

File No. 250637

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date July 9, 2025

Board of Supervisors Meeting Date _____

Cmte Board

- | | | |
|-------------------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| | | • TIDA Staff Report 4/16/2025 and NOFA 11/17/2023 |
| | | • TIDA Memo 5/1/2025 |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| | | • Draft Memorandum of Agreement |
| | | • Draft Loan Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| | | • TIDA Reso No. 25-08-0416 4/16/2025 and Award Letter 8/27/2024 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Application |
| | | • TIDA Letter of Interest and Application 1/12/2024 |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

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Completed by: Brent Jalipa Date July 2, 2025

Completed by: Brent Jalipa Date _____

1 [Accept and Expend Loan - Bay Area Housing Finance Authority - Priority Sites Pilot Program
2 Fund Infrastructure Improvements Serving the Treasure Island Affordable Senior Housing
3 Project - \$3,000,000]

4 **Resolution authorizing the Treasure Island Director of Treasure Island Development**
5 **Authority ("Authority") to execute an Affordable Housing Loan Agreement with the Bay**
6 **Area Housing Finance Authority ("BAHFA") under the Regional Early Action Planning**
7 **Grant 2.0 ("REAP 2.0") Priority Sites Pilot Program for a total award of up to \$3,000,000**
8 **to be disbursed as an unsecured low-interest loan from BAHFA to the Authority to fund**
9 **design, permitting, or construction of infrastructure improvements serving the**
10 **affordable housing parcel E1.2 Senior Housing project on Treasure Island with a loan**
11 **term of three years from the execution date of the Affordable Housing Loan Agreement,**
12 **with the option for two one-year extensions; authorizing the Authority to accept and**
13 **expend the funds of up to \$3,000,000 for eligible costs approved by BAHFA; and**
14 **authorizing the Treasure Island Director to execute and deliver any documents,**
15 **including a Memorandum of Agreement with Treasure Island Community Development**
16 **LLC, in the name of the Authority that are necessary, appropriate or advisable to**
17 **accept and expend the Priority Sites funds from the BAHFA.**

18
19 WHEREAS, Former Naval Station Treasure Island is a military base located on
20 Treasure Island and Yerba Buena Island (together, the "Base"); and

21 WHEREAS, The Base was selected for closure and disposition by the Base
22 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
23 subsequent amendments; and
24
25

1 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
2 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
3 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
4 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
5 conversion of the Base for the public interest, convenience, welfare and common benefit of
6 the inhabitants of the City and County of San Francisco, which is on file with the Clerk of the
7 Board of Supervisors in File No. 244-97-3, and is incorporated herein by reference; and

8 WHEREAS, The Authority, acting by and through its Board of Directors (the "Authority
9 Board"), has the power, subject to applicable laws, to sell, lease, exchange, transfer, convey
10 or otherwise grant interests in or rights to use or occupy all or any portion of the Base; and

11 WHEREAS, In 2003, Treasure Island Community Development, LLC (the "Developer")
12 was selected as principal developer for the Base following a competitive process; and

13 WHEREAS, The Authority, the Authority Board, the Treasure Island Citizens Advisory
14 Board, the City, and the Developer worked for more than a decade to plan for the reuse and
15 development of Treasure Island, and as a result of this community-based planning process,
16 the Authority and Developer negotiated the Disposition and Development Agreement ("DDA")
17 to govern the disposition and subsequent development of the proposed development project
18 (the "Project"); and

19 WHEREAS, The Financing Plan, an exhibit to the DDA, calls for the Authority and
20 Developer to work together to seek appropriate grants for the Project; and

21 WHEREAS, On April 21, 2011, in a joint session with the Planning Commission, the
22 Authority Board unanimously approved a series of entitlement and transaction documents
23 relating to the Project, including certain environmental findings under the California
24 Environmental Quality Act ("CEQA"), Mitigation Monitoring and Reporting Program, and DOA
25 and other transaction documents; and

1 WHEREAS, On June 7, 2011, the Board of Supervisors unanimously confirmed
2 certification of the final environmental impact report and made certain environmental findings
3 under CEQA (collectively, the "FEIR") by Resolution No. 246-11, which is on file with the Clerk
4 of the Board of Supervisors in File No. 110328, and is incorporated herein by reference, and
5 approved the ODA and other transaction documents; and

6 WHEREAS, The Developer is preparing to begin construction of the next phase of
7 street improvements and infrastructure on Treasure Island ("Stage 2"); and

8 WHEREAS, The Authority Board of Directors has reviewed and considered the FEIR
9 and confirms that the proposed Treasure Island Stage 2 work resulting in the completion of
10 infrastructure (the "Improvements") serving the Treasure Island Parcel E1.2 Senior Housing
11 development is consistent with the planned Project, the FEIR, and the environmental findings
12 it made under the California Environmental Quality Act when it approved the Project, on
13 April 21, 2011 and thereafter; further, the Authority Board of Directors finds that none of the
14 circumstances that would require preparation of a supplemental or subsequent environmental
15 study under Public Resources Code, Section 21166, or CEQA Guidelines Section 15162 are
16 present, in the sense that no changes to the Project or the Project circumstances have
17 occurred that would result in additional environmental impacts, or in substantially increased
18 severity of already identified environmental impacts, and there are no mitigation measures or
19 alternatives that were previously identified to be infeasible but would in fact be feasible; and
20 no new mitigation measures or alternatives that would substantially reduce the identified
21 environmental impacts; and

22 WHEREAS, The Authority parcels within the Stage 2 area include an affordable
23 housing building for seniors totaling 100 units ("Parcel E1.2 Senior Project"), an affordable
24 housing building for families of 150 units, and a 240-bed behavioral health building project to
25 be delivered by the Department of Public Health; and

1 WHEREAS, The design, permitting and construction of Stage 2 improvements serving
2 the Parcel E1.2 Senior Project are necessary for site access and completion of the Parcel
3 E1.2 Senior Project and the project must adhere to its funding sources timelines; and

4 WHEREAS, The Bay Area Housing Finance Authority ("BAHFA") issued a Funding
5 Application Notice dated November 17, 2023, under the Regional Early Action Planning Grant
6 2.0 ("REAP 2.0") Priority Sites Pilot Program, originating from a \$28M grant from the
7 California Department of Housing and Community Development ("HCD"); and

8 WHEREAS, A grantee receiving funds under this program must comply with all
9 Federal, State, and local laws, orders, and regulations applicable to its activities, including
10 those prohibiting housing discrimination as well as those governing construction, land use,
11 and building operations; and

12 WHEREAS, The Priority Sites Program is a pilot program that provides unsecured low-
13 interest loans to developers and public agencies for predevelopment activities necessary to
14 advance development projects that provide deed-restricted affordable homes on sites adopted
15 by the Metropolitan Transportation Commission ("MTC") and Association of Bay Area
16 Governments ("ABAG") as Priority Sites; and

17 WHEREAS, The Authority submitted a Letter of Interest for Priority Sites Program
18 funds and was subsequently invited to submit an application ("Application Package"), and in
19 May 2024 was awarded \$3,000,000 in Priority Sites Pilot Program funds; and

20 WHEREAS, Through an award letter dated August 27, 2024, the BAHFA made an
21 award in the total amount of \$3,000,000 to be disbursed as an unsecured low-interest loan
22 with a three to five year term to the Authority for the Stage 2 improvements approved by the
23 BAHFA, pursuant to the Application Package submitted by the Authority; and

24 WHEREAS, The Authority and Developer will enter into a Memorandum of Agreement
25 ("MOA") to make commitments related to the eligible use of the Priority Sites funds, and the

Developer will be responsible for repayment of Stage 2 City Costs plus interest accrued from the use of Priority Sites funds; and

WHEREAS, The Board of Supervisors must approve the Authority's ability to accept and expend funds under the Priority Sites Pilot Program; and

WHEREAS, The loan terms prohibit including indirect costs in the budget; and,

WHEREAS, The loan does not require an Annual Salary Ordinance amendment; and

WHEREAS, The Authority passed Resolution No. 25-08-0416 on April 16, 2025 authorizing the Authority to execute and deliver any documents, including the MOA, in the name of the Authority that are necessary, appropriate or advisable to accept and expend the Priority Sites Pilot Program funds from the BAHFA, and all amendments thereto, and complete the transactions contemplated herein and to use the funds for eligible costs as approved by the BAHFA and in accordance with the Funding Application Notice and Affordable Housing Loan Agreement; now, therefore, be it

RESOLVED, That the Board of Supervisors authorizes the Authority and the Treasure Island Director to accept and expend the funds for eligible expenses disbursed under an Affordable Housing Loan Agreement, for a total amount not to exceed \$3,000,000; and, be it

FURTHER RESOLVED, The Board of Supervisors approves and authorizes the Authority and the Treasure Island Director, in consultation with the City Attorney, to enter into an Affordable Housing Loan Agreement and other related documents with the BAHFA under terms and conditions approved by the City Attorney for eligible costs identified in the Priority Sites Pilot Program Guidelines, subject to authorization and approval by the Board of Supervisors; and, be it

FURTHER RESOLVED, That the final version of the Standard Agreement with the BAHFA shall be provided to the Clerk of the Board of Supervisors for inclusion in the official

1 file within 30 days (or as soon thereafter as final documents are available) of execution by all
2 parties; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors hereby waives inclusion of
4 indirect costs in the budget; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors authorizes the Treasure Island
6 Director to execute and deliver any documents, including the MOA, in the name of the
7 Authority that are necessary, appropriate or advisable to accept and expend the Priority Sites
8 Pilot Program funds from the BAHFA, and all amendments thereto, and complete the
9 transactions contemplated herein and to use the funds for eligible costs as approved by the
10 BAHFA and in accordance with the Funding Application Notice and Affordable Housing Loan
11 Agreement; and, be it

12 FURTHER RESOLVED, That all actions authorized and directed by this Resolution and
13 heretofore taken are ratified, approved and confirmed by this Board of Supervisors.

1 Recommended:

2 /s/
3 Robert Beck, Treasure Island Director, Treasure Island Development Authority

4 Approved:

5
6 /s/
7 Daniel L. Lurie, Mayor

/s/
Greg Wagner, Controller

File Number: 250637
(Provided by Clerk of Board of Supervisors)

Grant Resolution Information Form
(Effective July 2011)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: **Accept and expend loan for \$3,000,000 from the Bay Area Housing Finance Authority Priority Sites Pilot Program to fund infrastructure improvements serving the Treasure Island affordable Senior Housing project**
2. Department: **Treasure Island Development Authority (TIDA/ADM)**
3. Contact Person: **Joey Benassini** Telephone: **(510) 367-2748**
4. Grant Approval Status (check one):

☒ Approved by funding agency
☐ Not yet approved
5. Amount of Grant Funding Approved or Applied for: **\$3,000,000.00**
6. a. Matching Funds Required: \$ **N/A**
b. Source(s) of matching funds (if applicable): **N/A**
7. a. Grant Source Agency: **California Department of Housing and Community Development**
b. Grant Pass-Through Agency (if applicable): **Bay Area Housing Finance Authority**
8. Proposed Grant Project Summary: **Proceeds will be dedicated to the development, permitting and construction of Treasure Island Stage 2 street improvements and infrastructure serving Treasure Island parcel E1.2, a 100% deed-restricted affordable senior housing building of 100-units. Infrastructure improvements include all utilities, street improvements, sidewalks, and furnishings and fixtures.**

9. Grant Project Schedule, as allowed in approval documents, or as proposed:

Start-Date: **June 2025**

End-Date: **5/1/26 (anticipated termination date of BAHFA Agreement)**

10. a. Amount budgeted for contractual services: **\$3,000,000**
b. Will contractual services be put out to bid? **NO**
c. If so, will contract services help to further the goals of the Department's Local Business Enterprise (LBE) requirements? **NO (budget includes expenses for services provided by other City agencies such as permitting, legal services, etc.)**
d. Is this likely to be a one-time or ongoing request for contracting out? **One-time**
11. a. Does the budget include indirect costs?

☐ Yes
☒ No

b. 1. If yes, how much? \$
b. 2. How was the amount calculated?
c. 1. If no, why are indirect costs not included?

☒ Not allowed by granting agency

☐ To maximize use of grant funds on direct services

☐ Other (please explain):

c. 2. If no indirect costs are included, what would have been the indirect costs?

12. Any other significant grant requirements or comments: The Priority Sites application originally submitted by TIDA to BAHFA was for a limited scope of street and infrastructure improvements along Phillips Lane serving the parcel E1.2 affordable Senior Housing project on Treasure Island. The scope of the application was expanded to include eligible expenses for development, permitting and construction of Treasure Island Stage 2 street improvements and infrastructure serving Treasure Island parcel E1.2. The reason for this scope change is that eligible costs specific to the Phillips Lane development would not be incurred prior to BAHFA's deadline for the first draw of Priority Sites funds. This scope change has been agreed upon by TIDA and BAHFA and is reflected in the project scope description of the form of the loan agreement.

****Disability Access Checklist** (Department must forward a copy of all completed Grant Information Forms to the Office of Disability and Accessibility (ODA))**

13. This Grant is intended for activities at (check all that apply):

- | | | |
|---|--|--|
| <input type="checkbox"/> Existing Site(s) | <input type="checkbox"/> Existing Structure(s) | <input type="checkbox"/> Existing Program(s) or Service(s) |
| <input checked="" type="checkbox"/> Rehabilitated Site(s) | <input checked="" type="checkbox"/> Rehabilitated Structure(s) | <input type="checkbox"/> New Program(s) or Service(s) |
| <input checked="" type="checkbox"/> New Site(s) | <input checked="" type="checkbox"/> New Structure(s) | |

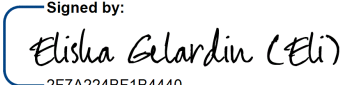
14. The Departmental ADA Coordinator or the Office of Disability and Accessibility have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local disability rights laws and regulations and will allow the full inclusion of persons with disabilities. These requirements include, but are not limited to:

1. Having staff trained in how to provide reasonable modifications in policies, practices and procedures;
2. Having auxiliary aids and services available in a timely manner in order to ensure communication access;
3. Ensuring that any service areas and related facilities open to the public are architecturally accessible and have been inspected and approved by the DPW Access Compliance Officer or the Office on Disability and Accessibility Personnel.

If such access would be technically infeasible, this is described in the comments section below:

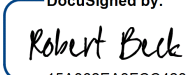
Comments:

Departmental ADA Coordinator or Mayor's Office of Disability Reviewer:
Elisha Gelardin (Eli)

<hr/>	
(Name)	Director, San Francisco Office on Disability and Accessibility
<hr/>	
(Title)	5/16/2025
Date Reviewed:	<hr/>
	<div>Signed by:  <small>2F7A2248F1B4440...</small> (Signature Required)</div>

Department Head or Designee Approval of Grant Information Form:

Robert Beck

<hr/>	
(Name)	Treasure Island Director
<hr/>	
(Title)	5/16/2025
Date Reviewed:	<hr/>
	<div>DocuSigned by:  <small>45A002EA3F6C420...</small> (Signature Required)</div>

Treasure Island Development Authority - BAHFA Priority Sites Pilot Program Budget

Priority Sites Pilot Program Budget		AMOUNT
<u>SOURCES OF FUNDS</u>		
PRIORITY SITES PILOT PROGRAM		\$3,000,000
TOTAL SOURCES		\$3,000,000
<u>USES OF FUNDS (Soft Costs related to Treasure Island Stage 2 Street Improvements, Utilities, Infrastructure)</u>		
Permitting, Entitlements, and Inspections		\$1,500,000
Architectural and Engineering Expenses		\$1,000,000
Legal Expenses		\$500,000
Total Estimated Costs		\$3,000,000
TOTAL USES		\$3,000,000

TOTAL PRIORITY SITES PILOT PROGRAM FUNDS \$3,000,000

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT (this "MOA"), dated as of , 2025 (the "Effective Date"), is between City and County of San Francisco, acting by and through the Treasure Island Development Authority ("TIDA" or the "Authority") and Treasure Island Community Development LLC, a California limited liability company ("TICD" or the "Developer").

RECITALS

A. The former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"). The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments. On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco, which is on file with the Clerk of the Board of Supervisors and is incorporated herein by reference.

B. The Authority, acting by and through its Board of Directors (the "Authority Board"), has the power, subject to applicable laws, to sell, lease, exchange, transfer, convey or otherwise grant interests in or rights to use or occupy all or any portion of the Base. In 2003, TICD was selected as master developer for the Base following a competitive process. The Authority, the Authority Board, the Treasure Island Citizens Advisory Board, the City, and the Developer worked for more than a decade to plan for the reuse and development of Treasure Island.

C. As a result of this community-based planning process, the Authority and Developer are parties to that certain Amended and Restated Disposition and Development Agreement recorded in the Official Records of the City and County of San Francisco (the "Official Records") as Document No. 2024070297 on September 11, 2024 (as amended from time to time, the "DDA") that governs, among other things, the disposition and subsequent development of the proposed development project as described in the DDA (the "Project").

D. Concurrently with the original DDA, the City and Developer entered into that certain Development Agreement, dated as of June 28, 2011 (as amended by that certain First Amendment to Development Agreement dated as of August 1, 2024, as may be amended from time to time, the "Development Agreement"). The Financing Plan, which is an exhibit to the DDA and the Development Agreement, calls for the Authority and Developer to work together to seek appropriate grants for the Project.

E. Among other things, the Development Agreement obligates the City to

process all Project approvals required to implement the Project, including the processing of all Subsequent Project Approvals (as defined in the Development Agreement) necessary to implement the Project, which include applicable planning and zoning approvals, site permits and building permits and approvals required by the Treasure Island and Yerba Buena Island Subdivision Code. Under the DDA, Developer is obligated to reimburse the City for its “City Costs” (as defined in the DDA) incurred in implementing such Subsequent Project Approvals.

F. The Developer is preparing to begin construction of the next phase of street improvements and infrastructure (“Stage 2” or the “Improvements”). In addition to future projected market rate units, Stage 2 includes an affordable housing building for seniors totaling approximately 100 units (“Parcel E1.2 Senior Project”), an affordable housing building for families totaling approximately 150 units (“Parcel IC4.3”), and a 120-bedroom behavioral health building project to be delivered by the City’s Department of Public Health (“BHB”). The Improvements will require the City to incur City Costs for which the City is entitled to reimbursement by Developer as “City Costs” in accordance with the terms and conditions of Section 19.2 of the DDA (such costs, collectively, the “Stage 2 City Costs”).

G. The Bay Area Housing Finance Authority (“BAHFA”) issued a Funding Application Notice dated November 17, 2023, under the Regional Early Action Planning Grant 2.0 Priority Sites Pilot Program (the “Priority Sites Program”), originating from a \$28M grant from the California Department of Housing and Community Development. The Priority Sites Program is a pilot program that provides unsecured low-interest loans to developers and public agencies for predevelopment activities necessary to advance development projects that provide deed-restricted affordable homes on sites adopted by the Metropolitan Transportation Commission and Association of Bay Area Governments. The Authority applied for a BAHFA grant and was awarded \$3.0M in Priority Sites Program loan funds (the “Loan”). The term of the Loan through maturity is three (3) years from the effective date of the BAHFA Loan Agreement, with an option to extend for up to two (2) years for a total maximum potential term of five (5) years.

H. The Authority and Developer now wish to enter into a Memorandum of Agreement (“MOA”) that sets forth terms and conditions pursuant to which the Authority may accept and expend the Loan proceeds to pay for Stage 2 City Costs up to a maximum amount of \$3,000,000, and Developer’s obligation to pay for Stage 2 City Costs will be tolled (with interest accruing at a rate of 3% per annum from the date invoiced until paid) until the date that is thirty (30) days after the date of Loan maturity or full repayment of the Loan, whichever occurs first.

NOW, THEREFORE, in consideration of the foregoing Recitals, the parties agree as follows:

AGREEMENT

1.1 Amount. The “Maximum Disbursement Amount” of the Loan for the work related to the Improvements under this MOA will be no more than \$3,000,000.

1.2 Scope. Authority shall use the Loan funds only to pay applicable City Agencies for Stage 2 City Costs.

1.3 Project Collaboration. For the Priority Sites Program funding to be fully utilized for the Improvements, it is important that TIDA and TICD collaborate effectively. In furtherance of such goals, TIDA and the TICD will each designate a Project Manager for the Improvements, who will serve as the points of contact for communications relating to the Priority Sites Program and will be primarily responsible for coordinating the review, comments and approvals processes of their respective parties relating to the matters described in this MOA.

1.4 Costs Reimbursement.

1.4.1 Joint Review of Stage 2 City Costs. Under the Development Agreement, City Agencies must submit invoices for City Costs to the Authority, and the Authority must gather and submit one combined bill of City Costs to the Developer each quarter for payment. During the Term of this MOA, Authority and Developer shall jointly review the Stage 2 City Costs for accuracy every quarter.

1.4.2 Advances of Stage 2 City Costs by Authority from Loan. From and after the effective funding date of the Loan and continuing through the maturity date of the Loan or the date of full payment thereof, whichever occurs first (the “Loan Payment Date”), Authority will pay Stage 2 City Costs from the Loan funds, capped at Three Million Dollars (\$3,000,000) (the “Maximum Disbursement Amount”). During such time, Developer’s obligation under Section 19.2 of the DDA will be tolled, up to the Maximum Disbursement Amount (such tolled amounts, at any given time, the “Deferred City Costs”). Except as otherwise provided in Section 1.4.3 hereof, on the date that is thirty (30) days after the maturity date of the Loan or thirty (30) days after the City’s earlier repayment of the Loan, whichever occurs first (the “Developer Payment Date”), Developer shall pay the Authority the full amount of Stage 2 City Costs paid by Authority during the Term hereof, up to the Maximum Disbursement Amount, plus simple interest accruing thereon at a rate of 3% per annum from the date of each Stage 2 City Cost invoice until paid.

1.4.3 Developer Payments upon Request. Notwithstanding anything to the contrary in Section 19.2 of the DDA, the Authority may invoice the Developer for the Deferred City Costs at any time through the Loan Payment Date, in which case, Developer shall pay such amounts within thirty (30) days of invoice consistent with Section 19.2 of the DDA. The Developer will continue to be responsible for timely payment of all other City Costs in accordance with the invoicing and payment procedures set forth in the DDA, including the requirement that City Costs not invoiced within twelve (12) months of being incurred are not reimbursable, except as provided above for deferred City Costs funded by the loan.

1.4.4 Loan Draws. The Parties acknowledge that the Loan provides for

a first draw request to be submitted to BAHFA by June 30, 2025, the final draw request by April 1, 2026, and for all Loan disbursements to be expended by May 1, 2026. TIDA hereby agrees that it shall submit to BAHFA all draw requests for the Loan funds up to the maximum eligible amount under the Loan and shall use such funds for the Stage 2 City Costs up to the Maximum Disbursement Amount. For avoidance of doubt, Developer's only obligation under this MOA is for the repayment to the Authority for the applicable Stage 2 City Costs paid by Authority, plus interest, and Developer shall have no obligation or liability to BAHFA under the applicable Loan agreements.

1.5 Term. The term of this MOA shall commence on the Effective Date and terminate upon the Developer Payment Date.

1.6 Notices. All notices, demands, consents or approvals that are or may be required to be given by either party to the other under this MOA shall be in writing and shall be deemed to have been fully given when delivered in person, and addressed as follows:

If to the Developer:	Treasure Island Community Development, LLC 2000 FivePoint, 3 rd Floor Irvine, California 92618 Attn: Sandy Goldberg; Laura Mask
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If to TIDA:	Treasure Island Development Authority 39 Treasure Island Road, Suite 241 Treasure Island San Francisco, CA 94130 Attn: Robert Beck, Director Bob.Beck@sfgov.org
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or such other address that a party may from time to time designate by notice to the other parties given pursuant to the provisions of this Section.

1.7 Authority. All matters requiring TIDA's approval shall be approved by the Director of TIDA or his or her designee. All matters requiring the Developer's approval shall be approved by an authorized representative of the Developer.

1.8 Cooperation. Notwithstanding anything to the contrary in this MOA, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the actions described in this MOA, including, without limitation, the discretion to eliminate or substitute all or any portion of the Developer responsibilities under the DDA.

1.9 Miscellaneous. This MOA may be amended or modified only by a document signed by an authorized signatory of Developer and the Authority. No waiver by any party of any of the provisions of this MOA shall be effective unless in writing and signed by the party's authorized representative, and only to the extent expressly provided in such written waiver. This MOA (including all exhibits) contains the entire agreement between the parties as of the date of this MOA, and all prior written or oral negotiations, discussions, understandings and agreements are merged herein.

IN WITNESS WHEREOF, the parties have caused this MOA to be executed as of the date first written above.

