



118-0322023-002

Agenda Item **Nos. 5(a - c)**
Meeting of August 15, 2023

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Thor Kaslofsky, Executive Director

SUBJECT: Authorizing the commitment of permanent gap loan funds in an amount of approximately \$61,961,845, with Transbay 2 Family, L.P., a California limited partnership, for the development of 184 affordable rental housing units (including two manager's units) at Transbay Block 2 East; Transbay Redevelopment Project Area

Authorizing a First Amendment to the predevelopment Loan Agreement with Transbay 2 Family, L.P., a California limited partnership, to increase the loan amount by \$4,500,000, for a total aggregate loan amount of \$8,000,000 for the development of 184 affordable rental housing units (including two manager's units), a childcare facility space, and retail space at Transbay Block 2 East; Transbay Redevelopment Project Area

Authorizing a Horizontal Ground Lease with Transbay 2 Family LLC, a California limited liability company, to facilitate and fund, in an amount not to exceed \$2,333,653, site work on Transbay Block 2 to prepare for the construction of 335 affordable rental housing units in two projects, one at Transbay Block 2 East for 184 affordable rental housing units and one at Transbay Block 2 West for 151 affordable rental housing units; Transbay Redevelopment Project Area

Providing notice that the above-described actions are within the scope of the Transbay Terminal/Caltrain Downtown Extension/Redevelopment Project Final Environmental Impact Statement/Environmental Impact Report, a program EIR, and is adequately described therein for purposes of the California Environmental Quality Act

London N. Breed
MAYOR

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EXECUTIVE SUMMARY

The Successor Agency to the Redevelopment Agency of the City and County of San Francisco (commonly known as the Office of Community Investment and Infrastructure or "OCII") is completing the enforceable obligations of the former Redevelopment Agency of the City and County of San Francisco ("Former Agency") in the Transbay Redevelopment Project Area ("Project Area"). These include implementing the Redevelopment Plan for the Transbay Redevelopment Project Area ("Redevelopment Plan"), acquiring and facilitating the development of the former Transbay Temporary Terminal site ("Temporary Terminal"), and ensuring that at least 35% of all new housing in the Project Area is permanently affordable. To meet the Project Area affordability requirement, 100% of residential units on Transbay Block 2 ("Block 2" or the "Site"), 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 addressing the City's obligations under the 2023-2030 Regional Housing Needs Allocation as set forth in the Housing Element.

Mercy Housing California ("Mercy" or the "Developer") is collaborating with Chinatown Community Development Center ("CCDC") (together, Mercy and CCDC are the "Co-Developers") under a Joint Development Agreement ("JDA") to develop the Site with two mixed-use affordable housing projects. Each Co-Developer has specific roles and responsibilities. Mercy is overseeing Site-wide coordination and is the lead developer and long-term owner/operator of the eastern half of the Site ("Block 2 East" or the "Project") which is a proposed mixed-use residential building serving families and families experiencing homelessness. CCDC is the lead developer and long-term owner/operator of the ("Block 2 West" or the "Senior Project") a planned mixed-use building serving seniors and seniors experiencing homelessness on the western half of the Site.

Mercy is pursuing financing for the Project with the objective of starting construction in Q2 2024. To be competitive in an upcoming application for Low-Income Housing Tax Credits ("LIHTC") and a tax-exempt bond allocation from the California Debt Limit Allocation Committee ("CDLAC"), Mercy must provide evidence of local funds and thus is requesting that the Commission authorize the commitment of OCII residential gap funds to the Project.

In addition, Mercy is seeking an amendment (the "First Amendment") to the existing predevelopment Loan Agreement between OCII and Transbay 2 Family, L.P, an affiliate of the Developer, dated April 6, 2021 (the "Loan Agreement") to make several changes including adding \$4.5M in predevelopment loan funds to bring the total loan amount to \$8M, extending the Maturity Date, incorporating an updating development schedule and loan conditions.

Lastly, acting in its lead role as overall Site coordinator under the JDA, Mercy is seeking authorization of a Horizontal Ground Lease that includes funding in an amount of up to approximately \$2.3M to conduct demolition and other work to prepare the Site for the development of the Project and Senior Project (the "Horizontal Project"). Mercy intends to initiate this work in September 2023 to complete the Horizontal Project in time for CCDC to close on financing and begin vertical construction of the Senior Project in February 2024.

Staff recommends that the Commission authorize the commitment of OCII gap loan funds to the Project, approve the First Amendment to the Loan Agreement, approve the Horizontal Ground Lease, and adopt environmental review findings pursuant to California Environmental Quality Act ("CEQA").

BACKGROUND

Transbay Redevelopment Project Area

The Board of Supervisors ("BOS") established the Project Area and approved the Redevelopment Plan by Ordinances No. 124-05 (June 21, 2005) and No. 99-06 (May 9, 2006), as amended by Ordinances No. 84-15, (June 16, 2015), No. 62-16 (April 26, 2016), and No. 09-23 (January 24, 2023).

A major focus of the Project Area is to redevelop 10 acres of former highway access ramp properties previously owned by the State of California (the "State-Owned Parcels") to generate funding for the Transbay Joint Powers Authority ("TJPA") to construct what is now the Salesforce Transit Center (the "Transit Center"), see Attachment 1, Map of Transbay Project Area. OCII's role is to complete the enforceable obligations that the State Department of Finance has finally and conclusively approved under Redevelopment Dissolution Law. These enforceable obligations include the Transbay Redevelopment Project Implementation Agreement between TJPA and the Former Agency, which requires, among other things, OCII to facilitate the sale and development of certain State-Owned Parcels to third parties, implement the Redevelopment Plan, and comply with AB 812 California Assembly Bill 812 codified in Section 5027.1 of the California Public Resources Code (requiring that 35% of all new or rehabilitated residential units in the Project Area be affordable to low- and moderate-income households) (the "Transbay Affordable Housing Obligation").

To date, a total of 2,666 residential units have been completed (28% of which are affordable) within the Project Area. Based on overall Project Area construction to date and the inclusion of the Project and the Senior Project, the Project Area affordability is projected to be approximately 36%. However, this percentage may fluctuate over time as additional housing projects are proposed within Zone Two and count toward meeting the Transbay Affordable Housing Obligation.

Block 2 is a former State-Owned Parcel located within the Project Area on the former Temporary Terminal site. Block 2 was acquired by OCII from the TJPA in January 2021, by Resolution No. 23-2020 (August 18, 2020).

Block 2

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 Block 2. Based on the results of an interdisciplinary evaluation panel, OCII staff recommended the team led by Mercy and CCDC. According to the proposal, Mercy would be owner and property manager of the Project on the eastern half of the Site, with supportive services provided by Episcopal Community Services, and CCDC would be owner, property manager and services provider of the Senior Project on the western half of the Site.

On April 6, 2021, by Resolution No. 09-2021, the Commission authorized the Executive Director to enter into an Exclusive Negotiations Agreement ("ENA") with the Co-Developers as well as two Predevelopment Loan Agreements to fund predevelopment activities, one each for the Project and Senior

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Project. Development roles and responsibilities between the Co-Developers are described in a JDA provided to the Commission on April 6, 2021 when the ENA was approved. The JDA affirmed that Mercy would take the lead on overall Site coordination.

On November 1, 2022, by Resolution Nos. 39-2022 through 44-2022, the Commission approved schematic designs for the Project and Senior Project and took related actions to entitle the Project and Senior Project including making CEQA findings and approving amendments to the Redevelopment Plan and Development Controls and Design Guidelines. The Plan Amendment was subsequently approved by the BOS (Ordinance No. 009-23, January 24, 2023).

Previously on May 2, 2023, by Resolution Nos. 15-2023 and 16-2023, the Commission approved a partial gap funding commitment and a First Amendment to the Loan Agreement for the Senior Project on Block 2 West. As described in the Commission memorandum, CCDC proposed a structure for the Senior Project's financing that would break funding into three parts: 1) residential, 2) commercial, and 3) Site preparation (through Mercy). This structure was created to improve the likelihood of securing financing in the currently highly competitive state funding environment. CCDC submitted a LIHTC/CDLAC application for the Senior Project on May 23, 2023. While awards will not be confirmed until late August 2023, preliminary analysis by bond program staff at the Mayor's Office of Housing and Community Development ("MOHCD") and the Senior Project's financial consultant indicates that the Senior Project is highly likely to secure an award. If awarded, the Senior Project will be required to close on financing and begin vertical construction by February 19, 2024.

Block 2 Financing History Summary	
Timeframe	Milestone
January 2020	Oversight Board approval: Recognized Obligation Payment Schedule ("ROPS") for the 2020-2021 fiscal year ("FY") including predevelopment funding for Blocks 2 East and 2 West (lines 416 and 413, respectively)
June 2020	OCII issued RFP
April 2021	Commission approval: ENA, two predevelopment loan agreements (one each for the Project and Senior Project)
January 2022	Oversight Board approval: ROPS FY 2022-2023 including preliminary permanent funding for Blocks 2 East and 2 West in the ROPS
November 2022	Commission approval: CEQA findings (addendum to the FEIS/EIR), Redevelopment Plan amendment, development controls amendment, and schematic designs for the Project and Senior Project
January 2023	BOS approval: Redevelopment Plan amendment
January-March 2023	Oversight Board and Commission approvals: ROPS FY 2023-2024 including permanent funding for Blocks 2 East and West, and associated bond issuance
April 2023	Citywide Affordable Housing Loan Committee ("Loan Committee") approval: financing for the Senior Project
May 2023	Commission approval: partial gap funding commitment and a first amendment to the predevelopment Loan Agreement for the Senior Project
August 4, 2023	Loan Committee approval: financing for the Project
<i>August 15, 2023 (this request)</i>	<i>Commission consideration: OCII Gap Loan commitment for the Project, First Amendment to the predevelopment Loan Agreement for the Project, and a Horizontal Ground Lease (for the Block 2 site)</i>

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Project Description

The Project is comprised of 184 total residential rental units, including two unrestricted manager's units, and 182 units restricted for affordability to households with incomes ranging from 40% to 80% of the Area Median Income ("AMI") as published annually by MOHCD. The number of manager's units increased from one to two following the Commission's approval of the schematic design. Mercy recommended this change based on an operational review of other large-scale affordable projects in its portfolio.

The Project will include 40 units set-aside for formerly homeless households. Tenants for these units will be referred to the Project through the Department of Homelessness and Supportive Housing and will be subsidized through the City's Local Operating Subsidy Program ("LOSP").

Along with the residential units, the Project includes resident amenity spaces, public and private open spaces, streetscape improvements, bicycle parking, space for a childcare facility, and two ground floor retail spaces. A description of the Project is summarized in the table below.

2 East Project Development Program	
Residential units	184 units, including 2 manager's units
Population served	Individuals and families, including 40 units set-aside for formerly homeless households
Income levels	• 40% AMI – 6 units • 50% AMI – 40 units (LOSP*) • 60% AMI – 100 units • 80% AMI – 36 units
Unit types/sizes	• Studio: 17 (9%), avg. 433 sf • One-bed: 76 (41%), avg. 547 sf (including one manager's unit) • Two-bed: 54 (30%), avg. 809 sf (including one manager's unit) • Three-bed: 37 (20%), avg. 1,115 sf
Commercial space	• 1,959 sf retail in 2 spaces with room for adjacent outdoor seating • 6,447 sf childcare facility with adjacent dedicated outdoor space serving approximately 45 children
Resident amenity/open spaces	• Two roof deck open spaces • Community room with kitchen • Flexible use program room (adjacent to upper roof deck open space) • Ground floor multi-purpose room • Three laundry rooms • Pet washroom
Public open space	25' central pedestrian mews with landscaping and public seating
Streetscape improvements	Sidewalks and bulb-outs, street trees and other plantings, public seating, streetlights, and bicycle racks
Parking	• No vehicular parking • 92 Class I secured bicycle spaces

* While income limits are set at 50% AMI for LOSP units, tenants are typically extremely low-income, earning 0-30% AMI. Tenant-paid rent is established based on a percentage of the tenant's actual income.

DISCUSSION

Financing Plan and Structure

The Developer expects that the Project will be financed using sources typical to OCII-sponsored affordable housing projects, including 4% LIHTC and a tax-exempt bond allocation for the construction loan from CDLAC. In addition, the Developer has applied for a loan from the Strategic Growth Council Affordable Housing and Sustainable Communities (“AHSC”) program and a grant from the State of California Infill Infrastructure Grant (“IIG”) program. A permanent loan from OCII will be sized to fill the gap between funding from other sources and the cost to complete the Project (the “OCII Gap Loan”). Estimates of permanent residential funding sources are summarized as follows:

Funding Source	Amount
OCII Gap Loan*	\$61,961,845
Tax credit equity	\$96,366,136
AHSC	\$28,000,000
Deferred Developer Fee	\$540,000
Total	\$186,867,981

** Note that the table above does not reflect the potential IIG funds of \$8,000,000. Because IIG awards will not be announced until late 2023 or early 2024, the grant cannot be shown in the sources and uses budget included in the LIHTC/CDLAC application (the budget must show only committed funds). Should IIG funds be awarded, the amount of the OCII Gap Loan will be decreased accordingly.*

Beginning in 2020, CDLAC started allocating tax-exempt bonds for affordable housing projects on a competitive basis, and this financing has since been oversubscribed in every financing application round. Based on current program regulations, the Project and other San Francisco projects face scoring disadvantages due to the larger scale and higher costs as urban infill developments.

To optimize the Project financing structure to compete for this critical source, OCII is pursuing a structure in which certain Project costs are removed from the residential tax credit project and funded separately by OCII. This improves the likelihood of securing an allocation by reducing the cost per unit (a key scoring factor) and reducing the total amount of the bond allocation. This structure is as follows:

Project Component	Amount	Description
LIHTC residential project (OCII Gap Loan)	\$61,961,845	Funds construction of the residential units, residential amenities, and other related improvements. The OCII Gap Loan will follow standard terms and conditions for OCII affordable projects.
Commercial project (“Commercial Space Loan”)	\$8,676,682	Funds construction of the childcare facility and retail spaces to a warm shell condition.
Horizontal Project	\$2,333,653	Funds costs to prepare the Site for construction of both the Project and the Senior Project. This work will be performed under a Horizontal Ground Lease.
Total	\$72,972,179	

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The proposed financing structure is described in further detail in the loan evaluation, approved by Loan Committee on August 4, 2023 (see Attachment 4). The aggregate total of the OCII funding is consistent with the amount allocated for the Project in Item No. 416 of the ROPS for the period of July 1, 2023 through June 30, 2024, which was approved by DOF. While the aggregate total of the OCII funding will remain at or below the ROPS amount, funding allocations among the Project elements may vary based on updated cost estimates and/or to optimize financial feasibility.

This structure aligns with that of the Senior Project which, as noted above, is expected to prove successful based on initial scoring (formal awards will be made on August 23, 2023). In addition, a similar structure was successful on a recent OCII affordable residential project at Hunters Point Shipyard Blocks 52/54 ("HPS 52/54"). HPS 52/54 applied twice before restructuring to pull certain costs out of the residential project for a successful award in fall 2022. HSP 52/54 closed on construction financing and started construction in May 2023.

Gap Loan Commitment

In preparation for its upcoming LIHTC/CDLAC application (due on September 6, 2023), the Developer is seeking a commitment from the Commission for the OCII Gap Loan. This commitment is necessary to demonstrate that the Developer has secured local funds, an important scoring metric for the application. The form of the requested authorization for the Project, a commitment resolution, is an adjustment from OCII's typical procedures for evidencing a gap commitment and is in response to rule changes from CDLAC. In the years since CDLAC has become competitive, OCII staff has typically sought Commission approval of a full amended and restated loan agreement for the gap loan prior to the application. In this case, as was the case for the Senior Project, OCII staff recommends approval of the resolution and will return to Commission to seek approval of an amended and restated loan agreement and the commercial space loan agreement for the Project in early 2024, following confirmation of a CDLAC award if the Project's application is successful.

The commitment of funds for LIHTC/CDLAC application purposes, with a future approval of the full loan agreement, is beneficial in that presenting the full loan agreement later in the predevelopment period once funding has been secured will allow OCII staff to incorporate more complete financing detail and a confirmed schedule into the document prior to the Commission's authorization. Should the Project need to apply multiple times to secure financing, there are likely to be deal changes to adjust to new cost estimates and/or restructure the deal to improve scoring prospects. Future approvals would be sought from the Commission to allow for such changes to be addressed and incorporated prior to requested approval.

The Developer and its financial consultant have confirmed that the resolution and an accompanying letter from the Executive Director are sufficient for CDLAC/TCAC application scoring purposes.

Predevelopment Loan Amendment

As noted above, OCII entered into a Loan Agreement with the Developer for predevelopment funding in an amount of up to \$3.5M in April 2021 (the "Original Loan"). To date, the Developer has drawn approximately \$2.7M in Original Loan funds to pay Project costs primarily related to the building design. The Developer expects to expend the remaining Original Loan funds to further the Project design through

construction documents, pay professional consultants and legal expenses, and fund the balance of the predevelopment developer fee.

The Developer expects to incur predevelopment costs that exceed the remaining balance of the Original Loan and is requesting a First Amendment to the Loan Agreement to add \$4.5M, for a total predevelopment loan amount of \$8M, see summary below. The largest additional cost is attributed to professional design work by construction subcontractors under design/build contracts. These scopes include mechanical, electrical, plumbing and fire. Procuring these subcontractors for contracts that include both design and build services was recommended by the general contractor to improve efficiency during the construction period, allowing coordination amongst these trades to occur while designs are still under development and improving the accuracy of construction drawings. Additional costs include additional architecture and engineering to fund services through construction documentation, city development fees, and connection fees to utility providers.

Original Loan	\$3,500,000
Original Loan drawn to date	\$2,746,429
Original Loan remaining balance	\$753,571
Additional Loan funds	\$4,500,000
Professional design work by construction subcontractors – design/build	\$1,612,777
Architecture and engineering	\$1,005,708
City fees for construction permits (payable at the issuance of the first addendum to the site permit)	\$1,004,000
Utility fees	\$425,000
Other professional contracts	\$190,040
Contingency	\$262,475
Total	\$8,000,000

In addition to increasing the loan amount, the First Amendment would amend the following provisions:

1. **Maturity Date:** under the Loan Agreement, the Maturity Date is three years from the agreement date which is April 6, 2024. The First Amendment extends the Maturity Date by three months to July 6, 2024, which allows adequate time for the Project to enter into an Amended and Restated Loan Agreement and close on construction financing if the September LIHTC/CDLAC application is successful. In addition, it incorporates a provision to allow for extension of the Maturity Date for up to nine months at the discretion of the Executive Director to allow the Developer, to reapply in two additional competitive LIHTC/CDLAC application rounds should the Project not be awarded funds in its first application.
2. **Updated Loan Conditions:** conditions are updated to reflect development progress to date. Existing conditions that have been fulfilled are removed, and conditions are added or revised to address remaining programmatic and financing issues. The updated conditions were included in the evaluation approved by Loan Committee on August 4, 2023. The evaluation also includes an analysis of progress against existing conditions.
3. **Revised schedule of performance:** the schedule is updated to reflect development progress to date including design and permit submittals and to reflect the current financing schedules based on application dates from relevant state agencies.

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4. **Revised predevelopment budget:** the predevelopment budget is updated to include the additional loan amount and uses as described above.

As noted above, OCII staff anticipates that this Loan Agreement will be replaced by an Amended and Restated Loan Agreement that provides for the OCII Gap Loan as well as a commercial loan agreement.

Horizontal Ground Lease

Until 2019, Block 2, along with the Project Area's Blocks 3 and 4 and the future rights-of-way for Clementina Street and Tehama Street, was used by TJPA as the Temporary Terminal. Improvements from the Temporary Terminal remain on the Site today and include a one-story building that formerly housed the temporary Greyhound terminal, shade canopies, paving, landscaping, and utilities. These improvements must be removed to prepare the Site for the vertical construction of the Project and Senior Project. In particular, the building must be removed prior to finalization of the Parcel Map that will establish the Block 2 East and Block 2 West development parcels and create air rights parcels for the commercial spaces.

Mercy, through its affiliate Transbay 2 Family LLC (the "Horizontal Developer"), is seeking to enter into a short-term Horizontal Ground Lease that would give the Mercy control of the Site as well as a portion of the future Clementina right of way to conduct the Horizontal Project. Under the terms of the Horizontal Ground Lease, OCII will reimburse the Horizontal Developer for Horizontal Project work at a cost of up to \$2,333,653. The Horizontal Project scope of work includes demolition, tree removal, archaeological trenching, and utility removal and relocation.

The Horizontal Ground Lease will remain in effect on the Site until OCII enters into long-term Ground Leases for each of the vertical projects. Until that time, the Horizontal Developer will be responsible for Site security. A perimeter fence will be put in place prior to any demolition work and will be maintained on the Site throughout construction.

Impact to Interim Activation

Since summer 2021, East Cut Landing Partners ("ECLP") has activated the Temporary Terminal with interim uses including a beverage concession/food trucks, soccer, pickleball, outdoor fitness, a dog run, and events such as outdoor movie nights. ECLP is operating under a temporary, non-exclusive Permit to Enter with OCII, as authorized by Commission Resolution No. 20-2021 (June 1, 2021). OCII has the right to terminate some or all of ECLP's use of the permit area under the Permit to Enter upon 60 days notice. ECLP is using the building on Block 2 as operational office space and as a community meeting space. On July 24, 2023, OCII sent a Notice of Termination for a portion of the permit area to ECLP.

OCII staff has been in regular contact with ECLP regarding the anticipated development timelines on Blocks 2, 3, and 4. ECLP has been informed that it will need to vacate Block 2 as well as an approximately 12-foot portion of the Clementina Street right-of-way extending from Main Street to Beale Street by September 22, 2023. This will impact the use of the building, the dog run, the outdoor fitness area, and the soccer pitches. ECLP has affirmed its intent to relocate these uses and continue operations on the balance of the Temporary Terminal site.

COMMUNITY OUTREACH

The Transbay Citizens Advisory Committee (“Transbay CAC”) has received regular status reports on predevelopment activities on Block 2 since the RFP issuance in 2020. In August 2022, OCII staff along with the Block 2 Co-Developers presented an informational overview of the Project, focused on the housing and retail programs as well as resident transportation strategies. On September 8, 2022, the Transbay CAC voted unanimously to recommend that the Commission approve the schematic design documents for the Project and Senior Project and related approvals.

In addition to the Transbay CAC and public hearings, the Block 2 Co-Developers have presented the Project at meetings of the East Cut Community Benefits District and IDEATE (a local resident group), and have been in communication with residents of Natalie Gubb Commons and with the South Beach/Rincon Hill Neighborhood Association. The Block 2 Co-Developers will continue community outreach as the Project progresses.

EQUAL OPPORTUNITY PROGRAM AND COMPLIANCE WITH OCII POLICIES

The Developer is required to comply with OCII’s Nondiscrimination in Contracts, Minimum Compensation and Health Care Accountability policies and will work closely with OCII Contract Compliance staff to meet OCII’s Small Business Enterprise (“SBE”) Program goals on the Project. The Project is exceeding OCII’s 50% SBE participation goal for professional services contracts. To date, the Project has achieved 87.6% SBE participation. Of the total awards, 81.8% went to San Francisco-based SBEs, 33.9% to Minority-owned Business Enterprises, 2.3% to Minority Women-owned Business Enterprises, and 41.7% to Women-owned Business Enterprises.

The Developer has selected Swinerton Builders and Rubicon Builders (a minority-owned San Francisco-based SBE) joint venture as the general contractor for the Project. During the construction phase, the Developer is committed to complying with OCII’s requirements and goals which includes the 50% SBE construction subcontracting participation goal, payment of prevailing wages and the 50% local construction workforce hiring goal.

Please see Attachment 2 for the SBE Consultant Summary and Attachment 3 for the biographies of select participating SBE firms.

CEQA

On June 15, 2004, the Board of Supervisors affirmed, by Motion No. 04-67, the certification under CEQA of the Final Environmental Impact Statement/Environmental Impact Report for the Transbay Terminal/Caltrain Downtown Extension/Redevelopment Project (“FEIS/EIR”). Subsequently, the Board of Supervisors adopted, by Resolution No. 612-04 (October 7, 2004), findings that various actions related to the Project complied with CEQA and the Former Agency Commission adopted, by Resolution No. 11-2005 (January 25, 2005), findings and a statement of overriding considerations and mitigation and monitoring program adopted in accordance with CEQA. Subsequent to the certification of the FEIS/EIR, the Former Agency Commission, the Commission and other agencies have incorporated ten addenda into the analysis of the FEIS/EIR. The tenth addendum to the FEIS/EIR, the environmental review findings of which were adopted by Commission Resolution No. 39-2022 on November 1, 2022, specifically analyzed the environmental effects of the Project and the Senior Project.

Commission authorization of funding and leases to facilitate the development of the Project are within the scope of the project analyzed in the FEIS/EIR and its subsequent addenda, and thus require no additional environmental review pursuant to CEQA Guidelines Sections 15180, 15168, 15162, 15163, and 15164 for the following reasons:

1. Implementation of the funding and leases for the Project does not require major revisions to the FEIS/EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant impacts; and
2. No substantial changes have occurred with respect to the circumstances under which the project analyzed in the FEIS/EIR will be undertaken that would require major revisions to the FEIS/EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of effects identified in the FEIS/EIR; and
3. No new information of substantial importance to the project analyzed in the FEIS/EIR has become available which would indicate that (i) implementation of the funding and leases for the Project will have significant effects not discussed in the FEIS/EIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible, which would reduce one or more significant effects, have become feasible; or (iv) mitigation measures or alternatives, which are considerably different from those in the FEIS/EIR will substantially reduce one or more significant effects on the environment that would change the conclusions set forth in the FEIS/EIR.

STAFF RECOMMENDATION AND NEXT STEPS

OCII staff recommends that the Commission authorize the commitment of residential OCII Gap Loan funds to the Project, approve the First Amendment to the Loan Agreement, and authorize the Horizontal Ground Lease. The Developer will submit a LIHTC/CDLAC application in September 2023, pending confirmation of an AHSC award (expected in late August).

The Developer will initiate work on the Horizontal Project in September and will complete it by February 2024, when the Senior Project will begin vertical construction.

If the September 2023 funding application is successful, the Developer will return to the Commission in early 2024 to seek authorization of an amended and restated loan agreement and approval of a residential ground lease, as well as a commercial loan agreement and commercial ground lease. Construction will start by May 2024 and complete in spring 2026.

Block 2 Summary Schedule	
Timeframe	Milestone
August 2023	LIHTC/CDLAC awards (Senior Project) AHSC awards (Project)
September 2023	LIHTC/CDLAC application (Project) Horizontal Project work begins
November 2023	Commission consideration of Senior Project loan and ground lease documents
December 2023	CDLAC/TCAC awards (Project)
January 2024	Horizontal Project complete
February 2024	Close of construction financing and start of construction (Senior Project)

March 2024	Commission consideration of Project loan and ground lease documents
May 2024	Close of construction financing and start of construction (Project)
January 2026	Construction complete (Senior Project)
April 2026	Construction complete (Project)

(Originated by Kim Obstfeld, Senior Development Specialist)

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James B. Morales
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for Thor Kaslofsky
Executive Director

Attachment 1: Map of Transbay Project Area

Attachment 2: SBE Consultant Summary for the 2 East Project

Attachment 3: SBE Biographies

Attachment 4: Citywide Affordable Housing Loan Committee Loan Evaluation dated August 4, 2023

TRANSBAY REDEVELOPMENT PROJECT AREA



Under-Ramp Park
Acres: 2.4

Parcel F

Developers: Hines/Urban Pacific/Goldman Sachs
Total Units: 165 (est.)
Office Sq. Ft.: 287,000
Hotel Rooms: 250
Construction Start: TBD
Completion: TBD



Parcel T
101 First St.
Salesforce Tower
Developers: Boston Properties/Hines
Office Sq. Ft.: 1.4 Million
Construction Start: 2014
Completion: 2017



Block 5

250 Howard St.
Park Tower

Developers: Golub/
John Buck
Office Sq. Ft.: 767,000
Const. Start: 2015
Completion: 2018



Block 4

Developer: Hines/UrbanPacific/
Goldman Sachs/Mercy
100% Aff. Rental
Units: 201 + 1 Mgr Unit
AMI: 40% - 100%
Tower BMR Rental Units: 105
AMI: 100% - 120%
Tower MR Rental Units: 219
Tower MR Condo Units: 155
Total Units: 681
Construction Start: TBD
Completion: TBD



Block 9

500 Folsom St.

Developers: Essex/ BRIDGE
Aff. Rental Units: 109
AMI: 50% & below
MR Rental Units: 428
Total Units: 537
Construction Start: 2016
Completion: 2020



Block 8

450 Folsom St. & 250 Fremont St.

Developers: Related/TNDC
Aff. Rental Units: 150
MR Rental & Condo Units: 396
AMI: 70 Inclusionary Units @ 50% /
80 OCII sponsored Units @ 50%
Total Units: 548
Construction Start: 2016
Completion: 2019



Block 11

25 Essex St.
Rene Cazenave Apartments

Developers: BRIDGE/CHP
Aff. Rental Units: 120
AMI: 50% & below
Total Units: 120
Construction Start: 2011
Completion: 2013

Block 12



Block 6

280 Beale St. / 299 Fremont St.
Developers: Golub/Mercy
Aff. Rental Units: 70
MR Rental Units: 409
AMI: 50% & below
Total Units: 479
Construction Start: 2013
Completion: 2016



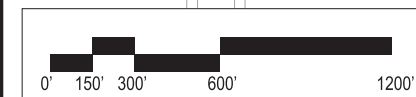
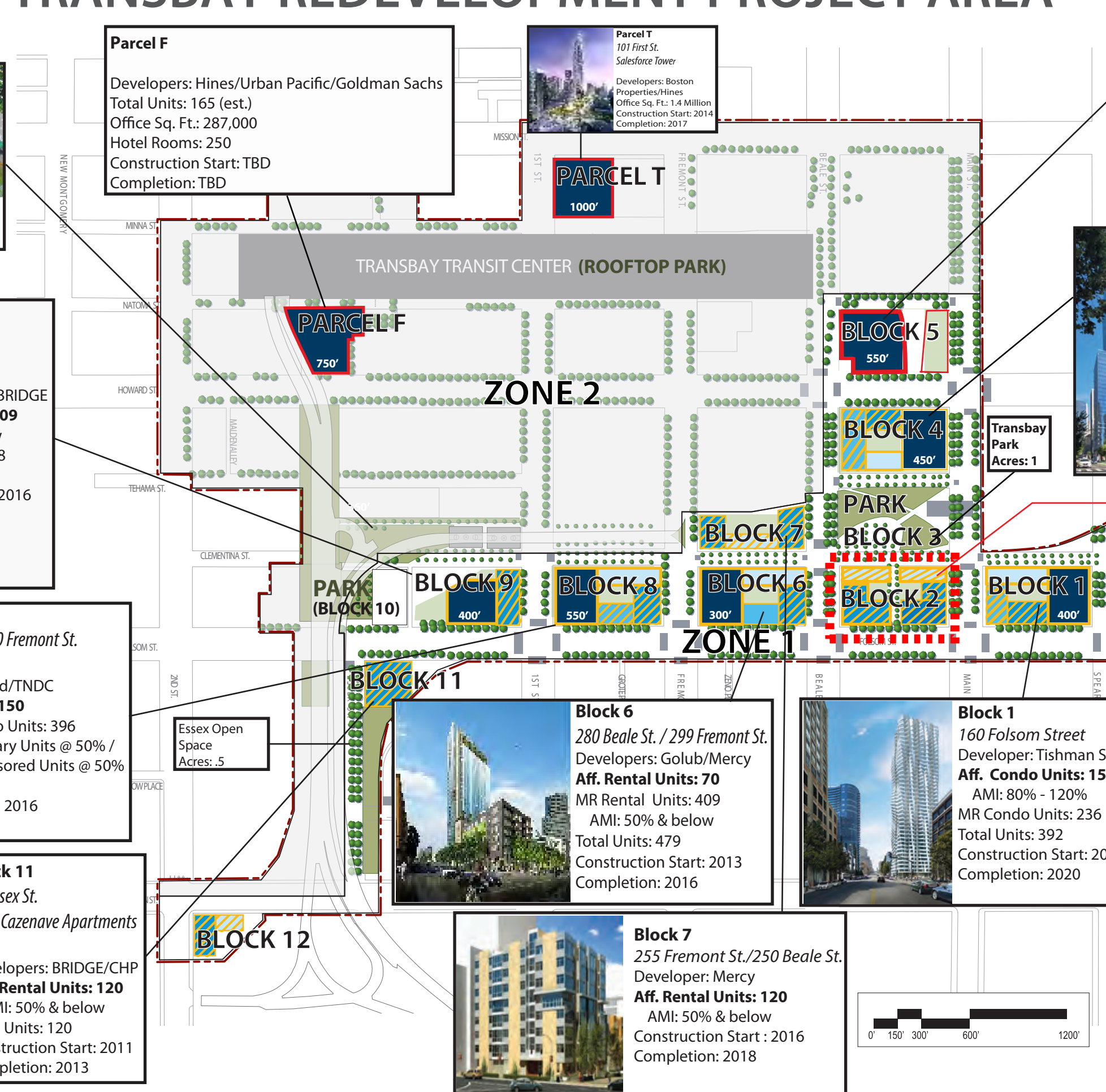
Block 7

255 Fremont St./250 Beale St.
Developer: Mercy
Aff. Rental Units: 120
AMI: 50% & below
Construction Start : 2016
Completion: 2018



Block 1

160 Folsom Street
Developer: Tishman Speyer
Aff. Condo Units: 156
AMI: 80% - 120%
MR Condo Units: 236
Total Units: 392
Construction Start: 2017
Completion: 2020



Transbay Block 2 East

Professional Consultant List

					For Informational Purposes Only			
Consultant	Discipline	Fee	SBE Credit *	SF-SBE	MBE	M/WBE	WBE	Ethnicity **
Kennerly Architecture & Planning	Prime Architect	\$ 1,556,750	\$ 1,556,750	\$ 1,556,750			\$ 1,556,750	
YA Studio	Associate Architect	\$ 838,250	\$ 838,250	\$ 838,250	\$ 838,250			African American
Luk & Associates	Civil	\$ 71,000	\$ 71,000			\$ 71,000		Asian
Regent Construction Management	Construction Manager	\$ 148,638	\$ 148,638	\$ 148,638	\$ 148,638			Latinx
Fire Consultants	Code Consultant	\$ 75,400	\$ 75,400					
Plural	Landscape Architect	\$ 164,744	\$ 164,744	\$ 164,744			\$ 164,744	
DCI/OLMM	Structural (Prime + Associate)	\$ 267,000	\$ 56,070	\$ 56,070	\$ 56,070			SE Asian
Meyers + SJ	Mechanical/Plumbing/Fire (Prime + Associate)	\$ 327,000	\$ 327,000	\$ 327,000	\$ 327,000			Asian
Highline Consulting	Exterior Building Maintenance	\$ 54,000	\$ 54,000					
Tucci	Lighting	\$ 63,475	\$ 63,475	\$ 63,475			\$ 63,475	
CSDA Design Group	Accoustic	\$ 33,100	\$ 33,100					
AR Green Consulting	Green Consultant / Energy Modeling	\$ 28,500	\$ 28,500	\$ 28,500		\$ 28,500		Latinx
California Housing Partnership	Financial	\$ 75,000						
PaleoWest LLC	Archaeology	\$ 7,700						
Martin Ron Associates Inc.	Surveyor	\$ 15,500	\$ 15,500	\$ 15,500				
AEW Engineering	Environmental	\$ 21,900	\$ 21,900	\$ 21,900	\$ 21,900			Asian
Langan (association with Divis)	Geotech	\$ 233,100	\$ 233,100	\$ 233,100				
Newport Realty Advisors, LLC	Market Study	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500			Latinx
American Trash Management	Trash	\$ 13,600						
Urban Design Consulting Engineers	Jt. Trench Consultant	\$ 53,555	\$ 53,555	\$ 53,555	\$ 53,555			Asian
Dale Durrett Consulting	Permit Expeditor	\$ 108,500						
4EA	Envelope	\$ 91,600						
Person & Hahn	Elevator	\$ 23,450						
Tree Management Experts	Arborist	\$ 5,040	\$ 5,040	\$ 5,040				
Total		\$ 4,285,302	\$ 3,754,522	\$ 3,521,022	\$ 1,453,913	\$ 99,500	\$ 1,784,969	
% of Total Fees			87.6%	82.2%	33.9%	2.3%	41.7%	

* Full SBE credit is granted to joint ventures and associations where the SBE partner performs at least 35% of the joint venture or association agreement.

