Committed
HCD IIG	\$7,000,000	Grant	Not Committed
AHP	\$1,200,000	55 years @ 0%	Not Committed
Total	\$98,156,140		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	\$0	N/A	N/A
Hard Costs	\$80,324,257	\$795,289	\$689
Soft Costs	\$12,631,883	\$125,068	\$108
Developer Fee	\$5,200,000	\$51,485	\$45
Total	\$98,156,140	\$971,843	\$842

1. BACKGROUND

1.1. Project History Leading to This Request.

Blocks 2 East and West are part of the approximately 40-acre Transbay Redevelopment Project Area that was administered by the former San Francisco Redevelopment Agency (“SFRA”). Pursuant to state law, redevelopment agencies throughout the State of California were eliminated on February 1, 2012 (California Health and Safety Code Section 34161 et seq (the “Redevelopment Dissolution Law”)). OCII is the Successor Agency to SFRA and is responsible for implementing SFRA’s enforceable obligations. On April 15, 2013, the California Department of Finance determined “finally and conclusively” that the Transbay Implementation Agreement, Affordable Housing Program, and Tax Increment Sales Proceeds Pledge Agreement are enforceable obligations under Redevelopment Dissolution Law.

The Transbay Redevelopment Plan, established in 2005, is implemented through partnerships between OCII, the City, Transbay Joint Powers Authority (“TJPA”), Caltrans, and for-profit and non-profit developers. The Project Area is divided into two zones: Zone 1 is implemented by OCII and Zone 2 is implemented by the San Francisco Planning Department. When completed, the Transbay Redevelopment Area (including both Zone 1 and Zone 2) will include over 4,000 new residential units, 35% of which will be affordable, office and retail space, over 9 acres of new parks, and significant transportation and streetscape improvements.

Within Zone 1, a total of 2,196 residential units have been completed (Blocks 1, 6, 7, 8, 9, and 11a), 721 of which are restricted for affordability. Additional housing units are planned on Blocks 2 East (the subject of this evaluation) and West, Block 4, and Block 12. The planned affordable units on Blocks 2 East and West are essential to achieving 35% affordability in the Transbay Project Area.

Transbay Block 2, along with Blocks 3 and 4 and the future extensions of Clementina and Tehama Streets, was part of the lot formerly used as the Temporary Transbay Terminal. The Greyhound station building remains on the site but is currently unoccupied. Transbay Terminal operations relocated to the newly constructed Salesforce Transit Center in 2019.

OCII issued a Request for Proposals (“RFP”) seeking teams to develop, own, and operate mixed-use affordable rental family and senior housing units, including units set-aside for formerly homeless family and senior households at Transbay Blocks 2 East and 2 West in June 2020, with proposals due in September 2020. OCII received 5 proposals, all of which were deemed complete. An evaluation panel comprised of staff from OCII, Mayor’s Office of Housing and Community Development (“MOHCD”), the Department of Homelessness and Supportive Housing (“HSH”), and a member of the Transbay Citizens Advisory Committee (“CAC”) recommended selection of the development team led by Mercy and CCDC. Please see Sections 9 and 10 below for further discussion regarding threshold requirements and scoring.

Mercy and CCDC proposed that while they would collaborate on development of the site as a whole, with Mercy designated as the overall lead developer, each would secure financing for, and own and operate one of the two residential projects. Mercy will own and operate the family project on Block 2 East and CCDC will own and operate the senior project on Block 2 West. See below for further discussion on this relationship.

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

The Borrower entity is Transbay 2 Family, L.P. The managing general partner is Transbay 2 Family LLC, a subsidiary of Mercy.

Mercy has significant experience in San Francisco, including many properties developed in collaboration with OCII and MOHCD. Mercy owns and operates 51 buildings in San Francisco, serving low-income families, seniors, disabled persons, and formerly homeless households. In the Transbay Project Area, Mercy completed Transbay Blocks 6 and 7, and is partnering with Hines on development on Block 4.

Michael Kaplan at Mercy will be the Project Manager and will dedicate approximately 40% of his time to the Project. Elaine Palacios will provide project assistance, and will dedicate approximately 20% of her time to Block 2 East. Michael and Elaine will be supported by Ramie Dare (Acting Director of Development), Alvin Tuvilla (Regional Director of Resident Services), Jennifer Dolin (Director of Operations), Ed Holder (Vice President of Real Estate Development), and Doug Shoemaker (President).

Mercy Housing Management Group (“MHMG”) will be the property manager for the Project and will provide resident services to low-income families. Mercy will also partner with Episcopal Community Services (“ECS”), who will provide services for formerly homeless families.

In addition to leading development on Block 2 East, Mercy will also oversee coordination between Block 2 East and Block 2 West, working closely with CCDC throughout the development process. Mercy and CCDC entered into a Memorandum of Understanding on September 10, 2020 to establish roles and responsibilities for Transbay Block 2. Key Mercy responsibilities beyond Block 2 East (for Transbay Block 2 as a whole) include:

- Contract negotiation including predevelopment loan terms and ground leases;
- Consultants selection;
- Retail programming, commercial shell design, marketing and leasing; and
- Lot split and streetscape improvement design.

Pursuant to Condition 11.2.1, Mercy and CCDC will enter into a joint development agreement to formalize the collaborative partnership and further clarify roles and responsibilities.

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

Site Description	
Zoning:	Zoning for the site is form-based and is governed by the Transbay Redevelopment Plan, Transbay Development Controls and Design Guidelines (“DCDG”), and the Transbay Design for Development. The DCDG establishes that Block 2 is split by a 25’ wide ground level pedestrian mews connecting Folsom Street and Clementina Street. On the eastern side (Block 2 East), the DCDG allows a height of up to 50’ on the northern portion of Block 2 East along Clementina, up to 85’ mid-block along Main Street, and up

	to 165' on the southern side along Folsom at Main. The DCDG also requires a central open space courtyard.
Maximum units allowed by current zoning (N/A if rehab):	The maximum number of units on the site is based on form-based zoning. The number of units is limited only by what can fit within the site's height and bulk restrictions.
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	The site is within a Liquefaction Zone (per the California Geological Survey)
Soil type:	According to the Transbay EIR, the site is located on the Bay side of the historic circa 1848 shoreline. Soils on the site may generally be characterized by the presence of soft and compressible bay mud under the superficial fill placed when the area was reclaimed in the late 1800s or early 1900s. The depth of the sediment varies throughout the site. The Sponsor will assemble a consultant team and will perform further geotechnical analysis during predevelopment.
Environmental Review:	CEQA clearance was obtained through the Environmental Impact Report (EIR) for the Transbay Redevelopment Plan (a program EIR). See Section 2.2 below for further discussion.
Adjacent uses (North):	Currently a continuation of the Block 2 surface parking lot, previously used as the temporary Transbay Terminal, planned for an approximately 1-acre public park.
Adjacent uses (South):	An approximately 650-unit mixed use condominium complex known as "Lumina". Woodlands Market, a high-end grocery store is located at the ground floor.
Adjacent uses (East):	A 392-unit mixed-use condominium complex known as "Mira" is under construction and nearing completion.
Adjacent uses (West):	Block 2 West, an approximately 153-unit affordable senior rental project, under development concurrently with Block 2 East, will be located directly to the west within Transbay Block 2. To the west of Transbay Block 2 is a 479-unit mixed use apartment project, including 409 units in a tower (on the western side of the block) and 70 affordable units in a mid-rise and townhomes (on the eastern side of the block). The 70-unit affordable project is owned and operated by Mercy.
Neighborhood Amenities within 0.5 mile:	Grocery: Woodlands Market is located directly across Folsom Street, Ferry Building Saturday Farmer's Market (0.5 mile), Safeway (0.7 mile), Whole Foods (0.8 mile), Target (0.9 mile), Trader's Joe's (1 mile) Pharmacy: Walgreens (0.4 mile), CVS (0.7 mile), Target (0.9 mile) Library: Mission Bay Public Library (1.3 miles) Parks: planning is under way for an approximately 1-acre park on Block 3 directly to the north of the site, Salesforce Park (located on the roof of the Salesforce Transit Center) is one block from the site (0.2 mile), Rincon Park is 2 blocks from the site (0.2 mile)

Public Transportation within 0.5 mile:	The site is located 1 block from the Salesforce Transit Center, a regional hub for 11 transit systems, including multiple Muni bus lines. In addition, the site is two blocks from the Muni Metro station at The Embarcadero and Folsom Street and 2 blocks from the Embarcadero BART station.
Article 34:	Article 34 authority is needed and will be requested before the predevelopment loan is encumbered.
Article 38:	Not exempt. The site is within the Air Pollutant Exposure Zone. The design will be subject to relevant guidelines and requirements.
Accessibility:	Project will provide at least 15% of tax credit units with mobility features (California Building Code (“CBC”) 11B 809.2 through 11B 809.5) and at least 10% with communications features (CBC 11B 809.5). Adaptability requirements will be determined by the San Francisco Mayor’s Office on Disability.
Green Building:	Per the RFP, the building must either achieve a Green Point Rating of 125 or above, or LEED Gold rating. The OCII design team will work with the Sponsor to ensure the Project meets one of these two thresholds.
Recycled Water:	Not exempt. The Project does fall within the boundaries of the designated recycled water use area, and therefore it will be required to comply with the City’s Recycled Water Ordinance. As such, the Sponsors will be required to install purple pipe to recycle grey water within the Project.
Storm Water Management:	Developments that disturb 5,000 square feet or more of the ground surface must comply with the Storm Water Design Guidelines and submit a Storm Water Control Plan to the SFPUC for review. The development team will meet with SFPUC during the predevelopment period.

2.1. Zoning.

See above.

2.2. Local/Federal Environmental Review.

In April 2004, the Redevelopment Agency Commission certified the Environmental Impact Report (EIR) for the Transbay Redevelopment Plan. In January 2005, the Agency Commission adopted findings under the California Environmental Quality Act (CEQA), a Statement of Overriding Considerations, and a Mitigation Monitoring and Reporting Program in connection with the adoption of the Redevelopment Plan. The Board of Supervisors, Planning Commission, and TJPA adopted similar findings.

The Agency Commission, Board of Supervisors, and TJPA subsequently adopted eight addenda to the Final EIR.

The proposed loan is an implementing action and within the scope of the project analyzed under the EIR and subsequent addenda. Unless the Sponsor seeks building height or bulk that are outside of that assumed under the EIR, no additional environmental review is required under CEQA.

The Sponsor will work with OCII staff and other public agencies to ensure that the mitigation monitoring measures for Block 2 East are appropriately documented and

implemented. Also, the Sponsors will order an updated Phase I analysis and a Phase II analysis, as needed.

2.3. Environmental Issues.

- Phase I/II Site Assessment Status and Results.

As part of due diligence in acquiring the site from TJPA, OCII commissioned a Phase I report from AEW Engineering. The report is dated November 3, 2020. The report identified that soil classified as Federal Class I RCRA and California Class I Non-RCRA hazardous waste is on the site. The soil was capped by the existing temporary terminal asphalt and terminal building but will need to be addressed as part of the site's development. The Sponsor will work with a consultant to determine whether an updated Phase I is needed.

The Sponsor will seek a Phase II report during predevelopment.

- Potential/Known Hazards.

Soil contaminants currently exist in the Project Area and are assumed to exist at the site. The Sponsor will engage consultants to provide testing and analysis.

2.4. Adjacent uses and neighborhood amenities. See table above.

2.5. Green Building. See table above.

3. COMMUNITY SUPPORT

3.1. Prior Outreach.

The Transbay Citizens Advisory Committee ("CAC") is comprised of 11 members who represent neighboring residents, property owners, and Citywide interests. The CAC is charged with providing advice to OCII on all matters pertaining to the planning and implementation of the Transbay Redevelopment Project Area.

Staff presented the RFP to the CAC and to the OCII Commission in June 2020 prior to issuance of the RFP. A member of the CAC participated in the interview and evaluation panel for the developer team selection. Staff presented an update on the selection process and the recommended developer to the CAC on November 12, 2020 in advance of the anticipated upcoming OCII Commission action on the Predevelopment Loan Agreement and Exclusive Negotiations Agreement. At each meeting, the CAC members were supportive of this development.

3.2. Future Outreach.

The Sponsor will return to the CAC to present the recommended concept design for Blocks 2 East and West and will return again to seek approval of the schematic design. Pursuant to Condition 11.3.14, the Sponsor will conduct further outreach to neighborhood groups as needed throughout predevelopment. Groups may include the East Cut Community Business District, neighboring homeowner associations, and others.

4. DEVELOPMENT PLAN

4.1.1. Site Control.

OCII currently holds and will continue to hold fee simple ownership of the Site. The Site was transferred from TJPA to OCII in January 2021, along with Transbay Blocks 3 and 4 and the parcels planned for the extensions of Clementina and Tehama Streets.

Pursuant to the terms of a purchase agreement between TJPA and OCII in August 2020, Transbay Block 2 was transferred at no cost to OCII.

The Sponsor, in coordination with the sponsor of Block 2 West, will lead and be responsible for pursuing a subdivision map to facilitate the Blocks 2 East and West projects. Per Condition 11.3.11, Mercy and CCDC will work together to determine appropriate boundaries for the two or more parcels to be created through the subdivision.

4.1.2. Proposed Property Ownership Structure

OCII will retain fee interest in the land and, at the close of construction financing, will enter into a long-term ground lease with the Sponsor. The Sponsor will own the improvements.

4.2. Proposed Design.

The preliminary massing for Block 2 East features a nine story (85') building anchoring the corner of Folsom and Main, stepping down to approximately 50' along Clementina Street. The building will have 101 units, with 36 one-bedrooms, 36 two-bedrooms (including one manager's unit), and 29 three-bedrooms.

As one of the final remaining sites in the Transbay project area, the urban design of Blocks 2 East and West is critical to creating a vibrant pedestrian realm. Units with townhome-style frontages and stoops are located along the planned extension of Clementina Street, while the child care facility will be located at the Main-Clementina corner. This allows for safe child care drop-offs on Clementina and places the child care entry directly across from the planned Block 3 park, which will feature a playground. A retail space on the Main-Beale corner will complement the Woodlands Market located across Folsom and will contribute to the Folsom "main street".

The ground floor also contains the resident lobby as well as management and services offices. The sixth floor features a community room opening up to an approximately 3,000 square foot roof deck overlooking the planned Block 3 park.

A partial basement will provide resident bicycle storage, building storage, utility functions, and trash storage. There will be no resident vehicular parking.

The Block 2 East design will be closely coordinated with the design of Block 2 West. The Sponsors and design teams will collaborate to submit a single schematic design package for OCII review and approval. Designs will feature complementary exterior features and materials for a cohesive look across the block. The design team envisions a masonry material for the façade that will contrast with the glassy towers across Folsom Street. A common landscape architect will work on both Blocks 2 East and West, ensuring consistency in the look and feel of the large "linear parks" on Beale and Main, the wide sidewalk on the Folsom Street frontage, the central pedestrian mews, and the townhome frontages on Clementina.

The Sponsors and design team will revisit the proposed height and massing of Block 2 East and present alternatives to OCII before finalizing a conceptual design. As noted in Section 2 above, the Transbay design guidelines allow for a building of up to 165' on a portion of the site at Main Street and Folsom Street. Thus at 85', the Project does not take full advantage of allowable building area. Further, in the RFP for Transbay Blocks 2 East and 2 West, OCII sought consideration of an alternative height of 240'.

A height of 85' may be less challenging to finance given the lower bond request and lower anticipated OCII loan, however, preliminary studies indicate that a height of 165'

would yield an additional 46 units (bring the Block 2 East unit count to 147) and would likely result in a lower cost per unit, however the OCII subsidy per unit would increase. Pursuant to Condition 11.3.1, the Sponsor will further analyze development scenarios with heights at 165' and 240'.

Estimated area square footages are as follows:

Average Unit SF by type:	1 Bedroom: 550 2 Bedroom: 850 3 Bedroom: 1,100
Residential SF:	83,054
Circulation SF:	13,757
Commercial SF:	Retail: 1,380 Child care: 5,950
Common Area SF:	4,568
Maintenance/Utility SF:	7,823
Building Total SF:	116,532

4.3. Proposed Rehab Scope. N/A

4.4. Construction Supervisor/Construction Specialist's Evaluation

OCII's Construction Specialist performed a preliminary analysis of the proposed massing concept and construction cost estimate for Block 2 East. The building will provide approximately 101 units for low-income families. The proposed design takes advantage of the southeast corner of Folsom and Main Streets while creating a sunlit courtyard facing the midblock mews to the west. The northern façade, on Clementina Street, provides views to the planned Block 3 park. The midblock mews and streetscape improvements to Clementina, Main, and Folsom will contribute to street level activation and link to similar improvements on surrounding Transbay blocks.

Design and construction efficiencies can be gained by simultaneously developing Blocks 2 East West. To the extent feasible, these projects should maintain coordinated schedules (Condition 11.3.2).

Preliminary cost estimates are at approximately \$842 per square foot, or \$971,843 per unit, which is over 20% higher than the average of \$694 per square foot for other OCII/MOHCD projects currently in predevelopment. Higher costs may in part be attributable to the need to activate all four sides of the building, the inclusion of a child care center and retail space, and added streetscape improvements. However, OCII will work closely with the Sponsor and design team to identify strategies to maximize efficiencies and reduce costs per unit and per square foot.

4.5. Commercial Space.

Ground floor commercial on Transbay Block 2 is essential to meeting the overall Redevelopment Plan goal to develop Transbay as a vibrant and functional urban neighborhood. Existing Transbay residents have, through discussions at Transbay CAC meetings, affirmed the need and desire for neighborhood-serving commercial uses. In response to the RFP for Transbay Blocks 2 East and West, Mercy and CCDC proposed a retail plan intended to complement existing area businesses and provide spaces and uses

that act as community connectors. The overall commercial plan for Block 2 provides 11,650 square feet of ground floor commercial. Mercy's affiliate, Mercy Commercial California ("MCC") will lead the planning, lease-up, and build-out of the commercial spaces on both 2 East and West.

During predevelopment, the Sponsor, in collaboration with MCC and the sponsor of Block 2 West, will prepare a commercial financing plan for OCII review and approval and will consider and recommend whether or not to establish separate parcels for the commercial spaces as part of the overall subdivision mapping process for the Transbay Block 2.

The preliminary design for Block 2 East provides an approximately 1,380 square foot retail space on the corner of Folsom Street and Main Street and an approximately 6,000 square foot child care facility on the corner of Clementina Street and Main Street.

The retail space is double height, with adjacent access to loading and other back-of-house functions. The entry is planned for Folsom Street. The Sponsor has not yet secured a potential tenant for this space, however, MCC has established a relationship with the San Francisco Neighborhood Business Alliance (SFNBA), a membership-based trade association founded by retailers in the Arab, Asian, and Black communities in the Bay Area. Mercy will collaborate with SFNBA as well as other local organizations supporting entrepreneurs and small businesses to market the space and secure a neighborhood-serving tenant (Condition 11.3.10).

The child care center is intended to serve up to 45 children ages 0 to 5. The Sponsor will issue an RFP to seek a provider for the space early in predevelopment (Condition 11.3.4) and will collaborate with partner providers from other buildings regarding design until a provider for the Project is confirmed. The split-level space includes a ground floor lobby and classroom space as well as lower level classroom areas. The lower level portion opens to a sunken central courtyard with dedicated outdoor play space. The Sponsor anticipates child care drop-off on Clementina Street.

4.6. Service Space.

Preliminary designs provide for ground floor property management and services offices and an approximately 1,400 square foot community room adjacent to the roof deck on the 6th floor. The type and amount of space seems adequate for the target population. Programming and design of the space will be refined during predevelopment and reviewed with service and property management providers as well as OCII housing and design staff.

4.7. Target Population

Block 2 East will serve families at incomes ranging from 20% to 80% SF AMI, with an average AMI no higher than 60%. Approximately 20% of the units (20 units) will be set-aside for occupancy by formerly homeless families, referred to the Project by HSH through the Coordinated Entry program. Pursuant to Condition 11.3.5, the Sponsor will work with HSH to confirm that the number of formerly homeless-serving units is appropriate and allows for an efficient case management ratio.

4.8. Marketing & Occupancy Preferences

As previously noted, tenants in the 20 units serving formerly homeless households will be referred to the Project through the Coordinated Entry System. All remaining affordable units will be marketed and leased through OCII's standard procedures, including early outreach to Certificate of Preference ("COP") holders, broad marketing

and outreach, and applications and a lottery through the MOHCD DAHLIA digital housing portal system. In addition, potential tenants will be prioritized in accordance with preferences.

As of April 19, 2019, the OCII Commission has authorized staff to apply the preferences in City Affordable Housing Programs, as amended from time to time, to affordable housing approved by OCII, to the extent that those preferences are consistent with redevelopment plans, enforceable obligations, and applicable law. The preferences applicable for the Project are:

1. COP holders
2. Displaced Tenant Preference Program for 20% of lottery units
3. Neighborhood Resident Housing Preference for 40% of the lottery units if project does not include State funding sources, and 25% of the lottery units if project does include State funding sources (if such preference does not conflict with other financing sources)
4. San Francisco residents or workers
5. Members of the general public

The Sponsor will, as a condition of the anticipated gap loan, provide an early outreach and marketing plans that describe specific efforts to engage preference program participants, and clearly describe how the marketing is consistent with the Mayor's Racial Equity statement and promote positive outcomes for African American San Franciscans.

Potential tenants, including those prioritized by preference, must meet the Sponsor's established screening requirements for the Project, and final selection will lie with the Sponsor. Any authorized preference shall be permitted only to the extent that such preference: (a) does not have the purpose or effect of delaying or otherwise denying access to a housing development or unit based on race, color, ethnic origin, gender, religion, disability, age, sexual orientation, or other protected characteristic of any member of an applicant household; and (b) is not based on how long an applicant has resided or worked in the area. OCII will work with the Sponsor to resolve potential occupancy conflicts and determine marketing requirements and to ensure adherence to OCII occupancy preferences.

4.9. Relocation.

N/A.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Kennerly Architecture & Planning	Y	N
Landscape Architect	TBD	TBD	TBD
JV/other Architect	TBD	TBD	TBD
General Contractor	TBD	TBD	TBD
Owner's Rep/Construction Manager	TBD	TBD	TBD
Property Manager	Mercy Housing Management Group	N	N
Services Provider	Mercy/Episcopal Community Services	N	N

Financial Consultant	CHPC	N	N
Legal	Gubb & Barshay	N	N

5.1. Outstanding Procurement Issues.

There are no outstanding procurement issues. Sponsor is working with OCII's Contract Compliance team to issue a RFQ/P for design consultants and will endeavor to meet OCII's goal that a minimum of 50% of professional services contracts are awarded to certified Small Business Enterprises ("SBEs").

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

6.1. Prior MOHCD/OCII Funding (this project and historical for the project):

There is no prior OCII funding. This predevelopment loan request will be the first sum of money extended to the project.

6.2. Disbursement Status.

The proposed predevelopment loan is the only predevelopment source for the Project. No sums of money have yet been disbursed. Staff recommends that the Loan Committee approve payment of costs dating back to November 12, 2020, the date of the informational update staff provided to the Transbay CAC on the developer selection recommendation, so long as these previously incurred costs are deemed acceptable and correspond to the predevelopment budget attached herein.

6.3. Fulfillment of Loan Conditions.

N/A.

6.4. Proposed Predevelopment Financing

6.4.1. Predevelopment Sources Evaluation Narrative

The proposed predevelopment loan is the only predevelopment source for the Project.

6.4.2. Predevelopment Uses Evaluation

The Sponsor is seeking a predevelopment loan of \$3,500,000. The budget includes costs related to design through construction documents, survey and engineering sites studies, permit fees, legal fees, and a portion of the developer fee.

6.4.3.

Predevelopment Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Acquisition Cost is based on appraisal	N/A	Not applicable.
Architecture and Engineering Fees are within standards	Y	A&E fee during predevelopment is \$2,350,149

Bid Contingency is at least 5% of total hard costs	Y	
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	N	The Project is carrying a total of 15% in design, bid, and plan check contingencies, which is consistent with the MOHCD Underwriting Guidelines, but more than the amounts held in typical recent practice for projects of this scale (typical is a total of 8%). While escalation is not included in the hard cost estimate, it is assumed that these conservative contingency amounts would allow for escalation.
Construction Management Fees are within standards	Y	
Developer Fee is within standards	Y	See discussion on Developer Fee below.
Soft Cost Contingency is 10% per standards	Y	
Financing Costs are reasonable	Y	

6.5. Potential Proposed Permanent Financing

Permanent financing is being presented to demonstrate the project's overall feasibility but not intended to be presented for Loan Committee approval at this time.

6.5.1. Permanent Sources Evaluation Narrative:

- OCII Loan: The budget assumes an OCII subsidy of approximately \$26,695,472 or \$264,312 per unit. The OCII subsidy will be used during predevelopment and construction and will be structured as a loan with up to 3% interest.
- LIHTC Equity: The Sponsor is projecting LIHTC equity in the amount of \$38,760,668 or \$383,796 per unit. This assumes a fixed 4% credit rate and pricing at \$0.90. Pricing is assumed at \$0.90 which may be conservative but is based on recent offers from tax credit investors on other San Francisco projects without project-based Section 8 contracts. Pursuant to Condition 11.3.13, the Sponsor will provide the debt/equity request for proposals for OCII review and will share responses and draft terms sheets.
- HCD AHSC: The budget assumes an AHSC award of \$20,000,000, the maximum available for eligible residential uses, to support the residential Project. The Sponsor would work with SFMTA and/or other transit agencies to identify a qualified transit project.
- HCD IIG: The budget assumes an IIG award of \$7,000,000, the maximum available for the program. The funds would be used for site preparation, drainage, and streetscape work. Because Mercy has obtained awards in the recent past, they expect to score well in the tiebreaker, which awards points for IIG experience.

- Construction Loan: The budget assumes a tax-exempt construction loan of \$59,664,964 with an interest rate of 3.65% for 30 months. Pursuant to Condition 11.3.13, the Sponsor will provide the debt/equity request for proposals for OCII review and will share responses and draft terms sheets.
- Permanent Loan: The budget assumes a permanent loan of \$1,500,000 at 4.35% interest rate with a 15-year amortization. The Sponsor will seek to maximize the permanent loan (Condition 11.3.7), while maintaining anticipated AMI levels and ensuring an adequate debt service coverage ratio. Pursuant to Condition 11.3.13, the Sponsor will provide the debt/equity request for proposals for OCII review and will share responses and draft terms sheets.
- AHP: The budget assumes an AHP award of \$1,200,000 or \$11,881 per unit. The Sponsor's preliminary analysis shows that the Project would be competitive for this source based on income levels. The Sponsor anticipates an AHP award prior to seeking gap funds from OCII.
- GP Capital Contribution: The GP estimates that it will make an equity contribution of \$3,000,000 or \$29,703 per unit to maximize tax credit equity. This amount is reflected in the developer fee shown below.

6.5.2. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit are within standards	N	Hard costs are \$795,290 / unit (includes contingencies). Costs are very high in comparison to other OCII/MOHCD projects will be monitored closely during the predevelopment period.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard cost contingency is 5%. Design, bid, and plan check contingencies total 15%.
Architecture and Engineering Fees are within standards	Y	A&E fee is \$3,577,506, which is approximately 5% of hard costs (excluding contingencies).
Construction Management Fees are within standards	Y	The construction management fee of \$145K is within the maximum allowable per MOHCD's underwriting guidelines for a large project.
Developer Fee is within standards, see also disbursement chart below	Y	Total cash developer fee is \$2.2M, which is below the max. allowed under the MOHCD Developer Fee Policy (See further description below.)
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is at 10%.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months of expenses

Cash Developer Fee Disbursement Schedule		
Payment Milestone	% of Project Mgmt. Fee	Amount
At acquisition or closing of preconstruction financing	15%	\$165,000
During or at end of predevelopment	35%	\$385,000
At construction closing	20%	\$220,000
During construction/at construction completion	20%	\$220,000
Project close-out	10%	\$110,000
Total Project Management Fee	100%	\$1,100,000
At Risk Fee*		\$1,100,000
Total Cash Developer Fee		<u>\$2,200,000</u>
GP Equity		\$3,000,000
Total Developer Fee		<u>\$5,200,000</u>

* The at-risk fee is below the maximum allowable under the MOHCD Developer Fee Policy due to restrictions from other funding sources (the MOHCD policy would allow up to \$2,210,000 in total cash fee, as well as commercial development fee). Should the funding sources change, the fee may be revised at consideration of gap financing to an amount up to the maximum allowed under the MOHCD policy. The at-risk fee will be held back from distribution to cover any cost overruns that exceed the contingency amounts held in the Sponsor's budget, per the MOHCD Developer Fee Policy.

6.6. This Request/Phasing Narrative

N/A

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

7.1. Annual Operating Budget

Since this is a predevelopment loan request, the annual operating budget is presented to demonstrate the project's overall feasibility and is not presented for approval at this time. Please see Attachment J.

7.2. Income

Project income will include tenant rents as well as subsidy for LOSP units. The preliminary cash flow assumes that commercial income and expenses will not flow through the residential project. This is subject to further analysis during the predevelopment period. During predevelopment, the Sponsor will work with OCII to confirm the AMI mix and will evaluate the potential for further tiering to include units 50% AMI. In addition, Sponsor will work with OCII and HSH to confirm the appropriate AMI levels for LOSP units, along with the total number of LOSP units. For example, there may be a need for some LOSP units with AMIs of up to 50% AMI to accommodate formerly households with full-time employment income.

Unit Type	No. of Units	Max. AMI	Rent (at Max. AMI)*	Rent/ Operating Subsidy
1 bedroom	6	20%	\$513**	LOSP
2 bedroom	9		\$576**	
3 bedroom	5		\$640**	
1 bedroom	4	30%	\$769	
2 bedroom	3		\$865	
3 bedroom	3		\$961	
1 bedroom	18	60%	\$1,538	
2 bedroom	18		\$1,730	
3 bedroom	14		\$1,921	
1 bedroom	7	80%	\$2,050	
2 bedroom	7		\$2,306	
3 bedroom	6		\$2,563	
2 bedroom	1	unrestricted	n/a	Mngr's Unit
Total Units	101	Average AMI: 53% (38% TCAC)		

* Based on 2020 MOHCD rents

** Tenants in units subsidized by LOSP are assumed to pay \$300 per month in rent, actual rent will be 30% of tenant income, pursuant to LOSP policies

7.3. Annual Operating Expenses Evaluation

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio (DSCR) is between minimum 1.10:1 and maximum 1.15:1 at year 15	N	The DSCR is at 1.61 in Year 15. As a condition of this loan (Condition 11.3.7), the Sponsors will review assumptions and maximize permanent debt.
Debt Service Coverage Ratio stays above 1.00:1 for entirety of projected 20-year cash flow	Y	The DSCR is at 1.16 in year 20.
Vacancy meets TCAC Standards	Y	Vacancy is 5% of tenant rents per TCAC and LOSP standards.
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5% for non-LOSP units and 1% for LOSP in compliance with OCII/MOHCD standards and LOSP guidelines.
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%.
Base year operating expenses per unit are reasonable per comparables	Y	Total base year operating expenses are \$14,403 per unit per year (including reserves), which is comparable to other family projects that include LOSP units.
Property Management Fee is at allowable HUD Maximum	Y	Property Management Fee is \$80,800 and will be set in accordance with the HUD schedule
Property Management staffing level is reasonable per comparables	Y	1 FTE Senior Property Manager 2 FTE Assistant Property Managers 3.5 FTE Desk Clerks (24/7 coverage) 1 FTE Maintenance Manager 1 FTE Maintenance Tech

		1 FTE Janitor This level of property management staffing is consistent with other buildings in the Sponsor's portfolio. The staffing structure will be refined during predevelopment. Sponsor will evaluate the need for 24/7 staffing and/or will explore the potential for shared after hours desk coverage for cost savings/efficiency (Condition 11.3.6).
Asset Management and Partnership Management Fees meet standards	Y	Annual AM fee is \$24,280 Annual PM Fee is \$24,270 These amounts are consistent with MOHCD maximums for 2023.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 per unit per year (based on comparable projects).
Limited Partnership Asset Management Fee (aka Investor Service Fee) meets standards	Y	\$5,000 per year with no escalation.

7.4. Capital Needs Assessment & Replacement Reserve Analysis

N/A

8. SUPPORT SERVICES

8.1. Services Plan.

Mercy will provide resident services for low-income families and Episcopal Community Services (ECS) will provide supportive services for formerly homeless families. Anticipated staffing is as follows:

Position	FTE	Description
Case Manager (bilingual) – ECS (serving families in supportive units)	1.0*	Provides psychological assessments, supportive counseling, and individualize wrap-around case management. Services aligned with Positive Parenting Program.
Support Services Manager – ECS (support for families in supportive units)	0.4*	Provides leadership and supervision to ensure quality and resident safety. Responsible for case management program operations including staff supervision and budget oversight.
Resident Services Coordinator II - Mercy (serving all residents)	1.0	Coordinates on-site service programs, partnerships with outside organizations, and property management. Implements youth programming, community engagement, health and wellness initiatives, and housing stability.
Resident Services Manager (serving all residents)	0.2	Provides oversight and supervision to support resident services staff and programs.
Total FTE	2.6	

* The case management ratio of 1.4 FTE for 20 supportive units is higher than typical for HSH supported projects and will need to be reviewed and revised during predevelopment (Condition 11.3.5).

8.2. Service Budget.

Resident services at up to one staff person for every 100 units will be paid through the operating budget, pursuant to MOHCD underwriting standards. Case management and supportive services for formerly homeless families will be funded through a separate contract with HSH. The anticipated services budget is as follows:

Position	FTE	Budget Amount	Funding Source
Case Manager (bilingual) - ECS	1.0	\$56,535	HSH Contract
Support Services Manager – ECS	0.4	\$15,446	HSH Contract
Resident Services Coordinator II - Mercy	1.0	\$65,500	Operating budget
Resident Services Manager - Mercy	0.2	\$12,576	Operating budget
Fringe		\$57,173	HSH Contract/Operating budget
Operating Expenses		\$49,872	HSH Contract/Operating budget
Total FTE	2.6	\$25,102	

The case management ratio and related staffing costs are higher than typical for a supportive family project and will be reviewed and adjusted in coordination with HSH during predevelopment. The Sponsor will work with OCII and HSH to refine the services plan and budget during the predevelopment period (see Condition 11.3.5).

8.3. HSH Assessment of Service Plan and Budget.

To be provided with the gap funding request. Mili Choudhury, Family Permanent Supportive Housing Manager at HSH, was a member of the selection panel for the RFP and will participate in planning for services and management. A condition of this loan request is to work closely with OCII and HSH to develop and appropriate supportive services plan and budget for this Project (Condition 11.3.5).

9. THRESHOLD ELIGIBILITY REQUIREMENTS

The RFP defined minimum threshold requirements to be considered for selection. The Sponsors satisfied these requirements.