TREASURE ISLAND COMMUNITY
DEVELOPMENT, LLC

The City and County of San Francisco, acting
by and through the TREASURE ISLAND
DEVELOPMENT AUTHORITY

Approved by:

Recommended by:

Chris Meany
Authorized Signatory
Treasure Island Community Development, LLC

Robert Beck
Treasure Island Director

APPROVED AS TO FORM:
David Chiu, City Attorney

Heidi J. Gewertz
Deputy City Attorney

Project Area

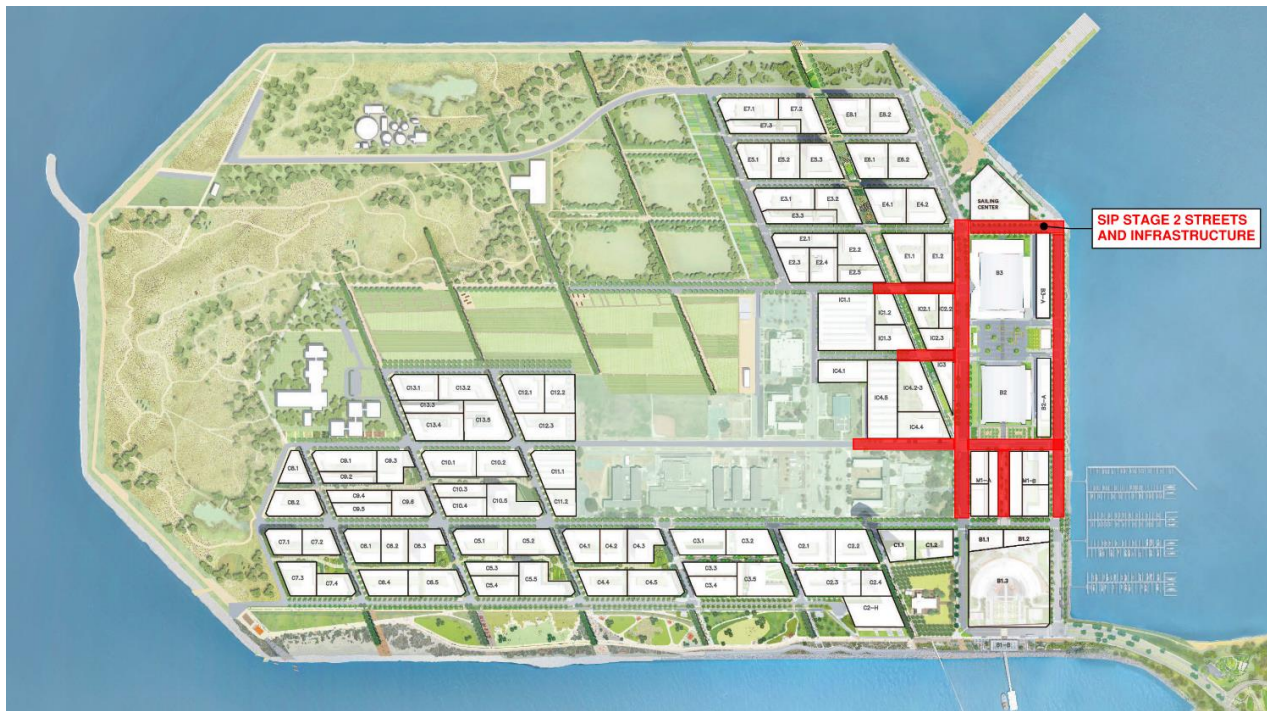


EXHIBIT B

BAHFA Priority Site Loan Agreement between TIDA and BAHFA

Shared for Reference Only – TICD not a Party

Last Updated: 5/1/25

**AFFORDABLE HOUSING LOAN AGREEMENT
(Priority Sites Program— Treasure Island Stage 2 Infrastructure)**

between

THE BAY AREA HOUSING FINANCE AUTHORITY

and

**TREASURE ISLAND DEVELOPMENT AUTHORITY, a
CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION**

TABLE OF CONTENTS

	<u>Page</u>
1. DEFINITIONS.....	2
2. LOAN PROVISIONS.....	7
2.1 Loan	7
2.2 Cost Reductions or Increases	7
2.3 Permissible Use of Loan; Eligible Loan Expenses	7
2.4 Loan Funding Conditions	7
2.5 Disbursements of Loan	9
2.6 Repayment of Loan.....	10
2.7 Execution and Delivery of Documents	10
2.8 Additional Financing	10
2.9 Financial Statements and Reports.....	12
2.10 Books and Records	12
3. DEVELOPMENT OF THE PROJECT.	12
3.1 Scope of Development.....	12
3.2 Compliance with Permits and Laws	12
3.3 Monthly Progress Reports.....	12
3.4 Required Insurance	12
3.5 Right of Access	13
3.6 Borrower Responsible for Cost of Development.....	13
3.7 Indemnity	13
3.8 Survival of Indemnification and Defense Obligations.....	14
3.9 Indemnification Procedures	14
3.10 Prevailing Wage.....	15
3.11 Relocation	15
3.12 Signs.....	16
4. USE OF PROPERTY; AFFORDABILITY COVENANTS.	16
5. DEFAULTS AND REMEDIES.	16
5.1 Defaults-General	16
5.2 Institution of Legal Actions	17
5.3 Additional BAHFA remedies	17

TABLE OF CONTENTS

(continued)

	<u>Page</u>
5.4 Rights and Remedies are Cumulative	17
6. BORROWER REPRESENTATIONS.....	17
7. GENERAL PROVISIONS.	19
7.1 Attorneys' Fees	19
7.2 Notices	19
7.3 Notices to BAHFA.....	20
7.4 Assignment and Transfer by Borrower.....	20
7.5 Relationship Between BAHFA and Borrower.....	20
7.6 Binding on Successors	21
7.7 Entire Agreement, Waivers, and Amendments.....	21
7.8 Interpretation; Governing Law	21
7.9 Authority	21
7.10 Nonliability of BAHFA Officials and Employees.....	21
7.11 Enforced Delay; Extension of Times of Performance	21
7.12 Modifications	22
7.13 Severability	22
7.14 Contract Administration.....	22
7.15 Integration	22
7.16 Titles and Captions	22
7.17 No Waiver	22
7.18 Legal Advice.....	23
7.19 Execution in Counterpart; Digital Signatures	23
7.20 Attachments	23

ATTACHMENTS:

- 1 LEGAL DESCRIPTION OF PROPERTY
- 2 PROJECT DESCRIPTION
- 3 PROJECT BUDGET
- 4 INSURANCE AND FINANCIAL SECURITY (BOND) PROVISIONS
- 5 SUPPLEMENTAL CONDITIONS

TABLE OF CONTENTS

(continued)

Page

6	FORM OF UNSECURED PROMISSORY NOTE
7	FORM OF REPAYMENT GUARANTY
8	FORM OF REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS

AFFORDABLE HOUSING LOAN AGREEMENT

This AFFORDABLE HOUSING LOAN AGREEMENT (Priority Sites Program— Treasure Island Stage 2 Infrastructure) (“**Agreement**”) is dated as of _____, 20__ (“**Effective Date**”), for reference purposes only, and is entered into by and between the BAY AREA HOUSING FINANCE AUTHORITY (“**BAHFA**”), and the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California non-profit public benefit corporation (“**Borrower**”). The BAHFA and the Borrower are sometimes referred to in this Agreement, each individually, as a “**Party**,” or collectively, as the “**Parties**.”

RECITALS

A. BAHFA is a public agency established by the San Francisco Bay Area Regional Housing Finance Act (the “**Act**”), which added Title 6.8 (commencing with Section 64500) to the Government Code to raise, administer and allocate funding and provide technical assistance at a regional level in the San Francisco Bay area for tenant protection, affordable housing preservation and new affordable housing production.

B. Pursuant to Government Code Section 64520(j), BAHFA utilizes the staff of the Metropolitan Transportation Commission (“**MTC**”).

C. In implementing its goals and responsibilities under the Act, BAHFA is authorized to make loans to finance affordable housing development, preserve and enhance existing affordable housing, and fund tenant protection programs.

D. Pursuant to Chapter 3.15 of Part 2 of Division 31 of the California Health and Safety Code, the State of California established the Regional Early Action Planning Grant Program of 2021 (“**REAP 2.0**”) to fund eligible transformative planning and implementation activities that enable meeting housing goals and also result in per capita vehicle miles traveled reductions, including but not limited to accelerating infill development through a variety of means including establishing and funding an affordable housing catalyst fund, trust fund, or revolving loan fund for location efficient projects.

E. REAP 2.0 is administered by the California Department of Housing and Community Development (“**HCD**”). HCD has allocated REAP 2.0 funds to MTC to be used in furtherance of the REAP 2.0 program goals. On March 22, 2023, MTC adopted Resolution No. 4565 authorizing the grant of a portion of the REAP 2.0 funds to BAHFA, and BAHFA adopted Resolution No. 28, accepting those funds to establish a revolving loan fund that will be used for the acquisition and rehabilitation of existing residential properties for use as affordable housing, and for predevelopment costs associated with the development of affordable housing on priority sites throughout the region, as these programs are set forth in BAHFA Resolution No. 28.

F. In furtherance of its goals as set forth in BAHFA Resolution No. 28, BAHFA issued a Letter of Interest/Funding Application Notice (“**Notice**”) on November 17, 2023 to solicit letters of interest and subsequent funding applications from the established revolving loan fund for costs

associated with the development of affordable housing including infrastructure development on priority sites throughout the region.

G. Borrower submitted a letter of interest and subsequent funding application for funding in response to the Notice, and BAHFA approved Borrower's application for funding and desires to make a loan for the Project as more specifically defined in this Agreement.

H. BAHFA and Borrower desire to enter into this Agreement to commemorate the terms and conditions pursuant to which BAHFA will make the Loan as defined herein to Borrower to be used in furtherance of the infrastructure, development, preservation and enhancement of affordable housing in accordance with BAHFA's statutory responsibilities and the conditions placed on all funding sources utilized to make the Loan.

I. The California Environmental Quality Act (Public Resources Code Sections 21000 *et seq.*) ("CEQA"), imposes no conditions on BAHFA'S consideration and approval of this Agreement, because pursuant to CEQA Guidelines Sections 15060(c), 15061(b)(2) and (3), 15273, 15378, Public Resources Code Section 21065 and Government Code Section 64523, funding of a proposal is not subject to environmental review under CEQA as it does not constitute a "project," does not commit BAHFA or Borrower to a definite course of action, does not constitute discretionary approval of a specific project, and will not result in a direct or reasonably foreseeable indirect physical change in the environment, and in the alternative is exempt from CEQA.

AGREEMENT

Based upon the foregoing Recitals and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, BAHFA and Borrower hereby agree as follows:

1. DEFINITIONS.

The following terms as used in this Agreement shall have the meanings given below unless expressly provided to the contrary:

1.1 "Act" shall mean the San Francisco Bay Area Regional Housing Finance Act, which added Title 6.8 (commencing with 64500) to the Government Code.

1.2 "Affordable Housing Developer" shall mean Mercy Housing **CALIFORNIA 111, L.P.**, a California limited partnership.

1.3 "Affordable Housing Project" shall mean that certain project undertaken by the Affordable Housing Developer in furtherance of the development, preservation or enhancement of affordable housing on the Affordable Housing Property

1.4 "Affordable Housing Property" shall mean that certain real property, located at the eastern portion of TI Parcel E1.2 (and more specifically described in Attachment No 1, which is

owned and controlled by the Borrower and subject to a ground lease between the Borrower and the Affordable Housing Developer, which will be executed at the time of construction loan closing for the Affordable Housing Project.

1.5 “Affordable Rent” shall mean the maximum rent, with allowance for utilities, for the applicable household income as published by the California Tax Credit Allocation Committee annually as the Maximum Multi-Family Tax Subsidy Rents for Low Income Housing Tax Credit Projects. For purposes of the calculation of Affordable Rent “adjusted for household size” shall be the federally-mandated household size assumptions as set forth in federal statutes or regulations for the Tax Credit program.

1.6 “Agreement” shall mean this Affordable Housing Loan Agreement between BAHFA and Borrower, including all exhibits and other documents attached hereto. “Agreement” shall mean this Affordable Housing Loan Agreement between BAHFA and Borrower, including all exhibits and other documents attached hereto.

1.7 “Approved Lender” means a bank (State, Federal or foreign), trust company (in its individual or trust capacity), credit union, savings bank (State or Federal), venture capital fund or similar financial institution that is duly certified as a Community Development Financial Institution by the Community Development Financial Institutions Fund of the U.S. Department of Treasury.

1.8 “BAHFA” shall mean the Bay Area Housing Finance Authority, established by Government Code Section 64510 and having its offices at Bay Area Metro Center, Suite 800, 375 Beale Street, San Francisco, California 94105.

1.9 “BAHFA Affiliate” shall mean any one of the entities included in BAHFA Affiliates and its respective officials, employees, contractors, invitees, volunteers and agents.

1.10 “BAHFA Affiliates” shall mean BAHFA, the Metropolitan Transportation Commission, the Association of Bay Area Governments, including its Executive Board as the Executive Board to BAHFA, and each of the aforementioned entity’s respective officials, employees, contractors, invitees, volunteers and agents.

1.11 “Borrower” shall mean Treasure Island Development Authority, a California non-profit public benefit corporation . The term “Borrower” includes any legally permissible assignee or successor to the rights, powers, and responsibilities of Borrower hereunder, in accordance with Section 7.4 of this Agreement.

1.12 “Claim” means any claim, loss, cost, damage, expense, liability, Lien, action, cause of action (whether in tort, contract, under statute, at law, in equity or otherwise), charge, award, assessment, fine or penalty of any kind.

1.13 Intentionally omitted.

1.14 “County” is the County in the State of California in which the Property is located.

1.15 Intentionally omitted.

1.16 “Draw Request” shall mean a request for Loan funds from the Borrower to BAHFA, which shall include the information required pursuant to Section 2.5.3 of this Agreement.

1.17 “Effective Date” shall mean the date this Agreement is effective, which date shall be inserted in the preamble to this Agreement.

1.18 “Eligible Loan Expenses” shall mean the expenses for which proceeds from the Loan may be used as set forth in the Project Budget pursuant to this Agreement.

1.19 “Environmental Claim” shall mean any and all claims, demands, damages, losses, liabilities, obligations, penalties, fines, actions, causes of action, judgments, suits, proceedings, costs, disbursements and expenses, including reasonable attorney’s fees and costs and costs of environmental consultants and other experts, and all foreseeable and unforeseeable damages or costs of any kind or of any nature whatsoever, directly or indirectly, relating to or arising from any actual or alleged violation of any Environmental Law or Hazardous Substance Discharge.

1.20 “Environmental Law” shall mean any Federal or California law regarding any of the following at, in, under, above, or upon the Property: (a) air, environmental, ground water, or soil conditions; or (b) clean-up, remediation, control, disposal, generation, storage, release, discharge, transportation, use of, or liability or standards of conduct concerning, Hazardous Substances, as now or may, at any later time, be in effect.

1.21 “Funding Conditions” shall mean the conditions set forth in Section 2.4 of this Agreement that must be satisfied prior to BAHFA disbursing the Loan to Borrower, and shall include any Supplemental Conditions listed in Attachment No. 5 to this Agreement that are conditions precedent to disbursement of Loan funds.

1.22 “Funding Conditions Satisfaction Date” shall mean the date on which all of the Funding Conditions are actually satisfied.

1.23 “Governmental Requirements” shall mean all laws, ordinances, statutes, codes, rules, regulations, orders and decrees, of the United States, the state, the county or city where the Project is located, or any other political subdivision in which the Property is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over BAHFA, Borrower or the Property.

1.24 “Guarantor” shall mean Treasure Island Development Authority, a California non-profit public benefit corporation which has been approved by BAHFA as Guarantor for the Loan and which shall execute the Repayment Guaranty, as defined herein.

1.25 “Hazardous Substance” shall mean any flammable substances, explosives, radioactive materials, asbestos, asbestos-containing materials, polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, medical wastes, toxic substances or related materials, explosives, petroleum, petroleum products and any “hazardous” or “toxic” material, substance or waste that is defined by those or similar terms or is regulated as such under any Law, including any material, substance or waste that is: (a) defined as a “hazardous substance” under Section 311 of the Water Pollution Control Act (33 U.S.C. § 1317), as amended; (b) substances designated as “hazardous substances” pursuant

to 33 U.S.C. § 1321; (c) defined as a “hazardous waste” under Section 1004 of the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, *et seq.*, as amended; (d) defined as a “hazardous substance” or “hazardous waste” under Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Reauthorization Act of 1986, 42 U.S.C. § 9601, *et seq.*, or any so-called ‘superfund’ or ‘superlien’ law; (e) defined as a “pollutant” or “contaminant” under 42 U.S.C. § 9601(33); (f) defined as “hazardous waste” under 40 C.F.R. Part 260; (g) defined as a “hazardous chemical” under 29 C.F.R. Part 1910; (h) any matter within the definition of “hazardous substance” set forth in 15 U.S.C. § 1262; (i) any matter, waste or substance regulated under the Toxic Substances Control Act (“TSCA”) [15 U.S.C. Sections 2601, *et seq.*]; (j) any matter, waste or substance regulated under the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, *et seq.*; (k) those substances listed in the United States Department of Transportation (DOT) Table [49 C.F.R. 172.101]; (l) any matter, waste or substances designated by the EPA, or any successor authority, as a hazardous substance [40 C.F.R. Part 302]; (m) any matter, waste or substances defined as “hazardous waste” in Section 25117 of the California Health and Safety Code; (n) any substance defined as a “hazardous substance” in Section 25316 of the California Health and Safety Code; (o) any matter, waste, or substance that is subject to any other Law regulating, relating to or imposing obligations, liability or standards of conduct concerning protection of human health, plant life, animal life, natural resources, property or the enjoyment of life or property free from the presence in the environment of any solid, liquid, gas, odor or any form of energy from whatever source; or (p) other substances, materials, and wastes that are, or become, regulated or classified as hazardous or toxic under law or in the regulations adopted pursuant to said law, including manure, asbestos, polychlorinated biphenyl, flammable explosives and radioactive material. Notwithstanding the foregoing, “Hazardous Substances” shall not include such products in quantities as are customarily used in the construction, maintenance, development or management of residential developments or associated buildings and grounds, or typically used in residential activities in a manner generally used in other comparable residential developments, or substances commonly ingested by a significant population living within the Project including, without limitation, alcohol, aspirin, tobacco and saccharine.

1.26 “Hazardous Substance Discharge” shall mean any deposit, discharge, generation, release, or spill of a Hazardous Substance that occurs at on, under, into or from the Property, or during transportation of any Hazardous Substance to or from the Property, or that arises at any time from the construction, use or operation of the Project or any activities conducted at on, under or from the Property, whether or not caused by a Party.

1.27 “HCD” shall mean the California Department of Housing and Community Development.

1.28 “HUD” shall mean the federal Department of Housing and Urban Development.

1.29 “Loan” shall mean the loan in the amount not to exceed the sum of Three Million Dollars (\$3,000,000.00) to be provided by BAHFA to Borrower for Borrower’s payment of the Eligible Loan Expenses, as more specifically set forth in Section 2 of this Agreement.

1.30 “Loan Documents” means the documents, instruments and agreements evidencing and securing the Loan including, but not limited to, this Agreement, the Promissory Note

Unsecured, the Repayment Guaranty, and at such time that the Affordable Housing Developer acquires its interest in the Affordable Housing Property, the Regulatory Agreement.

1.31 “Outside Date” shall mean the date by which Borrower is required to have satisfied the Funding Conditions set forth in this Agreement. For purposes of this Agreement, the Outside Date is July 1, 2025.

1.32 “Permitted Encumbrances” shall have the meaning set forth in Section 2.8.1 of this Agreement.

1.33 “Prevailing Wage Action” shall mean any of the following: (a) any determination by the California Department of Industrial Relations that prevailing wage rates should have been paid, but were not; (b) any determination by the California Department of Industrial Relations that higher prevailing wage rates than those paid should have been paid; (c) any administrative or legal action or proceeding arising from any failure to comply with the Federal Davis-Bacon Act (codified as 40 U.S.C. §§ 3141 *et seq.*) or California Labor Code Sections 1720 through 1781, as amended from time to time, regarding prevailing wages, including but not limited to maintaining certified payroll records, employment of apprentices, hours of labor and debarment of contractors or subcontractors; or (d) any administrative or legal action or proceeding to recover wage amounts at law or in equity.

1.34 “Project Budget” shall mean the costs estimates for Borrower’s development of the Project set forth in Attachment No. 3 to this Agreement approved by BAHFA. The expense line items listed in the Project Budget shall constitute Eligible Loan Expenses up to the amount for each such line item as listed in the Project Budget. Any changes to the Project Budget, whether or not requiring the approval of BAHFA, shall be submitted to BAHFA. If the Project Budget is revised as permitted herein, all references herein to the “Project Budget” shall be deemed to refer to the revised Project Budget.

1.35 “Promissory Note” shall mean the Promissory Note, in the form attached hereto as Attachment No. 6 which sets forth the terms for Borrower’s repayment of the Loan to BAHFA.

1.36 “Property” shall mean the real property defined as “SIP Stage 2” and more specifically described and mapped in Attachment No. 1. “Regulatory Agreement” shall mean 1) the Regulatory Agreement and Declaration of Covenants and Restrictions between BAHFA and Borrower regulating the operation of the Affordable Housing Project, to be recorded against the Borrower’s fee simple interest in the Affordable Housing Property, in the form attached hereto as Attachment No. 8, OR 2) or incorporated into the City of San Francisco’s Declaration of Restrictions recorded against the Affordable Housing Developer’s leasehold interest in the Affordable Housing Property, in which BAHFA is made a third-party beneficiary, subject to written approval by BAHFA, OR 3) BAHFA’s restrictions incorporated into the Borrower’s ground lease with the Affordable Housing Developer.

1.38 “Relocation Laws” shall have the meaning set forth in Section 3.11 of this Agreement.

1.39 “Senior Lender” shall mean an Institutional Lender or governmental entity that requires as a condition of making a Senior Loan that the security interest for the Senior Loan be recorded in a lien position senior to the Regulatory Agreement and subject to a subordination agreement entered into by and between BAHFA and Senior Lender.

1.40 “Repayment Guaranty” shall mean the Repayment Guaranty in the form attached hereto as Attachment No. 7 pursuant to which the Guarantor, as defined herein, absolutely and unconditionally guarantees repayment of the Loan to BAHFA

1.41 “Senior Loan” shall mean a loan from a Senior Lender for construction and/or permanent financing for the Project in an amount and pursuant to terms that are approved by BAHFA in its reasonable discretion, which Senior Lender requires to be secured by a security interest against the Property in a lien position senior to the Regulatory Agreement and subject to a subordination agreement entered into by and between BAHFA and Senior Lender.

1.42 “Supplemental Conditions” shall mean the Supplemental Conditions to the Loan that are set forth in Attachment No. 5, attached hereto and incorporated herein by this reference. Borrower shall comply with all Supplemental Conditions at the time and in the manner as set forth in Attachment No. 5.

2. LOAN PROVISIONS.

2.1 Loan. In order to assist in the development, preservation or enhancement of affordable housing in implementation of the Act and BAHFA’s responsibilities thereunder, BAHFA shall, subject to the terms and conditions set forth herein, and provided Borrower is not in default of this Agreement, provide Borrower financial assistance in the form of a loan not to exceed the sum of Three Million Dollars (\$3,000,000.00) (“**Loan**”).

2.2 Cost Reductions or Increases. The parties acknowledge and agree that the Loan is intended to partially finance certain expenses in furtherance of the Project and BAHFA makes no representations as to additional funding commitments necessary for the Project. BAHFA will not provide Borrower with more than the Loan pursuant to this Agreement and the terms contained herein except by written amendment of this Agreement or a separate agreement for additional loan funds from another source of funds.

2.3 Permissible Use of Loan; Eligible Loan Expenses. Pursuant to all of the terms and conditions of this Agreement, Borrower shall be permitted to use the Loan proceeds only for the Eligible Loan Expenses that are actually and reasonably incurred by Borrower with respect to the Project and approved by BAHFA, and for no other purpose.

2.4 Loan Funding Conditions. Notwithstanding any other provision of this Agreement to the contrary, BAHFA shall have no obligation to disburse any of the Loan proceeds to Borrower unless all of the following conditions precedent (collectively the “Funding Conditions”) are satisfied:

(a) *Control of Property.* Borrower shall have demonstrated to the reasonable satisfaction of BAHFA that Borrower has entered into a valid, current and binding (i) disposition and development agreement with a public agency owner of the Property; (ii) a purchase and sale

agreement or option agreement that grants the Borrower with transactional control over acquisition of the Property; (iii) an Exclusive Negotiating Rights Agreement that includes terms within the control of Borrower and a milestone schedule that the Executive Director for BAHFA or designee has determined reasonably enables commencement of construction of the Project within 5 years; or (iv) Borrower has a fee simple interest in the Property.

(b) *Project Budget.* Borrower has submitted, and BAHFA has approved the Project Budget as attached hereto as Attachment No. 3, or as may be amended in accordance with the terms of this Agreement.

(c) *Execution and Delivery of Documents.* Borrower shall have executed and delivered to BAHFA the documents referred to in Section 2.7 of this Agreement.

(d) Intentionally omitted.

(e) Intentionally omitted.