** Ethnicity and/or gender data were gathered from third-party sources and presented for informational purposes only. Such data have not been verified.

ATTACHMENT 3: Consultant Biographies – Transbay Block 2 East

Kennerly Architecture & Planning (Prime Architect)

Founded in 2004, Kennerly Architecture & Planning, Inc. has made urban buildings and place-making a cornerstone of its practice. Working primarily in San Francisco, the work reconciles the sensitivities of neighborhood context with the high level of design and amenity which stakeholders demand. Starting with multi-unit infill buildings and residences, the projects have grown to include complex mixed-use and high-rise projects on challenging infill and brown-field sites throughout the Bay Area. Working at a range of scales from homes to high rises, interior design to urban planning, the firm has developed a reputation for the thoughtful integration of program, constraints, and high-design aspiration. Kennerly Architecture & Planning is a Woman-Owned San Francisco Local Business Enterprise and Micro Local Business Enterprise.

Plural (Landscape Architect)

Plural co-founders Carrie, Scott, and Haley built a friendship founded on mutual respect and an appreciation of each other's design approaches, values, and commitment to building great places. After collaborating for many years we came together in 2019 to form Plural, a Women-Owned San Francisco Local Business Enterprise & Micro Local Business Enterprise. Respect and delight guide our practice. We respect the diverse cultures, communities, and environments in which we work and the ideas and the contributions of our many collaborators. We bring delight to our process, to our designs, and to the people who experience them. Plural's body of work comprises over twenty years of experience on a variety of landscape types. We believe great places require many different people working together to envision, to build, and to steward them. And great places welcome everyone.

AR Green Consulting (Sustainability)

AR Green Consulting is a certified small, woman-owned, local business in San Francisco founded by Adhamina Rodriguez in 2015. AR Green specializes in green building consulting, certification, and training, and is a recognized Innovator Green Business by SF Environment. Having worked on hundreds of projects, AR Green brings solid experience to the team, and a holistic approach to green buildings that anticipates gaps in scope, highlights the synergies among the different systems, and maximizes the points in the desired green building certification rating system.

OLMM (Structural Engineer)

OLMM Consulting Engineers, a local minority owned business is a reputable and award-winning structural engineering firm with offices in San Francisco and Oakland. We provide complete structural design, seismic analysis, and retrofit design services to both public and private sector clients. Firm is highly disciplined and has always prided itself in meeting schedules and bringing in projects within established budgets. Our solutions to structural challenges are not only imaginative and innovative but also practical and cost-effective. Our contributions have helped achieve LEED and Green Point certification for major projects.

Regent Construction Management LLC (Construction Manager/Owner's Representative)

This company is a minority owned business that has been in business for 27 years. I have built, managed, estimated, or consulted on a wide variety of projects throughout the Bay Area, Sacramento, Napa Valley, and parts of the Central Valley. In 2007, I established Regent Construction Management, LLC. Prior to establishing Regent, I worked for Cahill Contractors, Inc., one of San Francisco's leading and most reputable General Contractors. While at Cahill I held positions ranging from hands on Field Engineer, to Pre-Con Estimator/Project Manager and for the last 6 years I served as Sr. Project Manager, overseeing multiple teams, and earning a reputation for hands on involvement and attention to detail. Regent Construction Management incorporates into the project team and provides services necessary to keep Pre-Construction, Construction and Turn Over successfully moving forward, on schedule and budget.

Newport Realty Advisors (Market Study)

Newport Realty Advisors LLC is a Real Estate Consulting Firm providing Economic and Market Advisory Services to Financial Institutions, Public Agencies, Private Real Estate Investment Firms, Syndicators, Equity Partners, Debt Lenders, Not-For-Profit Development Firms and Market Rate Developers throughout California.

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

\$72,972,179 Total Funding Amount

(including \$4,500,000 additional predevelopment, a
\$8,676,682 commercial loan, and \$2,333,653 site
preparation funding)

Evaluation of Request for:	Permanent Residential Loan, Permanent Commercial Loan, and Site Preparation Cost Reimbursement
Loan Committee Date:	August 4, 2023
Prepared By:	Kim Obstfeld, OCII Senior Development Specialist
MOHCD Asset Manager:	Wesley Ellison-Labat
Sources and Amounts of New Funds Recommended:	\$69,472,179 Transbay Fees and Bond Proceeds, comprised of: • \$58,461,845 Permanent Residential Gap Loan (including additional predevelopment funding) • \$8,676,682 Permanent Commercial Loan • \$2,333,653 Horizontal Project Funding
Sources and Amounts of Previous City Funds Committed:	\$3,500,000 Transbay Jobs/Housing Linkage Fees
ROPS Line:	Line 416, FY 23-24
NOFA/PROGRAM/RFP:	OCII RFP, June 2020
Applicant/Sponsor(s) 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 (200 Folsom Street)	Ultimate Borrower Entity:	Transbay 2 Family L.P.

Project Summary:

Mercy Housing California ("Mercy" or the "Sponsor") is requesting a total of \$72,972,179 in funding for Transbay Block 2 East ("Block 2 East"). This amount is comprised of a \$61,961,845 permanent residential loan, a \$8,676,682 permanent commercial loan, and site preparation cost reimbursement of \$2,333,653. Included in the approximately \$61M permanent residential loan is \$4,500,000 in additional requested predevelopment funds, which is needed to complete predevelopment and bring Block 2 East to construction start. Loan Committee previously approved \$3.5M in predevelopment in February 2021.

Block 2 East is a planned 184-unit mixed-use affordable rental housing development serving extremely low- and low-income family households, with 40 units (22% of total units) set-aside to serve formerly homeless families, subsidized by the Local Operating Subsidy Program ("LOSP"). Units will range in size from studios to three-bedrooms, as well as a two-bedroom and a one-bedroom staff unit. Units will serve households at income levels ranging from 30% to 80% of Area Median Income as defined by the San Francisco Mayor's Office of Housing and Community Development ("MOHCD AMI" or "AMI"). In addition to residential units and resident amenities, the Block 2 East development includes a childcare facility sized to serve approximately 45 children as well as two ground floor retail spaces (the residential and the commercial together are the "Project").

Block 2 East is being 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 have collaborated throughout predevelopment and will continue to coordinate design, permitting, site preparation, and construction logistics.

The Project is expected to be financed with 4% Low Income Housing Tax Credits, tax-exempt bonds, and funds from the State's Affordable Housing and Sustainable Communities ("AHSC") program. The Sponsor is seeking funding approval to begin site preparation work and to include an OCII commitment in its September tax credit/bond allocation application, pending an AHSC award. This funding request is subject to approval by the OCII Commission.

Project Description:

Construction Type:	Type I	Project Type:	New Construction
Number of Stories:	17	Lot Size (acres and sf):	0.49 acre / 21,313 sf
Number of Units:	184	Architect:	Kennerly Architecture & Planning
Total Residential Area:	192,301 sf	General Contractor:	Swinerton
Total Commercial Area:	8,406 sf	Property Manager:	Mercy Housing Property Management Group
Total Building Area:	200,707 sf	Supervisor and District:	Sup. Dorsey – District 6
Land Owner:	OCII		
Total Development Cost (TDC):	\$189,038,828 (residential); \$203,049,163 (combined)	Total Acquisition Cost:	N/A
TDC/unit:	\$1,027,385 (residential); \$1,103,528 (combined)	TDC less land cost/unit:	\$189,038,828 (residential)
Funding Amount Requested:	\$72,972,179 (combined)	Request Amount / unit:	\$396,588 (combined)
HOME Funds?	No	Parking?	None

PRINCIPAL DEVELOPMENT ISSUES

- **Coordination between 2 East and 2 West.** As further discussed in Section 1.2, Mercy and CCDC were selected as co-developers under a single RFP for Transbay Blocks 2 East and West. Each developer will be the owner/operator of its respective project, but continued coordination is required for design, permitting, and construction logistics. As part of this request, the Sponsor is seeking OCII funding for work under a Horizontal Ground Lease to prepare the entire Block 2 site for both developments. The scope will include demolition of existing improvements, utilities relocation, and archeological testing (this scope is the “Horizontal Project”). The Sponsor will need to coordinate closely with the Block 2 West sponsor to manage the schedule to ensure that work is complete to facilitate the Block 2 West construction closing timeframe (by February 2024, pending a CDLAC/TCAC award in August). In addition, the Sponsors will need to determine and document ongoing shared maintenance responsibilities for common public spaces. See Section 1.3.2 and Condition 1.
- **Commercial Financing.** To reduce residential project costs and thus improve scoring for a tax-exempt bond allocation, the Sponsor is seeking a commercial loan separate from the residential loan to fund the cost of constructing the Project’s childcare facility and two ground floor retail spaces to a warm shell. The commercial spaces will be constructed within a separate air rights parcel and, at the close of construction financing, OCII will enter into a separate commercial ground lease and commercial grant agreement with an affiliate of the Sponsor. See Sections 4.7 and 6.5.3 and Condition 2.
- **Retail.** Ground floor commercial space is required on Block 2 under development controls for the Transbay Redevelopment Project Area. Successful retail is crucial to ground floor activation and meeting community needs and expectations related to the implementation of Project Area plans. Mercy, through its affiliate Mercy Commercial California (“Mercy Commercial”), will be responsible for the marketing and lease-up of all retail spaces at both 2 East and 2 West. While Mercy Commercial has prepared a preliminary commercial plan and leasing strategy, the only confirmed tenant is Wu Yee, which will operate the childcare center. See Section 4.7 and Condition 2.
- **Financing Competition.** The Project schedule and budget are reliant on an AHSC award. While the Project is competitive, scoring remains uncertain. Awards are scheduled to be announced on August 30. In addition, the Sponsor will seek a tax-exempt bond allocation from CDLAC in the third round of 2023. In recent years, CDLAC has been oversubscribed and thus has been and is expected to continue to be highly competitive. To the extent feasible and appropriate, the program and financing plan have been optimized to be competitive, however, the Project may face disadvantages as a larger scale, higher cost, urban infill project. The Sponsor will continue to closely monitor program regulations and review program elements and costs to seek ways to maximize scoring. See Section 6.5.
- **Archaeology.** Preliminary site studies indicate that the soil beneath the site may contain archaeological resources from the historic San Francisco Bay shoreline. The Sponsor has prepared an archaeological testing, health and safety, and logistics plan but has not yet conducted exploratory studies. Depending on the results of planned coring and trenching, the Sponsor, in collaboration with CCDC, may need to conduct more intensive studies and/or excavate portions of the site. The Horizontal Project includes schedule and budget contingency to allow for this but extensive findings may create challenges. See Section 2.6.5.

RESIDENTIAL SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Per Unit	Terms	Status
OCII Predevelopment Loan	\$3,500,000	\$19,022	3 yrs @ 3%, deferred	Committed
OCII Additional Predevelopment Loan	\$4,500,000	\$24,456	1 yr @ 3%, deferred	This request
Total	\$8,000,000	\$43,478		

Permanent Sources	Amount	Per Unit	Terms	Status
OCII Residential Loan	\$61,961,845	\$336,749	55 yrs @ 0-3%, res. receipts	This request
Limited Partner Equity	\$96,536,983	\$535,527	\$0.98 per credit	Not committed
AHSC	\$28,000,000	\$152,174	55 yrs @ .42%, res. receipts	Not committed
Deferred Developer Fee	\$540,000	\$2,935	Deferred, residual receipts	Committed
Total	\$189,038,828	\$1,027,385		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	\$0	\$0	\$0
Hard Costs	\$160,034,130	\$869,751	\$832
Soft Costs	\$25,106,885	\$136,450	\$131
Reserves	\$857,813	\$4,662	\$4
Developer Fee	\$3,040,000	\$16,522	\$16
Total	\$189,038,828	\$1,027,385	\$983

COMMERCIAL SOURCES AND USES SUMMARY

Permanent Sources	Amount	Per SF	Terms	Status
OCII Commercial Loan	\$8,676,682	\$1,032	3%, res. receipts	This request
Wu Yee/LIIF	\$3,000,000	\$357	Grant	Committed
Total	\$11,676,682	\$1,389		

Permanent Uses	Amount	Per SF
Acquisition	\$0	\$0
Hard Costs (warm shell)	\$7,169,287	\$853
Tenant Improvements	\$3,000,000	\$357
Soft Costs	\$491,382	\$58
Reserves	\$591,013	\$70
Developer Fee	\$425,000	\$51
Total	\$11,676,682	\$1,389

HORIZONTAL PROJECT SOURCES AND USES SUMMARY

Permanent Sources	Amount	Per SF*	Terms	Status
OCII funding (under Horizontal Ground Lease)	\$2,333,653	\$55	Cost reimbursement	This request
Total	\$2,333,653	\$55		

Permanent Uses	Amount	Per SF*
Acquisition	\$0	\$0
Hard Costs	\$2,173,222	\$51
Soft Costs	\$160,431	\$4
Reserves	--	--
Developer Fee	--	--
Total	\$2,333,653	\$55

** Per square foot costs for the Horizontal Project are based on the Block 2 Site as a whole which totals 42,626 SF*

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 (the subject of this evaluation) and 2 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, is part of the lot formerly used as the Temporary Transbay Terminal. Transbay Terminal operations relocated to the newly constructed Salesforce Transit Center in 2019. All three development blocks are in active predevelopment, with approved schematic designs for a public park on Block 3, a mixed-use mixed-income residential project on Block 4, and the two affordable housing projects on Block 2.

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

In June 2020, 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, 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.

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

1.3.1. Borrower.

- Residential Loan: The borrower entity for the residential loan is Transbay 2 Family L.P. The managing general partner is Transbay 2 Family LLC, a subsidiary of Mercy.
- Commercial Loan: The borrower entity for the commercial loan has not yet been established but will be in place prior to the close of construction financing. It will be a limited liability company affiliated with Mercy.
- Horizontal Project: The entity undertaking the Horizontal Project under the Horizontal Ground Lease is Transbay 2 Family LLC, a subsidiary of Mercy (and managing general partner of the residential borrower entity as noted above).

1.3.2. Joint Venture Partnership.

Mercy will develop, own, and operate Block 2 East and will provide ongoing property management and resident services. Mercy will partner with Episcopal Community Services (“ECS”) for support services to families residing in permanent supportive housing units.

In addition, Mercy will collaborate with CCDC, lead developer of 2 West, to ensure cohesive and complementary development of the Block 2 site as a whole. Pursuant to a Joint Development Agreement between Mercy and CCDC dated March 30, 2021 (the “JDA”), Mercy and CCDC will collaborate on building, streetscape, and landscape design. Per the JDA, Mercy, through its affiliate Mercy Commercial California (“Mercy Commercial”) will take the lead in retail space planning and lease-up for both Block 2 East and initial lease-up for Block 2 West.

Mercy will also take the lead on the Horizontal Project, which is scheduled to occur prior to the close of construction financing for Block 2 West. Mercy is seeking to enter into a Horizontal Ground Lease with OCII that includes cost reimbursement funding for site preparation (part of this request) and will enter into a construction contract to demolish the existing building and paving on Block 2, remove existing trees, conduct archeological trenching work, and undertake related work to prepare the overall block for development. The Horizontal Project must be completed in time to facilitate the Block 2 West start of residential construction by February 2024. Pursuant to Condition 1, the Sponsor and CCDC will amend their JDA to reflect this arrangement or enter into a memorandum of understanding or similar document.

Pursuant to Condition 1, Mercy and CCDC will continue close coordination on design, mapping, permitting and construction logistics. The parties will enter into an agreement to establish roles, responsibilities, and cost sharing for maintaining a publicly accessible pedestrian mews located between the two buildings, straddling the property line, and any other common areas or features.

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

See table below for gender identity and race demographics for the Mercy board and staff. Mercy does not collect sexual orientation data from board members or staff.

Entity	Gender Identity	Race
Mercy Housing California Board	M: 35% F: 55%	Asian: 11% African American: 22% Caucasian: 50% Latinx: 11% Biracial: 6%
Mercy Housing, Inc. Board	M: 50% F: 50%	Asian: 5% African American: 15% Caucasian: 75% Latinx: 5%
Mercy Housing, Inc. - All Staff	M: 42% F: 58%	2 or More Races: 3% American Indian/Alaska Native: 1% Asian: 11% Black or African American: 24% Hispanic or Latino: 22% Native Hawaiian/Other Pacific Islander: 1% Not specified: 1% White: 37%
Mercy Housing California - All Staff	M: 43% F: 57%	2 or More Races: 5% American Indian/Alaska Native: 1% Asian: 21% Black or African American: 17% Hispanic or Latino: 31% Native Hawaiian/Other Pacific Islander: 2% Not specified: 1% White: 22%
Mercy Housing California - Development Staff	M: 50% F: 50%	Asian: 20% Not specified: 20% White: 60%

MHC owns and operates 4,217 units of affordable housing in San Francisco. The chart below represents the total number of people currently living in MHC owned properties (7,176), disaggregated by race and ethnicity.

	Race	Ethnicity
Mercy Housing California San Francisco resident responses to US Census definitions	Asian: 42% White: 19% Black or African American: 16% Other: 15% Did not specify: 3% Native Hawaiian or Other Pacific Islander: 2% American India or Alaska Native: 2% Blank: 1%	Not-Hispanic or Latino: 77% Hispanic or Latino: 19% Did not specify: 3% Blank: 1%

**Responses are from US Census definitions which cause overlap between race and ethnicity categories.*

From January 2022 through November 2022 MHC had 17 resident evictions. Currently, Mercy does not track move out reasons and does not track evictions by race.

1.3.4. Racial Equity Vision.

Mercy is dedicated to advancing racial equity. To advance its racial equity and social justice, Mercy's national office launched the Racial Equity, Diversity, and Inclusion (REDI) initiative. In 2021, Mercy Housing Inc. ("MHI") hired Web Brown as SVP for Racial Equity, Diversity, and Inclusion. Mr. Brown has created a coordinated approach to REDI that includes creating an organizational framework that consists of focus areas to produce action plans throughout the organization in the areas of internal culture, resident empowerment, education, and training, hiring and recruitment, communication, and advocacy.

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

1.3.5 Relevant Experience.

MHI is the largest non-profit owner of affordable housing in the United States. MHI owns and provides property management (through Mercy Housing Management Group or "MHMG") to more than 23,000 units of affordable housing and currently serves more than 50,000 people. In addition, Mercy has nearly 6,000 units in its development pipeline with a team of 38 development staff members to support the process. Mercy Housing California is the California affiliate of MHI. In San Francisco, the company owns and/or manages 56 properties with 4,551 homes and 7,620 residents. Among these units, approximately 52% serve families, 32% serve seniors, and 16% is supportive housing for formerly unhoused households.

Mercy's San Francisco portfolio includes Natalie Gubb Commons, which is comprised of two affordable family projects with a total of 190 units in the Transbay Project Area, located across the street from the Block 2 Site. In addition to comparable housing, these properties include fully occupied ground floor retail and a childcare center.

1.3.6 Project Management Capacity.

Sean Wils at Mercy is the Senior Project Manager and dedicates approximately 50% of his time to the Project. Tauji Louisville is the Assistant Project Manager and dedicates approximately 50% of her time to Block 2 East. Sean and Tauji are supported by Michael Kaplan (Associate Director of Real Estate Development), Ramie Dare (Director of Real Estate Development), and Doug Shoemaker (President).

1.3.7 Past Performance.

1.3.7.1 City audits/performance plans. Mercy has no known outstanding performance issues on current grants administered by MOHCD's Community Development program staff.

1.3.7.2 Marketing/lease-up/operations. Mercy has experience with OCII early outreach requirements and use of the DAHLIA system. According to MOHCD staff, Mercy has performed relatively well in recent marketing efforts, but lease-up teams have at times been understaffed or staffed by out-of-state marketing employees, which has resulted in challenges. Mercy anticipates utilizing San Francisco-based marketing staff for the Block 2 East lease-up. Pursuant to Condition 9, Mercy will submit and implement timely Early Outreach and Marketing Plans for the Project and, with submittal of the Marketing Plan, provide a diverse lease-up staffing plan that reflects the applicant pool for OCII and MOHCD review.

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. In November 2022, the OCII Commission approved certain deviations from the DCDG to facilitate the Block 2 East project as designed.
Maximum units allowed by current zoning:	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.
Seismic:	The site is within a Liquefaction Zone (per the California Geological Survey)
Soil type:	The Sponsor completed Phase I and II reports and testing. The proposed mat foundation with soil improvements was recommended by the design team based on the identified soil conditions. See Section 2.6 below.
Environmental Review:	The Sponsor has prepared Phase I and II reports as well as addenda to the Transbay Redevelopment Project Area FEIS/EIR and the Archaeological Research Design and Treatment Plan ("ARDTP"). See Section 2.6.5 below.

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 (expected to start construction in 2024).
Adjacent uses (South):	An approximately 650-unit mixed use condominium complex known as “Lumina”. Woodlands Market, a small grocery store is located at the ground floor.
Adjacent uses (East):	A 392-unit mixed-use, condominium complex with inclusionary units known as “Mira”.
Adjacent uses (West):	Block 2 West, a planned 151-unit affordable senior rental project, under development concurrently with Block 2 East, will be located directly to the west within Block 2. To the west of Block 2 on Block 6 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 miles:	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) 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 miles:	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:	Not exempt. Block 2 East secured an Article 34 authorization for the current unit count in January 2023.
Article 38:	Not exempt. The site is within the Air Pollutant Exposure Zone. The design is subject to relevant guidelines and requirements.
Accessibility:	15% of units (28 units) will provide mobility accessible features, and 10% of units (19) will provide accessible communication features. This is consistent with CTCAC requirements.
Green Building:	Based on the Project’s Schematic Design, the building will achieve a Green Point rating of at least “Gold”. The Sponsor has engaged a sustainability consultant and will continue to monitor green standards throughout design and construction.
Recycled Water:	Block 2 East confirmed an exemption from SF PUC in March 2022.
Storm Water Management:	The stormwater management plan is in progress. A preliminary plan has been drafted and will be submitted to PUC pending design team review.

2.3 Description.

Block 2 East is an infill site in a dense area of downtown San Francisco. The site previously held ramps for the demolished Embarcadero Freeway, which was removed after it sustained significant damage in the 1989 Loma Prieta earthquake. Footings for the freeway likely remain below-grade on the site and will need to be removed to facilitate building construction. The site was later used as the temporary Transbay Terminal and the improvements to support this use remain on the site today. Improvements include paving, landscaping, and a building that was previously a Greyhound bus terminal. The improvements will need to be removed to prepare the site for construction. As described in Section 1.3.2 above, this work will be completed by the Sponsor under the Horizontal Ground Lease in fall 2023. The Horizontal Project schedule includes a one-month contingency to address any unforeseen below grade objects.

2.4 Zoning. See above.

2.5 Local/Federal Environmental Review.

In April 2004, the Redevelopment Agency Commission certified the Final Environmental Impact Statement/Environmental Impact Report ("FEIS/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 Consideration, 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/OCII Commission subsequently adopted ten addenda to the FEIS/EIR. The tenth addendum was prepared to analyze the impacts of massing modifications in the designs for Blocks 2 East and West, which deviated from the Transbay design controls and Redevelopment Plan. Overall, the addendum determined that the Project would not cause significant impacts not identified in the FEIS/EIR, nor would the Project cause significant impacts previously identified in the FEIS/EIR to become substantially more severe.

2.6 Environmental Issues.

- Phase I/II Site Assessment Status and Results. A Phase I report dated November 3, 2020 identified that soil classified as Federal Class I RCRA and California Class I Non-RCRA hazardous waste is present 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 Project's development. Allowances for soil off-haul are included in the cost estimates for both the Horizontal Project and residential construction.

According to the geotechnical investigation dated October 19, 2022, the soil consists of layers of undocumented fill, marine deposit (sand with silt and clay), Colma Formation (sandy soil), Old Bay Clay (marine clay and sand), alluvium (sand and clay), ravine fill/slope debris, and finally bedrock at a depth of between 80.5 and 121 feet. As noted in the table above, these findings informed the proposed foundation system, which consists of deep soil mixing with a minimum replacement ratio (the ratio of improved soil over the entire soil volume) of 40 percent. The deep soil mixing grids/cells will be

at least three feet thick and have a center-to-center spacing of not more than 15 feet. The new soil will have a minimum compressive strength of 200 psi.

- Potential/Known Hazards. As noted above, hazardous soil is present on the site and will need to be removed and transported to appropriate facilities during construction.

2.6.5 Archaeological Resources.

According to a draft addendum to the Archeological Research Design and Treatment Plan for the Transbay Temporary Terminal Project (the “ARDTP”), Block 2 is located on the former San Francisco Bay shoreline. The site was filled to make way for urban development in the 1850s, thus the underlying soil may contain historic resources from earlier eras including those from Native American settlement on the shore and maritime resources from the 1800s. A study from 1990 indicates that a ship may be present below the surface on Block 2 West, and other artifacts may be located throughout the site.

The Sponsor, in collaboration with the Block 2 West developer, will conduct testing as set forth in the ARDTP to identify potential resources. Testing will occur in two phases. The first phase consists of deep coring to identify Native American and/or maritime resources. Coring will cause minimal disruptions to the site and is planned for August 2023.

The second phase consists of mechanical trenching, which would primarily identify the presence of nineteenth century features and remnants. Because of the length and depth of the trenches, the work will be highly disruptive to the site and thus is planned to be completed concurrent with or just before the demolition of existing improvements as part of the Horizontal Project. This work is planned for fall 2023. The Horizontal Project includes a one-month contingency for any unforeseen archaeological scope.

The cost of ARDTP preparation and coring is included in the predevelopment budget, with costs shared between the Blocks 2 East and West projects. The Horizontal Project budget under the Horizontal Ground Lease includes costs associated with the trenching, as well as contingencies for any required excavation or resource recovery work that may be needed based on findings from the testing.

2.7 Adjacent uses and neighborhood amenities.

The site is located in close proximity to transit, numerous recreational amenities, and cafes. However, residents may need to access transit to visit City Recreation & Parks Department facilities offering family programming, to access affordable grocery retail stores, and to get to schools. Mercy resident services staff will assist residents with transit access and provide connections to food programs. Mercy currently partners with the San Francisco-Marin food bank to bring food directly to many of its San Francisco sites. Block 2 East will include a food pantry that will be stocked multiple times a week with fresh produce (a food pantry storage space is included in the building design on the ground floor).

2.8 Green Building. See table above.

3 COMMUNITY SUPPORT

3.1 Prior Outreach.

OCII staff and the Sponsor have provided regular updates on Block 2 East (along with Block 2 West) to the Transbay Citizens Advisory Committee (“CAC”) since issuance of the RFP in 2020. In August 2022, the Sponsor provided an informational overview of the Project to the CAC. In September 2022, the CAC voted unanimously to recommend that the OCII Commission approve the schematic designs and related items.

In addition to CAC meetings and public OCII Commission hearings, the Sponsor has presented the Project at meetings of the East Cut Community Benefits District and IDEATE (a local resident group) and has been in communication with residents of Natalie Gubb Commons and with the South Beach/Rincon Hill Neighborhood Association.

3.2 Future Outreach.

The Sponsor will continue to conduct outreach throughout the remainder of predevelopment and through construction to garner support for the Project, and keep the community apprised of the Project plans and schedule (Condition 12). In collaboration with the sponsor of Block 2 West, the Sponsor has established a website (www.transbayblock2.org) to provide ongoing project progress updates and developer contact information. The Sponsor will return to the Transbay CAC at key milestones such as the start of construction and launch of marketing and will continue to connect with the East Cut CBD, IDEATE SF, and other community organizations. In addition, the Sponsor will expand outreach to include SOMA Pilipinas, the closest Cultural District, and to the South Beach/Rincon/Mission Bay Neighborhood Association, and other neighborhood groups.

3.3 1998 Proposition I Citizens’ Right-To-Know.

Not applicable in Redevelopment Project Area.

4 DEVELOPMENT PLAN

4.1 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 lots 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, is pursuing a subdivision map to facilitate the Blocks 2 East and West projects. The tentative map was approved in May 2023, and a final parcel map is expected by November 2023. Per Condition 1, Mercy and CCDC will continue to work together on the subdivision. Mercy has taken the lead in preparing the subdivision map application and will continue to oversee the mapping process.

Proposed Property Ownership Structure. In the near term, OCII will enter into a Horizontal Ground Lease with an affiliate of the Sponsor to facilitate the

Horizontal Project. The Horizontal Ground Lease will terminate for each of the Block 2 projects at the close of construction financing for each respective project, at which point OCII will enter into a long-term residential ground lease with the Sponsor. OCII will retain fee interest in the land and the Sponsor will own the improvements. In addition, the Sponsor will form an affiliate limited liability company to construct and own the commercial improvements. OCII will enter into a long-term commercial ground lease with the commercial entity.

4.2 Proposed Design.

The schematic design for Block 2 East (along with the design for Block 2 West) was approved by the OCII Commission on November 1, 2022. The Block 2 East building steps from 5 stories in a townhouse-style wing along Clementina Street to 15 stories along Main Street, up to a 17-story mid-rise along Folsom Street. The massing wraps a central courtyard that provides open space on two levels that will be dedicated for use by the childcare facility. Adjacent to the courtyard, a 25' publicly accessible ground level mews separates the Block 2 East and 2 West buildings and provides added outdoor amenity space for residents of both projects.

On the ground floor, residents will enter the building through a residential lobby on Folsom Street. The lobby is flanked by retail spaces on the building corners at Folsom and Main Street and at the mid-block pedestrian mews. The childcare facility lobby is located on Clementina Street at the mews.

Resident community and open spaces are located on the ground floor (multi-purpose room), sixth floor (community room with kitchen opening out to a roof terrace) and 16th floor (amenity room opening to another roof terrace). Laundry rooms are located on the 2nd, 7th, and 16th floors, and a pet washroom is located on the 6th floor. The roof terraces will provide a variety of lounge and activity elements and will look out onto the planned public park on Block 3 to the north.

The exterior was designed to complement the neighborhood context and will utilize pre-cast panels of varied textures and deep earth tones. The Block 2 East design has been, and will continue to be, closely coordinated with the design of Block 2 West.

Residential SF:	192,301
Commercial SF:	8,406
Building Total SF:	200,707

Unit Types	Avg Unit SF - This Project	CTCAC-Required Min. SF	Percentage Greater Than CTCAC Min.
Studio	418	200	209%
1 BR	542	450	120%
2 BR	825	700	118%
3 BR	1132	900	126%

4.3 Proposed Rehab Scope. N/A

4.4 Construction Supervisor/Construction Representative's Evaluation.

The last time Loan Committee reviewed this Project was for predevelopment financing in February 2021 when the analysis was based on a preliminary concept design. Since then, the scale and scope of the Project have changed significantly, increasing from 101 units in a 9-story building to 184 units in a 17-story building. The Project team has completed schematic design and bid key scopes including mechanical, electrical, and plumbing. The prime contract is expected to be finalized in spring 2024, with construction scheduled to begin in May 2024. Site Permit review is nearly complete and approval is expected in August 2023. The Sponsor has also requested a demolition permit, and submitted a Streetscape Improvement Permit and Streetscape legislation package.

The residential construction cost estimate of \$160,034,130 (\$869,751/unit and \$797/square foot) is based on 100% schematic design drawings. The Sponsor has advanced drawings to 100% design development, but has not yet received updated pricing based on this set. Hard costs are escalated to the planned start of construction and overall construct costs include full contingencies (5% hard cost, 3% design, 3% bid, and 2% plan check).

At concept design, construction costs were estimated at \$795,289 per unit/\$689 per square foot, 9% lower than the current pricing (on a per unit basis). As noted, the design has changed substantially since that time. In addition, the Engineering News-Record, which publishes the Construction Cost Index for San Francisco, upon which the construction industry relies for cost data, estimates annual escalation at 8% across all trades. Escalation has primarily affected the cost of metals, including reinforcing bars required for Type I construction, cementitious materials, and lumber. This trend is predicted to continue through 2024.

Costs for Block 2 East exceed those of comparable projects on a per unit and per square foot basis. The high costs are largely attributable to the construction logistics challenges associated with a constrained infill site in a dense downtown neighborhood, significant streetscape improvements, inclusion of roof terraces needed to meet open space requirements, and Transbay Project Area design requirements applicable to this Site. Development controls require townhouse-style frontages along Clementina for streetscape activation and active ground floor uses on all four sides of the building. There is no "back" of the building where less expensive façade materials could be incorporated and the building could feature less architectural expression and articulation. In addition, the streetscape requirements are extensive, with landscaping on all four sides, wide sidewalks on Folsom and Main, and a publicly accessible pedestrian mews with seating and other features between Blocks 2 East and West.

The building includes four elevators, three serving the residential project (floors 1 through 17) and one in the childcare facility (floors 1 to 2). The number of residential elevators was determined based on an evaluation of the maximum resident population, and best practices for minimum handling capacity (the percentage of the building population that can be moved by the elevators in a five-minute period of time) and design interval (the increment of time between loaded elevators dispatching from the main lobby).

Pursuant to Conditions 1 and 8, the Sponsor will work with the Block 2 West developer to identify and take advantage of any opportunities for construction

efficiencies between the two projects and will work with the design team and general contractor to identify cost saving measures.

4.5 Commercial Space.

- Space Description. Ground floor commercial space is required on Block 2 under development controls for the Transbay Redevelopment Project Area. The Project includes a total of 8,405 square feet of commercial in three spaces:
 - Childcare: 6,447 square feet (mid-block, entry at the corner of the planned Clementina Street and the mid-block mews)
 - Retail Space A: 1,190 square feet (corner of Folsom Street and Main Street)
 - Retail Space B: 768 square feet (corner of Folsom Street and the mid-block pedestrian mews)

There is no shared space between any of the commercial units or between the commercial and residential uses. The commercial spaces will be mapped as one non-contiguous air rights parcel. A tentative map application was approved in May 2023. The Sponsor expects a final parcel map by November 2023.

- Commercial Leasing Plan. Since issuance of the RFP for Block 2, the OCII Commission and the CAC have emphasized the need for neighborhood serving retail on the Site. The OCII Commission has expressed at all stages of review that the Sponsor should make every effort to lease retail spaces to locally owned small businesses. Mercy Commercial has prepared a Commercial Leasing Plan for Block 2 East that outlines a vision for the retail spaces as part of an overall strategy for Block 2 that seeks to respond to OCII Commission direction. The plan describes potential target uses, market research, community outreach, racial equity, and a preliminary schedule. Mercy Commercial envisions retail that offers goods and services to Block 2 residents and supports and strengthens a healthy, equitable, and resilient Transbay neighborhood.