10. RANKING CRITERIA

The Sponsor was selected, along with the Sponsor of Block 2 West, based on their submittal in response to an RFP as described in Section 1.1. The team led by Mercy and CCDC received the highest score of the five proposals, with 90 out of 100 possible points. Scoring criteria was as follows:

Maximum Points	Criteria
50	Proposed Development Concept
20	Proposed massing concept
15	Financial feasibility and level of OCII subsidy

10	Proposed services plan
5	Proposed marketing plan
50	Developer Team Experience and Capacity
10	Developer's experience: comparable mixed-use projects
10	Developer's experience: affordable housing financing; workload capacity
10	Workforce and contracting action plan
10	Architect experience and capacity
5	Service provider experience and capacity
5	Property manager experience and capacity
100	Maximum Total Points

11. STAFF RECOMMENDATIONS

11.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$3,500,000
Loan Term:	3 years or until rolled into a permanent loan for the Project
Loan Maturity Date:	2024
Loan Repayment Type:	Deferred
Loan Interest Rate:	3% (may be recast if necessary due to true debt analysis performed in preparation for the close of construction financing. Interest rate may be between 0% and 3%, with approval of the OCII Executive Director)

11.2. Recommended predevelopment disbursement conditions

- 11.2.1 Subject to OCII approval, Mercy and CCDC will enter into a joint development agreement that clearly defines the roles and responsibilities of Mercy and CCDC in the overall development of Transbay Block 2. The agreement will use as its basis the Term Sheet attached to the MOU dated September 10, 2020 between Mercy and CCDC and will clearly define Mercy's role as lead developer, in close coordination with CCDC for the following matters: contract negotiations, including predevelopment loan terms, and ground leases; general contractor and consultants' selection; retail programming, commercial shell design, marketing and leasing; lot split/subdivision mapping; streetscape and landscape design; respective liabilities for work performed under the agreement; and other matters to achieve cost efficiencies and a cohesive development on Block 2.

11.3. Recommended conditions prior to gap financing

- 11.3.1 Sponsor will, in coordination with OCII, study massing and financing scenarios at 165', 240', and other design variations as recommended by the design team to balance unit count and financial feasibility on the 2 East site

and will submit a combined conceptual design and cost estimate with Block 2 West.

- 11.3.2 Sponsor will work closely with the sponsor of Block 2 West throughout predevelopment and will:
 - a. ensure that the design teams for Blocks 2 East and West collaborate and submit a single combined schematic design package, which demonstrates cohesive design between Blocks 2 East and West, particularly for the ground floor and mid-block pedestrian mews; and
 - b. use the same general contractor or joint venture for construction and coordinate construction timing between Blocks 2 East and West, either by construction of both sites at the same time or phased development.
- 11.3.3 Sponsor will cooperate with OCII and the sponsor of Block 2 West to competitively solicit a general contractor with the intent of creating a joint venture or similar partnership opportunity, to the extent practicable and economically feasible, between a general contractor and an OCII-recognized SBE contractor. Furthermore, Sponsor will cooperate and require the general contractor to exercise good faith efforts to select subcontractors who either are SBEs or, if they are not SBEs, are willing to create joint ventures or similar partnership opportunities with SBEs.
- 11.3.4 Sponsor will seek a child care provider through a competitive RFP process. Sponsor will coordinate with the selected provider to refine space designs and support the provider, as appropriate, in seeking tenant improvement assistance.
- 11.3.5 Sponsor will work with OCII, MOHCD, and HSH to:
 - a. finalize the number of permanent supportive units, ensuring consistency with best practice case management ratios;
 - b. review AMI levels for LOSP-supported units to ensure that the levels of are appropriate to accommodate anticipated tenant needs; and
 - c. refine the services plan and budget.
- 11.3.6 Sponsor evaluate the need for 24 hour desk coverage for the Project and will explore the potential for shared after hours front desk coverage/security between Blocks 2 East and West to improve efficiency and reduce costs.
- 11.3.7 Sponsor will seek to maximize permanent debt, while maintaining an AMI mix as agreed upon with OCII and ensuring an adequate debt service coverage ratio.
- 11.3.8 Sponsor will closely monitor available funding sources such as AHP, AHSC, IIG, and others, review regulations, and submit timely applications, as appropriate. If necessary, Sponsor will recommend strategies and program modifications for OCII approval to improve the Project's likelihood of securing awards.
- 11.3.9 Sponsor will ensure that commercial spaces are designed in accordance with the specifications established in the MOHCD Commercial Space Underwriting Guidelines and will provide a commercial financing plan for OCII review and approval.

- 11.3.10 Sponsor will conduct early outreach to local small business organizations, non-profit entrepreneur organizations, and other entities, groups and organizations, as appropriate, to market the Project's retail space. In addition, Sponsor will engage with the San Francisco Office of Economic and Workforce Development regarding the retail space and the availability of the City's small business, legacy business, and other programs to identify and assist potential local business tenants.
- 11.3.11 Sponsor will coordinate with OCII and the sponsor of Block 2 West to establish project boundaries and secure a subdivision map for Transbay Block 2.
- 11.3.12 Prior to submittal of a site permit application and subdivision map application, Sponsor, in collaboration with the sponsor of Block 2 West, will recommend for OCII approval, a specific plan for the development of public or common use areas in Transbay Block 2, e.g. the mid-block pedestrian mews, that establishes the lot lines, allocation of development, a mechanism for ensuring public access, and responsibilities for construction and ongoing maintenance and security.
- 11.3.13 Sponsor will provide the RFP for debt and equity providers before it is finalized and released.
- 11.3.14 Sponsor and sponsor of Block 2 West will work collaboratively on a community outreach plan, will conduct ongoing outreach to the Transbay community to solicit input, address concerns, and educate community members on various aspects of the Project. Sponsor will take the lead in obtaining OCII approval for the community outreach plan.

Evaluation of Request for Predevelopment Financing
Transbay Block 2 East

February 19, 2021
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12. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

Salvador Menjivar, Director of Housing Services
Department of Homelessness and Supportive Housing

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

Sally Oerth, Interim 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 Organizational Chart
 C. Developer Resumes
 D. Asset Management Analysis of Sponsor
 E. Site Map with Amenities
 F. Elevations and Floor Plans
 G. Comparison of City Investment in Other Housing Developments
 H. Predevelopment Sources and Uses
 I. Permanent Sources and Uses
 J. First Year Operating Budget
 K. 20-Year Operating Pro Forma

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Friday, February 19, 2021 11:59 AM
To: Chavez, Rosanna (MYR)
Subject: Predevelopment Financing Transbay East

I approve

Eric D. Shaw
Director

Mayor's Office of Housing and Community Development
City and County of San Francisco
1 South Van Ness Avenue, 5th Floor

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Friday, February 19, 2021 12:53 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Predevelopment Financing for Transbay Block 2 East

I approve the request for a predevelopment loan in the amount of \$3,500,000 for Transbay Block 2 East.

Best,

Salvador



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

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Chavez, Rosanna (MYR)

From: Oerth, Sally (CII)
Sent: Friday, February 19, 2021 11:58 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR); Obstfeld, Kimberly (CII)
Subject: Predevelopment Financing Transbay Block 2E- 2.19.21 Loan Committee

I approve the Predevelopment Loan request for Transbay Block 2E, as presented at the 2.19.21 Loan Committee



Sally Oerth
Interim Executive Director

📍 One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
📞 415.749.2588
🏠 www.sfocii.org

Chavez, Rosanna (MYR)

From: Katz, Bridget (CON)
Sent: Friday, February 19, 2021 11:57 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Predevelopment Financing Transbay East

Approve

Bridget Katz

Development Finance Specialist, 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

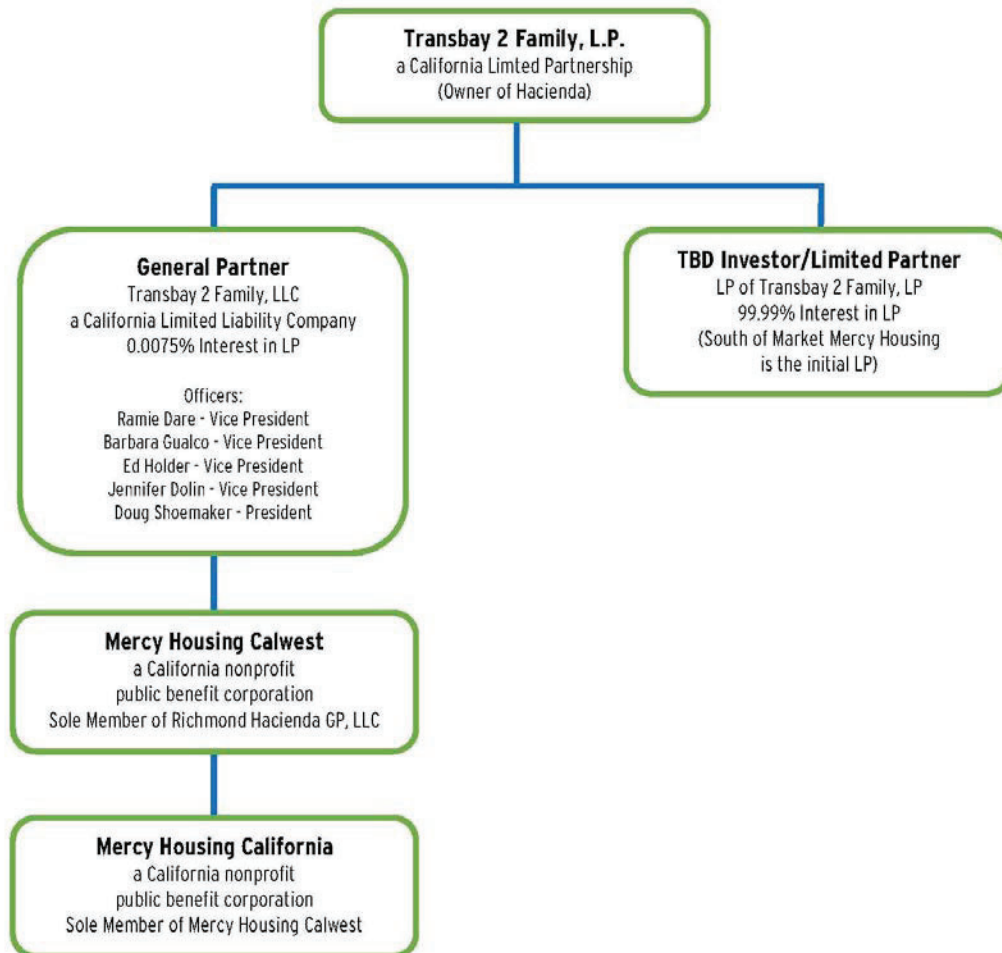
Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)	N/A	N/A
1	Acquisition/Predev Financing Commitment	February 2021	(this request)
2.	Site Acquisition	September 2023	March 2024
3.	Development Team Selection		
a.	Architect	November 2020	Complete
b.	General Contractor	June 2021	December 2021
c.	Owner's Representative	April 2021	October 2021
d.	Property Manager	November 2020	Complete
e.	Service Provider	November 2020	Complete
4.	Design		
a.	Conceptual Design & Cost Estimate	July 2021	January 2022
b.	Submittal of Schematic Design & Cost Estimate	November 2021	May 2022
c.	Submittal of Design Development & Cost Estimate	September 2022	March 2023
d.	Submittal of 50% CD Set & Cost Estimate	January 2023	July 2023
e.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	May 2023	November 2023
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	N/A	N/A
b.	NEPA Environ Review Submission	N/A	N/A
6.	Permits		
a.	Building / Site Permit Application Submitted	January 2022	July 2022
b.	Subdivision Mapping	September 2022	March 2023
c.	Addendum #1 Submitted	August 2022	February 2023
d.	Addendum #2 Submitted	February 2023	August 2023
7.	Request for Bids Issued	June 2023	December 2023
8.	Service Plan Submission		
a.	Preliminary	September 2021	March 2022
b.	Interim	N/A	N/A

Evaluation of Request for Predevelopment Financing
Transbay Block 2 East

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c.	Final	May 2023	November 2023
9.	Additional City Financing		
a.	Predevelopment Financing Application #2	N/A	N/A
b.	Gap Financing Application	February 2023	August 2023
10.	Other Financing		
a.	AHSC/IIG Application	November 2021	November 2022
b.	Construction Financing RFP	January 2023	July 2023
c.	AHP Application	March 2023	March 2024
d.	CDLAC Application	March 2023	September 2023
e.	TCAC Application	March 2023	September 2023
11.	Closing		
a.	Construction Closing	September 2023	March 2024
b.	Permanent Financing Closing	September 2023	March 2024
12.	Construction		
a.	Notice to Proceed	September 2023	March 2024
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	August 2025	February 2026
13.	Marketing/Rent-up		
a.	Early Outreach Plan Submission	October 2023	April 2024
b.	Marketing Plan Submission	August 2024	February 2025
c.	Commence Marketing	January 2025	July 2026
d.	95% Occupancy	January 2026	July 2026
14.	Cost Certification/8609	December 2026	June 2027
15.	Close Out OCII Loan	December 2026	June 2027

Attachment B: Borrower Organizational Chart

Evaluation of Request for Predevelopment Financing
Transbay Block 2 East

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Attachment C: Developer Resumes

Michael Kaplan

Project Developer



EDUCATIONAL BACKGROUND

Massachusetts Institute of Technology,
Cambridge, MA

Master of Science in Real Estate Development
and Master in City Planning, 2014

Northwestern University, Evanston, IL

Bachelor of Arts in Economics and History, 2005

PROFESSIONAL EXPERIENCE

[Mercy Housing California](#)

[Project Developer II, Project Developer, Project Assistant II San Francisco, CA 2014 – present](#)

- Engaged in new business development opportunities, including negotiating ENA for 3-acre site in Richmond and joint use agreement with BART for easement in Colma, submission of responses to RFPs, and worked with local partners and housing agencies in San Francisco, San Mateo, and Contra Costa Counties.
- Tackled challenging issues with a diverse set of local communities, ranging from disadvantaged communities in Richmond and North Fair Oaks to suburban San Mateo County and Pacific Heights, and adapted projects to address resident issues and gain local buy-in.
- Conducted financial feasibility analysis, prepared proformas, submitted funding applications for state and local sources and tax credits, and closed financing at both the construction and permanent stages.

- Hired and oversaw team of architects, engineers, consultants, and contractors.
- Project-managed completion of 66-unit supportive housing development for veterans in Colma, including new construction and renovation of historic building, and navigated the project through a CEQA EIR.
- Collaborated with the Department of Veterans Affairs and local homeless agencies to obtain medical assistance in order to house the most chronically homeless and disabled veterans.
- Led 98-unit occupied rehab of old public housing high-rise in San Francisco as part of the RAD program, addressing services and security deficiencies, seismic upgrades, ADA requirements, and energy efficiency.
- Initiated successful development program for 180 unit mixed used development in Redwood City.

[Anaina Hou Community Park](#)

[Co-Founder, Project General Manager, Kilauea, Kaua'i, HI 2006 – 2011](#)

- Conceptualized, designed and directed creation of 15-acre community complex and performing arts center.
- Presented proposal at public hearings to Planning Commission, the Mayor, and County Council members, and worked with various State and County agencies through entitlement process.
- Supervised construction and managed budget for successful completion of Phase I of project.
- Developed sustainable business model to reach profitability in first year, generating \$700,000 in revenue, 11% profit margin, and over 60,000 customer visits.

Barbara Gualco

Vice President, Director of Housing Development



EDUCATIONAL BACKGROUND

Master of City Planning, Land Use Concentration,
University of California Berkeley, 1987
BA, Economics San Francisco State University,
1983

PROFESSIONAL EXPERIENCE

[Mercy Housing California, San Francisco,](#)
[California Director, Housing Development,](#)
[September 2003 to Present](#)

Direct the multi-family housing and commercial development work in the San Francisco office of a national leader in the acquisition and production of quality affordable multi-family housing developments. Currently overseeing 15 developments, with a budget of \$380 Million. Responsibilities include developing an acquisitions strategy, negotiating site control; conducting market and demographic analysis, feasibility assessments, preliminary land use analysis, asset repositioning and work-outs; obtaining neighborhood acceptance and land use approvals; managing the bidding and design process; assembling public equity and private debt financing for complex tax credit and bond financing packages. Responsible for the selection and management of retained development team professionals from financing, legal, design, construction and management disciplines. Manage and assist a staff of 7 development professionals.

[Mercy Housing California, San Francisco,](#)
[California Senior Project Manager,](#)
[November 1987 to August 2003](#)

Perform site analysis and prepare proformas to determine feasibility of new development opportunities. Identify and structure development and operating financing; obtain commitments; close financing including various public sector subsidy sources and conventional financing. Obtain land use entitlements; coordinate community acceptance plans; represent agency in public forums. Identify, select, contract and coordinate team of development professionals including architects, engineers, attorneys, financial consultants, property management, etc. Oversee construction progress including processing construction change orders and payment applications. Develop and administer development budgets and schedules; provide reporting to multiple funding sources. Provided direct project management for nine distinct housing developments comprised of approximately 500 units. These developments included new construction, renovation and adaptive reuse with a wide range of financing including the HUD 202 Capital Advance Program, Low Income Housing Tax Credits both 9% and 4%, McKinney Programs and Shelter + Care.

PROFESSIONAL AFFILIATIONS

Board Member, Treasure Island Homeless Development Initiative (TIHDI)
Board Member, Non-Profit Housing Association of Northern California

Lorie Warnick

Regional Director of Operations



EDUCATIONAL BACKGROUND

California Department of Real Estate
California Real Estate License, May 1992
Diablo Valley College
Associates in Arts Degree

PROFESSIONAL EXPERIENCE

[Mercy Housing Management Group](#)
[Regional Vice President, May 2020-present](#)
[Regional Director of Operations, April 2018 to May 2020](#)

Supervises Area Directors and other staff working in her assigned portfolio. Develops and recommends appropriate policies congruent with the strategic direction and plans of Mercy Housing. In consultation with the Asset Management and Compliance Departments, ensures that the necessary systems are in place to monitor site compliance with all Partnership Agreements, Regulatory Agreements, and any other requirements.

[Mercy Housing Management Group](#)
[Regional Director of Marketing/Interim Area Director of Operations, September 2008-April 2018](#)

Provided support to regional leadership in developing and implementing marketing strategies to achieve regional property occupancy goals. Responsibilities included developing marketing campaigns and programs targeting qualified renters for all property incomes set-asides. Worked with division management, communications, and other regional staff to develop short and long range plans and best practices. Completed Marketing Plans, Resident Selection Criteria, AFHMPs and worked with MOHCD and OCII as point person for new developments.

[Lennar Homes, San Ramon, CA \(1992 – 2008\)](#)
[Regional Director of Marketing, 2007 – 2008](#)
[Director of Marketing, 2002 – 2007](#)

Managed daily operations of Marketing Departments in the Northern California Region. Managed the marketing budgets, advertising campaigns and all marketing collateral materials. Worked with Forward Planning department, Architects, Engineers, Interior Decorators on new communities throughout design and construction phases.

[Construction Area Manager/Purchasing Manager](#)
[1992 – 2002](#)

Responsible for daily activities of Construction Managers assigned to specific projects. Responsibilities included preparation of construction schedules, monitored progression of work on a weekly basis, and provided written reports for progress, subcontractor meeting, agency contacts, problem resolution, safety meetings, storm water management, and other reports for efficient project management. Coordinated with Site Development Manager and Purchasing Manager to develop, design and implement procedures for efficient project planning and subcontractor performance standards to achieve division goals. Coordinated with Customer Service Director to establish and promote a total quality management program, Zero Defect closings and current on CSR's.

[Warmington Homes, San Ramon, CA](#)
[Purchasing Agent 1982 - 1992](#)

Responsible for day-to-day operations of purchasing department, which included budgets, bidding of all construction work, negotiations, contracting and field interaction.

PROFESSIONAL AFFILIATIONS & CERTIFICATIONS

California Association of Real Estate
Home Builders Association, Northern California
AHMA Education Committee
NCHM, Tax Credit Specialist Certification

Alvin Tuvilla

Regional Director of Resident Services



EDUCATIONAL BACKGROUND

California State University Sacramento,
Sacramento, CA
Bachelor of Arts in Child Development
Master of Science in Counseling with a focus on
Marriage and Family Therapy

PROFESSIONAL EXPERIENCE

Mercy Housing California, Sacramento, CA
Regional Director of Resident Services –
December 2013 to Present

Ensures that family, senior and supportive properties developed by Mercy Housing California (MHC) provide high quality resident programs and services that are congruent with current practices, trends, and standards. Oversees all Resident Services in the California region. Oversees services provided by contracting agencies. Provide leadership and oversight to MHC staff in the implementation of resident programs and services as outlined in the Mercy program model. Consult with Mercy Housing California senior management and real estate development staff during acquisition and housing project development to ensure that effective and creative programs and services are integrated into the project design and budgets. Remain current on local, state and Federal issues related to programs and services in the affordable housing industry and disseminate the information in an effective manner.

Mercy Housing California, Sacramento, CA
Director of Family Services, 2008 to 2013

Mercy Housing California, Sacramento, CA
Resident Services Manager, 2003 to 2008

Mercy Services Corporation, Sacramento, CA
Health Care Organizer, 2001 to 2003

Resident Services Coordinator, Folsom, CA
1998 to 2001

Counselor/Therapist- White House Counseling
Center, San Juan Unified School District,
Sacramento, CA
1999 to 2000

Counselor- River Oak Center for Children,
1997 to 1998

PROFESSIONAL AFFILIATIONS

American Association of Service Coordinators

Attachment D: Asset Management Evaluation of Project Sponsor

Mercy Housing California (MHC) will assume asset management duties for Block 2 East. Asset management falls under the National Portfolio Management department of Mercy Housing, Inc., led by Senior Vice President Melissa Clayton.

Total number of projects and average number of units per project currently in Sponsor's asset management portfolio: Mercy's asset management department currently oversees 154 properties in California, including 53 in San Francisco.

Sponsor's current asset management staffing including job titles, full time employees, an organizational chart and the status of each position (filled/vacant): Yelena Zilberfayn is the Director of Asset Management at Mercy Housing where she has worked for the past 20 years, 8 of which in the asset management department, and is responsible for a portfolio of real estate assets serving families, seniors, and special needs individuals. She leads a team of 5 asset Managers, 4 in San Francisco, 1 in Sacramento. Yelena's team is supported by 2 asset management analysts and 1 commercial asset management analyst based in the Denver office, and one commercial asset manager based in San Francisco. In addition, 2 asset managers oversee other regions in California and a capital project investment manager report directly to Melissa Clayton.

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

Mercy's portfolio management also includes a transaction team comprised of 2 staff devoted to other specialized needs such as the year 15 buy out and the refinance of properties.

All positions are currently filled and are all full time. The breakdown of the Bay Area asset management staff positions is as follows:

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

Each asset manager oversees a portfolio of up to 25 assets. The asset managers in the San Francisco office currently have 90 assets in their portfolio. Eight of these properties are in predevelopment, under construction or in rehab in San Francisco or the Bay Area. In San Francisco, asset managers manage fewer than the maximum of 25 assets to allow capacity for future developments. Once development is complete, a San Francisco-based asset manager will assume asset management duties for Block 2 East.

Description of scope and range of duties of Sponsor's asset management team: Asset management staff has oversight over all operations of the properties. The portfolio is analyzed monthly through a portfolio scorecard, which provides metrics regarding physical and economic occupancy, trade and intercompany payables. In addition, the team performs quarterly risk ratings according to Affordable Housing Investment Council (AHIC) standards, of every property to

evaluate occupancy, management, capital needs and available reserves. If a property is placed on the watchlist, there is a quarterly meeting with the asset management team, Mercy Housing Management Group and Mercy Housing California President to identify strategies to get the property off the watchlist.

Asset Managers are responsible for tracking all capital needs on their portfolio on a quarterly basis as part of Mercy's watchlist process. They are assisted by various staff of Mercy Housing Management Group, including the regional facilities manager and the various area directors of operations assigned to the properties. Using various analysis tools including the watchlist and budget planning, reviewing CNAs, and reserve analysis, the asset managers determine when the necessary capital needs can be completed in the short and long term.

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

Portfolio preservation planning is accomplished through balancing the use of reserves with the payment of scheduled partnership and deferred development fees through cash flow. The transaction team handles some of the longer term needs of the portfolio such as year 15 analysis and investor buyout and a property restructuring such as a refinance.

Description of Sponsor's coordination between asset management and other functional teams, including property management, accounting, compliance, facilities management, etc.: There is regular coordination between property management, related departments, and asset management. Asset management oversees all aspects of operations so there is communication with property management on a daily basis. Asset and property management work together on annual audits and budgets. In addition, there is constant coordination around cash management and financial oversight of each property, as well as preparation of financial statements. Asset management and compliance primarily coordinate on compliance issues that directly affect ownership and the partnership. Asset management and facilities coordinate on budget preparation and capital projects. Asset management staff also coordinates around emergencies.

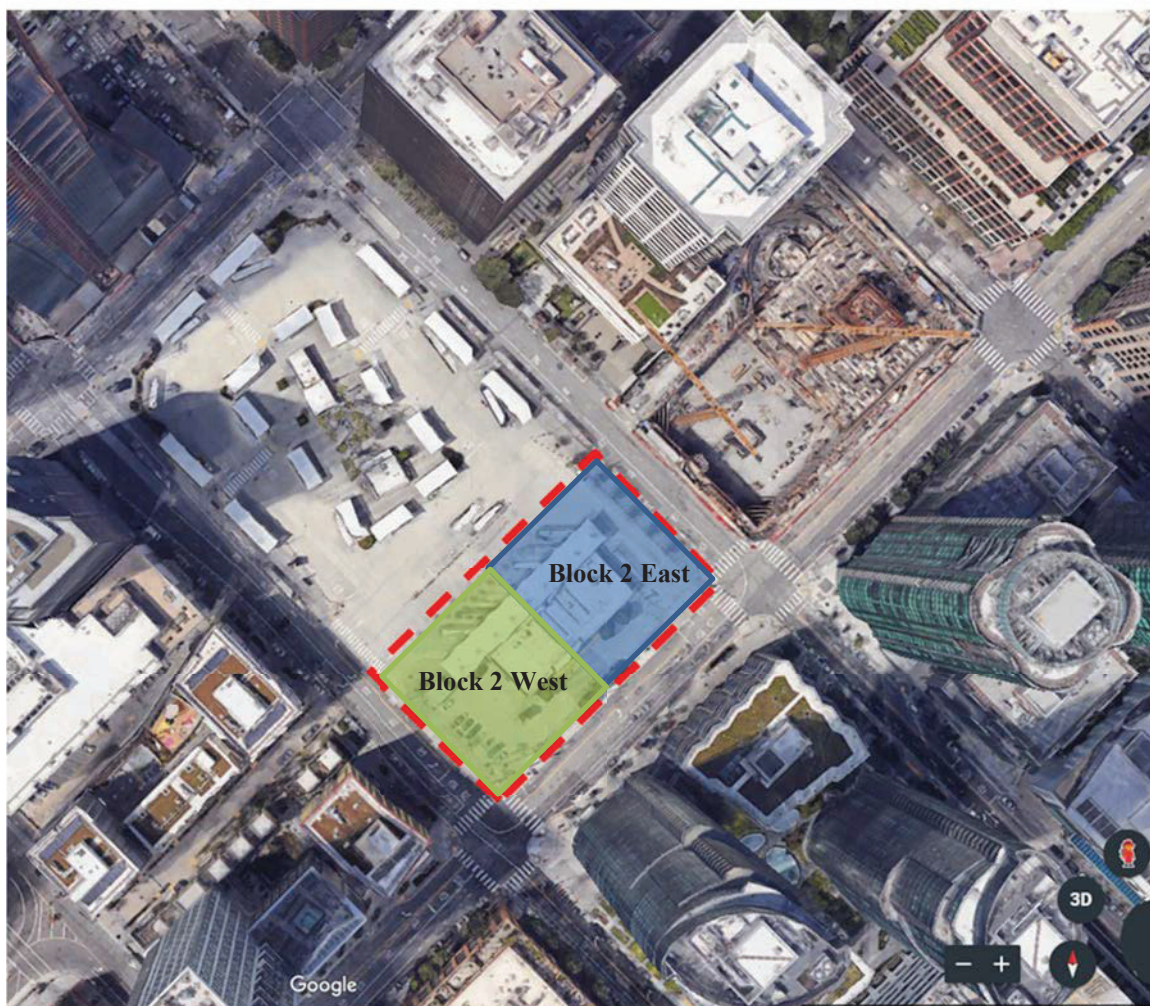
Developer's Budget for Asset Management Team Shown as Cost Center for SF Projects:
The annual asset management staffing budget is \$2,460,839.

Number of projects expected to be in Sponsor's asset management portfolio in 5 years and, if applicable, plans to augment staffing to manage growing portfolio: Mercy anticipates that the portfolio will grow from 154 buildings to approximately 170 buildings in the next five years. Two new asset manager positions were added in 2017 and one in 2019.

MOHCD Asset Management staff assessment of Sponsor's asset management capacity: The Sponsor's description of their asset management functions, duties and coordination with related teams within the organization demonstrates an adequate asset management operation for their existing portfolio. With 7 FTE asset managers and a portfolio of 154 projects in California, the project/asset management staff ratio is 22, which is in line with the industry standard of 20-25 recommended by NeighborWorks America. In addition, the Sponsor's asset management staff includes asset management analysts who support the asset managers. The full range of asset management responsibilities are covered by the asset managers and the analysts. With an increase of 15-16 projects in the Sponsor's portfolio anticipated over the next 5 years, the ratio will increase but remain within the industry standard.

Attachment E: Site Map with amenities

Aerial image of Transbay Block 2 (southern portion of block formerly occupied by the Temporary Transbay Terminal)



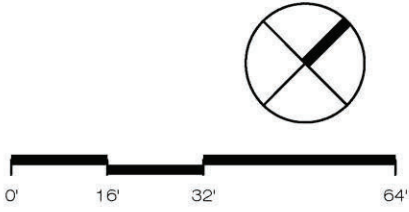
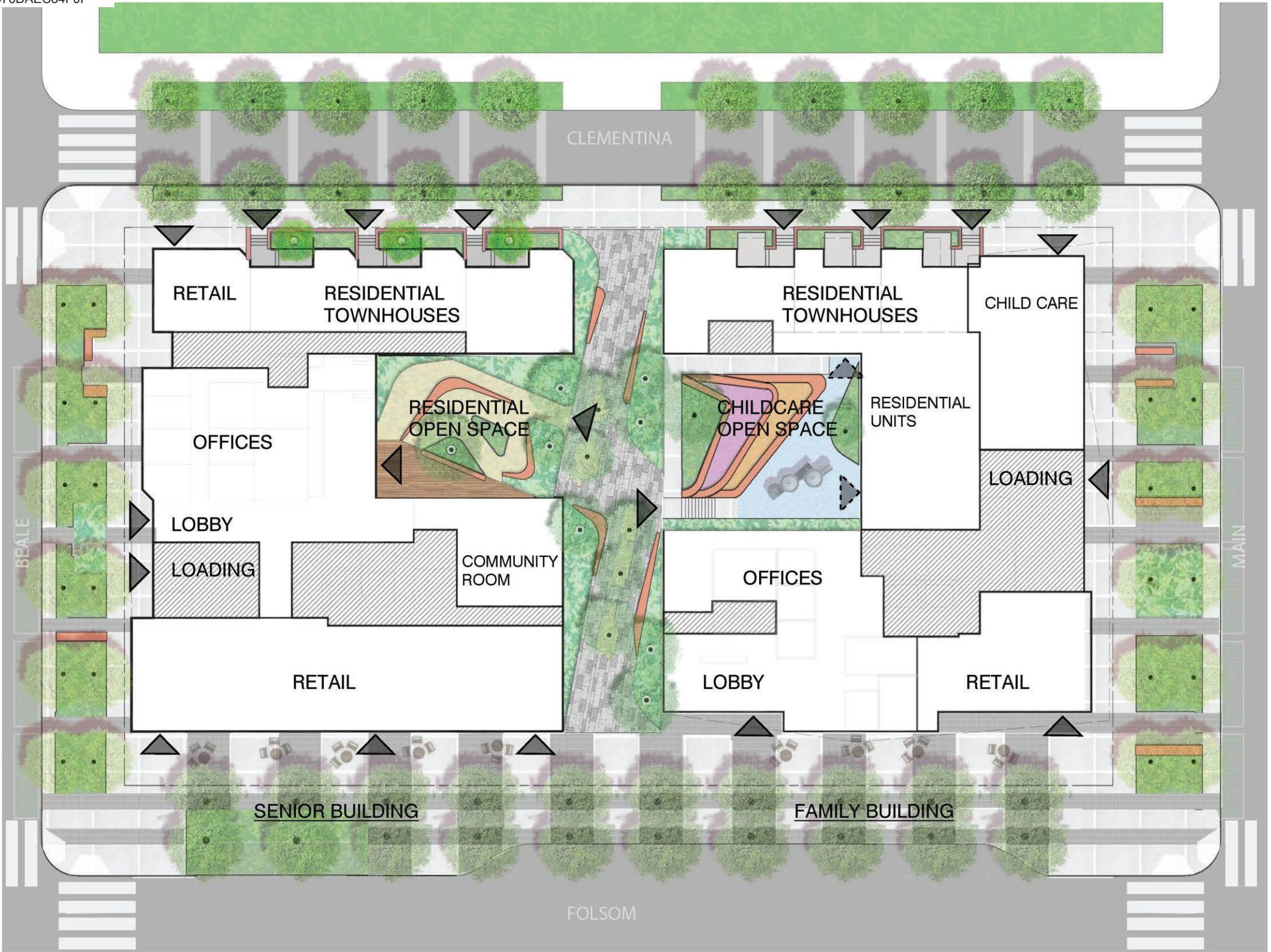
Transbay Block 2 site location and amenities