(f) *Insurance.* Borrower shall have provided to BAHFA evidence of the insurance required under Section 3.4 of this Agreement.

(g) *Article 34 Compliance.* Borrower has submitted evidence satisfactory to BAHFA that the requirements of Article 34 of the California Constitution are inapplicable or have been satisfied as to the Project.

(h) *Representations and Warranties.* All of the representations and warranties made by the Borrower in this Agreement and in the Promissory Note and the Regulatory Agreement shall be true and correct in all material respects as of the date of the initial disbursement.

(i) *Authority to Enter Agreement.* Borrower shall have provided BAHFA with a copy of the resolution of the Borrower approving and authorizing execution of this Agreement and all documents contemplated hereby on behalf of Borrower and with such other documentation required by BAHFA regarding Borrower's creation, status and authority to enter into this transaction.

(j) *Certificate of Good Standing.* Borrower shall have provided BAHFA with a certificate showing it to be in good standing under the laws of the State of California.

(k) *Funding of BAHFA Legal Expenses.* Borrower agrees to pay BAHFA legal expenses incurred in connection with this Loan. Such fees shall be disbursed from the proceeds of the Loan through the Close of Escrow.

(l) *Compliance with Supplemental Conditions.* Borrower shall have complied with all Supplemental Conditions set forth in Attachment No. 5, attached hereto and incorporated herein by this reference, that are conditions precedent to disbursement of Loan funds.

(m) *No Default.* Borrower shall not be in default of any of its obligations set forth in this Agreement, and there shall be no event which, with the passage of time or the giving of notice, would constitute a default.

In the event that all of the Funding Conditions are not satisfied on or before the Outside Date, or such earlier time period as provided for herein, or such later deadline as may be mutually approved in writing by BAHFA and Borrower in the sole and absolute discretion of each of them, either party not in default may terminate this Agreement by delivering written notice to the other party.

2.5 Disbursements of Loan.

2.5.1 Intentionally omitted.

2.5.2 Provided Borrower is not in default of this Agreement, from and after the Funding Conditions Satisfaction Date, BAHFA shall disburse the Loan to Borrower no more frequently than once every thirty (30) days to reimburse Borrower for the Eligible Loan Expenses as such expenses are incurred by Borrower and approved by BAHFA. Borrower shall submit to BAHFA a Draw Request, as described in Section 2.5.3, documenting all of Borrower's costs eligible to be considered in calculating the Eligible Loan Expenses. BAHFA shall have the authority to calculate and approve the amount of Borrower's Eligible Loan Expenses. Payment of the amount determined by BAHFA to be owing to Borrower shall be made by BAHFA within thirty (30) business days after Borrower's submission of its completed Draw Request. Any disapproval of a Draw Request shall be provided to Borrower in writing (including the specific reasons for such disapproval) within ten (10) business days after BAHFA has received information necessary to make the determination that the Draw Request cannot be approved.

2.5.3 Each "Draw Request" shall include, at a minimum: (i) the specific dollar amount of the request; (ii) the specific proposed use of the draw, which shall be an Eligible Loan Expense; (iii) documentation that supports the amount and use as described in the request (copies of the contract for work, invoice, and evidence of payment of invoice); (iv) an accounting of money spent to date with balance remaining under the Project Budget; (v) verification that the Project is proceeding in accordance with this Agreement, the Project Budget, and any then existing development progress schedule agreed upon by BAHFA; (vi) if construction has commenced, certification that the Project is being constructed in a good and worker-like manner by appropriate means substantially in accordance with the terms and conditions of this Agreement, and all required inspections and approvals have been obtained by Borrower necessary to lawfully construct the Project; and (vii) if construction of the Project has commenced, certification that conditional and unconditional mechanic's lien claim waivers and releases have been secured from each contractor, subcontractor and supplier for the payments requested and the payments previously made, respectively, to them for work performed and materials supplied on and to the Property.

2.5.4 BAHFA's obligation to make disbursements of the Loan proceeds to Borrower shall be contingent and conditional upon Borrower's continuing satisfaction and the timely performance of all of its obligations under this Agreement. Upon the occurrence of any event which, with the lapse of time or the giving of notice or both, would constitute a default under

this Agreement, BAHFA may at any time thereafter and while such event remains uncured, refuse to issue further disbursements of Loan proceeds under this Agreement until all such defaults are cured to the satisfaction of BAHFA.

2.5.5 In the event the Eligible Loan Expenses for which any disbursement of Loan funds are advanced are not incurred by Borrower within thirty (30) days after BAHFA's disbursement, or such longer time as BAHFA approves in its sole discretion, BAHFA shall have the right to require that Borrower return the Loan proceeds to BAHFA. In addition, if it is determined, as a result of an audit or otherwise, that any of the disbursements of Loan proceeds were improper or made for expenditures not eligible for payment, Borrower shall immediately repay to BAHFA the amounts of such disbursements.

2.5.6 Notwithstanding the foregoing, BAHFA shall have the right to contract with a third party, including, without limitation, an escrow company or another construction lender for the Project to disburse the Loan proceeds to Borrower.

2.6 Repayment of Loan. Borrower shall repay the Loan in accordance with the terms set forth in the Promissory Note in the form attached hereto as Attachment No. 6. Further, the Guarantor shall execute the Repayment Guaranty in the form attached hereto as Attachment No. 7, pursuant to which Guarantor absolutely and unconditionally guarantees the repayment of the Loan. The Promissory Note contains an acceleration clause which generally provides that, to the extent permitted by law, in the event Borrower shall default on any of its obligations set forth in this Agreement, the Promissory Note, or the Regulatory Agreement or on any obligations under any documents relating to any other financing that is secured by the Property, and fail to cure the default within the applicable notice and cure period, then, or at any time thereafter while any such default is continuing, BAHFA, at its option, may declare the entire indebtedness evidenced by the Promissory Note immediately due and payable and collectible then or thereafter as BAHFA may elect, regardless of the date of maturity.

2.7 Execution and Delivery of Documents. Prior to disbursement of any Loan proceeds, Borrower shall deliver to BAHFA the following documents: (a) the Promissory Note Unsecured, executed by Borrower; and (b) the Repayment Guaranty, executed by Guarantor. Borrower and BAHFA shall additionally execute the Regulatory Agreement and Borrower shall cause the Regulatory Agreement to be recorded in the Official Records of the County, against Borrower's fee simple interest in the Affordable Housing Property or the Affordable Housing Developer's leasehold interest in the Affordable Housing Property at such time that Affordable Housing Developer acquires its leasehold interest in the Affordable Housing Property, as set forth in Section 1.38.

2.8 Additional Financing. From and after the date of this Agreement, Borrower shall exercise commercially reasonable efforts to obtain financing for the development of the Project. Borrower intends to utilize financing from a variety of sources for construction and permanent financing for the Project. If a Senior Lender or tax credit investor should, as a condition of providing funding for the Project, request any modification of this Agreement in order to protect its interests in the Project or this Agreement, BAHFA shall consider such request in good faith consistent with the purpose and intent of this Agreement and the rights and obligations of the parties under this Agreement. The Executive Director shall have the authority to approve revisions

to the terms of this Agreement requested by such lender or investor.

2.8.1 Permitted Encumbrances. Mortgages, deeds of trust, conveyances, and leases-back or any other form of conveyance required for any reasonable method of financing shall be permitted on the terms set forth herein, but only for the purpose of securing loans of funds to be used for the construction, development and operation of the Project (“**Permitted Encumbrances**”). Following closing of the Loan and other Permitted Encumbrances closing concurrent with the Loan, Borrower shall not enter into any such future conveyance for financing purposes without the prior written consent of BAHFA.

2.8.2 Subordination. The Executive Director shall have the authority to execute and deliver subordination agreements as they determine are commercially reasonable and consistent with the purpose and effect of this Agreement subordinating the Regulatory Agreement to one or more Senior Loans as approved by BAHFA. Nothing herein shall obligate BAHFA to subordinate its Deed of Trust to any other financing. In connection therewith, the Regulatory Agreement implements the affordability requirements imposed under the Act and the sources of funding for the Loan, and must be senior to all financing, unless otherwise agreed to by the Executive Director.

2.8.3 Right of BAHFA to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or deed of trust default or breach by the Borrower, Borrower shall promptly deliver to BAHFA a copy of any notice of default or breach received from any other lender and BAHFA may cure the default without acceleration of the subject loan following prior notice thereof to the Borrower, subject to the terms of any subordination agreement. In such event, Borrower shall be liable for, and BAHFA shall be entitled to reimbursement from Borrower within ten (10) days of written demand, of all costs and expenses associated with and attributable to the curing of the mortgage or deed of trust default, including any default consisting of a breach of this Agreement by the Borrower, which are incurred by BAHFA. Any sums which become due to BAHFA from Borrower under the provisions of this Section 2.8.3 shall constitute a lien on the Property, effective upon recordation by BAHFA or BAHFA’s authorized agent of a notice of lien (“Notice of Lien”) concerning nonpayment of any sum due hereunder. The Notice of Lien shall state (i) the amount due, which amount shall include interest at the rate of 10% from the date due to the date paid, and shall also include the cost of preparing and recording the Notice of Lien, (ii) the expenses of collection in connection with any nonpayment, including without limitation reasonable attorneys’ fees, (iii) a description of the Property, (iv) the name and address of BAHFA, (v) the name of Borrower, and (vi) in order for the lien to be enforced by nonjudicial foreclosure, the name and address of the trustee authorized by BAHFA to enforce the lien by sale. Subject to the terms of any subordination agreement, the lien established pursuant to this section may be enforced by sale of the Borrower’s interest in the Property by BAHFA, BAHFA’s attorneys, any title insurance company authorized to do business in California, or other persons authorized to conduct the sale as a trustee, after failure of Borrower to pay any sum due pursuant to this Agreement within 60 days after recordation of the Notice of Lien. The sale shall be conducted in accordance with the provisions of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. BAHFA, through its agents, shall have the power to bid on the Project at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Suit to recover a money judgment for any amounts due under this Agreement shall be maintainable without foreclosing or waiving any lien securing the same, but this provision

or any institution of suit to recover a money judgment shall not constitute an affirmation of the adequacy of money damages. Any recovery resulting from a suit at law or in equity initiated pursuant to this Section shall include reasonable attorneys' fees as fixed by the court.

2.9 Financial Statements and Reports. Borrower shall furnish to BAHFA, within ten (10) business days after demand, the financial statements of Borrower, which may be internally prepared, on a consolidating and consolidated basis and in conformity with Generally Accepted Accounting Principles, as established by the Financial Accounting Standards Board, consisting of at least statements of income, cash flow, changes in financial position and stockholders' equity, and a consolidated balance sheet, setting forth in each case in comparative form corresponding figures from the previous financial statements delivered to BAHFA pursuant to this Section.

2.10 Books and Records. Borrower shall keep adequate and proper records and books of account in connection with the Project, including construction of the Project, in which full and correct entries will be made of its dealings, business and affairs. All records and books of accounts and other materials deemed to be relevant to the Project shall be accessible at any time, upon reasonable notice, to the authorized representatives of BAHFA for the purpose of examination or audit. Any expenditure from the Loan proceeds that is not authorized by this Agreement or that cannot be adequately documented shall be disallowed and must be reimbursed to BAHFA or its designee by Borrower immediately. Expenditures not described in this Agreement shall be deemed authorized if the performance of such activities is approved in writing by BAHFA prior to their commencement. Absent fraud or mistake on the part of BAHFA, the determination by BAHFA of the qualification of any expenditure shall be final.

3. DEVELOPMENT OF THE PROJECT.

3.1 Scope of Development. Borrower shall commence, pursue and complete all work set forth in the Project Description attached hereto and incorporated herein as Attachment No. 2 in accordance with the timeframes and other requirements of this Agreement. All work performed in connection with the Project shall be performed in compliance with all applicable laws, ordinances, rules and regulations of federal, state, or local governments or agencies now in force or as may be enacted hereafter.

3.2 Compliance with Permits and Laws. Borrower shall carry out the Project as described in the Project Description in conformity with this Section 3 and all applicable federal, state, and local laws, including but not limited to the Act, zoning and development standards applicable to the Project, building, plumbing, mechanical and electrical codes, all applicable access requirements for persons with disabilities, and all environmental mitigation measures imposed as conditions of approval of the Project.

3.3 Monthly Progress Reports. Borrower shall provide to BAHFA, on a monthly basis until all work required pursuant to this Agreement is complete, a progress report regarding the status of the Project, including a certification that the expenditures of disbursements of the Loan to date conform to the Project Budget.

3.4 Required Insurance. Borrower shall, at its own expense, obtain and maintain in effect at all times for the duration of this Agreement the types of insurance and financial security

listed in Attachment No. 4, Insurance and Financial Security (Bond) Provisions, attached hereto and incorporated herein, against claims, damages and losses due to injuries to persons or damage to property or other losses that may arise in connection with the performance of work under this Agreement. All policies will be issued by insurers acceptable to BAHFA, generally with a Best's Rating of A- or better with a Financial Size Category of VII or better, or an A rating from a comparable rating service.

3.4.1 *Insurance Independent of Indemnification.* The insurance requirements of this Agreement are independent of the Parties' indemnification and other obligations under this Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify the Parties' indemnification or other obligations or to limit the Parties' liability under this Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall the provision of such insurance preclude BAHFA or BAHFA Affiliates from taking such other actions as are available to it under any other provision of this Agreement or otherwise at law or in equity.

3.5 Right of Access. After acquisition of the Property by Borrower, for so long as this Agreement remains in effect, BAHFA, Metropolitan Transportation Commission and each of the aforementioned entities' officers, officials, employees, agents and representatives shall have the right of access to the Property, upon reasonable prior written notice of at least 48 hours, during normal business hours, without charges or fees, for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in constructing the Project, so long as BAHFA or Metropolitan Transportation Commission representatives comply with all safety rules and do not interfere with, delay or interrupt Borrower's construction activities. It is understood that BAHFA and Metropolitan Transportation Commission do not by this right of access assume any responsibility or liability for a negligent inspection or failure to inspect.

3.6 Borrower Responsible for Cost of Development. Except to the extent BAHFA has specifically agreed to provide the Loan pursuant to Section 2, Borrower shall be responsible for all costs of developing and constructing the Project, including but not limited to predevelopment costs incurred for items such as planning, design, engineering, and environmental remediation; all development and building fees; the cost incurred to demolish and clear any and all existing improvements, furnishings, fixtures, and equipment from the Property requiring removal; relocation expenses payable to occupants of the Property as required; costs for insurance and bonds (as required); costs for financing; all on-site construction costs; costs for any necessary public improvements; and legal fees.

3.7 Indemnity.

3.7.1 *Borrower Indemnity Obligations.* Borrower shall indemnify, defend and hold harmless BAHFA Affiliates against any claim to the extent such claim arises from any wrongful intentional act or negligence of Borrower. Borrower shall also indemnify, defend and hold harmless BAHFA Affiliates against any claim based on any and all of the following: (a) any application made by or at Borrower's request; (b) any agreements that Borrower (or anyone claiming by or through Borrower) makes with a third party regarding the Property or the Project; (c) any workers compensation claim or determination relating to any employee of Borrower or

their contractors; (d) any Prevailing Wage Action relating to this Agreement or the Project; (e) a Claim for failure to comply with Relocation Laws; and (f) any Environmental Claim attributable to any action or failure to act by Borrower. If a third party files a legal action regarding a BAHFA Affiliate's approval of this Agreement or any approval related to the Project, including but not limited to approval of any development entitlements or environmental review required for the Project, Borrower shall indemnify, defend and hold harmless each BAHFA Affiliate against such third party legal action, including all legal costs, monetary awards, sanctions, attorney fee awards, expert witness and consulting fees, and the expenses of any and all financial or performance obligations resulting from the disposition of the legal action. Each BAHFA Affiliate shall reasonably cooperate in its defense in any legal action subject to this Section 3.7 subject to Borrower's indemnity obligations for such legal action. Nothing contained in this Section 3.7 is intended to be nor shall be deemed or construed to be an express or implied admission that a BAHFA Affiliate may be liable to Borrower or any other party for damages or other relief regarding any alleged or established failure of BAHFA to comply with any law. Any legal action that is subject to this Section 3.7 (including any appeal periods and the pendency of any appeals) shall constitute an Enforced Delay and the time periods for performance by any Party under this Agreement may be extended pursuant to the provisions of this Agreement in Section 7.11.

3.8 Survival of Indemnification and Defense Obligations. The indemnity, hold harmless and defense obligations of the Parties under this Agreement shall survive the expiration or earlier termination of this Agreement, until any and all actual or prospective Claims regarding any matter subject to an indemnity obligation under this Agreement are fully, finally, absolutely and completely barred by applicable statutes of limitations.

3.9 Indemnification Procedures. Wherever this Agreement requires any Party to indemnify the other Party:

3.9.1 *Prompt Notice.* The indemnifying Party shall promptly notify the other Party of any Claim.

3.9.2 *Selection of Counsel.* The indemnifying Party shall select counsel reasonably acceptable to the other Party. Counsel to indemnifying Party's insurance carrier that is providing coverage for a Claim shall be deemed reasonably satisfactory, except in the event of a potential or actual conflict of interest for such counsel regarding such representation or such counsel proves to be incompetent regarding such representation. Even though the indemnifying Party shall defend the Claim, the other Party may, at its option and its own expense, engage separate counsel to advise it regarding the claim and its defense. The other Party's separate counsel may attend all proceedings and meetings. The indemnifying Party's counsel shall actively consult with the other Party's separate counsel. The indemnifying Party's counsel shall, however, control the defense, except to the extent that the other Party waives its rights to indemnity and defense of such Claim.

3.9.3 *Cooperation.* The other Party shall reasonably cooperate with the indemnifying Party's defense of the other Party.

3.9.4 *Settlement.* The indemnifying Party may only settle a Claim without the consent of other Party, if the Claim is within the policy limits of applicable insurance policies

provided in satisfaction of the requirements of this Agreement and such settlement procures a release of the other Party from the subject Claims, does not require the other Party to make any payment to the claimant and neither the indemnified Party nor indemnifying Party on behalf of the indemnified Party admits any liability.

3.9.5 Insurance Proceeds. The indemnifying Party's obligations shall be reduced by any net insurance proceeds actually received by the other Party for the matter giving rise to the indemnification obligation.

3.10 Prevailing Wage.

3.10.1 RESPONSIBILITY. BORROWER SHALL ASSUME ANY AND ALL RESPONSIBILITY AND BE SOLELY RESPONSIBLE FOR DETERMINING WHETHER OR NOT CONTRACTORS MUST HIRE APPRENTICES AND/OR LABORERS EMPLOYED RELATIVE TO THE PROJECT WORK MUST BE PAID THE PREVAILING PER DIEM WAGE RATE FOR THEIR LABOR CLASSIFICATION AND THE APPLICABLE PREVAILING PER DIEM WAGE RATE PURSUANT TO EITHER THE DAVIS BACON ACT (40 U.S.C. §§ 3141 *ET SEQ.*) OR LABOR CODE SECTIONS 1720 *ET SEQ.*, AS APPLICABLE.

3.10.2 WAIVERS AND RELEASES. BORROWER, ON BEHALF OF ITSELF, ITS SUCCESSORS, AND ASSIGNS, WAIVES AND RELEASES ALL BAHFA AFFILIATES FROM ANY RIGHT OF ACTION THAT MAY BE AVAILABLE TO BORROWER PURSUANT TO LABOR CODE SECTION 1781 OR THE DAVIS BACON ACT. RELATIVE TO THE WAIVER AND RELEASE CONTAINED IN THIS SECTION 3.10.2, BORROWER ACKNOWLEDGES THE PROTECTIONS OF CIVIL CODE SECTION 1542, WHICH READS AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

3.10.3 INITIALS. BY INITIALING BELOW, BORROWER KNOWINGLY AND VOLUNTARILY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE WAIVERS AND RELEASES OF SECTION 3.10.2:

Initials of Authorized
BORROWER Representative

3.10.4 INDEMNITY. BORROWER SHALL INDEMNIFY ALL BAHFA AFFILIATES, PURSUANT TO SECTION 3.7, AGAINST ANY PREVAILING WAGE ACTIONS ARISING FROM THIS AGREEMENT, THE DEMOLITION WORK OR THE CONSTRUCTION ASSOCIATED WITH THE PROJECT.

3.11 Relocation. Borrower shall have the sole and exclusive responsibility for providing relocation assistance and paying all relocation costs if required to comply with all applicable

federal and state laws, rules, and regulations, including but not limited to the California Relocation Assistance Law, Government Code Section 7260, *et seq.*, and the implementing regulations thereto codified in California Code of Regulations, Title 25, Chapter 6, Section 6000, *et seq.* (collectively, the “**Relocation Laws**”). Any relocation shall be performed in accordance with a relocation plan approved by BAHFA. Borrower shall indemnify, defend, and hold harmless all BAHFA Affiliates from and against any alleged or actual claims, liabilities, damages, remedies, causes of action, demands, losses, and other liabilities made against them related to (1) the acquisition or the use of the Property by Borrower; (2) Compliance with the Relocation Laws; (3) displacement or benefits owned to tenants on the Property including without limitation claims for relocation assistance and inverse condemnation; and (4) any other compensation of whatever kind or nature arising from current or prior occupancy or use of the Property, and/or any move, displacement, relocation therefrom.

3.12 Signs. During the construction of the Project on the Property BAHFA may place or require to be placed signs upon the Property, for public display, stating BAHFA is providing financing for the development of the Project.

4. USE OF PROPERTY; AFFORDABILITY COVENANTS.

Borrower and its successors and assigns shall cause the Affordable Housing Property to be used, operated, and maintained as an affordable rental housing project in accordance with the provisions of this Agreement and the Regulatory Agreement as further described in Section 1.38, as more particularly described in the Project Description. Borrower covenants and agrees that the Regulatory Agreement shall be recorded against the Affordable Housing Property at the time of construction loan closing for the Affordable Housing Project subject only to Permitted Encumbrances approved by BAHFA. The Regulatory Agreement shall require that the Affordable Units on the Affordable Housing Property shall be rented to Qualifying Tenants at Affordable Rents, as those terms are defined herein and in the Regulatory Agreement, for a period of not less than fifty-five (55) years from the Completion Date, as more specifically set forth in the Regulatory Agreement.

5. DEFAULTS AND REMEDIES.

5.1 Defaults-General. Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement; provided, however, such party shall not be deemed to be in default if (a) it cures, corrects, or remedies such default within thirty (30) days after receipt of a notice from the other party specifying such failure or delay, or (b) for defaults that cannot reasonably be cured, corrected, or remedied within such time period, if such party commences to cure, correct, or remedy such failure or delay within such time period after receipt of a notice from the other party specifying such failure or delay, and diligently prosecutes such cure, correction or remedy to completion, within an additional sixty (60) days following the conclusion of such thirty (30) day period (for a total of ninety (90) days). The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute legal proceedings against the party in default until the time for cure, correction, or remedy of a default has expired. Except as otherwise expressly provided in this Agreement, any failure or delay by a party in giving a notice of default or in asserting any of its rights and remedies as to any

default shall not constitute a waiver of any default, nor shall it change the time of default, nor shall it deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

5.2 Institution of Legal Actions. In addition to any other rights or remedies, either Party may institute legal action to cure, correct, or remedy any default, or to obtain any other remedy consistent with the purposes of this Agreement, subject to the terms of this Agreement and any subordination agreement entered into by BAHFA. Such legal actions must be instituted and maintained in the Superior Court of the County of San Francisco, or in any other appropriate court in the County of San Francisco.

5.3 Additional BAHFA remedies. In addition to any other rights or remedies available at law or in equity (subject to the terms of this Agreement and any subordination agreement entered into by BAHFA), upon a default of Borrower, BAHFA may do any of the following: (a) refuse to advance all or any part of the Loan; (b) wholly or partially suspend or terminate the award of the Loan; (c) wholly or partially suspend or terminate this Agreement; and (d) require Borrower to repay any Loan funds which Borrower determines were not expended in compliance with the requirements of this Agreement. Upon the occurrence of an event which, with the passage of time or the giving of notice, would constitute a default of Borrower, BAHFA may temporarily withhold disbursement of Loan proceeds pending correction of the default by Borrower.

5.4 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

6. BORROWER REPRESENTATIONS.

6.1 To induce BAHFA to make the Loan, Borrower hereby makes the following representations and warranties to BAHFA, and shall remake these representations and warranties on the date of each disbursement of Loan proceeds. The Borrower shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true, immediately provide written notice of such fact or condition to BAHFA.

6.1.1 Organization. Borrower is a duly organized California non-profit public benefit corporation, in good standing. The copies of the documents evidencing the organization of Borrower which have been delivered to BAHFA are true and complete copies of the originals, as amended to the date of Borrower's execution of this Agreement.

6.1.2 Authority to Borrow. Borrower has full power and authority to execute and deliver this Agreement, to make and accept the borrowings contemplated hereunder, to execute and deliver all applicable Loan Documents and to perform and observe the terms and provisions of this Agreement.

