

**Citywide Affordable Housing Loan Committee**

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

**Sunnydale HOPE SF Block 9**  
**Up to \$27,250,000 Funding Amount**  
**Preliminary Gap Financing Commitment**

Evaluation of Request for:	Preliminary Gap Loan
Loan Committee Date:	August 16, 2024
Prepared By:	Ryan VanZuylen, Sr. Project Manager
MOHCD Asset Manager:	Omar Cortez
MOHCD Construction Representative:	Sarah Tenpas
Sources and Amounts of New Funds Recommended:	\$1,600,000 – Housing Trust Fund \$22,150,000 – 2024 GO Bonds
Sources and Amounts of Previous City Funds Committed:	\$850,000 – LMIHAF \$650,000 – HOPE SF General Funds <u>\$2,000,000 – 2019 GO Bonds</u> \$3,500,000 – Total
NOFA/PROGRAM/RFP:	HOPE SF
Applicant/Sponsor(s) Name:	Related Companies of California and Mercy Housing California

**EXECUTIVE SUMMARY**

**Sponsor Information:**

Project Name:	Sunnydale HOPE SF Block 9	Sponsor(s):	Related Companies of California and Mercy Housing California
Project Address (w/ cross St):	1652 Sunnydale Avenue (at Santos Street)	Ultimate Borrower Entity:	Sunnydale Block 9 Housing Partners, L.P.

**Project Summary:**

Sunnydale Block 9 Housing Partners, L.P. (“Sponsor”), comprised of Related Companies of California (“Related”) and Mercy Housing California (“Mercy”), requests preliminary gap financing the amount of up to \$27,250,000 for the sixth Sunnydale HOPE SF affordable housing development known as Sunnydale HOPE SF Block 9. The building is located within the Phase 3 infrastructure footprint of Sunnydale HOPE SF and will be a total of 5 stories, 4-story wood over 1-story concrete podium. Sunnydale HOPE SF Block 9 will include 95 units of affordable housing with 10 one-bedrooms, 51 two-bedrooms, 23 three-bedrooms, 11 four-bedrooms, with one of three-bedrooms as a manager’s unit (“Project”). The unit mix is informed by current Sunnydale public housing household size data from the San Francisco Housing Authority (“SFHA”). Of the units, 75% (71) will be set aside for existing Sunnydale public housing households subsidized by a 20-year Section 8 Project Based Voucher (“PBV”) contract and limited to households earning up to 50% Mayor’s Office of Housing and Community Development Area Median Income (“MOHCD AMI”). The remaining 23 units will be restricted to 80% MOHCD AMI and would be marketed through DAHLIA to the most restrictive at a maximum of 60% TCAC. Block 9’s ground floor will feature a residential lobby, residential lounge, property management office, property management conference room, resident service office, parcel room, bike room, and parking. The Project includes 1:1 bike storage ratio and a 0.75 parking ratio approximately with parking for 73 vehicles.

The design for the Project is currently at 85% Construction Drawings. On May 7, 2021, Loan Committee approved a predevelopment loan for \$3,500,000. This preliminary gap request is needed to apply for tax credits by the Round 2 CDLAC deadline August 27, 2024, application deadline. If successful, vertical construction of Block 9 is expected to start June 2025. The construction period is expected to be 21 months with full lease up in 2027. Relocation of all residents previously living within the Block 9 footprint was completed in 2023.

**Project Description:**

Construction Type:	Type VA over 1-story Type IA concrete podium	Project Type:	New Construction
Number of Stories:	5	Lot Size (acres and sf):	1.20 acres / 52,272 SF
Number of Units:	95	Architect:	Van Meter Williams Pollack and Kerman Morris Architects (VMWP and KMA Joint Venture)
Total Residential Area:	89,600 NSF	General Contractor:	Cahill Guzman Joint Venture

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Total Commercial Area:	0 sf	Property Manager:	Mercy Housing Management Group
Total Building Area:	143,890 GSF	Supervisor and District:	Sup. Walton D10
Land Owner:	SFHA		
Total Development Cost (TDC):	\$108,238,100	Total Acquisition Cost:	\$1 / long-term ground lease
TDC/unit:	\$1,139,348		
Loan Amount Requested:	\$27,250,000	Request Amount / unit:	\$286,842
HOME Funds?	N	Parking?	Y: 73 spaces (0.75 parking/units ratio)

## **PRINCIPAL DEVELOPMENT ISSUES**

- **Financing:** Due to the location of the development and the lack of awards from HCD generally, MOHCD supports funding both Block 7 and Block 9's gaps, in recognition of the City's long-term commitment to Sunnydale HOPE SF to not delay the projects any longer. In March 2024, this Project's sibling project, Block 7, applied for AHSC but the award will not be known until late August 2024. There was not enough transportation scope for both projects to apply for AHSC this year and it was decided that Block 7 would apply on its own. MOHCD supports funding both projects' gaps regardless of whether Block 7 receives an AHSC award or not. MOHCD staff believe now is strategic to apply for tax credits instead of delaying. If the project waits then MOHCD's gap may increase, receiving a tax credit award may be less likely, and there will be delays to relocating legacy Sunnydale residents into new housing. See Section 6.4.1.
- **High Costs:** Multiple factors lead to larger all-in Total Development Cost (TDC), anticipated to be approximately \$1,139,348 per unit, including the parking garage and higher developer fee. The hard costs include a 2% escalation to account for a June 2025 construction start date and 5% hard cost contingency. The Project also includes more parking than typical MOHCD affordable projects which based on square footage contributes roughly \$10-15 million in added costs. See Section 4.4 and 6.5.5.
- **Schedule:** The Block 9 site is within the Phase 3 infrastructure footprint and Phase 3 infrastructure is scheduled to start construction in August 2024. Given a projected June 2025 construction closing date for Block 9, the Sponsor and MOHCD believe there is enough time scheduled to prepare the Block 9 pad as part of the infrastructure scope. However, if there are infrastructure work delays, there may be a shift in the infrastructure schedule to grade Block 9 earlier in the timeline in order to make the Bond closing deadline. See Section 4.8.
- **Power:** PGE claims they cannot provide required power to the whole site (including Blocks 7 and 9, "B7" and "B9", respectively) until Q4 2028. B7 and B9 temporary certificate of occupancy ("TCO") is planned for February 2027. The Sponsor and MOHCD are working with SFPUC to develop an interim plan for permanent power while still pursuing PGE for earlier energization. See Section 4.4.1.
- **Developer Fee:** TCAC recently augmented its allowed developer fee policy which the Sponsor is using to calculate in this Project (\$5,850,100). This is not within MOHCD guidelines and adds considerably to soft costs. MOHCD plans to update its developer fee policy and does not approve this amount now but supports including for the CDLAC application. Once MOHCD's policy is updated, the developer fee in this project will be updated accordingly. See Section 6.5.5.

**SOURCES AND USES SUMMARY**

Predevelopment Sources	Amount	Per Unit	Terms	Status
MOHCD	\$3,500,000	\$36,842	3% @ 55 years RR	Committed
<b>Total</b>	<b>\$3,500,000</b>			

Permanent Sources	Amount	Per Unit	Terms	Status
MOHCD/OCII	\$27,250,000	\$286,842	3% @ 55 years RR	This Request
Conventional Perm Loan	\$28,736,000	\$302,484	6.98% @ 35yr.	Not Committed
GP Equity	\$100	\$1		Committed
LP Equity	\$52,252,000	\$550,021	\$0.98 pricing	Not Committed
<b>Total</b>	<b>\$108,238,100</b>	<b>\$1,139,348</b>		

Permanent Uses	Amount	Per Unit	Per SF
Acquisition	\$20,000	\$211	\$0.14
Hard Costs	\$81,940,850	\$862,535	\$569.47
Soft Costs	\$19,640,150	\$206,738	\$136.49
Reserves	\$947,000	\$9,968	\$6.58
Developer Fee	\$5,690,100	\$59,896	\$39.54
<b>Total</b>	<b>\$108,238,100</b>	<b>\$1,139,348</b>	<b>\$752.23</b>

1. BACKGROUND

1.1. Project History Leading to This Request.

N/A. For a Project History of Sunnydale HOPE SF, with Applicable NOFA/RFQ/RFP, please see Attachment M.

Mercy Housing California (“Mercy”) and The Related Companies of California (“Related”) have been working as development partners through a Joint Venture Agreement on two distinct developments, Block 7 located at 65 Santos Street, San Francisco, CA 94134, led by Mercy, and Block 9 located at 1652 Sunnydale Avenue, San Francisco, CA 94134, led by Related. Block 7 will be an 89-unit, 100% affordable housing development, and Block 9 will be a 95-unit, 100% affordable housing development. Both are within ¼ mile of each other (one block from each other).

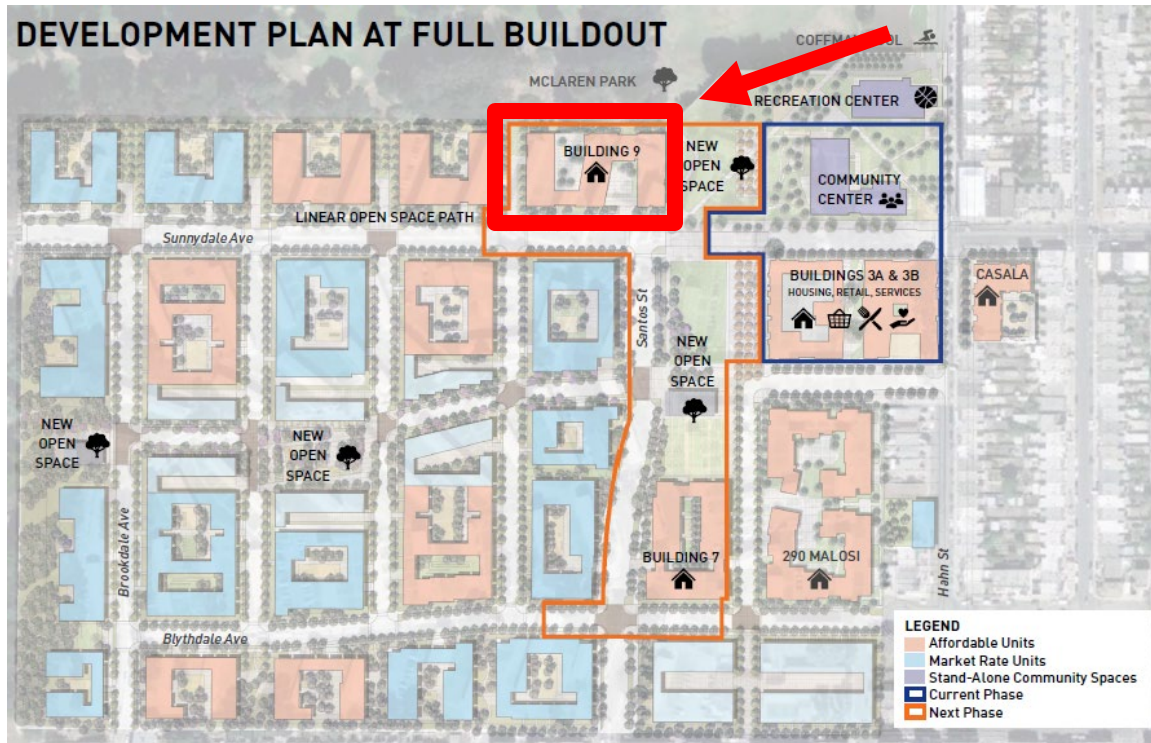
Mercy and Related are the co-developers of Sunnydale HOPE SF, a multi-decade large-scale public housing transformation intended to rebuild severely neglected public housing without mass displacement of its original residents, as approximately 75% of units in new affordable buildings will be set aside for existing public housing residents of Sunnydale. In partnership with MOHCD and the San Francisco Housing Authority (“SFHA”), Mercy and Related have partnered to rebuild this public housing community, in addition to demolishing existing streets and building entirely new infrastructure to support the housing.

Parcel Q (Casala) and Building 6 (290 Malosi) are complete, and Buildings 3A and 3B are under construction. On May 7, 2021, Loan Committee approved a predevelopment loan for \$3,500,000. This preliminary gap request is needed to apply for tax credits by the Round 2 CDLAC deadline August 27, 2024, application deadline. If successful, vertical construction of Block 9 is expected to start June 2025. The construction period is expected to be 21 months with full lease up in 2027.

Van Meter Williams Pollack LLP in partnership with Kerman Morris Architects LLP was selected as Project Architect, Cahill Guzman Joint Venture was selected as the General Contractor, and Waypoint Consulting was selected as the Owner's Construction Manager, all through a competitive procurement process. As of this date, the project team has achieved 85% construction drawings and will have received its site permit approval in early August 2024.

In April of 2023, Sunnydale Block 9 was part of a comprehensive application by the City of San Francisco for a California Infill Infrastructure Grant Catalytic Qualifying Infill Area (IIGC). This Project applied alongside Potrero HOPE SF, Sunnydale Block 7, and India Basin and the City of San Francisco, as applicant, was awarded in August 2023. The funding amount for Sunnydale Block 9 is approximately \$5-7 million. Any funding received through IIGC for Block 9 will be used to pay down the Phase 3 infrastructure loan.

## 1.2. Phasing Map.



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

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

1.4.1. Borrower. Sunnydale Block 9 Housing Partners, L.P., a California limited partnership whose sole members are affiliates of Related and Mercy. An affiliate of Mercy, Sunnydale Block 9 LLC, will act as the Managing General Partner and an affiliate of Related, Related/Sunnydale Block 9 Development Co., LLC will act as the Administrative General Partner.

1.4.2. Joint Venture Partnership. Related and Mercy are co-developing the Sunnydale Master Plan project as a joint venture partnership with a 50-50 split of responsibilities during phase development. Related and Mercy alternate the responsibility of serving as lead developer for each Sunnydale project with Related taking responsibility for Block 9. Mercy is responsible for the Phase 3 infrastructure, in which Block 9 is located, while Related oversaw the previous Phase 1A3 infrastructure and Blocks 3A and 3B.

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

See below for a breakdown of the gender identity and race demographics for Related California’s Northern California and Northwest affordable housing division. Related does not collect sexual orientation data from staff. The division is led by Ann Silverberg, a woman leader as CEO, and women serve all positions at the senior vice president level as well. Related is a for-profit entity and does not have a Board of Directors.

Entity	Gender Identity	Race
Related Northern California/Northwest	M: 40% F: 60%	Asian: 10% Black/African American: 10% White/Caucasian: 65% Hispanic/Latino: 15% American Indian/Alaska Native: 0% Native Hawaiian/Other Pacific Islander: 0%

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

Entity	Gender Identity	Race
Mercy Housing California Board	M: 43% F: 57%	Asian: 14.29% African American: 7.14% Caucasian: 43.86% Latinx: 14.29% Biracial: 21.43%
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%



### Racial Equity Vision.

The principles of diversity, equity, inclusion, and belonging (“DEIB”) are core to Related. Related was founded on affordable housing and community development principles over 30 years ago, with origins in revitalizing San Francisco’s most segregated and underinvested communities and serving low-income families, seniors, and formerly homeless people. Related has a track record of hiring those with a strong commitment towards social impact and hiring from within the communities they serve. All staff including executives involved in San Francisco projects have completed Trauma Informed Training.

Mercy is dedicated to moving forward racial equity work. Mercy Housing was founded on the belief that housing justice is social justice. Mercy’s organizational values of respect, justice, and mercy are integral to its racial equity work. To advance its racial equity and social justice, Mercy’s national office launched the Racial Equity, Diversity, and Inclusion (“REDI”) initiative. In 2021, Mercy Housing Inc. hired Web Brown as SVP for Racial Equity, Diversity, and Inclusion. Mr. Brown has created a coordinated approach to REDI that includes creating an organizational framework that consists of focus areas to produce action plans throughout the organization in areas of internal culture, resident empowerment, education, and training, hiring and recruitment, communication, and advocacy.