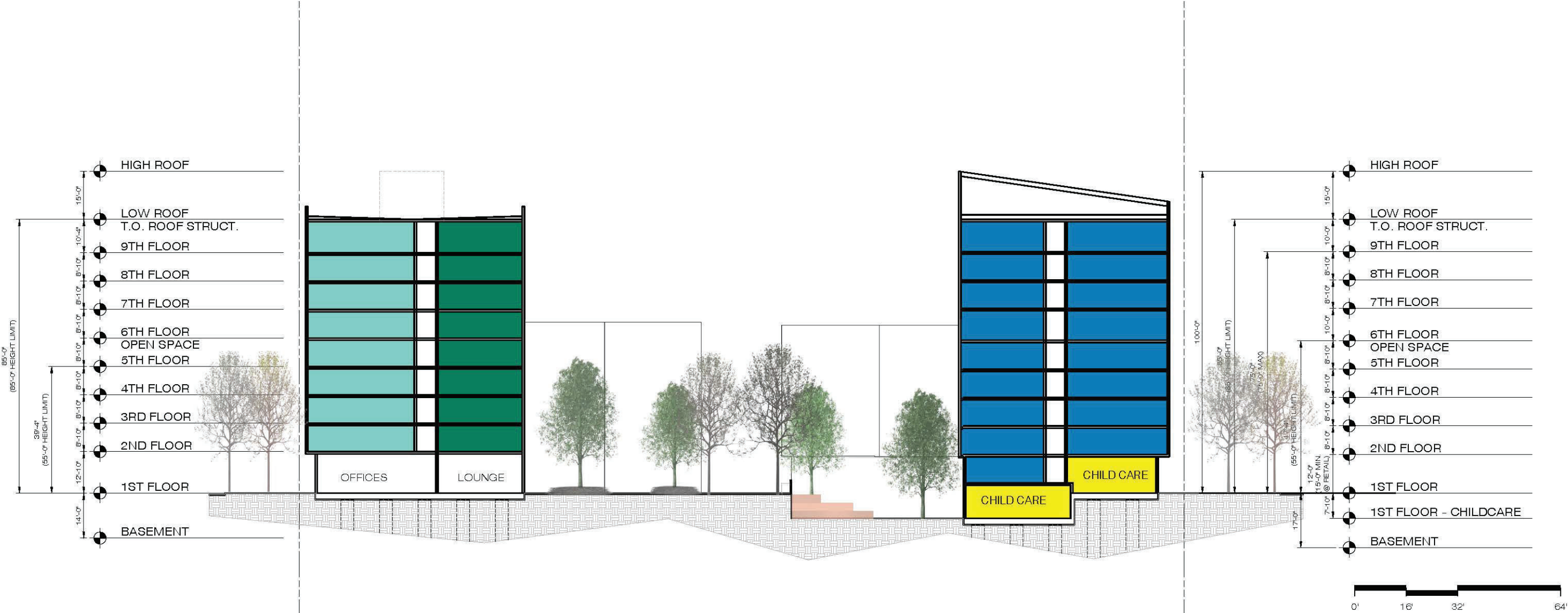
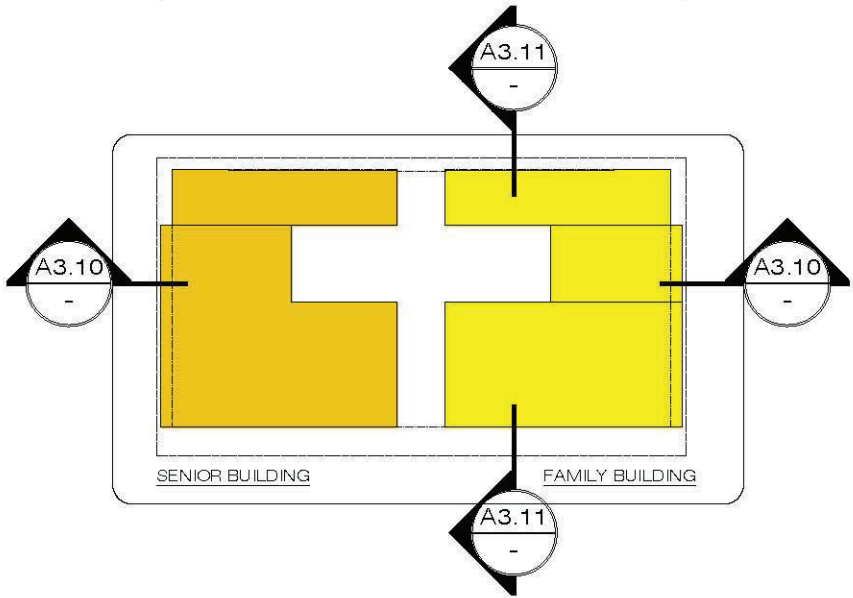
Attachment F: Elevations and Floor Plans



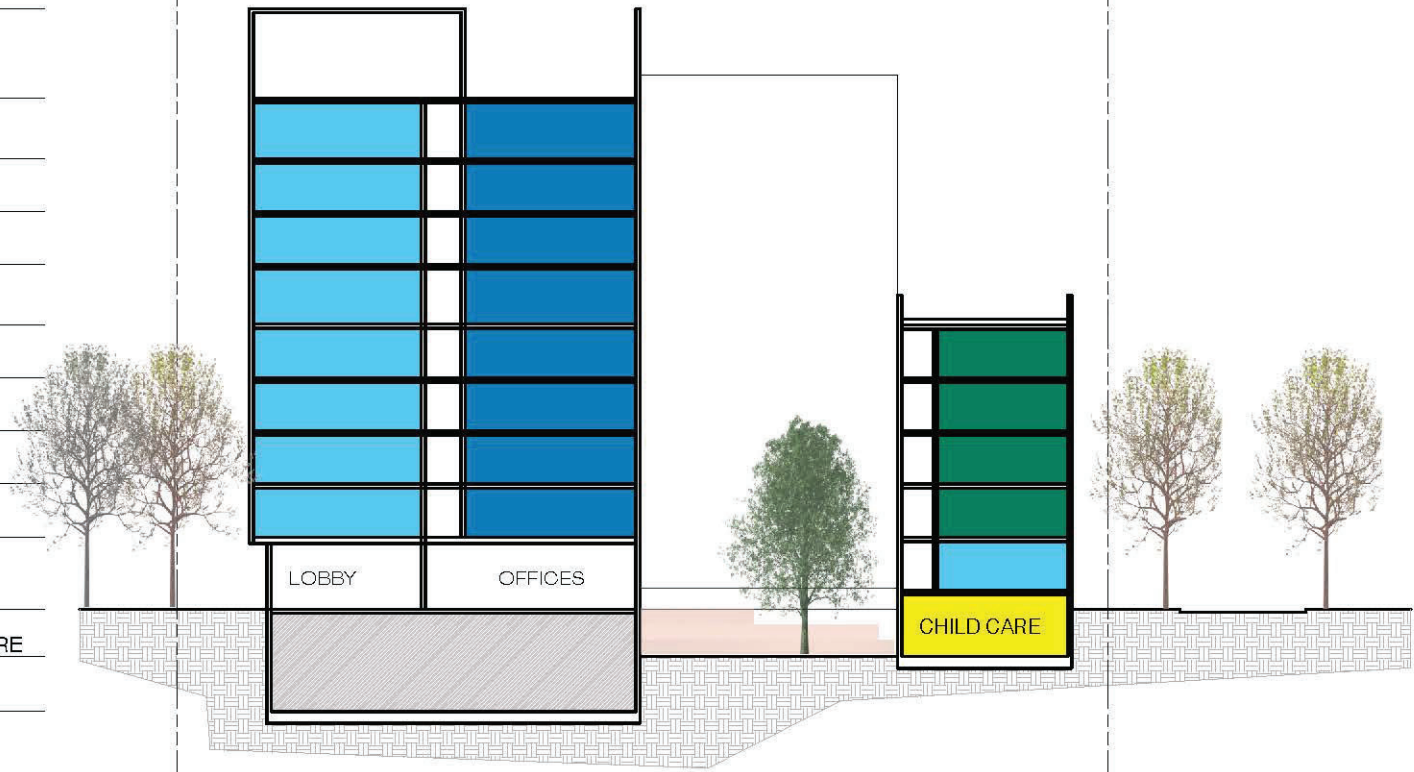
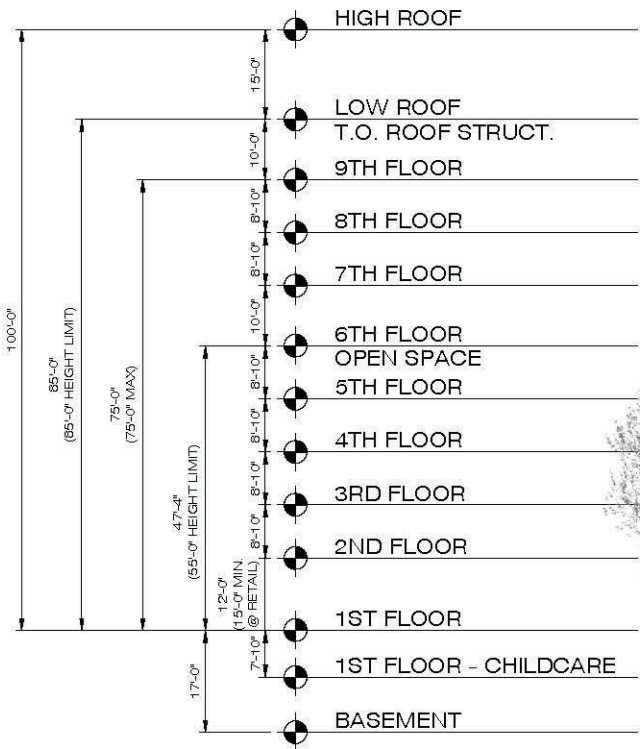
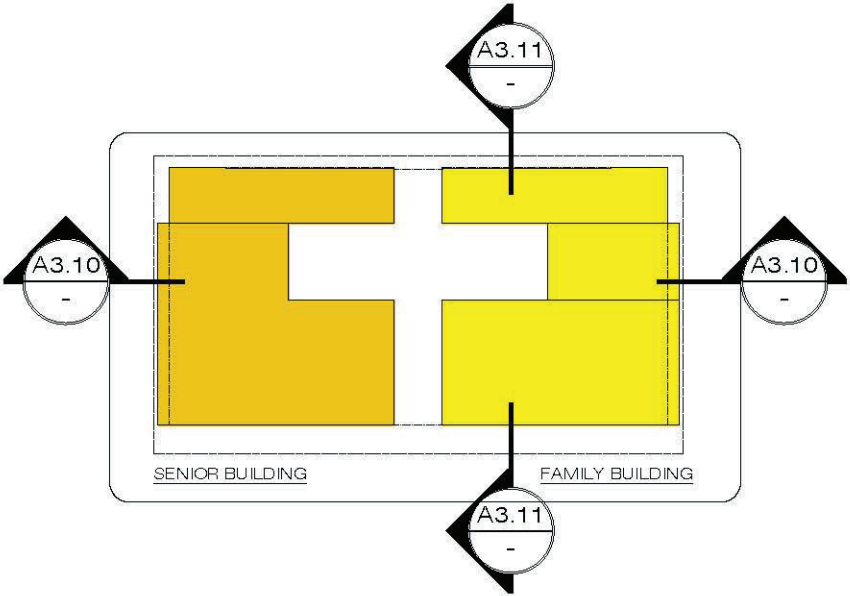
View from Folsom Street looking northwest

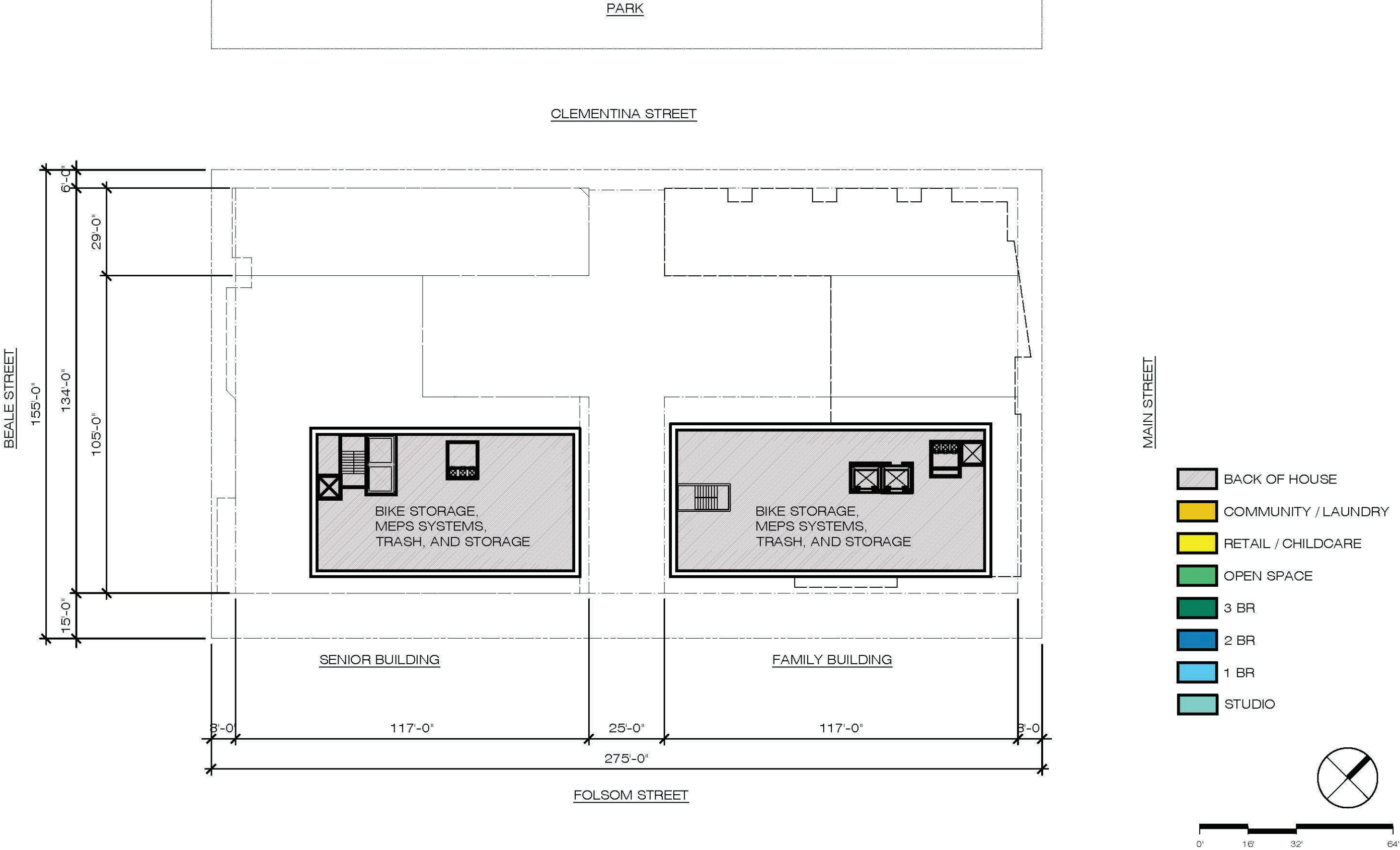


- BACK OF HOUSE
- COMMUNITY / LAUNDRY
- RETAIL / CHILDCARE
- OPEN SPACE
- 3 BR
- 2 BR
- 1 BR
- STUDIO



- BACK OF HOUSE
- COMMUNITY / LAUNDRY
- RETAIL / CHILDCARE
- OPEN SPACE
- 3 BR
- 2 BR
- 1 BR
- STUDIO

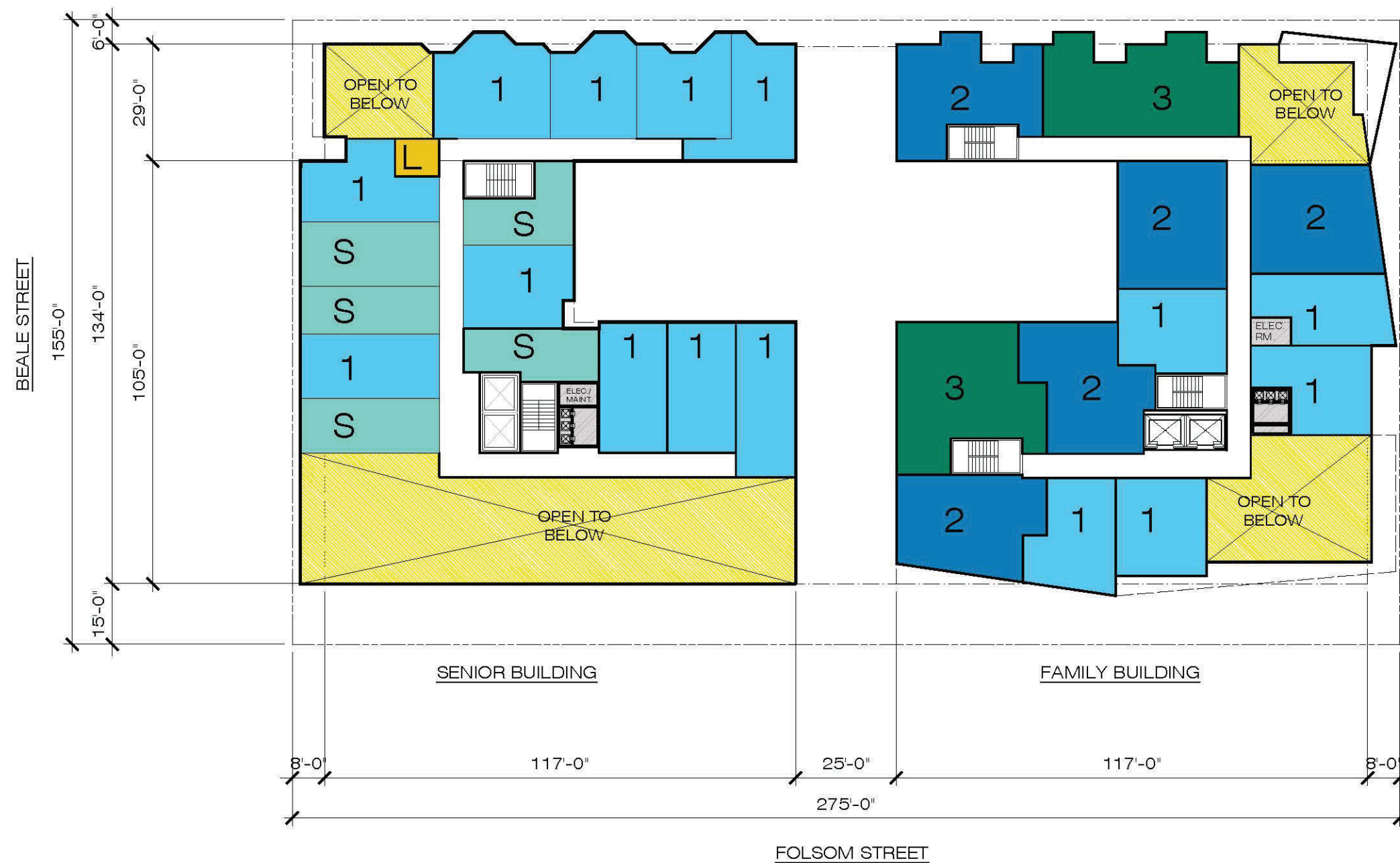








CLEMENTINA STREET



MAIN STREET

-  BACK OF HOUSE
-  COMMUNITY / LAUNDRY
-  RETAIL / CHILDCARE
-  OPEN SPACE
-  3 BR
-  2 BR
-  1 BR
-  STUDIO







PARK

CLEMENTINA STREET



MAIN STREET

-  BACK OF HOUSE
-  COMMUNITY / LAUNDRY
-  RETAIL / CHILDCARE
-  OPEN SPACE
-  3 BR
-  2 BR
-  1 BR
-  STUDIO



Attachment G: Comparison of City Investment in Other Housing Developments

Affordable Multifamily Housing New Construction Cost Comparison																
Updated		2/5/2021														
PROJECTS COMPLETED						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
Natalie Gubb Comm (TB-7)	222 Beale Street	29,209	Oct-18	120	208	118,251	5,000	123,251	\$ 35,000	\$ 61,999,984	\$ 16,314,468	\$ 78,349,452	\$ 25,560,000	\$ 78,314,452	HCD AHSC Loan	3 Buildings - Type I Podium, 4-8 stories (Pueblo structural system), plus Childcare shell
Mission Bay South 6 East	626 Mission Bay Blvd. No.	63,250	Nov-18	143	276	162,080	9,719	171,799	\$ 148,125	\$ 81,156,465	\$ 15,222,907	\$ 96,527,497	\$ 35,750,000	\$ 96,379,372	HCD AHSC Loan	Type IIIA & V over Type I podium, 41 pkg spaces, Mission Bay soils and infrastructure
Mission Family Housing	1036 Mission	15,200	Oct-18	88	134	92,462	6,955	99,417	\$ 5,551,029	\$ 41,896,017	\$ 6,583,453	\$ 54,030,499	\$ 17,704,400	\$ 48,479,470	2 HCD Loans (MHP & TOD)	Type IB - 9 story
Parcel O	455 Fell Street	37,428	Jun-19	108	165	82,117	31,128	113,245	\$ -	\$ 58,274,173	\$ 9,994,087	\$ 66,648,743	\$ 17,309,250	\$ 66,648,743	HCD AHSC Loan	Type V over Type I from approved eval dated 05/05/17
Eddy and Taylor Family Housing	222 Taylor	22,344	Jun-19	113	211	108,440	21,086	129,526	\$ 9,300,000	\$ 57,823,564	\$ 14,837,459	\$ 81,961,023	\$ 22,187,436	\$ 72,661,023	2 HCD Loans (MHP & TOD)	Type IB - 8 story, extensive PG&E regional switch required
Completed Projects:	Average:	33,486		114	199	112,670	14,778	127,448	\$ 3,758,539	\$ 60,230,041	\$ 12,590,475	\$ 75,503,443	\$ 23,702,217	\$ 72,496,612		
PROJECTS UNDER CONSTRUCTION						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy5	Total Dev. Cost w/o land	Notes on Financing	Comments
490 South Van Ness	490 S. Van Ness Avenue	14,250	Sep-20	81	121	51,639	28,985	80,624	\$ 18,500,000	\$ 43,647,993	\$ 13,393,811	\$ 75,541,804	\$ 28,892,030	\$ 57,041,804		Type IA - 7 stories over partial basement
2060 Folsom Street	2060 Folsom	29,075	Dec-20	127	252	155,648	11,810	167,458	\$ 134,931	\$ 71,655,660	\$ 20,100,172	\$ 91,890,763	\$ 31,697,110	\$ 91,755,832	HCD AHSC Loan	9 Story Type IB - TAY, Childcare, Community Hub w/AHSC Improvements of \$6MM
1950 Mission Street	1950 Mission Street	36,590	Nov-20	157	262	113,432	48,142	161,574	\$ 9,775,000	\$ 85,644,853	\$ 15,171,496	\$ 110,591,349	\$ 44,945,740	\$ 100,816,349	HCD AHSC Loan	Type IA - 9 stories with significant (30% of sf) art and PDR spaces and Paseo Des Artes
88 Broadway - Family Housing	88 Broadway	38,182	Mar-21	125	221	140,279	8,700	148,979	\$ 14,900,000	\$ 69,461,936	\$ 27,758,226	\$ 112,120,162	\$ 27,908,676	\$ 97,220,162		Type IIIA & V over Type I Podium (5-6 stories) - family
500 Turk Street (555 Larkin)	500 Turk Street	18,906	Dec-21	108	186	82,805	26,586	109,391	\$ 1,853,895	\$ 54,251,461	\$ 29,815,020	\$ 85,920,376	\$ 32,400,000	\$ 84,066,481	HCD AHSC Loan	Type I 8 stories on constrained site
681 Florida	681 Florida Street	19,000	Jun-22	130	199	126,830	9,250	136,080	\$ 125,091	\$ 69,184,293	\$ 20,545,793	\$ 89,855,177	\$ 33,826,507	\$ 89,730,086	HCD MHP Loan	Type IB 9 stories, 8,400+/- PDR
Under Construction:	Average:	26,001		121	207	111,772	22,246	134,018	\$ 7,548,153	\$ 65,641,033	\$ 21,130,753	\$ 94,319,939	\$ 33,278,344	\$ 86,771,786		
PROJECTS IN PREDEVELOPMENT						Building Square Footage			Total Project Costs							
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost	Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Comments
Mission Bay South 9A (ownership)	350 China Basin Street	29,939	Feb-22	140	280	136,165	50,611	186,776	\$ -	\$ 110,040,000	\$ 22,053,737	\$ 132,093,737	\$ 79,200,000	\$ 132,093,737	Not LIHTC eligible; Homeownership	Type I
BPUY	2430 San Jose Ave	30,699	Apr-21	131	217	164,636	10,741	175,377	\$ -	\$ 90,772,748	\$ 26,621,814	\$ 117,394,562	\$ 30,493,722	\$ 117,394,562	4% Credits; HCD IIG & AHSC	Type IB - 8-9 story adjacent to BART. Early Childhood Ed Center. MOHCD Land not incl. (100% DD 1
4th and Folsom	266 4th Street	8,400	Dec-21	70	99	60,515	1,580	62,095	\$ 133,100	\$ 49,982,213	\$ 13,943,417	\$ 64,058,730	\$ 15,629,817	\$ 63,925,630	4% Credits; AHSC, St. Credits	Type I, 8 stories over MUNI substation tunnel, structurally complex, small footprint
600 7th Street (fmly. 801 Brannan)	600 7th Street	37,800	Apr-22	200	290	181,390	5,000	186,390	\$ 10,000	\$ 107,308,076	\$ 43,082,529	\$ 150,400,605	\$ 44,550,243	\$ 150,390,605	Fed & St Credits; HCD IIG	Type I, 8 stories (SD pricing dated 11/20)
921 Howard	921 Howard Street	28,893	Apr-21	203	259	235,680	1,970	237,650	\$ 14,081,129	\$ 111,340,698	\$ 36,248,774	\$ 161,670,601	\$ 46,468,120	\$ 147,589,472	CalHfa MIP/ 4% LIHTC	Type IA, 18 stories, 3 parking spaces & retail (April 2020 SD estimate)
730 Stanyan	730 Stanyan Street	37,813	Dec-21	120	203	124,770	20,000	144,770	\$ -	\$ 80,241,086	\$ 13,958,549	\$ 98,121,310	\$ 34,325,853	\$ 98,121,310	4% Credits; HCD MHP	
In Predevelopment	Average:	28,924		144	225	150,526	14,984	165,510	\$ 2,370,705	\$ 91,614,137	\$ 25,984,803	\$ 120,623,258	\$ 41,777,959	\$ 118,252,553		
ALL PROJECTS	Average:	29,470		127	210	124,989	17,336	142,325	\$ 4,559,132	\$ 72,495,070	\$ 19,902,010	\$ 96,815,546	\$ 32,919,507	\$ 92,506,984		
Transbay 2 East Family	Folsom bt Beale & Main	21,313	Jun-23	101	195	109,202	7,330	116,532	\$ 0	\$ 80,324,257	\$ 17,831,883	\$ 98,156,140	\$ 27,895,472	\$ 98,156,140		Type I
PROJECTS COMPLETED		Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy		
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷	
Natalie Gubb Commons (TB7)	Oct-18	292	168	1	\$ 516,667	\$ 298,077	\$ 503	\$ 135,954	\$ 78,435	\$ 132	\$ 652,912	\$ 376,680	\$ 636	\$ 213,000	67.4%	
Mission Bay South 6 East	Nov-18	1,036	537	2	\$ 567,528	\$ 294,045	\$ 472	\$ 106,454	\$ 55,155	\$ 89	\$ 675,017	\$ 349,737	\$ 562	\$ 250,000	63.0%	
Mission Family Housing	Oct-18	63,080	41,426	365	\$ 476,091	\$ 312,657	\$ 421	\$ 74,812	\$ 49,130	\$ 66	\$ 613,983	\$ 403,213	\$ 543	\$ 201,186	67.2%	
Parcel O	Jun-19	-	-	-	\$ 539,576	\$ 353,177	\$ 515	\$ 92,538	\$ 60,570	\$ 88	\$ 617,118	\$ 403,932	\$ 589	\$ 160,271	74.0%	
Eddy & Taylor Family Housing	Jun-19	82,301	44,076	416	\$ 511,713	\$ 274,045	\$ 446	\$ 131,305	\$ 70,320	\$ 115	\$ 725,319	\$ 388,441	\$ 633	\$ 196,349	72.9%	
Completed Projects:	Average:	29,342	17,241	157	\$ 522,315	\$ 306,400	\$ 472	\$ 108,213	\$ 62,722	\$ 98	\$ 656,870	\$ 384,401	\$ 592	\$ 204,161	69%	
PROJECTS UNDER CONSTRUCTION		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy		
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷	
490 South Van Ness	Sep-20	228,395	152,893	1,298	\$ 538,864	\$ 360,727	\$ 541	\$ 165,356	\$ 110,693	\$ 166	\$ 932,615	\$ 624,312	\$ 937	\$ 356,692	61.8%	
2060 Folsom Street	Dec-20	1,062	535	5	\$ 564,218	\$ 284,348	\$ 428	\$ 158,269	\$ 79,763	\$ 120	\$ 723,549	\$ 364,646	\$ 549	\$ 249,584	65.5%	
1950 Mission Street	Nov-20	62,261	37,309	267	\$ 545,509	\$ 326,889	\$ 530	\$ 96,634	\$ 57,906	\$ 94	\$ 704,403	\$ 422,104	\$ 684	\$ 286,279	59.4%	
88 Broadway - Family Housing	Mar-21	119,200	67,421	390	\$ 555,695	\$ 314,307	\$ 466	\$ 222,066	\$ 125,603	\$ 186	\$ 896,961	\$ 507,331	\$ 753	\$ 223,269	75.1%	
500 Turk Street (555 Larkin)	Dec-21	17,166	9,967	98	\$ 502,328	\$ 291,675	\$ 496	\$ 276,065	\$ 160,296	\$ 273	\$ 795,559	\$ 461,938	\$ 785	\$ 300,000	62.3%	
681 Florida	Jun-22	962	629	7	\$ 532,187	\$ 347,660	\$ 508	\$ 158,045	\$ 103,245	\$ 151	\$ 691,194	\$ 451,534	\$ 660	\$ 260,204	62.4%	
Under Construction:	Average:	71,508	44,792	344	\$ 539,800	\$ 320,934	\$ 495	\$ 179,406	\$ 106,251	\$ 165	\$ 790,714	\$ 471,977	\$ 728	\$ 279,338	64%	
PROJECTS IN PREDEVELOPMENT		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy		
Project Name	Start Date (anticipated)	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷	
Mission Bay South 9A (ownership)	Feb-22	-	-	-	\$ 786,000	\$ 393,000	\$ 589	\$ 157,527	\$ 78,763	\$ 118	\$ 943,527	\$ 471,763	\$ 707	\$ 565,714	40.0%	
BPUY	Apr-21	-	-	-	\$ 692,922	\$ 418,308	\$ 518	\$ 203,220	\$ 122,681	\$ 152	\$ 896,142	\$ 540,989	\$ 669	\$ 232,777	74.0%	
4th and Folsom	Dec-21	1,901	1,344	16	\$ 714,032	\$ 504,871	\$ 805	\$ 199,192	\$ 140,843	\$ 225	\$ 915,125	\$ 647,058	\$ 1,032	\$ 223,283	75.6%	
600 7th Street	Apr-22	50	34	0	\$ 536,540	\$ 370,028	\$ 576	\$ 215,413	\$ 148,560	\$ 231	\$ 752,003	\$ 518,623	\$ 807	\$ 222,751	70.4%	
921 Howard	Apr-21	69,365	54,367	487	\$ 548,476	\$ 429,887	\$ 469	\$ 178,565	\$ 139,957	\$ 153	\$ 796,407	\$ 624,211	\$ 680	\$ 228,907	71.3%	
730 Stanyan	Dec-21	-	-	-	\$ 668,676	\$ 395,276	\$ 554	\$ 116,321	\$ 68,761	\$ 96	\$ 817,678	\$ 483,356	\$ 678	\$ 286,049	65.0%	
In Predevelopment	Average:	11,886	9,291	84	\$ 657,774	\$ 418,562	\$ 585	\$ 178,373	\$ 116,594	\$ 162	\$ 853,480	\$ 547,667	\$ 7627			

Attachment H: Predevelopment Sources and Uses

Application Date:
Project Name:
Project Address:
Project Sponsor:

9/17/20
Transbay Block 2 Family
Mercy Housing California

Units: 101
Bedrooms: 195
Beds:

LOSP Project

Don't forget to fill in D135:D138!

SOURCES		3,500,000	-	-	-	-	-	Total Sources	3,500,000	Comments
	Name of Sources:	MOHCD/OCII								

USES

ACQUISITION

Acquisition cost or value	0							0	
Legal / Closing costs / Broker's Fee								0	
Holding Costs								0	
Transfer Tax								0	
TOTAL ACQUISITION	0	0	0	0	0	0	0	0	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab								0	Include FF&E
Commercial Shell Construction								0	
Demolition								0	
Environmental Remediation								0	
Onsight Improvements/Landscaping								0	
Offsite Improvements								0	
Infrastructure Improvements								0	HOPE SF/OCII costs for streets etc.
Parking								0	
GC Bond Premium/GC Insurance/GC Taxes								0	
GC Overhead & Profit								0	
CG General Conditions								0	
Sub-total Construction Costs	0	0	0	0	0	0	0	0	
Design Contingency (remove at DD)								0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)								0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)								0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency								0	5% new construction / 15% rehab
Sub-total Construction Contingencies	0	0	0	0	0	0	0	0	
TOTAL CONSTRUCTION COSTS	0	0	0	0	0	0	0	0	

Construction
line item costs
as a % of hard
costs

SOFT COSTS

Architecture & Design

Architect design fees	1,407,649							1,407,649	per Kennerly breakdown
Design Subconsultants to the Architect (incl. Fees)	800,000							800,000	estimated per Kennerly
Architect Construction Admin								0	
Reimbursables								0	
Additional Services								0	
Sub-total Architect Contract	2,207,649	0	0	0	0	0	0	2,207,649	
Other Third Party design consultants (not included under Architect contract)	30,000							30,000	Green consulting - \$15k, Joint trench - \$15k
Total Architecture & Design	2,237,649	0	0	0	0	0	0	2,237,649	

Engineering & Environmental Studies

Survey	12,500							12,500	assume \$25k total, split between two sites
Geotechnical studies	40,000							40,000	assume \$80k total
Phase I & II Reports	35,000							35,000	assume \$70k total
CEQA / Environmental Review consultants	25,000							25,000	Assumes working within existing DCDG, some funds fo archeological
NEPA / 106 Review								0	
CNA/PNA (rehab only)								0	
Other environmental consultants								0	
Total Engineering & Environmental Studies	112,500	0	0	0	0	0	0	112,500	

Financing Costs

Construction Financing Costs

Construction Loan Origination Fee								0	
Construction Loan Interest								0	
Title & Recording								0	
CDLAC & CDIAC fees								0	
Bond Issuer Fees								0	
Other Bond Cost of Issuance								0	
Other Lender Costs (specify)								0	
Sub-total Const. Financing Costs	0	0	0	0	0	0	0	0	

Permanent Financing Costs

Permanent Loan Origination Fee								0	
Credit Enhance. & Appl. Fee								0	
Title & Recording								0	
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0	0	
Total Financing Costs	0	0	0	0	0	0	0	0	

Legal Costs

Borrower Legal fees	10,000							10,000	
Land Use / CEQA Attorney fees								0	
Tax Credit Counsel								0	
Bond Counsel								0	
Construction Lender Counsel								0	
Permanent Lender Counsel								0	
Other Legal (specify)								0	
Total Legal Costs	10,000	0	0	0	0	0	0	10,000	

Other Development Costs

Appraisal	10,000							10,000	
Market Study	15,000							15,000	
* Insurance								0	
* Property Taxes								0	
* Accounting / Audit								0	
* Organizational Costs								0	
Entitlement / Permit Fees	200,000							200,000	
* Marketing / Rent-up								0	
* Furnishings								0	\$2,000/unit: See MOHCD U/W Guidelines: http://slmohcd.org/documents-reports-and-forms
PGE / Utility Fees	25,000							25,000	application fees
TCAC App / Alloc / Monitor Fees	10,000							10,000	
* Financial Consultant fees	20,000							20,000	
Construction Management fees / Owner's Rep	40,000							40,000	assume \$80k for two buildings, shared meetings for most of the time
Security during Construction								0	
* Relocation								0	
Other (specify)								0	
Other (specify)								0	
Other (specify)								0	
Total Other Development Costs	320,000	0	0	0	0	0	0	320,000	

Total Soft Cost
Contingency
as % of Total
Soft Costs
10.1%

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	269,851	0	0	0	0	0	0	269,851	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	2,950,000	0	0	0	0	0	0	2,950,000	

RESERVES

* Operating Reserves								0	
Replacement Reserves								0	
* Tenant Improvements Reserves								0	
Other (specify)								0	
Other (specify)								0	
Other (specify)								0	
TOTAL RESERVES	0	0	0	0	0	0	0	0	

DEVELOPER COSTS

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

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	34,653	0	0	0	0	0	0	34,653	
Development Cost/Unit as % of TDC by Source	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	

Acquisition Cost/Unit by Source

	0	0	0	0	0	0	0	0	
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Construction Cost (inc Const Contingency)/Unit By Source

	0	0	0	0	0	0	0	0	
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Construction Cost (inc Const Contingency)/SF

0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
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*Possible non-eligible GO Bond/COP Amount:

20,000
City Subsidy/Unit

Tax Credit Equity Pricing:

Construction Bond Amount:

Construction Loan Term (in months):

Construction Loan Interest Rate (as %):

Fill in with value or 'N/A' if not applicable.
Fill in with value or 'N/A' if not applicable.
Fill in with value or 'N/A' if not applicable.
Fill in with value or 'N/A' if not applicable.