Childcare Space

The childcare facility will be home to a Wu Yee Children's Services early childhood education center or "ECEC". Wu Yee will enter into a 15-year lease for the space, which is located on two floors, with adjacent private outside space on both levels. Wu Yee has committed to maintaining at least half of enrollment from low- to moderate-income households and will strive to place families who qualify for subsidized services through Head Start/Early Head Start, a Title 5 contract, subsidy vouchers, and City-funded Early Learning Scholarships.

The ECEC will prioritize enrollment in the order below:

1. Children of families that are residents of the Block 2 East Project.
2. Children of families that live in the Transbay Redevelopment Project Area.
3. Children of families with a parent working in the Transbay Redevelopment Project Area.

4. Children of families that live in San Francisco.

Retail Spaces

Retail spaces A and B are designed to accommodate a type 2 hood to allow flexibility for a potential tenant. They could function as affordable food retail spaces, an exercise studio, a non-profit satellite office or small office, or more traditional community-serving retail or services.

Specific tenants for the retail spaces have not yet been confirmed. Pursuant to Condition 2, the Sponsor and Mercy Commercial will provide an updated Commercial Leasing Plan and endeavor to secure letters of intent for the spaces prior to the close of construction financing.

- Operating Pro Forma. Because of the separate loan structure as described above, commercial revenue and expenses will not flow through the residential operating budget. The commercial spaces will maintain a separate operating budget. Following full lease-up of the commercial spaces and stabilized occupancy, the Sponsor, in collaboration with Mercy Commercial, will seek a permanent commercial loan to be serviced by commercial rent revenue. Proceeds from the loan will be used to pay down the OCII commercial loan.

The commercial operating budget assumes a rent of \$2.75 per square foot per month for the retail spaces, escalating at 3% per year. To allow for lease-up, tenant improvement build-out, and rent concessions the budget assumes 100% vacancy in year one, 100% vacancy in the retail spaces only in year two, 50% vacancy in the retail spaces in year three, and 25% vacancy from year four on. Expenses generally escalate at 3.5% per year and include management fees, taxes, maintenance, and reserves (replacement, operating, and an additional reserve account for incident insurance deductible and future tenant improvements. Based on trends in recent years, insurance escalates at a higher rate (7%). Taxes escalate at 2%. The capitalized lease-up reserve will be drawn to fund expenses in early years.

- Tenant Improvement Build Out. Wu Yee has secured a \$3M grant to fund tenant improvements in the childcare facility. Improvement designs are in progress and are being coordinated with the Project design team. To improve efficiency, Mercy will incorporate the tenant improvements into the commercial construction contract and will oversee their completion. Wu Yee will be responsible for ensuring that the improvements meet childcare licensing standards.

As discussed in Section 6.5.3, Mercy is requesting, and staff is conditionally recommending, a capitalized tenant improvement reserve for the retail spaces. This is intended to enhance viability for small locally owned businesses and reduce lease-up time and vacancies.

4.6 Service Space.

Resident services space includes four ground floor property management and services offices, four offices for ECS supportive services staff on the second

floor, and a resident services office on the sixth floor adjacent to the community room. In addition, Mercy resident services staff will utilize community rooms throughout the property to provide programs and activities. The large sixth floor community room will be used for after school programs and for food distribution in partnership with a local healthy food access program partner. Health and wellness activities, such as yoga and cooking and nutrition classes, will be provided in the ground floor community room.

4.7 Interim Use. N/A

While there is an interim use active on the Site, the use is overseen by OCII, not the Sponsor and the use will terminate prior to Project construction.

4.8 Infrastructure. N/A

4.9 Communications Wiring and Internet Access.

Block 2 East will comply with the 2021 MOHCD Communications Systems Standards. Units will be equipped with Category 6, coax, and fiber optic cabling. In addition, Sponsor intends to provide wireless access in common areas.

4.10 Public Art Component. N/A

4.11 Marketing, Occupancy, and Lease-Up.

Block 2 East will serve households at incomes ranging from 40% to 80% MOHCD AMI. 40 units will be set aside for occupancy by formerly homeless seniors, referred to the Project by HSH through the Coordinated Entry System.

With the exception of the 40 LOSP-supported units, all 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 system. DAHLIA applicants 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 to the Project are:

1. COP holders (including descendants of originally displaced household members)
2. Displaced Tenant Preference Program for 20% of lottery units
3. Neighborhood Resident Housing Preference for 40% of lottery units if the Project does not include State funding sources, and 25% of lottery units if the 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

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 and its agent will work with the Sponsor to resolve potential occupancy conflicts and determine marketing requirements and to ensure adherence to OCII occupancy preferences. Pursuant to Condition 9, Sponsor will submit Early Outreach and Marketing Plans in accordance with OCII program standards.

4.12 Relocation. N/A

5 DEVELOPMENT TEAM

Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	Kennerly Architecture & Planning	Y	N
Landscape Architect	Plural Studio	Y	N
Associate Architect	YA Studio	Y	N
General Contractor	Swinerton/Rubecon	Y (Rubecon)	N
Owner's Rep/Construction Manager	Regent Construction Management	Y	N
Financial Consultant	CHPC	N	N
Legal	Gubb & Barshay	N	N

5.1 Procurement Plan.

The Project is subject to OCII Small Business Enterprise ("SBE") program and construction contracting goals and policies. Block 2 East is currently exceeding OCII's 50% SBE participation goal for professional services contracts with 89% SBE participation. Among these, 83% are San Francisco-based SBEs.

Mercy has selected Swinerton Builders, in a joint venture partnership with Rubecon Builders (a San Francisco-Based SBE/Minority-owned business enterprise "MBE"), as the general contractor for the Project. During construction, the Block 2 East development and construction team will collaborate with OCII contract compliance staff to meet OCII's 50% SBE construction subcontracting participation goal, along with OCII's 50% local construction workforce hiring goal.

5.2 Opportunities for BIPOC-Led Organizations.

Along with meeting SBE goals as described above, the development and construction teams are committed to providing opportunities for BIPOC-led organizations. To date, 34% of professional services contract funds have been awarded to MBEs. Of these, 2% have been awarded to woman-owned MBEs. Mercy will continue to closely track participation and collaborate with OCII contract compliance staff to identify additional opportunities.

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

6.1 Prior MOHCD/OCII Funding:

Loan Source	Loan Date	Loan Amount	Interest Rate	Accrual Method	Repayment Terms	Maturity Date	Outstanding Principal Balance	Accrued Interest to Date*
OCII Predev Loan	Apr. 6, 2021	\$3,500,000	3%	Simple	Deferred	Apr. 6, 2024**	\$2,746,429	\$59,123

* As of July 11, 2023

** Sponsor is seeking OCII Commission approval of an amendment to the predevelopment loan agreement that would extend the maturity date to July 6, 2024, and allow for additional extensions if the Project is not awarded a CLDAC allocation in 2023.

6.2 Disbursement Status.

To date, a total of \$2,746,429 of the predevelopment loan has been disbursed. Pursuant to the approved Predevelopment Loan Evaluation dated February 19, 2021, costs incurred on or after November 12, 2020 are eligible for reimbursement so long as costs are deemed acceptable and correspond to the budget attached hereto.

6.3 Fulfillment of Loan Conditions.

Below is the status of Loan Conditions since this project was last at Loan Committee for a predevelopment loan on February 15, 2021:

- 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.

Status: Complete. *Mercy and CCDC entered into a joint development agreement on March 30, 2021. Pursuant to Condition 1, the JDA will be amended to reflect Mercy's role in carrying out work to prepare the sites for residential construction.*

- 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.

Status: Complete. *massing studies were reviewed in collaboration with OCII in 2021, and the conceptual design and cost estimate were completed November 1, 2021.*

- Sponsor will work closely with the sponsor of Block 2 West 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.

Status: Complete, the Block 2 East and 2 West teams have been working closely together since conceptual design and submitted Schematic Design packages demonstrating a cohesive design between East and West. The Sponsor and the 2 West developer have both hired the joint-venture of Swinerton/Rubecon Builders as contractor. The teams have been holding biweekly joint owner/architect/contractor meetings since 2021, led by Swinerton, and the developers meet weekly with OCII to discuss construction and schedule.

- 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 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.

Status: In progress, partially complete. The Sponsor worked collaboratively with the Block 2 West developer to select the joint venture of Swinerton/Rubecon Builders as contractor, with Rubecon as the SBE/MBE. The contractor has made good faith efforts to solicit bids from SBE from design-build trades and will continue to do so throughout the construction bid process. This condition is modified based on the development status and carried forward as Condition 8.

- Sponsor will seek a childcare 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.

Status: Complete, Sponsor selected Wu Yee as the childcare provider in March 2022. Sponsor has engaged with Wu Yee at all stages of design to date. Wu Yee has identified funding for tenant improvements.

- Sponsor 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 plan and budget.

Status: Complete, Sponsor has determined, in partnership with OCII, MOHCD, and HSH, that the Project will include 40 permanent supportive housing units. The units are restricted at 50% MOHCD AMI, but are further restricted for other funding sources. The most restrictive are: 32 units at 20% TCAC AMI, and 8 units at 30% TCAC AMI (see chart in Section 7.8).

- 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 East and West to improve efficiency and reduce costs.

Status: Complete, the Sponsors of Blocks 2 East and West studied the possibility of shared desk coverage/security and found it infeasible due to the lack of shared sightlines into each building and into shared public spaces,

and the overall number of residents that will be served in the two buildings. The Sponsor determined 24-hour desk coverage is necessary and will be provided.

- 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.

Status: In progress. *Sponsor optimized AMI levels needed for competitive scoring applications for AHSC, CDLAC/TCAC, and IIG. If feasible, the Sponsor will incorporate units at a 50% AMI tier. While a permanent loan is not currently reflected as a source, the Sponsor will study this further and provide an analysis of the feasibility of permanent debt (see Condition 4).*

- Sponsor will 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.

Status: In progress, *continued in part as Condition 10. Sponsor submitted applications for AHSC in April 2023, and for IIG in July 2023. Sponsor determined that Block 2 East would not be competitive for AHP funding in 2023 based on current scoring criteria until it can achieve readiness and full site control points. Sponsor will evaluate AHP scoring for future rounds and apply as directed by OCII. If funds are secured, the OCII loan will be reduced accordingly.*

- 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.

Status: In progress, *Sponsor has monitored and analyzed the updated MOHCD Commercial Space Underwriting Guidelines and has provided OCII with a commercial financing plan. Pursuant to Condition 2, Sponsor will provide an updated commercial plan and budgets prior to the close of construction financing.*

- 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.

Status: In progress, *Sponsor provided preliminary commercial leasing plan which describes the Sponsor's initial outreach to potential retail tenants. Pursuant to Condition 2, Sponsor will continue this outreach throughout predevelopment and construction.*

- 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.

Status: In progress, *carried forward as Condition 1. The tentative map was approved in May 2023. Final parcel map approval is expected in November 2023.*

- 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 costs, a mechanism for ensuring public access, and responsibilities for construction and ongoing maintenance and security.

Status: Partially complete, carried forward as Condition 1. While Sponsor has determined the lot line, other aspects of development of the mid-block pedestrian mews are still to be determined.

- Sponsor will provide for OCII review any RFP for debt and equity providers before it is finalized and released.

Status: In progress, carried forward as Condition 3. Sponsor anticipates issuing an RFP or solicitation package after securing a CDLAC allocation.

- Sponsor and the 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.

Status: In progress and carried forward as Condition 12. Sponsor, in collaboration with the Block 2 West sponsor, conducted presentations to the East Cut Central Business District, IDEATE SF (Transbay resident and business advocacy group), as well as the Transbay CAC. Sponsors will continue to conduct community outreach at key milestones to keep the community informed of project progress.

6.4 Proposed Predevelopment Financing

6.4.5 Predevelopment Sources Evaluation Narrative.

As noted above, the Project has changed considerably in size from the original predevelopment loan approval. With the previously approved \$3.5M predevelopment loan, the Sponsor is seeking an additional \$4,500,000 for predevelopment activities. The added budget will include design fees for design-build scopes (mechanical, electrical, plumbing and fire), additional design fees, city permit fees, and utility connection fees. The budget is summarized in the table below.

Original Loan	\$3,500,000
Original Loan drawn to date	\$2,746,429
Original Loan remaining balance	\$753,571
Additional Loan funds	\$4,500,000
Professional design work by construction subcontractors – design/build	\$1,612,777
Architecture and engineering	\$1,005,708
City fees for construction permits	\$1,004,000
Utility fees	\$425,000
Other professional contracts	\$190,040
Contingency	\$262,475
Total	\$8,000,000

While the proposed total of predevelopment funding at \$8M is higher than is typical for OCII/MOHCD projects, staff recommends approval. The process to entitle the Project at the current significantly increased scale was longer and more resource intensive than is typical for OCII projects. Work included a lengthy conceptual design phase to determine height and bulk, preparation of a CEQA addendum, and regulatory approvals. The mid-rise design, overall scale of the building, the logistically challenging infill site, and the need for coordination between the Block 2 project and neighboring Block 3 park project also added to predevelopment costs.

The largest additional cost is attributed to professional design work by construction subcontractors under design/build contracts. These scopes include mechanical, electrical, plumbing and fire. Procuring these subcontractors for contracts that include both design and build services was recommended by the general contractor to improve efficiency during the construction period, allowing coordination amongst these trades to occur while designs are still under development, improving the accuracy of construction drawings, and resulting in more predictable construction bid pricing. Other costs include additional architecture and engineering to fund services through construction documentation, connection fees to utility providers, and city permit fees. Allocating funds for city permit fees, due at the issuance of first construction addendum, will allow the Project to further advance subsequent permit addenda prior to issuance of a notice to proceed on a complex infill site.

6.4.6 Predevelopment Uses Evaluation:

Predevelopment Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Acquisition Cost is based on appraisal	N/A	
Holding costs are reasonable	N/A	
Architecture and Engineering Fees are within standards	Y	Architecture and engineering fees total \$2,417,518 during predevelopment.
Consultant and legal fees are reasonable	Y	
Entitlement fees are accurately estimated	Y	
Construction Management Fees are within standards	Y	Construction management fees are \$114,685 in predevelopment, which is within the standards based on the predevelopment period

Developer Fee is within standards	Y	See Section 6.5.5 for a breakdown of the proposed developer fee. \$550k of the project management is payable during predevelopment, consistent with the developer fee policy.
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10% of the soft costs for the additional predevelopment loan amount

6.5 Proposed Permanent Financing

6.5.1 Permanent Sources Evaluation Narrative.

The Borrower proposes to use the following permanent financing sources:

- 4% Tax Credit Equity (\$98,536,983): Budget assumes a price of \$0.98 per credit (consistent with pricing secured on two recently closed OCII projects: Hunters Point Shipyard Block 56 and Blocks 52/42). Pursuant to Condition 3, the Sponsor will provide the debt/equity request for proposals or solicitation package for OCII review and will share responses and draft term sheets.
- AHSC Loan (\$28,000,000): Sponsor submitted an application for AHSC funding in April 2023 in an amount totaling \$41,011,377. The total includes the \$28,000,000 residential loan as well as \$13,011,377 grant to BART to fund BART cars and to the Department of Public Works to fund streetscape improvements on Howard Street near the Project site. According to the NOFA timeline, awards will be announced in August 2023.
- OCII Loan (\$72,972,179) (this request): The total OCII loan amount is consistent with the maximum budgeted in the Fiscal Year 2023-24 Recognized Obligation Payment Schedule and is subject to approval by the OCII Commission. The total loan amount may be adjusted to be reduced, or reallocated between the residential and commercial portions, with the final allocation documented in the Project's Final Financial Plan. In addition, subject to Final Financial Plan approval, unused site preparation funds under the Horizontal Ground Lease may be allocated to either the residential or commercial loan.
 - Residential Loan (\$61,961,845): Amount is inclusive of the existing and requested predevelopment loan amounts. Term of 55 years, interest is assumed at 3% but may be adjusted to as low as 0% if the need to do so is demonstrated in a true debt analysis (the final interest rate will be reflected in the Final Financial Plan). Repayment is based on residual receipts.
 - Commercial Loan (\$8,676,682): Term is 55 years with a 3% interest rate. Repayment will be based on residual receipts. Per Condition 2, Sponsor will pursue a permanent commercial loan to repay a portion of this loan following the conversion to permanent residential financing and stabilized occupancy of the commercial spaces.

- Horizontal Project (\$2,333,653): OCII will fund site preparation work under a Horizontal Ground Lease. This funding is provided as a reimbursement of costs incurred, with no repayment (this funding is not structured as a loan).
 - Deferred Developer Fee (\$540,000): Due to HCD restrictions on a cash developer fee, the Sponsor will take the difference between the maximum allowed under MOHCD Guidelines and the maximum allowed by HCD as deferred fee, payable out of the Sponsor's portion of residual receipts.
 - Construction Loan (\$98,621,620): While not a permanent source, the budget assumes a tax-exempt construction loan with an interest rate of 7.48% for 30 months. Pursuant to Condition 3, the Sponsor will provide the debt/equity request for proposals for OCII review and will share responses and draft term sheets.
 - IIG Loan/Grant: While not reflected in the sources herein, Sponsor applied for an IIG grant of \$8M in July 2023 under the 2023 HCD SuperNOFA. Based on the current HCD schedule, funds will be awarded in winter 2023/2024. Funding is expected to be highly competitive and Sponsor is only modestly optimistic about securing an award. In addition, in the event that awards fall behind the anticipated schedule (as occurred in the 2022 SuperNOFA), they may be too late to be included for a May 2024 closing should the Project succeed in securing a CDLAC/TCAC award in the third round of 2023. Should the Project secure a timely IIG award, the funds will be incorporated into the budget and the OCII loan will be reduced accordingly. If necessary, the Sponsor will request a time extension from CDLAC.
 - AHP: The budget does not currently assume an AHP award. For 2023, the Sponsor conducted a scoring analysis and found that the Project would not be competitive at this stage, primarily because it would not yet qualify for full readiness points with the site permit still pending. Pursuant to Condition 10, the Sponsor will evaluate AHP in future rounds and apply as appropriate. If AHP funds are awarded, the OCII loan will be reduced accordingly.
 - Permanent Loan: Based on projected cash flow, the Project cannot currently support a permanent loan. Debt cannot be secured on LOSP units and the rent from the non-subsidized units with rents at 40-80% is insufficient to service debt. Pursuant to Condition 3, Sponsor will continue to monitor cash flow as financial projections are refined and explore the potential for a permanent loan and/or to adjust AMI tiering.
- 6.5.2 CDLAC Tax-Exempt Bond Application.
Block 2 East will apply for low-income housing tax credits and a tax-exempt bond allocation in the third round of 2023 (application due September 6, 2023). The Project's financial consultant, CHPC, is cautiously optimistic about the Project's likelihood of securing an award. The Sponsor has endeavored to optimize scoring and bring down the residential cost by pursuing site preparation funding through the Horizontal Ground Lease and a separate commercial loan.

CDLAC Self-Score	
Opportunity Map Resource Level	Moderate Resource
TCAC Housing Type	Large Family
Bond Allocation Request Amount	Approx. \$105,144,000
Total Self-Score (out of 120 points)	119
Tiebreaker Score	135.02%

6.5.3 Commercial Space Sources and Uses Narrative:

The cost of constructing the commercial spaces to warm shell is estimated at approximately \$8,676,682. Hard costs and certain soft costs for the commercial spaces are estimated based on a pro rata per square foot basis between residential and commercial.

To improve competitive CDLAC scoring by bringing down the total development cost of the residential project, the capital cost of constructing the commercial spaces will be funded through a separate commercial loan from OCII and is not included in the capital budget for the residential project. The Sponsor will establish an affiliate limited liability company for construction and ownership of the commercial improvements. In addition to a separate loan agreement, OCII will enter into a separate commercial ground lease subject to terms in accordance with the MOHCD Commercial Space Underwriting Guidelines. The OCII commercial loan and ground lease will go into effect concurrently with the residential gap loan and ground lease at the close of construction financing.

The Sponsor intends to finish the spaces to a warm shell condition. This includes restrooms with fixtures and accessories, finished floors, HVAC ductwork, exterior signage, and water and electrical meters. To build to this finish level in compliance with the MOHCD Commercial Space Underwriting Guidelines, the Sponsor has agreed to lease to tenants who meet the definition of Community Serving Use (see Condition 2).

In addition to a warm shell initial finish, the commercial capital budget includes a \$293,700 tenant improvement allowance (\$150 per retail square foot) for the retail spaces. A tenant improvement allowance is not an eligible use of MOHCD/OCII funds according to the Commercial Space Underwriting Guidelines. The Sponsor requests, and OCII staff preliminarily recommends, the inclusion of this allowance in this circumstance. As noted above, lease-up of the retail spaces to locally owned neighborhood serving businesses is a priority of the OCII Commission. The tenant improvement allowance is intended to reduce barriers for prospective local businesses and to enhance the Project's likelihood of securing community serving tenants in the current uniquely difficult market conditions. High downtown commercial vacancy rates and overall reduced activity make retail leasing particularly difficult. Prior to finalizing the commercial loan, the Sponsor and Mercy Commercial shall seek to identify other potential tenant improvement sources such as programs offered through the Office of Economic and Workforce Development. In addition, the amount will be reviewed and may be

reduced based on market study findings provided with the updated Commercial Space Plan should market conditions improve and/or the Plan or study identify uses or tenants that require less costly initial improvements (generally, uses that do not include food service). See Condition 2. The allowance is subject to OCII Commission approval along with the commercial loan and lease. In the event that the allowance is deemed unnecessary, can be reduced based on market data, or is not approved by the OCII Commission, the commercial loan amount will be reduced accordingly. Additionally, the Final Financial Plan for the Project will be approved by the MOHCD Director and OCII Executive Director just prior to the close of construction financing. This document will also allow the final loan amount to be reduced if the allowance is deemed to be unnecessary.

As noted in Section 4.7, Wu Yee has secured funding for ECEC tenant improvements through the Low Income Investment Fund ("LIIF"). On another project (1515 South Van Ness), the developer is exploring a structure in which, in addition to tenant improvements, LIIF would pay for construction to a warm shell. LIIF would own the improvements and lease them to the provider. As noted in Condition 2, Sponsor will review this structure for the Block 2 East ECEC to determine if it may be a desirable structure.

6.5.4. Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard cost per unit is within standards	N	\$869,751/unit Hard costs exceed those of comparable projects. See Section 4.6 for discussion. Hard costs include escalation to the planned start of construction in May 2024. Pursuant to Condition 8, the Sponsor will closely monitor costs and identify measures for cost maintenance or reduction.
Construction Hard Cost contingency is at least 5% (new construction)	Y	Hard Cost Contingency is 5%
Architecture and engineering fees are within standards	Y	Architecture and engineering fees total \$3,900,000, which is approximately 3% of hard costs (excluding contingencies)
Construction management fees are within standards	Y	18 months of predevelopment at \$4,200/month, and 23 months of construction at \$6,000/month.

Developer Fee is within standards, see also disbursement chart below	N	Project management fee: \$1,100,000 At risk fee: \$1,400,000 Deferred fee: \$540,000 Commercial fee: \$425,000 Total fee: \$3,565,000 See discussion below
Consultant and legal fees are reasonable	Y	
Entitlement fees are accurately estimated	Y	
Construction loan interest is appropriately sized	Y	Construction loan interest assumes a rate of 7.48% for 30 months
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 3 months
Furnishings	Y	\$2,500/unit for common area x 184 units = \$460,000 PSH units: \$3,650/studio x 1 Studio = \$3,650 \$2,650/1BR x 8 1BRs = \$21,200 \$4,650/2BR x 21 2BRs = \$97,650 \$5,650/3BR x 10 3BRs = \$56,500 Total unit furnishings = \$179,000 Total budget = \$639,000

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

Total Developer Fee:	\$3,565,000	
Project Management Fee paid to date:	\$453,750	41%
Amount of remaining Project Management Fee:	\$646,250	59%
Amount of fee at Risk (the "At Risk Fee"):	\$1,400,000	
Amount of Deferred Fee:	\$540,000	
Amount of Commercial Space Developer Fee (the "Commercial Fee"):	\$425,000	
Milestones for disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
During predevelopment	\$96,250	50%
Close of construction financing	\$220,000	20%
Construction completion	\$220,000	20%
Project close-out	\$110,000	10%

Milestones for disbursement of that portion of Developer Fee defined as At Risk Fee		Percentage At Risk Fee
100% lease up and draft cost certification	\$280,000	20%
Permanent conversion	\$700,000	50%
Project close-out	\$420,000	30%
Milestones for Disbursement of that portion of Developer Fee defined as Commercial Fee		Percentage Commercial Fee
Completion of commercial parcel mapping	\$75,000	20%
Signed letters of intent for all commercial spaces	\$175,000	40%
Signed leases for all commercial spaces	\$87,500	20%
100% commercial occupancy	\$87,500	20%

The amount of the At-Risk Fee requested is lower than the maximum allowable pursuant to the MOHCD Policy on Development Fees for Tax Credit Projects. The maximum allowable cash-out fee is \$3,040,000 (\$2,200,000 + (\$10,000 x 84)). Due to HCD restrictions, the Sponsor instead proposes to take \$2,500,000 in cash-out fee, and \$540,000 in Deferred Fee.

To keep residential costs as low as possible, the Developer Fee does not currently reflect a General Partner Equity contribution. This will be reassessed and may be included to the extent that it contributes to increased tax credit equity but does not negatively impact tiebreaker scoring in the CDLAC/TCAC application. If General Partner Equity is recommended, it will be addressed in the Final Financial Plan.

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

7.5. Annual Operating Budget.

Project income is comprised of residential tenant rent and LOSP funds. Proposed tenant rent is projected at the greater of the maximum allowable per MOHCD rent restrictions or the maximum viable as set forth in the market study.

The Sponsor will seek a 15-year grant agreement for LOSP from MOHCD (see Condition 5).

Annual LOSP revenue is based on the pro rata share of operating expenses attributable to the 40 LOSP units, which comprise 22% of affordable units. Based on direction from HSH, the tenant paid portion of rent for LOSP units is \$225 per unit per month. For lottery units, rent revenue is based on maximum rents reflected in the 2023 MOHCD rent limit schedule.

Expenses are split pro rata between LOSP and non-LOSP with the exception of the following:

- Other Salaries/Benefits and Security Payroll/Contract: split is 75% LOSP/ 25% non-LOSP. These costs are for 24-hour desk coverage. This split is consistent with that of other MOHCD sponsored LOSP projects.
- Supportive Services: attributable 100% to non-LOSP units (supportive services for LOSP units are funded through a separate contract with HSH as discussed in Section 8).

Pursuant to Condition 5, the Sponsor will work with OCII, MOHCD, and HSH to finalize the LOSP budget and secure approval for a LOSP Agreement. Any proposed deviations from a pro rata cost split are subject to review and approval.

7.6. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	Y	
Vacancy rate meets TCAC standards	Y	Vacancy rate is 5%
Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	Y	Income escalation factor is 2.5%, 1% for LOSP
Annual Operating Expenses are increased at 3.5% per year	Y	Expense escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are \$16,838 per unit per year, including reserves, base rent and bond fees.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$155,520 or \$70 PUPM
Property Management staffing level is reasonable per comparables	Y	Proposed staffing: 1 FTE Senior Property Manager (SPM) 2 FTE Assistant PMs 4.5 FTE Desk Staff (24/7 coverage) 1 FTE Maintenance Manager 1 FTE Maintenance Tech 1 FTE Janitor Total: 9.5 FTE
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$26,920 Annual PM Fee is \$26,920 Amounts are consistent with the MOHCD Operating Fees policy, escalated to 2026.
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$500 per unit per year
Limited Partnership Asset Management Fee meets standards	Y	\$5,000 per year with no escalation

7.7. Capital Needs Assessment & Replacement Reserve Analysis. N/A**7.8. Income Restrictions for All Sources.**

UNIT SIZE		MAXIMUM INCOME LEVEL	
NON-LOTTERY	No. of Units	OCII/MOHCD	TCAC/CDLAC/HCD
1 BR – LOSP*	6	50% MOHCD AMI	20% TCAC AMI
1 BR – LOSP*	2	50% MOHCD AMI	30% TCAC AMI
2 BR – LOSP*	18	50% MOHCD AMI	20% TCAC AMI
2 BR – LOSP*	4	50% MOHCD AMI	30% TCAC AMI
3 BR – LOSP*	8	50% MOHCD AMI	20% TCAC AMI
3 BR – LOSP*	2	50% MOHCD AMI	30% TCAC AMI
Sub-Total	40		
LOTTERY			
Studio	17	60% MOHCD AMI	50% TCAC AMI
Sub-Total	17		
1 BR	3	40% MOHCD AMI	30% TCAC AMI
1 BR	41	60% MOHCD AMI	50% TCAC AMI
1 BR	23	80% MOHCD AMI	60% TCAC AMI
Sub-Total	76		
2 BR	2	40% MOHCD AMI	30% TCAC AMI
2 BR	16	60% MOHCD AMI	50% TCAC AMI
2 BR	13	80% MOHCD AMI	60% TCAC AMI
Sub-Total	52		
3 BR	1	40% MOHCD AMI	50% TCAC AMI
3 BR	26	60% MOHCD AMI	50% TCAC AMI
Sub-Total	37		
STAFF UNITS			
1 BR	1		
2 BR	1		
Total	184		
PROJECT AVERAGE		61%	45%
AVERAGE FOR LOTTERY UNITS ONLY		64%	52%

* While LOSP units will be restricted at 50% MOHCD AMI to allow for maximum flexibility, tenants referred to LOSP units are typically extremely low-income, at or below 30% AMI.

7.9. MOHCD/OCII Restrictions.

Unit Size	No. of Units	Maximum Income Level	Rental/Operating Subsidy
Studio	17	60% of Median Income	
1-BR	3	40% of Median Income	
1-BR	8	50% of Median Income	LOSP
1-BR	41	60% of Median Income	
1-BR	23	80% of Median Income	
1-BR	1	Manager's Unit	
2-BR	2	40% of Median Income	
2-BR	22	50% of Median Income	LOSP
2-BR	16	60% of Median Income	
2-BR	13	80% of Median Income	
2-BR	1	Manager's Unit	
3-BR	1	40% of Median Income	
3-BR	10	50% of Median Income	LOSP
3-BR	26	60% of Median Income	

8. SUPPORT SERVICES**8.5. 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
Senior Case Manager – ECS (serving families in supportive units)	1.6	Provides psychological assessments, supportive counseling, and individualized wrap-around case management. Services aligned with Positive Parenting Program.
Senior Case Manager, Bilingual – ECS (serving families in supportive units)	1	Provides psychological assessments, supportive counseling, and individualized wrap-around case management. Focus on monolingual/ESL Spanish-speaking families. Services aligned with Positive Parenting Program.
Support Services Manager – ECS (support for families in supportive units)	0.6	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)	1.3	Coordinates on site services 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	4.7	

ECS Housing Case Management staff will operate under a Housing First and Harm Reduction philosophy, utilizing a person-centered approach that meets people where they are. Supportive services will be provided with the goal is to support families in achieving greater stability in their lives, assist them in moving toward increased self-sufficiency, maintain their housing. ECS will do this by fostering community-building and providing focused case management services. This includes clinical assessments, crisis management, conflict resolution, legal and financial advocacy, basic needs access, eviction prevention, housing stabilization, and hand-in-glove coordination with onsite property management and wraparound supportive services partners, including for workforce training, adult learning, housing ladder opportunities, and others as identified during resident-directed service planning.

Mercy's family resident services will emphasize housing and financial stability, health and wellness, afterschool programs, and community engagement. Mercy's afterschool program goals are to provide homework support and enrichment activities aimed at helping youth aged 6-18 promote on time and provide social emotional learning and educational skills.

Mercy provides financial stability education through individual or group workshops on the following topics: EITC education, job readiness support, and technology literacy. Services teams also work with residents to aid with resume preparation and job searches as well as referrals to local workforce development programs.

- 8.6. Services Budget. Services will be funded through a separate contract with HSH and through the operating budget. HSH will fund case management services for the LOSP units at a rate of \$1,075/unit/month (\$516,000/year), consistent with HSH's standard for family buildings.

The balance of services will be funded through the operating budget. With 1.5 FTE, the resident services staffing and related operational cost is consistent with the underwriting standards.

Cost Type	FTE	HSH Budget	Operating Budget	Total
Senior Case Manager	1.6	\$112,000	--	\$112,000
Senior Case Manager, Bilingual	1.0	\$73,500	--	\$73,500
Support Services Manager	0.6	\$63,000	--	\$63,500
Resident Services Manager	0.2	--	\$18,000	\$18,000
Resident Services Coordinator	1.3	--	\$87,750	\$87,750
Fringe (ECS 42%, Mercy 34%)		\$104,370	\$35,955	\$140,685
Operating expenses		\$95,825	\$46,700	\$142,525
Indirect (15%)		\$67,304	\$27,732	\$95,036
Total		\$516,000	\$216,137	\$732,496

8.7. HSH Assessment of Service Plan and Budget.

HSH staff has reviewed the services plan and budget and confirmed that the cost is consistent with HSH standards and the amount budgeted for this Project. The staff plan meets the HSH case management staff FTE to LOSP household ratio requirement of 1:20. Per condition 7, Mercy and ECS will work with HSH to finalize the services plan and enter into a contract for supportive services.

9. STAFF RECOMMENDATIONS**9.5. Proposed Loan/Grant Terms**

Financial Description of Proposed Loan (Residential)	
Loan Amount:	\$61,156,531
Loan Term:	55 years
Loan Maturity Date:	2078
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	Up to 3% (interest rate may be adjusted to between 0% and 3% to conform with a future true debt analysis. Rate is to be determined prior to construction loan closing with approval of the OCII Executive Director and MOHCD Director and will be set forth in the Final Financial Plan.)
Date Loan Committee approves prior expenses can be paid:	November 12, 2020

Financial Description of Proposed Horizontal Project Cost Reimbursement (Horizontal Ground Lease)	
Amount:	\$2,333,653
Term:	Terminates for each Block 2 East and West upon the effective date of vertical ground leases.
Maturity Date:	N/A
Repayment Type:	N/A (no repayment, costs are paid on a reimbursement basis)
Interest Rate:	N/A
Date Loan Committee approves prior expenses can be paid:	August 4, 2023

Financial Description of Proposed Loan (Commercial)	
Loan Amount:	\$8,676,682
Loan Term:	55 years
Loan Maturity Date:	2078

Loan Repayment Type:	Residual Receipts, 40% net commercial cash flow due to OCII
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	November 12, 2020

9.6. Recommended Loan Conditions

1. Sponsor will work closely with the sponsor of Block 2 West throughout predevelopment and construction and will:
 - a. Finalize the parcel map for the overall Block 2 site.
 - b. Collaborate on the scope and schedule of the Horizontal Project to ensure that work is complete prior to the Block 2 West project close of construction financing. Sponsor and CCDC shall amend the existing JDA to reflect the site work structure and/or enter into a memorandum of understanding or similar agreement.
 - c. Identify and implement strategies to improve construction efficiencies and optimize logistics between the Block 2 East and Block 2 West projects.
 - d. Determine and document roles and responsibilities for the shared maintenance of the publicly accessible pedestrian mews and any other shared open space elements, subject to the advance review and approval of OCII.
2. Sponsor shall continue to refine the commercial capital and operating budgets and, prior to the close of construction financing, Sponsor shall:
 - a. Submit an updated Commercial Space Plan that documents further outreach to prospective tenants, describes racial equity efforts and expected outcomes, and outlines plans to achieve community benefits pursuant to the below-referenced Community Commercial Services Agreement. The updated Commercial Space Plan shall include a third party prepared market study. In addition, the updated Commercial Space Plan shall include an analysis of resources available to fund tenant improvements such as, but not limited to, programs from OEWD.
 - b. Based on findings from the updated Commercial Space Plan and market study as referenced above, provide a recommended tenant improvement allowance responsive to current market conditions and anticipated tenant uses and related improvement cost estimates for OCII review and approval. The final tenant improvement allowance will be included as an attachment to the OCII commercial loan agreement, subject to OCII Commission approval, and approval by the MOHCD Director and OCII Director as part of the Final Financial Plan.