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

#### 1.4.4. Relevant Experience.

Related has developed 122 LIHTC-financed projects in California. In San Francisco most are primarily Type V/I and Type III/I urban infill projects including Sunnydale’s Casala project, Balboa Park Upper Yard, Crescent Cove, Fillmore Marketplace, Hayes Valley

Apartments, and Five 88. Related owns close to 13,500 affordable units in operations plus 5,200 affordable units under construction or in predevelopment in California. Related serves extremely low- and low-income households in family properties, senior properties, and properties with permanent supportive housing.

Mercy Housing, Inc. (“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. 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. Of the rental housing completed, approximately 52% are for families, 32% for seniors, and 16% supportive housing for formerly unhoused households. In addition, Mercy has nearly 6,000 units in its development pipeline with a team of 38 development staff members to support the process. The San Francisco portfolio includes four family and senior properties in the Visitacion Valley neighborhood and two completed properties in Sunnydale thus far (Casala and 290 Malosi, totaling 222 units). Sunnydale Buildings 3A and 3B will be completed late 2024 and early 2025, adding 170 additional units to Mercy’s ownership and management portfolio.

#### 1.4.5. Project Management Capacity.

The Related Real Estate Development team working on Sunnydale Block 9 includes Thu Nguyen (Assistant VP of Real Estate California, 20% of time) and Carlos Vasquez (Project Manager, 20% of time).

Mercy Housing California is the Lead Developer for Block 7 through a joint venture with Related California, who serves as Co-Developer. The MHC Real Estate Development team working on Sunnydale Block 7 is made up of Emily Estes (Senior Project Manager, 30% of her time on Block 7) and Priscila Tapia (Assistant Project Manager, 30% of time), with support from Elizabeth Kuwada (Director of Real Estate Development) and Clare Murphy (Associate Director of Real Estate Development).

#### 1.4.6. Past Performance.

- 1.4.6.1. City audits/performance plans. Mercy will be the lead service provider for Sunnydale Block 9. According to MOHCD’s Community Development team, Mercy has no outstanding

performance issues and has made significant progress overcoming staffing challenges within the last four years.

#### 1.4.6.2. Marketing/lease-up/operations.

Mercy and Related started lease up calls for the two Sunnydale projects under construction, Blocks 3A and 3B, in February 2024. Resident move-ins are expected to begin in January 2025. To build on best practices from previous phases and facilitate efficient lease up, the Sponsor, MOHCD and SFHA implemented a new relocation policy in summer 2024 that requires legacy Sunnydale residents in upcoming relocation groups to move into new buildings unless there is not an available unit for the household size. The most recent lease-up effort on site was completed in March 2022 with 290 Malosi, a 167-unit affordable development, reaching 100% occupancy. As with all projects to date in Sunnydale, the project included 75% public housing replacement units. The remaining 41 units were marketed through the DAHLIA housing portal with the same marketing preferences as shown in Section 4.11. MOHCD marketing and lease up staff provided 290 Malosi with a scorecard on the lease up of the 41 units marketed through DAHLIA. The project was awarded a 52, which is an A grade, based on the marketing plan, assessment of the lottery, and lease up process. The Sponsor provided eviction data for the two buildings in operation, Casala and 290 Malosi, and notes that Casala has had one eviction since opening and 290 Malosi has had zero evictions and seven households that were turned over to legal with one waiting judgment. 290 Malosi experience a \$3.5 million downward 8609 adjuster and a \$41,872 downward first year timing adjuster.

Based on requests from MOHCD's leasing team, the lease up lead for this Project will be based in the Bay Area with significant participation by on-site property management and Mercy community life staff.

The following tables summarize the resident data for head of households at Casala and 290 Malosi, the first and second fully leased projects at Sunnydale. Casala did not have a Right To Return (RTR) Preference for the non-PBV (Project-based Voucher) tax credit units at time of lease up. The RTR Ordinance was passed on January 19, 2020, after the Casala marketing plan was approved and posted on the DAHLIA housing portal.

**Casala – Initial Lease-up Demographics**

Race	TCAC (13 units)	PBV (41 units)
Black	23%	59%
Hispanic	38.5%	12%
Asian	38.5%	15%
Pacific Islander	0%	10%
White	0%	2%
Mixed-Race	0%	2%

**290 Malosi – Initial Lease-up Demographics**

Race	TCAC (32 units)	TCAC – Right to Return (9 units)	PBV (125 units)
Black	13%	78%	44%
Hispanic	31%	11%	18%
Asian	50%	0%	15%
Pacific Islander	3%	11%	21%
Indian	3%	0%	0%
White	0%	0%	2%

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

Site Description	
Zoning:	Sunnydale HOPE SF Special Use District (Approved Jan. 31, 2017)
Maximum units allowed by current zoning (N/A if rehab):	No restriction on Block 9. There is a maximum unit count and density limitation for the entire Sunnydale HOPE SF site.
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Zone 4.
Soil type:	The final Block 9 geotechnical report finds that similar to Block 6 and Block 3, the site’s top one to five feet of soil is loose surficial material that generally consist of sand with variable silt content. ENGEO, the geotechnical engineer, recommends the removal and amendment of the existing soils to one to five feet depth for development. In addition, ENGEO found that artificial “man-made” fill is likely present within the top two feet of soil on the site. ENGEO recommends removing near-surface loose soil and/or artificial fill to a minimum depth of 4 feet below existing grade and replacing as engineered fill.

<p>Environmental Review:</p>	<p>The Planning Commission approved a joint Sunnydale HOPE SF EIR/EIS on July 9, 2015. HUD issued Authorization to Use Grant Funds (AUGF) on September 1, 2015. No new environmental review is necessary if the project scope remains the same. However, since the unit count increased there may be a need for a supplemental review. MOHCD staff are determining if this supplemental review is necessary and if so, will complete prior to construction close.</p> <p>Phase 1 Environmental Site Assessment conducted for all of Phase 3 Infrastructure boundaries (including Block 9) on 10/18/23.</p>
<p>Adjacent uses (North):</p>	<p>McLaren Park and San Francisco Recreation and Parks Department's (RPD) Herz Playground and Coffman Pool</p>
<p>Adjacent uses (South):</p>	<p>Existing Sunnydale public housing units and single family homes.</p>
<p>Adjacent uses (East):</p>	<p>Open Space Block 2 and Sunnydale Community Center owned by a Mercy and Related entity.</p>
<p>Adjacent uses (West):</p>	<p>Existing Sunnydale public housing units.</p>
<p>Neighborhood Amenities within 0.5 miles:</p>	<p>Community and social services planned to be located on the ground floor of Block 3A and 3B (Estimated in 2025): Health and Wellness Center operated by the San Francisco Department of Public Health (DPH), as well as Felton Early Childhood Education Center and Mercy Housing's Neighborhood Resource Center. The Block 3 ground floor will also include neighborhood retail aimed for a grocery store, food hall/restaurant, and resident owned businesses.</p> <p>The Block 1 Community Center, to the northeast of the Project, will house a new and expanded Wu Yee Early Childhood Education Center (which includes Head Start) and a new and expanded Boys &amp; Girls Clubhouse. The Center will also include indoor multi-purpose spaces and outdoor space for community events and activities. The Center is under construction and estimated to open to the public in fall 2024.</p> <p>The Sponsor is working with the San Francisco Recreation and Parks Department (RPD) to construct the Herz Recreation Center at Herz Park to provide the community with a new neighborhood gym and multi-purpose room. The recreation center is currently under construction and estimated to open to the public in early 2025. RPD also recently completed the renovation of the Herz playground with new equipment.</p> <p>Samoan CDC is planning to maintain their McLaren School center and continue to be active in the services and programming in the neighborhood.</p>

	<p>Grocery Outlet and the Leland Avenue small business retail corridor is approximately three-fourths of a mile away. The Schlage Lock development, about one mile away, will include a major grocery store.</p> <p>Small churches and places of worship are located throughout the neighborhood.</p> <p>McLaren School, Visitacion Valley Elementary School, Visitacion Valley Middle School, June Jordan Equity School, and Our Lady – The Visitacion School are in the area.</p>
Public Transportation within 0.5 miles:	Bus Lines 8, 8BX, 9, 9R, 56, 91
Article 34:	Although recent legislation does not require Article 34 for projects with AHSC funding and/or tax credits, in an abundance of caution the Project will apply for Article 34 Authority prior to gap.
Article 38:	Exempt. The Sunnydale site is not located in an Article 38 Air Pollutant Exposure Zone.
Accessibility:	16% of units (15) are accessible (Mobility features, Hearing and Visual Aid featured)
Green Building:	Block 9 will meet Green Point Rated Gold.
Recycled Water:	Exempt. Per the Development Agreement, all Sunnydale HOPE SF development is exempt.
Storm Water Management:	During construction and operations, Block 9 must maintain its requirement per its approved Stormwater Management Plan.

2.1. Description. Block 9 is on approximately 1.20 acres located at the corner of Sunnydale Avenue and Santos Street and part of Phase 3 Infrastructure footprint. The Site is currently occupied by the administrative building. SFHA, with support from the Sponsors, will work to relocate the existing CBOs before demolition in January 2025.

2.2. Zoning. N/A, see above.

2.3. Probable Maximum Loss. N/A

2.4. Local/Federal Environmental Review. See chart above.

2.5. Environmental Issues.

Phase I Site Assessment Status and Results

A Block 7 and Block 9 Phase I Environmental Site Assessment was completed on October 18, 2023, by Essel Technology Services, Inc. The assessment concluded that there are no Recognized Environmental Conditions (“RECs”) a Phase II investigation is not recommended.

The report did identify serpentinite, asbestos-containing materials and lead-based paint in the public housing units which are now demolished. Asbestos abatement was performed and an Asbestos Dust Mitigation Plan (“ADMP”), Dust Control Plan (“DCP”), and hazardous building material demolition surveys were produced to address these issues. Asbestos on the buildings was removed during demolition, however there is naturally occurring asbestos in the soil from serpentine rock. This will be remediated through the DCP and ADMP.

Extensive soil testing will take place on site by Essel Technology Services, Inc. A report with results of the soil testing is expected in fall 2024 but early findings show that none of the soil samples would be considered hazardous based on total concentrations or soluble concentrations.

2.6. Green Building. See chart above.

### 3. COMMUNITY SUPPORT

#### 3.1. Prior Outreach.

Since early 2009, Mercy Housing’s community building staff have been working on site to outreach to Sunnydale residents. The goals of the community building scope of work are to support an operating culture in which residents and staff create a community network that embodies a culture of empowerment, aspiration, and shared accountability. This includes building and maintaining trust and relationships, mutual support, creative problem solving amongst residents and staff, as well as resident-led initiatives. Part of this work includes social activities that encourage relationship building in addition to sharing about pertinent services and development-related work. Mercy Housing has worked with community development and organizing consultants to help guide this work.

The team has shared the Block 9 Project with the community at monthly Neighbor Up community meetings and events such as the annual Family Day held each June, as well as at focused events such as the Design Charrette held in November 2021 to receive community input about all project elements within Phase 3 (Block 7 and 9 housing, Block 2 and 4 open space) and the Vertical Design Review community meeting for Block 7 and Block 9 in July 2022. Community meetings have had interpreters providing live translation as needed.

#### 3.2. Future Outreach.

Mercy Housing will continue to hold monthly in-person Neighbor Up meetings and other community events where information about Building 9 as well as other Sunnydale development activity will be shared. The

Project Sponsors will also continue to share project information through the GoSunnydale website ([www.https://www.gosunnydale.org/](https://www.gosunnydale.org/)).

3.3. 1998 Proposition I Citizens' Right-To-Know. Prop I notification occurred in or July 2023.

#### 4. DEVELOPMENT PLAN

4.1. Site Control. The Site is currently owned by SFHA. The forms of the horizontal and vertical ground leases, the demolition license agreement to abate and demolish existing buildings, and the form of short-term ground lease to construct the new infrastructure have been negotiated by the Sponsor, MOHCD and SFHA. A long-term vertical ground lease between SFHA and the Sponsor for Block 9 will be executed at construction loan closing.

4.1.1. Proposed Property Ownership Structure. SFHA will retain long-term ownership of the land and ground lease it to the Sponsor, who will develop and own the affordable housing improvements. The final form of the ground lease will be negotiated by the Sponsor, SFHA and MOHCD. Previous SFHA long-term vertical ground leases were executed at construction closing with a term of 75 years, with an option to extend for an additional 24 years, and a \$15,000 annual base rent.

#### 4.2. Proposed Design







Block 9 will be a total of 5 stories, 4-story wood over 1-story concrete podium with two elevators totaling 95 units. The ground floor will feature a residential lobby, residential lounge, property management office, property management conference room, resident service office, parcel room, bike room, and parking. The second floor will feature two inner courtyards, a central laundry room available for all residents, and a smaller residential lounge. The Project includes 1:1 bike storage ratio and an approximate 0.75 parking ratio with parking for 73 vehicles. In 2020, HOPE SF, MOHCD and the Sponsor increased the parking ratio from 0.5 to 0.75 based on community input. The Sponsor was able to develop more efficient unit plans due to the flexibility of the parcel compared to Blocks 3A and 3B and increased the unit count as design progressed.

Residential SF:	143,890
Commercial SF:	-
<b>Building Total SF:</b>	<b>143,890</b>

UNIT TYPES	CTCAC Required Minimums	Avg Unit sf – This Project	This Project unit type % greater than TCAC mins
1BR:	450	540	20%
2BR:	700	780	11%
3BR:	900	1,040	16%
4BR:	1100	1,200	9%

4.3. Parking. There is a parking garage on the ground floor that will provide 73 parking spaces with no parking stackers. After construction, parking will be assigned first-come, first-served (similar to Casala and 290 Malosi)

during the initial building lease up then residents who are not assigned parking upon move in are put on a waiting list and offered spots as they become available.

<u>Standard</u>	<u>Future EV</u>	<u>ADA</u>	<u>Total</u>	<u>Parking/unit ratio</u>
62	8	3	73	77%

4.4. Construction Supervisor/Construction Representative’s Evaluation

Block 9, a 95 multi-bedroom unit building with 73 ground level parking spaces, is expecting site permit approval in early August 2024 and plans to submit their first addenda for as soon as the site permit is issued. Site permit approval is on hold due to the Preliminary Stormwater Control Plan which is expected to be approved in late July. The “S” shaped building has a first-floor concrete garage and 4 levels of wood framing sitting on top forming two resident courtyards.

In comparison with similar projects in MOHCD’s portfolio, which include multi-family, HOPE SF sites, and projects with parking garages, Block 9’s costs are considered lower than comparable averages (defined as within 10% of the average) for TDC per bedroom (\$481,058/BR) and TDC per square foot (\$752/sqft). However, the TDC per unit is 18% higher than average comparable projects at \$1,139,348/unit. Per unit cost run higher for both soft and hard costs. One reason for the high unit cost is the parking scope which adds significant structural concrete to the project scope. The parking garage is almost 30,000 sqft and a significant portion of the 144,000 sqft building. Based on raw square footage, the parking garage adds roughly \$15 million to hard costs.

Soft costs run significantly higher than comparable projects at \$206,738/unit (33% higher) and \$136/sqft (17% higher). The developer is carrying 3.3% in soft cost contingency. These higher soft costs contribute to the increase in total development costs and are actively being reviewed for reduction. However, compared to other HOPE SF projects in construction (Sunnydale Blocks 3A and 3B and Potrero Block B), this Project’s soft costs per unit are comparable.

Compared to similar buildings in MOHCD’s portfolio, hard costs per unit are 14% higher than average (\$862,535/unit). However, the per bedroom is 6% lower (\$364,182) and construction/square foot cost only 1% higher (\$569/sqft) which are average compared to similar buildings. Total hard cost budget includes a developer’s 5% construction contingency and 2% contingency for escalation.

The construction estimate, which excludes owner contingency and is based on this 85% CD set, is \$78,625,075. This includes a 2% escalation from a July 2024 to June 2025 start (\$1,541,668).

The overall construction cost, including escalation, only increased by \$183,000 because the 100% DD from September 2023 had a greater escalation rate. However, construction costs, excluding escalation, increased by approximately one million dollars since the 100% DD design estimate. This was because of an added temporary generator, a tower crane, onsite security and landscaping. The team incorporated approximately \$362,000 in cost savings, which were offset by logistical needs.