6.1.3 Authority of Persons Executing Documents. The applicable Loan Documents have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Borrower, and all actions required under the Borrower's organizational documents and applicable governing law for the authorization, execution, delivery

and performance of the Loan Documents have been duly taken.

6.1.4 No Conflict. The execution, delivery and performance by Borrower of the Loan Documents to which it is a party will not (i) violate any provision of any law, statute, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or arbitrator presently in effect having applicability to Borrower or the Property; or (ii) result in a breach of or constitute a default under any indenture, loan or credit agreement or any other agreement, lease or instrument to which Borrower is a party or by which any of its properties may be bound or, except as specifically contemplated herein, result in the creation of any lien on any asset of Borrower.

6.1.5 Valid Binding Agreement. The Loan Documents executed by Borrower constitute, or if not yet executed, will constitute when so executed, legal, valid and binding obligations of Borrower enforceable by and against it in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights of creditors generally and general principals of equity.

6.1.6 Pending Proceedings. Borrower is not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of Borrower, threatened against or affecting Borrower, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to Borrower, materially and adversely affect Borrower's ability to repay the Loan or construct the Project.

6.1.7 Financial Statements. All financial statements and information delivered to BAHFA by or on behalf of Borrower, including information relating to the financial condition of Borrower, fairly and accurately represent the financial condition of the subject thereof and have been prepared in accordance with Generally Accepted Accounting Procedures, consistently applied, or another sound accounting practice consistently applied as previously submitted by Borrower to BAHFA and approved by BAHFA. Borrower acknowledges and agrees that BAHFA may request and obtain additional information from third parties.

6.1.8 Accuracy. All reports, documents, instruments, information and forms of evidence delivered to BAHFA concerning the Loan or security for the Loan or required by the Loan Documents are accurate, correct and sufficiently complete to give BAHFA true and accurate knowledge of their subject matter and do not contain any misrepresentation or omission.

6.1.9 Disclosure of Information. All material information concerning the Property known to Borrower, or that should have been known to Borrower in the exercise of reasonable care, has been disclosed to BAHFA. There are no facts or information known to Borrower, or that should have been known to Borrower in the exercise of reasonable care, that would make any of the information furnished to BAHFA by Borrower inaccurate, incomplete, or misleading in any material respect.

6.1.10 Eligible Loan Expenses. The proceeds of the Loan shall be used only for the payment of Eligible Loan Expenses in accordance with the Project Budget.

6.1.11 FIRPTA. Borrower is not a "Foreign Person" within the meaning of the

Foreign Investment in Real Property Tax Act of 1980 (FIRPTA), or is exempt from the provisions of FIRPTA, and Borrower has complied and will comply with all of the requirements under FIRPTA.

7. GENERAL PROVISIONS.

7.1 Attorneys' Fees. If either party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs of suit from the losing party.

7.2 Notices. All notices to be delivered under this Agreement to the other party shall be addressed to the respective parties as set forth below or to such other address and to such other persons as the parties may hereafter designate by written notice to the other parties hereto:

To BAHFA:

BAHFA Section Director
Metropolitan Transportation Commission
375 Beale Street, Suite 800
San Francisco, CA 94105
PHONE 415-778-6678
EMAIL bahfa@bayareametro.gov

Copy to:

General Counsel
Metropolitan Transportation Commission
375 Beale Street, Suite 800
San Francisco, CA 94105
PHONE 415-778-6712
EMAIL generalcounsel@bayareametro.org

To Borrower:

Robert Beck, Treasure Island Director
Treasure Island Development Authority
39 Treasure Island Road
San Francisco, CA 94130
(415) 274-0660
TIDA@sfgov.org

AND

Office of the City Attorney
City Hall, Rm. 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Real Estate / Finance

Notices personally delivered; delivered through the United States mail, by registered or certified mail, postage prepaid; by means of prepaid overnight delivery service; or by email are acceptable forms of notice. Notices shall be deemed given upon receipt in the case of personal delivery, two days after deposit in the mail, or the next business day in the case of email or

overnight delivery. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as any Party may from time to time designate in writing.

7.3 Notices to BAHFA. Borrower shall promptly notify BAHFA in writing of:

7.3.1 Any litigation affecting Borrower, where the amount claimed is One Hundred Thousand Dollars (\$100,000.00) or more;

7.3.2 Any communication, whether written or oral, that Borrower may receive from any governmental, judicial or legal authority, giving notice of any claim or assertion that any portion of the Property or the Project fail in any respect to comply with any Governmental Requirement;

7.3.3 Any material default by any contractor, design professional, subcontractor, material supplier or surety in the performance of its or their obligations with respect to the construction, or any material adverse change in the financial condition or operations of any of them;

7.3.4 Any material adverse change in the physical condition of the Property (including any damage suffered as a result of earthquakes or floods), or in Borrower's business condition (financial or otherwise), operations, properties or prospects, or Borrower's ability to repay the Loan; or

7.3.5 The institution of any litigation, arbitration or governmental proceeding, or the rendering of a judgment or decision in such litigation or proceeding, which may cause a material adverse effect to Borrower, the Property or the completion of the construction.

7.4 Assignment and Transfer by Borrower. The qualifications and identity of Borrower are of particular concern to BAHFA. It is because of those qualifications and identity that BAHFA has provided financial assistance to Borrower and entered into this Agreement with Borrower. Accordingly, Borrower shall not, whether voluntarily, involuntarily, or by operation of law, undergo any significant change in ownership or assign all or any part of this Agreement or any rights hereunder or in the Property or in the Project except as approved by BAHFA. In considering whether it will grant approval to any assignment by Borrower of its interest in the Property and this Agreement, BAHFA shall consider factors such as the financial capacity and capability of the proposed transferee to perform Borrower's obligations hereunder and the proposed assignee's experience and expertise in the planning, financing, development and operation of similar projects. Notwithstanding the foregoing, the following transfers shall be permitted without the consent of BAHFA: (i) transfers of limited partner interests; (ii) removal and replacement of a general partner pursuant to the terms of the Borrower's partnership agreement; (iii) grant, exercise and subsequent transfer of the Project or the limited partner interest in Borrower pursuant to an option or right of first refusal granted to the general partner of Borrower.

7.5 Relationship Between BAHFA and Borrower. It is hereby acknowledged that the relationship between BAHFA and Borrower is not that of a partnership or joint venture and that BAHFA and Borrower shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein, BAHFA shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of

the Property. Borrower agrees to indemnify, hold harmless and defend all BAHFA Affiliates in accordance with the indemnity provisions of this Agreement from any claim made against BAHFA arising from a claimed relationship of partnership or joint venture between BAHFA and Borrower with respect to the development, operation, maintenance or management of the Property.

7.6 Binding on Successors. This Agreement shall be binding upon the parties hereto and their respective representatives, transferees, successors, and assigns.

7.7 Entire Agreement, Waivers, and Amendments. This Agreement incorporates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements between the parties with respect to all or part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the party to be charged. Any amendment or modification to this Agreement must be in writing and executed by BAHFA and Borrower.

7.8 Interpretation; Governing Law. This Agreement shall be construed according to its fair meaning and as if prepared by both parties hereto. This Agreement shall be construed in accordance with the internal laws of the State of California without regard to conflict of law principles.

7.9 Authority. The person(s) executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other agreement to which said party is bound.

7.10 Nonliability of BAHFA Officials and Employees. No member, official, employee, or contractor of a BAHFA Affiliate shall be personally liable to Borrower in the event of any default or breach by BAHFA or for any amount which may become due to Borrower or on any obligations under the terms of this Agreement.

7.11 Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, and except as expressly set forth in this Section 7.11, performance by either party hereunder shall not be deemed to be in default and such party shall be entitled to an extension of time to perform its obligations hereunder where delays in performance are due to causes beyond the control and without the fault of such party, including as applicable: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of the public enemy; epidemics; pandemics; quarantine restrictions; freight embargoes; lack of transportation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplies; acts of the other party; acts or the failure to act of BAHFA or any other public or governmental agency or entity (except that any act or failure to act of or by BAHFA shall not excuse performance by BAHFA). Notwithstanding the foregoing, Borrower's inability to secure satisfactory financing, interest rates, or market and economic conditions shall not entitle Borrower to an extension of time to perform. An extension of time for any cause permitted under this Section 7.11 shall be limited to the period of the enforced delay, which period shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of knowledge of the

commencement of the cause. If no written notice is sent within thirty (30) days, for purposes of measuring the extension period for performance of the obligation in question, the period of the enforced delay shall commence to run from the date written notice is sent to the other party.

Times of performance under this Agreement may be extended by mutual written agreement of BAHFA and Borrower.

7.12 Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

7.13 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement. In the event that all or any portion of this Agreement is found to be unenforceable, this Agreement or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the parties; and the parties further agree that in such event, and to the maximum extent permitted by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Agreement or that portion which is found to be unenforceable.

7.14 Contract Administration. The Executive Director for BAHFA (or their authorized representative) shall administer this Agreement on behalf of BAHFA and shall have the authority to issue interpretations, waive provisions, extend deadlines, and enter into amendments of this Agreement on behalf of BAHFA so long as such actions do not substantially add to the costs of BAHFA as specified herein.

7.15 Integration. This Agreement and the Loan Documents contain the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into the Loan Documents and shall be of no further force or effect. Each party is entering into the Loan Documents upon the representations set forth in the Loan Documents and upon each party's own independent investigation of any and all facts such party deems material.

7.16 Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers are to sections in this Agreement, unless expressly stated otherwise.

7.17 No Waiver. BAHFA may at any time and from time to time waive any one or more of the terms or conditions contained in this Agreement, but any such waiver shall be deemed to be made pursuant to this Agreement and not in modification thereof, and any such waiver in any instance or under any particular circumstances shall not be construed a waiver of such term or condition or of any subsequent default. In order to be effective, all such waivers must be in writing. The failure of BAHFA to promptly exercise its rights or remedies shall not be deemed to be a waiver or grounds for the claim of estoppel.

7.18 Legal Advice. Each party represents and warrants to the other the following: they have carefully read the Loan Documents, and in signing the Loan Documents, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in the Loan Documents, or have knowingly chosen not to consult legal counsel as to the matters set forth in the Loan Documents; and, they have freely signed the Loan Documents without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in the Loan Documents, and without duress or coercion, whether economic or otherwise.

7.19 Execution in Counterpart; Digital Signatures. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart. Each Party of this Agreement may execute this Agreement by use of electronic signatures, such as digital signatures that meet the requirements of the California Uniform Electronic Transactions Act (“CUETA”) Cal. Civ. Code §§ 1633.1 to 1633.17), for executing this Agreement.

7.20 Attachments. Attachment Nos. 1-8 attached to this Agreement are incorporated herein by this reference and made a part hereof. Said Attachments are identified as follows:

ATTACHMENT NO. 1	LEGAL DESCRIPTION OF PROPERTY
ATTACHMENT NO. 2	PROJECT DESCRIPTION
ATTACHMENT NO. 3	PROJECT BUDGET
ATTACHMENT NO. 4	INSURANCE AND FINANCIAL SECURITY (BOND) PROVISIONS
ATTACHMENT NO. 5	SUPPLEMENTAL CONDITIONS
ATTACHMENT NO. 6	FORM OF UNSECURED PROMISSORY NOTE
ATTACHMENT NO. 7	FORM OF REPAYMENT GUARANTY
ATTACHMENT NO. 8	FORM OF REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS

[signatures on following page]

IN WITNESS WHEREOF, BAHFA and Borrower have executed this Agreement as of the date set forth above.

“BAHFA”

“BORROWER”

BAY AREA HOUSING FINANCE
AUTHORITY

By: _____
_____, Executive Director

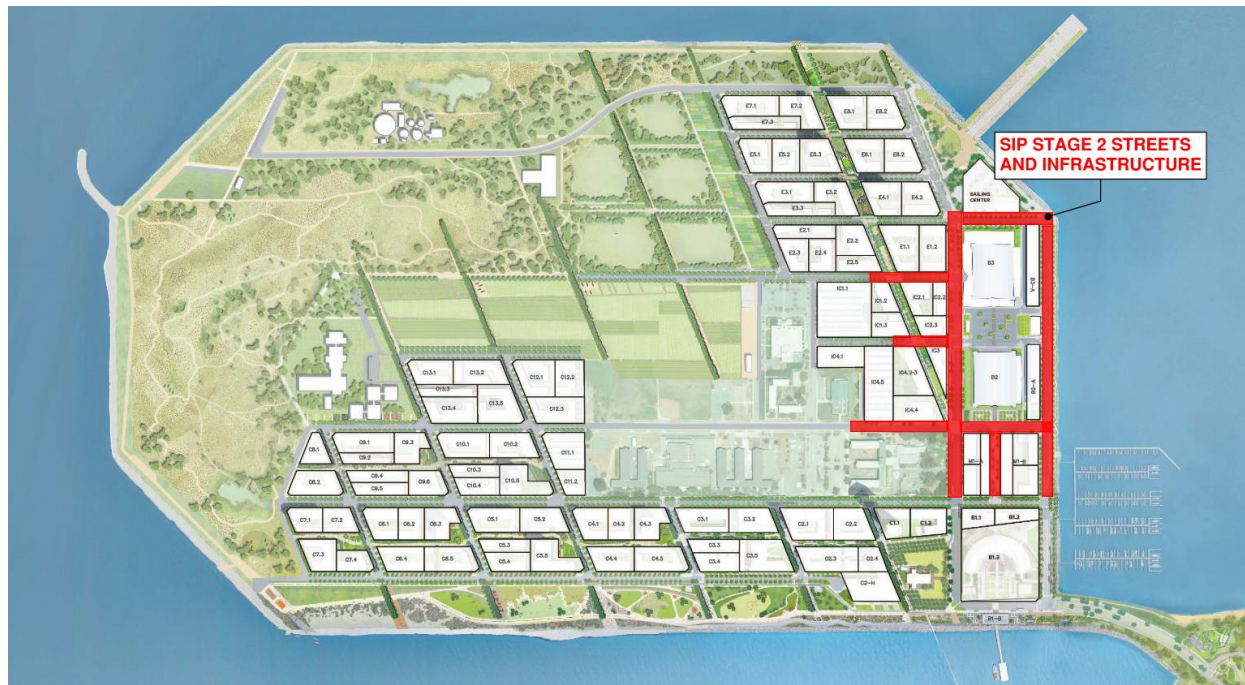
By: _____

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF SITE

Treasure Island Stage 2 street improvements and infrastructure project area, including APN'S:
1939-127, 1939-128, 1939-132, 1939-133, 1939-134, 1939-135, 1939-136, 1939-137, 1939-138,
1939-139, 1939-140, 1939-141, 1939-142, 1939-143, 1939-144, 1939-145, 1939-148, 1939-149,
1939-154, 1939-166, 1939-170, 1939-174, 8913-007, 8921-004, 8930-001, 8930-002, 8931-001,
8931-002, 8931-003, 8932-001, 8933-001, 8933-003, 8934-001, 8934-001, 8934-002, 8934-003,
8934-004, 8934-005, 8934-005, 8934-006, 8935-001, 8937-002, 8945-002, 8945-003, 8945-004

Project Area Map:



TREASURE ISLAND

ATTACHMENT NO. 2

PROJECT DESCRIPTION

The purpose of this loan is to fund soft costs related to construction of new street and infrastructure improvements in Treasure Island SIP Phase 2, described and mapped in Attachment No. 1. Infrastructure improvements include all utilities, street improvements, sidewalks, and furnishings and fixtures. This work will support all affordable housing in Stage 2 including a 100% deed-restricted affordable senior housing development on the eastern portion of Parcel E1.2 on Treasure Island. will be. The E1.2 Senior Housing totaling approximately 100 units will be developed, owned and managed by Mercy Housing. There will be 95 one-bedroom units, and 5 two-bedroom units, including one manager's unit. Units will be restricted per the Regulatory Agreement and the current target breakdown of unit types and income levels is as follows, which may be updated from time to time by Developer:

# of Bedrooms	# of Units	TCAC Income Level (30%, 50%, 80%, etc., or Unrestricted)	Total Unrestricted Unit	Total Affordable Units
1	91	0- 60% AMI		91
1	4	100%		4
2	2	0- 60% AMI		2
2	2	100%		2
2	1	Unrestricted/Manager	1	
Total Units	100		1	99

ATTACHMENT NO. 3

PROJECT BUDGET

Treasure Island Development Authority - BAHFA Priority Sites Pilot Program Budget

Priority Sites Pilot Program Budget		AMOUNT
<u>SOURCES OF FUNDS</u>		
PRIORITY SITES PILOT PROGRAM		\$3,000,000
TOTAL SOURCES		\$3,000,000
<u>USES OF FUNDS (Soft Costs related to Treasure Island Stage 2 Street Improvements, Utilities, Infrastructure)</u>		
Permitting, Entitlements, and Inspections		\$1,500,000
Architectural and Engineering Expenses		\$1,000,000
Legal Expenses		\$500,000
Total Estimated Costs		\$3,000,000
TOTAL USES		\$3,000,000

ATTACHMENT NO. 4

Insurance and Financial Security (Bond) Provisions

1. INSURANCE

A. Minimum Coverages. The insurance requirements specified in this section shall cover BORROWER's own liability and the liability arising out of work or services performed under this Agreement by any subconsultants, subcontractors, suppliers, temporary workers, independent contractors, leased employees, or any other persons, firms or corporations that BORROWER authorizes to work under this Agreement (hereinafter referred to as "Agents.") BORROWER shall, at its own expense, obtain and maintain in effect at all times during the life of this Agreement the following types of insurance against claims, damages and losses due to injuries to persons or damage to property or other losses that may arise in connection with the performance of work under this Agreement.

BORROWER is also required to assess the risks associated with work to be performed by Agents under subcontract and to include in every subcontract the requirement that the Agent maintain adequate insurance coverage with appropriate limits and endorsements to cover such risks. To the extent that an Agent does not procure and maintain such insurance coverage, BORROWER shall be responsible for said coverage and assume any and all costs and expenses that may be incurred in securing said coverage or in fulfilling BORROWER's indemnity obligation as to itself or any of its Agents in the absence of coverage.

In the event BORROWER or its Agents procure excess or umbrella coverage to maintain certain requirements outlined below, these policies shall also satisfy all specified endorsements and stipulations, including provisions that BORROWER's insurance be primary without right of contribution from BAHFA. Prior to beginning work under this contract, BORROWER shall provide BAHFA with satisfactory evidence of compliance with the insurance requirements of this section.

The insurance listed hereunder shall be considered minimum requirements and any and all insurance proceeds in excess of the requirements shall be made available to BAHFA. If the BORROWER maintains broader coverage and/or higher limits than the minimum limits shown hereunder, BAHFA shall be entitled to the broader coverage and/or higher limits maintained by the BORROWER.

1. Workers' Compensation Insurance with Statutory limits, and Employer's Liability Insurance with a limit of not less than \$1,000,000 per employee and \$1,000,000 per accident, and any and all other coverage of BORROWER's employees as may be required by applicable law. Such policy shall contain a Waiver of Subrogation in favor of BAHFA. Such Workers' Compensation & Employer's Liability may be waived, if and only for as long as BORROWER is a sole proprietor or a corporation with stock 100% owned by officers with no employees.

2. Commercial General Liability Insurance for Bodily Injury and Property Damage liability, covering the premises and operations, and products and completed operations of BORROWER and BORROWER's officers, agents, and employees and with limits of liability which shall not be less than \$1,000,000 per occurrence with a general aggregate liability of not less than \$2,000,000, a products/completed operations aggregate liability limit of not less than \$2,000,000 and Personal & Advertising Injury liability with a limit of not less than \$1,000,000. Such policy shall contain a Waiver of Subrogation or "Waiver of Transfer of Rights of Recovery Against Others to Us" provision included in the policy language or by endorsement in favor of BAHFA.

Products and completed operations insurance shall be maintained for three (3) years following termination of this Agreement.

BAHFA and those entities listed in Part 3 of this Attachment No. 4, and their commissioners, directors, officers, representatives, and employees are to be named as additional insureds for ongoing and completed operations. The additional insured endorsements shall be at least as broad as Insurance Service Office (ISO) Form Number CG 20 38 04 13 for ongoing operations and Insurance Service Office (ISO) Form Number CG 20 37 04 13 for completed operations. Such insurance shall be primary and non-contributory, and contain a Separation of Insureds Clause as respects any claims, losses or liability arising directly or indirectly from BORROWER's operations.

3. Business Automobile Insurance for all automobiles owned (if any), used or maintained by BORROWER and BORROWER's officers, and employees, including but not limited to owned (if any), leased (if any), non-owned and hired automobiles, with limits of liability which shall not be less than \$1,000,000 combined single limit per accident.

4. Excess or Umbrella Insurance in the amount of \$9,000,000 providing excess limits over Employer's Liability, Automobile Liability, and Commercial General Liability Insurance. Such umbrella coverage shall be following form to underlying coverage including all endorsements and additional insured requirements.

5. Errors and Omissions Professional Liability Insurance for errors and omissions and the resulting damages, including, but not limited to, economic loss to BAHFA and having minimum limits of \$3,000,000 per claim. Such policy shall contain cyber risk coverages including network and internet security liability coverage, privacy liability coverage and media coverage. Such cyber risk coverages shall include liability arising from the loss, theft or failure to protect, or unauthorized acquisition of BAHFA's personally identifiable information or confidential information.

The policy shall provide coverage for all work performed by BORROWER and any work performed or conducted by any subcontractor/consultant working for or performing services on behalf of BORROWER. No contract or agreement between BORROWER and any subcontractor/consultant shall relieve BORROWER of the responsibility for providing this Errors

& Omissions or Professional Liability coverage for all work performed by BORROWER and any subcontractor/consultant working on behalf of BORROWER on the project.

6. Property Insurance. Property Insurance covering BORROWER's own business personal property and equipment to be used in performance of this Agreement, materials or property to be purchased and/or installed on behalf of BAHFA (if any). Coverage shall be written on a "Special Form" policy that includes theft, but excludes earthquake, with limits at least equal to the replacement cost of the property. Such policy shall contain a Waiver of Subrogation or "Transfer of Rights of Recovery Against Others to Us" provision included in the policy language or by endorsement in favor of BAHFA.

7. Employee Dishonesty/Crime Insurance. An Employee Dishonesty insurance policy covering BORROWER's employees for loss of or damage to money, securities or other property resulting from theft. The following limits of liability should apply: (a) Employee Dishonesty - \$1,000,000; and (b) Client Property Blanket Bond - \$1,000,000. BORROWER shall reimburse MTC for any and all losses within the deductible, for insured losses, the cost to prove the loss, accountants' fees, defense costs including attorneys' fees and any other fees associated with a claim. In lieu of a Client Property Blanket Bond, the policy shall contain a Joint Loss Payee endorsement or other Third Party coverage naming MTC.

9.

BORROWER warrants that all UAV crew, including pilot in command, visual observer, sensor or payload operator, or other persons necessary for the safe operation of the flight have the qualifications, experience, licenses and certificates required. In addition, BORROWER must observe all applicable FAA, state and local regulations.

DELIVERY OF DATA AND DATA RIGHTS: BORROWER agrees to provide BAHFA with copies of data obtained from the performance of the work within the time set forth by BAHFA's delivery directions and/or schedule, upon BAHFA's request.

B. Acceptable Insurers. All policies will be issued by insurers, generally with a Best's Rating of A- or better with a Financial Size Category of VII or better, or an A rating from a comparable rating service.

C. Self-Insurance. BORROWER's obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance, upon evidence of financial capacity satisfactory to BAHFA.

D. Deductibles and Retentions. BORROWER shall be responsible for payment of any deductible or retention on BORROWER's policies without right of contribution from BAHFA. Deductible and retention provisions shall not contain any restrictions as to how or by whom the deductible or retention is paid. Any deductible or retention provision limiting payment to the Named Insured is unacceptable.

In the event that BAHFA seeks coverage as an additional insured under any BORROWER insurance policy that contains a deductible or self-insured retention, BORROWER shall satisfy such deductible or self-insured retention to the extent of loss covered by such policy, for any

lawsuit arising from or connected with any alleged act of BORROWER, any consultant, contractor, subconsultant, subcontractor, or any of their employees, officers or directors, even if BORROWER or any consultant, contractor, subconsultant, or subcontractor is not a named defendant in the lawsuit.

E. Claims Made Coverage. If any insurance specified above is written on a “Claims-Made” (rather than an “occurrence”) basis, then in addition to the coverage requirements above, BORROWER shall:

- (1) Ensure that the Retroactive Date is shown on the policy, and such date must be before the date of this Agreement or the beginning of any work under this Agreement;
- (2) Maintain and provide evidence of similar insurance for at least three (3) years following project completion, including the requirement of adding all additional insureds; and
- (3) If insurance is cancelled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the Agreement effective date, BORROWER shall purchase “extended reporting” coverage for a minimum of three (3) years after completion of the work.