- c. Make good faith efforts to secure letters of intent with Community Serving Use tenants (as defined in the MOHCD Commercial Space Underwriting Guidelines).
- d. Enter into a Community Commercial Services Agreement (as referenced in the MOHCD Commercial Space Underwriting Guidelines) or similar agreement to establish the terms and annual community benefit reporting requirements for the commercial spaces.
- e. Subject to OCII review and approval, execute a reciprocal easement agreement or similar document to establish the terms for access to spaces shared between the residential and commercial projects and the allocation of costs and responsibilities.
- f. Enter into a commercial space loan agreement and ground lease with OCII.
- g. In collaboration with OCII and MOHCD, explore alternative ownership, construction financing, and leasing structures for the childcare space with the intent of reducing or eliminating the OCII commercial loan for this space.

Following initial lease-up and a period of stabilized commercial occupancy as mutually agreed upon by the Sponsor, Mercy Commercial, and OCII, pursue a permanent commercial loan to reimburse OCII's commercial loan to the extent feasible.

- 3. Sponsor shall provide for OCII advance review and approval: a) the request for proposals and/or solicitation package for equity investors and lenders before it is finalized and distributed; b) all raw financial data from developer or financial consultant prior to selection; c) proposals from all investors and lenders; and d) all letters of intent from financial partners.
- 4. Sponsor shall continue to refine the income levels for the non-subsidized units and seek to incorporate units at a 50% AMI tier, with the intention of maximizing opportunities for COP holders, to the extent that it aligns with restrictions from other lenders. Any adjustments to AMI tiering will be balanced to ensure that cash flow remains positive for the first 20 years of operation. Final AMI tiering shall be reflected in the Final Financial Plan. In addition, Sponsor shall study the potential for permanent debt.
- 5. Sponsor shall work with OCII, MOHCD and HSH to finalize the LOSP budget and secure approval for a LOSP grant agreement in accordance with the timeframe and procedure set forth in the LOSP manual. Any proposed deviation(s) from a pro rata cost split between LOSP and the operating budget are subject to Loan Committee review and approval, and must be justified by the Sponsor.
- 6. If directed by OCII, MOHCD, and/or HSH, Sponsor shall submit an application for Continuum of Care rent and supportive services subsidies for all or a portion of the LOSP units.

7. Sponsor shall continue to refine the supportive services plan and budget for review and approval by OCII and HSH, and shall work with HSH to finalize a supportive services contract for the Project.
8. Sponsor, in cooperation with OCII, shall continue to require the general contractor to exercise good faith efforts to select subcontractors who are either SBEs or, if they are not SBEs, are willing to create joint ventures or similar partnership opportunities with SBEs. In addition, Sponsor will work closely with the general contractor and design team to monitor construction costs and identify opportunities for cost savings and efficiencies.
9. Sponsor shall provide an Early Outreach Plan one month after the start of construction and an initial draft Marketing Plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the Project to OCII's preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents. In addition, the Marketing Plan will describe how the marketing is consistent with the Mayor's Racial Equity Statement and promotion of positive outcomes for African American San Franciscans. Along with the Marketing Plan submittal, Sponsor shall provide a lease-up staffing plan for OCII and MOHCD review.
10. Sponsor will evaluate scoring criteria for AHP and provide a self-score to OCII in 2024 and future rounds as appropriate. Sponsor will submit an application for AHP funding as directed by OCII.
11. Sponsor shall submit to OCII final permanent residential and commercial sources and uses budgets and operating budgets, compliant with underwriting standards for OCII review and approval. The final budgets will be incorporated into the Final Financial Plan, subject to approval by OCII and MOHCD. Among other items, the Final Financial Plan may include as appropriate:
 - a. Adjustments to the allocation of funds between the residential and commercial loans to optimize scoring and/or maximize tax credit basis.
 - b. Unused funds from the site preparation work under the Horizontal Ground Lease, if any, may be allocated to the residential or commercial loan if needed.
 - c. An increase to Developer Fee to add General Partner Equity, with an equal amount added as a source, if needed to maximize tax credit basis.
12. Sponsor, in coordination with the sponsor of Block 2 West, will continue to conduct outreach to the Transbay community throughout predevelopment and construction to solicit input, address concerns, and educate community members on various aspects of the Project. Outreach should include updates to the Transbay CAC and other community organizations at key Project milestones.

10. 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

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

Thor Kaslofsky, Executive Director
Office of Community Investment and Infrastructure

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

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

From: [Shaw, Eric \(MYR\)](#)
To: [Amaya, Vanessa \(MYR\)](#)
Cc: [Cameron, Ituala \(MYR\)](#); [Obstfeld, Kimberly \(CII\)](#)
Subject: RE: Please Vote: \$72,972,179 Permanent Gap Loan, for Transbay Block 2 East -Loan Committee 8-04-23
Date: Monday, August 7, 2023 11:47:35 AM

I apporve

From: Amaya, Vanessa (MYR) <Vanessa.Amaya@sfgov.org>
Sent: Monday, August 7, 2023 11:43 AM
To: Shaw, Eric (MYR) <eric.shaw@sfgov.org>
Cc: Cameron, Ituala (MYR) <ituala.cameron@sfgov.org>; Obstfeld, Kimberly (CII) <kimberly.obstfeld@sfgov.org>
Subject: Please Vote: \$72,972,179 Permanent Gap Loan, for Transbay Block 2 East -Loan Committee 8-04-23

Hello Director Shaw,

Please provide your vote as soon as possible as the sponsor needs to submit for a funding application.

Please be sure to Reply All to include Kim Obstfeld .

Thank you.

[Vanessa Amaya](#)

[Assistant Housing Loan Administrator](#)

[San Francisco Mayor's Office of Housing and Community Development](#)

[1 South Van Ness Ave, 5th Floor, San Francisco, CA 94103](#)

[\(628\) 652-5967](#)

PERMANENT GAP LOAN, PERMANENTCOMMERCIAL LOAN, AND SITE PREPARATION FUNDING FOR TRANSBAY BLOCK 2 EAST

Menjivar, Salvador (HOM)

Fri 8/4/2023 12:23 PM

To: Shaw, Eric (MYR) <eric.shaw@sfgov.org>

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

I approve Mercy Housing California request for funding from OCII in a total amount of up to \$72,972,179 for Transbay Block 2 East, a 100% affordable rental housing project located on the eastern half of Block 2 of the Transbay Redevelopment Project Area. The project includes 184 units ranging in size from studios to four bedrooms serving households with incomes ranging from 40% to 80% of the area median income, two manager's units, a childcare facility, and two ground floor retail spaces. 40 units will serve families experiencing homelessness with subsidy from the Local Operating Subsidy Program.

Best,

Salvador

Transbay 2E Permanent Funding

Colomello, Elizabeth (CII)

Fri 8/4/2023 11:49 AM

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

Cc:Shaw, Eric (MYR) <eric.shaw@sfgov.org>;Kaslofsky, Thor (CII) <Thor.Kaslofsky@sfgov.org>

Hi Vanessa-

I approve the subject request on behalf of OCII.

Thanks-

Elizabeth



Elizabeth Colomello

Housing Program Manager

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

📞 415.749-2488, Cell 415.407-1908

🏠 www.sfocii.org

Re: \$72,972,179 Permanent Gap Loan, Permanent Commercial Loan, and Site Preparation Funding for Transbay Block 2 East

Trivedi, Vishal (CON)

Fri 8/4/2023 11:52 AM

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

Cc: Shaw, Eric (MYR) <eric.shaw@sfgov.org>

I vote yes on this item.

Vishal Trivedi | Financial Analyst

Office of Public Finance | City & County of San Francisco

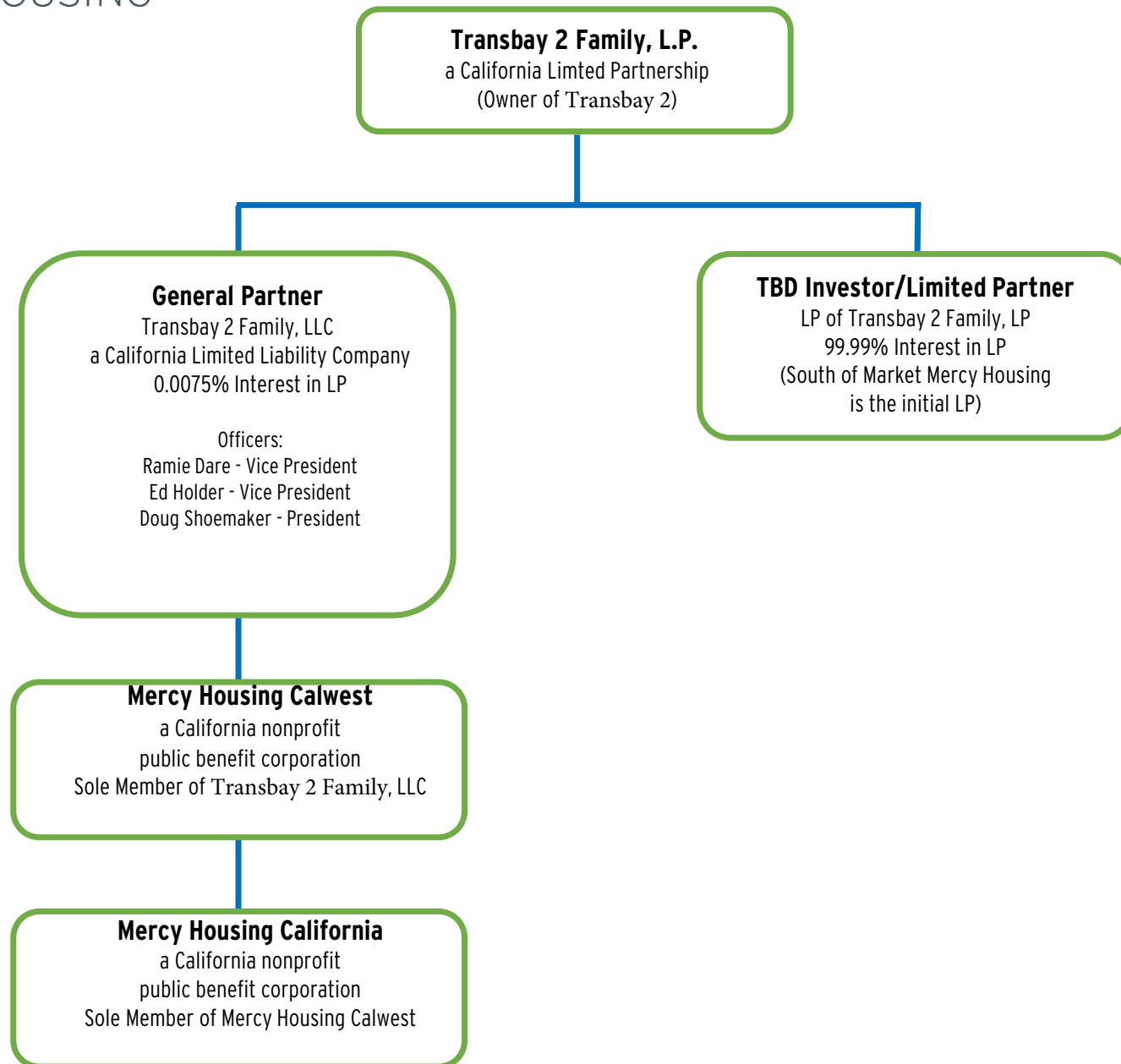
Email | vishal.trivedi@sfgov.org

Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	N/A	N/A
1.	Acquisition/Predev Financing Commitment	June 2021	Complete
2.	Site Acquisition (Ground Lease)	May 2024	
3.	Development Team Selection		
a.	Architect	Nov 2020	Complete
b.	General Contractor	Jun 2021	Complete
c.	Owner's Representative	Apr 2021	Complete
d.	Property Manager	Nov 2020	Complete
e.	Service Provider	Nov 2020	Complete
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	Nov 2022	Complete
b.	Submittal of Design Development & Cost Estimate	Aug 2023	
c.	Submittal of 50% CD Set & Cost Estimate	Oct 2023	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	Jan 2024	
5.	Commercial Space		
a.	Commercial Space Plan submission (preliminary)	May 2023	Complete
b.	Commercial Space Plan submission (updated)	Oct 2023	
b.	LOI/s executed (target)	May 2024	
6.	Environ Review/Land-Use Entitlements		
b.	CEQA Environ Review Submission	Oct 2022	Complete
c.	NEPA Environ Review Submission	N/A	
7.	PUC/PG&E		
a.	Temp Power Application Submission	Mar 2023	Complete
b.	Perm Power Application Submission	Nov 2022	Complete
8.	Permits		
a.	Building / Site Permit Application Submitted	Aug 2022	Complete
b.	Addendum #1 Submitted	Aug 2023	
c.	Addendum #2 Submitted	Dec 2023	
9.	Request for Bids Issued	Sep 2023	
10.	Service Plan Submission		
a.	Preliminary	May 2023	Complete

b.	Final	Oct 2023	
11.	Additional City Financing		
a.	Gap Financing Application (this request)	Jun 2023	Complete
12.	Other Financing		
a.	HCD IIG Application	Jul 2023	Complete
b.	Construction Financing RFP	Sep 2023	
c.	AHP Application	Mar 2024 or 2025	
d.	CDLAC/TCAC Application	Sep 2023	
g.	LOSP Funding Request	Nov 2024	
13.	Closing		
a.	Construction Loan Closing	May 2024	
b.	Conversion of Construction Loan to Permanent Financing	Nov 2026	
14.	Construction		
a.	Notice to Proceed	May 2024	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	Apr 2026	
15.	Marketing/Rent-up		
a.	Early Outreach Plan Submission	Jun 2024	
b.	Marketing Plan Submission	Jun 2025	
c.	Commence Marketing	Sep 2025	
d.	95% Occupancy	Sep 2026	
16.	Cost Certification/8609	Sep 2027	
17.	Close Out MOH/OCII Loan(s)	Sep 2027	

Attachment B: Borrower Org Chart



Transbay 2 Commercial LLC

**A California Limited Liability Company
Owner of Transbay Block 2 Commercial Development**

Mercy Housing Calwest

**A California nonprofit public benefit corporation,
Its sole member/manager of Transbay 2 Commercial LLC**

Mercy Housing California

**A California nonprofit public benefit corporation,
Sole member of Mercy Housing Calwest**

Attachment C: Development Staff Resumes

Tauji Louisville is an Assistant Project Manager at Mercy Housing California. Tauji joined Mercy Housing in August of 2022 after graduating from UCLA with a bachelor's degree in Anthropology. While obtaining her degree, she worked as a Bruin Connector in the office of Strategic Partnerships and Community Engagement where she visited faith-based organizations and LAUSD schools to educate students about college admissions. Previously, Tauji worked at Satellite Affordable Housing Associates as an asset management analyst where she assisted with requests for proposals for Project Based Vouchers and prepared reserve draw requests.

Sean Wils is a Senior Project Manager at Mercy Housing California. In addition to Block 2 East, Sean is leading the development of 1939 Market, a 17-story, 184-unit, 100% affordable housing project. Before joining Mercy, Sean most recently completed two new construction projects in San Francisco totaling 237 permanent supportive housing units, and brought a 58-unit permanent supportive housing historic rehabilitation project from predevelopment to construction closing. Prior to developing San Francisco affordable housing, Sean worked in Brooklyn, New York, managing a 1.8 million square foot mixed-use development with 200 affordable units.

Michael Kaplan is an Associate Director of Development at Mercy Housing California. With over 13 years of community development experience, including eight years in affordable housing, he has been involved in the creation or renovation of over 700 units of affordable housing valued at over \$500M. He has entitled housing across a spectrum of neighborhoods, ranging from disadvantaged communities to upscale suburbs across the Bay Area, and has worked with a diverse group of stakeholders, partners, and public agencies to get housing built.

Ramie Dare is the Director of Real Estate at Mercy Housing California. Her nearly three decades as a developer of affordable housing and mixed-use buildings represents her dedication to community development and building the social and physical infrastructure of urban neighborhoods. She is skilled in problem solving and project managing complex financing structures and regulatory overlays, large project teams, politically sensitive processes, and an array of public/private partnership developments. Throughout her career, Ramie has remained steadfast in her commitment to thoughtfully engaging communities in her work and intelligently identifying community needs and maximizing neighborhood assets to achieve shared goals in planning, design, and operations of the buildings she develops.

Attachment D: Asset Management Evaluation of Project Sponsor

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

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

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

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

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

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

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

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

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

The portfolio is analyzed monthly through a Portfolio Scorecard, which looks at physical and economic occupancy, trade and intercompany payables. In addition, the team performs quarterly risk ratings according to Affordable Housing Investment Council

(AHIC) standards, of every property to evaluate occupancy, reserves, management, capital needs and available reserves. If a property is placed on the watchlist, there is a quarterly meeting with the Asset Management team, Mercy Housing Management Group and the Mercy Housing California President to discuss the issue and identify a solution.

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

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

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

Mercy's Asset Management annual staffing budget is approximately \$3.3M.

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

MOHCD Asset Management 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 statewide and a portfolio of 155 projects in California, the project/asset management staff ratio is 22, which is in line with the industry standard of 20-25 recommended by NeighborWorks America. In addition, the Sponsor's asset management staff also includes Asset Management Analysts who support the Asset Managers. The full range of asset management responsibilities are covered by the asset managers and the analysts. With an increase of 15 projects in the Sponsor's portfolio anticipated over the next 5 years, the ratio will increase but remain within the industry standard.

Attachment E: Threshold Eligibility Requirements and Ranking Criteria

The RFP, issued by OCII on June 22, 2020, defined minimum threshold requirements to be considered for selection. The Sponsors satisfied these requirements.

The Sponsor was selected, as part of a team along with the Sponsor of Block 2 West, based on their submittal in response to the RFP. 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

Attachment F: Site Map with amenities



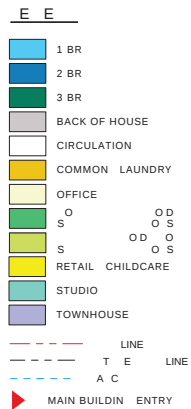
15-MIN WALK RADIUS (3/4-MILE)

TRANSBAY BLOCK 2 AMENITIES

- GROCERY STORE / PHARMACY
 - RESTAURANT
 - CAFE
 - DAYCARE
 - BANK
 - PARK
 - EDUCATION
 - POST OFFICE / UPS
 - MUSEUM
 - TRANSIT STATION
 - TRANSBAY REDEVELOPMENT PROJECT AREA
 - TRANSBAY ZONE 1 SUB-AREA
 - TRUE NORTH
 - SOMA NORTH
- 0' 125' 250' 500'

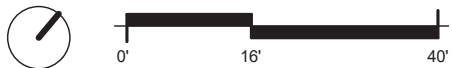
Attachment G: Elevations and Floor Plans

Floor Plan - Level 01



Retail Notes:

- Louvers will be integrated into the retail and childcare space exterior facades with no projection into open spaces or right-of-way.
- Retail storefront is fenestrated for greater than 60% of the storefront area. At least 75% of the window and door surfaces is transparent.
- All entrances area at grade.
- See "Enlarged Storefront Elevation - Retail" for additional information.
- Venting / Exhaust Standard: Space for the location of ducts, exhaust pipes and other appurtenances associated with commercial uses adjacent to the open space parcels to be integrated into the building. No ducts or exhaust pipes will encroach in areas designated for open space.
- At retail and childcare the louvers at exterior facade allow flexibility for conditioning the space and integration of type 2 exhaust for retail venting.
- At retail, electrical and network wiring is roughed-in to central location for tenant flexibility.
- At retail, restroom will be provided and plumbing will be roughed-in to central location for tenant flexibility.
- There will be no gas provided for the project
- The final landscape design at the childcare courtyard will be designed and reviewed during Design Development.

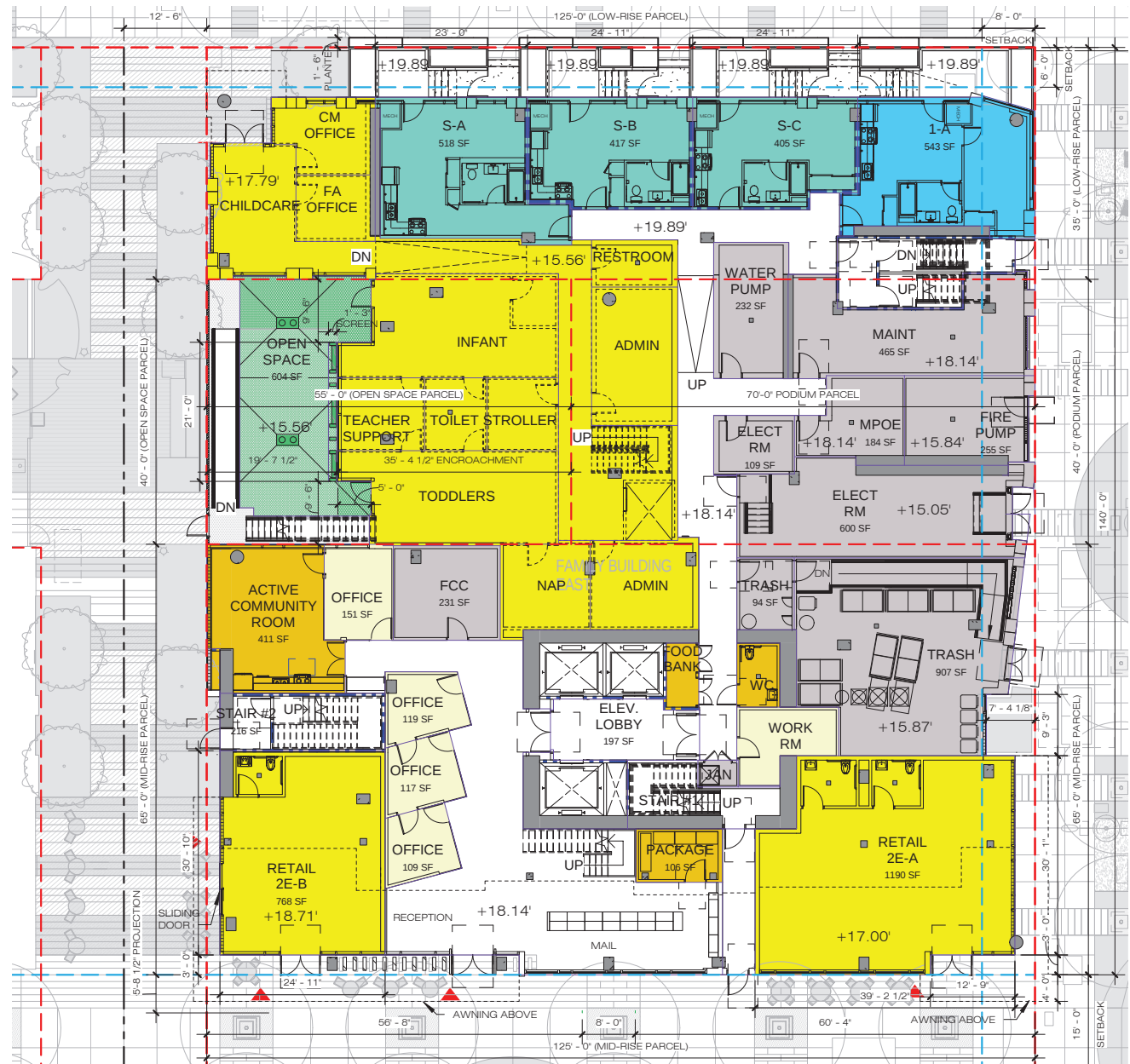


Transbay Block 2 East

Schematic Design Document

21 October 2022

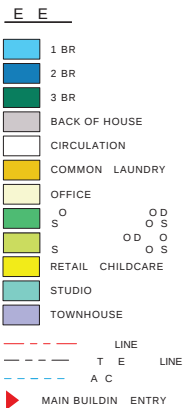
Page 54



KENNERLY ARCHITECTURE & PLANNING



Floor Plan - Level 02



Retail Notes:

- Louvers will be integrated into the retail and childcare space exterior facades with no projection into open spaces or right-of-way.

- Retail storefront is fenestrated for greater than 60% of the storefront area. At least 75% of the window and door surfaces is transparent.

- All entrances area at grade.

- See "Enlarged Storefront Elevation - Retail" for additional information.

- Venting / Exhaust Standard: Space for the location of ducts, exhaust pipes and other appurtenances associated with commercial uses adjacent to the open space parcels to be integrated into the building. No ducts or exhaust pipes will encroach in areas designated for open space.

- At retail and childcare the louvers at exterior facade allow flexibility for conditioning the space and integration of type 2 exhaust for retail venting.

- At retail, electrical and network wiring is roughed-in to central location for tenant flexibility.

- At retail, restroom will be provided and plumbing will be roughed-in to central location for tenant flexibility.

- There will be no gas provided for the project

- The final landscape design at the childcare courtyard will be designed and reviewed during Design Development.



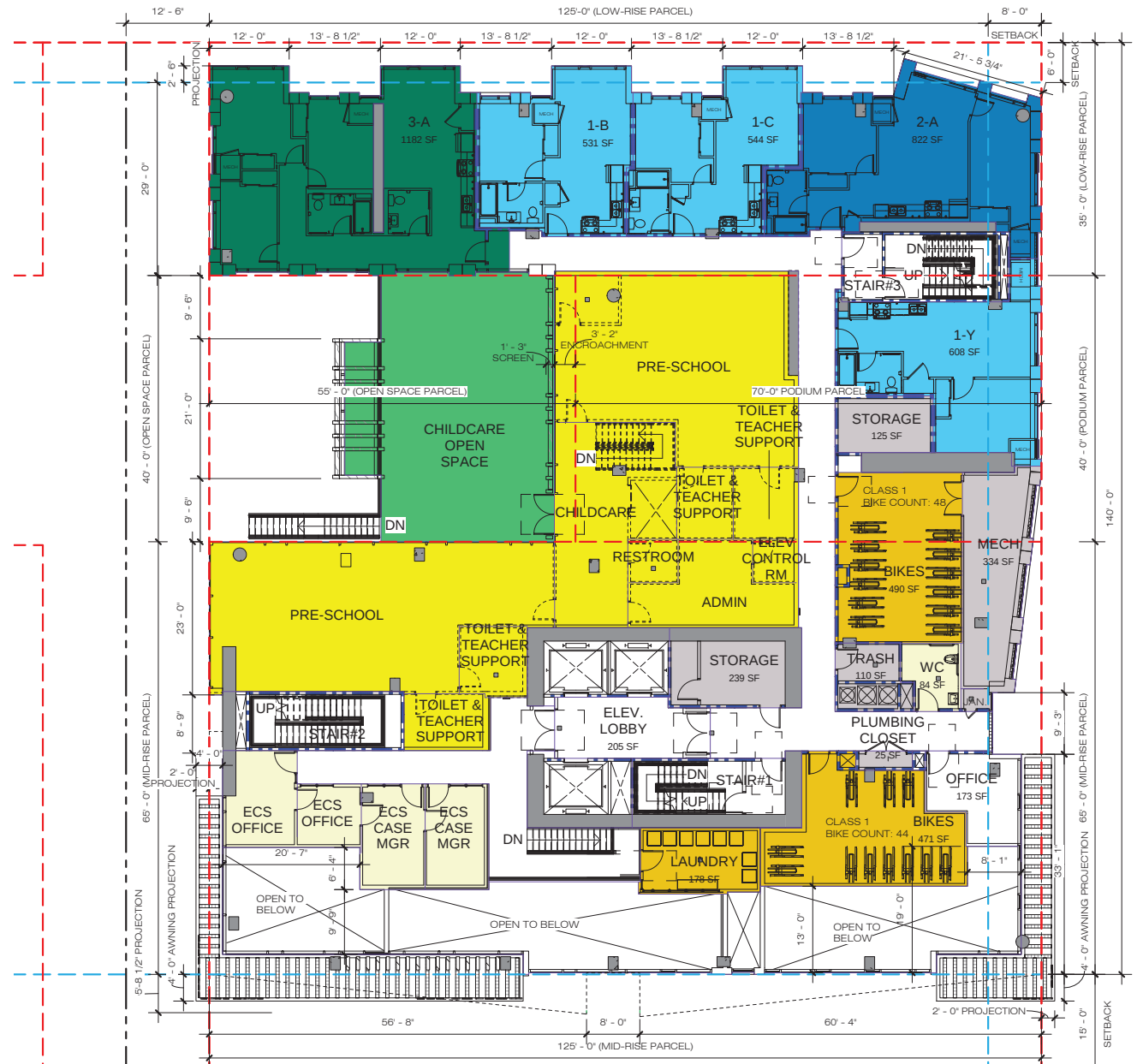
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Transbay Block 2 East

Schematic Design Document

21 October 2022

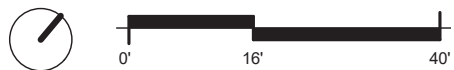
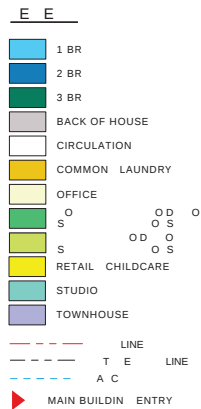
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Floor Plan - Level 03-5

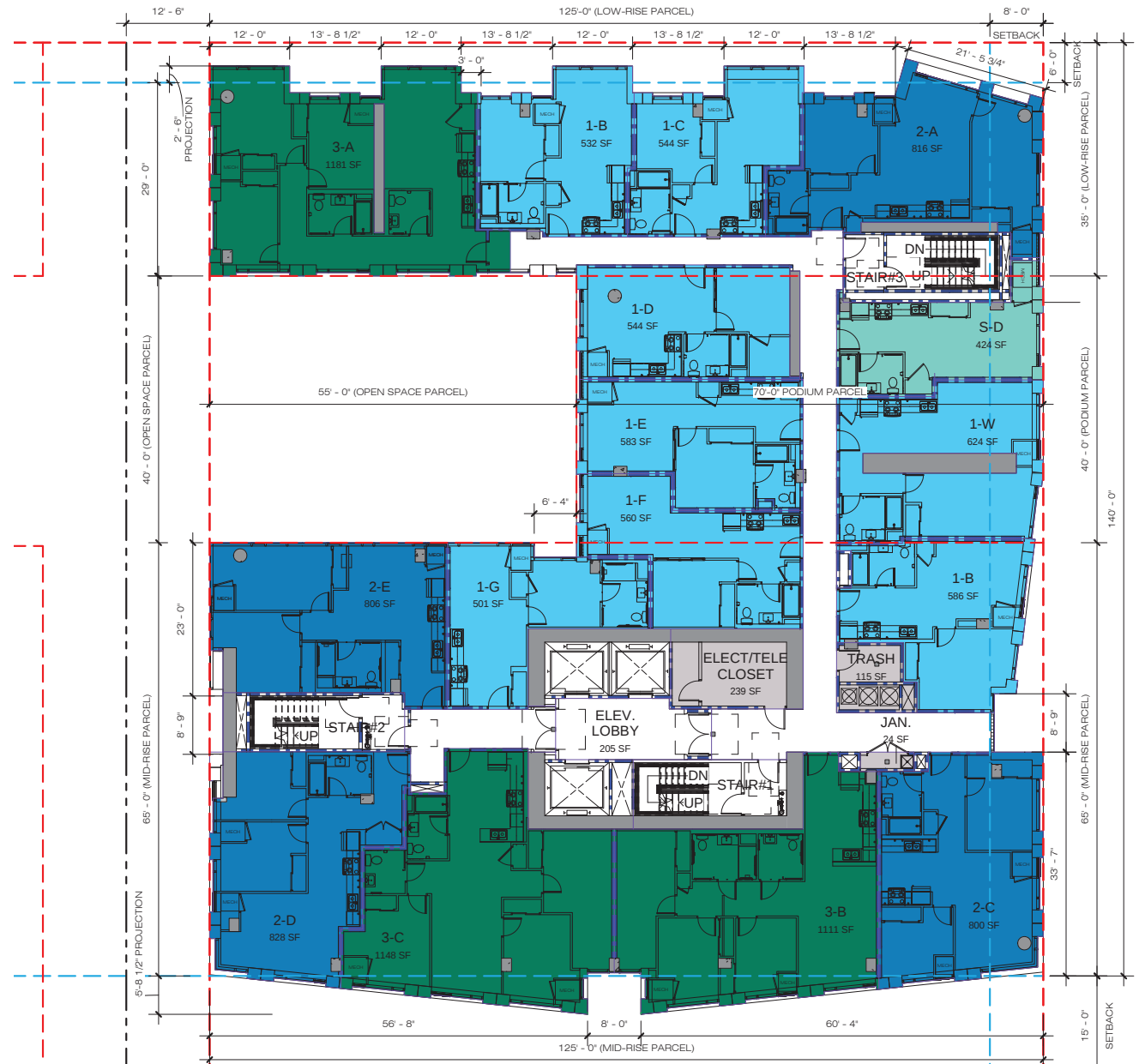


Transbay Block 2 East

Schematic Design Document

21 October 2022

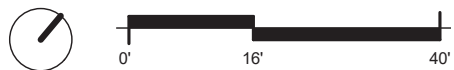
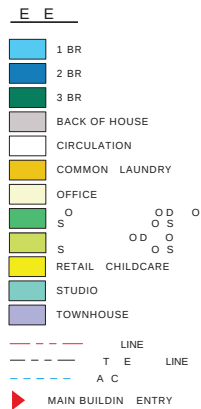
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Floor Plan - Level 06