The biggest design challenge to reach 85% CDs was determining fire department access to the Block 9 building. Due to constraints of the driveway slope and distance of the building from the street, the project team worked with SFFD to utilize the 10' wide pedestrian and bike path in the linear access space for fire access.

Block 9 and its sister project, Block 7, will be unique projects in the MOHCD portfolio because they will be constructed simultaneously with the Sunnydale Phase 3 infrastructure, which will block access to the site from Sunnydale Avenue, the only road adjacent to the parcel. The linear access path in front of Block 9 will also be constructed under Phase 3 infrastructure and be completed prior to Block 9 completion.

The Block 9 team has met weekly with the Phase 3 infrastructure and Block 7 teams to coordinate access to the site, which has resulted in logistical cost increases to maintain schedule of all 3 projects and minor reductions in grading and make-ready work. Having truck access only from the east side of the building will require the project to use a tower crane to pick and move material to all parts of the project, adding approximately \$850,000 in logistics cost. The team is also exploring the demolition of neighboring east housing building to make additional laydown space, which is not included in the estimate. Another logistics challenge for the project will be receiving a building pad and site ready parcel from the Infrastructure Phase 3 team by June 2025. Any impacts to the Infrastructure Phase 3's progress could have impacts to the vertical Block 7 construction schedule and logistic requirements.

4.4.1 Power energization. PGE announced they can provide the required load to the Block 7 and Block 9 projects by Q4 2028 which is 1.5 years after planned TCO for both buildings. In response, MOHCD is working with SFPUC and the Sponsor to request an expedited energization date of Q4 2026 to avoid schedule delays. If energization is delayed then Block 7 and Block 9 would not receive TCO on time which

would increase construction loan interest, contractor GC/GRs, and possibly lead to downward adjusters for tax credits. In parallel, the project teams have had discussions with SFPUC to energize Block 7 & Block 9 from overhead lines sourced from the SFPUC-owned McClaren Feed located along Sunnydale Avenue to the west of Block 9. The McClaren Feed currently powers the two completed Sunnydale affordable housing projects, 290 Malosi and Casala, as well as the Block 1 Community Center currently under construction and the recently completed Phase 1A3 infrastructure. However, PGE has committed to providing an intermediate load to power the projects mentioned above to the permanent Harmonia Switchgear and through the permanent electrical infrastructure to the respective projects by Q4 2025 at the latest. Once PGE supplies the intermediate load to provide permanent power to those projects, it would free up load capacity from the SFPUC-owned McClaren Feed to energize Blocks 7 and Block 9 required for TCO and lease-up so as to avoid project delays while the project teams wait for PGE to supply permanent power. SFPUC has been receptive to this parallel path process during initial discussions.

#### 4.5. Commercial Space. N/A

#### 4.6. Service Space.

Block 9 includes a resident services office (233 square feet) where residents will be able to access services from Block 9's Resident Service Coordinator.

#### 4.7. Interim Use. N/A

4.8. Infrastructure. Phase 3 infrastructure, which comprises Block 7, Block 9, and Blocks 2 and 4 open spaces, is divided into two portions: the West Access Road and Phase 3 infrastructure. The West Access Road is needed for Muni service through the neighborhood before Phase 3 work can begin. The West Access Road construction will start in August 2024 and the remaining Phase 3 work will start once the road is complete in November 2024. Phase 3 consists of infrastructure improvements along Sunnydale Avenue, including streets, sidewalks, street trees and furniture, utility infrastructure, bicycle lanes, off-site intersection improvements, and SFMTA infrastructure, as well as grading of the three development blocks. The Sponsor and MOHCD are involved in Infrastructure Task Force ("ITF") meetings for this infrastructure phase that include SFPW, OEWD, and SFPUC. Loan Committee approved the Phase 3 infrastructure loan in April 2024 and MOHCD is reviewing the updated infrastructure budget to find cost efficiencies before executing the MOHCD loan in August 2024. The Sponsor is waiting for a DBI permit for the West Access Road to start infrastructure work in August. The ITF

will receive SFHA and HUD approval in August and Board of Supervisors approval for the Final Map, Street Improvement Permit and Public Improvement Agreement in October. The infrastructure construction is planned to reach substantial completion by October 2025.

For Block 9 to start construction, Phase 3 infrastructure will need to ensure the site is pad ready, meaning that the required excavation, soil off-haul and grading occur so that Block 9 can start shoring in June 2025. This work is expected to take 3-4 months. If infrastructure work is delayed, then the infrastructure schedule will be modified to grade Block 9 earlier in the timeline to meet a June 2025 construction start date. The Sponsor's goal is to open public open spaces Blocks 2 and 4 at the same time as Block 9 opening (tentatively late 2027). Blocks 7 and 9 pads will sit vacant until vertical construction begins.

The Sponsor and MOHCD are working through logistics with construction on infrastructure and both Blocks 7 and 9. A tower crane will be required for Block 9 due to the lack of access to the southern frontage along Sunnydale Avenue since mobile cranes would not have sufficient reach to cover the entire project. There will also be a constrained construction staging and laydown area at Block 2 for both construction laydown and delivery truck turnaround. The construction cost estimate is adjusted for these site logistics constraints. The Block 2 area will be dedicated to Block 9 staging however the turning radius into the site will be challenging. Trucks entering and exiting will need to coordinate and be cautious with Phase 3 construction activities.

#### 4.9. Communications Wiring and Internet Access.

The Sponsor is working with the MOHCD Construction Representative to determine the appropriate communications wiring scope to meet MOHCD's current standards. All Sunnydale projects, including Block 9, have access to the City fiber high-speed network and are served by Department of Technology's internet service provider.

4.10. Public Art Component. The Charter provision that requires public art in new construction projects funded by MOHCD does not apply to HOPE SF.

#### 4.11. Marketing, Occupancy, and Lease-Up

The 71 public housing replacement units under a 20-year PBV contract will be available to current Sunnydale public housing residents who are in good standing and eligible for new housing under the SFHA Right to Return policy and City Ordinance through a random drawing, a process determined and

agreed upon by MOHCD, HOPE SF, SFHA, and the Sponsor. SFHA will refer future applicants from its waitlist for these 71 units after all the existing residents have exercised their HOPE SF right to return.

The preferences for the 25% of units subject to the standard initial marketing and occupancy preferences are as follows (with Veterans of the US Military ranking highest within a lottery preference category):

MOHCD Preference	Applicant Category
1	HOPE SF Right to Return (Sunnydale Residents)
2	Certificate of Preference (COP) Holders
3	Displaced Tenants Housing Preference (DTHP) Certificate Holders (20%)
4	Neighborhood Preference (*25% or 40%)
5	Live or Work in San Francisco
6	All Other Applicants

If this Project receives state funding from the AHSC program, the Neighborhood Preference set aside is reduced to 25% of available units, instead of 40%. If AHSC is not awarded and the project moves forward, the set aside will be 40%.

All eligible Sunnydale HOPE SF households can move in to the newly completed buildings, no matter the income levels of the households. Two households over the 60% TCAC AMI limit moved into 290 Malosi resulting in a loss of \$670,446 in tax credit equity which MOHCD covered at permanent conversion. For Block 9, the TCAC application will include all units as tax credit units to earn equity. If any households are over TCAC income requirements upon lease up, then the project will lose the proportional tax credit equity at permanent conversion.

4.12 Relocation. This Project does not carry any relocation funds as those are included in the associated HOPE SF infrastructure loan (Phase 3). The relocation of public housing residents residing within the Block 9 footprint to rehabbed public housing units in later phases was completed in June 2023 before demolition and abatement began. SFHA, with financial support from MOHCD, performed the relocation of these former households. The Sunnydale HOPE SF Final Master Relocation Plan approved by SFHA on August 25, 2016, and the Phase 3 (1B, 1C and 3C) revision and update, approved by SFHA on October 11, 2021, outlines the applicable relocation requirements, including the Uniform Relocation Act (URA) and State of California Relocation Assistance Law (CRAL), and details a phased relocation plan consistent with those requirements. SFHA, as the displacing agency, executed the relocation activities for Block 9, with support from the Sponsor and MOHCD.

Residents who were impacted by the demolition of the Block 9 footprint area moved to either 290 Malosi or a rehabilitated unit on the Sunnydale HOPE SF site.

To build on best practices from previous phases and facilitate efficient lease up, the Sponsor, MOHCD and SFHA implemented a new relocation policy in summer 2024 that requires legacy Sunnydale residents in upcoming relocation groups to move into new buildings unless there is not an available unit for the household size. Residents moving in to the completed Block 9 are expected to be in Relocation Group Area D (see image below). There are expected to be approximately 210 households living in the existing public housing at the time Block 9 lease-up begins (if Block 7 and Block 9 lease up at the same time). Once Blocks 7 and 9 are leased up with right to return residents (75% of each building’s units), there are expected to be approximately 72 households living in existing public housing thereafter (210 units – 67 (B7) – 71 (B9) = 72).

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Architect	VMWP + KMA JV	Y (40%)	N
Landscape Architect	TS Studio	Y	N
General Contractor	Cahill + Guzman JV	Y (50%)	N
Owner’s Rep/Construction Manager	Waypoint Consulting	N	N
Financial Consultant	CHPC	N	N
Legal	Bocarsly Emden Cowan Esmail & Arndt LLP	N	N
Property Manager	Mercy Housing Management Group	N	N
Services Provider	Mercy Housing California	N	N
Mechanical	Tommy Siu & Associates	Y	N
Electrical	UDesignC	N	N
Civil	KPFF	N	N
Utility Joint Trench	Urban Design Consulting Engineers	N	N

5.1. Procurement Plan.

Related and Mercy are committed to ensuring that Block 9 will benefit and generate economic opportunities for smaller and BIPOC-led firms, SBE/LBE organizations, and low-income local residents, in addition to creating a positive outcome for future residents. At the Project level, Project Sponsor has coordinated with Contract Management Division (“CMD”) to establish a professional services goal of 20% SBE and a construction goal of 20% SBE. The Project achieved professional services SBE participation of 46% as of February 2024.

## 5.2. Opportunities for BIPOC-Led Organizations.

The Sponsor is fully committed to ensuring that Block 9 will generate economic opportunities for smaller and BIPOC-led firms, SBE/LBE organizations, and local residents, in addition to creating a positive outcome for future residents.

The Sponsor is currently working with MOHCD and the General Contractor to develop meaningful subcontracting opportunities for SBE/LBE businesses, particularly those located in the Project vicinity in District 10. The General Contractor is performing early outreach to share about this opportunity prior to the project bid. Strategies include:

- Outreach, advertising and marketing, including timely use of the Bid and Contract Opportunities newsletter published by the City and County of San Francisco Purchasing Department and media focused specifically on SBE businesses such as the Small Business Exchange, of the opportunity to submit bids or proposals and to attend a pre-bid meeting to learn about contracting opportunities.
- Perform direct outreach to SBE firms to ascertain their interest in performing certain contract scopes.
- Consider splitting professional contracting into smaller scopes of work or dollar amount contracts to allow smaller firms to participate more easily.
- Assist and provide possible solutions to potential contractors and subcontractors who have questions around bonding and lines of credit.

The Sponsor will also work with the General Contractor and CityBuild, per the Sunnydale Workforce MOU, to provide opportunities for Sunnydale residents to enter into or continue working in the construction industry. Strategies include:

- Mercy Housing Services Staff will provide referrals to CityBuild and/or work readiness support referrals to residents seeking employment opportunities.
- General Contractor and subcontractors provide First Source Hiring Plans to outline the specific steps the contractors will take to implement hiring goals.
- Collaborate with other local, community-based employment and training agencies to enroll very low- and low-income area residents in training programs, such as City Build, so they are prepared for construction workforce opportunities when they become available.
- Collaborate with CityBuild and General Contractor to provide sponsorship opportunities and to plan workforce training in alignment



with the project construction schedule to maximize hiring opportunities.

- Utilize the Construction Industry Workforce Initiative for outreach to employ neighborhood college students as interns.

Pursuant to the Sunnydale Workforce MOU, the Sponsor established a First Source Hiring Program Goal of hiring 50% of new construction hires through the OEWD CityBuild workforce system. The Sponsor notes that General Contractors have notified OEWD of new construction jobs but referrals have been inconsistent.

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

6.1. Prior MOHCD/OCII Funding:

Loan Type/ Program	Loan Date	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Outstanding Principal Balance
Predevelopment	September 24, 2021	\$3,500,000	3%	57 years from recorded DOT	Residual Receipts	\$2,122,285

6.2. Disbursement Status. The last draw was May 20, 2024. There is \$2,122,285 in remaining funds for disbursement.

6.3. Fulfillment of Loan Conditions. Below is the status of Loan Conditions since this Project was last at Loan Committee for Predevelopment Financing on May 7, 2021:

Sponsor will work with MOHCD to select a Construction Manager and General Contractor through the RFQ process.

- **Status: Complete.**

Sponsor will provide 9% feasibility for Project before end of 2021.

- **Status: Complete.**

The Sponsor will submit a marketing and lease up plan before gap.

- **Status: To be completed 12 months before TCO.**

Sponsor will submit an updated services plan and budget to MOHCD at gap financing and will work to reduce overall level of services.

- **Status: Ongoing. Sponsor provided updated plan but will refine by gap.**

Sponsor will provide analysis on competitiveness for various funding sources, including CDLAC, FHLBSF and HCD.

- **Status: Ongoing. Sponsor provided analyses for AHP. The Project self-scored 62 for AHP with lowest funded in 2023 at 66.5. Sponsor will provide self-scores for at next AHP round in 2025 to determine if the Project should apply in that round.**

MOHCD must approve the debt and equity RFP as well as the final investor and lender selection.

- **Status: To Be Completed.**

MOHCD must approve raw financial data from Sponsor or financial consultant prior to selection of the investor and lender.

- **Status: To Be Completed. Sponsor will provide this information once they receive lender and investor proposals.**

Sponsor will decrease DSCR to 1.1 in the first year to maximize permanent debt proceeds.

- **Status: N/A. Sponsor is using DSCR of 1.15 per MOHCD Guidelines.**

Sponsor will seek to increase permanent mortgage term and decrease rate to market levels before returning to gap.

- **Status: Ongoing. Sponsor will also look at a 40-year amortization period.**

Sponsor will work with MOHCD staff to bring Operating Expenses in line with underwriting guidelines.

- **Status: Ongoing.**

Sponsor will work with SFHA to secure a commitment for the PBVs for the development. SFHA is working on drafting the commitment letter as of this date.

- **Status: To Be Completed.**

Sponsor to work with MOHCD construction manager and other resources to bring hard costs and A&E costs within an acceptable range for MOHCD approval.

- **Status: Ongoing.**

## 6.4. Proposed Permanent Financing

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

- MOHCD Gap Financing: (\$27,250,000): 55-year term, 3.0% simple interest with residual receipts payments.

It is uncommon that MOHCD provides gap commitment without funds from HCD, but the MOHCD gap commitment per unit is high at \$286,842 is comparable to other projects. MOHCD staff have worked with the Sponsor to bring down costs and use realistic financing terms to bring MOHCD's gap down. MOHCD staff believe now is strategic for the project to apply for tax credits for three reasons:

1. The Project may not be guaranteed a tax credit award in 2025 or 2026. Interest rates are still high now which leaves more opportunity for MOHCD projects with larger local subsidies to receive tax credits compared to for-profit projects that require more state tax credits. There is also \$400M in carryover from CDLAC Round 1 which makes it very likely new construction projects without state credits will get funded. Lastly, if BAHFA passes this November there may be higher competition for tax credits starting in summer 2025.
  2. Relocating Sunnydale residents sooner continues to fulfill the racial equity goals and promises of HOPE SF and increases safety across the site. Due to limited financing and logistical challenges, the timeline for Sunnydale HOPE SF has been delayed 2-3 years compared to the dates originally envisioned in Exhibit O of the DA. If Blocks 9 and 7 move forward and are complete by June 2027 then roughly 85% of residents will have moved to new housing with upgraded infrastructure. Additionally, vacant units on site pose a safety risk to the community which can be mitigated with continued development for residents.
  3. While escalation is slowing and interest rates may decrease in the next year, MOHCD's gap will likely rise due to added hard costs if construction is postponed one year.
- Private mortgage (\$28,736,000): Lender TBD, 35-year amortization (17-year term) at 6.975% interest rate. This assumes 4.475% 10-year Treasury rate, 2.25% spread and

0.25% cushion. The Sponsor will maximize the mortgage at gap financing.