F. Failure to Maintain Insurance. All insurance specified above shall remain in force until all work or services to be performed are satisfactorily completed, all of BORROWER’s personnel, consultants, subconsultants, contractors, subcontractors, and equipment have been removed from BAHFA’s property, and the work or services have been formally accepted. V must notify BAHFA if any of the above required coverages are non-renewed or cancelled. The failure to procure or maintain required insurance and/or an adequately funded self-insurance program will constitute a material breach of this Agreement.

G. Certificates of Insurance. Prior to commencement of any work hereunder, BORROWER shall deliver to Ebix, BAHFA’s authorized insurance consultant, insurance documentation (including Certificates of Liability Insurance, Evidences of Property Insurance, endorsements, etc.) verifying the aforementioned coverages. Such evidence of insurance shall make reference to all provisions and endorsements referred to above and shall be signed by the authorized representative of the Insurance Company shown on the insurance documentation. **The Project name shall be clearly stated on the face of each Certificate of Liability Insurance and/or Evidence of Property Insurance.**

BORROWER shall submit certificates of insurance to:

**Bay Area Housing Finance Authority
Insurance Compliance
P.O. Box 100085-M8
Duluth, GA 30096
or
Email to MTC@Ebix.com**

or
Fax to 1-888-617-2309

BAHFA reserves the right to require copies of all required policy declarations pages or insurance policies, including endorsements, required by these specifications, at any time.

2. FINANCIAL SECURITY (BONDS), IF APPLICABLE

Concurrent with the execution and delivery of the Agreement and prior to the commencement of any work under the Agreement, BORROWER shall deliver to BAHFA documentation of bonds verifying the coverages listed below. BORROWER shall submit documentation of bonds as noted below. Such evidence of bond requirements shall include the project name and be signed by the authorized representative of the Surety. BORROWER has provided, and shall maintain in effect for the term of the Agreement unless otherwise specified herein, the following types of bonds as financial security for the Project:

A. Performance Bond. A bond to guarantee the faithful performance of the Agreement in the amount of 100% of the total Agreement price.

B. Payment Bond. A bond to guarantee payment of claims of laborers and materialmen/persons under subcontract to BORROWER. Such bond shall be in the amount of 100% of the total Agreement price.

The Performance and Payment Bonds shall in no event be construed to cap, liquidate, or otherwise modify or limit the amount of damages payable by BORROWER for breach of this Agreement.

All bonds will be issued by surety companies acceptable to BAHFA, generally with a Best's Rating of A- or better with a Financial Size Category of VIII or better.

BORROWER shall submit documentation of bonds:

**BAHFA Section Director
Bay Area Housing Finance Authority
375 Beale Street, Suite 800
San Francisco, CA 94105
or
EMAIL bahfa@bayareametro.gov**

3. ADDITIONAL INSURED, IF APPLICABLE

The following entities are to be named as Additional Insureds under applicable sections of this Attachment No. 4 and as BAHFA Indemnified Parties, pursuant to Section 3.7 of the Agreement.

Bay Area Housing Finance Authority
Metropolitan Transportation Commission

Association of Bay Area Governments
California State Department of Housing and Community Development
And their commissioners, directors, officers, representatives, and employees

ATTACHMENT NO. 5

SUPPLEMENTAL CONDITIONS

The Loan is subject to the State of California Department of Housing and Community Development (HCD) Grant Agreement No. 23-REAP2-17909 (“REAP 2.0 Grant Agreement”), attached hereto and incorporated herein by this reference as Attachment 5A, pursuant to the Notice of Funding Availability and Final Guidelines – Metropolitan Planning Organization Allocations Regional Early Action Planning Grant (REAP 2.0) (“REAP 2.0 NOFA”), attached hereto and incorporated by reference as Attachment 5B. To ensure timely satisfaction of the requirements set forth in the REAP 2.0 Grant Agreement and REAP 2.0 NOFA, BAHFA must receive the first Draw Request, which satisfies the conditions of this Agreement, no later than July 2, 2025 (“First Expenditure Deadline”). Borrower’s failure to provide the first Draw Request by the First Expenditure Deadline shall constitute default under this Agreement (“First Expenditure Default”). The First Expenditure Default is not subject to the default and cure provisions of Section 5.1 or any other provision herein. In the event of a First Expenditure Default, the parties agree that on July 3, 2025, the Loan Agreement terminates, BAHFA is entitled to redistribute the funds that would constitute the Loan, and the parties will take reasonable action necessary to terminate the Regulatory Agreement. In BAHFA’s sole discretion, the Executive Director may extend the First Expenditure Deadline by providing notice as required by Section 7.2 on or before the First Expenditure Deadline that the First Expenditure Deadline is extended to the date in the notice.

In addition, Borrower shall submit its last Draw Request no later than April 1, 2026, and all Loan disbursements must be expended by May 1, 2026. If on May 2, 2026, there is any amount of the Loan still remaining to be disbursed and expended, the Loan shall be reduced by the amount of the funds remaining for disbursement and expenditure (“Unused Funds”), and BAHFA shall be entitled to reallocate the Unused Funds for other purposes as allowed by the REAP 2.0 Grant Agreement.

ATTACHMENT NO. 6

FORM OF UNSECURED PROMISSORY NOTE

UNSECURED PROMISSORY NOTE

(Priority Sites Program— Treasure Island Stage 2 Infrastructure)

Principal Amount: \$ _____

Date of Note: _____

Maker: Treasure Island Development Authority, a California non-profit public benefit corporation

Lender: BAY AREA HOUSING FINANCE AUTHORITY

Maturity Date: Three (3) years from the date of this Note with the option for two one-year extensions at no cost

Interest Rate: Three Percent (3%) simple

1. Loan.

FOR VALUE RECEIVED, the undersigned Treasure Island Development Authority, a California non-profit public benefit corporation (“**Maker**”), with its principal place of business located at Treasure Island Administration Building, 39 Treasure Island Road, San Francisco, CA 94130, promises to pay to the BAY AREA HOUSING FINANCE AUTHORITY (“**Holder**” or “**BAHFA**”) at 375 Beale Street, Suite 800, San Francisco, California 94105, or such place as the Holder may, from time to time, designate by written notice to the Maker, the principal sum of Three Million DOLLARS (\$3,000,000.00), (the “**Loan**”), together with any accrued interest, if applicable, as set forth in this Note. This Promissory Note (the “**Note**”) is made and given pursuant to that certain Affordable Housing Loan Agreement (Priority Sites Program— Treasure Island Stage 2 Infrastructure) between Holder and Maker, dated [Insert Date of Loan Agreement] (the “**Loan Agreement**”). The Loan Agreement is incorporated herein by this reference. All initially capitalized terms used but not defined herein shall have the meanings given to them in the Loan Agreement.

2. Term of Loan and Right of Prepayment.

a. Maturity Date. All accrued interest and principal shall be due and payable in full without any further demand or notice three (3) years from the date of this Note (“**Maturity Date**”). Subject to BAHFA’s written approval, the Maturity Date may be extended up to five (5) years from date of this Note upon Maker’s delivery of written notice to BAHFA and provided that any necessary entitlements for the Project have been extended.

b. Prepayment. This Note may be prepaid in whole or in part at any time and from time to time without penalty or premium.

3. Unsecured Note.

This Note is an unsecured promissory note.

4. Interest Calculation.

The principal outstanding under this Note shall accrue simple interest at the rate of three percent (3%) per annum, except in the case of an Event of Default as set forth in Section 6 of this Note. Principal and interest shall be payable in lawful money of the United States of America. If applicable, interest shall be computed based on an actual day year and the actual number of days elapsed. Interest shall commence on amounts disbursed hereunder from the date of disbursement.

5. Repayment.

Repayment of the principal amount and interest accrued under this Note shall be deferred until the Maturity Date, except in the event of acceleration of this Note as set forth herein.

6. Acceleration Upon Certain Events or Upon Event of Default.

In the event of any Event of Default under the terms of this Note, the Loan Agreement or the Regulatory Agreement, or under any Senior Loans, notes or deeds of trust, at the option of the Holder and after notice to the Maker, providing Maker with thirty (30) days in which to cure any Event of Default, and such Event of Default not having been cured within thirty (30) days (or if a greater amount of time is reasonably necessary to effect a cure, if actions to cure such Event of Default are not undertaken within said thirty (30) day period and pursued with reasonable diligence thereafter), all principal and interest due under this Note shall immediately become due and payable, upon thirty (30) day written notice from the Holder to the Maker. Failure to exercise such option shall not constitute a waiver of the right to exercise it in the event of any subsequent Event of Default.

7. Interest on Default.

From and after an Event of Default, the entire outstanding principal balance of this Note shall automatically bear an annual interest rate equal to the lesser of: (a) eight percent (8%) compounding annually; or (b) the maximum interest rate allowed by law.

8. Costs Paid by Maker.

Maker agrees to pay the following costs, expenses and attorneys' fees paid or incurred by the Holder of this Note, or as adjudged by a court of competent jurisdiction: (a) reasonable costs of collection, costs and expenses and attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed; and (b) costs of suit in such sum as the court may adjudge reasonable as attorneys' fees in any action to enforce payment of this instrument.

9. Waiver.

Maker hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this instrument, and expressly agrees that, without in any way affecting the liability of Maker hereunder, the Holder hereof may extend the Maturity Date or the

time for payment of any installment due hereunder, accept additional security, release any party liable hereunder or release any security now or hereafter securing this Note. Maker hereby waives, to the fullest extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this instrument or any security agreement, guarantee or other agreement now or hereafter securing this Note.

10. Indemnification.

Maker shall indemnify, defend, protect and hold the Holder harmless from and against any and all loss, damage, liability, action, cause of action, cost or expense, including, without limitation, reasonable attorneys' fees and expenses incurred by the Holder hereof, arising as a result of any (i) fraud or material misrepresentation (meaning a misrepresentation that impacts the consideration that the Holder receives under the agreements, or served as a material basis for the Holder entering into the agreements) by the Maker under or in connection with the Loan Agreement or related agreements; (ii) intentional bad faith waste of the real property encumbered by the deed of trust which secures this Note; and (iii) losses resulting from Maker's failure to maintain insurance as required under the provisions of the Loan Agreement.

11. Severability.

If any provision of this Note is determined by a court of competent jurisdiction to be void or unenforceable, such determination shall not affect any other provision of this instrument, and all other provisions hereof shall remain valid and in full force and effect.

12. Non-Waiver.

No delay in demanding or failure to demand performance hereunder shall constitute a waiver by the Holder hereof of its right to subsequently demand such performance or to exercise any remedies for any Event of Default hereunder. Further, in order to be effective, any waiver of any of the Holder's rights and remedies hereunder shall be expressed in a writing signed by a duly appointed representative of the Holder hereof. Further, waiver by the Holder hereof of any right hereunder shall not constitute a waiver of any other right, including, but not limited to, the right to exercise any and all remedies for a different or subsequent Event of Default hereunder.

[Signatures on Following Page]

SIGNATURE PAGE TO
UNSECURED PROMISSORY NOTE
(Priority Sites Program - Treasure Island Stage 2 Infrastructure)

MAKER: Treasure Island Development Authority, a
California non-profit public benefit corporation

By: Robert Beck, Director

ATTACHMENT NO. 7

FORM OF REPAYMENT GUARANTY

REPAYMENT GUARANTY

This **REPAYMENT GUARANTY** (this “**Guaranty**”), dated as of _____, 20__, is made by Treasure Island Development Authority, a California non-profit public benefit corporation (the “**Guarantor**”), to the **BAY AREA HOUSING FINANCE AUTHORITY (“BAHFA”)**.

RECITALS:

WHEREAS, pursuant to that certain Affordable Housing Loan Agreement (Priority Sites Program—Treasure Island Stage 2 Infrastructure) dated as of the date hereof (as the same may be amended, extended or modified from time to time, the “**Loan Agreement**”), BAHFA has made a loan in an amount not to exceed **\$3,000,000** (the “**Loan**”) to Treasure Island Development Authority, a California non-profit public benefit corporation (the “**Borrower**”), to be evidenced by a certain Unsecured Promissory Note dated as of the date hereof and made by Borrower to BAHFA (as it may be amended, extended or modified from time to time, the “**Note**”). Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms in the Loan Agreement and the Note.

WHEREAS, as a condition to the BAHFA’s obligations to make the Loan, Guarantor is obligated to execute and deliver this Repayment Guaranty to BAHFA, and BAHFA is unwilling to accept the Note and the other Loan Documents or make the Loan unless this Guaranty is so delivered by Guarantor.

WHEREAS, Guarantor is the owner of a direct or indirect interest in Borrower and will directly benefit from BAHFA making the Loan to Borrower.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and in order to induce BAHFA to make the Loan to the Borrower, Guarantor hereby agrees for the benefit of BAHFA as follows:

1. Payment Obligations. Guarantor absolutely and unconditionally guarantees to BAHFA the prompt payment when due, whether by acceleration or otherwise, of the outstanding amount of the Loan that has been disbursed to Borrower at the time such funds are due, up to the full principal amount of the Loan, together with all interest, fees, expenses and other obligations under this Guaranty, the Note, the Loan Agreement and the other Loan Documents, whether outstanding or hereafter made or incurred, whether incurred by the Borrower as maker, endorser, drawer, acceptor, guarantor, accommodation party, counterparty, purchaser, seller, or otherwise, and whether due or to become due, secured or unsecured, absolute or contingent, joint and/or several, and howsoever or whenever acquired by BAHFA (collectively, the “**Payment Obligations**”). The Payment Obligations shall include interest accruing thereon before or after the commencement of any insolvency, bankruptcy or reorganization proceeding in respect of the Borrower or any other guarantor of the Payment Obligations whether or not such interest is an allowable claim in any such proceeding and irrespective of the discharge or release of the Borrower or any other guarantor in such proceeding.

2. Carry Obligations. Without limiting **Paragraph 1** above, Guarantor absolutely and unconditionally guarantees to BAHFA the prompt payment when due, whether by acceleration or otherwise, of (collectively, the “**Carry Obligations**”):

2.1 all real estate taxes, insurance premiums, and other operating expenses relating to the Premises and the Improvements or in connection with the Premises;

- 2.2 all property management expenses;
- 2.3 all sales and leasing commissions now or hereafter owing with respect to the sale, leasing and rental of all or a portion of the Premises;
- 2.4 all property maintenance charges;
- 2.5 any condominium or planned unit development charges, business improvement district charges, any permit fees, violation or other municipal charges; and
- 2.6 any other expenses or deficits relating to the ownership or operation of the Premises.

3. Indemnification Obligations. Without limiting **Paragraph 1** above, Guarantor hereby indemnifies and agrees to hold BAHFA harmless from any loss, cost or expense incurred by BAHFA as a result of (collectively, the "**Indemnification Obligations**"; the Payment Obligations, the Carry Obligations, and the Indemnification Obligations beings herein collectively referred to as the "**Guarantor's Obligations**");

- 3.1 Any waste at any portion of the Premises;
- 3.2 Any fraud or misrepresentation by the Borrower in connection with the Loan;
- 3.3 The gross negligence or willful misconduct of the Borrower or Guarantor, or their agents, managers, officers or employees with respect to their obligations to the operation of the Premises;
- 3.4 Any failure to pay any taxes, insurance or other payments required in connection with the ownership or operation of the Premises;
- 3.5 Any transfer of any direct or indirect interest in the Premises which is in violation of the terms of the Security Instrument;
- 3.6 The filing by the Borrower or any guarantor or indemnitor, including, without limitation, any Indemnitor, of a voluntary petition under the United States Bankruptcy Code (the "**Bankruptcy Code**") or any other Federal or state bankruptcy or insolvency law;
- 3.7 Any affiliate, officer, director or representative which controls, directly or indirectly, the Borrower or any guarantor or indemnitor, including, without limitation, any Indemnitor files, or joins in the filing of, an involuntary petition against the Borrower or any guarantor, including, without limitation, any Indemnitor, under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law, or solicits or causes to be solicited petitioning creditors for any involuntary petition against the Borrower or any guarantor or indemnitor, including, without limitation, any Indemnitor, from any Person;
- 3.8 The Borrower or any guarantor or indemnitor, including, without limitation, any Indemnitor, files an answer consenting to, or otherwise acquiescing in, or joining in, any involuntary petition filed against it by any other Person under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law, or solicits or causes to be solicited petitioning creditors for any involuntary petition from any Person; and
- 3.9 Any affiliate, officer, director or representative which controls the Borrower or any guarantor or indemnitor, including, without limitation, any Indemnitor, consents to, or acquiesces in, or joins in, an application for the appointment of a custodian, receiver, trustee or examiner for the Borrower, any guarantor or indemnitor, including, without limitation, any Indemnitor, or any portion of the Premises.

4. Representations and Warranties. Guarantor represents and warrants to BAHFA that:

- 4.1 **Power and Authority.** Guarantor has the full power and authority to execute and deliver this Guaranty and to perform its obligations hereunder; the execution, delivery and performance of this Guaranty by Guarantor has been

duly and validly authorized; and all requisite action has been taken by Guarantor to make this Guaranty valid and binding upon Guarantor and enforceable in accordance with its terms.

4.2 Binding Agreement. This Guaranty constitutes the valid and legally binding obligations of Guarantor and is enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally.

4.3 Litigation. There are no actions, suits or proceedings at law or in equity or governmental proceedings pending or, to the knowledge of Guarantor, threatened against Guarantor.

4.4 Required Consents. All consents, approvals and authorizations, if any, required for the execution, delivery and performance of this Guaranty have been obtained, and no other consent, authorization or approval of, filing with, notice to, or exemption by, any governmental agency or other person (except for those which have been obtained, made or given) is required to authorize, or is required in connection with the execution, delivery and performance of this Guaranty or is required as a condition to the validity or enforceability of this Guaranty. No provision of any applicable statute, law (including, without limitation, any applicable usury or similar law), rule or regulation of any governmental agency prevents the execution, delivery or performance of, or affects the validity of, this Guaranty.

4.5 No Conflicting Agreement. Guarantor is not in default under any mortgage, indenture, contract or agreement to which it is a party or by which it or any of its properties is bound. The execution, delivery or carrying out of the terms of this Guaranty will not result in the breach of any term or provision of any of Guarantor's organizational documents or constitute a default thereunder, or result in the creation or imposition of, or obligation to create, any lien or other encumbrance upon any property of Guarantor or result in a breach of or require the mandatory repayment of or other acceleration of payment under or pursuant to the terms of any such mortgage, indenture, contract or agreement.

4.6 Compliance with Applicable Laws. Guarantor is not in default with respect to any judgment, order, writ, injunction, decree or decision of any governmental agency. Guarantor is complying in all material respects with all laws, statutes, regulations, rules and orders applicable to Guarantor.

4.7 Financial Representations. Guarantor warrants, represents and covenants to BAHFA that on and after the date hereof: (a) the fair saleable value of Guarantor's assets exceeds its liabilities, Guarantor is meeting its current liabilities as they mature, and Guarantor is and shall remain solvent; (b) all financial statements of Guarantor furnished to BAHFA are correct and accurately reflect the financial condition of Guarantor as of the respective dates thereof; (c) since the date of such financial statements, there has not occurred a material adverse change in the financial condition of Guarantor; and (d) there are not now pending any court or administrative proceedings or undischarged judgments against any Guarantor, no federal or state tax liens have been filed or threatened against any Guarantor, and Guarantor is not in default or claimed default under any agreement.

5. Covenants. Guarantor covenant and agrees that:

5.1 Reimbursement. Guarantor shall, promptly upon demand by BAHFA, pay to BAHFA and/or reimburse BAHFA and/or perform as directed by BAHFA, in respect of all Guarantor's Obligations or other agreements herein, in such manner and at such time as BAHFA shall require.

5.2 Specific Performance. In the event that Guarantor does not timely pay or perform any of its obligations under this Agreement, BAHFA may pay or perform said obligations at the expense of Guarantor. The failure of Guarantor to so pay or perform any of its obligations under this Agreement shall constitute a default hereunder, and BAHFA, shall have the option to require specific performance by Guarantor of any of said obligations hereunder, in addition to any other rights or remedies hereunder, under the Loan Documents or at law or equity. Any amounts expended by BAHFA in the exercise of any rights of BAHFA hereunder shall be paid to BAHFA promptly upon demand, and until paid shall accrue interest at the Default Rate.

6. Unconditional and Continuing Nature of Guaranty.

(a) **Unconditional Guaranty.** The obligations of Guarantor hereunder are absolute and unconditional, under all circumstances and irrespective of the genuineness, validity, regularity, discharge, release or enforceability of Guarantor's Obligations, or of any instrument evidencing any of Guarantor's Obligations or of any collateral therefor or of the existence or extent of such collateral or of the obligations of Guarantor under this Guaranty.

(b) **Modification of Agreements.** Guarantor agrees that BAHFA may at any time and from time to time, either before or after the maturity thereof, without notice to or further consent of Guarantor, extend the time of payment of, exchange, release, substitute or surrender any collateral for, renew or extend any of, or change the amount of, the Loan or increase the interest rate thereon, and may also make any agreement with the Borrower or with any other party to or person liable on the Loan, or any guarantor of or hypothecator of collateral or other surety for such Guarantor's Obligations or interested therein, for the extension, renewal, payment, compromise, discharge or release thereof, in whole or in part, or for any modification of the terms thereof or of any agreement between BAHFA and the Borrower or any such other party or person, without in any way impairing or affecting this Guaranty.

(c) **Continuing Guaranty.** This is a continuing Guaranty and shall remain in full force and effect and be binding upon Guarantor and Guarantor's successors and assigns until all of the occurrence of the conditions set forth in **subsection (e)** below have been satisfied. If any of the present or future Guarantor's Obligations are guaranteed by persons, partnerships, limited liability companies or corporations in addition to Guarantor, the death, release or discharge in whole or in part, or the bankruptcy, liquidation or dissolution of one or more of them, shall not discharge or affect Guarantor's Obligations under this Guaranty. In addition, the death, release or discharge in whole or in part, or the bankruptcy, liquidation or dissolution of any of the persons comprising Guarantor shall not discharge or affect the liabilities of any of the other persons comprising Guarantor under this Guaranty.

(d) **Guaranty of Payment.** This Guaranty is a guaranty of payment and not of collection, and BAHFA shall not be under any obligation to take any action against the Borrower or any other person liable with respect to any of Guarantor's Obligations or resort to any collateral security securing any of Guarantor's Obligations or this Guaranty as a condition precedent to Guarantor being obligated to make payment and perform as agreed herein.

(e) **Release.** Until the earlier to occur of (i) the indefeasible repayment in full of the Loan and all other sums due in connection therewith and the termination of the Loan Agreement and return of the Note to Borrower by BAHFA, and (ii) the indefeasible payment and performance by Guarantor of all of its obligations hereunder, the liability of Guarantor under this Guaranty shall not be released.

6.1 Reinstatement. This Guaranty shall continue to be effective or shall be reinstated, as the case may be, if at any time payment of all or any part of any payment of Guarantor's Obligations is rescinded or must be restored or returned by BAHFA whether under any reorganization, bankruptcy, receivership or insolvency proceeding or otherwise; and Guarantor agrees that it will indemnify BAHFA on demand for all costs and expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by BAHFA in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

7. Miscellaneous.

7.1 Waivers. Guarantor hereby waives for the benefit of BAHFA:

7.1.1 Waiver of Notice, Presentment. Notice of the acceptance of this Guaranty and of the making of the Loan or extensions of credit or the incurrence of any other obligation by the Borrower pursuant to the Loan Documents, presentment to or demand of payment from anyone whosoever liable upon any of Guarantor's Obligations, protest, notice of presentment, non-payment or protest and notice of any sale of collateral security or any default of any sort;

7.1.2 Waiver of Claims. Any rights to claim or interpose any defense, counterclaim or offset of any nature and description which it may have or which may exist between and among BAHFA, the Borrower and/or Guarantor or to seek injunctive relief;

7.1.3 Subrogation. Until such time as BAHFA shall have been indefeasibly paid in full all of Guarantor's Obligations, Guarantor waives any rights to be subrogated to the rights of BAHFA with respect to Guarantor's Obligations and Guarantor waives any right to, and agrees that it will not institute or take any action against the Borrower seeking, contribution, reimbursement or indemnification by the Borrower with respect to any payments made by Guarantor to BAHFA; and

7.1.4 Other Defenses. Any defense or benefits that may be derived from or afforded by laws which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of this Guaranty.

(f) **Enforcement of Loan Documents.** The obligations of the undersigned are in addition to, and not in diminution of, the obligations of the Borrower and Guarantor under any other Loan Document. No failure on the part of BAHFA to exercise, and no delay in exercising, any right, remedy or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise by BAHFA of any right, remedy or power hereunder or under any other Loan Document preclude any other or future exercise thereof or the exercise of any other right, remedy or power.

(g) **Liabilities Unimpaired.** The liability of Guarantor under this Guaranty shall not be limited or impaired by reason of any amendment, waiver or modification of the provisions of any Loan Document, the release or substitution of any collateral securing the Loan, any transfer of the Premises or any part thereof to BAHFA or its nominee, any failure on the part of BAHFA to record or otherwise perfect any lien or security interest in any such collateral, any sale or transfer of the Premises or any part thereof or any determination that any Loan Document is illegal or unenforceable.