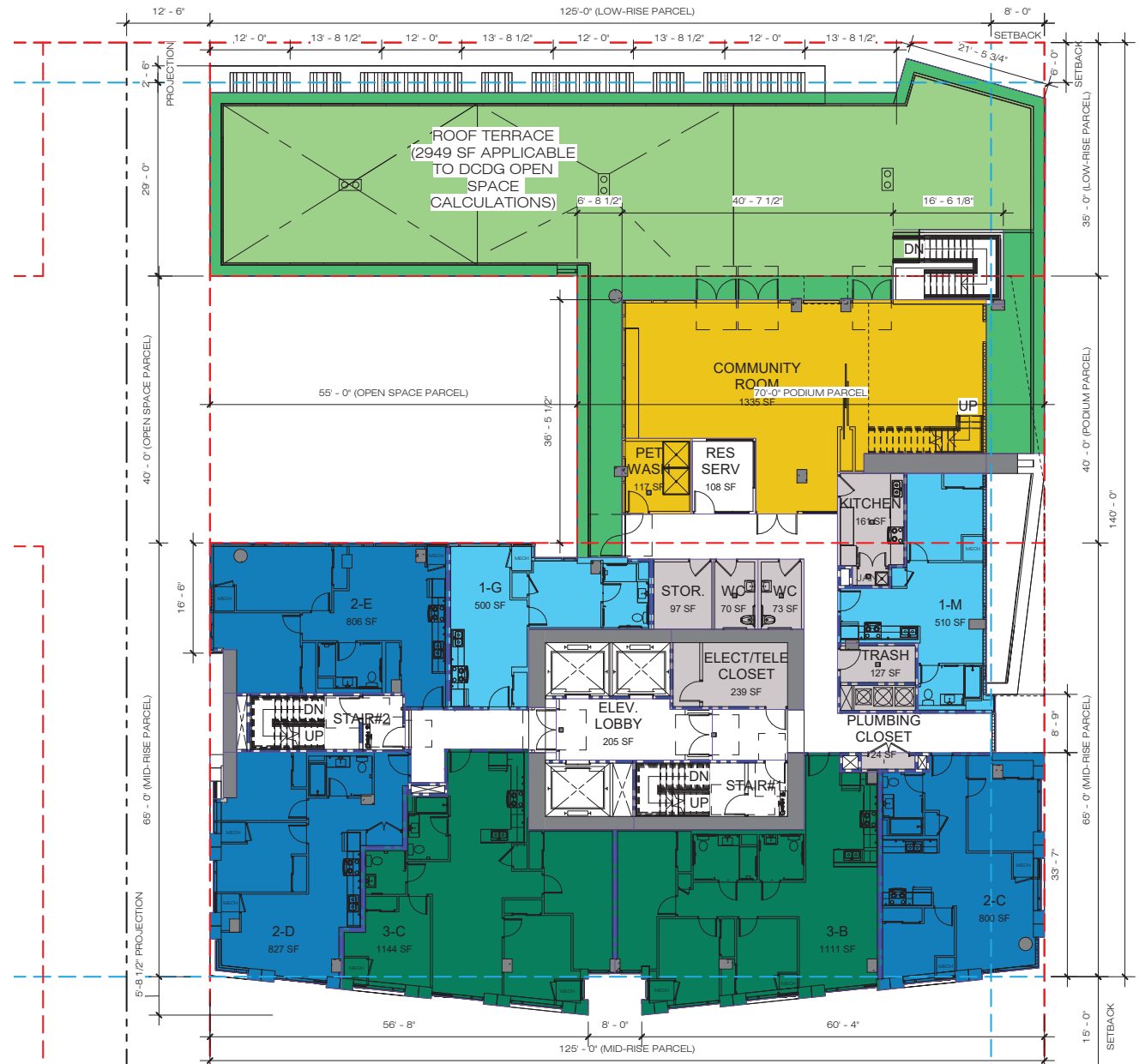


Transbay Block 2 East

Schematic Design Document

21 October 2022

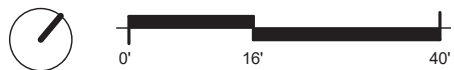
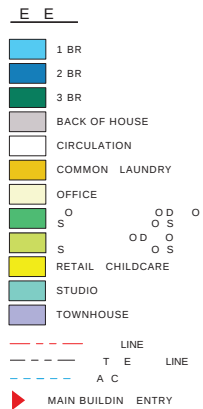
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Floor Plan - Level 08-10

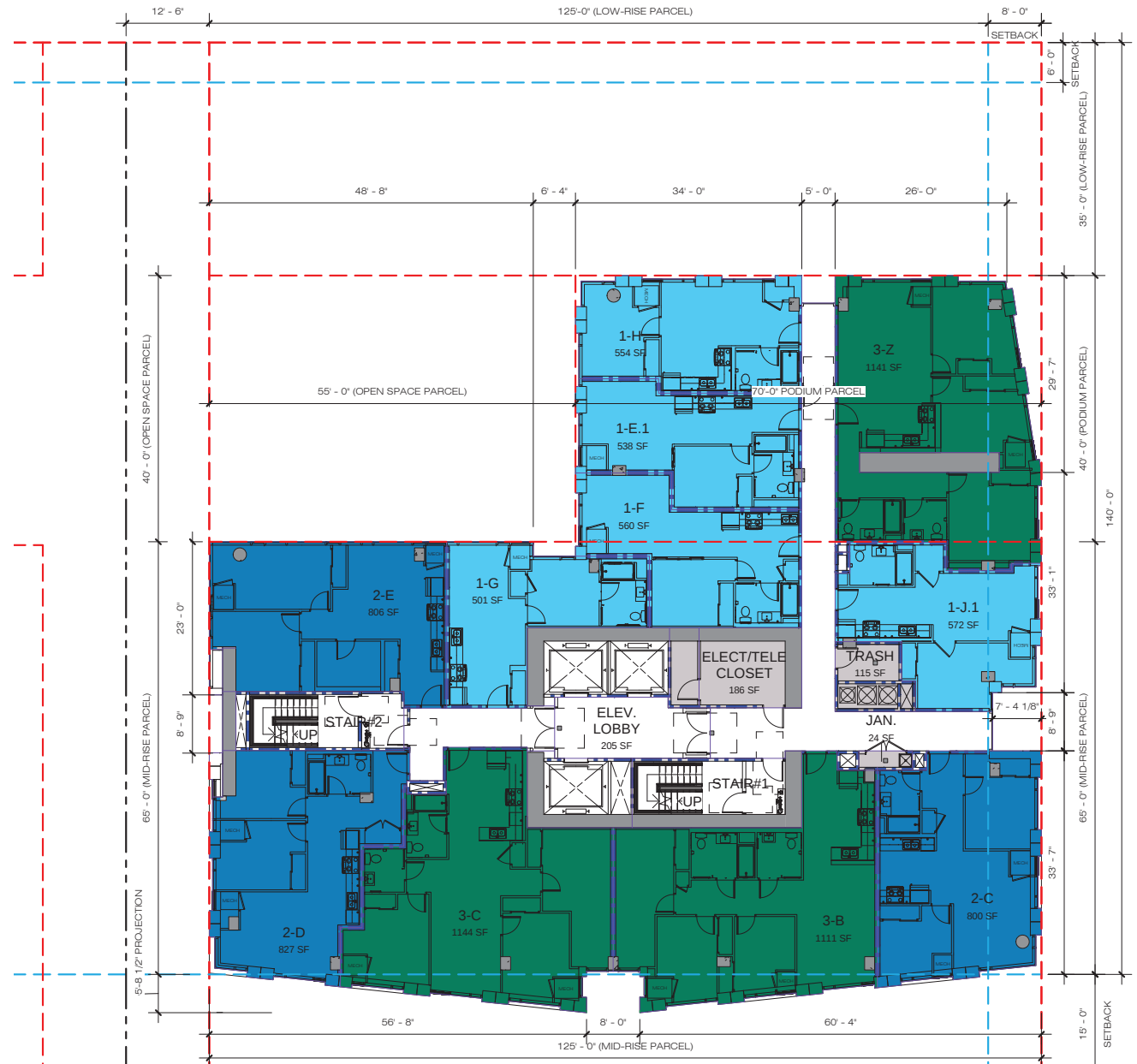


Transbay Block 2 East

Schematic Design Document

21 October 2022

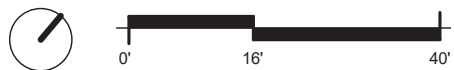
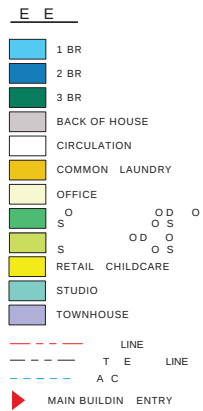
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Floor Plan - Level 11-15

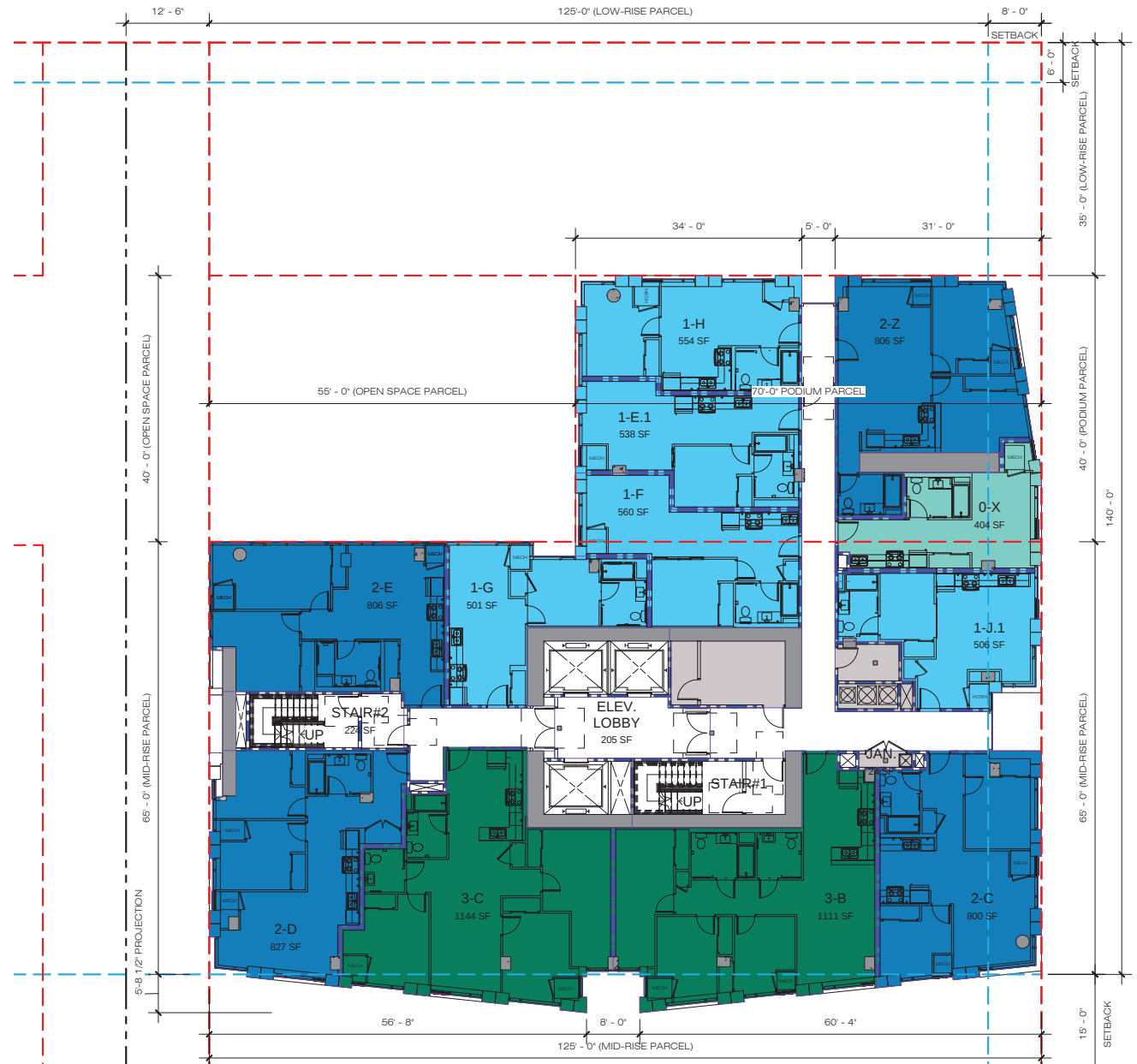


Transbay Block 2 East

Schematic Design Document

21 October 2022

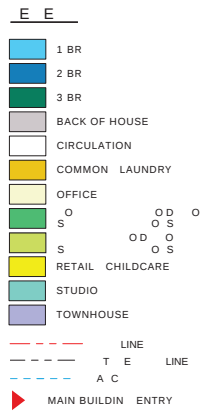
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Floor Plan - Level 16

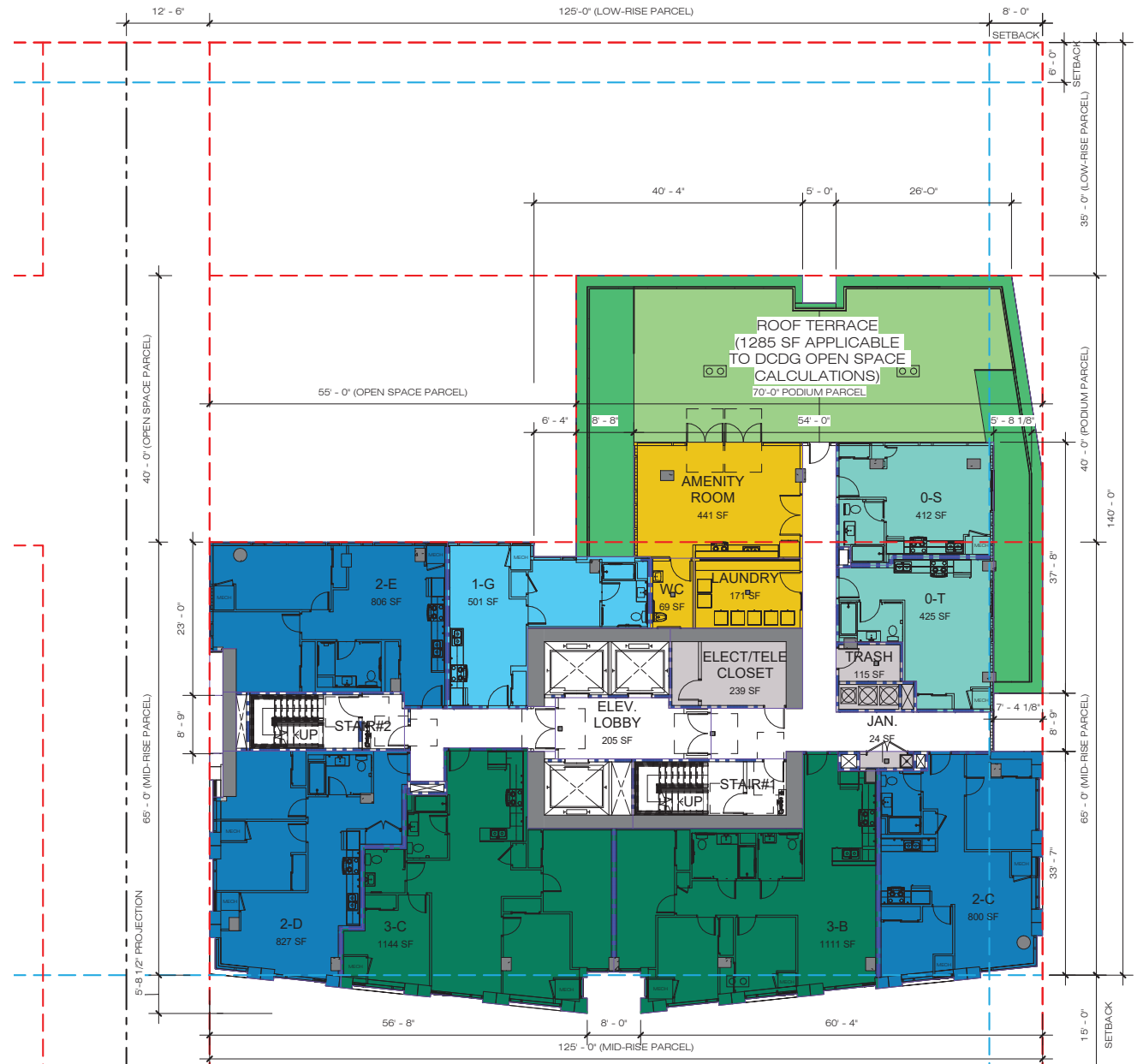


Transbay Block 2 East

Schematic Design Document

21 October 2022

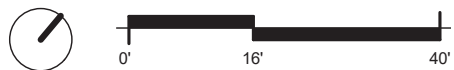
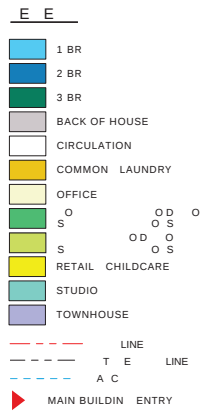
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KENNERLY ARCHITECTURE & PLANNING



Floor Plan - Level 17

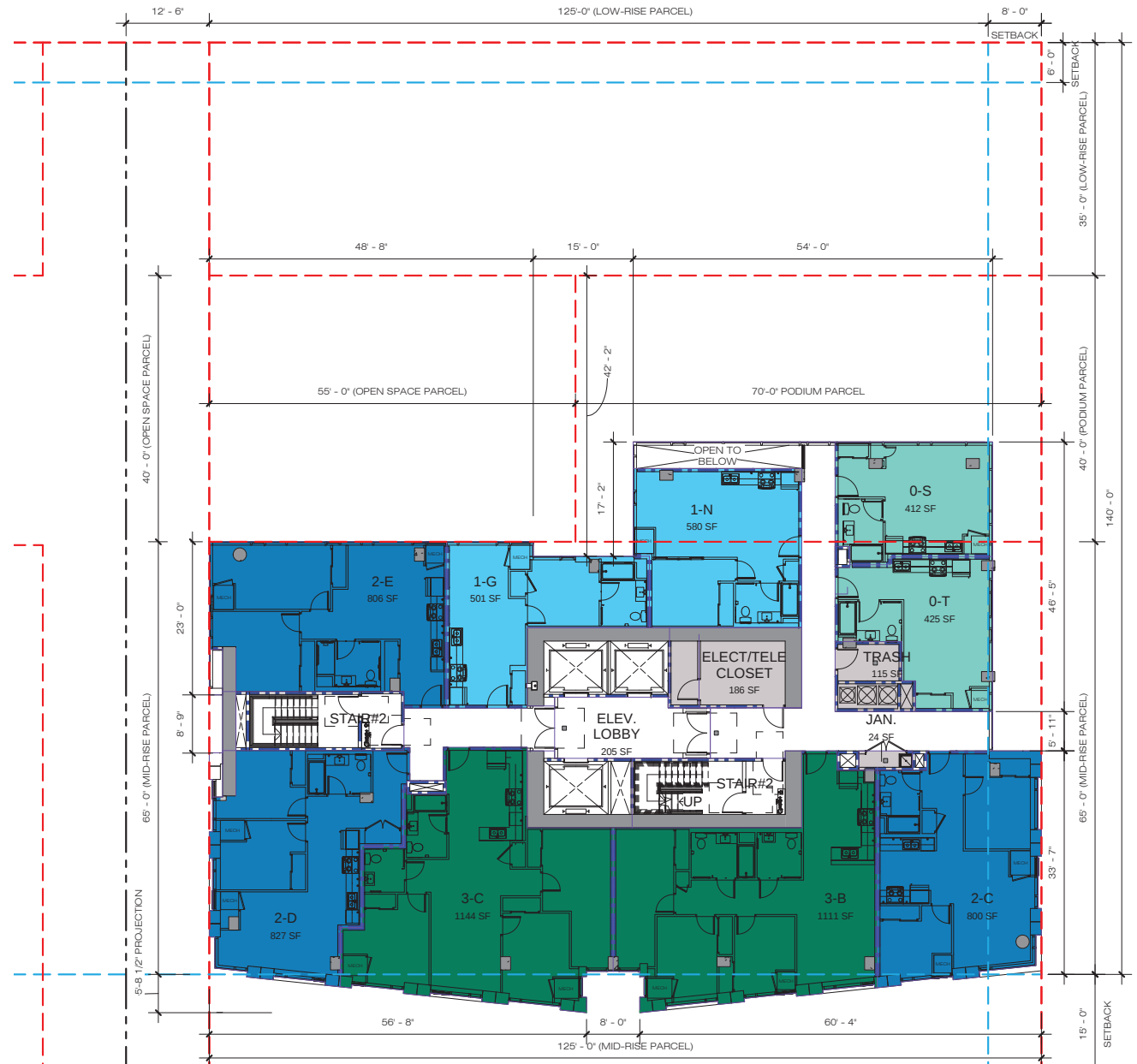


Transbay Block 2 East

Schematic Design Document

21 October 2022

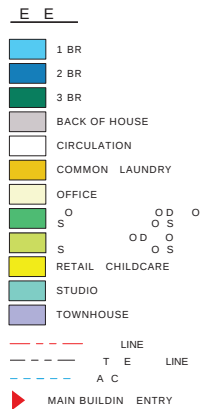
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KENNERLY ARCHITECTURE & PLANNING



Floor Plan - Low Roof



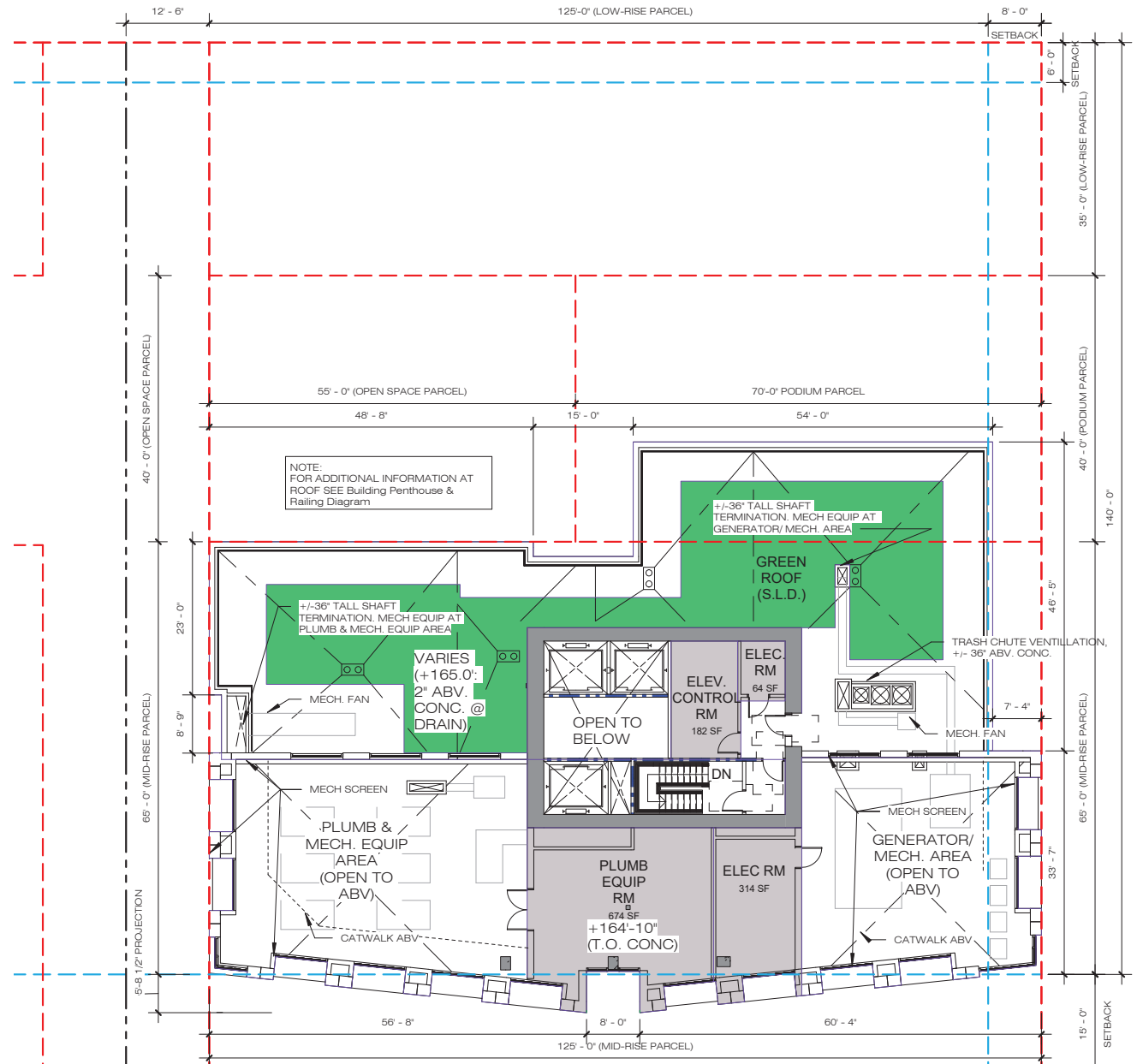
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Transbay Block 2 East

Schematic Design Document

21 October 2022

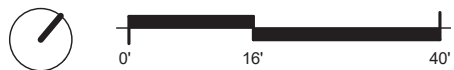
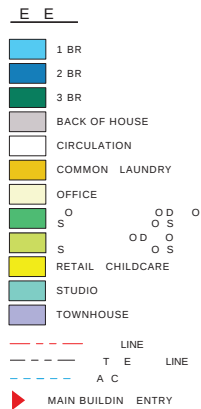
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KENNERLY ARCHITECTURE & PLANNING



Floor Plan - High Roof

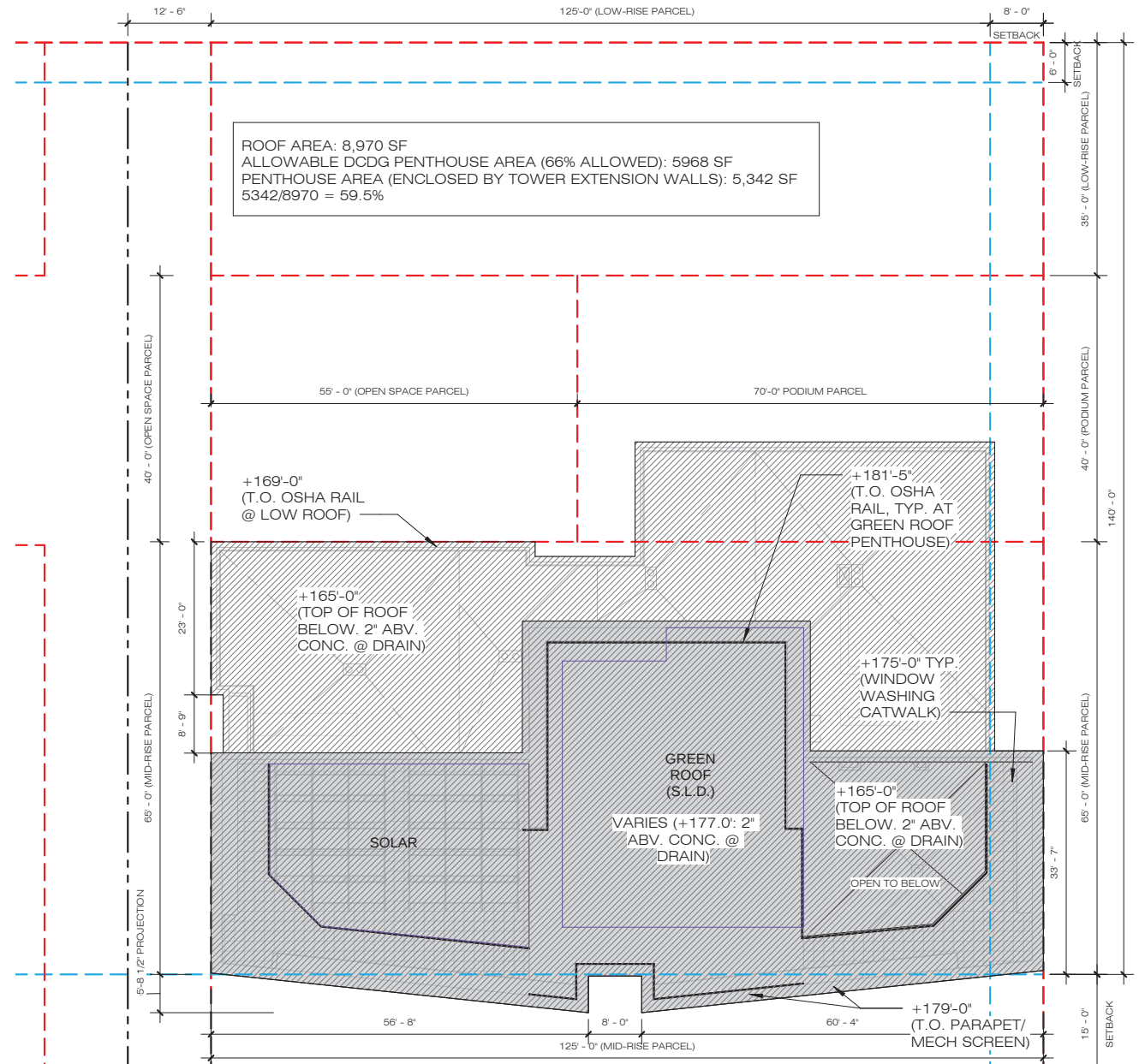


Transbay Block 2 East

Schematic Design Document

21 October 2022

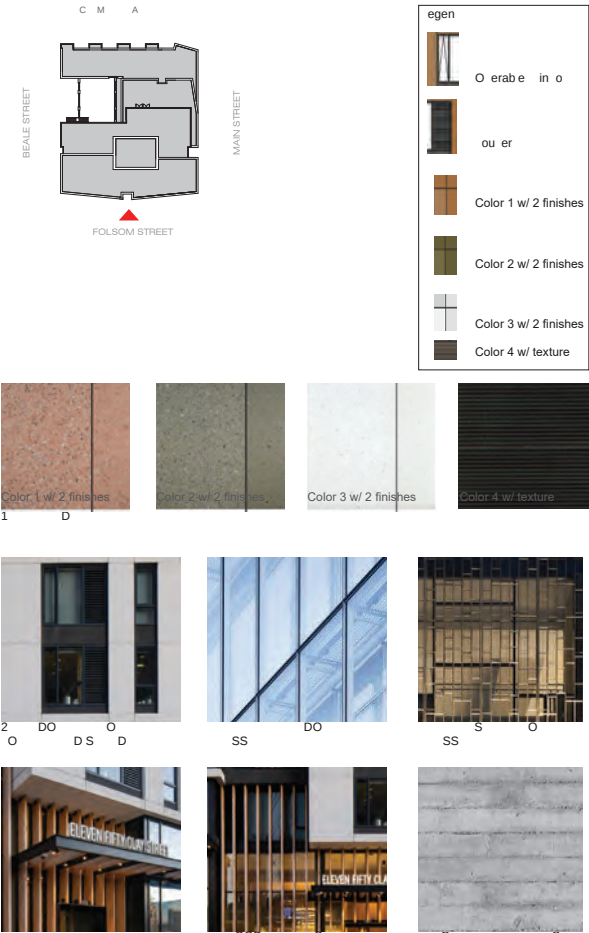
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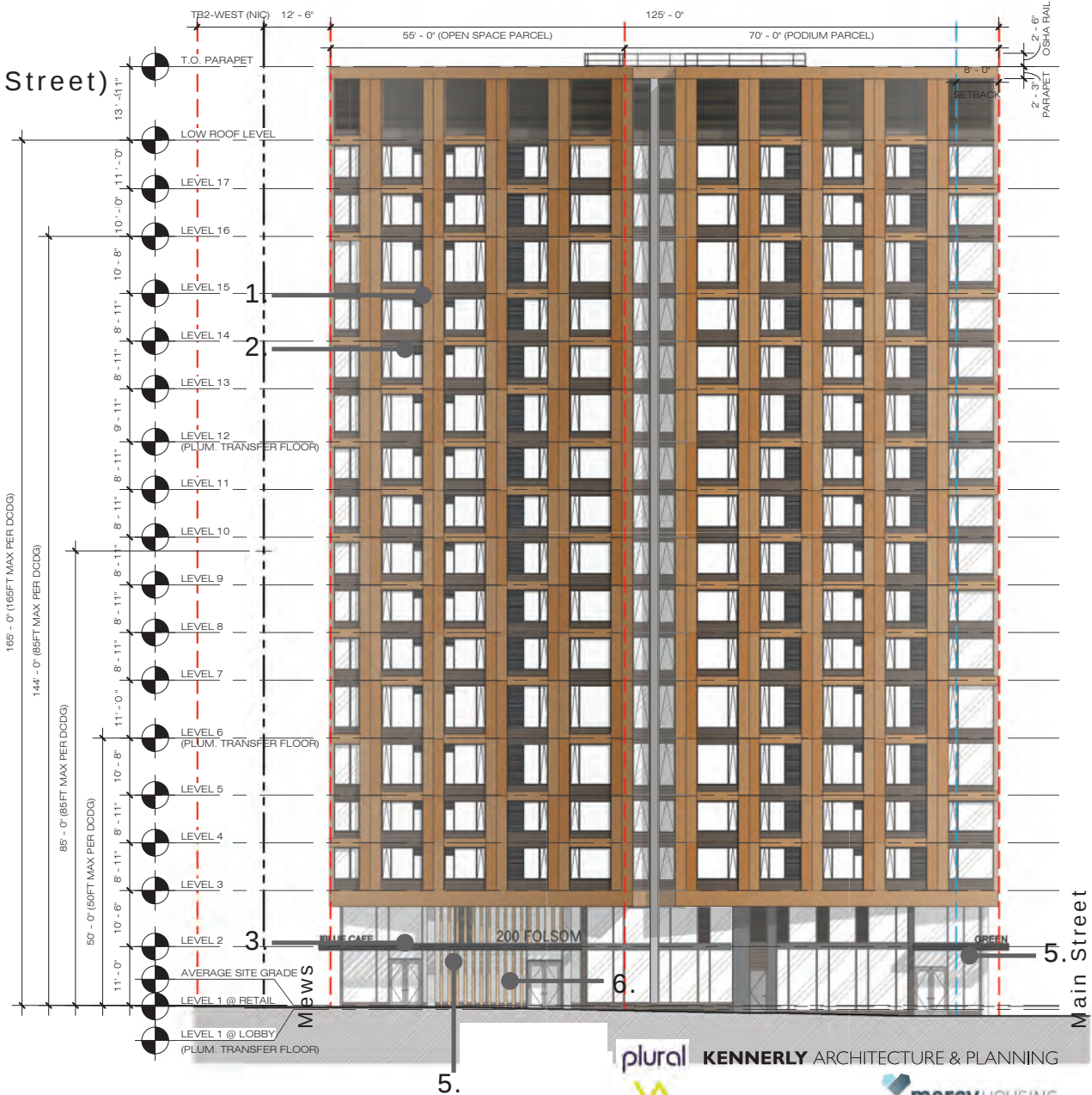
KENNERLY ARCHITECTURE & PLANNING



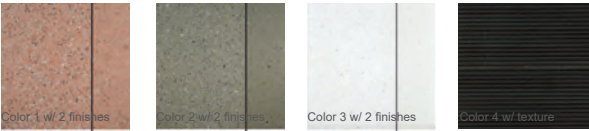
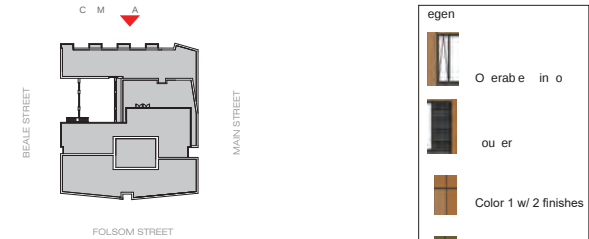
Building Elevation -South (Folsom Street)



- 1. retail establishments and residential units in incube erabe in o stoao or natura entention o in oor areas
- 2. The glazing at the storefront and residential ground-floor glazing will be clear non-tinted and low reflectivity.
- 3. Graffiti coating will be applied at ground floor unitized concrete panels and exposed concrete.