- 4% Tax Credit Equity (\$52,252,000): Investor TBD, \$0.98 per credit.
- AHP (\$0): The latest AHP self-score is 62 with 66.5 or above considered competitive.
- General Partner Equity (\$100)
- Construction Tax-Exempt Loan (\$56,411,762): While not a permanent source, the assumed construction loan terms are 35-month term and 7.880% including 1.80% spread and 0.750% cushion.
- Construction Taxable Tail Loan (\$12,946,324): While not a permanent source, the assumed construction loan terms are 35-month term and 7.880% including 1.80% spread and 0.750% cushion.

6.5.2 CDLAC Tax-Exempt Bond Application:

<b>CDLAC Self-Score</b>	
Opportunity Map Resource Level	Low Resource
TCAC Housing Type (new construction only)	Large Family
Bond Allocation Request Amount	\$56,411,876
Total Self-Score (out of 120 points)	119
Tiebreaker Score	139%

The Sponsor notes that since no state tax credits are requested, the Project is competitive with this tiebreaker and will qualify for the ELI/VLI set aside.

6.5.4 Commercial Space Sources and Uses Narrative: N/A

6.4.2. Permanent Uses Evaluation:

<b>Development Budget</b>		
<b>Underwriting Standard</b>	<b>Meets Standard? (Y/N)</b>	<b>Notes</b>
Hard Cost per unit is within standards	N	\$862,535/unit. This is 14% higher than average but lower than comparable projects at Sunnydale including Block 3A (\$914K/unit) and Block 3B (\$905K/unit). Per bedroom is 6% lower (\$364,182) and per square foot is 1% higher (\$569).
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5%. The construction budget includes 2% escalation for unknowns until GMP.
Architecture and Engineering Fees are within standards	Y	A&E fees are within MOHCD underwriting guidelines. Architecture fees total \$2,650,949 and Engineering fees are \$302,000.
Construction Management Fees are within standards	Y	Construction Management Fees are \$199,000 which are within standards (precon: \$50,400 annual fee, construction: \$72,000 annual fee)
Developer Fee is within standards, see also disbursement chart below	N	Project management fee: \$2,845,000 At risk fee: \$2,845,000 Deferred fee: \$0 GP Equity: \$100 Total fee: \$5,690,100  The Sponsor is showing the allowable amount of developer fee per updated TCAC regulations. Sponsor will update according to MOHCD policy before gap. See Developer Fee section below.
Consultant and legal fees are reasonable	Y	Financial consultant fees are \$95,000 and legal fees are \$556,040 (includes Borrower legal fees, bond counsel, construction and perm lender fees, MOHCD legal fees and SFHA legal fees)
Entitlement fees are accurately estimated	Y	Entitlement fees are \$2,100,000.
Construction Loan interest is appropriately sized	Y	Construction loan interest is \$8,206,633 at 7.88% interest. This is based on 35% average outstanding balance of the construction loan.
Soft Cost Contingency is 5-10% per standards	Y	Excluding financing costs (per MOHCD Guidelines) the Soft Cost Contingency is 7%.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months

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

Total Developer Fee:	\$5,690,100	
Project Management Fee Paid to Date:	\$330,000	
Amount of Remaining Project Management Fee:	\$2,515,000	
Amount of Fee at Risk (the "At Risk Fee"):	\$2,845,000	
Amount of Fee Deferred (the "Deferred Fee"):	\$0	
Amount of General Partner Equity Contribution (the "GP Equity"):	\$100	
Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee
Closing of initial predev financing	\$330,000	30%
Submit HCD Application	\$110,000	10%
Submit CDLAC/TCAC Application	\$110,000	10%
Construction Close*	\$220,000	20%
50% 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
95% lease up and draft cost certification *	\$220,000	20%
Permanent conversion*	\$550,000	50%
Project close-out*	\$330,000	30%

\*These are the amounts from the current MOHCD UW Guidelines. Milestones and amounts will be updated pursuant to the updated MOHCD Developer Policy, which is anticipated to be completed by the end of 2024.

TCAC recently updated its developer fee policy which allows developers to receive higher developer fees. However, this higher amount is not allowable under MOHCD's guidelines. MOHCD does not approve the amount shown but allows the Sponsor to show it for the CDLAC application. Once MOHCD's developer fee policy is updated, the developer fee in this Project will be updated accordingly.

The Project cannot take on deferred developer fee for added eligible basis because it would put it at risk of not meeting the 50% test. Since there is a per-unit cap on bonds requested, it limits the amount of eligible basis the project can take on and thus limits the deferred developer fee.

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

7.1. Annual Operating Budget.

- Project Based Section 8 (“PBV”) Units:** All HOPE SF projects utilize Housing Choice Vouchers (“HCVs”) awarded by HUD as part of the Section 18 Demolition and Disposition process. Block 9 is working with SFHA to secure a commitment letter for the 71 Project-based Vouchers. Per SFHA’s updated Administrative Plan, all future Housing Assistance Payment (“HAP”) contracts will be 20 years. Sponsor will provide a rent reasonableness study to SFHA to determine rents prior to execution of the Agreement to enter into a HAP (AHAP) and again prior to execution of a HAP. The tenant assistant payments are based on 2024 standards and will be updated in 2025 which could impact the permanent loan sizing and
- Community Association Fee: \$47,500:** This fee is to cover costs of the master association (aka HOA). This is a standard fee on Sunnydale HOPE SF projects, at \$500 PUPA, and is intended to cover shared campus-wide expenses including maintenance of open spaces, landscaping and streets as well as staff to support all residents.

7.2. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	Y	DSCR is 1.15 at Year 1 and 1.6 at Year 17. The Sponsor will maximize permanent loan at Gap.
Vacancy rate meets TCAC Standards	Y	Vacancy rate is 5%
Annual Operating Expenses are increased at 3.5% per year	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	Y	Total Operating Expenses are \$16,744 per unit.
Property Management Fee is at allowable <u>HUD Maximum</u>	Y	Total Property Management Fee is \$86,663 (\$76 PUPM, \$912 PUPA)
Property Management staffing level is reasonable per comparables	Y	Proposed staffing: 0.5 FTE Senior Property Manager (PM) 1.0 FTE Assistant PM

		1.0 FTE Maintenance Manager 1.0 FTE Janitor 1.0 Security
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$25,125 Annual PM Fee is \$25,125
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	N	\$8,500 no escalation. Current Guidelines allow \$5K which are often not in line with the market. In previous Sunnydale projects 3A and 3B the best rate was \$8,500.

Based on operating costs from other HOPE SF projects, this Project's costs are slightly lower when escalated to 2024. Utility comps are based on other 100% electric buildings outside of Sunnydale but may be underestimated since no buildings in the area are 100% electric yet (Sunnydale 3A and 3B will be once in operation early 2025).

<u>Project(s)</u>	<u>Total OpEx PUPA</u>
<b>Sunnydale Block 9</b>	<b>\$16,744</b>
Sunnydale Block 7 (June 2025 start)	\$19,082
Sunnydale 3A (80 units, TCO early 2025)	\$17,657
Sunnydale 3B (90 units, TCO Dec. 2024)	\$16,544
Potrero Block B (157 units, TCO April 2025)	\$13,925
Sunnydale Block 6 / 290 Malosi (167 units)	\$14,862
Sunnydale Parcel Q / Casala (55 units)	\$19,649
Potrero Block X 1101 Connecticut	\$17,254
Hunter's View Phase 11B Block 10	\$17,157



**7.3. Capital Needs Assessment & Replacement Reserve Analysis. N/A**

**7.4. Staffing Summary.** Below is a staffing comparison of this Project, Block 9, with other projects at Sunnydale HOPE SF that are completed or in construction. With the opening of Block 7 and Block 9, Mercy Housing Management Group intends to shift into the Sunnydale Campuswide Staffing plan. At that point, a third Senior Property Manager (Community Manager of Operations) will be brought on and the allocations for the CMO positions will be passed on a pro-rata calculation for all operating buildings. There will be three Senior Property Managers (CMOs) total overseeing property management throughout the Sunnydale campus at full buildout. As additional buildings come online after Block 7 and Block 9, the allocations will continue to shift and each building will pay its pro rata share for these positions.

<b>Staffing</b>	<b>Casala (55)</b>	<b>290 Mal. (167)</b>	<b>3B (90)</b>	<b>3A (80)</b>	<b>B9 (95)</b>	<b>B7 (89)</b>	<b>Total</b>
Community Manager of Operations (Senior PM)	0.29 FTE	0.87 FTE	0.47 FTE	0.42 FTE	0.49 FTE	<b>0.46 FTE</b>	<b>3.0 FTE</b>
Assistant Manager	1 FTE	2 FTE	1 FTE	1 FTE	1 FTE	<b>1 FTE</b>	<b>7.0 FTE</b>
Community Coordinator	1 FTE	2 FTE					<b>3.0 FTE</b>
Regional Management Specialist	\$25 PUPA	\$25 PUPA	\$25 PUPA	\$25 PUPA	\$25 PUPA		
Maintenance Manager	1 FTE	1 FTE	0.5 FTE	0.5 FTE			<b>3.0 FTE</b>
Maintenance Technician		1 FTE	0.5 FTE	0.5 FTE	1 FTE	<b>1 FTE</b>	<b>2.0 FTE</b>
Janitor	1 FTE	2 FTE	1 FTE	1 FTE	1 FTE	<b>1 FTE</b>	<b>7.0 FTE</b>
Regional Maintenance Specialist	\$36 PUPA	\$36 PUPA	\$36 PUPA	\$36 PUPA	\$36 PUPA		
Resident Service Coordinator (see Services below)	1 FTE	2 FTE	1 FTE	1 FTE	1 FTE	<b>1 FTE</b>	<b>7.0 FTE</b>
<b>Total per Building</b>	<b>5.29 FTE</b>	<b>10.87 FTE</b>	<b>4.47 FTE</b>	<b>4.42 FTE</b>	<b>4.49 FTE</b>	<b>4.46 FTE</b>	

The chart above shows Senior PMs (CMOs) split proportionally among the first six completed buildings, however 1.0 FTE was budgeted for Casala and 290 Malosi. MOHCD Asset Management and Project Management staff will determine how expenses will be reallocated to these buildings with a lower FTE.

**7.5. Income Restrictions for All Sources.**

<b>NON-LOTTERY</b>		<b>No. of Units</b>	<b>MOHCD</b>	<b>TCAC</b>
1 BR – PBV		1	50% MOHCD AMI	50% TCAC AMI
2 BR – PBV		28	50% MOHCD AMI	50% TCAC AMI
3 BR – PBV		19	50% MOHCD AMI	50% TCAC AMI
4 BR – PBV		11	50% MOHCD AMI	50% TCAC AMI
1 BR – PBV		<b>3</b>	50% MOHCD AMI	30% TCAC AMI
2 BR – PBV		<b>8</b>	50% MOHCD AMI	30% TCAC AMI
3 BR – PBV		<b>1</b>	50% MOHCD AMI	30% TCAC AMI
4 BR – PBV		<b>0</b>	50% MOHCD AMI	30% TCAC AMI
<b>Sub-Total</b>		<b>71</b>		
<b>LOTTERY</b>				
1 BR		6	80 % MOHCD AMI	60 % TCAC AMI
2 BR		15	80 % MOHCD AMI	60 % TCAC AMI
3 BR		2	80 % MOHCD AMI	60 % TCAC AMI
<b>Sub-Total</b>		<b>23</b>		
<b>STAFF UNITS</b>				
3 BR		1		
<b>TOTAL</b>		<b>95</b>		
<b>PROJECT AVERAGE</b>			<b>66</b>	<b>50</b>
<b>AVERAGE FOR LOTTERY UNITS ONLY</b>			<b>80</b>	<b>60</b>

7.6. MOHCD Restrictions.

<b>Unit Size</b>	<b>No. of Units</b>	<b>Maximum Income Level</b>
1 BR	4	50% of Median Income
2 BR	36	50% of Median Income
3 BR	20	50% of Median Income
4 BR	11	50% of Median Income
1 BR	6	80% of Median Income
2 BR	15	80% of Median Income
3 BR	2	80% of Median Income
3 BR	1	Manager's Unit

## 8. SUPPORT SERVICES

### 8.1. Services Plan.

Mercy Housing California will provide 1.0 FTE Resident Services Coordinator (“RSC”) for the 95 family units. Responsibilities include but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or other enrichment activities for tenants (such as holiday events, tenant council, etc.).

It is anticipated that the RSC will provide linkage to food security benefits, food banks, and health and wellness providers; support for new parents and families with young children; monthly resident-led community building activities and events; and ongoing social activities. Events and opportunities will be culturally appropriate with translation services as needed for this multilingual population. The population served will largely be made up of persons of color who will benefit from support and resources made available through the coordination of the RSC.

The Sponsor notes that they plan for 1.0 FTE RSC at Block 7 and 1.0 FTE at Block 9 but in phases following Blocks 7 and 9 the service staff will be shared between properties. This differs from staff who will sit at the Neighborhood Resource Center (“NRC”) in Block 3A. The NRC will house Mercy staff and three CBOs: Vis Valley SF, Bayview YMCA and Phoenix Project. From Mercy’s team there will be two Community Life Specialists focused on relocation, Community Life Managers (or Resident Service Managers) who will manage the RSCs at residential buildings, and the Director of Community Life.

### 8.2. Services Budget.

The total Block 9 services budget is \$129,359, which will be funded by the project operating budget. This budget covers 1.0 FTE Resident Services Coordinator and 0.10 FTE Resident Services Manager by Mercy Housing California, and associated supplies, benefits and overhead (salary: \$78,020, benefits: \$24,966, supplies: \$8,900, Resident Services Manager: \$9,770). The staff ratio of 1.0 FTE RSC for 95 units meets the MOHCD underwriting guidelines for resident services which is currently set at 1.0 FTE RSC for 100 residents. HOPE SF has indicated that 1.0 FTE RSC is appropriate for 75-100 residents.

### 8.3. HSH Assessment of Service Plan and Budget. N/A

## 9. STAFF RECOMMENDATIONS

### 9.1. Proposed Loan/Grant Terms

<b>Financial Description of Proposed Loan</b>	
Loan Amount:	\$27,250,000
Loan Term:	57 years from recorded DOT
Loan Maturity Date:	2082
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%

**9.2. Recommended Loan Conditions**

1. Sponsor must provide MOHCD with information regarding cost containment and strategies to reduce overall project costs. At pre-bid set submittal, Sponsor will deliver a new MOHCD proforma, VE logs, redlined design documents and any budget savings. Sponsor must work with MOHCD staff and General Contractor to Value Engineer construction budget.
2. Sponsor must provide MOHCD with detailed monthly updates via the MOHCD Monthly Project Update, including on:
  1. Community outreach completed, and
  2. Outcomes achieved related to racial equity goals.
3. Sponsor must provide initial draft marketing plan within 12 months of anticipated TCO, outlining the affirmative steps they will take to market the project to the City’s preference program participants, including COP Holders, Displaced Tenants, and Neighborhood Residents, as well as how the marketing is consistent with the Mayor’s Racial Equity statement and promotion of positive outcomes for African American San Franciscans.
4. Sponsor must provide quarterly updated response to any letters requesting corrective action.
5. The sponsor will analyze procuring lenders and investors together for both Block 7 and 9 to leverage better financing terms.
6. The sponsor will explore securing a 40-year amortizing loan with a 1.15 debt coverage ratio and consider including a preference for a 40-year amortizing loan will be included in the debt procurement. The sponsor must also negotiate the right to upsize the permanent loan if supported by the operating proforma at the time of loan conversion.
7. Once a closing date is identified and the general contractor goes out to bid, escalation should be removed from the sponsor’s development budget. Any excess contingencies should also be reviewed and adjusted accordingly.