(h) **Guarantor's Acknowledgements.** Guarantor hereby acknowledges (i) receipt and approval of the Loan Agreement, the Note, and all other Loan Documents, and (ii) it has derived or expects to derive a financial or other benefit from each and every obligation incurred by the Borrower to BAHFA under or pursuant to the Loan Agreement, the Note and the other Loan Documents.

(i) **Post Default Interest.** Guarantor agrees that any of Guarantor's Obligations which are not paid on demand shall accrue interest at the Default Rate until paid in full, all such interest being payable to BAHFA on demand.

(j) **Expenses.** If any suit or proceeding is instituted by BAHFA for the enforcement of any of the provisions of this Guaranty, Guarantor shall pay to BAHFA on demand all expenses of BAHFA (including reasonable attorneys' fees and actual disbursements) in connection with such suit or proceeding, and until such expenses are paid, the same shall accrue interest at the Default Rate. The obligations of Guarantor under this paragraph shall survive any termination of Guarantor's other obligations under this Guaranty.

8. Special State Provisions. To the extent permitted by law, Guarantor hereby also waives and agrees not to assert or take advantage of:

8.1 Any defense based upon BAHFA's election of any remedy against any Guarantor, including, without limitation, the defense to enforcement of this Guaranty (the "Gradsky" defense based upon Union Bank v. Gradsky, 265 Cal. App. 2d 40 (1968) or subsequent cases) which, absent this waiver, Guarantor would have by virtue of an election by BAHFA to conduct a non-judicial foreclosure sale of the Property, it being understood by Guarantor that any such non-judicial foreclosure sale will destroy, by operation of California Code of Civil Procedure Section 580d, all rights of any party to a deficiency judgment against the Borrower, and, as a consequence, will destroy all rights which Guarantor would otherwise have (including, without limitation, the right of subrogation, the right of reimbursement, and the right of contribution) to proceed

against the Borrower and to recover any such amount, and that BAHFA could be otherwise estopped from pursuing Guarantor for a deficiency judgment after a non-judicial foreclosure sale on the theory that a guarantor should be exonerated if a lender elects a remedy that eliminates the guarantor's subrogation, reimbursement or contribution rights;

8.2 Any rights under California Code of Civil Procedure Sections 580a and 726(b), which provide, among other things: that a creditor must file a complaint for deficiency within three (3) months of a nonjudicial foreclosure sale or judicial foreclosure sale, as applicable; that a fair market value hearing must be held; and that the amount of the deficiency judgment shall be limited to the amount by which the unpaid debt exceeds the fair market value of the security, but not more than the amount by which the unpaid debt exceeds the sale price of the security; and

8.3 Without limiting the generality of the foregoing or any other provision hereof, Guarantor expressly waives any and all benefits which might otherwise be available to Guarantor under California Civil Code Sections 2809, 2810, 2819, 2839, 2845, 2849, 2850, 2899 and 3433 and California Code of Civil Procedure Sections 580a, 580b, 580d and 726, or any of such sections.

8.4 Without limiting the generality of the foregoing or any other provision of this Guaranty, Guarantor hereby expressly waives any and all benefits under California Civil Code Sections 2787 thru and including 2856.

9. Guarantor's Waiver Pursuant to California Civil Code Section 2856. In addition to all the other waivers agreed to and made by Guarantor as set forth in this Guaranty, and pursuant to the provisions of California Civil Code Section 2856, Guarantor hereby waives all rights and defenses that Guarantor may have because the debtor's debt is secured by real property. This means, among other things:

9.1 The creditor may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by the debtor.

9.2 If the creditor forecloses on any real property collateral pledged by the debtor:

9.3 The amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price.

9.4 The creditor may collect from Guarantor even if the creditor, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from the debtor.

This is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because the debtor's debt is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Sections 580a, 580b, 580d, or 726 of the California Code of Civil Procedure.

Guarantor further hereby waives all rights and defenses arising out of an election of remedies by the creditor, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the Code of Civil Procedure or otherwise.

(Remainder of page intentionally left blank; signature page(s) follow.)

IN WITNESS WHEREOF, this Repayment Guaranty has been duly executed as of the day and year first written above.

_____, a

By: _____
Name:
Title:

ATTACHMENT NO. 8

**FORM OF REGULATORY AGREEMENT AND DECLARATION
OF COVENANTS AND RESTRICTIONS**

[Attached behind this cover page]

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Bay Area Housing Finance Authority
Bay Area Metro Center, Suite 800
375 Beale Street, San Francisco, California 94105
Attn: BAHFA Section Director

SPACE ABOVE FOR RECORDER'S USE ONLY
EXEMPT FROM RECORDING FEE PER
GOVERNMENT CODE §27383

**REGULATORY AGREEMENT
(Priority Sites Program—Insert Name of Project)**

between

THE BAY AREA HOUSING FINANCE AUTHORITY

and

**[NAME OF DEVELOPER],
a [State and type of entity, e.g. a California limited partnership]**

[Dated as of _____, 20__ for reference purposes only]

REGULATORY AGREEMENT
(Priority Site Program—Insert Name of Project)

This REGULATORY AGREEMENT (Priority Sites Program—Insert Name of Project) (“**Regulatory Agreement**”) is made and entered into as of _____, 2021, by and between the BAY AREA HOUSING FINANCE AGENCY (“**BAHFA**”) and INSERT NAME OF DEVELOPER], a [Insert State and type of business entity] (“**Owner**”).

RECITALS

A. BAHFA and the Owner entered into that certain Affordable Housing Loan Agreement (Priority Sites Program—Insert Name of Project) dated as of _____ (the “**Affordable Housing Agreement**”), which provides that BAHFA will loan certain funds to the Owner subject to the terms and conditions of the Affordable Housing Agreement. Under the Affordable Housing Agreement, BAHFA has agreed to provide financial assistance to the Owner to be used in furtherance of the development or preservation of certain multifamily residential housing that will include Affordable Housing Units that shall be rented to Qualified Households at an Affordable Rent, as more specifically described in the Unit Breakdown, attached hereto as Attachment No. 2 attached hereto and incorporated herein by this reference (the “**Project**”).

B. BAHFA and the Owner desire that the Project be operated as a multifamily residential community on the Property that will include residential units made available to Qualified Households at an Affordable Rent as more specifically defined herein. This Regulatory Agreement establishes terms and conditions which govern the operation of the Property.

C. The terms of the Affordable Housing Agreement require that certain covenants and affordability restrictions remain in full force and effect on the Project for a term commencing on the date of recordation of this Regulatory Agreement and continuing for fifty-five (55) years following the Completion Date as defined herein (“**Term**”).

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND UNDERTAKINGS SET FORTH HEREIN, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE OWNER AND BAHFA DO HEREBY COVENANT AND AGREE FOR THEMSELVES, THEIR SUCCESSORS AND ASSIGNS AS FOLLOWS:

1. Definitions of Certain Terms. as used in this Regulatory Agreement, the following words and terms shall have the meaning as provided in the recitals or in this Section 1, unless the specific context of usage of a particular word or term may otherwise require. All initially capitalized terms used and not otherwise defined in the recitals or in this Section shall have the meaning ascribed to such term by the Affordable Housing Agreement.

1.1 Affordable Rent. In reference to each Affordable Unit, “**Affordable Rent**” shall mean rent at a level which is no higher than the maximum rent for the applicable household income level as published by TCAC annually as the Multi-Family Tax Subsidy Rents for Low Income Housing Tax Credit Projects. For purposes of the calculation of Affordable Rent “adjusted

for household size” shall be the federally-mandated household size assumptions as set forth in federal statutes or regulations for the Tax Credit program.

1.2 Affordable Units. The residential units that are part of the Project that are restricted by Owner for rental and occupancy by Qualifying Households at an Affordable Rent in accordance with the terms and conditions of this Agreement. The income levels for the Affordable Units are set forth in the Unit Breakdown, attached to this Regulatory Agreement as Attachment No. 2 and incorporated herein by this reference, and are established based on the income levels for the County in which the Project is located, as published annually by TCAC based on the income levels applicable to low income housing funded with Low Income Housing Tax Credits as published by the U.S. Department of Housing and Urban Development.

1.3 Area Median Income or AMI. “Area Median Income” or “AMI” shall mean the 100% Income Level for the County in which the Project is located, as published annually by the California Tax Credit Allocation Committee based on the Income Limits applicable to low income housing funded with Low Income Housing Tax Credits as determined by the U.S. Department of Housing and Urban Development.

1.4 Annual Report. The Certification of Continuing Program Compliance attached to this Regulatory Agreement as Attachment No. 4 and incorporated by this reference or comparable report filed annually by the Owner with TCAC, HCD or other governmental agencies.

1.5 BAHFA Parties. Collectively, BAHFA, Metropolitan Transportation Commission, Association of Bay Area Governments, and their respective boards, agents, attorneys, officers, employees, and authorized representatives.

1.6 Completion Date. The date a final certificate of completion, occupancy, or equivalent document is issued by the local jurisdiction where the Project is located to certify that the Project may be legally occupied.

1.7 County. The County in which the Property is located.

1.8 Income Certification Form. The Certification of Tenant Eligibility attached to this Regulatory Agreement as Attachment No. 3 and incorporated by this reference, or comparable income certification form required by TCAC, HCD or other governmental agencies.

1.9 Market Rate Units. The residential units that are included in the Project that are not restricted by Owner as Affordable Units for rental and occupancy by Qualifying Households at an Affordable Rent. The number of Market Rate Units included in the Project are set forth in the Unit Breakdown, attached to this Regulatory Agreement as Attachment No. 2 and incorporated herein by this reference.

1.10 Project. The operation of a multi-family rental housing development on the Property that will include Affordable Housing Units that shall be rented to Qualified Households at an Affordable Rent, at the income levels as set forth in the Unit Breakdown attached hereto as Attachment No. 2, and all related on- and off-site improvements, as more particularly described in Project Description attached to the Affordable Housing Agreement.

1.11 Property. That certain real property where the Project is located, as more particularly described in the legal description attached hereto as Attachment No. 1 and incorporated herein by this reference.

1.12 Property Manager. Property Manager shall have the meaning as set forth in Section 11.1 of this Regulatory Agreement.

1.13 Qualifying Households. A household that (1) intends to reside in the Affordable Unit; and (2) whose income does not exceed the maximum income allowable for the subject Affordable Unit. The required income levels for Qualifying Households in the Project are designated in the Unit Breakdown attached hereto as Attachment No.2.

1.14 Term. The period of time following the date of recordation of this Regulatory Agreement, and ending on the fifty-fifth (55th) anniversary of the Completion Date; provided, however, if a record of the Completion Date cannot be located or established, the Term will expire on the fifty-seventh (57th) anniversary of this Regulatory Agreement.

2. Affordable Multi-Family Residential Rental Property Restrictive Covenant. The Owner covenants to and for the benefit of BAHFA that the Owner shall develop, own, manage and operate, or cause the management and operation of, the Project to provide multi-family residential rental housing in the Affordable Units only to Qualifying Households at an Affordable Rent in accordance with the Unit Breakdown. The Owner will not knowingly permit any Affordable Unit to be used on a transient basis and will not lease or rent any Affordable Unit for an initial period of less than twelve (12) months. No Affordable Unit will, at any time, be leased or rented for use as a hotel, motel, time share, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitary or rest home.

3. Continuous Operation Covenant. The Owner covenants to and for the benefit of BAHFA to cause the Project to be continuously operated, in accordance with the other provisions of this Regulatory Agreement, throughout the Term.

4. Abandonment. The Owner shall not abandon or surrender the operation of all or any part of the Project during the Term, except due to material casualty or condemnation.

5. Rental of Affordable Units. The Owner covenants that each of the Affordable Units shall be occupied or available for occupancy by a Qualifying Household at an Affordable Rent on a continuous basis throughout the Term.

6. Affordable Rent. The monthly rent charged to a Qualifying Household for the occupancy of an Affordable Unit shall not exceed an Affordable Rent for such Affordable Unit except as provided herein.

6.1 Rent for Qualifying Units may be increased only once per calendar year at the annual anniversary of each tenant's lease execution. At such time the Owner shall increase the rent by the lesser of (i) a percentage increase based on the percentage change in Area Median Income over that year; or (ii) four percent (4%); provided that the rent for each Affordable Unit must never exceed the Affordable Rent for that Qualifying Household.

6.2 Determination of Qualifying Household income shall be made by the Owner at the time of initial application by an individual or household for occupancy of an Affordable Unit. At the time of initial application, the Owner shall require an applicant to complete the Income Certification Form and certify the accuracy of the information provided on such form. The Owner shall make a good faith effort to verify the accuracy of income information provided in any Income Certification Form by an applicant for occupancy of an Affordable Unit or by a Qualifying Household occupying an Affordable Unit, by taking one or more of the following steps, as reasonably required or indicated: (1) obtain an income tax return and copy of each W2 Wage and Earnings Statement for the most recently concluded income tax year; (2) conduct a credit reporting agency or similar search; (3) obtain an income verification form from the applicant's or the Qualifying Household's current employer(s); (4) obtain an income verification form from the United States Social Security Administration and/or the California Department of Social Services, if the applicant or the Qualifying Household receives assistance from either of such agencies; or (5) if the applicant or an adult member of a Qualifying Household is unemployed and has no such income tax return, obtain another form of independent verification. For purposes of this Section 6.2, the Owner may conclusively rely upon the evidence of the age of the occupant(s) of an Affordable Unit as presented in a valid California Driver's License, other form of identification issued by the State of California or the United States Government, which includes a date of birth. All such verification information shall only be obtained by the Owner after obtaining the applicant's or the Qualifying Household's written consent for the release of such information to the Owner. Failure to consent in writing to the release of such income verification information to the Owner may disqualify an applicant for occupancy of an Affordable Unit. After the initial certification, Owner shall, upon request by BAHFA, provide such periodic income certification or reports as are required in conjunction with other financing sources utilized by Owner in the development of the Project.

6.3 The restricted income level of each Affordable Unit may change as Affordable Units become vacant (to the extent necessary to satisfy the "next available unit rule" or other similar requirements imposed by Project financing sources). In all circumstances, though, the rent for each Affordable Unit shall be an Affordable Rent for the Affordable Unit as necessary to maintain the restricted income tenant mix required under the Unit Breakdown. If the Owner or BAHFA determines that the income of a previously Qualifying Household exceeds one hundred forty percent (140%) of the qualifying income for a Qualifying Household, then, subject to applicable law and the requirements of any financing source, the Owner or Property Manager shall notify such household that its lease for its Affordable Unit will not be renewed upon the expiration of its lease, unless the household again becomes a Qualifying Household upon recertification prior to the expiration of its lease. If Owner or BAHFA determines that the income category of a Qualifying Household exceeds the qualifying income of the Affordable Unit, then such Qualifying Household shall be permitted to continue to occupy the Qualifying Unit and the Affordable Rent may be increased to one-twelfth of thirty percent (30%) of the Qualifying Household's actual income, adjusted for household size, upon sixty (60) days written notice to the Qualifying Household, and the Affordable Unit shall continue to be classified as an Affordable Unit at the existing income level, but the Owner or Property Manager shall rent the next available Unit to a Qualifying Household with an income level that will maintain the tenant income level mix set forth in the Unit Breakdown. To the extent the federal low-income housing tax credit requirements conflict with the requirements in this Section 6.3 relative to the continued occupancy by

households that do not qualify as Qualifying Households, the federal low-income housing tax credit requirements shall apply in place of the provisions in this Section 6.3.

6.4 The Owner and each Qualifying Household occupying an Affordable Unit shall permit BAHFA to conduct inspections of the Property, the Project and each Affordable Unit, from time-to-time, for purposes of verifying compliance with this Regulatory Agreement, upon fifteen (15) days prior written notice to the Owner.

6.5 The Owner shall submit its first Annual Report to BAHFA on the April 30th immediately following the issuance of the final Certificate of Completion or Occupancy for the Project by BAHFA. Thereafter, on each April 30 during the Term, the Owner shall submit an Annual Report to BAHFA. BAHFA shall maintain the confidentiality of the information contained in any Annual Report specifically relating to any particular Qualifying Household occupying an Affordable Unit, to the extent reasonably allowed by Law, as determined by BAHFA'S general counsel.

7. Owner Covenant Regarding Lease of Affordable Units. The Owner, for itself, its successors and assigns, covenants and agrees that, if any Affordable Unit is rented or leased during the Term, the rental or lease of the Affordable Unit shall be accomplished through a written lease agreement and all of the following restrictions shall apply:

7.1 A Qualifying Household shall be the record tenant and only occupant of the Affordable Unit.

7.2 The lease for each Affordable Unit shall be for an initial term of not less than twelve (12) months.

7.3 Each lease for an Affordable Unit shall contain all of the following provisions:

7.3.1 An agreement authorizing the Owner to immediately terminate the tenancy of a Qualifying Household occupying an Affordable Unit, where one or more members of that Qualifying Household misrepresented any fact material to the qualification of such household as a Qualifying Household;

7.3.2 An agreement providing that each Qualifying Household occupying an Affordable Unit may be subject to rental increases in accordance with this Regulatory Agreement;

7.3.3 An agreement providing that the Owner will not discriminate on the basis of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, genetic information or receipt of public assistance or housing assistance in connection with rental of an Affordable Unit, or in connection with the employment or application for employment of persons for operation and management of the Project, and all contracts, applications and leases entered into for such purposes shall contain similar non-discrimination clauses to such effect; and

7.4 The Owner shall not terminate the tenancy or refuse to renew the lease or rental agreement of a Qualifying Household except for: (i) serious or repeated violations of the

terms and conditions of the lease; (ii) for violation of applicable Federal, State, or local law; or (iii) for other good cause. The Owner shall follow all applicable laws, rules and regulations in connection with termination of the tenancy of a Qualifying Household or a refusal to renew the lease or rental agreement of a Qualifying Household.

7.5 Tenant Selection Policies. The Owner shall adopt written tenant selection policies and criteria that:

7.5.1 are consistent with the purpose of providing affordable rental housing for Qualifying Households at an Affordable Rent;

7.5.2 are reasonably related to tenant eligibility and ability to perform the obligations of the lease for an Affordable Unit;

7.5.3 provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable;

7.5.4 give prompt written notice to any rejected applicant of the grounds for rejection; and

7.5.5 provide for all of the Affordable Units to be available for occupancy on a continuous basis to Qualifying Households at an Affordable Rent; and

7.5.6 provide that Owner shall list available Affordable Units on BAHFA's Doorway Portal for available affordable housing opportunities once it is available for use by affordable housing providers, or any subsequent on-line affordable housing portal developed by BAHFA or designated by BAHFA for use in the applicable County

8. Non-Discrimination. The Owner shall not give preference to any particular class or group of persons in renting the units in the Project. There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any Unit. Neither the Owner nor any person claiming under or through the Owner, shall establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of any Unit or in connection with the employment of persons for the operation and management of any Unit, the Project or the Property. All deeds, leases or contracts made or entered into by the Owner as to the units, the Project or the Property or any portion thereof, shall contain covenants prohibiting discrimination, as prescribed by this Regulatory Agreement.

9. Equal Housing Notice. The Owner shall provide for a statement in all advertisements, notices and signs for the availability of Qualifying Units for lease or rent to the effect that the Owner is an equal housing opportunity provider, and include an equal housing

opportunity logotype in all notices, signs and advertisements in print media for the Affordable Units.

10. Compliance with Law. The Owner shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, rules, and other legal requirements in effect during the term of this Agreement, including but not limited to guidelines or regulations promulgated by BAHFA during the term of this Agreement to clarify the implementation of the Agreement. The Owner shall obtain any and all permits, licenses, and other authorizations necessary for completion of the Project and compliance with the terms of this Agreement.

11. Development and Management of the Project.

11.1 Management of Project; Property Manager. Owner shall manage or cause the Project, and all appurtenances thereto that are a part of the Project, to be managed in a prudent and business-like manner, consistent with good property management standards for other comparable first quality, well-managed affordable rental housing projects in the County. The Owner or the entity retained by Owner to manage the Project shall be referred to herein as the **“Property Manager.”** The Property Manager shall manage the Project in accordance with the definitions of Affordable Units and Affordable Rent, the tenant selection requirements, and the definitions relating to income contained herein and in the Affordable Housing Agreement. The Property Manager shall be responsible for management of the Project, including, without limitation, the selection of Qualified Households, certification and recertification of household size and income of all Qualified Households, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. BAHFA shall bear no responsibility for the management or operation of the Project or the Property. Owner shall conduct due diligence and background evaluation of any potential third-party property manager or property management company to evaluate experience, references, credit worthiness, and related qualifications as a property manager.

11.2 Gross Mismanagement. During the Term, and in the event of “Gross Mismanagement” (as defined below) of the Project, BAHFA shall have and retain the authority to direct and require any condition(s), acts, or inactions of Gross Mismanagement to cease and/or be corrected immediately, and further to direct and require the immediate removal of the Property Manager and replacement with a new qualified and approved Property Manager, if such condition(s) is/are not ceased and/or corrected after expiration of thirty (30) days from the date of written notice from BAHFA. If Owner or Property Manager has commenced to cure such Gross Mismanagement condition(s) on or before the 20th day from the date of written notice (with evidence of such submitted to BAHFA), but has failed to complete such cure by the 30th day (or such longer period if the cure cannot reasonably be accomplished in thirty (30) days as reasonably determined by the non-defaulting party), then Owner and its Property Manager shall have an additional ten (10) days to complete the cure of Gross Mismanagement condition(s). In no event shall any condition of Gross Mismanagement continue uncured for a period exceeding forty-five (45) days from the date of the initial written notice of such condition(s), except that the conditions described in subdivisions 11.2.4 and 11.2.5 below may exist for up to, but no longer than, seventy-five (75) days without triggering BAHFA’s right to remove the Property Manager as described in the immediately following sentence as long as Owner is diligently working to cure such conditions

of Gross Mismanagement. If such condition(s) do persist beyond such period, BAHFA shall have the sole and absolute right to immediately and without further notice to Owner (or to Property Manager or any other person/entity) to remove the Property Manager and replace the Property Manager with a new property manager of BAHFA'S selection at the sole cost and expense of Owner. If Owner takes steps to select a new Property Manager that selection is subject to the requirements set forth above for selection of a Property Manager.

For purposes of this Regulatory Agreement, the term "Gross Mismanagement" shall mean management of the Project in a manner which knowingly violates the terms and/or intention of this Agreement to operate a high quality affordable housing complex, and shall include, but is not limited to, any one or more of the following:

11.2.1 Leasing of a unit to tenants who exceed or households that do not qualify as a Qualified Household for the applicable Affordable Unit (except if such action was based on fraudulent documents submitted by such tenant in the course of application for occupancy of a unit, which could not be discovered by the Property Manager initially through the exercise of ordinary and customary due diligence);

11.2.2 Allowing tenants to exceed the prescribed occupancy levels without taking immediate action to stop such overcrowding consistent with applicable laws;

11.2.3 Under-funding required reserve accounts;

11.2.4 Failing to timely maintain the Project in accordance with Section 12 of this Regulatory Agreement;

11.2.5 Failing to submit timely and/or complete annual reports to BAHFA as required herein;

11.2.6 Fraud or embezzlement of Project funds, including without limitation funds in the reserve accounts;

11.2.7 Failing to fully cooperate with local law enforcement agency(ies) with jurisdiction over the Project, in maintaining a crime-free environment within the Project;

11.2.8 Failure to remove graffiti which is visible from any public right-of-way which is adjacent or contiguous to the Project within 72 hours of notification by BAHFA. Such removal shall be accomplished by either painting over the evidence of such vandalism with a paint which has been color-matched to the surface on which the paint is applied, or graffiti may be removed with solvents, detergents or water as appropriate.

11.2.9 Failing to fully cooperate with the local fire department or other local public safety agency(ies) with jurisdiction over the Project, in maintaining a safe and accessible environment within the Project;

11.2.10 Failing to fully cooperate with local health and safety enforcement agency(ies) with jurisdiction over the Project, in maintaining a decent, safe and sanitary environment within the Project; and

11.2.11 Failure to fully remediate any conditions on the Property that give rise to a notice of violation issued by a local building official or other agency with authority over building conditions for the Project.

Notwithstanding the requirements of the Property Manager to correct any condition of Gross Mismanagement as described above, Owner is obligated and shall use its best efforts to correct any defects in property management or operations at the earliest feasible time and, if necessary, to replace the Property Manager as provided above. Owner shall include advisement and provisions of the foregoing requirements and requirements of this Agreement within any contract between Owner and its Property Manager for the Project.

11.3 Insurance. Borrower shall, at its own expense, obtain and maintain in effect at all times for the duration of this Regulatory Agreement the types of insurance and financial security listed in Attachment No. 4, Insurance and Financial Security (Bond) Provisions, to the Loan Agreement entered into by an between BAHFA and Owner, which Attachment is incorporated herein by this reference, against claims, damages and losses due to injuries to persons or damage to property or other losses that may arise in connection with the performance of work under this Regulatory Agreement. All policies will be issued by insurers acceptable to BAHFA, generally with a Best's Rating of A- or better with a Financial Size Category of VII or better, or an A rating from a comparable rating service.