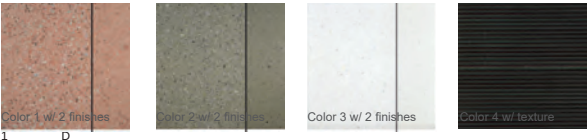
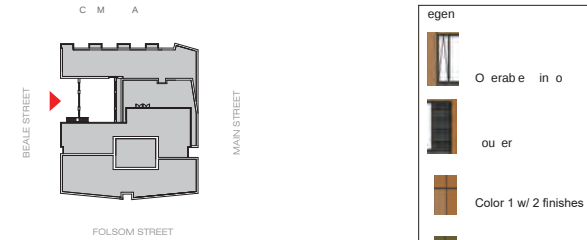
Building Elevation - North (Clementina)



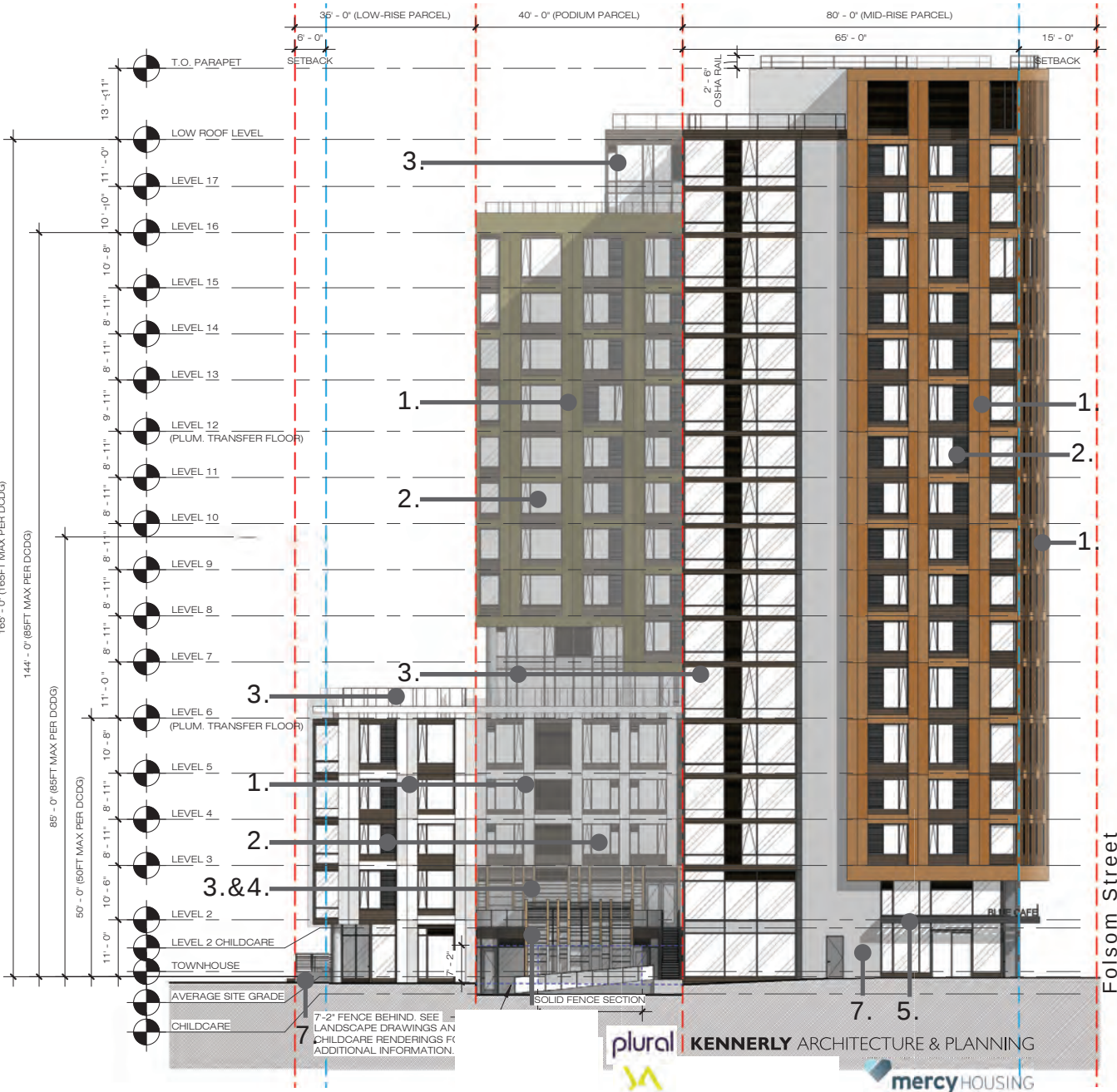
- 1. retail establishments and residential units in incube erabe in o sto a o or natura entation o in oor areas
- 2. The glazing at the storefront and residential ground-floor glazing will be clear non-tinted and low reflectivity.
- 3. Graffiti coating will be applied at ground floor unitized concrete panels and exposed concrete.



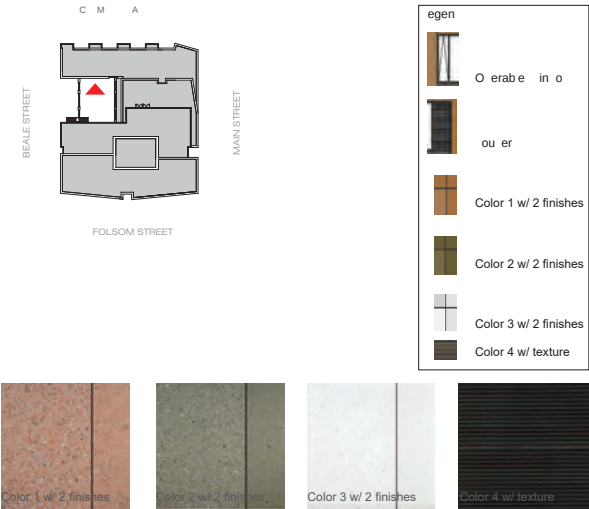
Building Elevation -West (Mews)



- 1. retail establishments and residential units in accordance with the local ordinance in our areas
- 2. The glazing at the storefront and residential ground-floor glazing will be clear non-tinted and low reflectivity.
- 3. Graffiti coating will be applied at ground floor unitized concrete panels and exposed concrete.



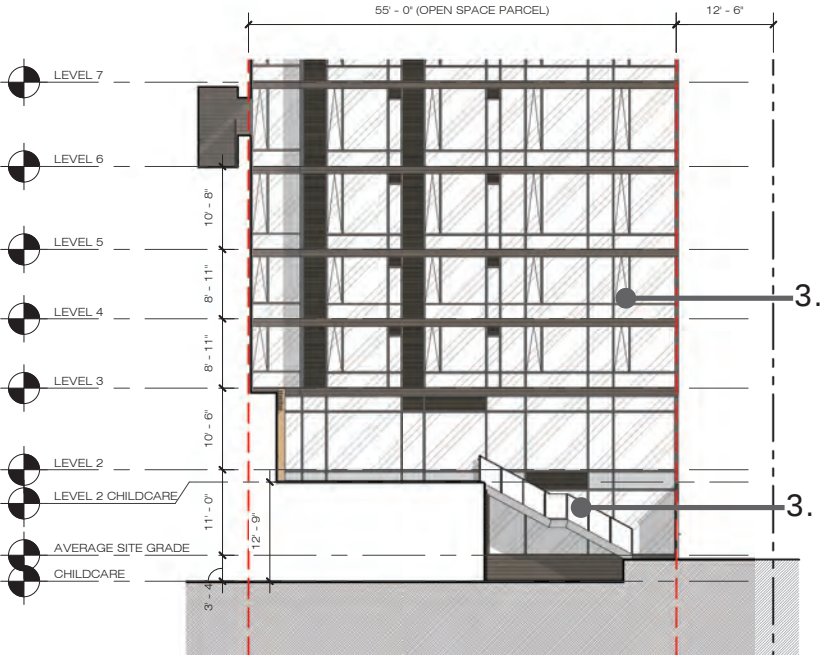
Building Elevation - Courtyard North



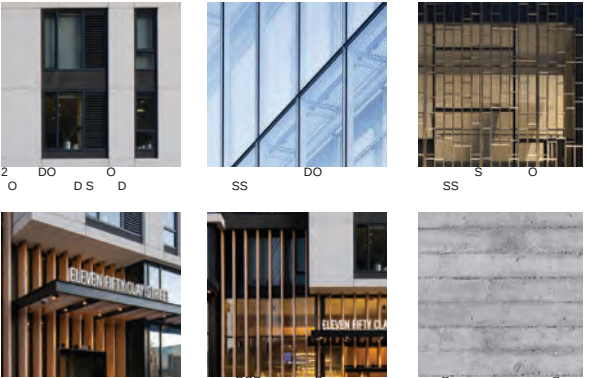
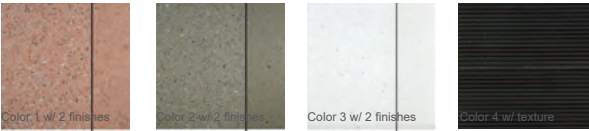
1. retail establishments and residential units in the courtyard area or natural area in the courtyard.
2. The glazing at the storefront and residential ground-floor glazing will be clear non-tinted and low reflectivity.
3. Graffiti coating will be applied at ground floor unitized concrete panels and exposed concrete.

T B 2 E

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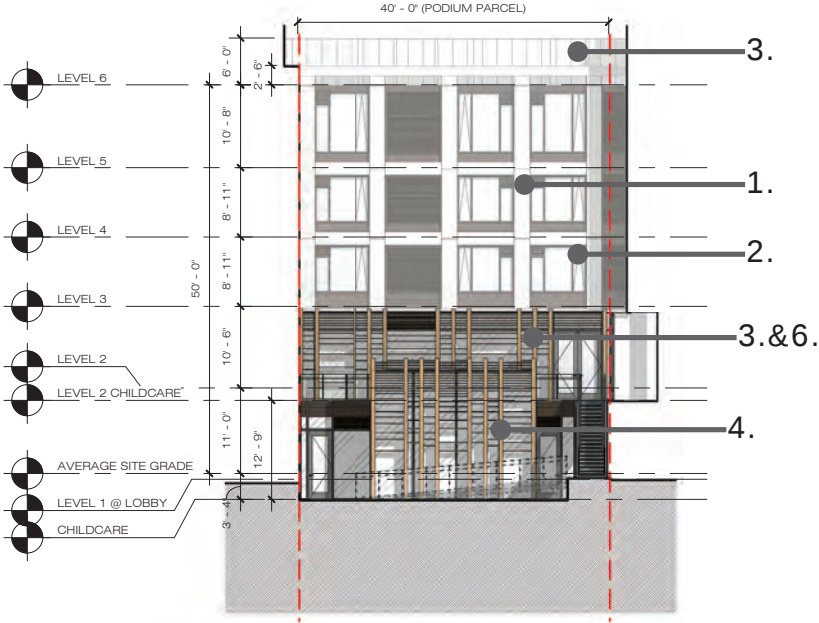


Building Elevation - Courtyard West

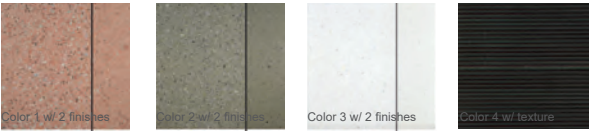


- 1. retail establishments and residential units in the courtyard area or natural area
- 2. The glazing at the storefront and residential ground-floor glazing will be clear non-tinted and low reflectivity.
- 3. Graffiti coating will be applied at ground floor unitized concrete panels and exposed concrete.

T B 2 E



Building Elevation - Courtyard South



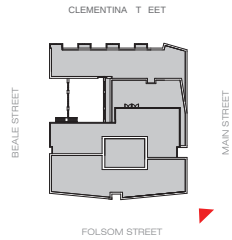
- 1. retail establishments and residential units in the courtyard area or natural ventilation in our areas
- 2. The glazing at the storefront and residential ground-floor glazing will be clear non-tinted and low reflectivity.
- 3. Graffiti coating will be applied at ground floor unitized concrete panels and exposed concrete.

T B 2 E

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Building Rendering at Folsom



Transbay Block 2 East

Schematic Design Document

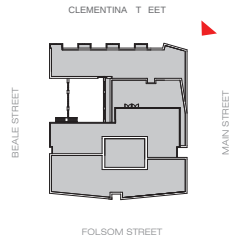
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Building Rendering at Main



Transbay Block 2 East

Schematic Design Document

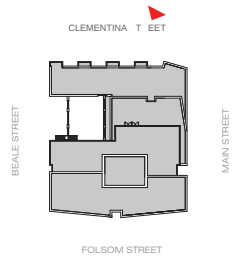
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Building Rendering from Park



Transbay Block 2 East

Schematic Design Document

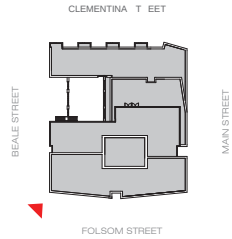
21 October 2022

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Building Rendering at Retail and Lobby



Transbay Block 2 East

Schematic Design Document

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KENNERLY ARCHITECTURE & PLANNING



Attachment H: Comparison of City Investment in Other Housing Developments

PROJECTS IN PREDEVELOPMENT																		
		Building Square Footage							Total Project Costs									
Project Name	Address	Lot sq ft	Start Date (anticipated)	# of Units	# of BR	Res.,	Non-Res.	Total	Acq. Cost/3	Constr. Cost/4	Soft Cost	Total Dev. Cost w/land	Local Subsidy	Total Dev. Cost w/o land	Notes on Financing	Building Type	Stories	Comments
255 4th Street (4th & 5th)	255 4th Street	8,400	TBD	70	99	60,515	1,580	62,095	\$ 133,100	\$ 49,982,213	\$ 13,543,417	\$ 64,058,730	\$ 15,829,817	\$ 63,925,630	4% Credits; AHSG, St. Cr.	Type I	8	Unlikely to move forward (R2022) over MCRH substation tunnel, structurally complex, small footprint
730 Stuyvesant	730 Stuyvesant Street	37,813	Dec-23	160	282	173,030	1,248	174,278	\$ -	\$ 123,664,665	\$ 25,943,948	\$ 133,252,004	\$ 68,528,907	\$ 193,502,102	4% Credits; HCDH MHP	Type I	8	Seeks subsidies, complete design (4/21/2023 - Day, 85% CD)
100 Franklin Street	100 Franklin Street	16,584	Jan-24	112	204	96,384	1,248	97,632	\$ 24,500	\$ 70,975,265	\$ 25,943,948	\$ 104,419,713	\$ 24,500,000	\$ 129,919,713	4% Credits; HCDH MHP	Type I	8	11/6/2022 CD, 85% CD
25501 Street	25501 Street	19,123	Jan-24	161	101	107,921	1,248	109,169	\$ -	\$ 70,975,265	\$ 25,943,948	\$ 95,920,122	\$ 25,593,912	\$ 121,514,034	4% Credits; HCDH MHP	Type I	8	11/6/2022 CD, 85% CD
160 Franklin	160 Franklin	13,091	May-24	94	154	91,984	1,248	93,232	\$ 20,000	\$ 75,258,791	\$ 12,296,327	\$ 86,818,847	\$ 22,577,951	\$ 109,396,848	4% Credits; MHP, AHP	Type I	8	100% CD cost estimate and 50% CD cost
2835 16th Street	2835 16th Street	13,584	Feb-24	73	117	84,768	1,248	86,016	\$ 20,000	\$ 75,258,791	\$ 12,296,327	\$ 86,818,847	\$ 22,577,951	\$ 109,396,848	4% Credits; MHP, AHP	Type I	8	100% CD 3/1/22
Pre-Development	Average:	16,274		98	160	101,054	1,248	102,302	1,217,458	74,860,544	15,633,185	96,452,807	25,939,595	122,392,402				

Attachment I: Predevelopment Budget

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

7/1/23
Transbay Block 2 East Family
200 Folsom St
Mercy Housing California

Units: 184
Bedrooms:
Beds:

LOSP Project

Don't forget to fill in D135:D138!

SOURCES		3,500,000	4,500,000	-	-	-	Total Sources	Comments
	Name of Sources:	MOHCD/OCIL	OCIL Predev 2				8,000,000	

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	

CONSTRUCTION (HARD COSTS)

Unit Construction/Rehab	471,030		1,468,372				1,939,402	Design Build Costs	
Commercial Shell Construction							0		
Demolition							0	Demolition of existing bus terminal	
Environmental Remediation							0	Hazardous soil allowance and grading	
Onsite Improvements/Landscaping							0		
Offsite Improvements							0		
Infrastructure Improvements							0	Demolition of existing site conditions	
Parking							0		
GC Bond Premium/GC Insurance/GC Taxes			75,378				75,378		3.6%
GC Overhead & Profit			51,527				51,527		2.5%
CG General Conditions							0		0.0%
Sub-total Construction Costs	471,030	0	1,595,277	0	0	0	2,066,307		
Design Contingency (remove at DD)							0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+	0.0%
Bid Contingency (remove at bid)							0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+	0.0%
Plan Check Contingency (remove/reduce during Plan Review)							0	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+	0.0%
Hard Cost Construction Contingency		0					0	5% new construction / 15% rehab	0.0%
Sub-total Construction Contingencies	0	0	0	0	0	0	0		
TOTAL CONSTRUCTION COSTS	471,030	0	1,595,277	0	0	0	2,066,307		

Construction line item costs as a % of hard costs

SOFT COSTS

Architect design fees	954,119		373,655				1,327,774	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)	674,968		470,284				1,145,252	Landscape architect, structural design, code consultant, fire consultant, architectural design consultant, MEPF consultant, elevator consultant.
Architect Construction Admin							0	
Reimbursables	75						75	
Additional Services							0	
Sub-total Architect Contract	1,629,162	0	843,939	0	0	0	2,473,101	
Other Third Party design consultants (not included under Architect contract)								Shadow design, civil engineer, trash design, joint trench, infiltration pit, smoke control consultant, transit consultant, security consultant, corrosion consultant, acoustics consultant, exterior building maintenance consultant.
	162,483		167,133				329,615	
Total Architecture & Design	1,791,645	0	1,011,071	0	0	0	2,802,716	
Engineering & Environmental Studies								
Survey	13,260						13,260	
Geotechnical studies	156,343		1,957				158,300	
Phase I & II Reports	35,000		5,000				40,000	
CEQA / Environmental Review consultants	51,969						51,969	Lead and asbestos study, sustainability and green point rated consulting, SFPDPH site mitigation review, trash management, review of phase 1 and 2.
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants	15,950		33,279				49,229	Archaeology
Total Engineering & Environmental Studies	272,521	0	40,236	0	0	0	312,757	
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	
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	
Total Financing Costs	0	0	0	0	0	0	0	
Legal Costs								
Borrower Legal fees	36,398		113,702				150,100	
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	36,398	0	113,702	0	0	0	150,100	

Other Development Costs								
Appraisal	10,000						10,000	
Market Study	15,000						15,000	
* Insurance							0	
* Property Taxes							0	
* Accounting / Audit							0	
* Organizational Costs	820						820	LLC tax and entity fee.
Entitlement / Permit Fees	200,000		1,004,000				1,204,000	LP tax and entity fee, SFPDPH hazardous waste fees, SFPDP permit fees, site permit fees, building permit fees, SF planning fees.
* Marketing / Rent-up							0	
* Furnishings							0	\$2,000/unit: See MOHCD U/W Guidelines: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	25,000		425,000				450,000	
TCAC App / Alloc / Monitor Fees	10,000						10,000	
* Financial Consultant fees	63,713		23,787				87,500	
Construction Management fees / Owner's Rep	52,739		22,861				75,600	
Security during Construction							0	
* Relocation							0	
Other (specify)							0	
Other (specify)							0	
Other (specify)							0	
Total Other Development Costs	377,272	0	1,475,648	0	0	0	1,852,920	
Soft Cost Contingency								
Contingency (Arch, Eng, Fin, Legal & Other Dev)	1,134	0	264,066	0	0	0	265,200	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	2,478,970	0	2,904,723	0	0	0	5,383,693	5.2%

Total Soft Cost Contingency as % of Total Soft Costs

RESERVES

* Operating Reserves							0	
Replacement Reserves							0	
* Tenant Improvements Reserves							0	
Other (specify)							0	
Other (specify)							0	
Project Management Fee		0					0	
TOTAL RESERVES	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								
Developer Fee - GP Equity (also show as source)								
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees							0	Need MOHCD approval for this cost, N/A for most projects
Project Management Fee - Early Work		0					0	
TOTAL DEVELOPER COSTS	550,000	0	0	0	0	0	550,000	

TOTAL DEVELOPMENT COST

	3,500,000	0	4,500,000	0	0	0	8,000,000	
Development Cost/Unit by Source	19,022	0	24,457	0	0	0	43,478	
Development Cost/Unit as % of TDC by Source	43.8%	0.0%	56.2%	0.0%	0.0%	0.0%	100.0%	

Acquisition Cost/Unit by Source

	0	0	0	0	0	0	0	
Construction Cost (inc Const Contingency)/Unit By Source	2,560	0	8,670	0	0	0	11,230	
Construction Cost (inc Const Contingency)/SF	2.35	0.00	7.95	0.00	0.00	0.00	10.30	

*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	535,563
	19,022

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 J: Development Budget

Application Date:	7/1/23	# Units:	184	
Project Name:	Transbay Block 2 East Family	# Bedrooms:	312	LOSP Project
Project Address:	200 Folsom St	# Beds:		
Project Sponsor:	Mercy Housing California			

SOURCES	61,961,845	28,000,000	540,000	98,536,983	-	-	-	Total Sources	189,038,828	Comments	72,972,178
Name of Sources:	MOHCD/OCII	HCD AHSC	Deferred Developer Fee	Tax Credit 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	1,939,402	28,000,000		88,099,096				118,038,498	0	
* Commercial Shell Construction								0		
* Demolition								0		
Environmental Remediation	1,029,915							1,029,915		
* Onsite Improvements/Landscaping	381,910							381,910		
* Offsite Improvements								0		
* Infrastructure Improvements	3,814,190							3,814,190		
Parking								0		
GC Bond Premium/GC Insurance/GC Taxes	7,783,799							7,783,799	Insurance, Bond Premium, B&O & Other Taxes, GC Contingency	5.5%
GC Overhead & Profit	3,368,839							3,368,839		2.4%
CG General Conditions	7,224,271							7,224,271		5.1%
Sub-total Construction Costs	25,542,326	28,000,000	0	88,099,096	0	0	0	141,641,422		
Design Contingency (remove at DD)		0		4,249,243				4,249,243	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+	3.0%
Bid Contingency (remove at bid)		0		4,249,243				4,249,243	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+	3.0%
Plan Check Contingency (remove/reduce during Plan Revk	2,832,828	0						2,832,828	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+	2.0%
Hard Cost Construction Contingency	5,121,992			1,939,402				7,061,394	5% new construction / 15% rehab	5.0%
Sub-total Construction Contingencies	7,954,821	0	0	10,437,887	0	0	0	18,392,708		
TOTAL CONSTRUCTION COSTS	33,497,147	28,000,000	0	98,536,983	0	0	0	160,034,130		

SOFT COSTS

Architecture & Design

Architect design fees	2,500,000	0						2,500,000	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms	
Design Subconsultants to the Architect (incl. Fees)	1,400,000	0						1,400,000	Landscape architect, structural design, code consultant, fire consultant, architectural design consultant, MEPF consultant, elevator consultant.	
Architect Construction Admin		0						0		
Reimbursables		0						0		
Additional Services		0						0		
Sub-total Architect Contract	3,900,000	0	0	0	0	0	0	3,900,000		
Other Third Party design consultants (not included under Architect contract)									Shadow design, civil engineer, trash design, joint trench, infiltration pit, smoke control consultant, transit consultant, security consultant, corrosion consultant, acoustics consultant, exterior building maintenance consultant.	
	550,000							550,000		
Total Architecture & Design	4,450,000	0	0	0	0	0	0	4,450,000		

Engineering & Environmental Studies

Survey	11,000							11,000		
Geotechnical studies	158,300							158,300		
Phase I & II Reports	50,000							50,000		
CEQA / Environmental Review consultants	71,982							71,982	Lead and asbestos study, sustainability and green point rated consulting, SFPDPH site mitigation review, trash management, review of phase 1 and 2.	
NEPA / 105 Review								0		
CNA/PNA (rehab only)								0		
Other environmental consultants	78,018							78,018	Archaeology	
Total Engineering & Environmental Studies	369,300	0	0	0	0	0	0	369,300		

Financing Costs

Construction Financing Costs										
Construction Loan Origination Fee	760,672							760,672		
Construction Loan Interest	10,574,178							10,574,178		
Title & Recording	120,000							120,000		
CDLAC & CDIA/C fees	38,716							38,716		
Bond Issuer Fees	671,393							671,393		
Other Bond Cost of Issuance	50,000							50,000		
Trustee Fee During Construction	12,000							12,000		
Sub-total Const. Financing Costs	12,226,959	0	0	0	0	0	0	12,226,959		
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	12,226,959	0	0	0	0	0	0	12,226,959		

Legal Costs

Borrower Legal fees	150,000							150,000		
Land Use / CEQA Attorney fees								0		
Tax Credit Counsel								0		
Bond Counsel	10,000							10,000		
Construction Lender Counsel	138,000							138,000		
Permanent Lender Counsel								0		
HCD Closing Title policy								0		
Total Legal Costs	298,000	0	0	0	0	0	0	298,000		

Other Development Costs

Appraisal	15,000							15,000		
Market Study	25,000							25,000		
Insurance	2,000,000							2,000,000		
Property Taxes								0		
Accounting / Audit	40,000							40,000		
Organizational Costs	820							820	LLC tax and entity fee, LP tax and entity fee, SFPDPH hazardous waste fees, SFPD permit fees, site permit fees, building permit fees, SF planning fees.	
Entitlement / Permit Fees	1,204,000							1,204,000		
Marketing / Rent-up	540,171							540,171	Shared with OCII Development Specialist.	
Furnishings	639,000							639,000	\$2,000/unit: See MOHCD U/W Guidelines on: http://sfmohcd.org/documents-reports-and-forms	
PG&E / Utility Fees	450,000							450,000		
TCAC App/ Alloc/ Monitor Fees	167,591							167,591		
Financial Consultant fees	85,000							85,000		
Construction Management fees / Owner's Rep	213,600							213,600		
Security during Construction	100,000							100,000		
Relocation								0		
Other (specify)								0		
Other (specify)								0		
Other (specify)								0		
Total Other Development Costs	5,480,182	0	0	0	0	0	0	5,480,182		

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	2,282,444	0	0	0	0	0	0	2,282,444	Should be either 10% or 5% of total soft costs.	
TOTAL SOFT COSTS	25,106,885	0	0	0	0	0	0	25,106,885		10.0%

RESERVES

* Operating Reserves	857,813							857,813	3 months	
* Replacement Reserves								0		
* Tenant Improvements Reserves								0		
* Other (specify)								0		
* Other (specify)								0		
* Other (specify)								0		
TOTAL RESERVES	857,813	0	0	0	0	0	0	857,813		

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	1,100,000							1,100,000		
Developer Fee - Cash-out At Risk	1,400,000							1,400,000		
Commercial Developer Fee								0	Per new commercial guidelines	
Developer Fee - GP Equity (also show as source)								0		
Developer Fee - Deferred (also show as source)			540,000					540,000		
Development Consultant Fees								0	Need MOHCD approval for this cost, N/A for most projects	
Other (please specify)								0		
TOTAL DEVELOPER COSTS	2,500,000	0	540,000	0	0	0	0	3,040,000		

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	61,961,845	28,000,000	540,000	98,536,983	0	0	0	189,038,828		
Development Cost/Unit as % of TDC by Source	336,749	152,174	2,935	535,527	0	0	0	1,027,385		
	32.8%	14.8%	0.3%	52.1%	0.0%	0.0%	0.0%	100.0%		

Acquisition Cost/Unit by Source

	0	0	0	0	0	0	0	0		
--	---	---	---	---	---	---	---	---	--	--

Construction Cost (inc Const Contingency)/Unit By Source

	182,050	152,174	0	535,527	0	0	0	869,751		
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Construction Cost (inc Const Contingency)/SF

	166.90	139.51	0.00	490.95	0.00	0.00	0.00	797.35		
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*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	10,258,306
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Tax Credit Equity Pricing:

Construction Bond Amount:	0.980
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Construction Loan Term (in months):	98,621,620
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Construction Loan Interest Rate (as %):	30 months
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	7.48%
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Attachment K: 1st Year Operating Budget

MOHCD Proforma - Year 1 Operating Budget

Application Date:		7/1/2023	LOSP Units		Units	Project Name:		Transbay Block 2 East Family	
Total # Units:		184	40		144	Project Address:		200 Folsom St	
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):		2026	LOSP/non-LOSP Allocation			Project Sponsor:		Mercy Housing California	
			22%		78%	Correct errors noted in Col N!			
INCOME		LOSP	non-LOSP	Total	Comments				
Residential - Tenant Rents		108,000	2,928,876	3,036,876	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		689,555		689,555					
Commercial Space				0	from 'Commercial Op. Budget' Worksheet: Commercial to Residential allocation: 0%				
Residential Parking		0	0	0	Links from 'Utilities & Other Income' Worksheet				
Miscellaneous Rent Income		412	1,460	1,872	Links from 'Utilities & Other Income' Worksheet				
Supportive Services Income		0	0		Alternative LOSP Split				
Interest Income - Project Operations		0	0	0	Supportive Services Income				
Laundry and Vending		2,603	9,227	11,830	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	from 'Commercial Op. Budget' Worksheet: Commercial to Residential allocation: 0%				
Withdrawal from Capitalized Reserve (deposit to operating account)		0	0		Alternative LOSP Split				
Gross Potential Income		800,569	2,939,564	3,740,133	Withdrawal from Capitalized Reserve (deposit to operating account)				
Vacancy Loss - Residential - Tenant Rents		(5,400)	(146,444)	(151,844)	Vacancy loss is 5% of Tenant Rents.				
Vacancy Loss - Residential - Tenant Assistance Payments		0	0	0	#DIV/0!				
Vacancy Loss - Commercial				0	from 'Commercial Op. Budget' Worksheet: Commercial to Residential allocation: 0%				
EFFECTIVE GROSS INCOME		795,169	2,793,120	3,588,289	PUPA: 19,502				
OPERATING EXPENSES									
Management		Alternative LOSP Split							
Management Fee		34,214	121,306	155,520	\$72 PUPM				
Asset Management Fee		5,922	20,998	26,920	Asset Management Fee				
Sub-total Management Expenses		40,137	142,303	182,440	PUPA: 992				
Salaries/Benefits		Alternative LOSP Split							
Office Salaries		29,817	105,716	135,533	2 FTE APM				
Manager's Salary		26,887	95,327	122,214	1 FTE SPM				
Health Insurance and Other Benefits		48,896	173,360	222,256	0.32				
Other Salaries/Benefits		154,440	51,480	205,920	4.5 FTE Desk Clerk				
Administrative Rent-Free Unit		0	0		Administrative Rent-Free Unit				
Sub-total Salaries/Benefits		260,041	425,882	685,923	PUPA: 3,728				
Administration									
Advertising and Marketing		1,135	4,025	5,160					
Office Expenses		4,400	15,600	20,000					
Office Rent		0	0		Projected LOSP Split				
Legal Expense - Property		3,300	11,700	15,000	Legal Expense - Property				
Audit Expense		2,814	10,330	13,244					
Bookkeeping/Accounting Services		5,676	20,124	25,800					
Bad Debts		0	0		Projected LOSP Split				
Miscellaneous		5,752	20,392	26,144	Telecom				
Sub-total Administration Expenses		23,177	82,171	105,348	PUPA: 573				
Utilities		Projected LOSP Split							
Electricity		44,000	156,000	200,000	Electricity				
Water		33,000	117,000	150,000	NGC and 10th and Mission comparisons				
Gas		0	0						
Sewer		33,000	117,000	150,000					
Sub-total Utilities		110,000	390,000	500,000	PUPA: 2,717				
Taxes and Licenses		Alternative LOSP Split							
Real Estate Taxes		1,892	6,708	8,600	Real Estate Taxes				
Payroll Taxes		0	0		Payroll Taxes				
Miscellaneous Taxes, Licenses and Permits		3,399	12,053	15,452	Local fees				
Sub-total Taxes and Licenses		5,291	18,761	24,052	PUPA: 131				
Insurance									
Property and Liability Insurance		126,500	448,500	575,000	Based on NGC				
Fidelity Bond Insurance		0	0		Alternative LOSP Split				
Worker's Compensation		8,243	29,224	37,466	Worker's Compensation				
Director's & Officers' Liability Insurance		0	0						
Sub-total Insurance		134,743	477,724	612,466	PUPA: 3,329				
Maintenance & Repair		Alternative LOSP Split							
Payroll		51,707	183,323	235,030	Payroll				
Supplies		6,244	22,136	28,380	Supplies				
Contracts		43,327	153,613	196,940	HVAC, elevator, EBM, fire alarm, fire sprinkler, etc....				
Garbage and Trash Removal		33,110	117,390	150,500	Alternative LOSP Split				
Security Payroll/Contract		27,000	9,000	36,000	Security Payroll/Contract				
HVAC Repairs and Maintenance		0	0						
Vehicle and Maintenance Equipment Operation and Repairs		0	0						
Miscellaneous Operating and Maintenance Expenses		3,960	14,040	18,000	Grounds				
Sub-total Maintenance & Repair Expenses		165,347	499,503	664,850	PUPA: 3,613				
Supportive Services		0	216,137	216,137	Resident Services				
Commercial Expenses				0	from 'Commercial Op. Budget' Worksheet: Commercial to Residential allocation: 0%				
TOTAL OPERATING EXPENSES		738,735	2,252,481	2,991,216	PUPA: 16,257				
Reserves/Ground Lease Base Rent/Bond Fees									
Ground Lease Base Rent		3,300	11,700	15,000	Ground lease with MOHCD				
Bond Monitoring Fee		0	0		Alternative LOSP Split				
Replacement Reserve Deposit		20,240	71,760	92,000	\$500 PUPA				
Operating Reserve Deposit		0	0		Replacement Reserve Deposit				
Other Required Reserve 1 Deposit		0	0		Operating Reserve Deposit				
Other Required Reserve 2 Deposit		0	0		Other Required Reserve 1 Deposit				
Required Reserve Deposits, Commercial				0	from 'Commercial Op. Budget' Worksheet: Commercial to Residential allocation: 0%				
Sub-total Reserves/Ground Lease Base Rent/Bond Fees		23,540	83,460	107,000	PUPA: 582				
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		762,275	2,335,941	3,098,216	PUPA: 16,838				
NET OPERATING INCOME (INCOME minus OP EXPENSES)		32,894	457,178	490,073	PUPA: 2,663				
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)									
Hard Debt - First Lender		0	0	0					
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len		25,872	91,728	117,600	HCD AHSC				
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		0	0	0	Provide additional comments here, if needed.				
Hard Debt - Fourth Lender		0	0	0	Provide additional comments here, if needed.				
Commercial Hard Debt Service				0	from 'Commercial Op. Budget' Worksheet: Commercial to Residential allocation: 0%				
TOTAL HARD DEBT SERVICE		25,872	91,728	117,600	PUPA: 639				
CASH FLOW (NOI minus DEBT SERVICE)		7,022	365,450	372,473					
Commercial Only Cash Flow				0					
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)		0	0		Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)				
AVAILABLE CASH FLOW		7,022	365,450	372,473	4.17				
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						
Partnership Management Fee (see policy for limits)		5,922	20,998	26,920					
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		1,100	3,900	5,000					
Other Payments		0	0		Alternative LOSP Split				
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)		0	0		Other Payments				
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)		0	0		Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)				
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)		0	182,669	182,669	Def. Develop. Fee split: 54% Provide additional comments here, if needed.				
TOTAL PAYMENTS PRECEDING MOHCD		7,022	207,567	214,589	PUPA: 1,166				
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		(0)	157,884	157,884					
Residual Receipts Calculation									
Does Project have a MOHCD Residual Receipt Obligation?		Yes	Project has MOHCD ground lease?		Yes				
Will Project Defer Developer Fee?		Yes							
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:		50%	Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):		170,276				
% of Residual Receipts available for distribution to soft debt lenders in		50%	Sum of DD F from LOSP and non-LOSP: Ratio of Sum of DDF and calculated 50%:						
Soft Debt Lenders with Residual Receipts Obligations		(Select lender name/program from drop down)			Total Principal Amt	Distrib. of Soft Debt Loans			
MOHCD/OClI - Soft Debt Loans						\$61,961,845	68.76%		
MOHCD/OClI - Ground Lease Value or Land Acq Cost						\$150,000	0.17%		
HCD (soft debt loan) - Lender 3						\$28,000,000	31.07%		
Other Soft Debt Lender - Lender 4							0.00%		
Other Soft Debt Lender - Lender 5							0.00%		
MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
MOHCD Residual Receipts Amount Due			108,825	108,825	50% of residual receipts, multiplied by 68.93% – MOHCD's pro rata share of all soft debt				
Proposed MOHCD Residual Receipts Amount to Loan Repayment			63,301	63,301	Enter/override amount of residual receipts proposed for loan repayment.				
Proposed 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		49,058 Total Resid Receipts due not allocated, please revise F142							
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE									
HCD Residual Receipts Amount Due				49,058	50% of residual receipts, multiplied by 31.07% – 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		49,058							
REMAINDER (Should be zero unless there are distributions below)		0							
Owner Distributions/Incentive Management Fee				0					
Other Distributions/Uses				0					
Final Balance (should be zero)		0							