8. The sponsor must provide MOHCD with construction due diligence items no later than 60 days from closing. These items include, but are not limited to, a subcontractor bid leveling and analysis, final Guaranteed Maximum Price (GMP)/Schedule of Values (SOV), SOV qualifications, construction insurance documents (including general contractor insurance certificates, builder's risk form, and payment and performance bond form), and a construction contract.
9. The developer fee must be adjusted per the MOHCD policy update (anticipated by the end of 2024) prior to closing.
10. The sponsor will continue to work with MOHCD on assessing the need to pay for Regional Maintenance and Regional Management Specialists outside of Sponsor's property management fee and resident services costs that include partial salaries for RSM.
11. By the end of 2024, the Sponsor will provide MOHCD with a plan and timeline for finalizing the Sunnydale Master Association or HOA. The plan should outline steps and approvals from appropriate parties and costs assumed by the association including maintenance of public spaces.
12. If the Block 9 pad is not anticipated to be complete by June 2025 (CDLAC deadline) due to delays in Phase 3 infrastructure, then MOHCD and Sponsor will return the CDLAC award within 20 days of the award.
13. Sponsor will present an updated plan for permanent power energization by Gap and outline any potential cost impacts if energization is delayed.
14. The Sponsor will work toward lowering annual property insurance by being added to Related's insurance policy and provide an update by October 30, 2024.
15. Sponsor will have GC parking management plan and/or agreement in place prior to gap approval.
16. By the end of Q3 2024 (September 2024), the Sponsor will provide MOHCD with an updated market rate development marketing strategy that includes next steps and timelines for the sale of all market rate parcels, including measures to jumpstart development activity for these parcels.

## 10. LOAN COMMITTEE MODIFICATIONS

### LOAN COMMITTEE RECOMMENDATION

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

DocuSigned by:  
*Daniel Adams*

Date: 8/19/2024 | 9:06 AM PDT

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

DocuSigned by:  
*Elizabeth Hewson*

Date: 8/16/2024 | 4:31 PM PDT

Elizabeth Hewson for Salvador Menjivar, Director of  
Housing  
Department of Homelessness and Supportive Housing

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

DocuSigned by:  
*Elizabeth Colomello*

Date: 8/19/2024 | 2:05 PM PDT

Elizabeth Colomello for Thor Kaslofsky, Executive  
Director  
Office of Community Investment and Infrastructure

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

DocuSigned by:  
*Vishal Trivedi*

Date: 8/16/2024 | 4:43 PM PDT

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

APPROVE.       DISAPPROVE.       TAKE NO ACTION.

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

Tonia Lediju, CEO  
Housing Authority of the City and County of San Francisco

- 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. Comparison of City Investment in Other Housing Developments
  - H. Predevelopment Budget
  - I. Development Budget
  - J. 1<sup>st</sup> Year Operating Budget
  - K. 20-year Operating Pro Forma
  - L. HOPE SF Project Summary

**Attachment A: Project Milestones and Schedule**

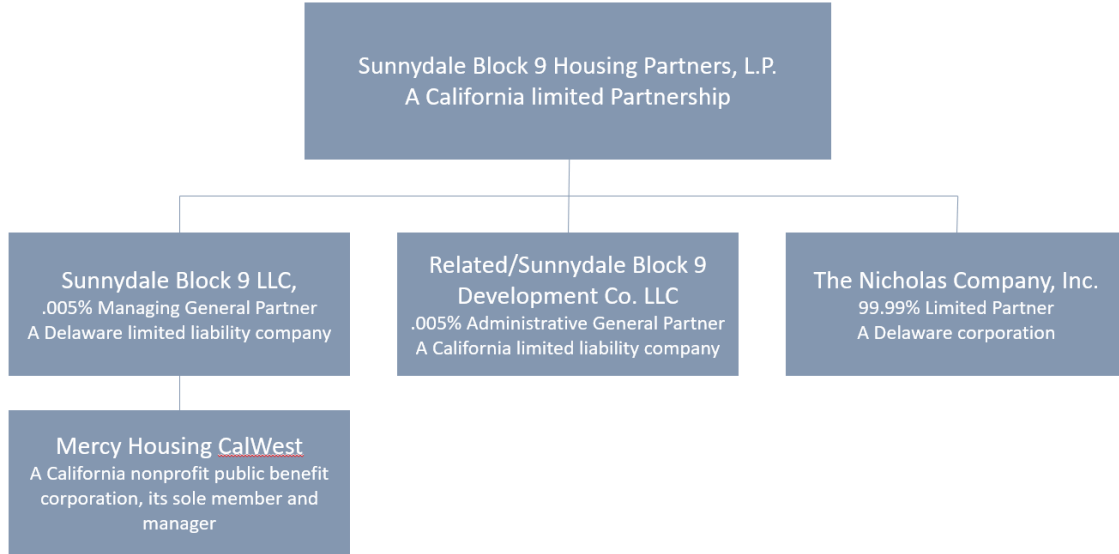
No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	07/2023	
1	Acquisition/Predev Financing Commitment	9/2021	
2.	Site Acquisition	N/A	
3.	Development Team Selection		
a.	Architect	10/2021	
b.	General Contractor	04/2022	
c.	Owner's Representative	10/2021	
d.	Property Manager	N/A	Mercy
e.	Service Provider	N/A	Mercy
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	04/2022	
b.	Submittal of Design Development & Cost Estimate	11/2022	
c.	Submittal of 60% CD Set & Cost Estimate	04/2023	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	07/2024	
5.	Commercial Space	N/A	
a.	Commercial Space Plan Submission	N/A	
b.	LOI/s Executed	N/A	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	N/A	
b.	CEQA Environ Review Submission	N/A	<u>CEQA Review Completed</u>
c.	NEPA Environ Review Submission	N/A	<u>NEPA Review Completed</u>
d.	CUP/PUD/Variances Submission	N/A	
7.	PUC/PG&E		
a.	Temp Power Application Submission	09/2024	
b.	Perm Power Application Submission	09/2024	
8.	Permits		

a.	Site Permit Application Submitted	11/2022	
b.	Addendum #1 Submitted	08/2024	
c.	Addendum #2 Submitted	08/2024	
d.	Addendum #3 Submitted	08/2024	
e.	MEP Addendum	01/2025	
f.	Fire Protection Addendum	01/2025	
9.	Request for Bids Issued	11/2024	
10.	Service Plan Submission		
a.	Preliminary	05/2025	
b.	Final	04/2027	
11.	Additional City Financing		
a.	Preliminary Gap Financing Application	08/16/24	
b.	Gap Financing Application	02/2025	
12.	Other Financing		
a.	HCD Application	N/A	
b.	Construction Financing RFP	11/2024	
c.	AHP Application	N/A	
d.	CDLAC Application	08/27/2024	
e.	TCAC Application	08/27/2024	
f.	Other Financing Application	N/A	
g.	LOSP Funding Request	N/A	
13.	Closing		
a.	Construction Loan Closing	06/2025	
b.	Conversion of Construction Loan to Permanent Financing	03/2028	<u>12 months after TCO</u>
14.	Construction		
a.	Notice to Proceed	06/2025	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	03/2027	<u>21-month const. duration</u>
15.	Marketing/Rent-up		



a.	Marketing Plan Submission	03/2026	<u>12 months prior to TCO</u>
b.	Commence Marketing	09/2026	<u>6 months prior to TCO</u>
c.	95% Occupancy	09/2026	<u>6 months after TCO</u>
16.	Cost Certification/8609	03/2028	
17.	Close Out MOH/OCII Loan(s)	03/2028	

**Attachment B: Borrower Org Chart**



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

Related California is the Lead Developer for Block 9 through a joint venture with Mercy Housing California, who serves as Co-Developer. The Related Real Estate Development team working on Sunnydale Block 9 includes Thu Nguyen (Assistant VP of Real Estate California, 20% of time) and Carlos Vasquez (Project Manager, 20% of time).

The MHC Real Estate Development team working on Sunnydale Block 9 is made up of Emily Estes (Senior Project Manager, 30% of her time on Block 7) and Priscila Tapia (Assistant Project Manager, 30% of time), with support from Elizabeth Kuwada (Director of Real Estate Development) and Clare Murphy (Associate Director of Real Estate Development).

### **Thu Nguyen**

Assistant Vice President, Development Related California  
Affordable

As Assistant Vice President of Development for Related California, Ms. Nguyen is responsible for managing all aspects of the design, financing and construction for many of Related's Northern California affordable developments, including the redevelopment of San Francisco's largest public housing site, Sunnydale-Velasco, a 50-acre site currently home to more than 1,700 people.



Before joining Related, Ms. Nguyen worked for The Community Builders, Inc. in Washington, D.C. where she directed the application submission for the Choice Neighborhoods Initiative Implementation Grant with the City of Baltimore, secured over \$200 million in funds for affordable housing, and won the company's 2015 Top Contributor Award for initiating impactful urban neighborhood projects. Prior to The Community Builders, Ms. Nguyen was a research associate at The Urban Institute in Washington, D.C., specializing in housing discrimination.

Ms. Nguyen graduated from The Wharton School at the University of Pennsylvania with a Master in Business Administration, and from Cornell University with a Bachelor of Science in Urban and Regional Studies and a Bachelor of Arts in Africana Studies.

## **Carlos Vasquez**

Project Manager, Development Related California Affordable

As Project Manager for Related California, Mr. Vasquez is responsible for the management of all aspects of the development process, from design and financial feasibility, through construction completion and stabilization for more than 350 affordable units throughout Northern California, including the redevelopment of San Francisco's largest public housing site, Sunnydale-Velasco, a 50-acre site currently home to more than 1,700 people.

Mr. Vasquez comes to Related with more than ten years of development experience. As Development Manager at BUILD Inc., he oversaw the acquisition, entitlement, construction, development and asset management of more than 1,300 multifamily units, including more than 300 affordable housing units, a portfolio valued at more than \$1 billion. He collaborated with community groups and government bodies to obtain necessary entitlements, and most recently oversaw the construction and lease-up of two, 130+ unit developments in San Francisco.

Mr. Vasquez holds a Bachelor of Science in Philosophy from the University of Southern California. He is a member of the San Francisco Housing Action Coalition's Policy and Endorsement Committee and a Habitat for Humanity Global Village volunteer.



## **Emily Estes**

Senior Project Developer, Mercy Housing California Real Estate Development

As Senior Project Developer, Ms. Estes leads the development of Sunnydale Block 7, a 5-story, 89-unit 100% affordable housing project as part of the current phase in the master-planned revitalization of the existing Sunnydale public housing site known as Sunnydale HOPE SF. In addition to Sunnydale Block 7, Emily is leading the Sunnydale Phase 1B, 1C, 3C (collectively known as Phase 3) Infrastructure project. Phase 3 encompasses a project footprint of approximately 11 acres, paving the way for the development of two new 100% affordable housing buildings, blocks 7 and 9; along with two market rate sites, Blocks 8A and 8B. Additionally, Phase 3 will include the development of two new open spaces, Blocks 2 and 4. Ms. Estes also leads the development of Hunters Point 56, a 5-story, 73 unit 100% affordable housing project under construction.

Before joining Mercy Housing California, Ms. Estes worked for East Bay Asian Local Development Corporation (EBALDC) in Oakland as Project Manager where she managed three rehabilitation projects and led a new-construction multi-family project through predevelopment. Prior to EBALDC, Ms. Estes was a Development Manager for Integral Group, a vertically integrated real estate development and investment firm focused on the revitalization and enhancement of urban communities in major markets throughout the United States.

Ms. Estes graduated from Georgia Institute of Technology, with a Master in City and Regional Planning, and from University of Georgia with a Bachelor of Arts in Philosophy.



**Priscila Tapia**

Assistant Project Developer, Mercy Housing California Real Estate Development

As Assistant Project Manager, Ms. Tapia assists in the development of Sunnydale Block 7, a 5-story, 89-unit 100% affordable housing project as part of the current phase in the master-planned revitalization of the existing Sunnydale public housing site known as Sunnydale HOPE SF. In addition to Sunnydale Block 7, Priscila assists on the Sunnydale Phase 1B, 1C, 3C (collectively known as Phase 3) Infrastructure project. Ms. Tapia also assists in the development of Treasure Island C3.1 (collectively known as Star View Court), a 7-story, 138-units 100% affordable housing project in construction as part of the master-planning on Treasure Island. Priscila is a Bay Area Housing Internship Program alumna from Cohort 4.

Before joining Mercy Housing, Ms. Tapia worked for the Humanities Institute at the University of California, Santa Cruz as Web Assistant where she was responsible for providing academic and website services to 350 ladder-ran faculty.

Ms. Tapia graduated from the University of California, Santa Cruz with a Bachelor of Arts in Sociology.

**Elizabeth Kuwada**

Director of Real Estate Development, Mercy Housing California

As Director, Ms. Kuwada oversees affordable housing and community real estate development in the Bay Area regional office, focused on master planning areas such as Treasure Island and the Sunnydale-HOPE SF project, the transformation of an existing 50-acre public housing community into a 1,770-unit mixed-income neighborhood, in collaboration with city, community, and joint venture partners.

Ms. Kuwada leads development of 28,000 SF New Market Tax Credit-financed community center and 12,000 SF recreation center, including design, community engagement, operations planning, financing, and partnership management. Coordinates master planning activities, including community association, staffing and operations. Supports staff and joint venture partners in development work, currently overseeing 8 housing projects, 20,000 SF of neighborhood retail, 2 open space parks, and community-wide public art. Supervises team of 6 staff, including 3 participants/alumni of the Bay Area Housing Internship Program aimed to increase real estate career opportunities for low-income people of color.

Before joining Mercy Housing, Ms. Kuwada worked for Eden Housing where she managed full real estate development process for new construction and rehabilitation affordable housing projects; directly involved with the development or preservation of six projects totaling over 625 units. At Eden she led the development of one of the first 9%-4% hybrid tax credit projects in California, a 90-unit senior new construction project from deal structuring, financing closing, through construction and lease-up. Ms. Kuwada also managed development of one of the earliest income averaging tax credit projects nationwide, a 201-unit family rehabilitation project, from site acquisition through financing closing and construction. Coordinated asset stabilization of a 60-unit transitional housing project, including acquiring and restructuring the project as permanent supportive housing with increased operating support.

Ms. Kuwada graduated from Massachusetts Institute of Technology, with a dual Master in Real Estate Development and City Planning, and graduated from Yale University with a Bachelor of Arts in Architecture.



**Clare Murphy**

Associate Director of Real Estate Development, Mercy Housing California

As Associate Director, Ms. Murphy oversees affordable housing and community real estate development in the Sunnydale HOPE SF Masterplan development, the transformation of an existing 50-acre public housing community into a 1,770-unit mixed-income neighborhood, in collaboration with city, community, and joint venture partners. In addition, Clare oversees the Sunnydale Phase 1B, 1C, 3C (collectively known as Phase 3) Infrastructure project. Ms. Murphy also oversees the development of 1633 Valencia, a 6-story, 145-unit 100% permanent supportive housing project for seniors.

As Senior Project Developer, Ms. Murphy led 1939 Market Street, a 15-story multi-family residential building with a total of 187 affordable apartments for seniors during predevelopment, Casa de la Mision, a 5-story, 45-unit 100% affordable apartments through construction and close out. Ms. Murphy has been directly involved in the syndication portfolio in the Bay Area, working on the following project in the Bay Area pipeline: Bermuda Gardens Renovation – Predevelopment, Construction Dorothy Day Renovation – Predevelopment, Construction, Francis of Assisi Renovation – Close-out, Dudley (Elevator Replacement) – Construction, Close-out.

Ms. Murphy graduated from the University of Oregon with a Bachelor of Arts in Planning, Public Agency, and Non-profit Management.

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

Related owns close to 13,500 affordable units in operations plus 5,200 affordable units under construction or in predevelopment. Related serves extremely low- and low-income households in family properties, senior properties, and properties with permanent supportive housing. There are 70 plus projects in the portfolio.