Attachment I: Permanent Development Budget

Application Date:	9/17/20	# Units:	101	
Project Name:	Transbay Block 2 Family	# Bedrooms:	195	LOSP Project
Project Address:		# Beds:		
Project Sponsor:	Mercy Housing California			

SOURCES	26,695,472	1,200,000	20,000,000	7,000,000	1,500,000	3,000,000	38,760,668	98,156,140	Total Sources	Comments
Name of Sources:	MOHCD/OCII	AHP-FHLB	HCD-AHSC	IIIG-Sponsor Loan	TE-Perm Loan	GP Contribution	LP Equity			

USES

ACQUISITION

Acquisition cost or value								0	
Legal / Closing costs / Broker's Fee								0	
Holding Costs								0	
Transfer Tax								0	
TOTAL ACQUISITION	0	0	0	0	0	0	0	0	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab	72,716	1,200,000	7,096,138	3,390,000	1,296,017		38,760,668	51,815,539	Include FF&E	
Commercial Shell Construction	3,452,715							3,452,715		
Demolition				300,000				300,000		
Environmental Remediation								0		
Onsight Improvements/Landscaping				2,810,000				2,810,000		
Offsite Improvements				500,000				500,000		
Infrastructure Improvements								0	HOPE SF/OCII costs for streets etc	
Parking								0		
GC Bond Premium/GC Insurance/GC Taxes					203,983			203,983		0.3%
GC Overhead & Profit			4,699,438					4,699,438	reduced to 14% of total hard cost	8.0%
CG General Conditions			3,529,686					3,529,686		6.0%
Sub-total Construction Costs	3,525,431	1,200,000	15,325,262	7,000,000	1,500,000	0	38,760,668	67,311,367		
Design Contingency (remove at DD)			3,024,738					3,024,738	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+	5.1%
Bid Contingency (remove at bid)								3,024,738	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+	5.1%
Plan Check Contingency (remove/reduce during Plan Rev			3,024,738					3,024,738	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+	5.1%
Hard Cost Construction Contingency			3,938,682					3,938,682	5% new construction / 15% rehat	6.7%
Sub-total Construction Contingencies	9,988,158	0	3,024,738	0	0	0	0	13,012,896		
TOTAL CONSTRUCTION COSTS	13,513,589	1,200,000	18,350,000	7,000,000	1,500,000	0	38,760,668	80,324,257		

SOFT COSTS

Architecture & Design

Architect design fees	2,164,506							2,164,506	per A&E schedule	
Design Subconsultants to the Architect (incl. Fees)	1,043,000							1,043,000	per A&E schedule	
Architect Construction Admin								0		
Reimbursables								0		
Additional Services								0		
Sub-total Architect Contract	3,207,506	0	0	0	0	0	0	3,207,506		
Other Third Party design consultants (not included under Architect contract)									Green consulting - \$30k, Joint Trench - \$30k, Exterior building maintenance - \$25k, Acoustics - \$40k, Special inspections - \$80k, Elevator - \$20k	
	225,000							225,000		
Total Architecture & Design	3,432,506	0	0	0	0	0	0	3,432,506		

Engineering & Environmental Studies

Survey	25,000							25,000		
Geotechnical studies	60,000							60,000		
Phase I & II Reports	35,000							35,000		
CEQA / Environmental Review consultants	25,000							25,000		
NEPA / 106 Review								0		
CNA/PNA (rehab only)								0		
Other environmental consultants								0	Name consultants & contract amount.	
Total Engineering & Environmental Studies	145,000	0	0	0	0	0	0	145,000		

Financing Costs

Construction Financing Costs

Construction Loan Origination Fee	447,487							447,487		
Construction Loan Interest	3,448,138							3,448,138		
Title & Recording	30,000							30,000		
CDIAC & CDIAC fees								0		
Bond Issuer Fees	150,653							150,653		
Other Bond Cost of Issuance	100,000							100,000	Syndication costs	
Other Lender Costs (specify)	15,000							15,000	Lender Inspections	
Sub-total Const. Financing Costs	4,191,278	0	0	0	0	0	0	4,191,278		

Permanent Financing Costs

Permanent Loan Origination Fee	13,342							13,342		
Credit Enhance. & Appl. Fee	25,000							25,000		
Title & Recording	20,000							20,000		
Sub-total Perm. Financing Costs	58,342	0	0	0	0	0	0	58,342		
Total Financing Costs	4,249,620	0	0	0	0	0	0	4,249,620		

Legal Costs

Borrower Legal fees	50,000							50,000		
Land Use / CEQA Attorney fees								0		
Tax Credit Counsel								0		
Bond Counsel								0		
Construction Lender Counsel	100,000							100,000		
Permanent Lender Counsel	65,000							65,000		
Other Legal (specify)								0		
Total Legal Costs	215,000	0	0	0	0	0	0	215,000		

Other Development Costs

Appraisal	25,000							25,000		
Market Study	15,000							15,000		
Insurance	900,000							900,000		
Property Taxes	1,800							1,800		
Accounting / Audit	40,000							40,000		
Organizational Costs								0		
Entitlement / Permit Fees	800,000							800,000		
Marketing / Rent-up	376,642							376,642		
Furnishings	200,000							200,000	\$2,000/unit; See MOHCD U/W Guidelines on: http://slmohcd.org/documents-reports-and-forms	
PGE / Utility Fees	400,000							400,000		
TCAC App / Alloc / Monitor Fees	76,215							76,215		
Financial Consultant fees	65,000							65,000		
Construction Management fees / Owner's Rep	145,000							145,000		
Security during Construction								0		
Relocation	0							0		
Other (specify)								0		
Other (specify)								0		
Other (specify)								0		
Total Other Development Costs	3,044,457	0	0	0	0	0	0	3,044,457		

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev	997,037	0	0	0	0	0	0	997,037	Should be either 10% or 5% of total soft costs	9.8%
TOTAL SOFT COSTS	12,083,620	0	0	0	0	0	0	12,083,620		

RESERVES

Operating Reserves	408,263							408,263		
Replacement Reserves								0		
Tenant Improvements Reserves	140,000							140,000	Assumption of turnover every 10 years, cost of turnover @\$10psf per turnover (7k sq ft)	
Other (specify)								0		
Other (specify)								0		
Other (specify)								0		
TOTAL RESERVES	548,263	0	0	0	0	0	0	548,263		

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones			1,650,000					1,650,000		
Developer Fee - Cash-out At Risk								0		
Commercial Developer Fee	550,000							550,000		
Developer Fee - GP Equity (also show as source)						3,000,000		3,000,000		
Developer Fee - Deferred (also show as source)								0		
Development Consultant Fees								0	Need MOHCD approval for this cost, N/A for mos projects	
Other (specify)								0		
TOTAL DEVELOPER COSTS	550,000	0	1,650,000	0	0	3,000,000	0	5,200,000		

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	264,312	11.881	198,020	69,307	14,851	29,703	383,769	971,843		
Development Cost/Unit as % of TDC by Source	27.2%	1.2%	20.4%	7.1%	1.5%	3.1%	39.5%	100.0%		

Acquisition Cost/Unit by Source

	0	0	0	0	0	0	0	0		
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Construction Cost (inc Const Contingency)/Unit By Source

	133,798	11.881	181,683	69,307	14,851	0	383,769	795,290		
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Construction Cost (inc Const Contingency)/SF

	115.96	10.30	197.47	60.07	12.87	0.00	332.62	689.29		
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*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	264,312
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Tax Credit Equity Pricing:

Construction Bond Amount:	0.900
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Construction Bond Amount:

Construction Loan Term (in months):	59,664,964
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Construction Loan Interest Rate (as %):

	30 months
	3.65%

Attachment J: First Year Operating Budget

Application Date:		9/17/2020		LOSP Units		Units		Project Name:		Transbay Block 2 Family	
Total # Units:		101		LOSP Units		Units		Project Address:			
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):		2025		LOSP/non-LOSP Allocation				Project Sponsor:		Mercy Housing California	
				20%		80%					
INCOME		LOSP		non-LOSP		Total				Comments	
Residential - Tenant Rents		72,000		1,565,304		1,637,304				Links from 'New Proj - Rent & Unit Mix' Worksheet	
Residential - Tenant Assistance Payments (Non-LOSP)		0		0		0				Links from 'New Proj - Rent & Unit Mix' Worksheet	
Residential - LOSP Tenant Assistance Payments		222,852				222,852					
Commercial Space						0				0%	
Residential Parking		0		0		0				Links from 'Utilities & Other Income' Worksheet	
Miscellaneous Rent Income		0		0		0				Links from 'Utilities & Other Income' Worksheet	
Supportive Services Income		0		0		0					
Interest Income - Project Operations		0		0		0				Links from 'Utilities & Other Income' Worksheet	
Laundry and Vending		1,313		5,252		6,565				Links from 'Utilities & Other Income' Worksheet	
Tenant Charges		0		0		0				Links from 'Utilities & Other Income' Worksheet	
Miscellaneous Residential Income		0		0		0				Links from 'Utilities & Other Income' Worksheet	
Other Commercial Income		0		0		0				NARRATIVE	
Withdrawal from Capitalized Reserve (deposit to operating account)		0		0		0					
Gross Potential Income		296,165		1,570,556		1,866,721					
Vacancy Loss - Residential - Tenant Rents		(3,600)		(78,265)		(81,865)				Vacancy loss is 5% of Tenant Rents.	
Vacancy Loss - Residential - Tenant Assistance Payments		0		0		0				#DIV/0!	
Vacancy Loss - Commercial		0		0		0				NARRATIVE	
EFFECTIVE GROSS INCOME		292,565		1,492,291		1,784,856				PUPA: 17,672	
OPERATING EXPENSES											
Management											
Management Fee		16,160		64,640		80,800				1st Year to be set according to HUD schedule.	
Asset Management Fee		4,856		19,424		24,280					
Sub-total Management Expenses		21,016		84,064		105,080				PUPA: 1,040	
Salaries/Benefits											
Office Salaries		44,983		179,932		224,915				2 FTE APM, 3.5 FTE Desk	
Manager's Salary		16,000		64,000		80,000					
Health Insurance and Other Benefits		31,899		127,594		159,493					
Other Salaries/Benefits		0		0		0					
Administrative Rent-Free Unit		0		0		0					
Sub-total Salaries/Benefits		92,882		371,526		464,408				PUPA: 4,598	
Administration											
Advertising and Marketing		606		2,424		3,030					
Office Expenses		8,030		32,120		40,150					
Office Rent		0		0		0					
Legal Expense - Property		500		2,000		2,500					
Audit Expense		1,414		5,656		7,070					
Bookkeeping/Accounting Services		2,303		9,211		11,514					
Bad Debts		0		0		0					
Miscellaneous		0		0		0					
Sub-total Administration Expenses		12,853		51,411		64,264				PUPA: 636	
Utilities											
Electricity		9,595		38,380		47,975					
Water		8,585		34,340		42,925					
Gas		0		0		0					
Sewer		15,150		60,600		75,750					
Sub-total Utilities		33,330		133,320		166,650				PUPA: 1,650	
Taxes and Licenses											
Real Estate Taxes		0		0		0					
Payroll Taxes		0		0		0					
Miscellaneous Taxes, Licenses and Permits		2,490		9,962		12,452				Local Fees	
Sub-total Taxes and Licenses		2,490		9,962		12,452				PUPA: 123	
Insurance											
Property and Liability Insurance		20,000		80,000		100,000					
Fidelity Bond Insurance		0		0		0					
Worker's Compensation		0		0		0					
Director's & Officers' Liability Insurance		0		0		0					
Sub-total Insurance		20,000		80,000		100,000				PUPA: 990	
Maintenance & Repair											
Payroll		30,156		120,624		150,780					
Supplies		2,560		10,240		12,800					
Contracts		18,900		75,600		94,500					
Garbage and Trash Removal		14,079		56,318		70,397					
Security Payroll/Contract		4,800		19,200		24,000					
HVAC Repairs and Maintenance		0		0		0					
Vehicle and Maintenance Equipment Operation and Repairs		0		0		0					
Miscellaneous Operating and Maintenance Expenses		3,745		14,980		18,725				Grounds, Misc. Repairs	
Sub-total Maintenance & Repair Expenses		74,240		296,962		371,202				PUPA: 3,675	
Supportive Services		0		105,176		105,176					
Commercial Expenses						0				Links from 'Commercial Op. Budget' Worksheet	
TOTAL OPERATING EXPENSES		256,811		1,132,421		1,389,232				PUPA: 13,755	
Reserves/Ground Lease Base Rent/Bond Fees											
Ground Lease Base Rent		3,000		12,000		15,000				Ground lease with MOHCD	
Bond Monitoring Fee		0		0		0				Provide additional comments here, if needed.	
Replacement Reserve Deposit		10,100		40,400		50,500					
Operating Reserve Deposit		0		0		0					
Other Required Reserve 1 Deposit		0		0		0					
Other Required Reserve 2 Deposit		0		0		0					
Required Reserve Deposit/s, Commercial		0		0		0				Links from 'Commercial Op. Budget' Worksheet	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees		13,100		52,400		65,500				PUPA: 649	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		269,911		1,184,821		1,454,732				PUPA: 14,403	
NET OPERATING INCOME (INCOME minus OP EXPENSES)		22,654		307,470		330,124				PUPA: 3,269	
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)											
Hard Debt - First Lender		0		65,280		65,280				TE Perm Loan	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		16,800		67,200		84,000				HCD AHSC	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		0		0		0				AHP FHLB	
Hard Debt - Fourth Lender		0		0		0				No	
Commercial Hard Debt Service						0				Links from 'Commercial Op. Budget' Worksheet	
TOTAL HARD DEBT SERVICE		16,800		132,480		149,280				PUPA: 1,478	
CASH FLOW (NOI minus DEBT SERVICE)		5,854		174,990		180,844					
Commercial Only Cash Flow						0					
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)		0		0		0					
AVAILABLE CASH FLOW		5,854		174,990		180,844				2.21	
USES OF CASH FLOW BELOW (This row also shows DSCR.)											
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL											
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		0		0		0				1st	
Partnership Management Fee (see policy for limits)		4,854		19,416		24,270				2nd	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		1,000		4,000		5,000				3rd	
Other Payments		0		0		0					
Non-amortizing Loan Pymt -- Lender 1 (select lender in comments field)		0		0		0				Provide additional comments here, if needed.	
Non-amortizing Loan Pymt -- Lender 2 (select lender in comments field)		0		0		0				Provide additional comments here, if needed.	
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)		0		0		0				Def. Develop. Fee split: 0%	
TOTAL PAYMENTS PRECEDING MOHCD		5,854		23,416		29,270				PUPA: 290	
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		0		151,574		151,574					
Residual Receipts Calculation											
Does Project have a MOHCD Receipt Obligation?						Yes				Project has MOHCD ground lease?	
Will Project Defr Developer Fee?						No				Yes	
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:						33%					
% of Residual Receipts available for distribution to soft debt lenders in						67%					
Soft Debt Lenders with Residual Receipts Obligations											
MOHCD/DCIL - Soft Debt Claims						(Select lender name/program from drop down)				Total Principal Amt	
MOHCD/DCIL - Ground Lease Value or Land Acq Cost										\$37,869,517	
HCD (soft debt loan) - Lender 3										\$150,000	
Other Soft Debt Lender - Lender 4										\$20,000,000	
Other Soft Debt Lender - Lender 5										0.00%	
										0.00%	
MOHCD RESIDUAL RECEIPTS DEBT SERVICE											
MOHCD Residual Receipts Amount Due				66,216		66,216				67% of residual receipts, multiplied by 65.53% -- MOHCD's pro rata share of all soft debt	
Proposed MOHCD Residual Receipts Amount to Loan Repayment				66,216		66,216				Enter/override amount of residual receipts proposed for loan repayment.	
Remaining MOHCD Residual Receipts Amount to Residual Ground Lease				0		0				If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt.	
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE						85,358					
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE											
HCD Residual Receipts Amount Due						34,833				67% of residual receipts, multiplied by 34.47% -- HCD AHSC's pro rata share of all soft debt	
Lender 4 Residual Receipts Due						0					
Lender 5 Residual Receipts Due						0					
Total Non-MOHCD Residual Receipts Debt Service						34,833					
REMAINDER (Should be zero unless there are distributions below)											
Owner Distributions/Incentive Management Fee						50,525				100% of Borrower share of 33% of residual receipts	
Other Distributions/Uses						0					

Attachment K: 20-Year Operating Pro Forma

Transbay Block 2 Family

Total # Units:	LOSP		Non-LOSP		Year 1			Year 2			Year 3			LOSP
	Units		Units		2025			2026			2027			
	20	81	20.00%	80.00%										
	% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
INCOME														
Residential - Tenant Rents	1.0%	2.5%			72,000	1,565,304	1,637,304	72,720	1,604,437	1,677,157	73,447	1,644,548	1,717,995	
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a				-	-		-	-		-	-	
Residential - LOSP Tenant Assistance Payments	n/a				222,852		222,852	225,270		225,270	233,848		233,848	
Commercial Space	n/a	0.0%												
Residential Parking	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Rent Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Supportive Services Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Interest Income - Project Operations	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Laundry and Vending	2.5%	2.5%			1,313	5,252	6,565	1,346	5,383	6,729	1,379	5,518	6,897	
Tenant Charges	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Residential Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Other Commercial Income	n/a	2.5%				-	-		-	-		-	-	
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	Link from Reserve Section below, as applicable			-	-		-	-		-	-	
Gross Potential Income					296,165	1,570,556	1,866,721	299,336	1,609,820	1,909,155	306,675	1,650,065	1,958,740	
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH schedule		(3,600)	(78,265)	(81,865)	(3,636)	(80,222)	(83,858)	(3,672)	(82,227)	(85,900)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a	policy, annual incrementing usually not appropriate			-	-		-	-		-	-	
Vacancy Loss - Commercial	n/a	n/a				-	-		-	-		-	-	
EFFECTIVE GROSS INCOME					292,565	1,492,291	1,784,856	295,700	1,529,598	1,825,298	305,003	1,567,838	1,872,841	
OPERATING EXPENSES														
Management														
Management Fee	3.5%	3.5%	1st Year to be set according to HUD		16,160	64,640	80,800	16,726	66,902	83,628	17,311	69,244	86,555	
Asset Management Fee	3.5%	3.5%	per MOHCD policy		4,856	19,424	24,280	5,026	20,104	25,130	5,202	20,807	26,009	
Sub-total Management Expenses					21,016	84,064	105,080	21,752	87,006	108,758	22,513	90,051	112,564	
Salaries/Benefits														
Office Salaries	3.5%	3.5%			44,983	179,932	224,915	46,557	186,230	232,787	48,187	192,748	240,935	
Manager's Salary	3.5%	3.5%			16,000	64,000	80,000	16,560	66,240	82,800	17,140	68,558	85,698	
Health Insurance and Other Benefits	3.5%	3.5%			31,899	127,594	159,493	33,015	132,060	165,075	34,171	136,682	170,853	
Other Salaries/Benefits	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Administrative Rent-Free Unit	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sub-total Salaries/Benefits					92,882	371,526	464,408	96,132	384,530	480,662	99,497	397,988	497,485	
Administration														
Advertising and Marketing	3.5%	3.5%			606	2,424	3,030	627	2,509	3,136	649	2,597	3,246	
Office Expenses	3.5%	3.5%			8,030	32,120	40,150	8,311	33,244	41,555	8,602	34,408	43,010	
Office Rent	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Legal Expense - Property	3.5%	3.5%			500	2,000	2,500	518	2,070	2,588	536	2,142	2,678	
Audit Expense	3.5%	3.5%			1,414	5,656	7,070	1,463	5,854	7,317	1,515	6,059	7,574	
Bookkeeping/Accounting Services	3.5%	3.5%			2,303	9,211	11,514	2,363	9,534	11,917	2,467	9,867	12,334	
Bad Debts	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sub-total Administration Expenses					12,853	51,411	64,264	13,303	53,211	66,513	13,768	55,073	68,841	
Utilities														
Electricity	3.5%	3.5%			9,595	38,380	47,975	9,931	39,723	49,654	10,278	41,114	51,392	
Water	3.5%	3.5%			8,585	34,340	42,925	8,885	35,542	44,427	9,196	36,786	45,982	
Gas	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sewer	3.5%	3.5%			15,150	60,600	75,750	15,680	62,721	78,401	16,229	64,916	81,145	
Sub-total Utilities					33,330	133,320	166,650	34,497	137,966	172,483	35,704	142,816	178,520	
Taxes and Licenses														
Real Estate Taxes	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Payroll Taxes	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%			2,490	9,962	12,452	2,578	10,310	12,888	2,668	10,671	13,339	
Sub-total Taxes and Licenses					2,490	9,962	12,452	2,578	10,310	12,888	2,668	10,671	13,339	
Insurance														
Property and Liability Insurance	3.5%	3.5%			20,000	80,000	100,000	20,700	82,800	103,500	21,425	85,698	107,123	
Fidelity Bond Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Worker's Compensation	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Director's & Officers' Liability Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sub-total Insurance					20,000	80,000	100,000	20,700	82,800	103,500	21,425	85,698	107,123	
Maintenance & Repair														
Payroll	3.5%	3.5%			30,156	120,624	150,780	31,211	124,846	156,057	32,304	129,215	161,519	
Supplies	3.5%	3.5%			2,560	10,240	12,800	2,650	10,598	13,248	2,742	10,969	13,712	
Contracts	3.5%	3.5%			18,900	75,600	94,500	19,562	78,246	97,808	20,246	80,985	101,231	
Garbage and Trash Removal	3.5%	3.5%			14,079	56,316	70,395	14,572	58,289	72,861	15,082	60,329	75,411	
Security Payroll/Contract	3.5%	3.5%			4,800	19,200	24,000	4,968	19,872	24,840	5,142	20,568	25,709	
HVAC Repairs and Maintenance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%			3,745	14,980	18,725	3,876	15,504	19,380	4,012	16,047	20,059	
Sub-total Maintenance & Repair Expenses					74,240	296,962	371,202	76,839	307,355	384,194	79,528	318,113	397,641	
Supportive Services	3.5%	3.5%			-	105,176	105,176	-	108,857	108,857	-	112,667	112,667	
Commercial Expenses														
TOTAL OPERATING EXPENSES					256,811	1,132,421	1,389,232	265,800	1,172,056	1,437,855	275,103	1,213,077	1,488,180	
PUPA (w/o Reserves/GL Base Rent/Bond Fees)							13,755							
Reserves/Ground Lease Base Rent/Bond Fees														
Ground Lease Base Rent					3,000	12,000	15,000	3,000	12,000	15,000	3,000	12,000	15,000	
Bond Monitoring Fee					-	-	-	-	-	-	-	-	-	
Replacement Reserve Deposit					10,100	40,400	50,500	10,100	40,400	50,500	10,100	40,400	50,500	
Operating Reserve Deposit					-	-	-	-	-	-	-	-	-	
Other Required Reserve 1 Deposit					-	-	-	-	-	-	-	-	-	
Other Required Reserve 2 Deposit					-	-	-	-	-	-	-	-	-	
Required Reserve Deposits, Commercial					-	-	-	-	-	-	-	-	-	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					13,100	52,400	65,500	13,100	52,400	65,500	13,100	52,400	65,500	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)					269,911	1,184,821	1,454,732	278,900	1,224,456	1,503,355	288,203	1,265,477	1,553,680	
PUPA (w/ Reserves/GL Base Rent/Bond Fees)							14,403							
NET OPERATING INCOME (INCOME minus OP EXPENSES)					22,654	307,470	330,124	16,800	305,143	321,943	16,800	302,361	319,161	
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender					-	65,280	65,280	-	65,280	65,280	-	65,280	65,280	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)					16,800	67,200	84,000	16,800	67,200	84,000	16,800	67,200	84,000	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)					-	-	-	-	-	-	-	-	-	
Hard Debt - Fourth Lender					-	-	-	-						

Transbay Block 2 Family

Total # Units:				LOSP Units		Non-LOSP Units		Year 4 2028		Year 5 2029		Year 6 2030			Year 7 2031		
101				20 20.00%		81 80.00%											
				% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)		non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP
INCOME				1.0%	2.5%			1,685,661	1,759,843	74,923	1,727,803	1,802,126	75,673	1,770,998	1,846,671	76,429	1,815,273
Residential - Tenant Rents				n/a	n/a			-	-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Non-LOSP)				n/a	n/a			-	-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments				n/a	n/a			-	242,745	-	251,970	-	261,537	-	261,537	-	271,456
Commercial Space				n/a	0.0%			-	-	-	-	-	-	-	-	-	-
Residential Parking				2.5%	2.5%			-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income				2.5%	2.5%			-	-	-	-	-	-	-	-	-	-
Supportive Services Income				2.5%	2.5%			-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations				2.5%	2.5%			-	-	-	-	-	-	-	-	-	-
Laundry and Vending				2.5%	2.5%			5,656	7,070	1,449	5,797	7,247	1,486	5,942	7,428	1,523	6,091
Tenant Charges				2.5%	2.5%			-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income				2.5%	2.5%			-	-	-	-	-	-	-	-	-	-
Other Commercial Income				n/a	2.5%			-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)				n/a	n/a	Link from Reserve Section below, as applicable		-	-	-	-	-	-	-	-	-	-
Gross Potential Income								1,691,317	2,009,657	328,343	1,733,600	2,061,943	338,695	1,776,940	2,115,635	349,408	1,821,363
Vacancy Loss - Residential - Tenant Rents				n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate		(84,283)	(87,992)	(3,746)	(86,390)	(90,136)	(3,784)	(88,550)	(92,334)	(3,821)	(90,764)
Vacancy Loss - Residential - Tenant Assistance Payments				n/a	n/a			-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial				n/a	n/a			-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME								1,607,034	1,921,665	324,597	1,647,210	1,971,807	334,911	1,688,390	2,023,301	345,587	1,730,600
OPERATING EXPENSES																	
Management																	
Management Fee				3.5%	3.5%	1st Year to be set according to HUD schedule.		71,668	89,584	18,544	74,176	92,720	19,193	76,772	95,965	19,865	79,459
Asset Management Fee				3.5%	3.5%	per MOHCD policy		21,536	26,820	5,972	22,289	27,862	6,337	28,837	35,699	23,877	
Sub-total Management Expenses								93,203	116,504	24,116	96,465	120,582	24,960	99,842	124,802	25,834	103,336
Salaries/Benefits																	
Office Salaries				3.5%	3.5%			199,494	249,367	51,619	206,476	258,095	53,426	213,703	267,128	55,296	221,182
Manager's Salary				3.5%	3.5%			70,958	88,697	16,380	73,441	91,802	19,003	76,012	95,015	19,668	78,672
Health Insurance and Other Benefits				3.5%	3.5%			141,466	176,833	36,604	146,418	183,022	37,886	151,542	189,428	39,212	156,846
Other Salaries/Benefits				3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit				3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits								411,918	514,897	106,584	426,335	532,919	110,314	441,257	551,571	114,175	456,701
Administration																	
Advertising and Marketing				3.5%	3.5%			2,688	3,359	695	2,782	3,477	720	2,879	3,599	745	2,980
Office Expenses				3.5%	3.5%			35,612	44,515	9,215	36,858	46,073	9,537	38,148	47,886	9,871	39,484
Office Rent				3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Legal Expense - Property				3.5%	3.5%			2,217	2,772	574	2,295	2,869	594	2,375	2,969	615	2,459
Audit Expense				3.5%	3.5%			6,271	7,839	1,623	6,490	8,113	1,679	6,718	8,397	1,738	6,953
Bookkeeping/Accounting Services				3.5%	3.5%			10,213	12,786	2,643	10,570	13,213	2,735	10,940	13,675	2,831	11,323
Bad Debts				3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Miscellaneous				3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Sub-total Administration Expenses								57,001	71,251	14,749	58,996	73,744	15,265	61,060	76,325	15,799	63,197
Utilities																	
Electricity				3.5%	3.5%			42,553	53,191	11,010	44,042	55,052	11,396	45,583	56,979	11,795	47,179
Water				3.5%	3.5%			38,073	47,592	9,851	39,406	49,257	10,196	40,785	50,981	10,553	42,213
Gas				3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Sewer				3.5%	3.5%			67,188	83,985	17,385	69,540	86,925	17,993	71,974	89,967	18,623	74,943
Sub-total Utilities								147,814	184,768	38,247	152,988	191,335	39,586	158,342	197,928	40,971	163,884
Taxes and Licenses																	
Real Estate Taxes				3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Payroll Taxes				3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits				3.5%	3.5%			11,045	13,806	2,858	11,431	14,289	2,958	11,831	14,789	3,061	12,245
Sub-total Taxes and Licenses								11,045	13,806	2,858	11,431	14,289	2,958	11,831	14,789	3,061	12,245
Insurance																	
Property and Liability Insurance				3.5%	3.5%			88,697	110,872	22,950	91,802	114,752	23,754	95,015	118,769	24,585	98,340
Fidelity Bond Insurance				3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Worker's Compensation				3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance				3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Sub-total Insurance								88,697	110,872	22,950	91,802	114,752	23,754	95,015	118,769	24,585	98,340
Maintenance & Repair																	
Payroll				3.5%	3.5%			133,738	167,172	34,605	138,419	173,024	35,816	143,263	179,079	37,069	148,278
Supplies				3.5%	3.5%			11,353	14,192	2,938	11,751	14,688	3,040	12,162	15,202	3,147	12,588
Contracts				3.5%	3.5%			83,819	104,774	21,688	86,753	108,441	22,447	89,789	112,236	23,233	92,932
Garbage and Trash Removal				3.5%	3.5%			62,440	78,050	16,156	64,626	80,782	16,722	66,888	83,610	17,307	69,229
Security Payroll/Contract				3.5%	3.5%			21,287	26,609	5,508	22,032	27,541	5,701	22,804	28,504	5,900	23,602
HVAC Repairs and Maintenance				3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs				3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses				3.5%	3.5%			16,609	20,761	4,297	17,190	21,487	4,448	17,792	22,239	4,604	18,414
Sub-total Maintenance & Repair Expenses								329,247	411,558	85,193	340,770	425,963	88,174	352,697	440,872	91,260	365,042
Supportive Services				3.5%	3.5%			116,611	116,611	-	120,692	120,692	-	124,916	124,916	-	129,288
Commercial Expenses								-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES								1,255,535	1,540,266	294,697	1,299,479	1,594,176	305,011	1,344,961	1,649,972	315,687	1,392,034
PUPA (w/o Reserves/GL Base Rent/Bond Fees)																	
Reserves/Ground Lease Base Rent/Bond Fees						1 yellow cells, manipulate each cell rather than dragging across multiple cells.											
Ground Lease Base Rent								12,000	15,000	3,000	12,000	15,000	3,000	12,000	15,000	3,000	12,000
Bond Monitoring Fee								-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit								40,400	50,500	10,100	40,400	50,500	10,100	40,400	50,500	10,100	40,400
Operating Reserve Deposit								-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit								-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit								-	-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial								-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees								52,400	65,500	13,100	52,400	65,500	13,100	52,400	65,500	13,100	52,400
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)								1,307,935	1,605,766	307,797	1,351,879	1,659,676	318,111	1,397,361	1,715,472	328,787	1,444,434
PUPA (w/ Reserves/GL Base Rent/Bond Fees)																	
NET OPERATING INCOME (INCOME minus OP EXPENSES)								299,099	315,899	16,800	295,331	312,131	16,800	291,029	307,829	16,800	286,166
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)						1 yellow cells, manipulate each cell rather than dragging across multiple cells.											
Hard Debt - First Lender								65,280	65,280	-	65,280	65,280	-	65,280	65,280	-	65,280
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)								67,200	84,000	16,800	67,200	84,000	16,800	67,200	84,000	16,800	67,200
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)								-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender								-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service								-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE								132,480	149,280	16,800	132,480	149,280	16,800	132,480	149,280	16,800	132,480
CASH FLOW (NOI minus DEBT SERVICE)								166,619	166,619	-	162,851	162,851	-	158,549	158,549	(0)	153,686
Commercial Only Cash Flow								-	-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)								-	-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW								166,619	166,619	-	162,851	162,851	-	158,549	158,549	(0)	153,686
USES OF CASH FLOW BELOW (This row also shows DSCR.)						DSCR:			2.12			2.09			2.06		
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL						1 yellow cells, manipulate each cell rather than dragging across multiple cells.											
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)				3.5%	3.5%	per MOHCD policy		-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)				3.5%	3.5%	per MOHCD policy		-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)						per MOHCD policy no annual increase		-	-	-	-	-	-	-	-	-	-
Other Payments								-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1						Enter comments re: annual increase, etc.		-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2						Enter comments re: annual increase, etc.		-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)								-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD								-	-	-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)								166,619	166,619	-	162,851	162,851	-	158,549	158,549	(0)	153,686
Does Project have a																	