Application Date: 7/1/2023
Total # Units: 184
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2026

INCOME			
Residential - Tenant Rents		non-LOSP	Approved By (reqd)
Residential - Tenant Assistance Payments (Non-LOSP)	non-LOSP		
Residential - LOSP Tenant Assistance Payments			
Commercial Space			
Residential Parking			
Miscellaneous Rent Income	LOSP	non-LOSP	Approved By (reqd)
Supportive Services Income			
Interest Income - Project Operations			
Laundry and Vending	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Tenant Charges			
Miscellaneous Residential Income			
Other Commercial Income	LOSP	non-LOSP	Approved By (reqd)
Withdrawal from Capitalized Reserve (deposit to operating account)	to operating account		
Gross Potential Income			
Vacancy Loss - Residential - Tenant Rents			
Vacancy Loss - Residential - Tenant Assistance Payments			
Vacancy Loss - Commercial			
EFFECTIVE GROSS INCOME			

OPERATING EXPENSES			
Management	LOSP	non-LOSP	Approved By (reqd)
Management Fee			
Asset Management Fee			
Sub-total Management Expenses			
Salaries/Benefits	LOSP	non-LOSP	Approved By (reqd)
Office Salaries			
Manager's Salary			
Health Insurance and Other Benefits			
Other Salaries/Benefits	75.00%	25.00%	
Administrative Rent-Free Unit			
Sub-total Salaries/Benefits			
Administration			
Advertising and Marketing			
Office Expenses			
Office Rent	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Legal Expense - Property	22.00%	78.00%	
Audit Expense			
Bookkeeping/Accounting Services	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Bad Debts			
Miscellaneous			
Sub-total Administration Expenses			
Utilities	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Electricity	22.00%	78.00%	
Water			
Gas			
Sewer			
Sub-total Utilities			
Taxes and Licenses	LOSP	non-LOSP	Approved By (reqd)
Real Estate Taxes			
Payroll Taxes			
Miscellaneous Taxes, Licenses and Permits			
Sub-total Taxes and Licenses			
Insurance			
Property and Liability Insurance			
Fidelity Bond Insurance	LOSP	non-LOSP	Approved By (reqd)
Worker's Compensation			
Director's & Officers' Liability Insurance			
Sub-total Insurance			
Maintenance & Repair	LOSP	non-LOSP	Approved By (reqd)
Payroll			
Supplies	22.00%	78.00%	(LOSP-specific expenses must be tracked at entry level in project's accounting system)
Contracts	22.00%	78.00%	
Garbage and Trash Removal	LOSP	non-LOSP	Approved By (reqd)
Security Payroll/Contract	75.00%	25.00%	
HVAC Repairs and Maintenance			
Vehicle and Maintenance Equipment Operation and Repairs			
Miscellaneous Operating and Maintenance Expenses			
Sub-total Maintenance & Repair Expenses			
Supportive Services	LOSP	non-LOSP	Approved By (reqd)
Commercial Expenses	0.00%	100.00%	

TOTAL OPERATING EXPENSES

Reserves/Ground Lease Base Rent/Bond Fees			
Ground Lease Base Rent			
Bond Monitoring Fee	LOSP	non-LOSP	Approved By (reqd)
Replacement Reserve Deposit			
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			

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)

NET OPERATING INCOME (INCOME minus OP EXPENSES)

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)	LOSP	non-LOSP	Approved By (reqd)
Hard Debt - First Lender	0.00%	100.00%	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	2% pymt, or other 2nd Lender		
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	h, or other 3rd Lender		
Hard Debt - Fourth Lender			
Commercial Hard Debt Service			
TOTAL HARD DEBT SERVICE			

CASH FLOW (NOI minus DEBT SERVICE)

Commercial Only Cash Flow			
Absorption of Commercial Surplus to LOPS/non-LOSP (residual income)	non-LOSP (residual income)		
AVAILABLE CASH FLOW			
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)			
Partnership Management Fee (see policy for limits)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	LOSP	non-LOSP	Approved By (reqd)
Other Payments			
Non-amortizing Loan Pymt - Lender 1 (select lender in comments field)	lender in comments field		
Non-amortizing Loan Pymt - Lender 2 (select lender in comments field)			
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	0.00%	100.00%	

TOTAL PAYMENTS PRECEDING MOHCD

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?

Will Project Defer Developer Fee?

Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 182,669
% of Residual Receipts available for distribution to soft debt lenders in 0.932158413

Soft Debt Lenders with Residual Receipts Obligations

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

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due
Proposed MOHCD Residual Receipts Amount to Loan Repayment
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due
Lender 4 Residual Receipts Due
Lender 5 Residual Receipts Due

Total Non-MOHCD Residual Receipts Debt Service

REMAINDER (Should be zero unless there are distributions below)

Owner Distributions/Incentive Management Fee
Other Distributions/Uses

Final Balance (should be zero)

Attachment L: 20-year Operating Proforma

Transbay Block 2 East Family

Total # Units:		LOSP Units	Non-LOSP Units				Year 1 2026			Year 2 2027			Year 3 2028						
184		40	144																
		22.00%	78.00%																
		% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)				LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total			
INCOME		1.0%	2.5%					108,000	2,928,876	3,036,876	109,080	3,002,098	3,111,178	110,171	3,077,150	3,187,321			
Residential - Tenant Rents		n/a	n/a					-	-	-	-	-	-	-	-	-			
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a					689,555	-	689,555	714,517	-	714,517	740,378	-	740,378			
Residential - LOSP Tenant Assistance Payments		n/a	n/a	from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%				-	-	-	-	-	-	-	-	-			
Commercial Space		n/a	3.0%					-	-	-	-	-	-	-	-	-			
Residential Parking		2.5%	2.5%					-	-	-	-	-	-	-	-	-			
Miscellaneous Rent Income		2.5%	2.5%					412	1,460	1,872	422	1,497	1,919	433	1,534	1,967			
Supportive Services Income		2.5%	2.5%					-	-	-	-	-	-	-	-	-			
Interest Income - Project Operations		2.5%	2.5%					-	-	-	-	-	-	-	-	-			
Laundry and Vending		2.5%	2.5%					2,603	9,227	11,830	2,668	9,458	12,126	2,734	9,695	12,429			
Tenant Charges		2.5%	2.5%					-	-	-	-	-	-	-	-	-			
Miscellaneous Residential Income		2.5%	2.5%					-	-	-	-	-	-	-	-	-			
Other Commercial Income		n/a	2.5%	from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%				-	-	-	-	-	-	-	-	-			
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a	Link from Reserve Section below, as applicable				-	-	-	-	-	-	-	-	-			
Gross Potential Income								800,569	2,939,564	3,740,133	826,686	3,013,053	3,839,739	853,716	3,088,379	3,942,095			
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate				(5,400)	(146,444)	(151,844)	(5,454)	(150,105)	(155,559)	(5,509)	(153,858)	(159,366)			
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a					-	-	-	-	-	-	-	-	-			
Vacancy Loss - Commercial		n/a	n/a					-	-	-	-	-	-	-	-	-			
EFFECTIVE GROSS INCOME								795,169	2,793,120	3,588,289	821,232	2,862,948	3,684,180	848,208	2,934,521	3,782,729			
OPERATING EXPENSES																			
Management																			
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule				34,214	121,306	155,520	35,412	125,551	160,963	36,651	129,946	166,597			
Asset Management Fee		3.5%	3.5%	per MOHCD policy				5,922	20,998	26,920	6,130	21,733	27,862	6,344	22,493	28,637			
Sub-total Management Expenses								40,137	142,303	182,440	41,542	147,284	188,825	42,996	152,439	195,434			
Salaries/Benefits																			
Office Salaries		3.5%	3.5%					29,817	105,716	135,533	30,861	109,416	140,277	31,941	113,245	145,186			
Manager's Salary		3.5%	3.5%					26,887	95,327	122,214	27,828	98,663	126,491	28,802	102,117	130,919			
Health Insurance and Other Benefits		3.5%	3.5%					48,895	173,360	222,256	50,608	(179,427)	230,035	52,379	185,707	238,086			
Other Salaries/Benefits		3.5%	3.5%					154,440	51,480	205,920	159,845	53,282	213,127	165,440	55,147	220,587			
Administrative Rent-Free Unit		3.5%	3.5%					-	-	-	-	-	-	-	-	-			
Sub-total Salaries/Benefits								260,941	425,882	685,923	269,142	440,785	709,930	278,562	456,216	734,778			
Administration																			
Advertising and Marketing		3.5%	3.5%					1,135	4,025	5,160	1,175	4,168	5,341	1,216	4,311	5,528			
Office Expenses		3.5%	3.5%					4,400	15,600	20,000	4,554	16,146	20,700	4,713	16,711	21,425			
Office Rent		3.5%	3.5%					-	-	-	-	-	-	-	-	-			
Legal Expense - Property		3.5%	3.5%					3,300	11,700	15,000	3,416	12,110	15,525	3,535	12,533	16,068			
Audit Expense		3.5%	3.5%					2,914	10,330	13,244	3,016	10,692	13,708	3,121	11,066	14,187			
Bookkeeping/Accounting Services		3.5%	3.5%					5,676	20,124	25,800	5,875	20,828	26,703	6,080	21,557	27,638			
Bad Debts		3.5%	3.5%					-	-	-	-	-	-	-	-	-			
Miscellaneous		3.5%	3.5%					5,752	20,392	26,144	5,953	21,106	27,059	6,161	21,845	28,006			
Sub-total Administration Expenses								23,177	82,171	105,348	23,988	85,047	107,095	24,827	88,024	112,851			
Utilities																			
Electricity		3.5%	3.5%					44,000	156,000	200,000	45,540	161,460	207,000	47,134	167,111	214,245			
Water		3.5%	3.5%					33,000	117,000	150,000	34,155	121,095	155,250	35,350	125,333	160,684			
Gas		3.5%	3.5%					-	-	-	-	-	-	-	-	-			
Sewer		3.5%	3.5%					33,000	117,000	150,000	34,155	121,095	155,250	35,350	125,333	160,684			
Sub-total Utilities								110,000	390,000	500,000	113,850	403,650	517,500	117,835	417,778	535,613			
Taxes and Licenses																			
Real Estate Taxes		3.5%	3.5%					1,892	6,708	8,600	1,958	6,943	8,901	2,027	7,186	9,213			
Payroll Taxes		3.5%	3.5%					-	-	-	-	-	-	-	-	-			
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%					3,399	12,053	15,452	3,518	12,474	15,993	3,642	12,911	16,553			
Sub-total Taxes and Licenses								5,291	18,761	24,052	5,477	19,417	24,894	5,668	20,097	25,765			
Insurance																			
Property and Liability Insurance		3.5%	3.5%					126,500	448,500	575,000	130,928	464,198	595,125	135,510	480,444	615,954			
Fidelity Bond Insurance		3.5%	3.5%					-	-	-	-	-	-	-	-	-			
Worker's Compensation		3.5%	3.5%					8,243	29,224	37,466	8,531	30,247	38,778	8,830	31,305	40,135			
Director's & Officers' Liability Insurance		3.5%	3.5%					-	-	-	-	-	-	-	-	-			
Sub-total Insurance								134,743	477,724	612,466	139,459	494,444	633,903	144,340	511,750	656,089			
Maintenance & Repair																			
Payroll		3.5%	3.5%					51,707	183,323	235,030	53,516	189,740	243,256	55,389	196,381	251,770			
Supplies		3.5%	3.5%					6,244	22,136	28,380	6,462	22,911	29,373	6,688	23,713	30,401			
Contracts		3.5%	3.5%					43,327	153,613	196,940	44,843	158,990	203,833	46,413	164,554	210,967			
Garbage and Trash Removal		3.5%	3.5%					33,110	117,390	150,500	34,269	121,499	155,768	35,468	125,751	161,219			
Security Payroll/Contract		3.5%	3.5%					27,000	9,000	36,000	27,945	9,315	37,260	28,923	9,641	38,564			
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%					3,960	14,040	18,000	4,099	14,531	18,630	4,242	15,040	19,282			
Sub-total Maintenance & Repair Expenses								165,347	499,503	664,850	171,134	516,986	688,120	177,124	535,080	712,204			
Supportive Services		3.5%	3.5%					-	216,137	216,137	-	223,702	223,702	-	231,531	231,531			
Commercial Expenses				from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%				-	-	-	-	-	-	-	-	-			
TOTAL OPERATING EXPENSES								738,735	2,252,481	2,991,216	764,591	2,331,318	3,095,909	791,351	2,412,914	3,204,266			
PUPA (w/o Reserves/GL Base Rent/Bond Fees)																			

		LOSP		Non-LOSP											
		Units		Units											
		184		40		144									
		22.00%		78.00%											
INCOME	Other Required Reserve 2 Running Balance	% annual inc	LOSP	% annual increase		Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total

Transbay Block 2 East Family

Total # Units:		LOSP Units	Non-LOSP Units	Year 4 2029			Year 5 2030			Year 6 2031		
184		40	144									
		22.00%	78.00%									
		% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)			LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME												
Residential - Tenant Rents		1.0%	2.5%				111,273	3,154,079	3,265,352	112,385	3,232,931	3,345,316
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a				-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments		n/a	n/a				767,172	-	767,172	794,930	-	794,930
Commercial Space		n/a	3.0%	from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%			-	-	-	-	-	-
Residential Parking		2.5%	2.5%				-	-	-	-	-	-
Miscellaneous Rent Income		2.5%	2.5%				444	1,572	2,016	455	1,612	2,066
Supportive Services Income		2.5%	2.5%				-	-	-	-	-	-
Interest Income - Project Operations		2.5%	2.5%				-	-	-	-	-	-
Laundry and Vending		2.5%	2.5%				2,803	9,937	12,740	2,873	10,185	13,058
Tenant Charges		2.5%	2.5%				-	-	-	-	-	-
Miscellaneous Residential Income		2.5%	2.5%				-	-	-	-	-	-
Other Commercial Income		n/a	2.5%	from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%			-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a	Link from Reserve Section below, as applicable			-	-	-	-	-	-
Gross Potential Income							881,691	3,165,588	4,047,279	910,643	3,244,728	4,155,371
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate			(5,564)	(157,704)	(163,268)	(5,619)	(161,647)	(167,266)
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a				-	-	-	-	-	-
Vacancy Loss - Commercial		n/a	n/a				-	-	-	-	-	-
EFFECTIVE GROSS INCOME							876,127	3,007,884	3,884,012	905,024	3,083,082	3,988,105
OPERATING EXPENSES												
Management												
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule			37,934	134,494	172,428	39,262	139,201	178,463
Asset Management Fee		3.5%	3.5%	per MOHCD policy			6,566	23,280	29,847	6,796	24,095	30,891
Sub-total Management Expenses							44,500	157,774	202,274	46,058	163,296	209,354
Salaries/Benefits												
Office Salaries		3.5%	3.5%				33,059	117,209	150,268	34,216	121,311	155,527
Manager's Salary		3.5%	3.5%				29,810	105,691	135,501	30,854	109,390	140,243
Health Insurance and Other Benefits		3.5%	3.5%				54,212	192,207	246,419	56,110	198,934	255,044
Other Salaries/Benefits		3.5%	3.5%				171,230	57,077	228,307	177,223	59,074	236,298
Administrative Rent-Free Unit		3.5%	3.5%				-	-	-	-	-	-
Sub-total Salaries/Benefits							288,312	472,183	760,495	298,403	488,710	787,112
Administration												
Advertising and Marketing		3.5%	3.5%				1,259	4,462	5,721	1,303	4,619	5,921
Office Expenses		3.5%	3.5%				4,878	17,296	22,174	5,049	17,901	22,950
Office Rent		3.5%	3.5%				-	-	-	-	-	-
Legal Expense - Property		3.5%	3.5%				3,659	12,972	16,631	3,787	13,426	17,213
Audit Expense		3.5%	3.5%				3,230	11,453	14,684	3,344	11,854	15,198
Bookkeeping/Accounting Services		3.5%	3.5%				6,293	22,312	28,605	6,513	23,093	29,606
Bad Debts		3.5%	3.5%				-	-	-	-	-	-
Miscellaneous		3.5%	3.5%				6,377	22,609	28,986	6,600	23,401	30,001
Sub-total Administration Expenses							25,696	91,105	116,801	26,596	94,294	120,889
Utilities												
Electricity		3.5%	3.5%				48,784	172,960	221,744	50,491	179,014	229,505
Water		3.5%	3.5%				36,588	129,720	166,308	37,868	134,280	172,128
Gas		3.5%	3.5%				-	-	-	-	-	-
Sewer		3.5%	3.5%				36,588	129,720	166,308	37,868	134,280	172,128
Sub-total Utilities							121,959	432,400	554,359	126,228	447,534	573,762
Taxes and Licenses												
Real Estate Taxes		3.5%	3.5%				2,098	7,437	9,535	2,171	7,698	9,869
Payroll Taxes		3.5%	3.5%				-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%				3,769	13,363	17,132	3,901	13,831	17,732
Sub-total Taxes and Licenses							5,867	20,800	26,667	6,072	21,528	27,601
Insurance												
Property and Liability Insurance		3.5%	3.5%				140,253	497,260	637,513	145,162	514,664	659,826
Fidelity Bond Insurance		3.5%	3.5%				-	-	-	-	-	-
Worker's Compensation		3.5%	3.5%				9,139	32,401	41,540	9,459	33,535	42,993
Director's & Officers' Liability Insurance		3.5%	3.5%				-	-	-	-	-	-
Sub-total Insurance							149,392	529,661	679,052	154,620	548,199	702,819
Maintenance & Repair												
Payroll		3.5%	3.5%				57,328	203,254	260,582	59,335	210,368	269,702
Supplies		3.5%	3.5%				6,922	24,543	31,465	7,165	25,402	32,567
Contracts		3.5%	3.5%				48,037	170,314	218,351	49,718	176,275	225,993
Garbage and Trash Removal		3.5%	3.5%				36,710	130,152	166,862	37,994	134,708	172,702
Security Payroll/Contract		3.5%	3.5%				29,935	9,978	39,914	30,983	10,328	41,311
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%				4,391	15,566	19,957	4,544	16,111	20,655
Sub-total Maintenance & Repair Expenses							183,323	553,808	737,131	189,739	573,191	762,931
Supportive Services		3.5%	3.5%				-	239,635	239,635	-	248,022	248,022
Commercial Expenses				from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%			-	-	-	-	-	-
TOTAL OPERATING EXPENSES							819,049	2,497,366	3,316,415	847,715	2,584,774	3,432,490
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Reserves/Ground Lease Base Rent/Bond Fees				delete values in yellow cells; manipulate each cell rather than dragging across multiple cells.								
Ground Lease Base Rent							3,300	11,700	15,000	3,300	11,700	15,000
Bond Monitoring Fee							-	-	-	-	-	-
Replacement Reserve Deposit							20,240	71,760	92,000	20,240	71,760	92,000
Operating Reserve Deposit							-	-	-	-	-	-
Other Required Reserve 1 Deposit							-	-	-	-	-	-
Other Required Reserve 2 Deposit							-	-	-	-	-	-
Required Reserve Deposit/s, Commercial				from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%			-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees							23,540	83,460	107,000	23,540	83,460	107,000
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)							842,589	2,580,826	3,423,415	871,255	2,668,234	3,539,490
PUPA (w/ Reserves/GL Base Rent/Bond Fees)												
NET OPERATING INCOME (INCOME minus OP EXPENSES)							33,538	427,058	460,597	33,768	414,848	448,616
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)				delete values in yellow cells; manipulate each cell rather than dragging across multiple cells.								
Hard Debt - First Lender				Enter comments re: annual increase, etc.			-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)				Enter comments re: annual increase, etc.			25,872	91,728	117,600	25,872	91,728	117,600
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				from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%			-	-	-	-	-	-
TOTAL HARD DEBT SERVICE							25,872	91,728	117,600	25,872	91,728	117,600
CASH FLOW (NOI minus DEBT SERVICE)							7,666	335,330	342,997	7,896	323,120	331,016
Commercial Only Cash Flow												

INCOME	Total # Units:	LOSP	Non-LOSP												
		Units	Units												
		184	144	Year 4			Year 5			Year 6					
		22.00%	78.00%	2029			2030			2031					
		% annual inc	% annual increase	Comments (related to annual inc assumptions)			LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Other Required Reserve 2 Running Balance															

		LOSP		Non-LOSP													
		Units		Units													
		22.00%		78.00%													
INCOME	Total # Units:		40		144		Year 7 2032			Year 8 2033			Year 9 2034				
	184																
		% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)			LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total		
		Other Required Reserve 2 Running Balance															

Transbay Block 2 East Family

Total # Units:		LOSP Units	Non-LOSP Units										
184		40	144										
		22.00%	78.00%										
		% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 10 2035			Year 11 2036			Year 12 2037		
INCOME					LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Residential - Tenant Rents		1.0%	2.5%		118,118	3,657,765	3,775,883	119,299	3,749,209	3,868,508	120,492	3,842,939	3,963,431
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a		-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments		n/a	n/a		949,427	-	949,427	983,732	-	983,732	1,019,267	-	1,019,267
Commercial Space		n/a	3.0%	from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-
Residential Parking		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income		2.5%	2.5%		514	1,824	2,338	527	1,869	2,396	540	1,916	2,456
Supportive Services Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending		2.5%	2.5%		3,250	11,524	14,774	3,332	11,812	15,143	3,415	12,107	15,522
Tenant Charges		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income		n/a	2.5%	from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-
Gross Potential Income					1,071,310	3,671,112	4,742,422	1,106,890	3,762,890	4,869,780	1,143,714	3,856,962	5,000,676
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(5,906)	(182,888)	(188,794)	(5,965)	(187,460)	(193,425)	(6,025)	(192,147)	(198,172)
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial		n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME					1,065,404	3,488,224	4,553,628	1,100,925	3,575,429	4,676,354	1,137,689	3,664,815	4,802,504
OPERATING EXPENSES													
Management													
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule	46,631	165,327	211,958	48,263	171,114	219,376	49,952	177,103	227,054
Asset Management Fee		3.5%	3.5%	per MOHCD policy	8,072	28,618	36,689	8,354	29,619	37,973	8,647	30,656	39,302
Sub-total Management Expenses					54,702	193,945	248,647	56,617	200,733	257,350	58,599	207,758	266,357
Salaries/Benefits													
Office Salaries		3.5%	3.5%		40,638	144,080	184,718	42,060	149,122	191,183	43,532	154,342	197,874
Manager's Salary		3.5%	3.5%		36,644	129,921	166,565	37,927	134,468	172,395	39,254	139,174	178,429
Health Insurance and Other Benefits		3.5%	3.5%		66,641	236,271	302,912	68,973	244,541	313,514	71,387	253,100	324,487
Other Salaries/Benefits		3.5%	3.5%		210,486	70,162	280,648	217,853	72,618	290,470	225,478	75,159	300,637
Administrative Rent-Free Unit		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits					354,409	580,434	934,843	386,813	600,749	967,562	379,651	621,775	1,001,427
Administration													
Advertising and Marketing		3.5%	3.5%		1,547	5,485	7,033	1,601	5,677	7,279	1,657	5,876	7,533
Office Expenses		3.5%	3.5%		5,997	21,261	27,258	6,207	22,005	28,212	6,424	22,776	29,199
Office Rent		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property		3.5%	3.5%		4,498	15,946	20,443	4,655	16,504	21,159	4,818	17,082	21,900
Audit Expense		3.5%	3.5%		3,971	14,079	18,050	4,110	14,572	18,682	4,254	15,082	19,336
Bookkeeping/Accounting Services		3.5%	3.5%		7,736	27,427	35,163	8,007	28,387	36,393	8,287	29,380	37,667
Bad Debts		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous		3.5%	3.5%		7,839	27,793	35,632	8,113	28,765	36,879	8,397	29,772	38,169
Sub-total Administration Expenses					31,587	111,991	143,579	32,693	115,911	148,604	33,837	119,968	153,805
Utilities													
Electricity		3.5%	3.5%		59,967	212,612	272,579	62,066	220,053	282,120	64,239	227,755	291,994
Water		3.5%	3.5%		44,976	159,459	204,435	46,350	165,040	211,590	48,179	170,816	218,995
Gas		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer		3.5%	3.5%		44,976	159,459	204,435	46,550	165,040	211,590	48,179	170,816	218,995
Sub-total Utilities					149,919	531,530	681,449	155,166	550,134	705,299	160,597	569,388	729,985
Taxes and Licenses													
Real Estate Taxes		3.5%	3.5%		2,579	9,142	11,721	2,669	9,462	12,131	2,762	9,793	12,556
Payroll Taxes		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%		4,633	16,426	21,059	4,795	17,001	21,797	4,963	17,596	22,559
Sub-total Taxes and Licenses					7,212	25,569	32,780	7,464	26,464	33,928	7,725	27,390	35,115
Insurance													
Property and Liability Insurance		3.5%	3.5%		172,407	611,259	783,666	178,441	632,654	811,094	184,686	654,796	839,483
Fidelity Bond Insurance		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation		3.5%	3.5%		11,234	39,829	51,063	11,627	41,223	52,850	12,034	42,666	54,700
Director's & Officers' Liability Insurance		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance					183,640	651,088	834,729	190,068	673,877	863,944	196,720	697,462	894,182
Maintenance & Repair													
Payroll		3.5%	3.5%		70,471	249,851	320,322	72,937	258,596	331,533	75,490	267,647	343,137
Supplies		3.5%	3.5%		8,509	30,170	38,679	8,807	31,226	40,033	9,115	32,318	41,434
Contracts		3.5%	3.5%		59,050	209,359	268,409	61,117	216,687	277,803	63,256	224,271	287,526
Garbage and Trash Removal		3.5%	3.5%		45,126	159,991	205,116	46,705	165,590	212,295	48,340	171,386	219,725
Security Payroll/Contract		3.5%	3.5%		36,798	12,266	49,064	38,086	12,695	50,782	39,419	13,140	52,559
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%		5,397	19,135	24,532	5,586	19,805	25,391	5,781	20,498	26,279
Sub-total Maintenance & Repair Expenses					225,351	680,771	906,122	233,238	704,598	937,837	241,402	729,259	970,661
Supportive Services		3.5%	3.5%		-	294,573	294,573	-	304,883	304,883	-	315,553	315,553
Commercial Expenses				from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES					1,006,820	3,069,901	4,076,721	1,042,059	3,177,347	4,219,406	1,078,531	3,288,554	4,367,085
PUPA (w/o Reserves/GL Base Rent/Bond Fees)													
Reserves/Ground Lease Base Rent/Bond Fees													
Ground Lease Base Rent					3,300	11,700	15,000	3,300	11,700	15,000	3,300	11,700	15,000
Bond Monitoring Fee					-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit					20,240	71,760	92,000	20,240	71,760	92,000	20,240	71,760	92,000
Operating Reserve Deposit					-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit					-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit					-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial				from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					23,540	83,460	107,000	23,540	83,460	107,000	23,540	83,460	107,000
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)					1,030,360	3,153,361	4,183,721	1,065,599	3,260,807	4,326,406	1,102,071	3,372,014	4,474,085
PUPA (w/ Reserves/GL Base Rent/Bond Fees)													
NET OPERATING INCOME (INCOME minus OP EXPENSES)					35,044	334,863	369,907	35,326	314,622	349,948	35,619	292,801	328,419
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)													
Hard Debt - First Lender				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)				Enter comments re: annual increase, etc.	25,872	91,728	117,600	25,872	91,728	117,600	25,872	91,728	117,600
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									

		LOSP		Non-LOSP													
		Units		Units													
		184		40		144											
		22.00%		78.00%													
INCOME	Other Required Reserve 2 Running Balance	% annual inc	LOSP	% annual increase		Comments (related to annual inc assumptions)			Year 10 2035			Year 11 2036			Year 12 2037		
			LOSP				LOSP	non-LOSP	Total		LOSP	non-LOSP	Total		LOSP	non-LOSP	Total

Transbay Block 2 East Family

Total # Units:		LOSP Units	Non-LOSP Units									
184		40	144									
		22.00%	78.00%									
				Year 13 2038			Year 14 2039			Year 15 2040		
				LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME												
Residential - Tenant Rents				121,697	3,939,013	4,060,710	122,914	4,037,488	4,160,402	124,143	4,138,425	4,262,568
Residential - Tenant Assistance Payments (Non-LOSP)				-	-	-	-	-	-	-	-	-
Residential - LOSP Tenant Assistance Payments				1,056,074	-	1,056,074	1,094,200	-	1,094,200	1,133,690	-	1,133,690
Commercial Space				-	-	-	-	-	-	-	-	-
Residential Parking				-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income				554	1,964	2,518	568	2,013	2,581	582	2,063	2,645
Supportive Services Income				-	-	-	-	-	-	-	-	-
Interest Income - Project Operations				-	-	-	-	-	-	-	-	-
Laundry and Vending				3,500	12,410	15,910	3,588	12,720	16,308	3,677	13,038	16,715
Tenant Charges				-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income				-	-	-	-	-	-	-	-	-
Other Commercial Income				-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)				-	-	-	-	-	-	-	-	-
Gross Potential Income				1,181,825	3,953,386	5,135,212	1,221,269	4,052,221	5,273,490	1,262,092	4,153,526	5,415,618
Vacancy Loss - Residential - Tenant Rents				(6,085)	(196,951)	(203,035)	(6,146)	(201,874)	(208,020)	(6,207)	(206,921)	(213,128)
Vacancy Loss - Residential - Tenant Assistance Payments				-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial				-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME				1,175,741	3,756,436	4,932,176	1,215,124	3,850,346	5,065,470	1,255,885	3,946,605	5,202,490
OPERATING EXPENSES												
Management												
Management Fee				3.5%	3.5%	1st Year to be set according to HUD schedule	51,700	183,301	235,001	53,510	189,717	243,226
Asset Management Fee				3.5%	3.5%	per MOHCD policy	8,949	31,729	40,678	9,262	32,839	42,102
Sub-total Management Expenses							60,649	215,030	275,679	62,772	222,556	285,328
Salaries/Benefits												
Office Salaries				3.5%	3.5%		45,056	159,744	204,800	46,633	165,335	211,968
Manager's Salary				3.5%	3.5%		40,628	144,046	184,674	42,050	149,087	191,137
Health Insurance and Other Benefits				3.5%	3.5%		73,886	261,958	335,844	76,472	271,127	347,599
Other Salaries/Benefits				3.5%	3.5%		233,369	77,790	311,159	241,537	80,512	322,050
Administrative Rent-Free Unit				3.5%	3.5%		-	-	-	-	-	-
Sub-total Salaries/Benefits							392,939	643,537	1,036,477	406,692	666,061	1,072,753
Administration												
Advertising and Marketing				3.5%	3.5%		1,715	6,082	7,797	1,775	6,295	8,070
Office Expenses				3.5%	3.5%		6,649	23,573	30,221	6,881	24,398	31,279
Office Rent				3.5%	3.5%		-	-	-	-	-	-
Legal Expense - Property				3.5%	3.5%		4,987	17,680	22,666	5,161	18,298	23,459
Audit Expense				3.5%	3.5%		4,403	15,610	20,013	4,557	16,156	20,713
Bookkeeping/Accounting Services				3.5%	3.5%		8,577	30,409	38,986	8,877	31,473	40,350
Bad Debts				3.5%	3.5%		-	-	-	-	-	-
Miscellaneous				3.5%	3.5%		8,691	30,814	39,505	8,995	31,893	40,888
Sub-total Administration Expenses							35,021	124,167	159,188	36,247	128,513	164,760
Utilities												
Electricity				3.5%	3.5%		66,487	235,727	302,214	68,814	243,977	312,791
Water				3.5%	3.5%		49,885	176,795	228,660	51,611	182,983	234,593
Gas				3.5%	3.5%		-	-	-	-	-	-
Sewer				3.5%	3.5%		49,885	176,795	228,660	51,611	182,983	234,593
Sub-total Utilities							166,218	589,317	755,534	172,035	609,943	781,978
Taxes and Licenses												
Real Estate Taxes				3.5%	3.5%		2,859	10,136	12,995	2,959	10,491	13,450
Payroll Taxes				3.5%	3.5%		-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits				3.5%	3.5%		5,137	18,212	23,349	5,317	18,850	24,166
Sub-total Taxes and Licenses							7,996	28,348	36,344	8,276	29,341	37,616
Insurance												
Property and Liability Insurance				3.5%	3.5%		191,150	677,714	868,864	197,840	701,434	899,275
Fidelity Bond Insurance				3.5%	3.5%		-	-	-	-	-	-
Worker's Compensation				3.5%	3.5%		12,455	44,159	56,614	12,891	45,705	58,596
Director's & Officers' Liability Insurance				3.5%	3.5%		-	-	-	-	-	-
Sub-total Insurance							203,605	721,873	925,479	210,731	747,139	957,870
Maintenance & Repair												
Payroll				3.5%	3.5%		78,132	277,014	355,146	80,867	286,710	367,577
Supplies				3.5%	3.5%		9,435	33,450	42,884	9,765	34,620	44,385
Contracts				3.5%	3.5%		65,470	232,120	297,590	67,761	240,244	308,006
Garbage and Trash Removal				3.5%	3.5%		50,031	177,384	227,416	51,783	183,593	235,375
Security Payroll/Contract				3.5%	3.5%		40,799	13,600	54,398	42,227	14,076	56,302
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%		5,984	21,215	27,199	6,193	21,958	28,151
Sub-total Maintenance & Repair Expenses							249,851	754,783	1,004,634	258,955	781,201	1,039,796
Supportive Services				3.5%	3.5%		-	326,598	326,598	-	338,029	338,029
Commercial Expenses							-	-	-	-	-	-
TOTAL OPERATING EXPENSES							1,116,279	3,403,654	4,519,933	1,155,349	3,522,782	4,678,131
PUPA (w/o Reserves/GL Base Rent/Bond Fees)												
Reserves/Ground Lease Base Rent/Bond Fees												
Ground Lease Base Rent							3,300	11,700	15,000	3,300	11,700	15,000
Bond Monitoring Fee							-	-	-	-	-	-
Replacement Reserve Deposit							20,240	71,760	92,000	20,240	71,760	92,000
Operating Reserve Deposit							-	-	-	-	-	-
Other Required Reserve 1 Deposit							-	-	-	-	-	-
Other Required Reserve 2 Deposit							-	-	-	-	-	-
Required Reserve Deposit/s, Commercial							-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees							23,540	83,460	107,000	23,540	83,460	107,000
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)							1,139,819	3,487,114	4,626,933	1,178,889	3,606,242	4,785,131
PUPA (w/ Reserves/GL Base Rent/Bond Fees)												
NET OPERATING INCOME (INCOME minus OP EXPENSES)							35,921	269,322	305,243	36,234	244,105	280,339
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)												
Hard Debt - First Lender							-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)							25,872	91,728	117,600	25,872	91,728	117,600
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)							-	-	-	-	-	-
Hard Debt - Fourth Lender							-	-	-	-	-	-
Commercial Hard Debt Service							-	-	-	-	-	-
TOTAL HARD DEBT SERVICE							25,872	91,728	117,600	25,872	91,728	117,600
CASH FLOW (NOI minus DEBT SERVICE)												
Commercial Only Cash Flow							10,049	177,594	187,643	10,362	152,377	162,739
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)							-	-	-	-	-	-
AVAILABLE CASH FLOW							10,049	177,594	187,643	10,362	152,377	162,739
USES OF CASH FLOW BELOW (This row also shows DSCR.)												
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL												
Below-the-line Asset Mgt												