Related has a dedicated asset management team to oversee owned assets in the Related California affordable portfolio. There are three full time positions that are currently filled at varying degrees of seniority. Please see the attached org chart.

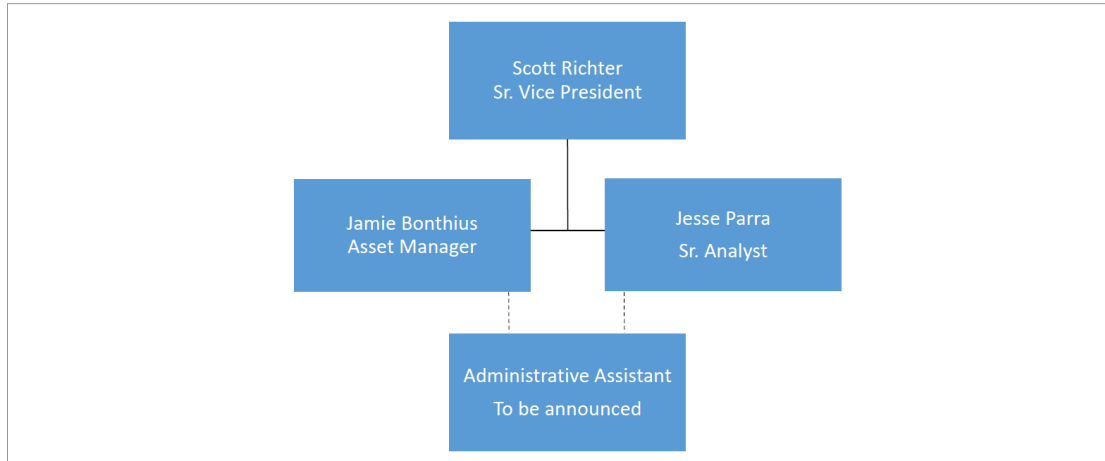
The asset management team is structured such that each staff has distinct functional responsibilities for the entire of portfolio, including affordable, mixed-use, and multifamily developments. Scott Richter, the senior member and department head, is responsible for overseeing all aspects of the department but functionally takes the lead on operational and financial performance, legal matters, budgeting, capital spending and major projects. Jamie Bonthius oversees all aspects of property and regulatory compliance, property & other taxes and investor relations. Jesse Parra is responsible for financial reporting and analysis of all aspects of property performance.

Related's Asset Management team relies on close coordination with all aspects of Property Management in order to meet its regulatory and financial obligations. We take a proactive approach to property oversight, establishing access to management company systems to pull operational and financial reporting in real time rather as part of an after-the-fact reporting framework and maintain close contact with property management functions in the field, including property & regional managers, property accountants & controllers, compliance and regional facilities personnel. Interaction with regional managers covers a wide range of responsibilities but importantly is focused on property turnover & vacancy, compliance, maintenance and capital spending, monthly budget variance reporting and legal issues. Compliance monitoring is done in conjunction with site staff, regional managers and the respective regional compliance departments. Asset Management requires all compliance requests run through the department so that they can be tracked and monitored to meet all requirements. Integration with accounting systems and with property accountants such that we set policy for how transactions are recorded and preempt any mistakes before accounting books are closed and reports distributed to stakeholders. On facilities management, we require all management companies to seek prior approval on all large projects prior to signing any contract for work. Management is required to present three bids for each job with a description of the work that is being requested and why it is important to the property. Asset Management then reviews these bid summaries with facilities management to determine the appropriate path forward.



Related expects the number of projects in our portfolio to exceed 100 within the next 5 years, totaling 11,000-12,000 units under the asset management portfolio. Plans to add staff in order to accommodate portfolio growth included adding a 1 FTE compliance and reporting assistant in 2022 and an asset manager in mid-to-late 2023.

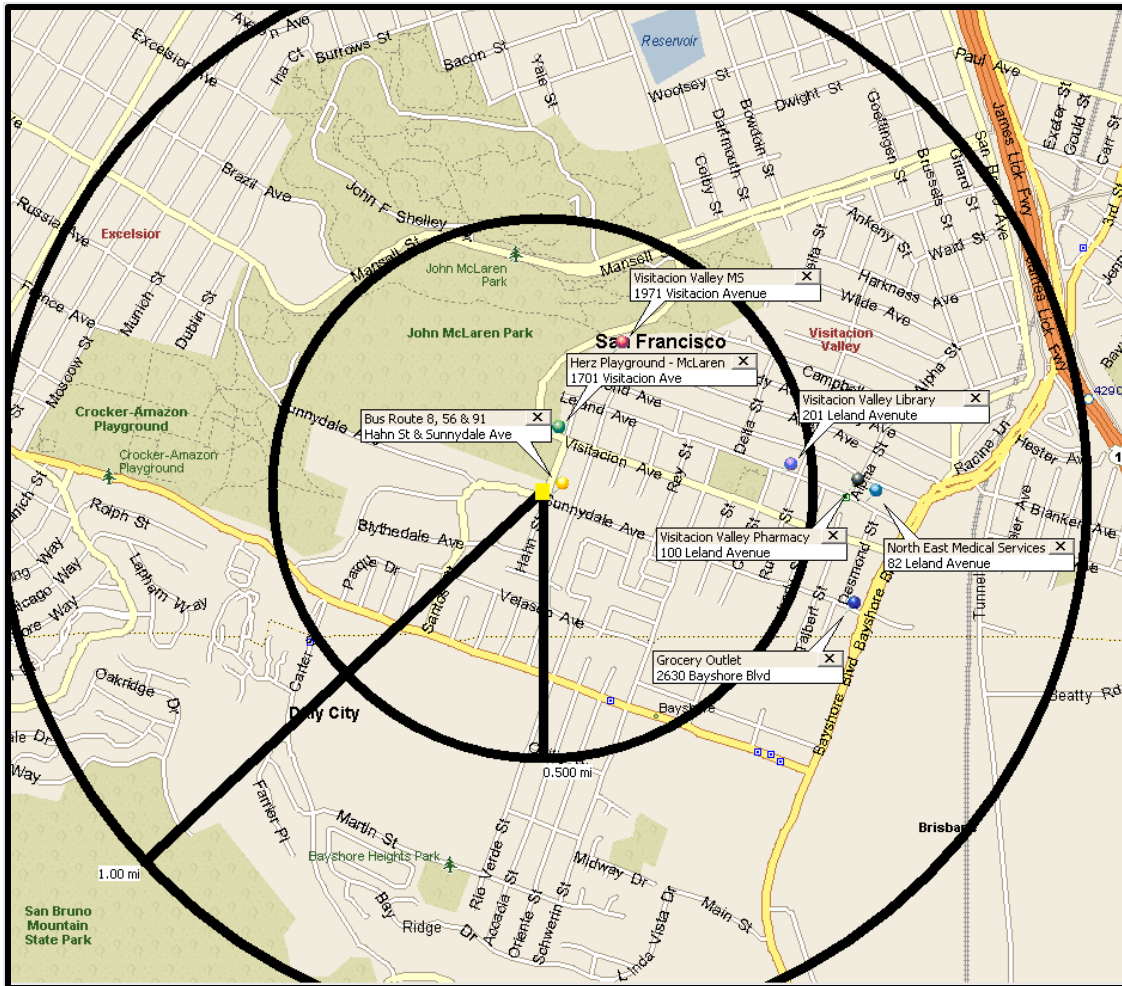
The Related Companies of CA – Asset Management



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

N/A

### Attachment F: Site Map with amenities



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

See attached.

**Affordable Multifamily Housing New Construction Cost Comparison - San Francisco**

Updated	7/24/2024		Acquisition costs by Unit/Bed/SF			Construction by Unit/Bed/SF			Soft Costs By Unit/Bed/SF			Total Development Cost (Not including Land)			Subsidy	
	Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/ sq.ft	Soft/unit	Soft/BR	Soft/ sq.ft	TDC/unit	TDC/BR	TDC/ sq.ft	Subsidy / unit	Leveraging <sup>7</sup>		
Delta of Subject and Comparable Projects	\$ (2,365)	\$ (1,231)	\$ -5,867,491,851	\$ 108,740	\$ (22,507)	\$ 3	\$ 68,494	\$ 9,952	\$ 26	\$ 174,849	\$ (13,797)	\$ 27	\$ (257,665)	247.4%		
Delta Percentage	-92%	-93%	-94%	14%	-6%	1%	33%	9%	17%	18%	-3%	4%	-100%	337%		
Sunnydale Block 9	\$ 211	\$ 89	\$ 0	\$ 865,167	\$ 365,293	\$ 571	\$ 278,196	\$ 117,461	\$ 184	\$ 1,143,574	\$ 482,842	\$ 755	\$ -	100.0%		
Comparable Projects	Average: \$ 2,575	\$ 1,320	\$ 6.25	\$ 756,427	\$ 387,800	\$ 568	\$ 209,702	\$ 107,509	\$ 158	\$ 968,726	\$ 496,639	\$ 728	\$ 257,665	73.4%		

Costs lower than comparable average (within 10%)  
 Costs higher than comparable average (within 10%)

	Average:	Lot sq.ft	Completion/ start date	# of Units	# of BR <sup>1</sup>	Building Square Footage			Total Project Costs			Total Dev. Cost w/acq costs	Local Subsidy
						Res. <sup>2</sup>	Non-Res.	Sq. ft.	Total sq. ft.	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>		
ALL PROJECTS	Average:	31,523		121	193	119,799	13,720	132,201	\$ 166,533	\$ 82,476,513	\$ 21,523,231	\$ 104,170,577	\$ 30,963,666
Comparable Projects Completed (filtered)	Average:	53,381		122	238	147,819	16,129	156,425	\$ 272,883	\$ 84,485,970	\$ 18,746,615	\$ 103,505,467	\$ 29,943,060
Comparable Projects Under Construction (filtered)	Average:	47,152		109	221	132,243	25,899	158,142	\$ 23,751	\$ 92,981,993	\$ 24,134,185	\$ 117,147,357	\$ 35,192,374
Comparable Projects In Predevelopment (filtered)	Average:	45,199		122	231	147,881	8,454	156,335	\$ 614,207	\$ 90,069,567	\$ 31,287,785	\$ 121,971,558	\$ 25,997,034
Total Comparable Projects	Average:	48,577		118	230	142,648	16,827	156,967	\$ 303,613	\$ 89,179,177	\$ 24,722,862	\$ 114,208,128	\$ 30,377,490
Sunnydale Block 9		52,272	Jun-25	95	225	116,465	27,425	143,890	\$ 20,000	\$ 82,190,900	\$ 26,428,661	\$ 108,639,561	\$ -
Delta of Subject and Comp Project Averages		3,695		-23	-5	-26,183	10,598	-13,077	(\$283,613)	(\$6,988,277)	\$ 1,705,799	(\$5,968,567)	(\$30,377,490)
Delta Percentage		8%		-19%	-2%	-18%	63%	-8%	-93%	-8%	7%	-5%	-100%

Notes on Financing (e.g., TCAC)  
 Building Type (e.g., Type II over Type I)  
 Stories  
 Comments (stage of design/pricing; date of LC; unusual conditions such as childcare center)  
 CDLAC, possible AHSC  
 VA over Type 1A c  
 5  
 73 parking spaces (.75 ratio)

**PROJECTS COMPLETED**

Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Building Square Footage			Total Project Costs			Total Dev. Cost w/acq costs	Local Subsidy <sup>5</sup>	Notes on Financing	Building Type	Stories	Comments (stage of design/pricing; date of LC; unusual conditions such as childcare center)
						Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost						
Hunters View Phase II - B1 7 & 11	227-229 West Point Rd	82,703	May-17	107	239	117,023	23,857	140,880	\$ -	\$ 70,171,296	\$ 9,272,003	\$ 79,443,299	\$ 19,737,243	2 HCD Loans (MHP & IIG)	Type III-V over Type I	2 +	downslope
Hunters View Phase II - Block 10	146 West Point Road	52,333	Jun-18	72	144	80,274	13,328	93,602	\$ -	\$ 54,492,048	\$ 8,732,484	\$ 63,224,532	\$ 17,393,406	9% LIHTC	Type IIIA over Type I	5	Childcare
Transbay 7 - Natalie Gubb Comm	222 Beale Street	29,209	Oct-18	120	208	118,251	5,000	123,251	\$ 35,000	\$ 72,197,658	\$ 16,314,488	\$ 88,547,126	\$ 25,560,000	HCD AHSC Loan	Type I Podium	4-8	system, plus Childcare shell
Mission Bay B1 6 East	626 Mission Bay Blvd. No.	63,250	Nov-18	143	276	162,080	9,719	171,799	\$ 148,125	\$ 94,504,972	\$ 15,222,997	\$ 109,878,004	\$ 35,150,000	HCD AHSC Loan	Type IIIA-V over Type I	6	and infrastructure
Roberts Block X (Vertical)	25th and Connecticut	30,000	Sep-19	72	139	88,569	28,952	115,521	\$ 20,700	\$ 71,591,950	\$ 12,758,230	\$ 84,379,920	\$ 17,893,993	Type IIIA & V over Type I	Type IIIA & V over Type I	4-6	No infeas. Cost
88 Broadway - Family Housing	88 Broadway	38,182	Jul-21	125	221	140,279	8,700	148,979	\$ -	\$ 84,401,232	\$ 27,758,226	\$ 112,159,458	\$ 27,908,676	Type IIIA & V over Type I	Type I and Type VA	5-6	Family
1990 Folsom Street	1990 Folsom	29,047	Sep-21	143	226	138,824	15,063	153,887	\$ 2,500,000	\$ 93,237,245	\$ 25,616,512	\$ 121,353,757	\$ 46,711,496	Type I	Type I and Type VA	2 & 8	Type I
Sunnydale Block 6	242 Hahn Street	95,213	Feb-22	167	375	244,359	30,524	274,883	\$ -	\$ 116,819,739	\$ 28,898,989	\$ 145,718,728	\$ 28,109,924	Type V over Type I	Type V over Type I	5	Does not include infrastructure
4840 Mission	4840 Mission	64,033	Apr-24	137	232	181,711	14,384	196,095	\$ -	\$ 89,098,251	\$ 23,931,086	\$ 113,029,337	\$ 51,614,447	HCD MHP Loan	Type V over Type I	4-5	Clinic + POPO, steps with row
Treasure Island C3.1	8th St. Avenue C: 78 Johnson	49,841	May-24	138	321	198,821	11,765	210,586	\$ 25,000	\$ 98,345,270	\$ 18,953,264	\$ 117,323,534	\$ 28,952,317	Type IIIA over Type IA	Type IIIA over Type IA	7	Stories Type IA

**PROJECTS UNDER CONSTRUCTION**

Project Name	Address	Lot sq.ft	Compl. Date	# of Units	# of BR <sup>1</sup>	Building Square Footage			Total Project Costs			Total Dev. Cost w/acq costs	Local Subsidy <sup>5</sup>	Notes on Financing	Building Type	Stories	Comments (stage of design/pricing; date of LC; unusual conditions such as childcare center)
						Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost						
Shirley Chisholm Village Ed Heg	1351 42nd/1360 43rd	44,444	Dec-24	135	212	141,351	23,915	165,266	\$ 115,002	\$ 86,427,967	\$ 17,518,666	\$ 104,061,925	\$ 51,200,000	9% LIHTC	Type VA over IA	4	10/24/24 - 7% rate; interest rate
Roberts Block B	25th and Connecticut	74,311	Apr-25	157	348	219,291	42,257	261,548	\$ 11,251	\$ 147,636,082	\$ 37,617,867	\$ 185,265,200	\$ 15,688,292	4% Credits: HCD IIG & AHSC	Type IIIA over IA	5-6	11/14/2022 escrow and plan check
Sunnydale Block 3B	1501 Sunnydale Avenue	39,160	Feb-25	80	178	122,160	38,488	160,648	\$ 20,001	\$ 71,571,738	\$ 19,372,089	\$ 90,943,827	\$ 8,466,742	4% Credits: HCD IIG & AHSC	Type VA over IA	6	3/4/2022 escrow and plan check
Sunnydale Block 3A	1501 Sunnydale Avenue	34,400	Jan-25	80	164	94,595	19,013	113,608	\$ 20,001	\$ 72,470,936	\$ 22,824,983	\$ 95,315,920	\$ 26,944,938	4% Credits: HCD IIG & AHSC	Type VA over IA	5	(70% CD w/VE 4/14/2022, 8%
HPSV Block 52-54	151 and 351 Friedell St	45,580	May-25	112	217	147,190	21,541	168,731	\$ -	\$ 103,737,629	\$ 29,252,420	\$ 132,990,049	\$ 61,518,208	4% credits: IIG	Type V over Type I	5	contiguous parcels. Parking ratio
HPSV Block 36	11 Innes Court	28,792	Apr-25	73	147	78,814	15,939	92,853	\$ -	\$ 55,720,854	\$ 16,725,791	\$ 72,446,645	\$ 34,813,441	4% LIHTC; AHP	Type V over Type I	5	HCD credits spaces at 0.75 ratio (100% reduction Feb 2024)
Hunters View Ph 3 Block 14 & 17	855 & 853 Hunters View Dr	63,378	May-25	118	283	124,502	20,138	144,640	\$ -	\$ 113,308,925	\$ 25,527,481	\$ 138,836,406	\$ 48,815,000	4% Credits: HCD MHP	Type IIIA over Type I	5-6	HCD credits spaces at 0.75 ratio (100% reduction Feb 2024)