Transbay Block 2 Family

		Total # Units:		LOSP Units		Non-LOSP Units						Year 8 2032			Year 9 2033			Year 10 2034			
		101	20	81	20.00%		80.00%														
		% annual inc	LOSP	% annual increase	Comments (related to annual inc assumptions)			Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total				
INCOME		1.0%	2.5%					1,891,702	77,194	1,860,655	1,937,848	77,966	1,907,171	1,985,137	78,745	1,954,850	2,033,596				
Residential - Tenant Rents		n/a	n/a					-	-	-	-	-	-	-	-	-	-				
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a					-	-	-	-	-	-	-	-	-	-				
Residential - LOSP Tenant Assistance Payments		n/a	n/a					271,456	281,741		281,741	292,404		292,404	303,459		303,459				
Commercial Space		n/a	0.0%					-	-	-	-	-	-	-	-	-	-				
Residential Parking		2.5%	2.5%					-	-	-	-	-	-	-	-	-	-				
Miscellaneous Rent Income		2.5%	2.5%					-	-	-	-	-	-	-	-	-	-				
Supportive Services Income		2.5%	2.5%					-	-	-	-	-	-	-	-	-	-				
Interest Income - Project Operations		2.5%	2.5%					-	-	-	-	-	-	-	-	-	-				
Laundry and Vending		2.5%	2.5%					7,613	1,561	6,243	7,904	1,600	6,399	7,999	1,640	6,559	8,199				
Tenant Charges		2.5%	2.5%					-	-	-	-	-	-	-	-	-	-				
Miscellaneous Residential Income		2.5%	2.5%					-	-	-	-	-	-	-	-	-	-				
Other Commercial Income		n/a	2.5%		Link from Reserve Section below, as applicable			-	-	-	-	-	-	-	-	-	-				
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a					-	-	-	-	-	-	-	-	-	-				
Gross Potential Income								2,170,771	360,495	1,866,898	2,227,393	371,870	1,913,570	2,285,540	383,845	1,961,409	2,345,254				
Vacancy Loss - Residential - Tenant Rents		n/a	n/a		Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate			(94,585)	(3,860)	(93,033)	(96,892)	(6,394)	(25,578)	(99,257)	(3,937)	(97,743)	(101,680)				
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a					-	-	-	-	-	-	-	-	-	-				
Vacancy Loss - Commercial		n/a	n/a					-	-	-	-	-	-	-	-	-	-				
EFFECTIVE GROSS INCOME								2,076,186	356,636	1,773,865	2,130,500	368,071	1,818,211	2,186,283	379,907	1,863,667	2,243,574				
OPERATING EXPENSES																					
Management																					
Management Fee		3.5%	3.5%		1st Year to be set according to HUD schedule.			99,324	20,560	82,240	102,800	21,280	85,119	106,398	22,024	88,098	110,121				
Asset Management Fee		3.5%	3.5%		per MOHCD policy			29,846	6,178	24,713	30,891	6,394	25,578	31,972	6,618	26,473	33,000				
Sub-total Management Expenses								129,170	26,738	106,953	133,891	27,674	110,696	138,370	28,643	114,571	143,213				
Salaries/Benefits																					
Office Salaries		3.5%	3.5%					276,478	57,231	228,924	286,155	59,234	236,936	296,170	61,307	245,229	306,536				
Manager's Salary		3.5%	3.5%					98,340	20,356	81,426	101,782	21,069	84,278	105,345	21,806	87,225	109,032				
Health Insurance and Other Benefits		3.5%	3.5%					196,058	40,584	162,336	202,920	42,004	168,017	210,022	43,475	173,898	217,373				
Other Salaries/Benefits		3.5%	3.5%					-	-	-	-	-	-	-	-	-	-				
Administrative Rent-Free Unit		3.5%	3.5%					-	-	-	-	-	-	-	-	-	-				
Sub-total Salaries/Benefits								570,876	118,171	472,685	590,857	122,307	489,229	611,537	126,588	506,352	632,940				
Administration																					
Advertising and Marketing		3.5%	3.5%					3,725	771	3,084	3,855	799	3,192	3,990	826	3,304	4,130				
Office Expenses		3.5%	3.5%					49,355	10,216	40,866	51,082	10,574	42,296	52,870	10,944	43,776	54,720				
Office Rent		3.5%	3.5%					-	-	-	-	-	-	-	-	-	-				
Legal Expense - Property		3.5%	3.5%					3,073	636	2,545	3,181	658	2,634	3,292	681	2,726	3,407				
Audit Expense		3.5%	3.5%					8,691	1,799	7,196	8,995	1,862	7,448	9,310	1,927	7,709	9,636				
Bookkeeping/Accounting Services		3.5%	3.5%					14,154	2,930	11,719	14,649	3,032	12,129	15,162	3,138	12,554	15,692				
Bad Debts		3.5%	3.5%					-	-	-	-	-	-	-	-	-	-				
Miscellaneous		3.5%	3.5%					-	-	-	-	-	-	-	-	-	-				
Sub-total Administration Expenses								78,997	16,352	65,409	81,762	16,925	67,699	84,623	17,517	70,068	87,585				
Utilities																					
Electricity		3.5%	3.5%					58,974	12,208	48,830	61,038	12,635	50,539	63,174	13,077	52,308	65,385				
Water		3.5%	3.5%					52,766	10,923	43,690	54,613	11,305	45,219	56,524	11,700	46,802	58,502				
Gas		3.5%	3.5%					-	-	-	-	-	-	-	-	-	-				
Sewer		3.5%	3.5%					93,116	19,275	77,100	96,375	19,950	79,799	99,748	20,648	82,592	103,239				
Sub-total Utilities								204,855	42,405	169,620	212,025	43,889	175,557	219,446	45,425	181,701	227,127				
Taxes and Licenses																					
Real Estate Taxes		3.5%	3.5%					-	-	-	-	-	-	-	-	-	-				
Payroll Taxes		3.5%	3.5%					-	-	-	-	-	-	-	-	-	-				
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%					15,307	3,168	12,674	15,842	3,279	13,118	16,397	3,394	13,577	16,971				
Sub-total Taxes and Licenses								15,307	3,168	12,674	15,842	3,279	13,118	16,397	3,394	13,577	16,971				
Insurance																					
Property and Liability Insurance		3.5%	3.5%					122,926	25,446	101,782	127,228	26,336	105,345	131,681	27,258	109,032	136,290				
Fidelity Bond Insurance		3.5%	3.5%					-	-	-	-	-	-	-	-	-	-				
Workers' Compensation		3.5%	3.5%					-	-	-	-	-	-	-	-	-	-				
Director's & Officers' Liability Insurance		3.5%	3.5%					-	-	-	-	-	-	-	-	-	-				
Sub-total Insurance								122,926	25,446	101,782	127,228	26,336	105,345	131,681	27,258	109,032	136,290				
Maintenance & Repair																					
Payroll		3.5%	3.5%					185,347	38,367	153,467	191,834	39,710	158,839	198,548	41,100	164,398	205,498				
Supplies		3.5%	3.5%					15,734	3,257	13,028	16,285	3,371	13,484	16,855	3,489	13,956	17,445				
Contracts		3.5%	3.5%					116,165	24,046	96,184	120,230	24,888	99,551	124,438	25,759	103,035	128,794				
Garbage and Trash Removal		3.5%	3.5%					86,536	17,913	71,652	89,565	18,540	74,160	92,699	19,189	76,755	95,944				
Security Payroll/Contract		3.5%	3.5%					29,502	6,107	24,428	30,535	6,321	25,283	31,603	6,542	26,168	32,710				
HVAC Repairs and Maintenance		3.5%	3.5%					-	-	-	-	-	-	-	-	-	-				
Vehicle and Maintenance Equipment Operation and Repairs		3.5%	3.5%					-	-	-	-	-	-	-	-	-	-				
Miscellaneous Operating and Maintenance Expenses		3.5%	3.5%					23,018	4,765	19,059	23,823	4,931	19,726	24,657	5,104	20,416	25,520				
Sub-total Maintenance & Repair Expenses								456,302	94,455	377,818	472,273	97,760	391,042	488,802	101,182	404,728	505,910				
Supportive Services		3.5%	3.5%					129,288	-	133,813	133,813	-	138,497	138,497	-	143,344	143,344				
Commercial Expenses								-	-	-	-	-	-	-	-	-	-				
TOTAL OPERATING EXPENSES								1,707,721	326,736	1,440,756	1,767,491	338,171	1,491,182	1,829,353	350,007	1,543,373	1,893,381				
PUPA (w/o Reserves/GL Base Rent/Bond Fees)																					
Reserves/Ground Lease Base Rent/Bond Fees																					
Ground Lease Base Rent								15,000	3,000	12,000	15,000	3,000	12,000	15,000	3,000	12,000	15,000				
Bond Monitoring Fee								-	-	-	-	-	-	-	-	-	-				
Replacement Reserve Deposit								50,500	10,100	40,400	50,500	10,100	40,400	50,500	10,100	40,400	50,500				
Operating Reserve Deposit								-	-	-	-	-	-	-	-	-	-				
Other Required Reserve 1 Deposit								-	-	-	-	-	-	-	-	-	-				
Other Required Reserve 2 Deposit								-	-	-	-	-	-	-	-	-	-				
Required Reserve Deposits, Commercial								-	-	-	-	-	-	-	-	-	-				
Sub-total Reserves/Ground Lease Base Rent/Bond Fees								65,500	13,100	52,400	65,500	13,100	52,400	65,500	13,100	52,400	65,500				
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)								1,773,221	339,836	1,493,156	1,832,991	351,271	1,543,582	1,894,853	363,107	1,595,773	1,958,881				
PUPA (w/ Reserves/GL Base Rent/Bond Fees)																					
NET OPERATING INCOME (INCOME minus OP EXPENSES)								302,966	16,800	280,709	297,509	16,800	274,629	291,429	16,800	267,893	284,693				
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																					
Hard Debt - First Lender					Enter comments re: annual increase, etc.			65,280	-	65,280	65,280	-	65,280	65,280	-	65,280	65,280				
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)					Enter comments re: annual increase, etc.			84,000	16,800	67,200	84,000	16,800	67,200	84,000	16,800	67,200	84,000				
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)					Enter comments re: annual increase, etc.			-	-	-	-	-	-	-	-	-	-				
Hard Debt - Fourth Lender					Enter comments re: annual increase, etc.			-	-	-	-	-	-	-	-	-	-				
Commercial Hard Debt Service								-	-	-	-	-	-	-	-	-	-				
TOTAL HARD DEBT SERVICE								149,280	16,800	132,480	149,280	16,800	132,480	149,280	16,800	132,480	149,280				
CASH FLOW (NOI minus DEBT SERVICE)								153,686	(0)	148,229	148,229	-	142,149	142,149	-	135,413	135,413				
Commercial Only Cash Flow																					
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)								-	-	-	-	-	-	-	-	-	-				
AVAILABLE CASH FLOW								153,686	(0)	148,229	148,229	-	142,149	142,149	-	135,413	135,413				
USES OF CASH FLOW BELOW (This row also shows DSCR.)								DSCR:	2.03		1.99		1.95		1.91						
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																					
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		3.5%	3.5%		per MOHCD policy			-	-	-	-	-	-	-	-	-	-				
Partnership Management Fee (see policy for limits)		3.5%	3.5%		per MOHCD policy			-	-	-	-	-	-	-	-	-	-				
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)					per MOHCD policy no annual increase			-	-	-	-	-	-	-	-	-	-				
Other Payments								-	-	-	-	-	-	-	-	-	-				
Non-amortizing Loan Pmnt - Lender 1					Enter comments re: annual increase, etc.			-	-	-	-	-	-	-	-	-	-				
Non-amortizing Loan Pmnt - Lender 2					Enter comments re: annual increase, etc.			-	-	-	-	-	-	-	-	-	-				
Deferred Developer Fee (Enter amt <= Max Fee from row 131)								-	-	-	-	-	-	-	-	-	-				
TOTAL PAYMENTS PRECEDING MOHCD								-	-	-	-	-	-	-	-	-	-				
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)								153,686	(0)	148,229	148,229	-	142,149	142,149	-	135,413	135,413				
Does Project have a MOHCD Residual Receipt Obligation?								Yes													
Will Project Defer Developer Fee?								No													
Residual Receipts split for all years. - Lender/Owner								67% / 33%													
MOHCD RESIDUAL RECEIPTS DEBT SERVICE																					
MOHCD Residual Receipts Amount Due					65.53%			Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy	67,139		64,755		62,099		59,157						
Proposed MOHCD Residual Receipts Amount to Loan Repayment									67,139		64,755										

Transbay Block 2 Family

Total # Units:	LOSP		Non-LOSP		Year 11			Year 12			Year 13			
	Units	Units			2035			2036			2037			
	101	20	81											
	% annual inc	% annual inc	% annual inc	Comments	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP
INCOME				(related to annual inc assumptions)										
Residential - Tenant Rents	1.0%	2.5%			79,533	2,003,721	2,083,254	80,328	2,053,814	2,134,143	81,131	2,105,160	2,186,291	81,943
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	n/a	n/a											
Residential - LOSP Tenant Assistance Payments	n/a	n/a	n/a		314,921	-	314,921	326,802	-	326,802	339,119	-	339,119	351,686
Commercial Space	n/a	0.0%												
Residential Parking	2.5%	2.5%			-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.5%	2.5%			-	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%			1,681	8,723	8,404	1,723	6,891	8,614	1,766	7,063	8,829	1,810
Tenant Charges	2.5%	2.5%			-	-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income	2.5%	2.5%			-	-	-	-	-	-	-	-	-	-
Other Commercial Income	n/a	2.5%			-	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a		Link from Reserve Section below, as applicable										
Gross Potential Income					396,134	2,010,444	2,406,579	408,683	2,060,706	2,469,559	422,016	2,112,223	2,534,239	435,639
Vacancy Loss - Residential - Tenant Rents	n/a	n/a		Enter formulas manually per relevant MOH schedule	(3,977)	(100,186)	(104,163)	(4,016)	(102,691)	(106,707)	(4,057)	(105,258)	(109,315)	(4,097)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a		policy, annual incrementing usually not appropriate	-	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a			-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME					392,158	1,910,258	2,302,416	404,837	1,958,015	2,362,851	417,959	2,006,965	2,424,925	431,541
OPERATING EXPENSES														
Management														
Management Fee	3.5%	3.5%		1st Year to be set according to HUD	22,795	91,181	113,976	23,593	94,372	117,966	24,419	97,675	122,094	25,274
Asset Management Fee	3.5%	3.5%		per MOHCD policy	6,850	27,399	34,249	7,090	28,358	35,448	7,338	29,351	36,689	7,595
Sub-total Management Expenses					29,645	118,581	148,226	30,683	122,731	153,414	31,757	127,026	158,783	32,869
Salaries/Benefits														
Office Salaries	3.5%	3.5%			63,453	253,812	317,265	65,674	262,695	328,369	67,972	271,890	339,862	70,351
Manager's Salary	3.5%	3.5%			22,570	90,278	112,848	23,360	93,438	116,798	24,177	96,708	120,885	25,023
Health Insurance and Other Benefits	3.5%	3.5%			44,996	179,985	224,981	46,571	186,284	232,855	48,201	192,804	241,005	49,888
Other Salaries/Benefits	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits					131,019	524,075	655,093	135,604	542,417	678,022	140,350	561,402	701,752	145,263
Administration														
Advertising and Marketing	3.5%	3.5%			855	3,419	4,274	885	3,539	4,424	916	3,663	4,579	948
Office Expenses	3.5%	3.5%			11,327	45,308	56,636	11,724	46,894	58,618	12,134	48,536	60,669	12,559
Office Rent	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%			705	2,821	3,526	730	2,920	3,650	756	3,022	3,778	782
Audit Expense	3.5%	3.5%			1,995	7,978	9,973	2,064	8,258	10,322	2,137	8,547	10,683	2,211
Bookkeeping/Accounting Services	3.5%	3.5%			3,248	12,993	16,242	3,362	13,448	16,810	3,480	13,919	17,398	3,601
Bad Debts	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Miscellaneous	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Sub-total Administration Expenses					18,130	72,521	90,651	18,765	75,059	93,823	19,421	77,686	97,107	20,101
Utilities														
Electricity	3.5%	3.5%			13,535	54,139	67,673	14,008	56,034	70,042	14,499	57,995	72,494	15,006
Water	3.5%	3.5%			12,110	48,440	60,550	12,534	50,135	62,669	12,973	51,890	64,863	13,427
Gas	3.5%	3.5%			21,371	85,482	106,853	22,119	88,474	110,593	22,893	91,571	114,463	23,694
Sewer	3.5%	3.5%			47,015	188,061	235,076	48,661	194,643	243,304	50,364	201,456	251,820	52,127
Sub-total Utilities														
Taxes and Licenses														
Real Estate Taxes	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Payroll Taxes	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%			3,513	14,052	17,565	3,636	14,544	18,180	3,763	15,053	18,816	3,895
Sub-total Taxes and Licenses					3,513	14,052	17,565	3,636	14,544	18,180	3,763	15,053	18,816	3,895
Insurance														
Property and Liability Insurance	3.5%	3.5%			28,212	112,848	141,060	29,199	116,798	145,997	30,221	120,885	151,107	31,279
Fidelity Bond Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Director's & Officers' Liability Insurance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Sub-total Insurance					28,212	112,848	141,060	29,199	116,798	145,997	30,221	120,885	151,107	31,279
Maintenance & Repair														
Payroll	3.5%	3.5%			42,538	170,152	212,690	44,027	176,107	220,134	45,568	182,271	227,839	47,163
Supplies	3.5%	3.5%			3,611	14,445	18,056	3,738	14,950	18,688	3,868	15,473	19,342	4,004
Contracts	3.5%	3.5%			26,660	106,641	133,302	27,593	110,374	137,967	28,559	114,237	142,796	29,559
Garbage and Trash Removal	3.5%	3.5%			19,850	79,442	99,302	20,555	82,222	102,777	21,275	85,100	106,795	22,020
Security Payroll/Contract	3.5%	3.5%			6,771	27,083	33,854	7,008	28,051	35,059	7,283	29,013	36,266	7,507
HVAC Repairs and Maintenance	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%			-	-	-	-	-	-	-	-	-	-
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%			5,283	21,131	26,413	5,468	21,870	27,338	5,659	22,636	28,295	5,857
Sub-total Maintenance & Repair Expenses					104,723	418,894	523,617	108,389	433,555	541,944	112,182	448,729	560,912	116,109
Supportive Services	3.5%	3.5%			-	148,361	148,361	-	153,554	153,554	-	158,928	158,928	-
Commercial Expenses														
TOTAL OPERATING EXPENSES					362,258	1,597,391	1,959,649	374,937	1,653,300	2,028,237	388,059	1,711,166	2,099,225	401,641
PUPA (w/o Reserves/GL Base Rent/Bond Fees)														
Reserves/Ground Lease Base Rent/Bond Fees														
Ground Lease Base Rent					3,000	12,000	15,000	3,000	12,000	15,000	3,000	12,000	15,000	3,000
Bond Monitoring Fee					-	-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit					10,000	40,400	50,500	10,100	40,400	50,500	10,100	40,400	50,500	10,100
Operating Reserve Deposit					-	-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit					-	-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit					-	-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial					-	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					13,100	52,400	65,500	13,100	52,400	65,500	13,100	52,400	65,500	13,100
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)					375,358	1,649,791	2,025,149	388,037	1,705,700	2,093,737	401,159	1,763,566	2,164,725	414,741
PUPA (w/ Reserves/GL Base Rent/Bond Fees)														
NET OPERATING INCOME (Income minus OP EXPENSES)					16,800	260,467	277,267	16,800	252,315	269,115	16,800	243,400	260,200	16,800
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)														
Hard Debt - First Lender				Enter comments re: annual increase, etc.	-	65,280	65,280	-	65,280	65,280	-	65,280	65,280	-
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)				Enter comments re: annual increase, etc.	16,800	67,200	84,000	16,800	67,200	84,000	16,800	67,200	84,000	16,800
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service					-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE					16,800	132,480	149,280	16,800	132,480	149,280	16,800	132,480	149,280	16,800
CASH FLOW (NOI minus DEBT SERVICE)					(0)	127,987	127,987	-	119,835	119,835	-	110,920	110,920	-
Commercial Only Cash Flow					-	-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOPS/Non-LOSP (residual income)					-	-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW					(0)	127,987	127,987	-	119,835	119,835	-	110,920	110,920	-
USES OF CASH FLOW BELOW (This row also shows DSCR.)														
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL														
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%		per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	3.5%		per MOHCD policy	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)				per MOHCD policy no annual increase	-	-	-	-	-	-	-	-	-	-
Other Payments					-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pymt - Lender 1				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pymt - Lender 2				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)					-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD					-	-	-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)					(0)	127,987	127,987	-	119,835	119,835	-	110,920	110,920	-
Does Project have a MOHCD Residual Receipt Obligation?		Yes												
Will Project Defer Developer Fee?		No												
Residual Receipts split for all years - Lender/Owner		67% / 33%												
MOHCD RESIDUAL RECEIPTS DEBT SERVICE														

Transbay Block 2 Family

Total # Units:				LOSP Units		Non-LOSP Units		Year 14 2038		Year 15 2039		Year 16 2040		Year 17 2041			
101				20		81											
				20.00%		80.00%											
				% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)		non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total		
INCOME																	
Residential - Tenant Rents				1.0%	2.5%			2,157,789	2,239,732	82,782	2,211,734	2,294,496	83,590	2,267,027	2,350,617	84,426	
Residential - LOSP Tenant Assistance Payments (Non-LOSP)				n/a	n/a			-	-	-	-	-	-	-	-	-	
Residential - LOSP Tenant Assistance Payments				n/a	n/a			-	351,886	365,120	-	365,120	378,836	-	378,836	393,054	
Commercial Space				n/a	0.0%			-	-	-	-	-	-	-	-	-	
Residential Parking				2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Rent Income				2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Supportive Services Income				2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Interest Income - Project Operations				2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Laundry and Vending				2.5%	2.5%			7,240	9,050	1,855	7,421	9,278	1,902	7,606	9,508	1,949	
Tenant Charges				2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Residential Income				2.5%	2.5%			-	-	-	-	-	-	-	-	-	
Other Commercial Income				n/a	2.5%			-	-	-	-	-	-	-	-	-	
Withdrawal from Capitalized Reserve (deposit to operating account)				n/a	n/a		Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	
Gross Potential Income								2,165,029	2,600,667	449,737	2,219,155	2,668,892	464,338	2,274,633	2,738,951	479,428	
Vacancy Loss - Residential - Tenant Rents				n/a	n/a		Enter formulas manually per relevant MOH policy, annual incrementing usually not appropriate	(107,889)	(111,987)	(4,138)	(110,587)	(114,725)	(4,179)	(113,351)	(117,531)	(4,221)	(116,185)
Vacancy Loss - Residential - Tenant Assistance Payments				n/a	n/a			-	-	-	-	-	-	-	-	-	
Vacancy Loss - Commercial				n/a	n/a			-	-	-	-	-	-	-	-	-	
EFFECTIVE GROSS INCOME								2,057,139	2,488,681	445,599	2,108,568	2,554,167	460,148	2,161,282	2,621,430	475,207	
OPERATING EXPENSES																	
Management																	
Management Fee				3.5%	3.5%		1st Year to be set according to HUD schedule	101,094	126,368	26,158	104,632	130,791	27,074	108,295	135,368	28,021	
Asset Management Fee				3.5%	3.5%		per MOHCD policy	30,378	37,973	7,860	31,442	39,302	8,135	32,542	40,677	8,420	
Sub-total Management Expenses								131,472	164,341	34,018	136,074	170,092	35,209	140,837	176,046	36,441	
Salaries/Benefits																	
Office Salaries				3.5%	3.5%			281,406	351,757	72,814	291,255	364,069	75,362	301,449	376,811	78,000	
Manager's Salary				3.5%	3.5%			100,093	125,116	25,899	103,596	129,496	26,806	107,222	134,028	27,744	
Health Insurance and Other Benefits				3.5%	3.5%			199,552	248,440	51,634	206,536	258,170	53,441	213,765	267,206	55,312	
Other Salaries/Benefits				3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Administrative Rent-Free Unit				3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sub-total Salaries/Benefits								581,051	726,314	150,347	601,388	751,735	155,609	622,436	778,045	161,055	
Administration																	
Advertising and Marketing				3.5%	3.5%			3,791	4,739	981	3,924	4,905	1,015	4,061	5,076	1,051	
Office Expenses				3.5%	3.5%			50,234	62,793	12,998	51,992	64,991	13,453	53,812	67,265	13,924	
Office Rent				3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Legal Expense - Property				3.5%	3.5%			3,128	3,910	809	3,237	4,047	838	3,351	4,188	867	
Audit Expense				3.5%	3.5%			8,848	11,057	2,289	9,155	11,444	2,369	9,478	11,845	2,452	
Bookkeeping/Accounting Services				3.5%	3.5%			14,406	18,007	3,729	14,910	18,638	3,658	15,432	19,290	3,993	
Bad Debts				3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous				3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sub-total Administration Expenses								80,405	100,506	20,805	83,219	104,024	21,533	86,132	107,665	22,287	
Utilities																	
Electricity				3.5%	3.5%			60,025	75,031	15,531	62,125	77,657	16,075	64,300	80,375	16,638	
Water				3.5%	3.5%			53,706	67,133	13,896	55,586	69,482	14,383	57,531	71,914	14,886	
Gas				3.5%	3.5%			94,776	118,470	24,523	98,093	122,616	25,382	101,526	126,908	26,270	
Sewer				3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sub-total Utilities								208,507	260,633	53,951	216,804	269,755	55,839	223,358	279,197	57,794	
Taxes and Licenses																	
Real Estate Taxes				3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Payroll Taxes				3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Taxes, Licenses and Permits				3.5%	3.5%			15,580	19,474	4,031	16,125	20,156	4,172	16,689	20,861	4,318	
Sub-total Taxes and Licenses								15,580	19,474	4,031	16,125	20,156	4,172	16,689	20,861	4,318	
Insurance																	
Property and Liability Insurance				3.5%	3.5%			125,116	156,396	32,374	129,496	161,869	33,507	134,028	167,535	34,680	
Fidelity Bond Insurance				3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Worker's Compensation				3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Director's & Officers' Liability Insurance				3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Sub-total Insurance								125,116	156,396	32,374	129,496	161,869	33,507	134,028	167,535	34,680	
Maintenance & Repair																	
Payroll				3.5%	3.5%			188,651	235,813	48,813	195,263	244,067	50,522	202,087	252,609	52,290	
Supplies				3.5%	3.5%			16,015	20,019	4,144	16,575	20,719	4,289	17,156	21,444	4,439	
Contracts				3.5%	3.5%			118,235	147,794	30,593	122,373	152,967	31,664	126,656	158,320	32,772	
Garbage and Trash Removal				3.5%	3.5%			86,078	110,098	22,790	91,161	113,951	23,588	94,352	117,940	24,413	
Security Payroll/Contract				3.5%	3.5%			30,028	37,535	7,770	31,079	38,849	8,042	32,167	40,208	8,323	
HVAC Repairs and Maintenance				3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Vehicle and Maintenance Equipment Operation and Repairs				3.5%	3.5%			-	-	-	-	-	-	-	-	-	
Miscellaneous Operating and Maintenance Expenses				3.5%	3.5%			23,428	29,285	6,052	24,248	30,310	6,274	25,997	31,371	6,494	
Sub-total Maintenance & Repair Expenses								464,435	580,544	120,173	480,690	600,863	124,379	497,514	621,893	128,732	
Supportive Services				3.5%	3.5%			164,491	164,491	-	170,248	170,248	-	176,206	176,206	-	
Commercial Expenses								-	-	-	-	-	-	-	-	-	
TOTAL OPERATING EXPENSES								1,771,056	2,172,698	415,699	1,833,043	2,248,742	430,248	1,897,200	2,327,448	445,307	
PUPA (w/o Reserves/GL Base Rent/Bond Fees)																	
Reserves/Ground Lease Base Rent/Bond Fees																	
Ground Lease Base Rent								12,000	15,000	3,000	12,000	15,000	3,000	12,000	15,000	3,000	
Bond Monitoring Fee								-	-	-	-	-	-	-	-	-	
Replacement Reserve Deposit								40,400	50,500	10,100	40,400	50,500	10,100	40,400	50,500	10,100	
Operating Reserve Deposit								-	-	-	-	-	-	-	-	-	
Other Required Reserve 1 Deposit								-	-	-	-	-	-	-	-	-	
Other Required Reserve 2 Deposit								-	-	-	-	-	-	-	-	-	
Required Reserve Deposits/ Commercial								-	-	-	-	-	-	-	-	-	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees								52,400	65,500	13,100	52,400	65,500	13,100	52,400	65,500	13,100	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)								1,823,456	2,238,198	428,799	1,885,443	2,314,242	443,348	1,949,600	2,392,948	458,407	
PUPA (w/ Reserves/GL Base Rent/Bond Fees)																	
NET OPERATING INCOME (INCOME minus OP EXPENSES)								233,683	250,483	16,800	223,124	239,924	16,800	211,682	228,482	16,800	
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																	
Hard Debt - First Lender							Enter comments re: annual increase, etc.	65,280	65,280	-	65,280	65,280	-	65,280	65,280	-	
Hard Debt - Second Lender (HCD Program 0.42% pymnt. or other 2nd Lender)							Enter comments re: annual increase, etc.	67,200	84,000	16,800	67,200	84,000	16,800	67,200	84,000	16,800	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)							Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	
Hard Debt - Fourth Lender							Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	
Commercial Hard Debt Service								-	-	-	-	-	-	-	-	-	
TOTAL HARD DEBT SERVICE								132,480	149,280	16,800	132,480	149,280	16,800	132,480	149,280	16,800	
CASH FLOW (NOI minus DEBT SERVICE)								101,203	101,203	-	90,644	90,644	-	79,202	79,202	-	
Commercial Only Cash Flow								-	-	-	-	-	-	-	-	-	
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)								-	-	-	-	-	-	-	-	-	
AVAILABLE CASH FLOW								101,203	101,203	-	90,644	90,644	-	79,202	79,202	-	
USES OF CASH FLOW BELOW (This row also shows DSCR.)																	
DSCR:									1.68			1.61			1.53		
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																	
Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)				3.5%	3.5%		per MOHCD policy	-	-	-	-	-	-	-	-	-	
Partnership Management Fee (see policy for limits)				3.5%	3.5%		per MOHCD policy	-	-	-	-	-	-	-	-	-	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)							per MOHCD policy no annual increase	-	-	-	-	-	-	-	-	-	
Other Payments								-	-	-	-	-	-	-	-	-	
Non-amortizing Loan Pmnt - Lender 1							Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	
Non-amortizing Loan Pmnt - Lender 2							Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-	
Deferred Developer Fee (Enter amt <= Max Fee from row 131)								-	-	-	-	-	-	-	-	-	
TOTAL PAYMENTS PRECEDING MOHCD								-	-	-	-	-	-	-	-	-	
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)								101,203	101,203	-	90,644	90,644	-	79,202	79,202	-	
Does Project have a MOHCD Residual Receipt Obligation?				Yes													
Will Project Defer Developer Fee?				No													
Residual Receipts split for all years. - Lender/Owner				67% / 33%													
MOHCD RESIDUAL RECEIPTS DEBT SERVICE																	
MOHCD Residual Receipts Amount Due																	
Proposed MOHCD Residual Receipts Amount to Loan Repayment				65.53%					44,211			39,599			34,600		
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease																	

Transbay Block 2 Family

Total # Units:				LOSP		Non-LOSP									
101				20		81									
				20.00%		80.00%									
								Year 18				Year 19			
								2042				2043			

Citywide Affordable Housing Loan Committee

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

Transbay Block 2 West
\$3,500,000
Predevelopment Loan

Evaluation of Request for:	Predevelopment Loan
Loan Committee Date:	February 19, 2021
Prepared By:	Annie Wong
Source of Funds Recommended:	Transbay Jobs/Housing Linkage Fees
NOFA/PROGRAM/RFP:	OCII RFP issued June 22, 2020
FY 20/21 ROPS Line:	413
Total Previous City Funds Committed:	None
Applicant/Sponsor Name:	Transbay 2 Senior LP/Chinatown Community Development Center ("CCDC")

EXECUTIVE SUMMARY**Sponsor Information:**

Project Name:	Transbay Block 2 West	Sponsor(s):	CCDC
Project Address (w/ cross st):	Western half Transbay Block 2 (bounded by Folsom Street to the south, Beale Street to the west, the future extension of Clementina Street to the north, and Main Street to the east)	Ultimate Borrower Entity:	Transbay 2 Senior LP

Project Summary:

Chinatown Community Development Center (“CCDC” or the “Sponsor”), through Transbay 2 Senior LP, is requesting \$3,500,000 in predevelopment financing for Transbay Block 2 West (“Block 2 West”). Block 2 West will be a 153-unit mixed-use affordable rental housing development serving low-income senior households, with approximately 20% of units set-aside to serve formerly homeless senior households, subsidized by the Local Operating Subsidy Program (“LOSP”).

Block 2 West will be comprised of 35 studio and 117 one-bedroom units, as well as one two-bedroom manager’s unit. Units will serve senior households at a wide range of income levels, with an average at or below 60% of Area Median Income as defined by the San Francisco Mayor’s Office of Housing and Community Development (“SF AMI” or “AMI”). In addition to residential units and resident serving amenities, the Block 2 West development includes ground floor retail (the residential and the retail together are the “Project”).

Block 2 West will be developed in coordination with Transbay Block 2 East (“Block 2 East”), a mixed-use affordable rental project serving low-income and formerly homeless families under development by Mercy Housing (“Mercy”). CCDC and Mercy will work closely to coordinate design and construction and maximize efficiencies to the extent feasible, including joint consultant selection, a single general contractor, shared site studies, and, if possible, concurrent construction.

The Project is expected to be financed with 4% Low Income Housing Tax Credits and will seek funding from the California Department of Housing and Community Development Infill Infrastructure Grant (“IIG”) program and Multifamily Housing Program (“MHP”), as well as the Federal Home Loan Bank Affordable Housing Program (“AHP”).

Project Description:

Construction Type:	Type I	Project Type:	New Construction
Number of Stories:	9	Lot Size (acres and sf):	0.49 acres / 21,313 sf*
Number of Units:	153	Architect:	Mithun
Total Residential Area:	81,521 sf	General Contractor:	TBD
Total Commercial Area:	4,320 sf	Property Manager:	CCDC
Total Building Area:	116,083 sf	Supervisor and District:	Sup. Haney - District 6
Land Owner:	OCH		
Total Development Cost (TDC):	\$96,818,138	Total Acquisition Cost:	N/A
TDC/unit:	\$632,798	TDC less land cost/unit:	\$632,798
Loan Amount Requested:	\$3,500,000	Request Amount / unit:	\$22,876
HOME Funds?	No	Parking	None

* Lot size reflects half of overall Transbay Block 2 site, exact lot dimensions between Blocks 2 East and West will be determined during predevelopment.

PRINCIPAL DEVELOPMENT ISSUES

1. Coordination between 2 West and 2 East. Mercy and CCDC were selected as co-developers under a single RFP for Transbay Blocks 2 East and 2 West. Mercy will be the lead developer, however, each developer will take primary responsibility for their respective project (as the sole owner). See Section 1.2 for and Conditions 11.2.1 and 11.3.1. Key considerations include:
 - a. Cohesive design: the building and streetscape designs must be complementary and cohesive, especially the ground level experience. This will require extensive collaboration throughout predevelopment and construction;
 - b. Efficiency: the developers will work closely to identify and maximize efficiencies, which will include jointly selecting key consultants, using the same general contractor, and coordinating logistics, and, to the extent feasible, synchronizing construction timing; and
 - c. Schedule: Blocks 2 East and West currently assume a schedule with the same construction timelines. Concurrent construction would reduce hard costs, streamline logistics, and allow key streetscape elements to be delivered along with the mixed-use buildings. However, maintaining parallel schedules will be challenging due to the uncertainty in securing financing awards. The developers will coordinate project schedules and, if necessary, establish a plan for phased development.
2. Financing Competition. The Sponsor will seek funding from MHP and IIG, as well as a tax-exempt bond allocation from CDLAC. Financing programs are currently highly competitive and the bond program is expected to continue to be oversubscribed in the coming years. CDLAC regulations may change prior to the Project's anticipated application date, but may continue to disadvantage larger scale, higher cost urban infill projects. The Sponsor will need to closely monitor financing program regulations and review program elements and costs throughout to optimize for maximum scoring. See Section 6.5 and Condition 11.3.8.
3. Income Levels. The preliminary AMI mix provides units at wide range of levels from 25% to 80% AMI. Early in predevelopment, the Sponsor will verify the demand for senior units at 80% AMI and will be challenged to balance cash flow to ensure long term operational strength with the need to serve seniors with limited fixed incomes. See Sections 4.7 and 7.2 and Condition 11.3.4.
4. Resident Age Limits. The OCII RFP anticipated a senior household age minimum of 62 years, however, a lower age limit would provide the Department of Homelessness and Supportive Housing ("HSH") with greater flexibility in referring adult tenants to the Project through the Coordinated Entry System. The Sponsor will review financing and operational considerations, as well as fair housing implications, and recommend a minimum age limit. See Section 4.7 and Condition 11.3.3.
5. Retail. Successful retail is crucial to ground floor activation and meeting community needs and expectations. Mercy, through its affiliate Mercy Commercial California, will be responsible for developing a retail program for all of Transbay Block 2. Current restrictions due to COVID-19 and the related economic uncertainty will create a challenging environment in which to design, program, and secure interest in a new retail space. See Section 4.5 for further discussion and Condition 11.3.11.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
OCII	\$3,500,000	3 years @ 3% deferred	This Request
Total	\$3,500,000		

Predevelopment Uses	Amount	Per Unit	Per SF
Architecture & Engineering	\$2,351,818	\$15,371	\$20
Soft Costs	\$598,182	\$3,909	\$5
Developer Fee	\$550,000	\$3,595	\$5
Total	\$3,500,000	\$22,875	\$30

Permanent Sources	Amount	Terms	Status
Tax Credit Equity	\$35,024,963	\$0.90/credit, 4% credit rate	Not Committed
OCII Loan	\$30,593,175	55 years @ 0-3% interest, residual receipts	Not Committed
AHP	\$1,200,000	55 years @ 0%	Not Committed
HCD MHP	\$20,000,000	55 years @ .42%, residual receipts	Not Committed
HCD IIG	\$7,000,000	Grant	Not Committed
GP Equity	\$3,000,000		Not Committed
Total	\$96,818,138		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	\$0	N/A	N/A
Hard Costs	\$78,574,411	\$513,558	\$677
Soft Costs	\$13,043,727	\$82,253	\$112
Developer Fee	\$5,200,000	\$33,987	\$45
Total	\$96,818,138	\$632,798	\$834

1. BACKGROUND

1.1. Project History Leading to This Request.

Blocks 2 East and West are part of the approximately 40-acre Transbay Redevelopment Project Area that was administered by the former San Francisco Redevelopment Agency (“SFRA”). Pursuant to state law, redevelopment agencies throughout the State of California were eliminated on February 1, 2012 (California Health and Safety Code Section 34161 et seq (the “Redevelopment Dissolution Law”). OCII is the Successor Agency to SFRA and is responsible for implementing SFRA’s enforceable obligations. On April 15, 2013, the California Department of Finance determined “finally and conclusively” that the Transbay Implementation Agreement, Affordable Housing Program, and Tax Increment Sales Proceeds Pledge Agreement are enforceable obligations under Redevelopment Dissolution Law.