11.4 Insurance Independent of Indemnification. The insurance requirements of this Agreement are independent of the Parties' indemnification and other obligations under this Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify the Parties' indemnification or other obligations or to limit the Parties' liability under this Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall the provision of such insurance preclude BAHFA or BAHFA Parties from taking such other actions as are available to it under any other provision of this Agreement or otherwise at law or in equity.

12. Maintenance of the Project. The Owner, for itself, its successors and assigns, hereby covenants and agrees that the exterior areas of the Project which are subject to public view (e.g.: all improvements, paving, walkways, landscaping, and ornamentation) shall be maintained in good repair and in a neat, clean and orderly condition, ordinary wear and tear excepted. In the event that at any time during the Term, there is an occurrence of an adverse condition on any area of the Project which is subject to public view in contravention of the general maintenance standard described above ("**Maintenance Deficiency**"), then BAHFA shall notify the Owner in writing of the Maintenance Deficiency and give the Owner thirty (30) calendar days from the date of such notice to cure the Maintenance Deficiency as identified in the notice. "Maintenance Deficiency" includes, without limitation, the following inadequate or non-conforming property maintenance conditions and/or breaches of residential property use restrictions: (i) failure to properly maintain the windows, structural elements, and painted exterior surface areas of the units in a clean and presentable manner; (ii) failure to keep the common areas of the Project free of accumulated debris, appliances, inoperable motor vehicles or motor vehicle parts, or free of storage of lumber, building materials or equipment not regularly in use on the Property; (iii) failure to regularly maintain, replace and renew the landscaping in a reasonable condition free of weed and debris; and (iv) the

use of garage areas on the Project for purposes other than the parking of motor vehicles and the storage of personal possessions and mechanical equipment of persons residing in the Project.

12.1 BAHFA Right to Cure. In the event the Owner fails to cure or commence to cure the Maintenance Deficiency within the time allowed, BAHFA shall have the right to enter the Project (exterior areas of the Project which are subject to public view only) and perform all acts necessary to cure the Maintenance Deficiency, or to take other action at law or equity that BAHFA may then have to accomplish the abatement of the Maintenance Deficiency. Any sum expended by BAHFA for the abatement of a Maintenance Deficiency as authorized by this Section 12.1 shall become a lien on the Project. If the amount of the lien is not paid within thirty (30) calendar days after written demand for payment by BAHFA to the Owner, BAHFA shall have the right to enforce the lien in the manner as provided in Section 12.2.

12.2 Enforcement of Liens for Maintenance Deficiency. The parties hereto further mutually understand and agree that the rights conferred upon BAHFA under this Section 12 expressly include the power to establish and enforce a lien or other encumbrance against the Property in the manner provided under California Civil Code Sections 2924, 2924b and 2924c, as such sections may be amended or superseded, in the amount as reasonably necessary to restore the Project to the maintenance standards required under this Section 12, including attorneys' fees and costs of BAHFA associated with the abatement of the Maintenance Deficiency or removal of graffiti and the collection of the costs of BAHFA in connection with such action. In any legal proceeding for enforcing such a lien against the Project, the prevailing party shall be entitled to recover its attorneys' fees and costs of suit. The provisions of this Section 12 shall be a covenant running with the land for the Term and shall be enforceable by BAHFA in its discretion, cumulative with any other rights or powers granted to BAHFA under applicable law. Nothing in the foregoing provisions of this Section 12 shall be deemed to preclude the Owner from making any alterations, additions, or other changes to any structure or improvement or landscaping on the Project, provided that such changes comply with the zoning and development regulations of BAHFA and other applicable law.

12.3 Displacement of Residents and Relocation. The Owner shall make best efforts to conduct capital repairs and replacements and ordinary repair and maintenance (collectively, "**Repairs**") in good faith and in a manner that does not result in the displacement of any of the residents of the Units. If any of the Owner's actions to conduct Repairs result in displacement of any of the Units' residents, the Owner shall notify BAHFA in writing, prior to conducting such Repairs, of the identities of the residents to be displaced, the Units they will be displaced from, the estimated length of time such residents shall be displaced, and shall demonstrate to the satisfaction of BAHFA that the displacement of the residents is required to complete the Repairs, and that the Repairs are necessary and cannot wait until a time when resident displacement would not be required, or that the resident has requested the Repairs. In no event will the residents be displaced for more than 180 days. If the displacement of the residents triggers relocation obligations, the Owner shall be responsible, at its sole cost and expense, for any and all such relocation obligations and related expenses. The Owner shall comply with all applicable federal, state and local laws, rules and regulations regarding such relocation obligations and related expenses, including any relocation requirements set forth by BAHFA, including as set forth in the Affordable Housing Agreement. The Owner shall defend, indemnify and hold harmless BAHFA Parties from and against all liability for any relocation obligations and related expenses attributable

to any Repairs. In the event that the Owner desires to convert the Project to community land trust or other form of limited equity ownership structure, the parties will negotiate in good faith regarding the terms of a rider or amendment to this Agreement to allow for such a conversion if permitted by the applicable funding sources and to address the possibility of any displacement or relocation based on the specific facts of the proposed conversion.

12.4 Comparability of Affordable Units to Other Units. The appearance, materials, finished quality, appliances and amenities of the Affordable Units shall be comparable to any Market Rate Unit on the Property and continue to be so during the Term. In the event that Owner makes improvements or upgrades to the Project during the term, Owner shall make comparable improvements to the Market Rate Units and Affordable Units. Occupants of the Affordable Units shall have access to and the right to use all Property and Project amenities provided to occupants of Market Rate Units within the Project on the same terms and conditions as offered to the occupants of other units within the Project.

12.5 Fees. Owner shall annually pay to BAHFA, BAHFA's monitoring and enforcement fees for the Affordable Units as may be established from time to time as a component of BAHFA's Fee Schedule. The monitoring or enforcement fee shall be either BAHFA's actual expenses incurred for monitoring or enforcing the terms of the Agreement, including staff time and third-party costs or the amount set forth in the Fee Schedule, as determined by BAHFA. BAHFA may expend such sums to reimburse itself for BAHFA's actual out-of-pocket expenses incurred in connection with such monitoring and /or enforcement activities.

12.6 Indemnification. It is specifically understood and agreed by the Parties that the Project contemplated by this Regulatory Agreement is a private development, that BAHFA has no interest in or responsibility for or duty to third persons concerning any of said improvements, and that Owner shall have the full power and the exclusive control of the Property subject only to the limitation and obligations of the Owner under this Regulatory Agreement. The Owner hereby agrees to and shall indemnify, defend with counsel reasonably acceptable to BAHFA and hold harmless BAHFA, Metropolitan Transportation Commission (MTC), Association of Bay Area Governments (ABAG) and their respected elected and appointed representatives, officers, agents and employees from any and all claims arising out of this Regulatory Agreement and related to any portion of the Project, including claims for bodily injury, including death, and property damage, which may arise directly or indirectly from the acts, omissions, negligence or willful misconduct of Owner or its shareholders, partners, members, principals, officers, employees, representatives, agents, contractors or subcontractors, excepting suits and actions arising from the active negligence or willful misconduct of BAHFA, MTC, ABAG or any of their respective officials, elected or otherwise, officers, employees, representatives, agents, contractors or subcontractors ("Claim"). This indemnification, defense and hold harmless agreement applies to all damages and claims for damages (including attorneys' fees and costs) suffered or alleged to have been suffered by reason of the acts, omissions, negligence or willful misconduct referred to in this Section 13, regardless of whether or not BAHFA prepared, supplied or approved plans or specifications for the Project. This Section 12.6 shall survive termination of this Agreement.

13. Covenants to Run With the Land. The Owner and BAHFA hereby declare their specific intent that the covenants, reservations and restrictions set forth herein are part of a plan for the production and preservation of affordable housing in accordance with the statutory

responsibilities of BAHFA and that each shall be deemed covenants running with the land and shall pass to and be binding upon the Property and each successor-in-interest of the Owner in the Property for the Term. The Owner hereby expressly assumes the duty and obligation to perform each of the covenants and to honor each of the reservations and restrictions set forth in this Regulatory Agreement. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

14. Defaults.

14.1 Events of Default. The occurrence of any of the following is a default and shall constitute a material breach of this Regulatory Agreement and, if not corrected, cured or remedied in the time period set forth in Section 14.2, shall constitute an “**Event of Default**” hereunder:

14.1.1 failure of the Owner or any person under its direction or control to comply with or perform when due any material term, obligation, covenant or condition contained in this Regulatory Agreement;

14.1.2 any warranty, representation or statement made or furnished to BAHFA by the Owner under this Regulatory Agreement that is false or misleading in any material respect at the time made or furnished;

14.1.3 any assignment for the benefit of creditors, any type of creditor workout or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Owner; or

14.1.4 an Event of Default pursuant to the Affordable Housing Agreement.

14.2 Notice of Default. BAHFA shall give written notice of default to the Owner, in accordance with Section 21, stating that such notice is a “**Notice of Default**”, specifying the default complained of by BAHFA and requiring the default to be remedied within thirty (30) calendar days of the date of the Notice of Default. Except as required to protect against further material damage, BAHFA may not institute legal proceedings against the Owner until thirty (30) calendar days after providing the Notice of Default. Failure or delay in giving a Notice of Default shall not constitute a waiver of any default, nor shall it change the time of occurrence of the default. If the default specified in the Notice of Default is such that it is not reasonably capable of being cured within thirty (30) calendar days, and if the Owner initiates corrective action within said thirty (30) calendar day period and diligently works to effect a cure as soon as possible, then the Owner may have such additional time as authorized in writing by BAHFA as reasonably necessary to complete the cure of the default prior to exercise of any other remedy for the occurrence of an Event of Default. Such authorization for additional time to cure shall not be unreasonably withheld, conditioned or delayed. Owner’s limited partner shall have the right to cure any default on behalf of Owner and any cure tendered by Owner’s limited partner shall be accepted or rejected on the same basis as if tendered by Owner.

If the Owner fails to take corrective action relating to a default within thirty (30) calendar days following the date of Notice of Default (or to complete the cure within the additional time as may be authorized by the BAHFA or as set forth above), an Event of Default shall be deemed to have occurred.

14.3 Inaction Not a Waiver of Default. Any failure or delays by BAHFA in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by BAHFA in asserting any of its rights and remedies shall not deprive BAHFA of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

15. Remedies. Upon the occurrence of an Event of Default which continues beyond applicable notice and cure periods, BAHFA shall, in addition to the remedial provisions of Section 12 as related to a Maintenance Deficiency at the Property, be entitled to seek any appropriate remedy by initiating legal proceedings as follows: (i) by mandamus or other suit, action or proceeding at law or in equity, to require the Owner to perform its obligations and covenants hereunder, or enjoin any acts or things which may be unlawful or in violation of the rights of BAHFA; or (ii) by other action at law or in equity as necessary or convenient to enforce the obligations, covenants and Agreements of the Owner to BAHFA.

15.1 Rights and Remedies are Cumulative. The rights and remedies of BAHFA as set forth in this Section 15 are cumulative and the exercise by BAHFA of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the Owner.

15.2 Enforcement by Third Parties. No third party shall have any right or power to enforce any provision of this Regulatory Agreement on behalf of BAHFA or to compel BAHFA to enforce any provision of this Regulatory Agreement against the Owner or the Project.

16. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California and applicable federal laws, without regard to its conflicts of laws principles.

17. Amendment. This Regulatory Agreement may be amended after its recordation only by a written instrument executed by the Owner and BAHFA.

18. Attorneys' Fees. In the event that a party to this Regulatory Agreement brings an action to enforce any condition or covenant, representation or warranty in this Regulatory Agreement or otherwise arising out of this Regulatory Agreement, the prevailing party(ies) in such action shall be entitled to recover from the other party reasonable attorneys' fees to be fixed by the court in which a judgment is entered, as well as the costs of such suit for the purposes of this Section 18, the words "reasonable attorneys' fees," in the case of BAHFA, shall include the salaries, costs and overhead of BAHFA's General Counsel office, as well as any other legal counsel hired by BAHFA in such action, as allocated on an hourly basis.

19. Severability. If any provision of this Regulatory Agreement shall be declared invalid, inoperative or unenforceable by a final judgment or decree of a court of competent jurisdiction such invalidity or unenforceability of such provision shall not affect the remaining

parts of this Regulatory Agreement which are hereby declared by the parties to be severable from any other part which is found by a court to be invalid or unenforceable.

20. Time is of the Essence. For each provision of this Regulatory Agreement which states a specific amount of time within which the requirements thereof are to be satisfied, time shall be deemed to be of the essence.

21. Notices, Demands and Communications Between the Parties. Any and all notices submitted by any party to another party pursuant to or as required by this Regulatory Agreement shall be dispatched by personally delivery; delivery through the United States mail, by registered or certified mail, postage prepaid; by means of prepaid overnight delivery service; or by email. Notices shall be deemed given upon receipt in the case of personal delivery, two days after deposit in the mail, or the next business day in the case of email or overnight delivery. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as any Party may from time to time designate in writing. Rejection, other refusal to accept or the inability to deliver any notice because of a changed address of which no notice was given or other action by a person or entity to whom notice is sent, shall be deemed receipt of the notice.

The following are the authorized addresses for the submission of notices to the parties, as of the date of this Regulatory Agreement:

To the Owner:

With copies to:

To BAHFA:

BAHFA Section Director
Metropolitan Transportation Commission
375 Beale Street, Suite 800
San Francisco, CA 94105
PHONE 415-778-6678
EMAIL bahfa@bayareametro.gov

With copies to:

General Counsel
Metropolitan Transportation Commission
375 Beale Street, Suite 800
San Francisco, CA 94105
PHONE 415-778-6678
EMAIL generalcounsel@bayareametro.gov

22. Recording. The parties hereto shall cause this Regulatory Agreement to be recorded in the official records of the County.

23. No Third Party Beneficiary. No claim as a third-party beneficiary under this Regulatory Agreement by any person, corporation or any other entity, shall be made or be valid against BAHFA or the Owner.

24. Prohibition Against Transfer.

24.1 Except as expressly provided in the Affordable Housing Agreement, the Owner shall not, without prior written approval of BAHFA, which may not be unreasonably withheld, delayed or conditioned: (i) assign or attempt to assign this Regulatory Agreement or any right herein; or (ii) make any total or partial sale, transfer, conveyance, lease, leaseback, or assignment of the whole or any part of the Property or the improvements thereon, with the exception of leases of the residential units as permitted by this Regulatory Agreement, or permit to be placed on any of the Property any unauthorized mortgage, trust deed, deed of trust, encumbrance or lien.

24.2 In the absence of specific written agreement or approval by BAHFA, no unauthorized sale, transfer, conveyance, lease, leaseback or assignment of the Property shall be deemed to relieve the Owner or any other party from any obligations under this Regulatory Agreement.

25. BAHFA Approvals and Actions. The Executive Director shall have the authority to make approvals, issue interpretations, waive provisions, grant extensions of time, approve amendments to this Regulatory Agreement and execute documents on behalf of BAHFA (to the extent not provided otherwise in this Regulatory Agreement), including, without limitation, subordinations (which may be granted or denied at the Executive Director's sole discretion) and any documents necessary to implement any changes in the number or affordability of the

Affordable Units, so long as such actions do not reduce the length of affordability of the Affordable Units or add to the costs incurred or to be incurred by BAHFA as specified herein.

IN WITNESS WHEREOF, the Owner and BAHFA have caused this Regulatory Agreement to be signed, acknowledged and attested on their behalf by duly authorized representatives in counterpart original copies which shall upon execution by all of the parties be deemed to be one original document.

[Signatures on following pages]

**BAHFA SIGNATURE PAGE
TO
REGULATORY AGREEMENT
(Priority Sites Program—Insert Project Name)**

BAHFA:

BAY AREA HOUSING FINANCE AGENCY

By: _____ Date: _____

SIGNATURE TO BE NOTARIZED

**OWNER SIGNATURE PAGE
TO
REGULATORY AGREEMENT**
(Priority Sites Program—Insert Project Name)

OWNER:

By: _____

By: _____

SIGNATURE TO BE NOTARIZED

Last Updated: 8/6/24

ATTACHMENT NO. 1
TO
REGULATORY AGREEMENT
(Priority Sites Program—Insert Project Name)

LEGAL DESCRIPTION
[To be included]

ATTACHMENT NO. 2
TO
REGULATORY AGREEMENT
(Priority Sites Program—Insert Project Name)

UNIT BREAKDOWN

The Project shall be comprised of multifamily rental housing units and shall include Affordable Units that shall be rented to Qualifying Households in accordance with the Unit Breakdown Table set forth below. The Unit Breakdown Table lists the number of units of each size (i.e., one-bedroom, two-bedroom, etc.) that will be designated for rent to households at specific income levels, based on the Maximum Income Levels as published annually by the California Tax Credit Allocation Committee for the County in which the Project is located, or Unrestricted. The units listed as Affordable Units in the table below shall be rented or made available for rental to Qualifying Households at Affordable Rents in accordance with the income limits listed in this Attachment.

Unit Breakdown Table:

# of Bedrooms	# of Units	TCAC Income Level (30%, 50%, 80%, etc., or Unrestricted)	Total Unrestricted Unit	Total Affordable Units
Total Project Units				

Last Updated: 8/6/24

ATTACHMENT NO. 3
TO
REGULATORY AGREEMENT
(Priority Sites Program—Insert Project Name)

Certification of Tenant Eligibility

[to be inserted]

ATTACHMENT NO. 4
TO
REGULATORY AGREEMENT
(Priority Sites Program—Insert Project Name)

Annual Report

[to be inserted]

TIDA APPLICATION



TREASURE ISLAND DEVELOPMENT AUTHORITY
ONE AVENUE OF THE PALMS, 2ND FLOOR
SAN FRANCISCO, CA 94130
(415) 274-0660
WWW.SFTREASUREISLAND.ORG

January 12, 2024

Priority Sites Program

Bay Area Housing Finance Authority

Re: Letter of Interest for Infrastructure Bridge Loan

The Treasure Island Development Authority (TIDA) is pleased to submit this Letter of Interest (LOI) for the Bay Area Housing Finance Authority's Priority Sites program.

This narrative first describes the vision for the redevelopment of the former Treasure Island Naval Station overall, then describes the partnerships that are critical to implementing the vision, and then provides a description of the project for which we are requesting funding and the impact of the funding if successful. TIDA is a public agency and this narrative will conclude with an explanation of TIDA's ability to complete the project.

Treasure Island Vision

The redevelopment of Treasure Island (TI) and Yerba Buena Island (YBI) includes 8,000 homes including over 27% deed restricted affordable, up to 300 hotel rooms and 550,000 square feet of retail and commercial space, and 290 acres of public open space.

Treasure Island is a model for sustainability and is the largest and highest scoring project to target Platinum rating under the LEED Neighborhood Development program.

The Transportation Plan promotes pedestrian and bicycle mobility, provides strong public transit options and de-emphasizes vehicle use. New privately subsidized ferry service began in 2022 and Water Emergency Transportation Authority (WETA) is expected to assume operations in 2026. In 2023, an on-island shuttle from the transit hub to the new neighborhoods began service. As additional residents move to TI and YBI, SF MUNI bus service will be enhanced and new AC Transit bus service to the East Bay will commence. The island will have congestion-pricing to encourage transit usage and discourage peak-time auto travel. Subsidized transit passes and discounts to services like car- and bike-share will make transit affordable and accessible to longtime residents and people living in below market-rate housing.

As of today, two new multifamily residential developments totaling 229 units, one market rate and one affordable, are in operation on Treasure Island and Yerba Buena Island in addition to approximately 500 households living in the former military housing. By the end of 2024, an additional 597 new homes, in two market rate buildings and several townhomes and flats, and one affordable building, will be ready for occupancy. An additional 148 market rate homes are on target for completion in early 2025.

In sum, the redevelopment of Treasure and Yerba Buena Islands creates a brand-new neighborhood in the middle of the San Francisco Bay for existing and new residents with equity principles baked into its core. It achieves this through the integration of affordable housing, job training and work opportunities for economically disadvantaged and/or people with disabilities, and conscientious planning of parks, open space, community facilities and retail strategies that fosters inclusion and integration.

Partnerships

There are three key entities leading the development process at Treasure Island overall in addition to the development teams for individual projects.

Treasure Island Development Authority (tida.gov). The Treasure Island Development Authority (“TIDA” or the “Authority”) was formed in 1997 as a non-profit, public benefit agency dedicated to the economic development and redevelopment of the former Naval Station Treasure Island and the administration of municipal services thereon. It is governed by its own Board of Directors.

Treasure Island Community Development, LLC (tisf.com). The Treasure Island Development Corporation LLC (“TICD”) is a joint venture between Lennar Urban and KSWM and is the principal developer. TICD is responsible for developing infrastructure and delivering community benefits among other key responsibilities.

One Treasure Island (onetreasureisland.org). One Treasure Island (One TI, formerly known as the Treasure Island Homeless Development Initiative or TIHDI), is a California nonprofit public benefit corporation that was formed in June 1994. One Treasure Island is a membership organization committed to fostering an equitable, inclusive, and thriving community for all Treasure Island residents, employees, businesses, and visitors emphasizing inclusion by lower-income households and those who have experienced homelessness. One Treasure Island members include Catholic Charities, Chinatown CDC, HealthRight 360, HomeRise, John Stewart Company, Mercy Housing, Rubicon, and Swords to Plowshares.

Proposed Project and Impact

While TIDA is excited to welcome a significant number of new households to TI this coming year, all the new homes are located in the first subphase of the first Major Phase of development. The second subphase of infrastructure work by TICD (SIP Phase 2) is scheduled to begin late 2024. The third subphase (SIP Phase 3) of infrastructure however has been stalled due to well-documented market conditions for market rate housing and is the reason TIDA is submitting this LOI for Priority Sites funding.

In 2022, TIDA chose to subdivide TI Parcel E1.2 to maximize its land capacity and access new funding resources at the state level by accommodating two developments – a Behavioral Health Building (BHB) and an affordable senior building.

The Behavioral Health Building (BHB) is on the western side of Parcel E1.2. Mercy Housing is the turnkey developer on behalf of the San Francisco Department of Public Health. The building is designed to accommodate 120 bedrooms to include approximately 240 residential step-down beds (and potentially licensed residential treatment beds). The project was awarded new state Community Care Expansion (CCE) funds in Spring 2023 and construction will commence in 2025. The BHB is not impacted by this LOI request.

The eastern portion of Parcel E1.2 will be 100% deed restricted affordable senior housing. The senior building totaling approximately 110 units will be developed, owned and managed by Mercy Housing and is further described below.

As can be seen on the attached diagram, Parcel E1.2 is bordered by Avenue G to the East, California Avenue to the South, Avenue F to the West and a future market rate development to the North. Avenue F is in Street Improvement Permit (SIP) Phase 2 (highlighted in green on the attached diagram). Avenue G is in SIP Phase 3 (highlighted in yellow on the attached diagram). The senior building needs to pull utilities from Avenue G, but this portion of Avenue G is located in SIP Phase 3.

The purpose of this LOI is to request a \$4.5 million bridge loan to fund infrastructure improvements along Avenue G for the portion of the road that borders Parcel E1.2 (approximately 180 feet) and a temporary emergency vehicle access easement (this is the area highlighted in blue on the attached diagram). Infrastructure improvements include all utilities, street improvements, sidewalks, and furnishings and fixtures. In other words, Priority Sites funding would be used to extend the SIP Phase 2 boundary on Avenue G, which in turn would accelerate the development of Parcel E1.2 Senior Housing.

The actual infrastructure would be completed under TICD management. TICD utilized DeSilva Gates for Phase 1 infrastructure, and will utilize DeSilva Gates or a similar General Contractor for Phase 2. The SIP Phase 2 scope is set to begin by late 2024 and the Avenue G extension would commence in 2026 if funded.

If Priority Sites funding is achieved its impact would be significant for its ability to accelerate badly needed affordable housing. As stated above, Parcel E1.2 Senior Housing is a 100% affordable development that will be developed, owned and operated by Mercy Housing. In addition to 110 homes, the site will include community serving uses for residents typical of affordable housing developments. The developer has site control and can comply with article XXXIV of the California Constitution if applicable. The site is entitled except for design. Design review is streamlined and needs to be approved by the Planning the Director only to ensure the design complies with the Design for Development (D4D) component of the Disposition and Development Agreement (DDA) that governs the redevelopment of TI and YBI. The E1.2 Senior project development team includes Santos Prescott and Associates as architect and Cahill Contractors as the general contractor. The project already has a predevelopment loan from the San Francisco Mayor's Office of Housing and Community Development and the team has applied for HUD 202 funding (but the award is not confirmed). If TIDA is successful in achieving Priority Sites funding for infrastructure, the E1.2 Senior development is positioned to commence construction within a 24-month period pending typical affordable housing finance source availability.