**PROJECTS IN PREDEVELOPMENT**

Project Name	Address	Lot sq.ft	Start Date (anticipated)	# of Units	# of BR <sup>1</sup>	Building Square Footage			Total Project Costs			Total Dev. Cost w/acq costs	Local Subsidy	Notes on Financing	Building Type	Stories	Comments (stage of design/pricing; date of LC; unusual conditions such as childcare center)
						Res. <sup>2</sup>	Non-Res.	Total	Acq. Cost <sup>3</sup>	Constr. Cost <sup>4</sup>	Soft Cost						
Reservoir Building E (Balboa)	Lee Avenue	31,008	Jun-26	124	192	138,150	1,000	139,150	\$ 1,777,707	\$ 76,146,062	\$ 30,807,599	\$ 108,731,368	\$ 13,628,128		Type IIIA over Type IA	7	11/14/24 - 7% rate; interest rate
Sunnydale Block 7	Sunrise Wy and Santos St	73,161	Jun-25	89	205	114,374	22,815	137,189	\$ 10,000	\$ 81,479,284	\$ 28,456,811	\$ 109,946,075	\$ 15,350,000	4% Credits: HCD IIG & AHSC	Type VA over IA	5	Childcare/POPO; parking TBD
IC4 3 Treasure Island	California & Ave E	55,000	Feb-26	150	315	215,000	10,000	225,000	\$ 25,000	\$ 123,179,014	\$ 33,661,784	\$ 156,865,798	\$ 54,027,788	TCAC 4%; HCD, AHP	Type II & 5 stories over c	6	10/24/24 - 7% rate; interest rate
249 Pennsylvania	249 Pennsylvania	21,625	Jun-26	125	210	124,000	-	124,000	\$ 644,119	\$ 79,473,927	\$ 32,224,945	\$ 112,342,991	\$ 20,982,240	TCAC, MHP, IIG	Type III over Type I	7	10/24/24 - 7% rate; interest rate

**Attachment H: Predevelopment Budget**

N/A

**Attachment I: Development Budget**

See attached.

Application Date: 7/31/24 # Units: 95  
 Project Name: Sunnyside HOPE SF Building 9 # Bedrooms: 225  
 Project Address: 1652 (temp address) Sunnyside Ave # Beds:  
 Project Sponsor: Related California & Mercy Housing California

SOURCES	Total Sources						Comments
	27,250,000	28,736,000	52,252,000	100	-	-	
Name of Sources:	MOHCD/OCII	Perm Loan	TC Equity	GP Equity	MOHCD		

USES

ACQUISITION

Acquisition cost or value							0
Legal / Closing costs / Broker's Fee	20,000						20,000
Holding Costs							0
Transfer Tax							0
<b>TOTAL ACQUISITION</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab	13,099,564	28,736,000	35,247,843				77,083,407	Target for 85% cost estimate VE	
* Commercial Shell Construction							0		
* Demolition							0		
* Environmental Remediation							0		
* Onsite Improvements/Landscaping							0		
* Offsite Improvements							0		
* Infrastructure Improvements							0		
* Parking							0		
* GC Bond Premium/GC Insurance/GC Taxes							0		
* GC Overhead & Profit							0		
* CG General Conditions							0		
Sub-total Construction Costs	13,099,564	28,736,000	35,247,843	0	0	0	77,083,407		
Design Contingency (remove at DD)			1,541,668				1,541,668	2% Escalation	2.0%
Bid Contingency (remove at bid)							0		0.0%
Plan Check Contingency (remove/reduce during Plan Review)							0		0.0%
Hard Cost Construction Contingency			3,315,775				3,315,775	5% Owner Contingency	4.3%
Sub-total Construction Contingencies	0	0	4,857,443	0	0	0	4,857,443		
<b>TOTAL CONSTRUCTION COSTS</b>	<b>13,099,564</b>	<b>28,736,000</b>	<b>40,105,286</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>81,940,850</b>		

SOFT COSTS

Architecture & Design

Architect design fees	1,997,749						1,997,749	See MOHCD A&E Fee Guidelines: <a href="http://sfmohcd.org/documents-reports-and-forms">http://sfmohcd.org/documents-reports-and-forms</a>
Design Subconsultants to the Architect (incl. Fees)							0	
Architect Construction Admin							0	
Reimbursables							0	
Additional Services							0	
Sub-total Architect Contract	1,997,749	0	0	0	0	0	1,997,749	
Other Third Party design consultants (not included under Architect contract)	653,200						653,200	Civil, Title 24, Acoustical, Utility, Waterproofing, Testing & Inspection, Design-Build Early Release
<b>Total Architecture &amp; Design</b>	<b>2,650,949</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,650,949</b>	

Engineering & Environmental Studies

Survey	12,000						12,000	
Geotechnical studies	90,000						90,000	
Phase I & II Reports	200,000						200,000	Incl. ADMP Monitoring
CEQA / Environmental Review consultants							0	
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants							0	
<b>Total Engineering &amp; Environmental Studies</b>	<b>302,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>302,000</b>	

Financing Costs

<b>Construction Financing Costs</b>								
Construction Loan Origination Fee	693,592						693,592	
Construction Loan Interest	1,641,327		6,565,306				8,206,633	
Title & Recording	46,000						46,000	Construction Loan Closing Expenses
CDLAC & CDIAAC fees	30,000						30,000	
Bond Issuer Fees	304,044						304,044	
Other Bond Cost of Issuance							0	
MOHCD Fee	271,734						271,734	Approx. 1.00% of MOHCD Loan
Sub-total Const. Financing Costs	2,986,697	0	6,565,306	0	0	0	9,552,003	
<b>Permanent Financing Costs</b>								
Permanent Loan Origination Fee	143,685						143,685	
Credit Enhance. & Appl. Fee							0	
Title & Recording	25,000						25,000	Permanent Loan Closing Expenses
Sub-total Perm. Financing Costs	168,685	0	0	0	0	0	168,685	
<b>Total Financing Costs</b>	<b>3,155,382</b>	<b>0</b>	<b>6,565,306</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,720,688</b>	

Legal Costs

Borrower Legal fees	276,040						276,040	
Land Use / CEQA Attorney fees							0	
Tax Credit Counsel							0	
Bond Counsel	65,000						65,000	
Construction Lender Counsel	125,000						125,000	
Permanent Lender Counsel	85,000						85,000	
* Other Legal (specify)							0	
<b>Total Legal Costs</b>	<b>551,040</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>551,040</b>	

Other Development Costs

Appraisal	15,000						15,000	
Market Study	15,000						15,000	
* Insurance	2,330,000						2,330,000	
* Property Taxes	0						0	
Accounting / Audit	73,200						73,200	
* Organizational Costs	5,000						5,000	
Entitlement / Permit Fees	2,100,000						2,100,000	
* Marketing / Rent-up			375,000				375,000	
* Furnishings			237,500				237,500	
PGE / Utility Fees	0						0	
TCAC App / Alloc / Monitor Fees	92,865						92,865	
* Financial Consultant fees	95,000						95,000	
Construction Management fees / Owner's Rep	150,000		49,000				199,000	
Security during Construction	40,000		160,000				200,000	
* Relocation							0	
Title & Recording	30,000						30,000	
Community Engagement & Celebrations	25,000						25,000	
Other (specify)	0						0	
<b>Total Other Development Costs</b>	<b>4,971,065</b>	<b>0</b>	<b>821,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,792,565</b>	

Soft Cost Contingency

Contingency (Arch, Eng, Fin, Legal & Other Dev)	500,000		122,908				622,908	7% of Soft Costs less Finance, Dev Fee, Reserve	3.3%
<b>TOTAL SOFT COSTS</b>	<b>12,130,436</b>	<b>0</b>	<b>7,509,714</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,640,150</b>		

RESERVES

* Operating Reserves			947,000				947,000	
* Replacement Reserves							0	
* Tenant Improvements Reserves							0	
* Other (specify)							0	
* Other (specify)							0	
* Other (specify)							0	
<b>TOTAL RESERVES</b>	<b>0</b>	<b>0</b>	<b>947,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>947,000</b>	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	2,000,000		845,000				2,845,000	
Developer Fee - Cash-out At Risk			2,845,000				2,845,000	
Commercial Developer Fee							0	
Developer Fee - GP Equity (also show as source)				100			100	
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees							0	
Other (specify)							0	
<b>TOTAL DEVELOPER COSTS</b>	<b>2,000,000</b>	<b>0</b>	<b>3,690,000</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>5,690,100</b>	

TOTAL DEVELOPMENT COST

	27,250,000	28,736,000	52,252,000	100	0	0	108,238,100
Development Cost/Unit by Source	286,842	302,484	550,021	1	0	0	1,139,348
Development Cost/Unit as % of TDC by Source	25.2%	26.5%	48.3%	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	137,890	302,484	422,161	0	0	0	862,535
Construction Cost (inc Const Contingency)/SF	91.04	199.71	278.72	0.00	0.00	0.00	569.47

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

	15,529,564
City Subsidy/Unit	286,842

Tax Credit Equity Pricing:

	0.980
Construction Bond Amount:	56,411,762
Construction Loan Term (in months):	35 months
Construction Loan Interest Rate (as %):	7.88%



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

See attached.

Application Date: 7/31/2024 Project Name: Sunnydale HOPE SF Building 9
Total # Units: 95 Project Address: 1652 (temp address) Sunnydale Ave

First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2028 Project Sponsor: Related California & Mercy Housing California
TCAC Income Limits In Use! Correct errors noted in Col N!

Table with columns: INCOME, Total, Comments, PUPA, PUPM. Rows include Residential - Tenant Rents, Residential - Tenant Assistance Payments, Commercial Space, etc.

Table with columns: OPERATING EXPENSES, Management, Management Fee, Asset Management Fee, Sub-total Management Expenses.

Table with columns: Salaries/Benefits, Office Salaries, Manager's Salary, Health Insurance and Other Benefits, etc.

Table with columns: Administration, Advertising and Marketing, Office Expenses, Office Rent, Legal Expense - Property, etc.

Table with columns: Utilities, Electricity, Water, Gas, Sewer, Sub-total Utilities.

Table with columns: Taxes and Licenses, Real Estate Taxes, Payroll Taxes, Miscellaneous Taxes, Licenses and Permits, Sub-total Taxes and Licenses.

Table with columns: Insurance, Property and Liability Insurance, Fidelity Bond Insurance, Worker's Compensation, Director's & Officers' Liability Insurance, Sub-total Insurance.

Table with columns: Maintenance & Repair, Payroll, Supplies, Contracts, Garbage and Trash Removal, Security Payroll/Contract, HVAC Repairs and Maintenance, etc.

Table with columns: Supportive Services, Commercial Expenses, Sub-total Supportive Services.

TOTAL OPERATING EXPENSES 1,443,062 PUPA: 15,190

Table with columns: Reserves/Ground Lease Base Rent/Bond Fees, Ground Lease Base Rent, Bond Monitoring Fee, Replacement Reserve Deposit, etc.

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ 1,590,699 PUPA: 16,744
NET OPERATING INCOME (INCOME minus OP EXPENSES) 2,526,547 PUPA: 26,595

Table with columns: DEBT SERVICE/MUST PAY PAYMENTS, Hard Debt - First Lender, Hard Debt - Second Lender, etc.

CASH FLOW (NOI minus DEBT SERVICE) 329,531

USES OF CASH FLOW BELOW (This row also shows DSCR) 1.15

Table with columns: Partnership Management Fee, Investor Service Fee, Non-amortizing Loan Pmnt - Lender 1, etc.

TOTAL PAYMENTS PRECEDING MOHCD 33,625 PUPA: 354

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS) 295,906

Table with columns: Residual Receipts Calculation, Does Project have a MOHCD Residual Receipt Obligation?, Will Project Defer Developer Fee?, etc.

Table with columns: Soft Debt Lenders with Residual Receipts Obligations, MOHCD/OCII - Soft Debt Loans, MOHCD/OCII - Ground Lease Value or Land Acq Cost, etc.

MOHCD RESIDUAL RECEIPTS DEBT SERVICE REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS 0

Table with columns: NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE, HCD Residual Receipts Amount Due, Lender 4 Residual Receipts Due, etc.

REMAINDER (Should be zero unless there are distributions below) 0

Table with columns: Owner Distributions/Incentive Management Fee, Other Distributions/Uses, Final Balance (should be zero) 0

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

See attached.