The Transbay Redevelopment Plan, established in 2005, is implemented through partnerships between OCII, the City, Transbay Joint Powers Authority (“TJPA”), Caltrans, and for-profit and non-profit developers. The Project Area is divided into two zones: Zone 1 is implemented by OCII and Zone 2 is implemented by the San Francisco Planning Department. When completed, the Transbay Redevelopment Area (including both Zone 1 and Zone 2) will include over 4,000 new residential units, a minimum of 35% of which will be affordable, office and retail space, over 9 acres of new parks, and significant transportation and streetscape improvements.

Within Zone 1, a total of 2,196 residential units have been completed (Blocks 1, 6, 7, 8, 9, and 11a), 721 of which are restricted for affordability. Additional housing units are planned on Blocks 2 East and West (the subject of this evaluation), Block 4, and Block 12. The planned affordable units on Blocks 2 East and West are essential to achieving 35% affordability in the Transbay Project Area.

Transbay Block 2, along with Blocks 3 and 4 and the future extensions of Clementina and Tehama Streets, was part of the lot formerly used as the Temporary Transbay Terminal. The Greyhound station building remains on the site but is currently unoccupied. Transbay Terminal operations relocated to the newly constructed Salesforce Transit Center in 2019.

OCII issued a Request for Proposals (“RFP”) seeking teams to develop, own, and operate mixed-use affordable rental family and senior housing units, including units set-aside for formerly homeless family and senior households at Transbay Blocks 2 East and 2 West in June 2020, with proposals due in September 2020. OCII received 5 proposals, all of which were deemed complete. An evaluation panel comprised of staff from OCII, Mayor’s Office of Housing and Community Development (“MOHCD”), the Department of Homelessness and Supportive Housing (“HSH”), and a member of the Transbay Citizens Advisory Committee (“CAC”) recommended selection of the development team led by Mercy and CCDC. Please see Sections 9 and 10 below for further discussion regarding threshold requirements and scoring.

Mercy and CCDC proposed that while they would collaborate on development of the site as a whole, with Mercy designated as the overall lead developer for Transbay Block 2, each would take the lead on securing financing for, and owning and operating one of the two residential projects. CCDC will own and operate the senior project on Block 2

West and Mercy will own and operate the family project on Block 2 East. See below for further discussion on this relationship.

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

The Borrower entity is Transbay 2 Senior LP. The managing general partner is CCDC Transbay 2 LLC, a subsidiary of CCDC.

CCDC has significant experience in the development and operation of affordable housing in San Francisco. CCDC's portfolio includes 869 affordable senior units and 220 units of supportive housing. While Block 2 West will be CCDC's first project in the Transbay Project Area, CCDC has worked on numerous OCII projects as well as on dense infill sites in nearby neighborhoods.

Kate Voshell at CCDC will be the Project Manager and will dedicate approximately 40% of her time to the Project. Abigail Brown will provide project assistance and will dedicate approximately 20% of her time to Block 2 West. Kate and Abigail will be supported by Kim Piechota (Housing Director), Kayne Doumani (Director of Property Management), and Allie Markowitz (Resident Services Manager).

CCDC will develop, own, and operate Block 2 West and will provide ongoing property management and resident services. However, CCDC will collaborate with Mercy, lead developer of Block 2 East, to ensure cohesive and complementary development of the Transbay Block 2 site as a whole. Pursuant to a Memorandum of Understanding between Mercy and CCDC dated September 20, 2020, Mercy will take the lead in providing the following services in support of Block 2 West:

- Contract negotiation including predevelopment loan terms and ground leases;
- Consultants selection;
- Retail programming, commercial shell design, marketing, and leasing; and
- Lot split and streetscape improvement design.

Pursuant to Condition 11.2.1, Mercy and CCDC will enter into a joint development agreement to formalize the collaborative partnership and further clarify roles and responsibilities.

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

Site Description	
Zoning:	Zoning for the site is form-based and is governed by the Transbay Redevelopment Plan, Transbay Development Controls and Design Guidelines, and the Transbay Design for Development. The DCDG establishes that Block 2 is split by a 25' wide ground level pedestrian mews connecting Folsom Street and Clementina Street. On the western side (Block 2 West), the DCDG allows a height of up to 50' on the northern portion of Block 2 West along Clementina, and up to 85' mid-block along Beale Street and on the southern side along Folsom and Beale Street. The DCDG also requires a central open space courtyard.

Maximum units allowed by current zoning (N/A if rehab):	The maximum number of units on the site is based on form-based zoning. The number of units is limited only by what can fit within the site's height and bulk restrictions.
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	The site is within a Liquefaction Zone (per the California Geological Survey)
Soil type:	According to the Transbay EIR, the site is located on the Bay side of the historic circa 1848 shoreline. Soils on the site may generally be characterized by the presence of soft and compressible bay mud under the superficial fill placed when the area was reclaimed in the late 1800s or early 1900s. The depth of the sediment varies throughout the site. The Sponsor will assemble a consultant team and will perform further geotechnical analysis during predevelopment.
Environmental Review:	CEQA clearance was obtained through the Environmental Impact Report (EIR) for the Transbay Redevelopment Plan (a program EIR). See Section 2.2 below for further discussion.
Adjacent uses (North):	Currently a continuation of the Block 2 surface parking lot, previously used as the temporary Transbay Terminal, planned for an approximately 1-acre public park.
Adjacent uses (South):	An approximately 650-unit mixed use condominium complex known as "Lumina". Woodlands Market, a high-end grocery store is located at the ground floor.
Adjacent uses (East):	Block 2 East, an approximately 101-unit affordable family rental project, under development concurrently with Block 2 West, will be located directly to the east within Transbay Block 2. To the east of Transbay Block 2, a 392-unit mixed-use, mixed-income condominium complex known as "Mira" is under construction and nearing completion.
Adjacent uses (West):	A 479-unit mixed use apartment project, including 409 units in a tower (on the western side of the block) and 70 affordable units in a mid-rise and townhomes (on the eastern side of the block). The 70-unit affordable project is owned and operated by Mercy.
Neighborhood Amenities within 0.5 mile:	Grocery: Woodlands Market is located directly across Folsom Street, Ferry Building Saturday Farmer's Market (0.5 mile), Safeway (0.7 mile), Whole Foods (0.8 mile), Target (0.9 mile), Trader's Joe's (1 mile) Pharmacy: Walgreens (0.4 mile), CVS (0.7 mile), Target (0.9 mile) Library: Mission Bay Public Library (1.3 miles) Parks: planning is under way for an approximately 1-acre park on Block 3 directly to the north of the site, Salesforce Park (located on the roof of the Salesforce Transit Center) is one block from the site (0.2 mile), Rincon Park is 2 blocks from the site (0.2 mile)
Public Transportation within 0.5 mile:	The site is located 1 block from the Salesforce Transit Center, a regional hub for 11 transit systems, including

	multiple Muni bus lines. In addition, the site is two blocks from the Muni Metro station at The Embarcadero and Folsom Street and 2 blocks from the Embarcadero BART station.
Article 34:	Article 34 authority is needed and will be requested before the predevelopment loan is encumbered.
Article 38:	Not exempt. The site is within the Air Pollutant Exposure Zone. The design will be subject to relevant guidelines and requirements.
Accessibility:	Project will provide at least 15% of tax credit units with mobility features (California Building Code (“CBC”) 11B 809.2 through 11B 809.5) and at least 10% with communications features (CBC 11B 809.5). Adaptability requirements will be determined by the San Francisco Mayor’s Office on Disability.
Green Building:	Per the RFP, the building must either achieve a Green Point Rating of 125 or above, or LEED Gold rating. The OCII design team will work with the Sponsor to ensure the Project meets one of these two thresholds.
Recycled Water:	Not exempt. The project does fall within the boundaries of the designated recycled water use area, and therefore it will be required to comply with the City’s Recycled Water Ordinance. As such, the Sponsors will be required to install purple pipe to recycle grey water within the project.
Storm Water Management:	Developments that disturb 5,000 square feet or more of the ground surface must comply with the Storm Water Design Guidelines and submit a Storm Water Control Plan to the SFPUC for review. The development team will meet with SFPUC during the predevelopment period.

2.1. Zoning.

See above.

2.2. Local/Federal Environmental Review.

In April 2004, the Redevelopment Agency Commission certified the Environmental Impact Report (EIR) for the Transbay Redevelopment Plan. In January 2005, the Agency Commission adopted findings under the California Environmental Quality Act (CEQA), a Statement of Overriding Considerations, and a Mitigation Monitoring and Reporting Program in connection with the adoption of the Redevelopment Plan. The Board of Supervisors, Planning Commission, and TJPA adopted similar findings.

The Agency Commission, Board of Supervisors, and TJPA subsequently adopted eight addenda to the Final EIR.

The proposed loan is an implementing action and within the scope of the project analyzed under the EIR and subsequent addenda. Unless the Sponsor seeks building height or bulk that are outside of that assumed under the EIR, no additional environmental review is required under CEQA.

The Sponsor will work with OCII staff and other public agencies to ensure that the mitigation monitoring measures for Block 2 West are appropriately documented and

implemented. Also, the Sponsors will order an updated Phase I analysis and a Phase II analysis, as needed.

2.3. Environmental Issues.

- Phase I/II Site Assessment Status and Results.

As part of due diligence in acquiring the site from TJPA, OCII commissioned a Phase I report from AEW Engineering. The report is dated November 3, 2020. The report identified that soil classified as Federal Class I RCRA and California Class I Non-RCRA hazardous waste is on the site. The soil was capped by the existing temporary terminal asphalt and terminal building but will need to be addressed as part of the site's development. The Sponsor will work with a consultant to determine whether an updated Phase I is needed.

The Sponsor will seek a Phase II report during predevelopment.

- Potential/Known Hazards.

Soil contaminants currently exist in the Project Area and are assumed to exist at the site. The Sponsor will engage consultants to provide testing and analysis.

2.4. Adjacent uses and neighborhood amenities. See table above.

2.5. Green Building. See table above.

3. COMMUNITY SUPPORT

3.1. Prior Outreach.

The Transbay Citizens Advisory Committee ("CAC") is comprised of 11 members who represent neighboring residents, property owners, and Citywide interests. The CAC is charged with providing advice to OCII on all matters pertaining to the planning and implementation of the Transbay Redevelopment Project Area.

Staff presented the RFP to the CAC and to the OCII Commission in June 2020 prior to its issuance. A member of the CAC participated in the interview and evaluation panel for the developer team selection. Staff presented an update on the selection process and the recommended developer to the CAC on November 12, 2020 in advance of the anticipated upcoming OCII Commission action on the Predevelopment Loan Agreement and Exclusive Negotiations Agreement. At each meeting, the CAC members were supportive of this development.

3.2. Future Outreach.

The Sponsor will return to the CAC to present the recommended concept design for Blocks 2 West and East and will return again to seek approval of the schematic design. Pursuant to Condition 11.3.15, the Sponsor will conduct further outreach to neighborhood groups as needed throughout predevelopment, in coordination with the sponsor of Block 2 East. Groups may include the East Cut Community Business District, neighboring homeowner associations, and others.

4. DEVELOPMENT PLAN

4.1.1. Site Control.

OCII currently holds and will continue to hold fee simple ownership of the site. The site was transferred from TJPA to OCII in January 2021, along with Transbay Blocks 3 and 4 and the parcels planned for the extensions of Clementina and Tehama Streets.

Pursuant to the terms of a purchase agreement between TJPA and OCII in August 2020, Transbay Block 2 was transferred at no cost to OCII.

The Sponsor, in coordination with the sponsor of Block 2 East, will be responsible for pursuing a subdivision map to facilitate the Blocks 2 East and West projects. Per Condition 11.3.12, CCDC and Mercy will work together to determine appropriate boundaries for the two or more parcels to be created through the subdivision. Mercy will take the lead in preparing the subdivision map application and will oversee the mapping process.

4.1.2. Proposed Property Ownership Structure

OCII will retain fee interest in the land and, at the close of construction financing, will enter into a long-term ground lease with the Sponsor. The Sponsor will own the improvements.

4.2. Proposed Design.

The preliminary massing for Block 2 West features a nine story (85') building anchoring the corner of Folsom and Beale, stepping down to approximately 50' along Clementina Street. The building will have 153 units, with 117 one-bedrooms and 35 studios, plus one two-bedroom manager's unit. To improve the efficiency of the floor plate without sacrificing quality or space, some bedrooms in the one-bedroom units may be "shared light", meaning that they will not have a direct window to the outdoors. The Sponsor and design team will work with OCII to ensure that all units provide high quality living spaces.

As one of the final remaining sites in the Transbay project area, the urban design of Blocks 2 West and East is critical to creating a vibrant pedestrian realm. Units with townhome-style frontages and stoops are located along the planned extension of Clementina Street, while a café on the Beale-Clementina corner will serve residents as well as patrons of the planned park across the street. On the Folsom Street side, a continuous stretch of retail from Beale to the pedestrian mews furthers the Folsom "main street".

The ground floor also contains the resident lobby and most of the management and services spaces, including a community room near the entrance that opens up out onto the courtyard. There is also a roof deck on the sixth floor overlooking the future park where residents can gather.

A partial basement will provide resident bicycle storage, building storage, utility functions, and trash storage. There will be no resident vehicular parking.

The Block 2 West design will be closely coordinated with the design of Block 2 East. The Sponsors and design teams will collaborate to submit a single schematic design package for OCII review and approval. Designs will feature complementary exterior features and materials for a cohesive look across the block. The design team envisions a masonry material for the façade that will contrast with the glassy towers across Folsom Street. A common landscape architect will work on both Blocks 2 West and East, ensuring consistency in the look and feel of the large "linear parks" on Beale and Main, the wide sidewalk on the Folsom Street frontage, the central pedestrian mews, and the townhome frontages on Clementina.

Estimated area square footages are as follows:

Average Unit SF by type:	Studio: 400 1 bedroom: 550
Residential SF:	81,521
Circulation SF:	17,208
Retail SF:	4,320
Common Area SF:	8,234
Maintenance/Utility SF:	4,800
Building Total SF:	116,083

4.3. Proposed Rehab Scope. N/A

4.4. Construction Supervisor/Construction Specialist's Evaluation

OCII's Construction Specialist has performed a preliminary analysis of the proposed massing concept and construction cost estimate for Block 2 West. The nine-story development includes 35 studio and 117 one-bedroom units serving low-income seniors. The proposed design takes advantage of the southwest corner of Folsom and Beale Streets while creating a sunlit courtyard facing the midblock pedestrian mews to the east. The northern façade, along Clementina Street, provides views to the planned Block 3 park. The midblock mews and streetscape improvements to Clementina, Beale, and Folsom will contribute to street level activation and link to similar improvements on surrounding Transbay blocks.

Design and construction efficiencies can be gained by simultaneously developing Blocks 2 West and East. To the extent feasible, these projects should maintain coordinated schedules (Condition 11.3.1).

Preliminary cost estimates are at approximately \$834 per square foot, or \$632,798 per unit, which are below the average for MOHCD projects with similar construction typologies and unit types currently in predevelopment. The cost is reasonable for Type I construction. OCII will work closely with the Sponsor and design team to identify strategies to maximize efficiencies and maintain costs as designs progress.

4.5. Commercial Space.

Ground floor commercial on Transbay Block 2 is essential to meeting the overall Redevelopment Plan goal to develop Transbay as a vibrant and functional urban neighborhood. Existing Transbay residents have, through discussions at Transbay CAC meetings, affirmed the need and desire for neighborhood-serving commercial uses, particularly affordable grocery. In response to the RFP for Transbay Blocks 2 East and West, Mercy and CCDC proposed a retail plan intended to complement existing area businesses and provide spaces and uses that act as community connectors. The overall commercial plan for Block 2 provides 11,650 square feet of ground floor commercial. An affiliate of Mercy, Mercy Commercial California ("MCC") will lead the planning, lease-up, and build-out of the commercial spaces on both 2 East and West.

During predevelopment, the Sponsor, in collaboration with Mercy and MCC, will prepare a commercial financing plan for OCII review and approval and will consider and recommend whether or not to establish separate parcels for the commercial spaces as part of the overall subdivision mapping process for the Transbay Block 2.

The preliminary design for Block 2 West provides approximately 4,320 square feet of retail, including an approximately 620 square foot space at the corner of Beale Street and Clementina, and an approximately 3,700 square foot space on Folsom Street between Beale and the mid-block passage between Blocks 2 East and West.

The smaller single space's use is envisioned as complementary to the planned park on Block 3 to the north, such as a café. The larger space may be divided into smaller retail bays.

MCC has identified the potential for partnerships with the San Francisco Bicycle Coalition for an office/community workshop space, and with small grocers through the San Francisco Neighborhood Business Alliance, a membership-based trade association founded by retailers in the Arab, Asian, and Black communities in the Bay Area. MCC and the Sponsor will continue collaboration with these organizations as well as other local organizations supporting entrepreneurs and small businesses to market the spaces and secure neighborhood-serving tenants (Condition 11.3.11). The Sponsor and Mercy will enter into an agreement (the joint development agreement or a separate agreement) to finalize MCC's initial and ongoing role in the Block 2 West retail and leasing and will coordinate to ensure that the commercial design is in keeping with OCII/MOHCDC standards (Conditions 11.2.1 and 11.3.11).

4.6. Service Space.

Preliminary designs provide for ground floor service/property management offices, a lounge area, community room and adjacent outdoor open space courtyard. The type and amount of space seems adequate for the target population. Programming and design of the space will be refined during predevelopment and reviewed with service and property management providers as well as OCII housing and design staff.

4.7. Target Population

Block 2 West will serve senior households at incomes ranging from 25% to 80% SF AMI. Approximately 20% of the units (30 units) will be set-aside for occupancy by formerly homeless senior households, referred to the Project by HSH through the Coordinated Entry program. Pursuant to Condition 11.3.6, the Sponsor will work with HSH to confirm that the number of permanent supportive units is appropriate and allows for an efficient case management ratio.

The OCII RFP for Transbay Block 2 anticipated that the senior component would serve households at age 62+, however, a lower age limit, such as 55+, would provide HSH with greater flexibility in referring adult tenants to the supportive units in the Project through the Coordinated Entry program. The Sponsor will review the operational impacts, fair housing compliance implications, as well as considerations for financing applications and will recommend a minimum resident age for OCII consideration and approval during early predevelopment (Condition 11.3.3).

In addition to reviewing age requirements, the Sponsor will review income limits to ensure all proposed income levels and rents are feasible for the anticipated population. Specifically, the Sponsor will review the demand for and marketability of the higher tier AMI levels. Pursuant to Condition 11.3.4, the Sponsor will provide recommended income tiers to OCII for review and approval during predevelopment.

While senior households are expected to be small, comprised of one- and two-person households, there may be a need to provide a limited number of larger two-bedroom

units to accommodate seniors who require live-in health support, allowing residents to age in place. With this in mind, the Sponsor will review the design implications and financial feasibility of integrating two-bedroom units into the Project (Condition 11.3.5).

4.8. Marketing & Occupancy Preferences

As previously noted, tenants in the 30 units serving formerly homeless senior households will be referred to the Project through the Coordinated Entry System. All remaining affordable units will be marketed and leased through OCII's standard procedures, including early outreach to Certificate of Preference ("COP") holders, broad marketing and outreach, and applications and a lottery through the MOHCD DAHLIA digital housing portal system. In addition, potential tenants will be prioritized in accordance with preferences.

As of April 19, 2019, the OCII Commission has authorized staff to apply the preferences in City Affordable Housing Programs, as amended from time to time, to affordable housing approved by OCII, to the extent that those preferences are consistent with redevelopment plans, enforceable obligations, and applicable law. The preferences applicable for the Project are:

1. COP holders
2. Displaced Tenant Preference Program for 20% of lottery units
3. Neighborhood Resident Housing Preference for 40% of the lottery units if project does not include State funding sources, and 25% of the lottery units if project does include State funding sources (if such preference does not conflict with other financing sources)
4. San Francisco residents or workers
5. Members of the general public

The Sponsor will, as a condition of the anticipated gap loan, provide an early outreach and marketing plans that describe specific efforts to engage preference program participants, and clearly describe how the marketing is consistent with the Mayor's Racial Equity statement and promote positive outcomes for African American San Franciscans.

Potential tenants, including those prioritized by preference, must meet the Sponsor's established screening requirements for the Project, and final selection will lie with the Sponsor. Any authorized preference shall be permitted only to the extent that such preference: (a) does not have the purpose or effect of delaying or otherwise denying access to a housing development or unit based on race, color, ethnic origin, gender, religion, disability, age, sexual orientation, or other protected characteristic of any member of an applicant household; and (b) is not based on how long an applicant has resided or worked in the area. OCII will work with the Sponsor to resolve potential occupancy conflicts and determine marketing requirements and to ensure adherence to OCII occupancy preferences.

4.9. Relocation.

N/A.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Mithun Architects	N	N
Landscape Architect	TBD	TBD	TBD
JV/other Architect	TBD	TBD	TBD
General Contractor	TBD	TBD	TBD
Owner's Rep/Construction Manager	TBD	TBD	TBD
Property Manager	CCDC	N	N
Services Provider	CCDC	N	N
Financial Consultant	CHPC	N	N
Legal	Gubb & Barshay	N	N

5.1. Outstanding Procurement Issues.

There are no outstanding procurement issues. Sponsor, in collaboration with the sponsor of Block 2 East, is working with OCII's Contract Compliance team to issue an RFQ/P for design consultants and will endeavor to meet OCII's goal that a minimum of 50% of professional services contracts are awarded to certified Small Business Enterprises ("SBEs").

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

6.1. Prior MOHCD/OCII Funding (this project and historical for the project):

There is no prior OCII funding. This predevelopment loan request will be the first sum of money extended to the project.

6.2. Disbursement Status.

The proposed predevelopment loan is the only predevelopment source for the Project. No sums of money have yet been disbursed. Staff recommends that the Loan Committee approve payment of costs dating back to November 12, 2020, the date of the informational update staff provided to the Transbay CAC on the developer selection recommendation, so long as these previously incurred costs are deemed acceptable and correspond to the predevelopment budget attached herein.

6.3. Fulfillment of Loan Conditions.

N/A.

6.4. Proposed Predevelopment Financing

6.4.1. Predevelopment Sources Evaluation Narrative

The proposed predevelopment loan is the only predevelopment source for the Project.

6.4.2. Predevelopment Uses Evaluation

The Sponsor is seeking a predevelopment loan of \$3,500,000. The budget includes costs related to design through construction documents, survey and engineering sites studies, permit fees, legal fees, and a portion of the developer fee.

6.4.3.

Predevelopment Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Acquisition Cost is based on appraisal	N/A	Not applicable.
Architecture and Engineering Fees are within standards	Y	A&E fee during predevelopment is \$2,351,818
Bid Contingency is at least 5% of total hard costs	Y	
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	N	The Project is carrying a total of 15% in design, bid, and plan check contingencies, which is consistent with the MOHCD Underwriting Guidelines, but more than the amounts held in typical recent practice for projects of this scale (typical is a total of 8%). While escalation is not included in the hard cost estimate, it is assumed that these conservative contingency amounts would allow for escalation.
Construction Management Fees are within standards	Y	
Developer Fee is within standards	Y	See discussion on Developer Fee below.
Soft Cost Contingency is 10% per standards	Y	
Financing Costs are reasonable	Y	

6.5. Potential Proposed Permanent Financing

Permanent financing is being presented to demonstrate the project's overall feasibility but not intended to be presented for Loan Committee approval at this time.

6.5.1. Permanent Sources Evaluation Narrative:

- OCII Loan: The current budget assumes an OCII subsidy of \$30,593,175 or \$199,955 per unit. The OCII subsidy will be used during predevelopment and construction and will be structured as a loan with up to 3% interest.
- LIHTC Equity: The Sponsor is projecting LIHTC equity in the amount of \$35,024,963 or \$228,921 per unit. This assumes a fixed 4% credit rate. Pricing is assumed at \$0.90 which may be conservative but is based on recent offers from tax credit investors on other San Francisco projects without project-based Section 8 contracts. Pursuant to Condition 11.3.14, the Sponsor will provide the debt/equity request for proposals for OCII review and will share responses and draft terms sheets.

- HCD MHP: The budget assumes a MHP award of \$20,000,000, the maximum available under the program. CCDC has succeeded in securing MHP funding on other projects in the recent past though the program remains highly competitive. The program rewards deep affordability and supportive housing, thus preliminary analysis shows that the Project would be highly competitive and CCDC is optimistic about securing a maximum award.
- HCD IIG: The budget assumes an IIG award of \$7,000,000, the maximum available for the program. The funds would be used for site preparation, drainage, and streetscape work.
- Construction Loan: The budget assumes a tax-exempt construction loan of \$58,888,275 with an interest rate of 3.65% for 30 months. Pursuant to Condition 11.3.14, the Sponsor will provide the debt/equity request for proposals for OCII review and will share responses and draft terms sheets.
- Permanent Loan: The budget assumes that the project will not support a permanent loan. While cash flow is significant in early years, the debt service coverage ratio would fall below standards in year 15 of operations and beyond. The Sponsors will re-analyze the potential for a permanent loan or otherwise utilize early year cash flow to support the project and reduce the OCII loan (Condition 11.3.9).
- AHP: The budget assumes an AHP award of \$1,200,000, the maximum available for the program. The funds would be used during construction. The Sponsors will work with OCII and MOHCD to analyze scoring for AHP funding early in predevelopment. The Sponsor anticipates an AHP award prior to seeking gap funds from OCII.
- GP Capital Contribution: The GP estimates that it will make an equity contribution of \$3,000,000 or \$19,608 per unit to maximize tax credit equity. This amount is reflected in the developer fee shown below.

6.5.2. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit are within standards	Y	Hard costs are \$513,558 / unit (includes contingencies). Costs will be monitored closely during the predevelopment period.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard cost contingency is 5%. Design, bid, and plan check contingencies total 15%.
Architecture and Engineering Fees are within standards	Y	A&E fee is \$3,818,408, which is approximately 5% of hard costs (excluding contingencies).
Construction Management Fees are within standards	Y	The construction management fee of \$150K is within the maximum allowable per MOHCD's underwriting guidelines for a large project.
Developer Fee is within standards, see also disbursement chart below	Y	Total cash developer fee is \$2.2M, which is below the max. allowed under the MOHCD

		Developer Fee Policy (See further description below.)
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10%.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months of expenses

Cash Developer Fee Disbursement Schedule		
Payment Milestone	% of Project Mgmt. Fee	Amount
At acquisition or closing of preconstruction financing	15%	\$165,000
During or at end of predevelopment	35%	\$385,000
At construction closing	20%	\$220,000
During construction/at construction completion	20%	\$220,000
Project close-out	10%	\$110,000
Total Project Management Fee	100%	\$1,100,000
At Risk Fee*		\$1,100,000
Total Cash Developer Fee		<u>\$2,200,000</u>
GP Equity		\$3,000,000
Total Developer Fee		<u>\$5,200,000</u>

* The at-risk fee is below the maximum allowable under the MOHCD Developer Fee Policy due to restrictions from other funding sources (the MOHCD policy would allow up to \$2,730,000 in total cash fee, as well as commercial development fee). Should the funding sources change, the fee may be revised at consideration of gap financing to an amount up to the maximum allowed under the MOHCD policy. The at-risk fee will be held back from distribution to cover any cost overruns that exceed the contingency amounts held in the Sponsor's budget, per the MOHCD Developer Fee Policy.

6.6. This Request/Phasing Narrative

N/A

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

7.1. Annual Operating Budget

Since this is a predevelopment loan request, the annual operating budget is presented to demonstrate the project's overall feasibility and is not presented for approval at this time. Please see Attachment J.

7.2. Income

Project income will include tenant rents as well as subsidy for LOSP units. In addition to LOSP, the Sponsor will monitor the potential for other rental or operating subsidies appropriate for seniors, such as the City's Senior Operating Subsidy demonstration program (Condition 11.3.10). The preliminary cash flow assumes that commercial income and

expenses will not flow through the residential project. This is subject to further analysis during the predevelopment period.

Unit Type	No. of Units	Max. AMI	Rent (at Max. AMI)*	Rent/ Operating Subsidy
Studio	7	25%	\$560**	LOSP
1 bedroom	23		\$641**	
Studio	11	30%	\$673	
1 bedroom	13		\$769	
Studio	6	50%	\$1,121	
1 bedroom	44		\$1,281	
Studio	8	60%	\$1,345	
1 bedroom	25		\$1,538	
Studio	3	80%	\$1,793	
1 bedroom	12		\$2,050	
1 bedroom	1	unrestricted	n/a	Mngr's Unit
Total Units	153	Average AMI: 36.7%		

* Based on 2020 MOHCD rents

** Tenants in units subsidized by LOSP are assumed to pay \$300 per month in rent, actual rent will be 30% of tenant income, pursuant to LOSP policies. The Sponsor will work with HSH during predevelopment to confirm tenant-paid rent assumptions.

7.3. Annual Operating Expenses Evaluation

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio (DSCR) is between minimum 1.10:1 and maximum 1.15:1 at year 15	N	At 1.91:1, the DSCR is above the maximum 1.15:1 in year 15. Pursuant to Condition 11.3.9, the Sponsor will analyze the potential for a permanent loan for the Project.
DSCR stays above 1.00:1 for entirety of projected 20-year cash flow	N	The DSCR is above 1.00:1 for 19 years of projected cash flow but is at 0.79:1 at year 20. Pursuant to Condition 11.3.9, the Sponsor will need to ensure that the project maintains a 1.0:1 minimum DSCR for the full 20-year cash flow period.
Vacancy meets TCAC Standards	Y	Vacancy is 5% of tenant rents per TCAC and LOSP standards.
Annual Income Growth is increased at 2.5% per year	Y	Income escalation factor is 2.5% for non-LOSP units and 1% for LOSP in compliance with OCII/MOHCD standards and LOSP guidelines.
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%.
Base year operating expenses per unit are reasonable per comparables	Y	Total base year operating expenses are \$11,462 per unit per year (including reserves). This is reasonable and comparable to other recent projects.
Property Management Fee is at allowable HUD Maximum	Y	Property Management Fee is \$119,340 and will be set in accordance with the HUD schedule

Property Management staffing level is reasonable per comparables	Y	1 FTE Property Manager 1 FTE Assistant Property Manager 1 FTE Administrative Assistant 3.5 FTE Desk Clerks (24/7 coverage) 2 FTE Janitors 1 FTE Janitor Tech 1 FTE Repair Staff This level of property management staffing is consistent with other buildings in the Sponsor's portfolio. The staffing structure will be refined during predevelopment. The Sponsor will assess the need for 24/7 desk coverage and/or will explore the potential for shared after hours desk coverage for cost savings/efficiency (Condition 11.3.7).
Asset Management and Partnership Management Fees meet standards	Y	Annual AM fee is \$21,900 Annual PM Fee is \$21,890 These amounts are consistent with MOHCD maximums for 2020.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 per unit per year (based on comparable projects).
Limited Partnership Asset Management Fee (aka Investor Service Fee) meets standards	Y	\$5,000 per year with no escalation.

7.4. Capital Needs Assessment & Replacement Reserve Analysis

N/A

8. SUPPORT SERVICES

8.1. Services Plan.

CCDC will provide both resident services for all senior households and supportive services for formerly homeless senior households. Anticipated staffing is as follows:

Position	FTE	Description
Intensive Case Manager (serving households in supportive units)	1.0	Focused primarily on supportive housing residents, provides ongoing psychological assessments, supportive counseling, and individualize wrap-around case management.
Resident Services Supervisor (support for households in both supportive and non-supportive units)	.5	Oversees, trains, and supports Case Manager and Resident Services Coordinator, and provides direct case management.
Resident Services Coordinator (serving all residents)	1.0	Provides informational, referral, and linkage services and coordinates educational workshops, health activities, and social/recreational activities.
Total FTE	2.5	

8.2. Service Budget.

General resident services will be paid through the operating budget, while case management and supportive services for formerly homeless households will be funded through a separate contract with HSH. The overall anticipated services budget is as follows:

Position	FTE	Budget Amount	Funding Source
Intensive Case Manager	1.0	\$65,000	HSH
Resident Services Supervisor	.5	\$78,000 salary + 30% fringe	HSH/Operating budget
Resident Services Coordinator	1.0	\$54,080 salary + 30% fringe	Operating budget
Total FTE	2.5	\$197,080	

The Sponsor will work with OCII and HSH to refine the services plan and budget during the predevelopment period (see Condition 11.3.6).

8.3. HSH Assessment of Service Plan and Budget.

To be provided with the gap funding request. Mili Choudhury, Family Permanent Supportive Housing Manager at HSH, was a member of the selection panel for the RFP and will participate in planning for services and management. OCII staff will coordinate with HSH to identify the HSH staff representative from the adult supportive housing program for ongoing review of Block 2 West throughout predevelopment. A condition of this loan request is to work closely with OCII, HSH, and MOHCD to develop and appropriate supportive services plan and budget for this Project (Condition 11.3.6).

9. THRESHOLD ELIGIBILITY REQUIREMENTS

The RFP defined minimum threshold requirements to be considered for selection. The Sponsors satisfied these requirements.