INCOME	Total # Units:	LOSP	Non-LOSP											
		Units	Units	Year 13			Year 14			Year 15				
	184	40	144	2038			2039			2040				
		22.00%	78.00%											
	% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total		
Other Required Reserve 2 Running Balance														

Transbay Block 2 East Family

Total # Units:		LOSP Units	Non-LOSP Units										
184		40	144										
		22.00%	78.00%										
		% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)	Year 16 2041			Year 17 2042			Year 18 2043		
INCOME					LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Residential - Tenant Rents		1.0%	2.5%		125,385	4,241,886	4,367,270	126,638	4,347,933	4,474,571	127,905	4,456,631	4,584,536
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a		(6,269)	(212,094)	(218,364)	(6,332)	(217,397)	(223,729)	(6,395)	(222,832)	(229,227)
Residential - LOSP Tenant Assistance Payments		n/a	n/a		1,173,492	-	1,173,492	1,215,856	-	1,215,856	1,259,734	-	1,259,734
Commercial Space		n/a	3.0%	from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-
Residential Parking		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income		2.5%	2.5%		596	2,115	2,711	611	2,168	2,779	627	2,222	2,848
Supportive Services Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Interest Income - Project Operations		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Laundry and Vending		2.5%	2.5%		3,769	13,364	17,133	3,864	13,698	17,562	3,960	14,041	18,001
Tenant Charges		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Residential Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-
Other Commercial Income		n/a	2.5%	from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-
Gross Potential Income					1,303,242	4,257,365	5,560,607	1,346,970	4,363,799	5,710,768	1,392,226	4,472,894	5,865,119
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(6,269)	(212,094)	(218,364)	(6,332)	(217,397)	(223,729)	(6,395)	(222,832)	(229,227)
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a		-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial		n/a	n/a		-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME					1,296,973	4,045,270	5,342,243	1,340,638	4,146,402	5,487,040	1,385,831	4,250,062	5,635,893
OPERATING EXPENSES													
Management													
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule	57,321	203,229	260,550	59,327	210,342	269,670	61,404	217,704	279,108
Asset Management Fee		3.5%	3.5%	per MOHCD policy	9,922	35,178	45,100	10,269	36,410	46,679	10,629	37,684	48,313
Sub-total Management Expenses					67,243	238,407	305,651	69,597	246,752	316,349	72,033	255,388	327,421
Salaries/Benefits													
Office Salaries		3.5%	3.5%		49,954	177,111	227,065	51,703	183,310	235,012	53,512	189,725	243,238
Manager's Salary		3.5%	3.5%		45,045	159,706	204,751	46,622	165,296	211,917	48,254	171,081	219,334
Health Insurance and Other Benefits		3.5%	3.5%		81,918	290,438	372,356	84,785	300,603	385,389	87,753	311,124	398,877
Other Salaries/Benefits		3.5%	3.5%		258,741	86,247	344,988	267,797	89,266	357,062	277,170	92,390	369,560
Administrative Rent-Free Unit		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits					435,659	713,501	1,149,160	450,907	738,474	1,189,381	466,689	764,321	1,231,095
Administration													
Advertising and Marketing		3.5%	3.5%		1,902	6,743	8,645	1,958	6,979	8,947	2,037	7,223	9,261
Office Expenses		3.5%	3.5%		7,732	26,135	33,507	7,630	27,050	34,680	7,897	27,997	35,894
Office Rent		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property		3.5%	3.5%		5,529	19,602	25,130	5,722	20,288	26,010	5,922	20,998	26,920
Audit Expense		3.5%	3.5%		4,881	17,307	22,188	5,052	17,913	22,965	5,229	18,540	23,769
Bookkeeping/Accounting Services		3.5%	3.5%		9,509	33,715	43,224	9,842	34,895	44,737	10,187	36,116	46,303
Bad Debts		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous		3.5%	3.5%		9,636	34,164	43,800	9,973	35,360	45,333	10,322	36,598	46,920
Sub-total Administration Expenses					38,829	137,668	176,495	40,188	142,484	182,672	41,594	147,471	189,065
Utilities													
Electricity		3.5%	3.5%		73,715	261,354	335,070	76,295	270,502	346,797	78,966	279,969	358,935
Water		3.5%	3.5%		55,287	196,016	251,302	57,222	202,876	260,098	59,224	209,977	269,201
Gas		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sewer		3.5%	3.5%		55,287	196,016	251,302	57,222	202,876	260,098	59,224	209,977	269,201
Sub-total Utilities					184,288	653,386	837,674	190,738	676,255	866,993	197,414	699,923	897,338
Taxes and Licenses													
Real Estate Taxes		3.5%	3.5%		3,170	11,238	14,408	3,281	11,632	14,912	3,396	12,039	15,434
Payroll Taxes		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%		5,695	20,192	25,887	5,895	20,899	26,794	6,101	21,630	27,731
Sub-total Taxes and Licenses					8,865	31,430	40,295	9,175	32,531	41,706	9,496	33,669	43,166
Insurance													
Property and Liability Insurance		3.5%	3.5%		211,932	751,394	963,326	219,349	777,693	997,042	227,026	804,912	1,031,938
Fidelity Bond Insurance		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation		3.5%	3.5%		13,809	48,960	62,769	14,293	50,674	64,966	14,793	52,447	67,240
Director's & Officers' Liability Insurance		3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance					225,741	800,354	1,026,095	233,642	828,366	1,062,008	241,819	857,359	1,099,178
Maintenance & Repair													
Payroll		3.5%	3.5%		86,627	307,131	393,757	89,659	317,880	407,539	92,797	329,006	421,803
Supplies		3.5%	3.5%		10,460	37,086	47,546	10,825	38,384	49,211	11,205	39,728	50,933
Contracts		3.5%	3.5%		72,588	257,356	329,943	75,128	266,363	341,491	77,758	275,686	353,443
Garbage and Trash Removal		3.5%	3.5%		55,471	196,669	252,140	57,412	203,553	260,965	59,422	210,677	270,099
Security Payroll/Contract		3.5%	3.5%		45,234	15,078	60,313	46,818	15,606	62,423	48,456	16,152	64,608
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%		6,634	23,522	30,156	6,867	24,345	31,212	7,107	25,197	32,304
Sub-total Maintenance & Repair Expenses					277,014	836,842	1,113,856	286,709	866,131	1,152,841	296,744	896,446	1,193,190
Supportive Services		3.5%	3.5%		-	362,105	362,105	-	374,779	374,779	-	387,896	387,896
Commercial Expenses				from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES					1,237,639	3,773,692	5,011,331	1,280,956	3,905,771	5,186,727	1,325,790	4,042,473	5,368,263
PUPA (w/o Reserves/GL Base Rent/Bond Fees)													
Reserves/Ground Lease Base Rent/Bond Fees													
Ground Lease Base Rent					3,300	11,700	15,000	3,300	11,700	15,000	3,300	11,700	15,000
Bond Monitoring Fee					-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit					20,240	71,760	92,000	20,240	71,760	92,000	20,240	71,760	92,000
Operating Reserve Deposit					-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit					-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit					-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial				from 'Commercial Op. Budget Worksheet'; Commercial to Residential allocation: 0%	-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees					23,540	83,460	107,000	23,540	83,460	107,000	23,540	83,460	107,000
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)					1,261,179	3,857,152	5,118,331	1,304,496	3,989,231	5,293,727	1,349,330	4,125,933	5,475,263
PUPA (w/ Reserves/GL Base Rent/Bond Fees)													
NET OPERATING INCOME (INCOME minus OP EXPENSES)					35,794	188,118	223,912	36,141	157,171	193,312	36,501	124,129	160,630
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)													
Hard Debt - First Lender				Enter comments re: annual increase, etc.	-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)				Enter comments re: annual increase, etc.	25,872	91,728	117,600	25,872	91,728	117,600	25,872	91,728	117,600
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.									

		LOSP		Non-LOSP												
		Units		Units												
		184		40		144		22.00%		78.00%						
INCOME	Other Required Reserve 2 Running Balance	% annual inc LOSP		% annual increase		Comments (related to annual inc assumptions)		LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total

Transbay Block 2 East Family

Total # Units:		LOSP	Non-LOSP				Year 19			Year 20					
		Units	Units				2044			2045					
184		40	144												
		22.00%	78.00%												
		% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)			LOSP	non-LOSP	Total	LOSP	non-LOSP	Total			
INCOME		1.0%	2.5%												
Residential - Tenant Rents		n/a	n/a				129,184	4,568,047	4,697,231	130,476	4,682,248	4,812,724			
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a				-	-	-	-	-	-			
Residential - LOSP Tenant Assistance Payments		n/a	n/a				1,305,179	-	1,305,179	1,352,246	-	1,352,246			
Commercial Space		n/a	3.0%	from 'Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%			-	-	-	-	-	-			
Residential Parking		2.5%	2.5%				-	-	-	-	-	-			
Miscellaneous Rent Income		2.5%	2.5%				642	2,277	2,920	658	2,334	2,993			
Supportive Services Income		2.5%	2.5%				-	-	-	-	-	-			
Interest Income - Project Operations		2.5%	2.5%				-	-	-	-	-	-			
Laundry and Vending		2.5%	2.5%				4,059	14,392	18,451	4,161	14,751	18,912			
Tenant Charges		2.5%	2.5%				-	-	-	-	-	-			
Miscellaneous Residential Income		2.5%	2.5%				-	-	-	-	-	-			
Other Commercial Income		n/a	2.5%	from 'Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%			-	-	-	-	-	-			
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a	Link from Reserve Section below, as applicable			-	-	-	-	-	-			
Gross Potential Income							1,439,064	4,584,716	6,023,780	1,487,541	4,699,334	6,186,875			
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate			(6,459)	(228,402)	(234,862)	(6,524)	(234,112)	(240,636)			
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a				-	-	-	-	-	-			
Vacancy Loss - Commercial		n/a	n/a				-	-	-	-	-	-			
EFFECTIVE GROSS INCOME							1,432,605	4,356,314	5,788,919	1,481,017	4,465,221	5,946,238			
OPERATING EXPENSES															
Management															
Management Fee		3.5%	3.5%	1st Year to be set according to HUD schedule.			63,553	225,324	288,877	65,777	233,210	298,987			
Asset Management Fee		3.5%	3.5%	per MOHCD policy			11,001	39,003	50,004	11,386	40,368	51,754			
Sub-total Management Expenses							74,554	264,327	338,880	77,163	273,578	350,741			
Salaries/Benefits															
Office Salaries		3.5%	3.5%				55,385	196,366	251,751	57,324	203,239	260,562			
Manager's Salary		3.5%	3.5%				49,942	177,069	227,011	51,690	183,266	234,957			
Health Insurance and Other Benefits		3.5%	3.5%				90,824	322,014	412,838	94,003	333,284	427,287			
Other Salaries/Benefits		3.5%	3.5%				286,871	95,624	382,494	296,911	98,970	395,881			
Administrative Rent-Free Unit		3.5%	3.5%				-	-	-	-	-	-			
Sub-total Salaries/Benefits							483,023	791,072	1,274,095	499,929	818,759	1,318,688			
Administration															
Advertising and Marketing		3.5%	3.5%				2,109	7,476	9,585	2,182	7,738	9,920			
Office Expenses		3.5%	3.5%				8,173	28,977	37,150	8,459	29,991	38,450			
Office Rent		3.5%	3.5%				-	-	-	-	-	-			
Legal Expense - Property		3.5%	3.5%				6,130	21,733	27,862	6,344	22,493	28,838			
Audit Expense		3.5%	3.5%				5,412	19,188	24,601	5,602	19,860	25,462			
Bookkeeping/Accounting Services		3.5%	3.5%				10,543	37,380	47,923	10,912	38,688	49,601			
Bad Debts		3.5%	3.5%				-	-	-	-	-	-			
Miscellaneous		3.5%	3.5%				10,684	37,879	48,562	11,058	39,204	50,262			
Sub-total Administration Expenses							43,050	152,633	195,683	44,557	157,975	202,532			
Utilities															
Electricity		3.5%	3.5%				81,739	289,768	371,498	84,590	299,910	384,500			
Water		3.5%	3.5%				61,297	217,326	278,623	63,443	224,933	288,375			
Gas		3.5%	3.5%				-	-	-	-	-	-			
Sewer		3.5%	3.5%				61,297	217,326	278,623	63,443	224,933	288,375			
Sub-total Utilities							204,324	724,421	928,745	211,475	749,776	961,251			
Taxes and Licenses															
Real Estate Taxes		3.5%	3.5%				3,514	12,460	15,974	3,637	12,896	16,534			
Payroll Taxes		3.5%	3.5%				-	-	-	-	-	-			
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%				6,314	22,387	28,702	6,535	23,171	29,706			
Sub-total Taxes and Licenses							9,829	34,848	44,676	10,173	36,067	46,240			
Insurance															
Property and Liability Insurance		3.5%	3.5%				234,972	833,084	1,068,056	243,196	862,242	1,105,438			
Fidelity Bond Insurance		3.5%	3.5%				-	-	-	-	-	-			
Worker's Compensation		3.5%	3.5%				15,311	54,283	69,593	15,846	56,183	72,029			
Director's & Officers' Liability Insurance		3.5%	3.5%				-	-	-	-	-	-			
Sub-total Insurance							250,283	887,367	1,137,650	259,043	918,424	1,177,467			
Maintenance & Repair															
Payroll		3.5%	3.5%				96,044	340,521	436,566	99,405	352,439	451,845			
Supplies		3.5%	3.5%				11,597	41,118	52,716	12,003	42,557	54,561			
Contracts		3.5%	3.5%				80,479	285,335	365,814	83,296	295,322	378,617			
Garbage and Trash Removal		3.5%	3.5%				61,501	218,051	279,552	63,654	225,682	289,336			
Security Payroll/Contract		3.5%	3.5%				50,152	16,717	66,870	51,908	17,303	69,210			
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%				7,356	26,079	33,435	7,613	26,992	34,605			
Sub-total Maintenance & Repair Expenses							307,130	927,821	1,234,952	317,880	960,295	1,278,175			
Supportive Services		3.5%	3.5%				-	401,472	401,472	-	415,524	415,524			
Commercial Expenses				from 'Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%			-	-	-	-	-	-			
TOTAL OPERATING EXPENSES							1,372,192	4,183,960	5,556,152	1,420,219	4,330,398	5,750,617			
PUPA (w/o Reserves/GL Base Rent/Bond Fees)															
Reserves/Ground Lease Base Rent/Bond Fees															
Ground Lease Base Rent							3,300	11,700	15,000	3,300	11,700	15,000			
Bond Monitoring Fee							-	-	-	-	-	-			
Replacement Reserve Deposit							20,240	71,760	92,000	20,240	71,760	92,000			
Operating Reserve Deposit							-	-	-	-	-	-			
Other Required Reserve 1 Deposit							-	-	-	-	-	-			
Other Required Reserve 2 Deposit							-	-	-	-	-	-			
Required Reserve Deposit/s, Commercial				from 'Commercial Op. Budget Worksheet; Commercial to Residential allocation: 0%			-	-	-	-	-	-			
Sub-total Reserves/Ground Lease Base Rent/Bond Fees							23,540	83,460	107,000	23,540	83,460	107,000			
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)							1,395,732	4,267,420	5,663,152	1,443,759	4,413,858	5,857,617			
PUPA (w/ Reserves/GL Base Rent/Bond Fees)															
NET OPERATING INCOME (INCOME minus OP EXPENSES)							36,873	88,894	125,767	37,258	51,363	88,621			
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)															
Hard Debt - First Lender				Enter comments re: annual increase, etc.			-	-	-	-	-	-			
Hard Debt - Second Lender (HCD Program 0.42% pymt. or other 2nd Lender)				Enter comments re: annual increase, etc.			25,872	91,728	117,600	25,872	91,728	117,600			
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				from 'Commercial Op. Budget											

INCOME	Total # Units:	184	LOSP	Non-LOSP						
			Units	Units						
			40	144						
			22.00%	78.00%						
			% annual inc	% annual increase	Comments (related to annual inc assumptions)	LOSP	non-LOSP	Total	LOSP	non-LOSP
Other Required Reserve 2 Running Balance										

Attachment M: Commercial Development Budget

Application Date:7/1/23

Project Name:Transbay Block 2 East Family

Project Address:200 Folsom St

Project Sponsor:Mercy Housing California

Commercial Spaces:3

COMMERCIAL SPACE	Don't forget to fill in D138:D140!						%age Total Building Costs in Commercial Budget
	Space 1	Space 2	Space 3	Space 4	Space 5		
	Commercial Use - Description	Retail Space 1	Retail Space 2	Childcare Shell	Childcare Full Build		
Gross SF	1190	768	6447			8,405	Total Commercial SF

SOURCES	Total Sources					Comments
	1,352,868	939,922	6,383,891	3,000,000	-	11,676,682
USEs	OCII	OCII	OCII	Wu Yee		

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	

CONSTRUCTION (HARD COSTS)								
Unit Construction/Rehab						0		
Commercial Warm Shell Construction	699,855	451,671	4,696,218	3,000,000		8,847,744		
Commercial Cold Shell Construction		0	0			0		
Demolition						0		
Environmental Remediation	6,106	3,941	33,082			43,130		
Onsight Improvements/Landscaping	2,264	1,461	12,268			15,993		
Offsite Improvements		0	0			0		
Infrastructure Improvements	22,614	14,595	122,517			159,727		
Parking		0	0			0		
GC Bond Premium/GC Insurance/GC Taxes	46,150	29,784	250,027			325,962		3.3%
GC Overhead & Profit	19,974	12,891	108,212			141,077		1.4%
CG General Conditions	42,833	27,643	232,054			302,531		3.1%
Sub-total Construction Costs	839,798	541,987	5,454,378	3,000,000	0	9,836,163		
Design Contingency (remove at DD)						0		0.0%
Bid Contingency (remove at bid)	0	0	0			0		0.0%
Plan Check Contingency (remove/reduce during Plan Review)	18,796	10,840	90,995			118,630		1.2%
Hard Cost Construction Contingency	30,369	19,599	164,526			214,493		2.2%
Sub-total Construction Contingencies	47,164	30,439	255,520	0	0	333,124		
TOTAL CONSTRUCTION COSTS	886,962	572,426	5,709,898	3,000,000	0	10,169,287		

SOFT COSTS								
Architecture & Design								
Architect design fees	14,823	9,566	80,304			104,692		See MOHCD A&E Fee Guidelines: http://slfmohcd.org/documents-reports-and-forms
Architecture design fees for Schematic Drawings for tenant-paid tenant improvements						0		
Design Subconsultants to the Architect (incl. Fees)						0		
Architect Construction Admin						0		
Reimbursables						0		
Additional Services						0		
Sub-total Architect Contract	14,823	9,566	80,304	0	0	104,692		
Other Third Party design consultants (not included under Architect contract)	3,261	2,105	17,667			23,032		
Total Architecture & Design	18,084	11,671	97,970	0	0	127,725		
Engineering & Environmental Studies								
Survey	65	42	353			461		
Geotechnical studies	939	606	5,085			6,629		
Phase I & II Reports	296	191	1,606			2,094		
CEQA / Environmental Review consultants	427	275	2,312			3,014		
NEPA / 106 Review						0		
CNA/PNA (rehab only)						0		
Other environmental consultants						0		Name consultants & contract amounts
Total Engineering & Environmental Studies	1,727	1,115	9,356	0	0	12,198		
Financing Costs								
Construction Financing Costs								
Construction Loan Origination Fee						0		
Construction Loan Interest						0		
Title & Recording	711	459	3,855			5,025		
CDLAC & CDIAC fees						0		
Bond Issuer Fees						0		
Other Bond Cost of Issuance						0		
Other Lender Costs (specify)						0		
Sub-total Const. Financing Costs	711	459	3,855	0	0	5,025		
Permanent Financing Costs								
Permanent Loan Origination Fee						0		
Credit Enhance. & Appl. Fee						0		
Title & Recording						0		
Commercial Loan Origination Fee						0		
Sub-total Perm. Financing Costs	0	0	0	0	0	0		
Total Financing Costs	711	459	3,855	0	0	5,025		
Legal Costs								
Borrower Legal fees	889	574	4,818			6,282		
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	889	574	4,818	0	0	6,282		
Other Development Costs								
Appraisal	89	57	482			628		
Market Study	3,000	3,000	803			6,803		
Insurance	11,858	7,653	64,243			83,754		
Property Taxes						0		
Accounting / Audit	237	153	1,285			1,675		
Organizational Costs						0		
Entitlement / Permit Fees	57,139	54,607	88,674			200,420		
Marketing / Lease-up	1,557	1,005	8,437			11,000		
Furnishings						0		
PGE / Utility Fees	2,668	1,722	14,455			18,845		
TCAC App / Alloc / Monitor Fees						0		
Financial Consultant fees	504	325	2,730			3,560		
Construction Management fees / Owner's Rep	1,266	817	6,861			8,945		
Security during Construction						0		
Relocation						0		
Administrative Expenses	3,610					3,610		
Other (specify)						0		
Other (specify)						0		
Total Other Development Costs	81,929	69,340	187,970	0	0	339,240		Total Soft Cost Contingency as % of Total Soft Costs 0.2%
Soft Cost Contingency								
Contingency (Arch, Eng, Fin, Legal & Other Dev)	304	304	304			913	5%	
TOTAL SOFT COSTS	103,645	83,463	304,274	0	0	491,382		

RESERVES							
Operating Reserves						0	
Replacement Reserves	6,092	3,931	33,002			43,025	
Tenant Improvements Reserves	178,500	115,200				293,700	
Commercial Lease-Up Reserves	36,003	23,235	195,050			254,288	
Other (specify)						0	
TOTAL RESERVES	220,594	142,367	228,052	0	0	591,013	

DEVELOPER COSTS							
Commercial Developer Fee - Cash-out Paid at Milestones	141,667	141,667	141,667			425,000	
Other (specify)						0	
Other (specify)						0	
TOTAL DEVELOPER COSTS	141,667	141,667	141,667	0	0	425,000	

TOTAL DEVELOPMENT COST	1,352,868	939,922	6,383,891	3,000,000	0	11,676,682	
Development Cost/SF by Source	1,137	1,224	990				
Development Cost/Unit as % of TDC by Source							

Acquisition Cost/SF by Source	0	0	0			0	
-------------------------------	---	---	---	--	--	---	--

Construction Cost (inc Const Contingency)/SF By Source	745	745	886				
Construction Cost (inc Const Contingency)/SF	745.35	745.35	885.67			50.67	

Commercial Loan Amount:

Commercial Loan Term (in years):

Commercial 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.

Attachment N: Commercial Operating Proforma

Transbay Block 2 East Family		LOSP Project																						
Drop down menu to the right controls how much Net Commerical Revenue is contributed to the Residential Operating Budget. (100% is default, select another choice only if allowed by MOHCD policy.)		0%																						
Total # Units:		184		Business Year																				
		% annual increase		Year 1 2026	Year 2 2027	Year 3 2028	Year 4 2029	Year 5 2030	Year 6 2031	Year 7 2032	Year 8 2033	Year 9 2034	Year 10 2035	Year 11 2036	Year 12 2037	Year 13 2038	Year 14 2039	Year 15 2040	Year 16 2041	Year 17 2042	Year 18 2043	Year 19 2044	Year 20 2045	
COMMERCIAL INCOME		Comments																						
Commercial Space 1		3.0% 1,190 sf, \$2.75/sf/month +NNN (\$1.27 paf/month)		57,390	59,112	60,885	62,712	64,593	66,531	68,527	70,582	72,700	74,881	77,127	79,441	81,824	84,279	86,808	89,412	92,094	94,857	97,703	100,634	
Commercial Space 2		3.0% 708 sf, \$2.75/sf/month + NNN (\$1.27 paf/month)		37,038	38,149	39,294	40,472	41,687	42,937	44,225	45,552	46,919	48,326	49,776	51,269	52,807	54,392	56,023	57,704	59,435	61,218	63,055	64,946	
Commercial Space 3		3.0% 4562 sf, Wu Yee ECE, NNN (\$1.42 paf/month)		79,040	81,411	83,854	86,369	88,960	91,629	94,378	97,209	100,128	103,129	106,223	109,410	112,692	116,073	119,555	123,142	126,836	130,641	134,560	138,597	
Commercial Space 4		3.0%																						
Commercial Space 5		2.5%																						
Other Commercial Income		2.5%																						
Gross Potential Income		Commercial Lease-up Reserve		128,923	51,439	3,011																		
				302,391	230,111	187,043	189,553	195,240	201,097	207,130	213,344	219,744	226,336	233,126	240,120	247,324	254,744	262,386	270,257	278,365	286,716	295,318	304,177	
		Rent/\$/SF/Month:		\$1.72	\$1.77	\$1.82	\$1.88	\$1.94	\$1.99	\$2.05	\$2.11	\$2.18	\$2.24	\$2.31	\$2.38	\$2.45	\$2.53	\$2.60	\$2.68	\$2.76	\$2.84	\$2.93	\$3.02	
Vacancy Loss - Commercial		1st year assumes 100% for retail spaces & ECE. Year 2 assumes 100% on just retail spaces. Year 3 assumes 50% on just retail spaces. Years 4-20 assume 25% on retail spaces. The vacancy rate doesn't mean we think 25% of the space will be vacant necessarily but it accounts for rent reductions																						
EFFECTIVE GROSS INCOME		n/a		(173,468)	(97,261)	(50,089)	(25,795)	(26,570)	(27,367)	(28,186)	(29,034)	(29,905)	(30,802)	(31,726)	(32,678)	(33,658)	(34,668)	(35,708)	(36,779)	(37,882)	(39,019)	(40,189)	(41,395)	
				128,923	132,850	136,954	163,757	168,670	173,730	178,942	184,310	189,839	195,535	201,401	207,443	213,666	220,076	226,678	233,479	240,483	247,697	255,128	262,782	
COMMERCIAL OPERATING EXPENSES																								
Management																								
Commercial Management Fee		2.0%		Asset Management Fee	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343	2,390	2,438	2,487	2,536	2,587	2,639	2,692	2,746	2,800	2,856	2,914
Sub-total Management Expenses					2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343	2,390	2,438	2,487	2,536	2,587	2,639	2,692	2,746	2,800	2,856	2,914
Utilities																								
Electricity		3.5% We don't include utilities			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Water		3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gas		3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sewer		3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sub-total Utilities					-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxes and Licenses																								
Real Estate Taxes		2.0% Income Based Tax Approach (we're not promised this) NOI/Cap rate x Tax Rate		21,849	22,286	22,732	23,186	23,650	24,123	24,606	25,098	25,600	26,112	26,634	27,166	27,710	28,264	28,829	29,406	29,994	30,594	31,206	31,830	
Payroll Taxes		2.0%		Special taxes	589	577	589	601	613	625	637	650	663	676	690	704	718	732	747	762	777	793	808	
Miscellaneous Taxes, Licenses and Permits		0.0%		Air Rights Parcel Taxes and Audit	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	
Sub-total Taxes and Licenses				30,915	31,363	31,821	32,287	32,763	33,248	33,743	34,248	34,763	35,288	35,824	36,370	36,928	37,496	38,076	38,668	39,271	39,886	40,514	41,154	
Insurance																								
Property and Liability Insurance		7.0%		Property Insurance	18,685	19,993	21,392	22,890	24,492	26,207	28,041	30,004	32,104	34,352	36,756	39,329	42,082	45,028	48,180	51,553	55,161	59,022	63,154	67,575
Fidelity Bond Insurance		3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Worker's Compensation		3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Director's & Officers' Liability Insurance		3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sub-total Insurance				18,685	19,993	21,392	22,890	24,492	26,207	28,041	30,004	32,104	34,352	36,756	39,329	42,082	45,028	48,180	51,553	55,161	59,022	63,154	67,575	
Maintenance & Repair																								
Payroll		3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Supplies		3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contracts		3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Garbage and Trash Removal		3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Security Payroll/Contract		3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
HVAC Repairs and Maintenance		3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vehicle and Maintenance Equipment Operation and Repairs		3.5%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Operating and Maintenance Expenses		3.5%		Common Area Maintenance (CAM)	51,612	53,418	55,288	57,223	59,226	61,299	63,444	65,665	67,963	70,342	72,804	75,352	77,989	80,719	83,544	86,468	89,494	92,627	95,869	99,224
Sub-total Maintenance & Repair Expenses				51,612	53,418	55,288	57,223	59,226	61,299	63,444	65,665	67,963	70,342	72,804	75,352	77,989	80,719	83,544	86,468	89,494	92,627	95,869	99,224	
Reserves/Ground Lease Base Rent/Bond Fees																								
Replacement Reserve Deposit				Capital Replacement Reserve	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Operating Reserve Deposit				Retail Leasing Reserve (every 10 years/6% commission)	4,265	4,393	4,525	4,660	4,800	4,944	5,093	5,245	5,403	5,565	5,732	5,904	6,081	6,263	6,451	6,645	6,844	7,049	7,261	7,479
Other Required Reserve 1 Deposit				Incident Reserve (10,000 per year for insurance deductible) and TI Reserves (\$10 paf every 5 years for retail, \$2 paf every 10 years for ECE)	10,000	10,000	10,000	14,844	14,844	14,844	14,844	14,844	14,844	14,844	14,844	14,844	14,844	14,844	14,844	14,844	14,844	14,844	14,844	
Other Required Reserve 2 Deposit				Property Management Fees (5% of revenue)	6,446	6,643	6,848	7,063	7,286	7,517	7,756	7,999	8,247	8,499	8,755	9,014	9,276	9,541	9,808	10,078	10,350	10,625	10,902	11,181
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				25,711	26,035	26,372	32,692	33,475	33,884	34,305	34,739	35,186	35,646	36,120	36,608	37,111	37,629	38,163	38,712	39,278	39,861	40,462	41,083	41,715
TOTAL COMMERCIAL OPERATING EXPENSES																								
				128,923	132,850	136,954	147,215	151,724	156,436	161,364	166,519	171,912	177,557	183,468	189,658	196,144	202,94							

Attachment O: Horizontal Project Budget

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

7/1/23
Transbay Block 2 East Family - Early Work
200 Folsom St
Mercy Housing California

Units: 184
Bedrooms:
Beds:

Don't forget to fill in D135:D138!

		Total Sources						Comments
SOURCES		2,333,653	-	-	-	-	-	2,333,653
	Name of Sources:	MOHCD/OCII						

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	268,000							268,000	Abatement and demolition of existing structure.
Environmental Remediation	465,313							465,313	Hazardous soils and earthwork.
Onsight Improvements/Landscaping								0	
Offsite Improvements								0	
Infrastructure Improvements	866,100							866,100	Freeway pile removal, existing utilities removal.
Parking								0	
GC Bond Premium/GC Insurance/GC Taxes	67,430							67,430	Insurance, Bond Premium, B&O & Other Taxes, GC Contingency
GC Overhead & Profit	38,527							38,527	
CG General Conditions	258,531							258,531	
Sub-total Construction Costs	1,963,901	0	0	0	0	0	0	1,963,901	
Design Contingency (remove at DD)								0	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)	98,195							98,195	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	111,126							111,126	5% new construction / 15% rehab
Sub-total Construction Contingencies	209,321	0	0	0	0	0	0	209,321	
TOTAL CONSTRUCTION COSTS	2,173,222	0	0	0	0	0	0	2,173,222	

Construction line item costs as a % of hard costs

3.4%

2.0%

13.2%

0.0%

5.0%

0.0%

5.7%

SOFT COSTS

Architecture & Design

Architect design fees								0	See MOHCD A&E Fee Guidelines: http://slmohod.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)								0	
Architect Construction Admin								0	
Reimbursables								0	
Additional Services								0	
Sub-total Architect Contract	0	0	0	0	0	0	0	0	
Other Third Party design consultants (not included under Architect contract)								0	Consultants not covered under architect contract; name consultant type and contract amount
Total Architecture & Design	0	0	0	0	0	0	0	0	

Engineering & Environmental Studies

Survey								0	
Geotechnical studies								0	
Phase I & II Reports								0	
CEQA / Environmental Review consultants								0	
NEPA / 106 Review								0	
CNA/PNA (rehab only)								0	
Other environmental consultants	45,846							45,846	Archaeology
Total Engineering & Environmental Studies	45,846	0	0	0	0	0	0	45,846	

Financing Costs

Construction Financing Costs

Construction Loan Origination Fee								0	
Construction Loan Interest								0	
Title & Recording								0	
CDLAC & CDLAC 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								0	
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	0	0	0	0	0	0	0	0	

Other Development Costs

Appraisal								0	
Market Study								0	
* Insurance								0	
* Property Taxes								0	
* Accounting / Audit								0	
* Organizational Costs								0	
* Entitlement / Permit Fees								0	
* Marketing / Rent-up								0	
* Furnishings								0	\$2,000/unit; See MOHCD U/W Guidelines: http://slmohod.org/documents-reports-and-forms
PGE / Utility Fees								0	
TCAC App / Alloc / Monitor Fees								0	
* Financial Consultant fees								0	
Construction Management fees / Owner's Rep								0	
Security during Construction	100,000							100,000	Digital and physical monitoring and fencing.
* Relocation								0	
Other (specify)								0	
Other (specify)								0	
Other (specify)								0	
Total Other Development Costs	100,000	0	0	0	0	0	0	100,000	

Total Soft Cost Contingency as % of Total Soft Costs

10.0%

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	14,585		0	0	0	0	0	14,585	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	160,431	0	0	0	0	0	0	160,431	

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								0	
Developer Fee - Cash-out At Risk								0	
Commercial Developer Fee									
Developer Fee - GP Equity (also show as source)									
Developer Fee - Deferred (also show as source)								0	
Development Consultant Fees								0	Need MOHCD approval for this cost, N/A for most projects
Project Management Fee - Early Work								0	
TOTAL DEVELOPER COSTS	0	0	0	0	0	0	0	0	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	2,333,653	0	0	0	0	0	0	2,333,653	
Development Cost/Unit as % of TDC by Source	12,683	0	0	0	0	0	0	12,683	
	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

	11,811	0	0	0	0	0	0	11,811	
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Construction Cost (inc Const Contingency)/SF

	10.83	0.00	0.00	0.00	0.00	0.00	0.00	10.83	
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*Possible non-eligible GO Bond/COP Amount:

City Subsidy/Unit	268,000
	12,683

Tax Credit Equity Pricing:

Construction Bond Amount:		Fill in with value or 'N/A' if not applicable.
Construction Loan Term (in months):		Fill in with value or 'N/A' if not applicable.
Construction Loan Interest Rate (as %):		Fill in with value or 'N/A' if not applicable.