MOHCD Proforma - 20 Year Cash Flow Summary

Sunnydale HOPE SF Building 9

Total # Units: 95

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
		2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
<b>INCOME</b>																					
	% annual increase	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Residential - Tenant Rents	2.5%	1,862,508	1,909,071	1,956,797	2,005,717	2,055,860	2,107,257	2,159,938	2,213,937	2,269,285	2,326,017	2,384,168	2,443,772	2,504,866	2,567,488	2,631,675	2,697,467	2,764,904	2,834,026	2,904,877	2,977,499
Residential - SOS Payments	4.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential - Tenant Assistance Payments (Other Non-LOSP)	2.5%	2,471,436	2,533,222	2,596,552	2,661,466	2,728,003	2,796,203	2,866,108	2,937,761	3,011,205	3,086,485	3,163,647	3,242,738	3,323,807	3,406,902	3,492,074	3,579,376	3,668,861	3,760,582	3,854,597	3,950,962
Commercial Space	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Gross Potential Income</b>		<b>4,333,944</b>	<b>4,442,293</b>	<b>4,553,350</b>	<b>4,667,184</b>	<b>4,783,863</b>	<b>4,903,460</b>	<b>5,026,046</b>	<b>5,151,697</b>	<b>5,280,490</b>	<b>5,412,502</b>	<b>5,547,815</b>	<b>5,686,510</b>	<b>5,828,673</b>	<b>5,974,390</b>	<b>6,123,749</b>	<b>6,276,843</b>	<b>6,433,764</b>	<b>6,594,608</b>	<b>6,759,474</b>	<b>6,928,460</b>
Vacancy Loss - Residential - Tenant Rents	n/a	(93,125)	(95,454)	(97,840)	(100,286)	(102,793)	(105,363)	(107,907)	(110,697)	(113,464)	(116,301)	(119,208)	(122,189)	(125,243)	(128,374)	(131,584)	(134,873)	(138,245)	(141,701)	(145,244)	(148,875)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	(123,672)	(126,661)	(129,828)	(133,073)	(136,400)	(139,810)	(143,305)	(146,888)	(150,560)	(154,324)	(158,182)	(162,137)	(166,190)	(170,345)	(174,604)	(178,969)	(183,443)	(188,029)	(192,730)	(197,548)
Vacancy Loss - Commercial	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>EFFECTIVE GROSS INCOME</b>		<b>4,117,247</b>	<b>4,220,178</b>	<b>4,325,682</b>	<b>4,433,824</b>	<b>4,544,670</b>	<b>4,658,287</b>	<b>4,774,744</b>	<b>4,894,113</b>	<b>5,016,465</b>	<b>5,141,877</b>	<b>5,270,424</b>	<b>5,402,185</b>	<b>5,537,239</b>	<b>5,675,870</b>	<b>5,817,562</b>	<b>5,965,001</b>	<b>6,112,076</b>	<b>6,264,878</b>	<b>6,421,500</b>	<b>6,582,037</b>
<b>OPERATING EXPENSES</b>																					
Management	3.5%	111,788	115,700	119,750	123,941	128,279	132,769	137,416	142,225	147,203	152,355	157,688	163,207	168,919	174,831	180,950	187,284	193,838	200,623	207,645	214,912
Salaries/Benefits	3.5%	193,341	200,108	207,112	214,361	221,863	229,629	237,666	245,984	254,593	263,504	272,727	282,272	292,152	302,377	312,960	323,914	335,251	346,985	359,129	371,699
Administration	3.5%	73,008	75,563	78,207	80,945	83,778	86,710	89,745	92,886	96,137	99,502	102,984	106,589	110,319	114,181	118,177	122,313	126,594	131,025	135,611	140,357
Utilities	3.5%	321,730	332,991	344,645	356,708	369,193	382,114	395,488	409,330	423,657	438,485	453,832	469,716	486,156	503,172	520,783	539,010	557,875	577,401	597,610	618,526
Taxes and Licenses	3.5%	3,000	3,105	3,214	3,326	3,443	3,563	3,688	3,817	3,950	4,089	4,232	4,380	4,533	4,692	4,856	5,026	5,202	5,384	5,572	5,768
Insurance	3.5%	225,000	232,875	241,026	249,462	258,193	267,229	276,582	286,263	296,282	306,652	317,385	328,493	339,990	351,890	364,206	376,953	390,147	403,802	417,935	432,563
Maintenance & Repair	3.5%	385,836	399,340	413,317	427,783	442,756	458,252	474,291	490,891	508,072	525,855	544,260	563,309	583,025	603,431	624,551	646,410	669,034	692,450	716,686	741,770
Supportive Services	3.5%	129,359	133,887	138,573	143,423	148,443	153,638	159,016	164,581	170,342	176,304	182,474	188,861	195,471	202,312	209,393	216,722	224,307	232,158	240,284	248,694
Commercial Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>		<b>1,443,062</b>	<b>1,493,569</b>	<b>1,545,844</b>	<b>1,599,948</b>	<b>1,655,947</b>	<b>1,713,905</b>	<b>1,773,891</b>	<b>1,835,978</b>	<b>1,900,237</b>	<b>1,966,745</b>	<b>2,035,581</b>	<b>2,106,827</b>	<b>2,180,566</b>	<b>2,256,885</b>	<b>2,335,876</b>	<b>2,417,632</b>	<b>2,502,249</b>	<b>2,589,828</b>	<b>2,680,472</b>	<b>2,774,288</b>
<b>Reserves/Ground Lease Base Rent/Bond Fees</b>		<b>15,190</b>																			
Ground Lease Base Rent		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Bond Monitoring Fee		35,263	36,873	36,606	36,320	36,014	35,686	35,334	34,956	34,552	34,118	33,653	33,155	32,621	32,048	31,434	30,776	30,070	29,314	28,503	27,633
Replacement Reserve Deposit		47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500
Operating Reserve Deposit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 1 Deposit		47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500	47,500
Other Required Reserve 2 Deposit		2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375	2,375
Required Reserve Deposit/s, Commercial		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Sub-total Reserves/Ground Lease Base Rent/Bond Fees</b>		<b>147,638</b>	<b>149,248</b>	<b>148,981</b>	<b>148,695</b>	<b>148,389</b>	<b>148,061</b>	<b>147,709</b>	<b>147,331</b>	<b>146,927</b>	<b>146,493</b>	<b>146,028</b>	<b>145,530</b>	<b>144,996</b>	<b>144,423</b>	<b>143,809</b>	<b>143,151</b>	<b>142,445</b>	<b>141,689</b>	<b>140,878</b>	<b>140,008</b>
<b>TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)</b>		<b>1,590,699</b>	<b>1,642,817</b>	<b>1,694,825</b>	<b>1,748,644</b>	<b>1,804,336</b>	<b>1,861,966</b>	<b>1,921,600</b>	<b>1,983,309</b>	<b>2,047,164</b>	<b>2,113,238</b>	<b>2,181,610</b>	<b>2,252,357</b>	<b>2,325,561</b>	<b>2,401,308</b>	<b>2,479,685</b>	<b>2,560,783</b>	<b>2,644,694</b>	<b>2,731,516</b>	<b>2,821,349</b>	<b>2,914,297</b>
<b>NET OPERATING INCOME (INCOME minus OP EXPENSES)</b>		<b>2,526,547</b>	<b>2,577,361</b>	<b>2,630,857</b>	<b>2,685,181</b>	<b>2,740,334</b>	<b>2,796,321</b>	<b>2,853,144</b>	<b>2,910,804</b>	<b>2,969,302</b>	<b>3,028,639</b>	<b>3,088,814</b>	<b>3,149,828</b>	<b>3,211,678</b>	<b>3,274,362</b>	<b>3,337,877</b>	<b>3,402,218</b>	<b>3,467,382</b>	<b>3,533,362</b>	<b>3,600,150</b>	<b>3,667,741</b>
<b>DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)</b>																					
Hard Debt - First Lender		2,197,017	2,197,017	2,197,017	2,197,017	2,197,017	2,197,017	2,197,017	2,197,017	2,197,017	2,197,017	2,197,017	2,197,017	2,197,017	2,197,017	2,197,017	2,197,017	2,197,017	2,197,017	2,197,017	2,197,017
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL HARD DEBT SERVICE</b>		<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>	<b>2,197,017</b>
<b>CASH FLOW (NOI minus DEBT SERVICE)</b>																					
		329,531	380,344	433,840	488,164	543,317	599,304	656,127	713,787	772,285	831,622	891,798	952,811	1,014,661	1,077,345	1,140,860	1,205,201	1,270,365	1,336,345	1,403,134	1,470,724
<b>USES OF CASH FLOW BELOW (This row also shows DSCR.)</b>																					
<b>USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL</b>																					
Deferred Developer Fee (Enter amt <= Max Fee from row 131)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	3.5%	25,125	26,004	26,915	27,857	28,832	29,841	30,885	31,966	33,085	34,243	35,441	36,682	37,966	39,294	40,670	42,093	43,566	45,091	46,669	48,303
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)		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	8,500
Other Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2		-	-	-	-	-															

## **Attachment L: HOPE SF Project Summary**

### **HOPE SF Initiative:**

HOPE SF, established in 2007, seeks to transform four of San Francisco's most distressed public housing sites into new mixed-income communities. HOPE SF sites share unified principals and goals to eradicate intergenerational poverty by:

- Ensuring No Loss of Public Housing, which includes unit-for-unit replacement, building modern high-quality homes, and minimizing temporary and permanent displacement.
- Creating an Economically Integrated Community.
- Maximizing the Creation of New Affordable Housing.
- Involving Residents in the Highest Levels of Participation in the Entire Project.
- Providing Economic Opportunities through the Rebuilding Process.
- Integrating Process with Neighborhood Improvement Revitalization Plans.
- Creating Economically Sustainable and Accessible Communities.
- Building a Strong Sense of Community.

The four HOPE SF sites are Alice Griffith, Hunters View, Sunnydale/Velasco and Potrero Annex/Terrace.

### **Project Summary:**

The 48.8-acre Sunnydale HOPE SF site is located in the western end of the Visitacion Valley neighborhood in San Francisco. The Sunnydale and Velasco public housing, together referred to as Sunnydale, are currently owned, and operated by the San Francisco Housing Authority (SFHA), with 775 public housing units on site. The team of Mercy Housing California and The Related Companies of California was selected as the master developer by the SFHA and entered into an Exclusive Negotiating Rights Agreement with SFHA dated September 11, 2008. Van Meter Williams Pollack LLP was selected as the master plan architect.

The Sunnydale HOPE SF master planning process included an extensive resident and community engagement that spanned over 18 months. The goals for the revitalization of Sunnydale are to create a vibrant and healthy mixed-income neighborhood in which residents thrive. The development should reconnect Sunnydale residents with the surrounding neighborhood and reconnect the surrounding neighborhood with the Sunnydale residents. It is envisioned that the new community will bring in new residents of different incomes, new quality programs for youth and families, and new open space and green landscaping will provide healthy places to play and to grow local produce.

The master plan as described in the Development and Master Development Agreements includes:

- Up to 1,770 housing units consisting of a mix of one-for-one replacement public housing pending availability of project based rental subsidies, and tax credit affordable units for a total of 994 total affordable units, and approximately 600 market rate units;
- A 30,000 square foot Community Center with recreational facility and family and youth development programs for the entire neighborhood and early childhood learning center, located at the gateway on Hahn and Sunnydale Avenue;
- 22,000 square feet for a neighborhood health clinic, arts program, early childhood education center, and job training for youth and adults located in the ground floor of the senior and family mixed use buildings across the street from the Community Center.

- 8,000 square feet of neighborhood serving retail including a corner grocery, financial services, and healthy eating establishments also located in the ground floor of the senior housing/mixed use building;
- 4.6 acres of open spaces in four blocks and a linear open space on the north side of Sunnydale Avenue. The program for these open spaces includes a community garden, orchards, plazas, play areas, and neighborhood green.

The Sunnydale HOPE SF development received CEQA clearance on July 9, 2015 and NEPA clearance with CPD and PIH Authorization to Use Grant Funds on September 1, 2015. An EIR/EIS Addendum for Parcel Q was approved on June 16, 2016. The Board of Supervisors approved the Master Development Agreement with SFHA and City on December 8, 2016 by SFHA Commission and on January 31, 2017. The Development Agreement, which vests entitlements for the project for 25 years, was approved by the Board of Supervisors on January 31, 2017. Both the MDA and DA were recorded on March 3, 2017.

**Project Funding Summary – Funded to Date:**

**Master Planning Funding to Date:**

Master Planning activities related to community building, Choice Neighborhoods Planning, EIR/EIS Planning, Entitlements Legislation etc. has been funded since 2008 in the following amounts:

<b>Total Master Planning Sources</b>	<b>Amount</b>	<b>Status</b>
HOPE SF Loan 1	\$1,400,000	Disbursed
HOPE SF Loan 2	\$1,724,593	Disbursed
HOPE SF Loan 3	\$1,000,000	Disbursed
HOPE SF Loan 4	\$1,123,846	Disbursed
HOPE SF Loan 5	\$1,000,000	Disbursed
HOPE SF Loan 6	\$2,475,000	Disbursed
HOPE SF Loan 7	\$1,094,878	\$730,880 remaining
<b>Total</b>	<b>\$9,818,317</b>	

**Vertical and Horizontal Funding to Date:**

	<b>Amount</b>	<b>Status</b>
Sunnydale Parcel Q Vertical Gap	\$ 12,466,847	Disbursed; Leased up 2019,
Sunnydale Block 6 Vertical Gap	\$12,910,414	Disbursed; Lease up Nov 2021
Sunnydale Phase 1A1/1A2 Gap	\$28,478,891	Closed May 2019
Sunnydale Block 7 Predevelopment	\$3,500,000	Closed Sept 2021
Sunnydale Block 9 Predevelopment	\$3,500,000	Closed Sept 2021
Sunnydale Phase 3 Infrastructure Predevelopment	\$4,000,000	Closed Sept 2021
Sunnydale Phase 3 Infrastructure Demo+Abatement	\$5,975,000	Closed Dec 2022
Sunnydale Phase 1A3 Infrastructure Gap	\$25,072,111	Closed Feb 2022
Sunnydale Phase 3B Vertical Gap	\$29,316,271	Closed Feb 2023
Sunnydale Block 3A Vertical Gap (Res+Com)	\$26,397,647	Closed May 2023
Sunnydale Phase 1A3 Infra Additional Gap	\$1,495,294	Closed Dec 2023
Sunnydale Phase 3 Infrastructure Gap	\$55,000,000	Request in April 2024

Sunnydale Block 7 Preliminary Gap	\$15,350,000	Request in March 2024
Sunnydale Block 9 Preliminary Gap	\$27,973,461	This Request
	<b>\$TBD</b>	

**Overall Funding and Ownership Structure:**

The Master Planning loan is made to the Master Developer, which is Sunnydale Development Co., LLC (which consists of Mercy Housing California and The Related Companies of California as sole members). Horizontal (infrastructure) loans will be made to an LLC entity that will consist of affiliates of Mercy and Related as members, and when the City accepts the streets and public infrastructure, the loan will be considered forgiven. Vertical loans are made to single purpose Limited Partnerships that will own and operate the individual affordable housing buildings. The general partners of these limited partnerships will be affiliates of Mercy Housing and Related CA. Vertical loans are payable on residual receipts basis and due in 55 years. The infrastructure LLC may assign any portion of the horizontal loans to a vertical developer LP entity to the extent allowable under the tax credit program in order to maximize leveraging of the tax credits.

All affordable parcels will be ground leased to the vertical LP entity by the Authority for 99 years. All market rate parcels, once improved by the infrastructure LLC, will be sold fee simple by Authority to a third party. All infrastructure parcels will be dedicated to the City through their infrastructure acceptance process. All parks and open spaces will be sold fee simple by Authority to the master plan developer entity or its affiliate, and maintained by the master HOA.

**Services Plan and Relocation Summary:**

**Overall Services approach**

Since 2009, Mercy/Related has staffed community liaisons or other community staff at Sunnydale to engage residents, neighbors, Community Based Organizations (CBOs) and other stakeholders in community building and programs and services. Currently located on site at 1711 and 1657 Sunnydale Ave, Mercy’s on-site staff includes six staff that collectively represents Sunnydale residents, including the racial diversity of the Sunnydale/Velasco community, language fluency in Samoan, Cantonese, Mandarin, Taiwanese, and Spanish. Managed by a senior Resident Services Manager, two Resident Services Coordinators (RSC) and three Community Liaisons together engage residents and neighbors in community building events such as:

- Weekly game nights and senior teas
- Annual events: Back to school, Thanksgiving, Christmas, Family Day, Game Day
- Support residents in their organizing, such as the women’s group
- Special events such Black History Month Talent Show and Literacy Career Day
- Monthly or special community meetings with various topics related to the development or to engage them in neighborhood issues such as parks, transit or safety
- Community gardening with Urban Sprouts and the Greenway

The team, in particular the Resident Services Coordinators, connects residents with services and programs that they desire or need. This includes connecting them to the CBO’s that serve Sunnydale and Visitacion Valley, or finding resources in other neighborhoods as needed. This also includes connecting with SFHA staff to assist residents with urgent or long-standing maintenance issues.

Mercy assists in the management of a Collective Impact table and the Vis Valley Collaborative. The latter is a coalition of CBOs and City agencies that serve the Sunnydale and Vis Valley community that serves as a central place for information sharing and coordination of activities. The Collective Impact table is a subset of the CBOs and City agencies that is focused on

strategic and collective action for maximum impact on the community, as opposed to each CBO or agency working on their own.

**Overall Relocation Approach:**

Mercy/Related’s approach to supporting Sunnydale/Velasco households in relocating to new on site or off-site permanent housing units and/or temporarily to vacant units and then to new permanent housing units involves pre and post move work by Mercy’s Sunnydale Resident Services team and others as follows:

- One on one household engagement to obtain household data, provide information about the new development and relocation process, and to offer Mercy’s assistance in connecting residents with services.
- Preparing residents for relocation by identifying and helping them to remove barriers to relocation. This includes collaborating with CBOs for case management services and legal and housing groups on legal support to residents.
- Working closely with SFHA, which will manage the household moves
- Work with Mercy property management, who will manage the new housing units, to develop and execute a plan for a seamless lease up, move in and transition of households into the new units.
- Work with the Mercy resident services coordinator for the new development for a “warm handoff” of households from the Mercy Sunnydale Resident Services team so that residents continue to obtain resident services support from Mercy Housing in the new development.