10. RANKING CRITERIA

The Sponsor was selected, along with the Sponsor of Block 2 East, based on their submittal in response to an RFP as described in Section 1.1. The team led by Mercy and CCDC had the highest score of the five proposals received, with 90 out of 100 possible points. Scoring criteria was as follows:

Maximum Points	Criteria
50	Proposed Development Concept
20	Proposed massing concept
15	Financial feasibility and level of OCII subsidy
10	Proposed services plan
5	Proposed marketing plan
50	Developer Team Experience and Capacity
10	Developer's experience: comparable mixed-use projects
10	Developer's experience: affordable housing financing; workload capacity

10	Workforce and contracting action plan
10	Architect experience and capacity
5	Service provider experience and capacity
5	Property manager experience and capacity
100	Maximum Total Points

11. STAFF RECOMMENDATIONS

11.1. Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	\$3,500,000
Loan Term:	3 years or until rolled into permanent loan for the Project
Loan Maturity Date:	2024
Loan Repayment Type:	Deferred
Loan Interest Rate:	3% (may be recast if necessary due to true debt analysis performed in preparation for the close of construction financing. Interest rate may be between 0% and 3%, with approval of the OCII Executive Director)

11.2. Recommended predevelopment disbursement conditions

- 11.2.1 Subject to OCII approval, Mercy and CCDC will enter into a joint development agreement that clearly defines the roles and responsibilities of Mercy and CCDC in the overall development of Transbay Block 2. The agreement will use as its basis the Term Sheet attached to the MOU dated September 10, 2020 between Mercy and CCDC and will clearly define Mercy's role as lead developer, in close coordination with CCDC for the following matters: contract negotiations, including predevelopment loan terms, and ground leases; general contractor and consultants' selection; retail programming, commercial shell design, marketing and leasing; lot split/subdivision mapping; streetscape and landscape design; respective liabilities for work performed under the agreement; and other matters to achieve cost efficiencies and cohesive development on Block 2.

11.3. Recommended conditions prior to gap financing

- 11.3.1 Sponsor will work closely with the sponsor of Block 2 East throughout predevelopment and will:
- ensure that the design teams for Blocks 2 East and West collaborate and submit a single combined schematic design package, which demonstrates cohesive design between Blocks 2 East and West, particularly for the ground floor and mid-block pedestrian mews; and
 - use the same general contractor or joint venture for construction and coordinate construction timing between Blocks 2 East and West, either by construction of both sites at the same time or phased development.

- 11.3.2 Sponsor will cooperate with OCII and the sponsor of Block 2 East to competitively solicit a general contractor with the intent of creating a joint venture or similar partnership opportunity, to the extent practicable and economically feasible, between a general contractor and an OCII-recognized SBE contractor. Furthermore, Sponsor will require the general contractor to exercise good faith efforts to select subcontractors who are SBEs or are willing to create joint ventures or similar partnership opportunities with SBEs.
- 11.3.3 Prior to any application for Project financing, Sponsor will analyze financing application parameters and operations for senior housing and recommend, for OCII approval, an age limit for Project residents at age 55 or age 62.
- 11.3.4 Prior to any application for Project financing, Sponsor will review maximum income levels to confirm that they are appropriate for population to be served. Proposed income limits are subject to OCII review and approval.
- 11.3.5 Prior to schematic design submittal, the Sponsor will work with OCII to assess the physical and financial feasibility of integrating a limited number of two-bedroom units into the Project to accommodate the needs of seniors in need of larger units.
- 11.3.6 Sponsor will work with OCII, MOHCD, and HSH to:
 - a. finalize the number of permanent supportive units, ensuring consistency with best practice case management ratios;
 - b. coordinate with HSH to refine the services plan and budget; and
 - c. establish assumptions for tenant-paid rent for LOSP-supported units.
- 11.3.7 Sponsor will evaluate the need for 24-hour desk coverage for the Project and will explore the potential for shared after hours front desk coverage/security between Blocks 2 West and East to improve efficiency and reduce costs.
- 11.3.8 Sponsor will monitor available funding sources such as AHP, MHP and others, review regulations, and submit timely applications, as appropriate. If necessary, Sponsor will recommend strategies and program modifications for OCII approval to improve the Project's likelihood of securing awards.
- 11.3.9 Sponsor will ensure that the DSCR remains over 1.0:1 for the first 20 years of operations and will further analyze the potential for permanent debt and/or alternative ways to utilize surplus cash to support the Project and reduce the OCII gap loan.
- 11.3.10 Sponsor will review local, state and federal rent and operating subsidy programs as appropriate for the target population, and will assess program viability and pursue funding applications.
- 11.3.11 Sponsor will retain the services of MCC for the design, marketing, and lease-up of the commercial spaces. MCC in coordination with Sponsor, will:
 - a. ensure that commercial spaces are designed in accordance with the specifications established in the MOHCD Commercial Space Underwriting Guidelines and incorporate best practices from Mercy's San Francisco commercial experience;
 - b. provide a commercial financing plan for OCII review and approval; and

- c. conduct early outreach to local small business organizations, non-profit entrepreneur organizations, and other entities, groups and organizations. In addition, MCC and Sponsor will with the San Francisco Office of Economic and Workforce Development regarding the retail space and the availability of City's small business, legacy business, and other programs to identify and assist potential local business tenants. .

- 11.3.12 Sponsor will coordinate with OCII and the sponsor of Block 2 East to establish project boundaries and secure a subdivision map for Transbay Block 2.
- 11.3.13 Prior to submittal of a site permit application and subdivision map application, Sponsor will collaborate with the sponsor of Block 2 West in recommending for OCII approval, a plan for the development of public or common use areas in Transbay Block 2, e.g. the mid-block pedestrian mews, that establishes the lot lines, allocation of development costs, a mechanism for ensuring public access, and responsibilities for construction and ongoing maintenance and security.
- 11.3.14 Sponsor will provide for OCII review any RFP for debt and equity providers before it is finalized and released.
- 11.3.15 Sponsor, in coordination with the sponsor of Block 2 East, will work collaboratively on a community outreach plan, will conduct ongoing outreach to the Transbay community to solicit input, address concerns, and educate community members on various aspects of the Project. Mercy will take the lead in obtaining OCII approval for the community outreach plan.

Evaluation of Request for Predevelopment Financing
Transbay Block 2 West

February 19, 2021
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12. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

Eric D. Shaw, 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.

Sally Oerth, Interim 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 Organizational Chart
 C. Developer Resumes
 D. Asset Management Analysis of Sponsor
 E. Site Map with Amenities
 F. Elevations and Floor Plans
 G. Comparison of City Investment in Other Housing Developments
 H. Predevelopment Sources and Uses
 I. Permanent Sources and Uses
 J. First Year Operating Budget
 K. 20-Year Operating Pro Forma

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Friday, February 19, 2021 12:00 PM
To: Chavez, Rosanna (MYR)
Subject: Predevelopment Financing Transbay West

I approve

Eric D. Shaw
Director

Mayor's Office of Housing and Community Development
City and County of San Francisco
1 South Van Ness Avenue, 5th Floor

Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Friday, February 19, 2021 12:56 PM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Financing for Transbay Block 2 West

I approve the request for a predevelopment loan in the amount of \$3,500,00 to develop Transbay Block 2 West.

Best,

salvador



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

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Chavez, Rosanna (MYR)

From: Oerth, Sally (CII)
Sent: Friday, February 19, 2021 11:59 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR); Wong, Annie (CII)
Subject: Predevelopment Financing Transbay Block 2W- 2.19.21 Loan Committee

I approve the Predevelopment Loan request for Transbay Block 2W, as presented at the 2.19.21 Loan Committee



Sally Oerth
Interim Executive Director

📍 One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
📞 415.749.2588
🏠 www.sfocii.org

Chavez, Rosanna (MYR)

From: Katz, Bridget (CON)
Sent: Friday, February 19, 2021 11:57 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: Predevelopment Financing Transbay West

Approve

Bridget Katz

Development Finance Specialist, 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

Attachment A: Project Milestones and Schedule

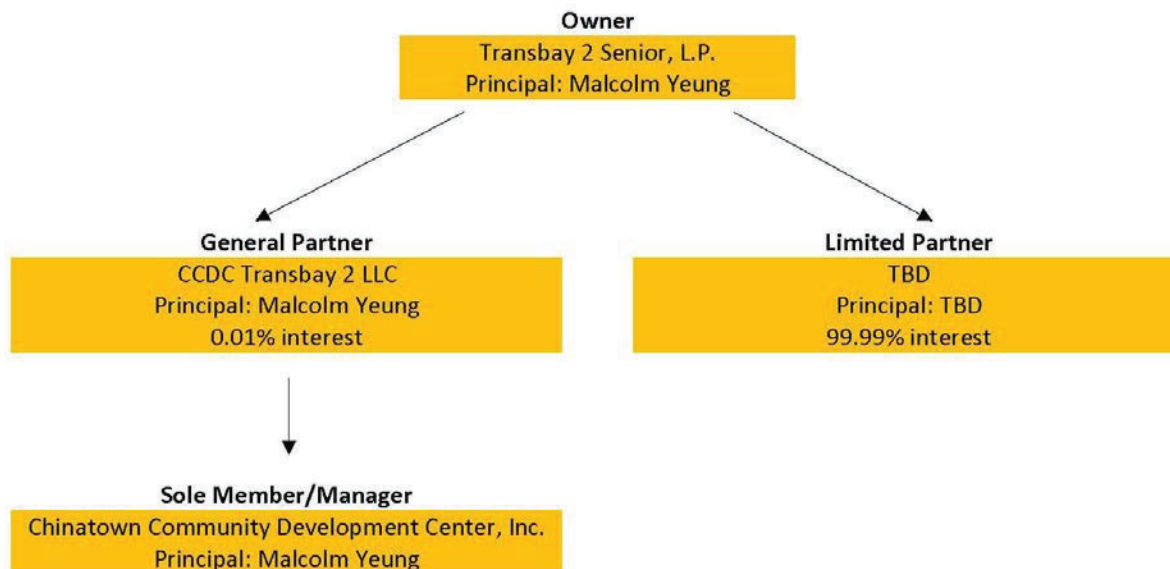
No.	Performance Milestone	Estimated or Actual Date	Contractual Deadline
A.	Prop I Noticing (if applicable)	N/A	N/A
1.	Acquisition/Predev Financing Commitment	February 2021	(this request)
2.	Site Acquisition	September 2023	March 2024
3.	Development Team Selection		
a.	Architect	November 2020	Complete
b.	General Contractor	June 2021	December 2021
c.	Owner's Representative	April 2021	October 2021
d.	Property Manager	November 2020	Complete
e.	Service Provider	November 2020	Complete
4.	Design		
a.	Conceptual Design & Cost Estimate	July 2021	January 2022
b.	Submittal of Schematic Design & Cost Estimate	November 2021	May 2022
c.	Submittal of Design Development & Cost Estimate	September 2022	March 2023
d.	Submittal of 50% CD Set & Cost Estimate	January 2023	July 2023
e.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	May 2023	November 2023
5.	Environ Review/Land-Use Entitlements		
a.	CEQA Environ Review Submission	N/A	N/A
b.	NEPA Environ Review Submission	N/A	N/A
6.	Permits		
a.	Building / Site Permit Application Submitted	January 2022	July 2022
b.	Subdivision Mapping	September 2022	March 2023
b.	Addendum #1 Submitted	August 2022	February 2023
c.	Addendum #2 Submitted	February 2023	August 2023
7.	Request for Bids Issued	June 2023	December 2023
8.	Service Plan Submission		
a.	Preliminary	September 2021	March 2022
b.	Interim	N/A	N/A

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c.	Final	May 2023	November 2023
9.	Additional City Financing		
a.	Predevelopment Financing Application #2	N/A	N/A
b.	Gap Financing Application	February 2023	August 2023
10.	Other Financing		
a.	IIG Application	November 2021	November 2022
b.	MHP Application	March 2022	March 2023
c.	Construction Financing RFP	January 2023	July 2023
d.	AHP Application	March 2023	March 2024
e.	CDLAC Application	March 2023	September 2023
f.	TCAC Application	March 2023	September 2023
11.	Closing		
a.	Construction Closing	September 2023	March 2024
b.	Permanent Financing Closing	September 2023	March 2024
12.	Construction		
a.	Notice to Proceed	September 2023	March 2024
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	August 2025	February 2026
13.	Marketing/Rent-up		
a.	Early Outreach Plan Submission	October 2023	April 2024
b.	Marketing Plan Submission	August 2024	February 2025
c.	Commence Marketing	January 2025	July 2026
d.	95% Occupancy	January 2026	July 2026
14.	Cost Certification/8609	December 2026	June 2027
15.	Close Out OCII Loan	December 2026	June 2027

Attachment B: Borrower Organizational Chart



Attachment C: Developer Resumes

See attached resumes for Kim Piechota (Senior Manager) and Kate Voshell (Project Manager).

Kate Voshell

Project Manager



Chinatown Community
Development Center

華協中心

EDUCATION

Master of Public Administration—Sustainable
Management Presidio Graduate School
Master of Architecture
University of California, Berkeley

RELATED AND PROFESSIONAL EXPERIENCE

Project Manager

Chinatown Community Development Center |
San Francisco, CA (1/2020 – present)

- Manages the development process throughout all phases, from feasibility and acquisition; through design, entitlements, and financing; through construction and initial occupancy, including:
- The refinance and rehabilitation of a 67-unit occupied SRO building in the Tenderloin.
- The syndication and renovation of a scattered sites bundle of 4 CCDC-owned properties (410 units total).
- The renovation of a CCDC commercial space into offices, including overseeing the incorporation of COVID exposure-reducing ventilation strategies.

Business Consultant

Goodwill of San Francisco, Marin, & San Mateo
Counties | San Francisco, CA

- Conducted business process analyses of multiple departments, designed and implemented efficiency and cost-saving processes

Project Architect

Gelfand Partners Architects | San Francisco, CA

- Acted as Project Architect for over 600 completed units of affordable housing, done within budget and under tight public funding deadlines.
- Responsible for the day-to-day management of multi-family affordable housing projects from the programming stage through construction administration.
- Prepared reports and presentations to secure project approvals from communities and public agencies
- Assisted clients in preparation of entitlements paperwork in support of successful funding requests.
- Prepared preliminary construction budgets, and tracked costs throughout projects.

PROFESSIONAL CERTIFICATIONS & AFFILIATIONS

Registered Architect—C30196

California Architects Board | Sacramento, CA

Kim Piechota

Director of Housing Development



Chinatown Community
Development Center

華協中心

EDUCATION

Master of City Planning

University of California, Berkeley

Bachelor of Sciences, Applied Behavioral
Sciences (Community Development Emphasis)

University of California, Davis

RELATED AND PROFESSIONAL EXPERIENCE

Director of Housing Development

Chinatown Community Development Center |
San Francisco, CA (2/2020 – present)

- Responsible for oversight of all affordable housing developments.
- Supervisor of housing development staff.
- Site acquisition and negotiation.
- Devise housing strategy and budget for organization.
- Participation on senior management team.
- Reporting to the Board.
- Represent Chinatown CDC in housing coalitions, at community meetings, and in funder/government agency discussions.

Associate Director of Housing Development
Chinatown Community Development Center |
San Francisco, CA (8/2018 - 2/2020)

- Assist department Director in overseeing the Housing Development department and representing CCDC externally, supervise Project Management staff, perform project management work as necessary.

Project Manager

Chinatown Community Development Center |
San Francisco, CA (5/2009 - 8/2018)

- Veterans Commons, 76 units adaptive re-use | 150 Otis, San Francisco
- Broadway Sansome Apartments, 75 units new construction | 255 Broadway, San Francisco
- North Ping Yuen, 200 units occupied rehabilitation (RAD) | 838 Pacific, San Francisco
- Edwin M. Lee Apartments, 119 units new constructions | 1150 3rd Street, San Francisco

Development Consultant

Citizens Housing Corporation | San Francisco, CA
(9/2003 - 3/2009)

- Assisted staff in the development of affordable housing projects.
- Managed two senior rental projects in their final stages of development: a 114-unit service-enriched development in the city of San Bruno, and a 40-unit adaptive re-use project in the Haight Ashbury neighborhood of San Francisco.

Project Manager

Citizens Housing Corporation | San Francisco, CA
(5/1999 - 9/2002)

- Projects included a 54-unit assisted living facility in San Francisco, a 30-unit transitional housing project on Alameda Point Naval Air Station, a 50-unit development combining senior and family housing in Mill Valley, a 40-unit senior development in San Francisco involving historic preservation, and a 98-unit special needs/transitional housing development in San Francisco.

Attachment D: Asset Management Evaluation of Project Sponsor

Number of projects and average number of units/project currently in Sponsor's asset management portfolio: 35 Projects, 85 average units per project

Sponsor's current asset management staffing – job titles, FTEs, org chart and status of each: The Asset Management Department (AM) is comprised of 4.625 FTE:

- Director of Asset Management
- Senior Asset Manager
- Asset Manager
- Asset Management Coordinator
- Asset Management Assistant (25 hours per week)

All positions are currently filled.

Description of scope and range of duties of Sponsor's asset management team:

AM monitors the financial and physical health of the portfolio. They produce financial projections for each building in order to monitor the long-term viability of the property. They commission capital needs analyses for each building every five years and monitor the process of completing all necessary repairs and replacements. They collaborate with the Housing Development Department to develop work-out plans for troubled properties. With the Property Management Department, they set rents at each building according to the requirements of the various programs and funding sources. They are the main point of contact between CCDC and the lenders, partners, and regulators of the portfolio. This includes all periodic reporting.

Description of Sponsor's coordination between asset management and other functional teams, including property management, accounting, compliance, facilities management, etc.

AM meets twice-monthly with the Housing Development, Property Management, and Fiscal departments to discuss cross-department topics and coordinate the organization's approach to property and portfolio issues. The Director of AM also has regular individual meetings with other directors, including Housing Development, Property Management, and the Controller.

Sponsor's budget for asset management team – shown as cost center for projects in SF:

The 2021 budget for AM is \$580,000.

of projects expected to be in sponsor's AM portfolio in 5 years and, if applicable, plans to augment staffing to manage growing portfolio: In the next five years, CCDC will add the following projects to the portfolio:

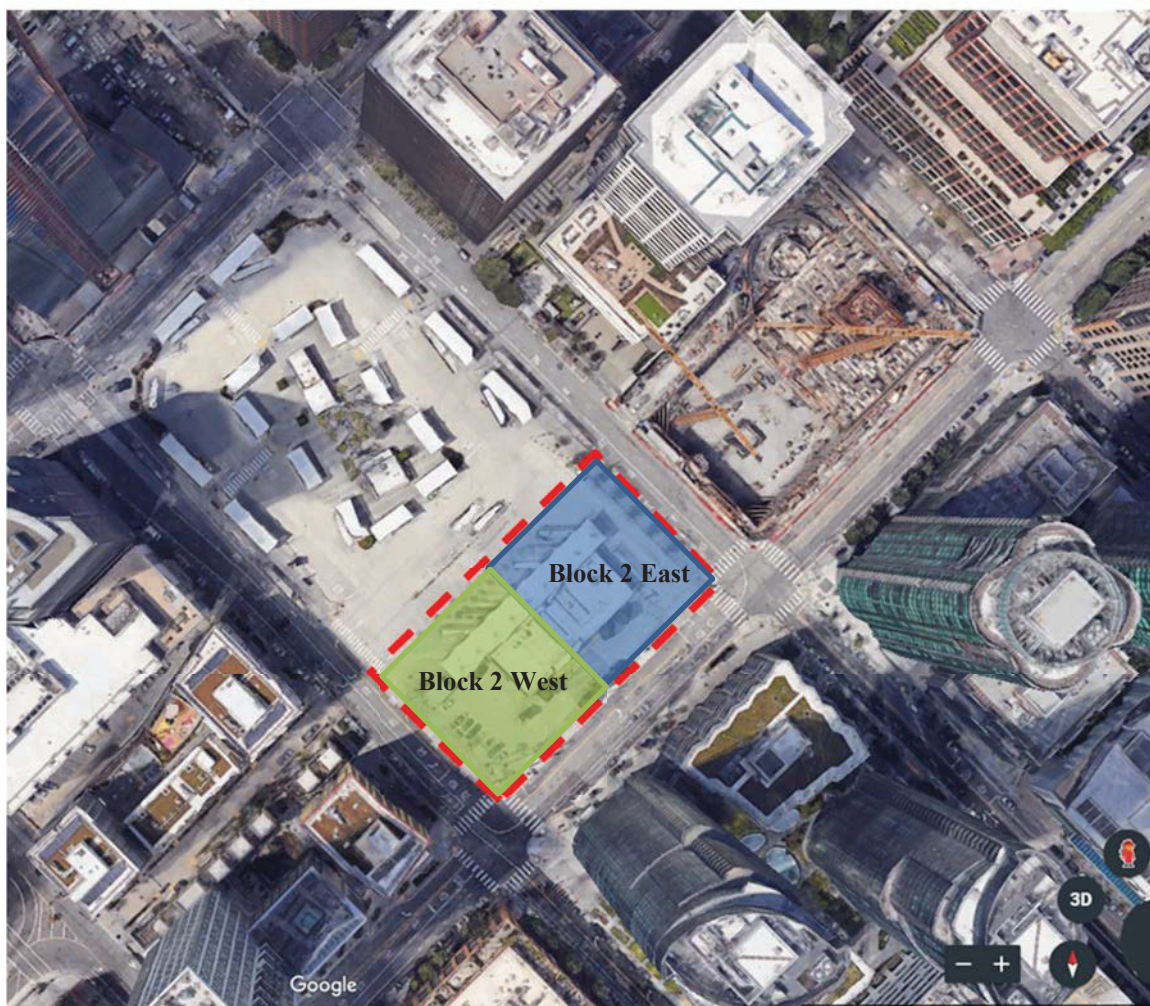
- Casa Adelante/2060 Folsom (127 units)
- Treasure Island, with Sword to Plowshares (100 units)
- 730 Stanyan with TNDC (150+ units to be determined)
- Transbay Block 2 West (the subject of this evaluation) (approximately 153 units)

A number of other projects are under consideration and may be added to the portfolio. In addition, through the Small Sites program, CCDC expects to add 15 to 20 new properties totaling between 60 and 400 units.

AM is a relatively new department for CCDC and has worked for the past several years to develop and implement policies and procedures to improve quality and efficiency. CCDC expects to be able to add these projects without increasing staffing. The asset management activity that creates spikes in regular AM work flow is refinancing. If these should prove too great a strain on staffing, CCDC will engage consultants to perform that work.

Attachment E: Site Map with amenities

Aerial image of Transbay Block 2 (southern portion of block formerly occupied by the Temporary Transbay Terminal)



Transbay Block 2 site location and amenities



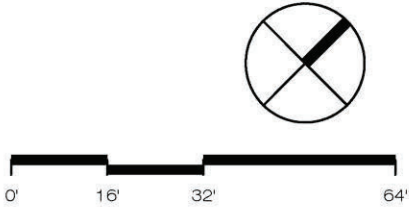
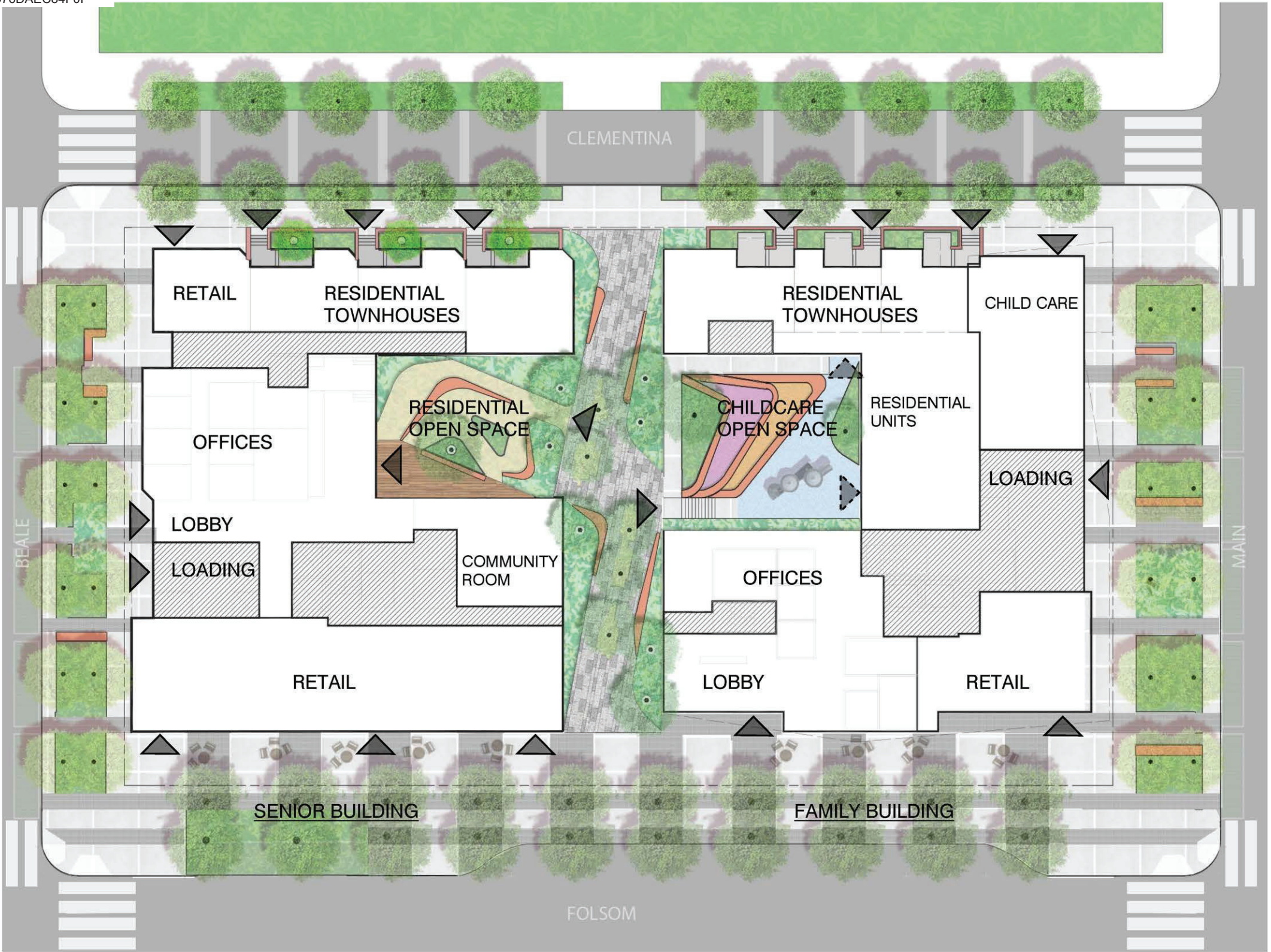
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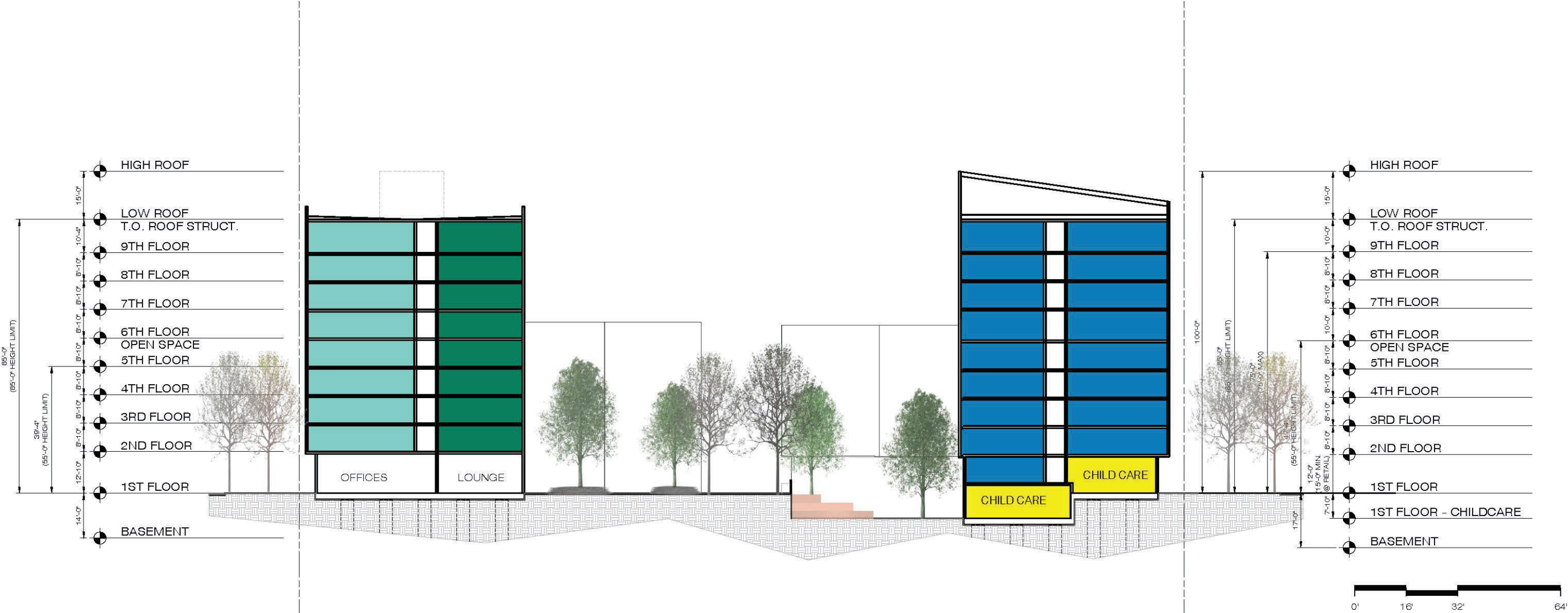
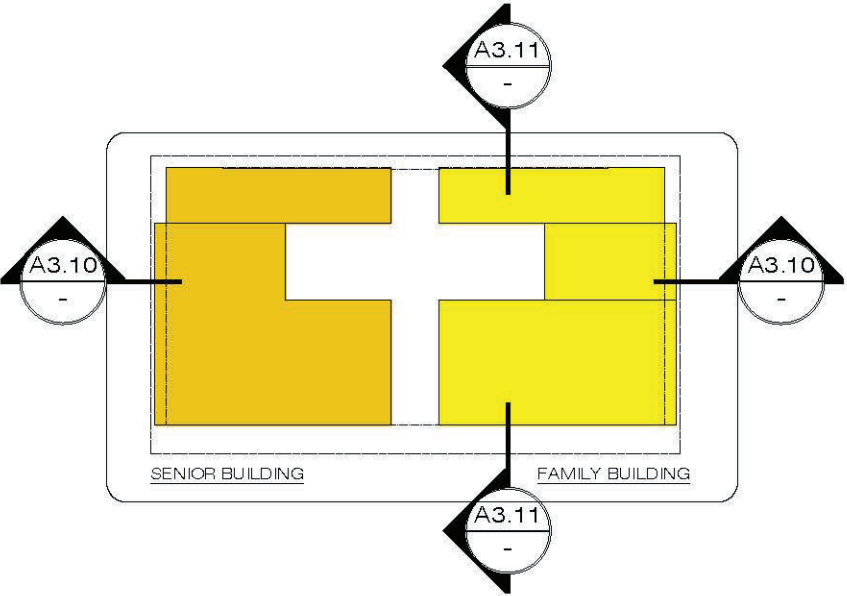
Attachment F: Elevations and Floor Plans



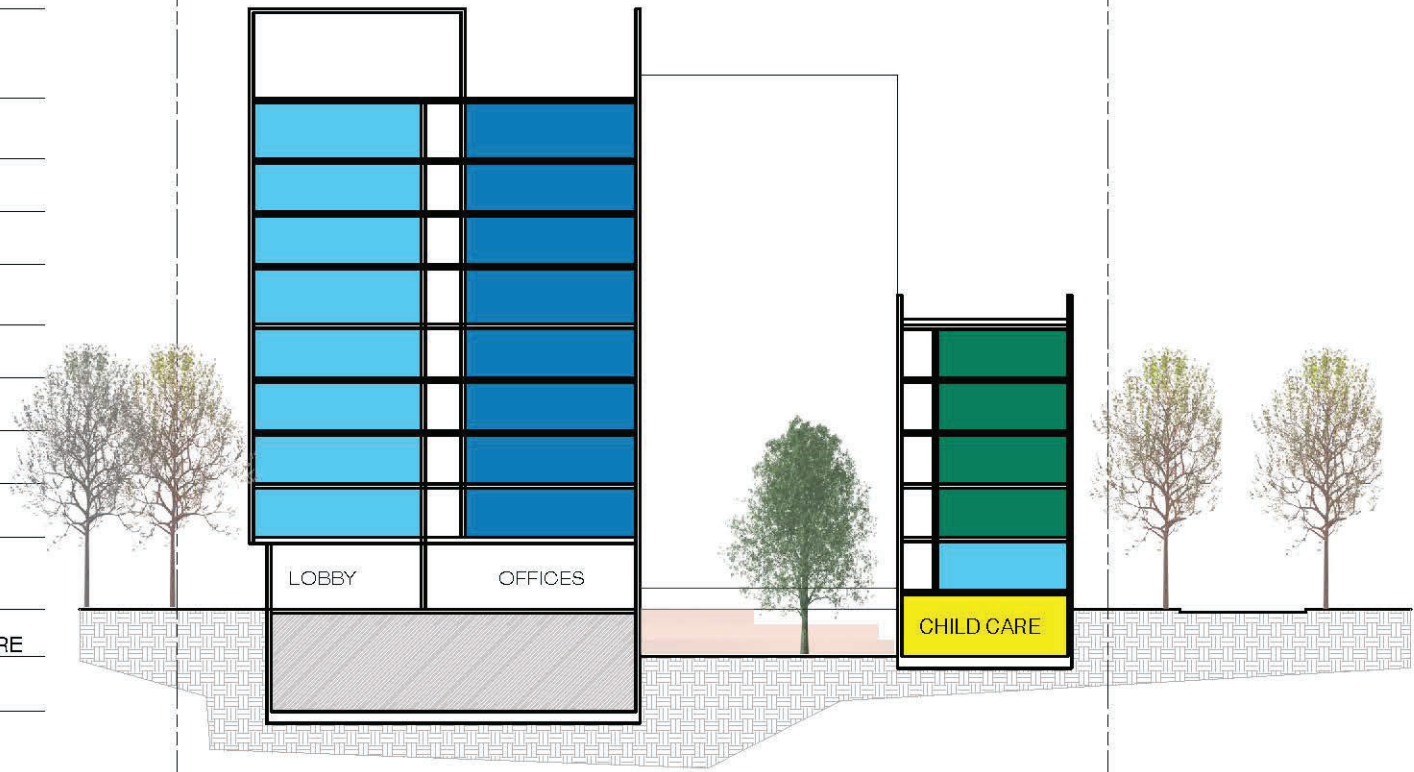
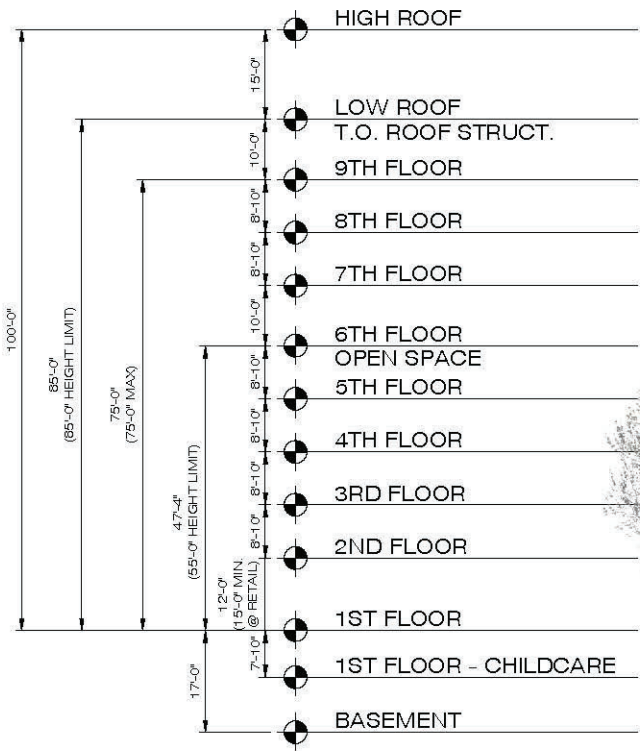
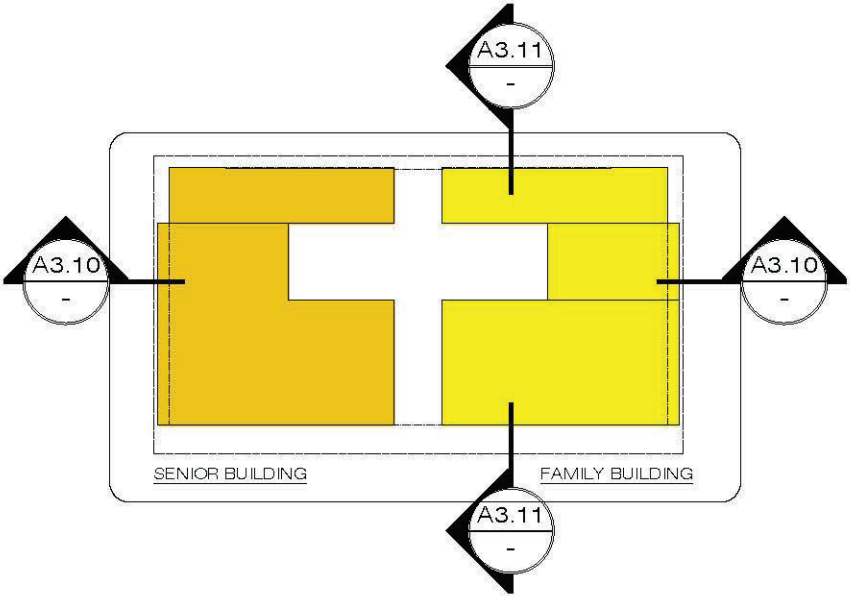
View from Folsom Street looking northwest

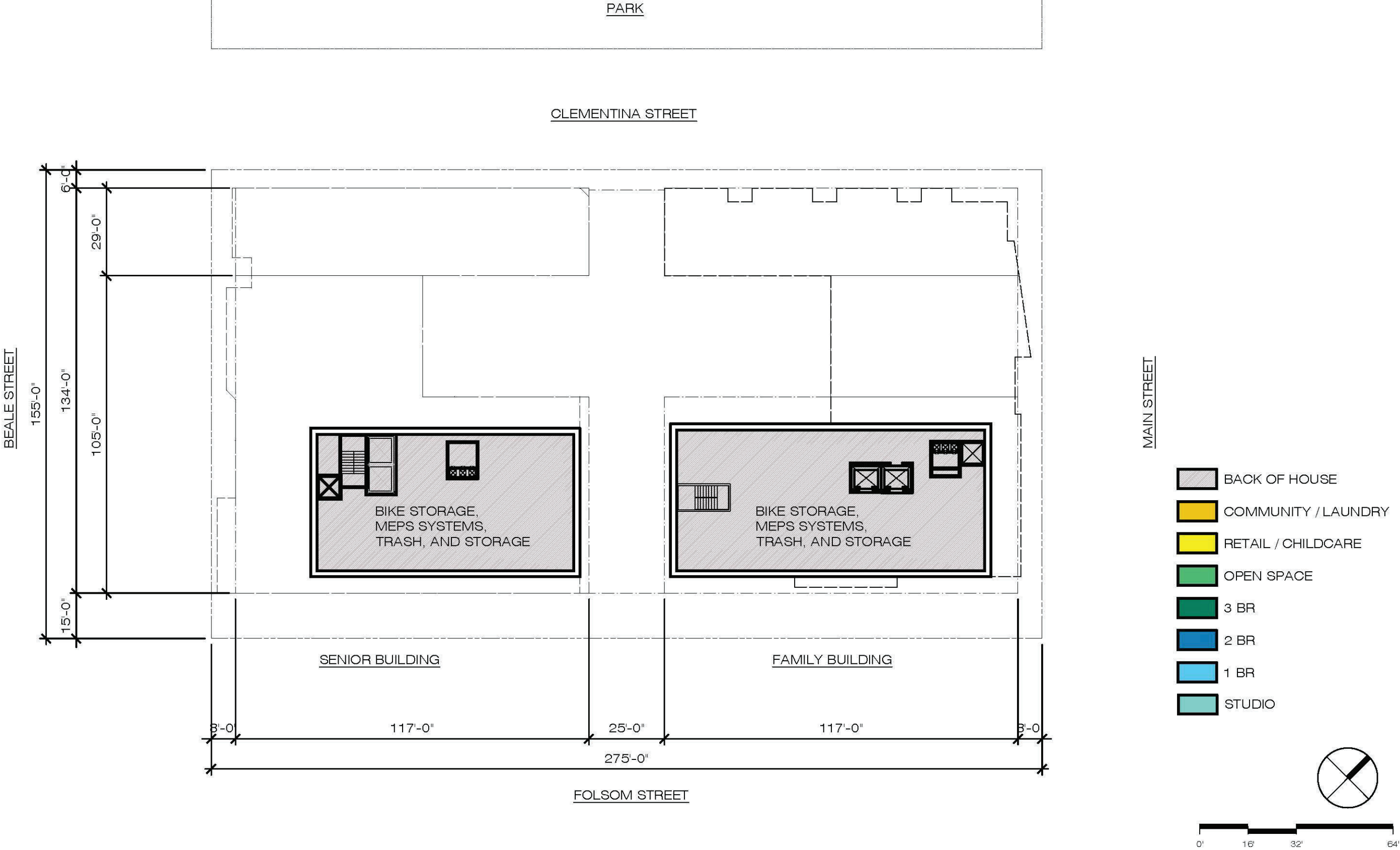


- BACK OF HOUSE
- COMMUNITY / LAUNDRY
- RETAIL / CHILDCARE
- OPEN SPACE
- 3 BR
- 2 BR
- 1 BR
- STUDIO



- BACK OF HOUSE
- COMMUNITY / LAUNDRY
- RETAIL / CHILDCARE
- OPEN SPACE
- 3 BR
- 2 BR
- 1 BR
- STUDIO









PARK

CLEMENTINA STREET



MAIN STREET

- BACK OF HOUSE
- COMMUNITY / LAUNDRY
- RETAIL / CHILDCARE
- OPEN SPACE
- 3 BR
- 2 BR
- 1 BR
- STUDIO



A horizontal beam of total length 64 feet is shown. It consists of two 32-foot segments separated by a 16-foot gap. The segments are labeled 0', 16', 32', and 64' at their respective ends.







Attachment G: Comparison of City Investment in Other Housing Developments

Affordable Multifamily Housing New Construction Cost Comparison

Updated 2/5/2021

PROJECTS COMPLETED						Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy ⁵	Total Dev. Cost w/o land	Notes on Financing	Comments
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost					
Dr. George Davis Senior Comm.	1751 Carroll Ave	80,209	Jun-16	121	125	90,475	62,340	152,815	\$ 4,991,545	\$ 50,499,864	\$ 11,557,097	\$ 67,048,506	\$ 26,221,201	\$ 62,066,961		4 Type V over 2 Type IA. (bsmt pkg) & comml. Kitchen (significant non-res.)
95 Laguna Senior	95 Laguna	14,300	May-19	79	82	59,785	7,316	67,101	\$ 5,012,000	\$ 33,255,516	\$ 11,343,750	\$ 49,611,266	\$ 21,234,000	\$ 44,599,266	9% LIHTC	7 Story - 5 stories Type III over 2 stories Type IA + Community Services space (Open House)
Eddy and Taylor Family Housing	222 Taylor	22,344	Jun-19	113	211	108,440	21,086	129,526	\$ 9,300,000	\$ 57,823,564	\$ 14,637,459	\$ 81,961,023	\$ 22,187,436	\$ 72,861,023	2 HCD Loans (MHP & TOD)	Type IB - 8 story, extensive PG&E regional switch required
Parcel O	455 Fell Street	37,423	Jun-19	108	165	82,117	31,128	113,245	\$ 58,214,173	\$ 9,994,087	\$ 9,994,087	\$ 68,648,743	\$ 17,309,250	\$ 66,948,743	HCD AHSC Loan	Type V over Type I from approved eval dated 05/05/17
1296 Shotwell Senior	1296 Shotwell	11,667	Jan-20	94	94	66,153		66,153	\$ 831,098	\$ 46,018,314	\$ 7,922,792	\$ 54,772,204	\$ 27,812,014	\$ 53,941,106	4% LIHTC HOME AHF	Type IA 9 stories 1st PUC served Affordable Hsg. Including low-side metering, resilient seismic damper
Completed Projects:	Average:	33,190		103	135	81,394	30,468	105,768	\$ 5,033,661	\$ 49,174,286	\$ 11,131,037	\$ 64,008,348	\$ 22,952,780	\$ 59,981,420		

PROJECTS UNDER CONSTRUCTION						Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy ⁵	Total Dev. Cost w/o land	Notes on Financing	Comments
Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost					
490 South Van Ness	490 S. Van Ness Avenue	14,250	Sep-20	81	121	51,639	28,985	80,624	\$ 18,500,000	\$ 43,647,993	\$ 13,393,811	\$ 75,541,804	\$ 28,892,030	\$ 57,041,804		Type IA - 7 stories over partial basement
1950 Mission Street	1950 Mission Street	36,590	Nov-20	157	262	113,432	48,142	161,574	\$ 9,775,000	\$ 85,644,853	\$ 15,171,496	\$ 110,591,349	\$ 44,945,740	\$ 100,816,349	HCD AHSC Loan	Type IA - 9 stories with significant (30% of sf) art and PDR spaces and Paseo Des Artes
735 Davis Senior Housing	735 Davis	10,165	Nov-20	53	54	46,143	1,257	47,400	\$ -	\$ 29,049,657	\$ 11,846,397	\$ 40,896,054	\$ -	\$ 40,896,054		Type IIIA & V over Type I Podium (5-6 stories) - Senior
500 Turk Street (555 Larkin)	500 Turk Street	18,906	Dec-21	108	186	82,805	26,586	109,391	\$ 1,853,895	\$ 54,251,461	\$ 29,815,020	\$ 85,920,376	\$ 32,400,000	\$ 84,066,481	HCD AHSC Loan	Type I 8 stories on constrained site
1064 Mission Street	1064 Mission Street	50,844	Dec-21	258	258	152,519	5,391	157,910	\$ 1	\$ 106,427,164	\$ 37,557,505	\$ 143,984,670	\$ 46,638,404	\$ 143,984,669	bond 4% credits AHP & NPLH	Type IIIA over Type I podium - factory built
Mission Bay S. Block 9	410 China Basin Street	47,437	Jan-22	141	141	99,160	-	99,160	\$ -	\$ 58,631,775	\$ 15,598,625	\$ 74,230,400	\$ 23,076,000	\$ 74,230,400	HCD Loan	Type IIIA factory built
Casa de la Mision	3001 24th Street	6,715	Apr-21	45	45	26,439	1,239	27,678	\$ 3,225,000	\$ 17,049,794	\$ 425,847	\$ 20,700,641	\$ 1,313,694	\$ 17,475,641	9% LIHTC & private donatlon	Type V over Type I podium
681 Florida	681 Florida Street	19,000	Jun-22	130	199	126,830	9,250	136,080	\$ 125,091	\$ 69,184,293	\$ 20,545,793	\$ 89,855,177	\$ 33,826,507	\$ 89,730,086	HCD MHP Loan	Type IB 9 stories, 8,400+/- PDR
53 Colton (Plumbers Union DA)	53 Colton	7,780	Dec-20	96	96	47,969	-	47,969	\$ 171,697	\$ 34,895,639	\$ 16,721,274	\$ 51,788,610	\$ 2,750,000	\$ 51,616,913	4% Fed & State; HCD MHP, AHP, \$10M GM Cont.	Type IIIA over Type I podium and basement, 6 stories, constrained site, efficiency studios
Under Construction:	Average:	23,521		119	151	82,993	17,264	96,421	\$ 4,807,241	\$ 55,420,292	\$ 17,897,308	\$ 77,056,565	\$ 25,818,703	\$ 73,317,600		

PROJECTS IN PREDEVELOPMENT						Building Square Footage			Total Project Costs			Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Comments
Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR ¹	Res. ²	Non-Res.	Total	Acq. Cost3	Constr. Cost4	Soft Cost					
4840 Mission	4840 Mission	64,033	Mar-21	137	232	181,711	14,384	129,861	\$ 14,169,802	\$ 81,589,804	\$ 23,931,086	\$ 119,690,492	\$ 51,614,447	\$ 105,520,690	HCD MHP Loan	Type V over Type I Podium + retail + 39 spaces pkg + Health Clinic + POPO (8/27/20 50% CD)
266 4th Street	266 4th Street	8,400	Dec-21	70	99	80,515	1,580	62,095	\$ 133,100	\$ 49,982,213	\$ 13,943,417	\$ 64,058,730	\$ 15,629,817	\$ 63,925,630	4% Credits: AHSC, St. Credits	Type I, 8 stories over MUNI substation tunnel, structurally complex, small footprint
Parcel U	78 Haight Street	5,583	Jun-21	63	63	44,327	3,349	47,676	\$ 24,643	\$ 33,982,932	\$ 18,703,273	\$ 52,710,848	\$ 22,289,234	\$ 52,686,205	9% Fed Credits & St. Credits	Type I, 7 stories over full basement, constrained site + childcare. (60% DD est. dated 10/2/20)
600 7th Street (fmly. 801 Brannan)	600 7th Street	37,800	Apr-22	200	290	181,390	5,000	186,390	\$ 10,000	\$ 107,308,076	\$ 43,082,529	\$ 150,400,605	\$ 44,550,243	\$ 150,390,605	Fed & St Credits: HCD IIG	Type I, 8 stories (SD pricing dated 11/20)
180 Jones Street	180 Jones Street	4,853	Sep-21	70	70	36,116	3,304	39,420	\$ 100,000	\$ 36,262,793	\$ 17,576,236	\$ 53,939,029	\$ 15,200,000	\$ 53,839,029	4% LIHTC + MHP	Type I - 9 stories small very tight site (studios) (SD est. 5/29/20)
921 Howard	921 Howard Street	28,893	Apr-21	203	259	235,680	1,970	237,650	\$ 14,081,129	\$ 111,340,698	\$ 36,248,774	\$ 161,670,601	\$ 46,468,120	\$ 147,589,472	CalHfa MIP/ 4% LIHTC	Type IA, 18 stories, 3 parking spaces & retail (April 2020 SD estimate)
4200 Geary	4200 Geary	16,738	Feb-22	98	98	83,109	2,442	85,551	\$ 10,500,000	\$ 60,847,004	\$ 19,645,140	\$ 90,992,144	\$ 35,251,638	\$ 80,492,144	4% Credits: HCD MHP, AHP, Private Loan	Type III over Type I, 7 stories, TI space, no parking, Urban Agriculture (Sept. 2020 SD Estimate)
Laguna Honda Senior	375 Laguna Honda Blvd		Feb-24	200	204	212,000	13,000	225,000	\$ 15,000	\$ 97,750,000	\$ 20,222,441	\$ 117,987,441	\$ 47,272,441	\$ 117,972,441	4% Credits; IIG, HCD, AHP	Type III over I, 7 stories
The Kelsey	240 Van Ness	18,313	Jul-22	107	117	86,288	1,349	87,637	\$ 9,846	\$ 64,775,759	\$ 23,310,926	\$ 88,096,531	\$ 13,000,000	\$ 88,086,685	4% LIHTC, IIG, AHSC, Large Sponsor Loan	5 stories of Type III over 3 stories of Type I
In Predevelopment	Average:	23,077		128	159	124,571	5,153	121,364	\$ 4,338,169	\$ 71,537,676	\$ 24,073,758	\$ 99,949,603	\$ 32,363,993	\$ 95,611,434		

ALL PROJECTS	Average:	26,596		116	149	96,319	17,628	107,851	\$ 4,726,357	\$ 58,710,751	\$ 17,700,701	\$ 80,338,172	\$ 27,045,159	\$ 76,303,484		
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Transbay 2 West Senior	Folsom bt Beale & Main	21,313	Jun-23	153	153	111,763	4,320	116,083	0	\$78,574,411	\$18,243,727	\$96,818,138	\$30,593,175	\$96,818,138		
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PROJECTS COMPLETED		Acquisition by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
Dr. George Davis Senior Comm.	Jun-16	41,252	39,932		\$ 417,354	\$ 403,999	\$ 330	\$ 95,513	\$ 92,457	\$ 76	\$ 554,120	\$ 536,388	\$ 439	\$ 216,704	60.9%
95 Laguna Senior	May-19	63,443	61,122	350	\$ 420,956	\$ 405,555	\$ 496	\$ 143,592	\$ 138,338	\$ 169	\$ 704,403	\$ 605,015	\$ 739	\$ 268,785	57.2%
Eddy & Taylor Family Housing	Jun-19	82,301	44,078	416	\$ 511,713	\$ 274,045	\$ 446	\$ 131,305	\$ 70,320	\$ 115	\$ 725,319	\$ 388,441	\$ 633	\$ 196,349	72.9%
Parcel O	Jun-19	-	-	-	\$ 539,576	\$ 353,177	\$ 515	\$ 92,538	\$ 60,570	\$ 211	\$ 617,118	\$ 403,932	\$ 589	\$ 160,271	74.0%
1296 Shotwell Sr	Jan-20	8,841	8,841	71	\$ 489,557	\$ 489,557	\$ 696	\$ 84,285	\$ 84,285	\$ 420	\$ 582,683	\$ 582,683	\$ 828	\$ 295,872	49.2%
Completed Projects:	Average:	48,959	38,493	225	\$ 475,831	\$ 385,267	\$ 497	\$ 109,447	\$ 89,194	\$ 198	\$ 621,446	\$ 503,292	\$ 645	\$ 227,596	63%

PROJECTS UNDER CONSTRUCTION		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Compl. Date	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
490 South Van Ness	Sep-20	228,395	152,893	1,298	\$ 538,864	\$ 360,727	\$ 541	\$ 165,356	\$ 110,693	\$ 166	\$ 932,615	\$ 624,312	\$ 937	\$ 356,692	61.8%
1950 Mission Street	Nov-20	62,261	37,309	267	\$ 545,509	\$ 326,889	\$ 530	\$ 96,634	\$ 57,906	\$ 94	\$ 704,403	\$ 422,104	\$ 684	\$ 286,279	59.4%
735 Davis Senior Housing	Nov-20	-	-	-	\$ 548,107	\$ 537,957	\$ 613	\$ 223,517	\$ 219,378	\$ 250	\$ 771,624	\$ 757,334	\$ 863	\$ 349,546	54.7%
500 Turk Street (555 Larkin)	Dec-21	17,166	9,967	98	\$ 502,328	\$ 291,675	\$ 496	\$ 276,065	\$ 160,296	\$ 273	\$ 795,559	\$ 461,938	\$ 785	\$ 300,000	62.3%
1064 Mission Street	Dec-21	0	0	0	\$ 412,508	\$ 412,508	\$ 674	\$ 145,572	\$ 145,572	\$ 238	\$ 558,080	\$ 558,080	\$ 912	\$ 180,769	67.6%
Mission Bay S. Block 9	Jan-22	-	-	-	\$ 415,828	\$ 415,828	\$ 591	\$ 110,629	\$ 110,629	\$ 157	\$ 526,457	\$ 526,457	\$ 749	\$ 163,660	68.9%
Casa de la Mision	Apr-21	71,667	71,667	480	\$ 378,884	\$ 378,884	\$ 616	\$ 9,463	\$ 9,463	\$ 15	\$ 460,014	\$ 460,014	\$ 748	\$ 29,193	93.7%
681 Florida	Jun-22	962	629	7	\$ 532,187	\$ 347,660	\$ 508	\$ 158,045	\$ 103,245	\$ 151	\$ 691,194	\$ 451,534	\$ 660	\$ 260,204	62.4%
53 Colton (Plumbers Union DA)	Jun-22	1,789	1,789	22	\$ 363,496	\$ 363,496	\$ 727	\$ 174,180	\$ 174,180	\$ 349	\$ 539,465	\$ 539,465	\$ 1,080	\$ 28,646	94.7%
Under Construction:	Average:	63,707	45,709	362	\$ 470,857	\$ 381,736	\$ 589	\$ 151,051	\$ 121,262	\$ 188	\$ 664,379	\$ 533,471	\$ 824	\$ 217,221	69%

PROJECTS IN PREDEVELOPMENT		Acquisition			Construction			Soft Costs			Total Development Cost (Incl. Land)			Subsidy	
Project Name	Start Date (anticipated)	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/sq.ft ⁶	Soft/unit	Soft/BR	Soft/sq.ft ⁶	Gross TDC/unit	Gross TDC/BR	Gross TDC/sq.ft ⁶	Subsidy / unit	Leveraging ⁷
4840 Mission	Mar-21	103,429	61,077	221	\$ 595,545	\$ 351,679	\$ 675	\$ 174,679	\$ 103,151	\$ 198	\$ 873,653	\$ 515,907	\$ 990	\$ 376,748	56.9%
266 4th Street at Folsom	Dec-21	1,901	1,344	16	\$ 714,032	\$ 504,871	\$ 805	\$ 199,192	\$ 140,843	\$ 225	\$ 915,125	\$ 647,058	\$ 1,032	\$ 223,283	75.6%
Parcel U	Jun-21	391	391	4	\$ 539,412	\$ 539,412	\$ 713	\$ 296,877	\$ 296,877	\$ 392	\$ 836,680	\$ 836,680	\$ 1,106	\$ 353,797	57.7%
600 7th Street	Apr-22	50	34	0	\$ 536,540	\$ 370,028	\$ 576	\$ 215,413	\$ 148,560	\$ 231	\$ 752,003	\$ 518,623	\$ 807	\$ 222,751	70.4%
180 Jones Street	Sep-21	1,429	1,429	21	\$ 518,040	\$ 518,040	\$ 920	\$ 251,089	\$ 251,089	\$ 446	\$ 770,558	\$ 770,558	\$ 1,368	\$ 217,143	71.8%
921 Howard	Apr-21	69,365	54,367	487	\$ 548,476	\$ 429,887	\$ 469	\$ 178,565	\$ 139,957	\$ 153	\$ 796,407	\$ 624,211	\$ 680	\$ 228,907	71.3%
4200 Geary	Feb-22	107,143	107,143	627	\$ 620,888	\$ 620,888	\$ 711	\$ 200,461	\$ 200,461	\$ 230	\$ 928,491	\$ 928,491	\$ 1,064	\$ 359,711	61.3%
Laguna Honda Senior	Feb-24	75	74		\$ 488,750	\$ 479,167	\$ 434	\$ 101,112	\$ 99,130	\$ 90	\$ 589,937	\$ 578,370	\$ 524	\$ 236,362	59.9%
The Kelsey	Jul-22	92	84	1	\$ 605,381	\$ 553,639	\$ 739	\$ 217,859	\$ 199,239	\$ 266	\$ 823,332	\$ 752,962	\$ 1,005	\$ 121,495	85.2%
In Predevelopment	Average:	31,542	25,105	172	\$ 574,118	\$ 485,290	\$ 671	\$ 203,916	\$ 175,478	\$ 248	\$ 809,576	\$ 685,873	\$ 953	\$ 260,022	68%

Attachment H: Predevelopment Sources and Uses

Application Date:1/29/2021

Project Name:Transbay Block 2 West

Project Address:TBD Main Street

Project Sponsor:Chinatown CDC

Units:153

Bedrooms:

Beds:

LOSP Project

SOURCES		3,500,000	-	-	-	-	-	Total Sources	Comments
	Name of Sources:	MOHCD/OCII						3,500,000	

USES

ACQUISITION

Acquisition cost or value								0	
Legal / Closing costs / Broker's Fee								0	
Holding Costs								0	
Transfer Tax								0	
TOTAL ACQUISITION		0	0	0	0	0	0	0	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab								0	Include FF&E
Commercial Shell Construction								0	
Demolition								0	
Environmental Remediation								0	
Onsight Improvements/Landscaping								0	Removing site fencing/clean up from temp use
Offsite Improvements								0	
Infrastructure Improvements								0	HOPE SF/OCII costs for streets etc.
Parking								0	
GC Bond Premium/GC Insurance/GC Taxes								0	
GC Overhead & Profit								0	
GC General Conditions								0	
Sub-total Construction Costs		0	0	0	0	0	0	0	
Design Contingency (remove at DD)								0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)								0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)								0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency								0	5% new construction / 15% rehab
Sub-total Construction Contingencies		0	0	0	0	0	0	0	
TOTAL CONSTRUCTION COSTS		0	0	0	0	0	0	0	

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design

Architect design fees	1,354,000							1,354,000	See MOHCD A&E Fee Guidelines: http://sfmohod.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	815,000							815,000	
Architect Construction Admin	0							0	
Reimbursables	20,318							20,318	
Additional Services	0						0	0	
Sub-total Architect Contract	2,189,318	0	0	0	0	0	0	2,189,318	
Other Third Party design consultants (not included under Architect contract)									Archeological \$15k, Green consulting \$15k, exterior building maintenance \$10k, joint trench \$5k, acoustics \$5k
	50,000							50,000	
Total Architecture & Design	2,239,318	0	0	0	0	0	0	2,239,318	

Engineering & Environmental Studies

Survey	12,500							12,500	Assume \$25k total
Geotechnical studies	40,000							40,000	Assume \$80k total
Phase I & II Reports	35,000							35,000	Assume \$70k total
CEQA / Environmental Review consultants	25,000							25,000	Assumes working within DCDG, some funds for archeological
NEPA / 106 Review	0							0	
CNA/PNA (rehab only)	0							0	
Other environmental consultants	0							0	Name consultants & contract amounts
Total Engineering & Environmental Studies	112,500	0	0	0	0	0	0	112,500	

Financing Costs

Construction Financing Costs

Construction Loan Origination Fee								0	
Construction Loan Interest								0	
Title & Recording								0	
CDLAC & CDIAC fees								0	
Bond Issuer Fees								0	
Other Bond Cost of Issuance								0	
Other Lender Costs (specify)								0	
Sub-total Const. Financing Costs	0	0	0	0	0	0	0	0	

Permanent Financing Costs

Permanent Loan Origination Fee								0	
Credit Enhance. & Appl. Fee								0	
Title & Recording								0	
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0	0	
Total Financing Costs	0	0	0	0	0	0	0	0	

Legal Costs

Borrower Legal fees	10,000							10,000	
Land Use / CEQA Attorney fees								0	
Tax Credit Counsel								0	
Bond Counsel								0	
Construction Lender Counsel								0	
Permanent Lender Counsel								0	
Other Legal (specify)								0	
Total Legal Costs	10,000	0	0	0	0	0	0	10,000	

Other Development Costs

Appraisal	10,000							10,000	
Market Study	15,000							15,000	
Insurance								0	
Property Taxes								0	
Accounting / Audit								0	
Organizational Costs								0	
Entitlement / Permit Fees	200,000							200,000	
Marketing / Rent-up								0	
Furnishings								0	\$2,000/unit; See MOHCD U/W Guidelines: http://sfmohod.org/documents-reports-and-forms
PGE / Utility Fees	25,000							25,000	
TCAC App / Alloc / Monitor Fees	10,000							10,000	
Financial Consultant fees	20,000							20,000	
Construction Management fees / Owner's Rep	40,000							40,000	assume projects share CM
Security during Construction								0	
Relocation								0	
Other (specify)								0	
Other (specify)								0	
Other (specify)								0	
Total Other Development Costs	320,000	0	0	0	0	0	0	320,000	

Total Soft Cost Contingency as % of Total Soft Costs
10.0%

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	268,182	0	0	0	0	0	0	268,182	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	2,950,000	0	0	0	0	0	0	2,950,000	

RESERVES

Operating Reserves								0	
Replacement Reserves								0	
Tenant Improvements Reserves								0	
Other (specify)								0	
Other (specify)								0	
Other (specify)								0	
TOTAL RESERVES	0	0	0	0	0	0	0	0	

DEVELOPER COSTS

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

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	3,500,000	0	0	0	0	0	0	3,500,000	
Development Cost/Unit as % of TDC by Source	22.876	0	0	0	0	0	0	22.876	
	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	

Acquisition Cost/Unit by Source

	0	0	0	0	0	0	0	0	
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Construction Cost (inc Const Contingency)/Unit By Source

	0	0	0	0	0	0	0	0	
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Construction Cost (inc Const Contingency)/SF

	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
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*Possible non-eligible GO Bond/COP Amount:

	20,000
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City Subsidy/Unit

	22,876
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Tax Credit Equity Pricing:

	0.95
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Construction Bond Amount:

	32,498,184
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Construction Loan Term (in months):

	30 months
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Construction Loan Interest Rate (as %):

	3.75%
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Attachment I: Permanent Development Budget

Application Date:	1/29/2021	# Units:	153	
Project Name:	Transbay Block 2 West	# Bedrooms:	153	LOSP Project
Project Address:	TBD Main Street	# Beds:		
Project Sponsor:	Chinatown CDC			

SOURCES	Total Sources							Comments	
	30,593,175	-	20,000,000	1,200,000	3,000,000	35,024,963	7,000,000	96,818,138	Willing to add perm debt and higher AUMs if City deems appropriate.
Name of Sources:	MOHCD/OCII		HCD - MHP Loan	FHLB - AHP Loan	GP Equity	LP Equity	IIG - Sponsor Loan		

USES

ACQUISITION

Acquisition cost or value								0	
Legal / Closing costs / Broker's Fee	0							0	
Holding Costs								0	
Transfer Tax								0	
TOTAL ACQUISITION	0	0	0	0	0	0	0	0	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab	28,359,473		20,000,000	1,200,000		428,364	3,997,792	53,985,628	Include FF&E	
Commercial Shell Construction						2,699,183		2,699,183		
Demolition	300,000							300,000		
Environmental Remediation								0		
Onsight Improvements/Landscaping							2,500,000	2,500,000		
Offsite Improvements							502,208	502,208		
Infrastructure Improvements								0	incl in hard cost	
Parking								0		
GC Bond Premium/GC Insurance/GC Taxes						977,850		977,850		1.6%
GC Overhead & Profit						2,120,845		2,120,845		3.5%
CG General Conditions						3,511,068		3,511,068		5.9%
Sub-total Construction Costs	28,659,473	0	20,000,000	1,200,000	0	9,737,310	7,000,000	66,596,783		
Design Contingency (remove at DD)						2,994,407		2,994,407	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+	5.0%
Bid Contingency (remove at bid)						2,994,407		2,994,407	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+	5.0%
Plan Check Contingency (remove/reduce during Plan Review)	0					2,994,407		2,994,407	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+	5.0%
Hard Cost Construction Contingency	0					2,994,407		2,994,407	5% new construction / 15% rehab	5.0%
Sub-total Construction Contingencies	0	0	0	0	0	11,977,628	0	11,977,628		
TOTAL CONSTRUCTION COSTS	28,659,473	0	20,000,000	1,200,000	0	21,714,938	7,000,000	78,574,411		

SOFT COSTS

Architecture & Design									
Architect design fees	834,707					1,294,093		2,128,800	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	573,045					573,745		1,146,790	
Architect Construction Admin								0	
Reimbursables	10,159					10,159		20,318	
Additional Services	0							0	
Sub-total Architect Contract	1,417,911	0	0	0	0	1,877,997	0	3,295,908	
Other Third Party design consultants (not included under Architect contract)	175,000					225,000		400,000	Consultants not covered under architect contract; name consultant type and contract amount
Total Architecture & Design	1,592,911	0	0	0	0	2,102,997	0	3,695,908	
Engineering & Environmental Studies									
Survey						12,500		12,500	
Geotechnical studies						50,000		50,000	
Phase I & II Reports						35,000		35,000	
CEQA / Environmental Review consultants						25,000		25,000	
NEPA / 106 Review	0							0	
CNA/PNA (rehab only)	0							0	
Other environmental consultants	0							0	Name consultants & contract amounts
Total Engineering & Environmental Studies	0	0	0	0	0	122,500	0	122,500	
Financing Costs									
Construction Financing Costs									
Construction Loan Origination Fee						450,000		450,000	Includes construction lender expenses and counsel
Construction Loan Interest						2,149,422		2,149,422	
Title & Recording	100,000							100,000	
CDLAC & CDIAC fees						20,064		20,064	
Bond Issuer Fees						251,067		251,067	
Other Bond Cost of Issuance	40,000					40,000		80,000	Includes Trustee Fee
COI Contingency						15,000		15,000	
Sub-total Const. Financing Costs	140,000	0	0	0	0	2,925,553	0	3,065,553	
Permanent Financing Costs									
Permanent Loan Origination Fee								0	
Credit Enhance. & Appl. Fee								0	
Title & Recording								0	
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0	0	
Total Financing Costs	140,000	0	0	0	0	2,925,553	0	3,065,553	
Legal Costs									
Borrower Legal fees						67,250		67,250	
Land Use / CEQA Attorney fees								0	
Tax Credit Counsel						90,000		90,000	Includes Syndicator due diligence
Bond Counsel						87,500		87,500	
Construction Lender Counsel						75,000		75,000	
Permanent Lender Counsel								0	Included above
OCII Counsel & Financial Advisor						120,000		120,000	
Total Legal Costs	0	0	0	0	0	439,750	0	439,750	
Other Development Costs									
Appraisal	10,000							10,000	
Market Study	15,000							15,000	
* Insurance						1,120,000		1,120,000	
* Property Taxes								0	
* Accounting / Audit						40,000		40,000	
* Organizational Costs						100,000		100,000	partnership and syndication legal
Entitlement / Permit Fees						1,264,111		1,264,111	
* Marketing / Rent-up						360,200		360,200	
* Furnishings						267,700		267,700	\$2,000/unit; See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees						400,000		400,000	
TCAC App / Alloc / Monitor Fees						104,447		104,447	
* Financial Consultant fees						65,000		65,000	
Construction Management fees / Owner's Rep						150,000		150,000	
Security during Construction						100,000		100,000	
Relocation								0	
								0	
								0	
								0	
Total Other Development Costs	25,000	0	0	0	0	3,971,458	0	3,996,458	Total Soft Cost Contingency as % of Total Soft Costs
Soft Cost Contingency									
Contingency (Arch, Eng, Fin, Legal & Other Dev)	175,791	0	0	0	0	956,226	0	1,132,017	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	1,933,702	0	0	0	0	10,518,484	0	12,452,186	10.0%

RESERVES

* Operating Reserves						415,541		415,541	
* Replacement Reserves								0	
* Tenant Improvements Reserves						176,000		176,000	
Other (specify)								0	
Other (specify)								0	
Other (specify)								0	
TOTAL RESERVES	0	0	0	0	0	591,541	0	591,541	

DEVELOPER COSTS

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

TOTAL DEVELOPMENT COST	30,593,175	0	20,000,000	1,200,000	3,000,000	35,024,963	7,000,000	96,818,138	
Development Cost/Unit by Source	199,955		130,719	7,843	19,608	228,921	45,752	632,798	
Development Cost/Unit as % of TDC by Source	31.6%	0.0%	20.7%	1.2%	3.1%	36.2%	7.2%	100.0%	

Acquisition Cost/Unit by Source	0	0	0	0	0	0	0	0	
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Construction Cost (inc Const Contingency)/Unit By Source	187,317	0	130,719	7,843	0	141,928	45,752	513,558	
Construction Cost (inc Const Contingency)/SF	246.89	0.00	172.29	10.34	0.00	187.06	60.30	676.88	

*Possible non-eligible GO Bond/COP Amount:	28,659,473
City Subsidy/Unit	199,955

Tax Credit Equity Pricing:	0.900
Construction Bond Amount:	58,888,275
Construction Loan Term (in months):	30 months
Construction Loan Interest Rate (as %):	3.65%