TIDA will repay the Priority Sites loan within three to five years in coordination with reimbursement by the principal developer, TICD. Although the loan repayments will be first payable by TIDA, loan repayment costs for purposes of financing infrastructure are obligations of TICD and are ultimately payable by TICD pursuant to the DDA. TIDA will work with TICD to time loan repayments to coincide with the availability of public financing, including future bond proceeds from the Treasure Island Infrastructure Revitalization and Financing District (IRFD) and/or the Community Facilities District (CFD).

Public Agency Credentials Demonstrating Ability to Complete the Project

TIDA is the public agency that is submitting this LOI for an infrastructure bridge loan as a sole applicant. If successful, TIDA will work with TICD to extend the boundary of SIP Phase 2 and TICD will complete the work. TIDA also works in close partnership with the E1.2 Senior development team.

TIDA has been responsible for leading the redevelopment of TI and YBI since its formation in 1997 and in conjunction with its private and nonprofit partners. As the public agency responsible for the development, oversight, and funding of a \$2.5 Billion infrastructure project, TIDA in collaboration with TICD have delivered over \$800 million of public infrastructure and development costs since 2015 including geotechnical work, new utilities, reservoirs, storm water gardens, a ferry terminal, and street improvements, to deliver market rate and affordable housing on Treasure Island. Since 2020, TIDA staff have provided legal, technical, and financial expertise resulting in 6 public financing offerings for the Communities Facilities District (CFD) and Infrastructure and Revitalization District (IRFD), raising \$131.5 million in public bond funds to finance project costs.

In addition to facilitating all TI redevelopment, TIDA applied as a sole applicant for a California State Housing and Community Development Infill Infrastructure Grant and received a \$30 million award and is on target to comply with the terms of that award. TIDA was also successful in achieving an Affordable Housing and Sustainable Communities (AHSC) award in partnership with Mercy Housing for Star View Court (the second affordable development on TI) and is on target to comply with all the terms therein and complete construction in June 2024.

These are just a few examples of projects executed successfully by TIDA in the broader scope of the TI/YBI Development. If additional examples are needed, TIDA can provide evidence of additional significant milestones achieved to date.

Priority Sites Pilot Program Objectives

Treasure Island is a Regionally Significant approved and adopted Priority Site and meets all threshold requirements for eligible projects and uses. This project meets REAP's objectives to accelerate infill development that facilitates housing supply, choice and affordability. This development is located in a Plan Bay Area 2050 Growth Geography

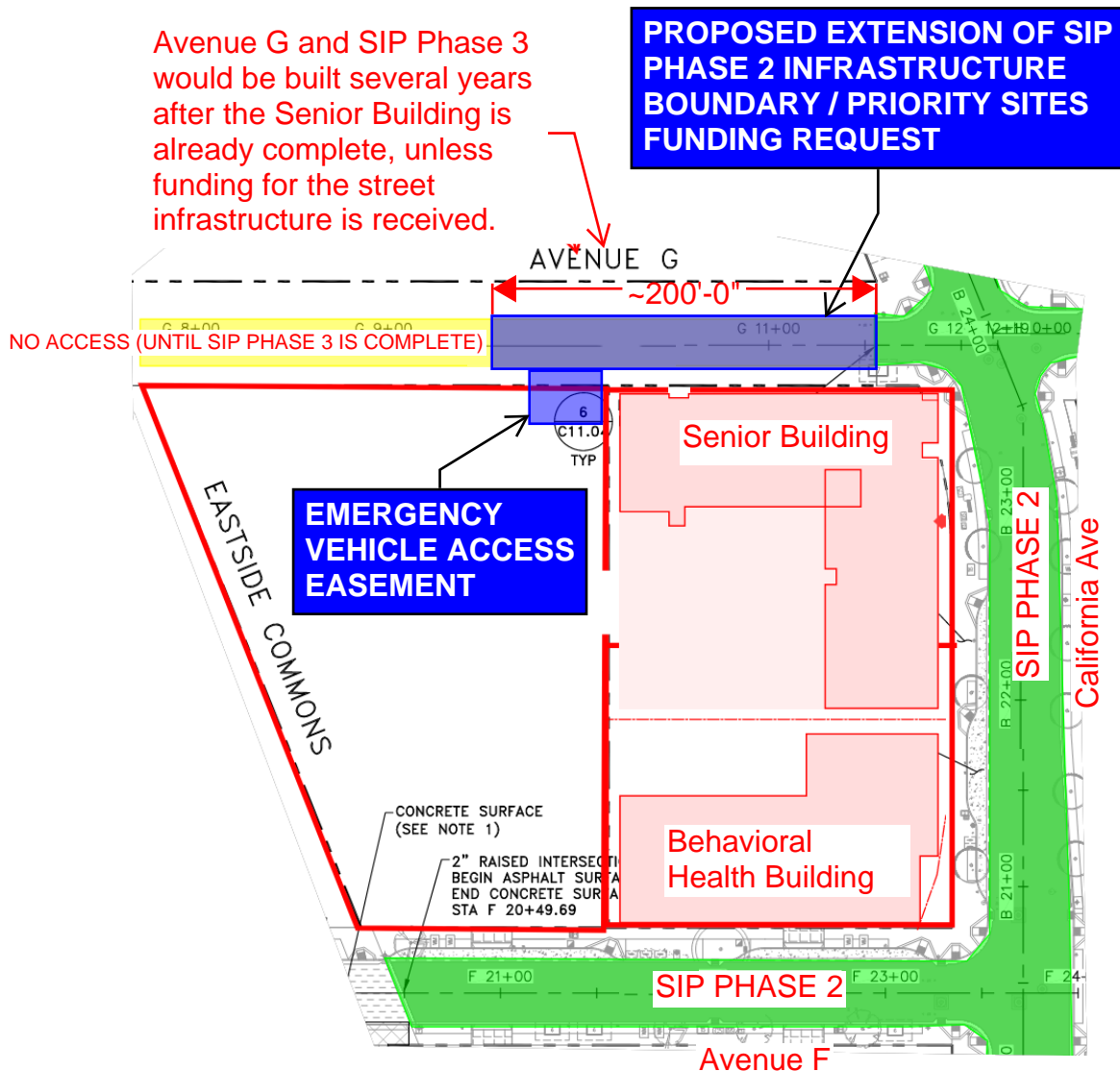
and Transit Priority Area. It has a completed Community Based Transportation Plan. Further, this project aligns with Plan Bay Area 2050 by contributing toward meeting the Regional Housing Needs Allocation and relevant Plan Bay Area 2050 housing strategies, including spurring housing production for residents of all income levels in mixed income inclusive communities.

Our proposed infrastructure project meets readiness requirements and accelerates new affordable housing. This project is cost effective because it builds on current contracts already in place and leverages significant other funding. This project relies on long term effective experienced partners with whom TIDA has a history of success. The community has been engaged in significant and sustained multiple capacities since the first residents moved on the island in 1999.

In sum, we believe that this LOI is aligned with the objectives and can meet terms of the Priority Sites Pilot program and we are excited about the potential of being invited to submit a complete application.



TREASURE ISLAND
Development Parcels



TREASURE ISLAND **PARCEL E1.2 - ENLARGED PLAN**

TREASURE ISLAND DEVELOPMENT AUTHORITY
ONE AVENUE OF THE PALMS, 2ND FLOOR
SAN FRANCISCO, CA 94130
(415) 274-0660
WWW.SFTREASUREISLAND.ORG



Project Timeline Narrative

The purpose of this LOI is to request a \$4.5 million bridge loan to fund infrastructure improvements along Avenue G for the portion of the road that borders Parcel E1.2 and represents an extension of the boundary for SIP Phase 2.

SIP Phase 2 is scheduled to begin construction in late 2024 and the Avenue G extension would commence in 2026 if funded.

This infrastructure would accelerate development of Parcel E1.2 Senior affordable housing. If funded, the E1.2 Senior development is positioned to commence construction within a 24-month period pending typical affordable housing finance source availability. For more information about Parcel E1.2 Senior, please see attached predevelopment Loan Evaluation by the Mayor's Office of Housing and Community Development.

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SAN FRANCISCO, CA 94130
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Development Program

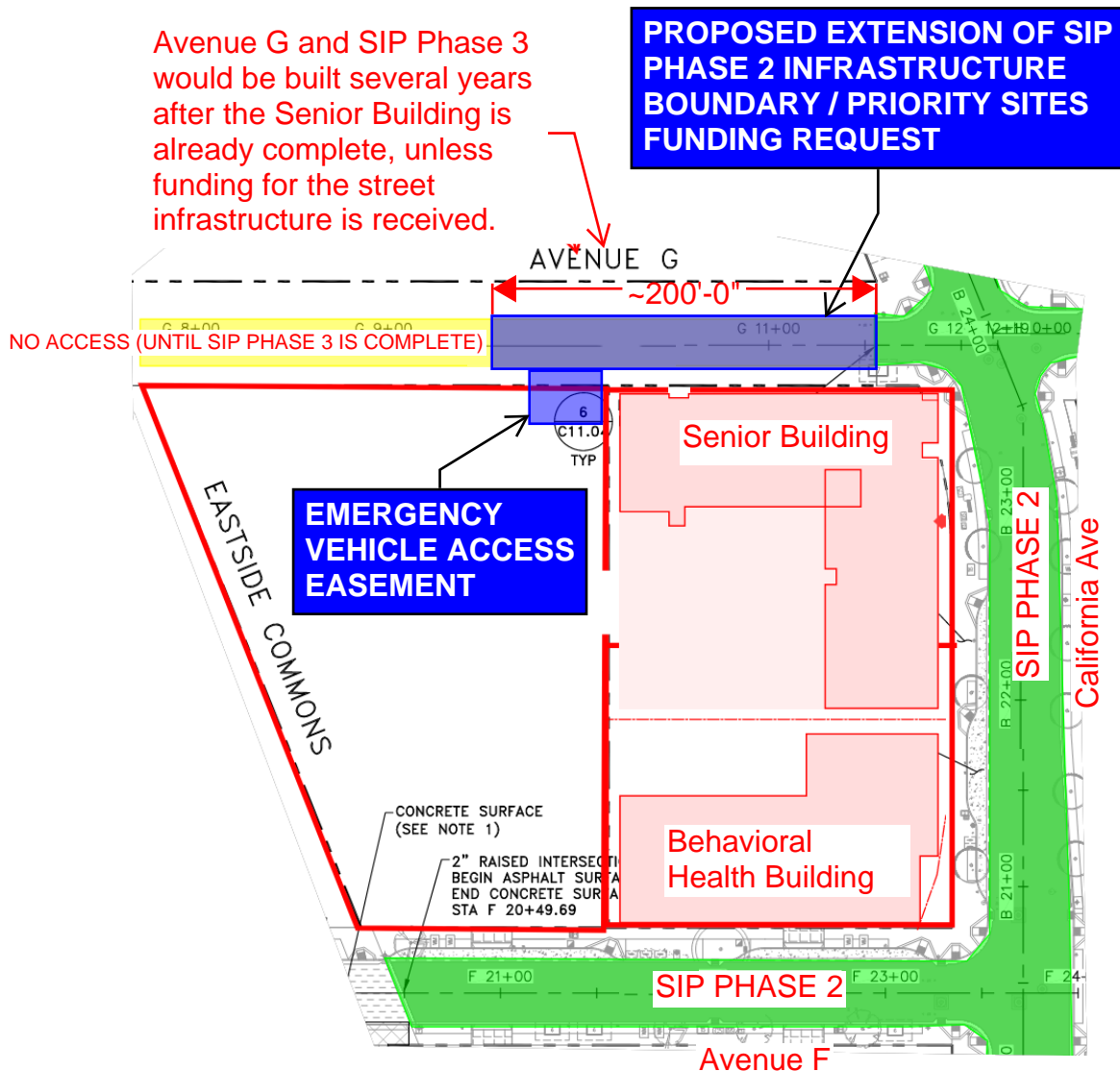
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The actual infrastructure would be completed under TICD management. TICD utilized DeSilva Gates for Phase 1 infrastructure, and will utilize DeSilva Gates or a similar General Contractor for Phase 2. The SIP 2 scope is set to begin by late 2024 and the Avenue G extension would commence in 2026 if funded.

This infrastructure would accelerate development of Parcel E1.2 Senior affordable housing.



TREASURE ISLAND
Development Parcels



TREASURE ISLAND **PARCEL E1.2 - ENLARGED PLAN**



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Entitlements and Site Control Documents

The purpose of this LOI is to request a \$4.5 million bridge loan to fund infrastructure improvements along Avenue G for the portion of the road that borders Parcel E1.2 and represents an extension of the boundary for SIP Phase 2. This infrastructure would accelerate development of Parcel E1.2 Senior affordable housing.

Entitlements are conveyed via the Disposition and Development Agreement between the principal developer and TIDA that were unanimously approved in June 2011 and can be viewed here:

<https://www.sf.gov/resource/2022/disposition-and-development-agreement-dda>

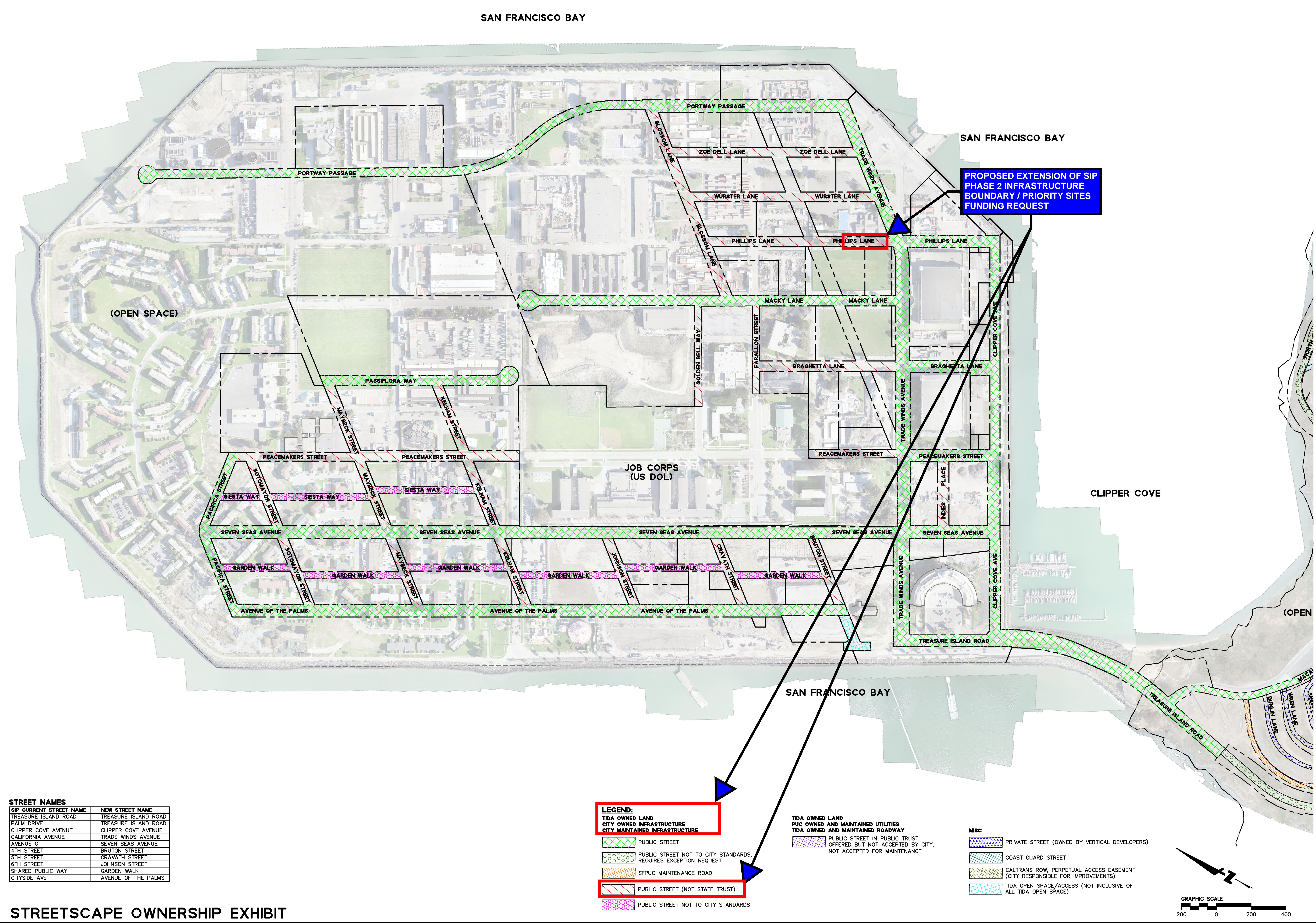
TIDA owns the land, City and County of San Francisco owns and maintains the infrastructure for all roads including Avenue G as represented in the Streetscape Ownership Exhibit below.

CEQA Compliance

The purpose of this LOI is to request a \$4.5 million bridge loan to fund infrastructure improvements along Avenue G for the portion of the road that borders Parcel E1.2 (approximately 180 feet) and a temporary emergency vehicle easement. This infrastructure would accelerate development of Parcel E1.2 Senior affordable housing.

Evidence of CEQA compliance is available here: <https://wayback.archive-it.org/18901/20220625224951/https://sftreasureisland.org/node/351>

DRAWING NAME: J:\ep014\140015\DWG\EXHIBIT\1011_StreetScope\Map\Exhibit\22_0801_1_TSM03.dwg
PLOT DATE: 08-04-22 PLOTTED BY: onto



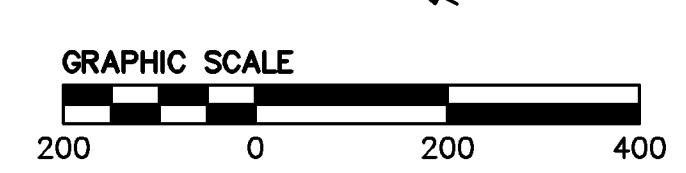
STREET NAMES	
SIP CURRENT STREET NAME	NEW STREET NAME
TREASURE ISLAND ROAD	TREASURE ISLAND ROAD
PALM DRIVE	TREASURE ISLAND ROAD
CLIPPER COVE AVENUE	CLIPPER COVE AVENUE
CALIFORNIA AVENUE	TRADE WINDS AVENUE
AVENUE C	SEVEN SEAS AVENUE
4TH STREET	BRUTON STREET
5TH STREET	CRAVATH STREET
6TH STREET	JOHNSON STREET
SHARED PUBLIC WAY	GARDEN WALK
CITYSIDE AVE	AVENUE OF THE PALMS

LEGEND:

- TIDA OWNED LAND
- CITY OWNED INFRASTRUCTURE
- CITY MAINTAINED INFRASTRUCTURE
- PUBLIC STREET
- PUBLIC STREET NOT TO CITY STANDARDS; REQUIRES EXCEPTION REQUEST
- SFPUC MAINTENANCE ROAD
- PUBLIC STREET (NOT STATE TRUST)
- PUBLIC STREET NOT TO CITY STANDARDS

TIDA OWNED LAND
PUC OWNED AND MAINTAINED UTILITIES
TIDA OWNED AND MAINTAINED ROADWAY
PUBLIC STREET IN PUBLIC TRUST, OFFERED BUT NOT ACCEPTED BY CITY; NOT ACCEPTED FOR MAINTENANCE

- MISC**
- PRIVATE STREET (OWNED BY VERTICAL DEVELOPERS)
 - COAST GUARD STREET
 - CALTRANS ROW, PERPETUAL ACCESS EASEMENT (CITY RESPONSIBLE FOR IMPROVEMENTS)
 - TIDA OPEN SPACE/ACCESS (NOT INCLUSIVE OF ALL TIDA OPEN SPACE)



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Project Financing Documents

The purpose of this LOI is to request a \$4.5 million bridge loan to fund infrastructure improvements along Avenue G for the portion of the road that borders Parcel E1.2 (approximately 180 feet) and a temporary emergency vehicle access easement (this is the area highlighted in blue on the attached diagram). Infrastructure improvements include all utilities, street improvements, sidewalks, and furnishings and fixtures. Priority Sites funding represents hard and soft costs. TIDA would contract with TICD to include this work as part of work it is already completing for SIP Phase 2.

The \$4.5 million budget for the bridge loan to fund infrastructure improvements along Avenue G has been extrapolated from TICD's budget for Phase 2 infrastructure work.

This infrastructure would accelerate development of Parcel E1.2 Senior affordable housing. For more information about Parcel E1.2 Senior, please see attached predevelopment Loan Evaluation by the Mayor's Office of Housing and Community Development. Additional information is available if invited to submit a complete application.

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

**Treasure Island Parcel E1.2, Senior Housing
\$3,000,000 Predevelopment
&
\$14,722,000 Preliminary Gap
for HUD 202 Application**

Evaluation of Request for:	Predevelopment & Preliminary Gap
Loan Committee Date:	January 20, 2023
Prepared By:	Cindy Heavens
MOHCD Asset Manager:	TBD
Predevelopment Sources and Amounts of New Funds Recommended:	\$3,000,000 TIDA Housing Developer Subsidy - \$2,500,000 LMIHAF - \$500,000
Permanent Sources and Amounts of New Funds Recommended:	\$14,722,000 TIDA Housing Developer Subsidy - \$2,943,000 TIDA IRFD - \$3,279,000 LMIHAF - \$8,500,000
NOFA/PROGRAM/RFP:	Treasure Island
Applicant/Sponsor(s) Name:	Mercy Housing California, dba Mercy Housing Calwest

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	Treasure Island Parcel E1.2 – Senior Housing	Sponsor(s):	Mercy Housing California
Project Address (w/ cross St):	Avenue F and California Street (old address), 94130	Ultimate Borrower Entity:	To-be-determined limited partnership

Project Summary:

Mercy Housing Calwest ("Mercy" or the "Sponsor") requests \$3MM to finance predevelopment costs for a proposed new construction affordable senior housing development located on a Treasure Island Development Authority ("TIDA") owned parcel, E1.2, on Treasure Island ("Project"). Treasure Island Parcel E1.2 is part of the Treasure Island/Yerba Buena Island Redevelopment Plan and will be part of Major Phase 1 of the Plan. Treasure Island E1.2 will be the third affordable housing development to start construction on Treasure Island.

The Project will provide 100 affordable units (50 studios and 49 one-bedrooms), including a two-bedroom manager's unit, with 23 units set aside for extremely low-income seniors supported by the City's Senior Operating Subsidy (SOS), 60 units supported by the federal Housing and Urban Development's ("HUD") Project Rental Assistance Contract ("PRAC") if awarded HUD 202 Program capital financing, and 10 units designated as Transitional Units (10% of total units). (For a discussion about Transitional Units please see sections 4.11 and 6.5.). The remaining 6 units will be set at a Mayor's Office of Housing and Community Development's area median income ("MOHCD AMI") that will be competitive to receive an award from Housing and Community Development's ("HCD") Multifamily Housing Program for special needs ("MHP-SN").

Proposed predevelopment financing includes MOHCD and TIDA funds. The proposed permanent financing assumed for a HUD 202 Program application that is due on January 25, 2023 includes 4% Low-Income Housing Tax Credits, Federal Home Loan Bank Affordable Housing Program (AHP) funds, Deferred Developer Fee, General Partner Equity, bank permanent loan, MHP-SN, and a MOHCD gap loan that includes TIDA funds. Except for AHP, if awarded all other proposed financing construction is expected to start in December 2024, with a construction completion date of November 2026.

This request is for both a predevelopment loan and a preliminary gap loan commitment loan from MOHCD. The preliminary gap commitment loan is a threshold requirement in the FY 2022 HUD 202 ("HUD 202") Notice of Funding Opportunity ("NOFO").

Project Description:

Construction Type:	Type I	Project Type:	New Construction
Number of Stories:	6	Lot Size (acres and sf):	0.58 acres / 25,455 sf
Number of Units:	100	Architect:	To-be-determined ("TBD")
Total Residential Area:	73,387 sf	General Contractor:	To-be-determined ("TBD")
Total Commercial Area:	Not Applicable	Property Manager:	Mercy Housing Management Group
Total Building Area:	~70,000 sf	Supervisor and District:	Matt Dorsey, D6
Land Owner:	Treasure Island Development Authority (TIDA)		
Total Development Cost (TDC):	\$75,048,887	Total Acquisition Cost:	\$28,000

TDC/unit:	\$750,489	TDC less land cost/unit:	\$750,209
Loan Amount Requested:	\$3,000,000 predevelopment \$14,722,000 preliminary gap	Request Amount / unit:	\$30,000 for predevelopment \$147,720 preliminary gap
HOME Funds?	No	Parking?	Yes, 5 spaces, 0.05 ratio

PRINCIPAL DEVELOPMENT ISSUES

- 1) **Preliminary Gap Commitment for NOFO:** Underwriting for this project is occurring at concept, meaning financing assumption a early estimates. While providing a predevelopment loan a concept meets MOHCD's process, a preliminary gap commitment request at concept is a deviation and waiver from MOHCD process because at concept many Project assumptions affecting the gap financing commitment have not been fully vetted by the Sponsor and MOHCD. For example, potential conflicts between MOHCD underwriting guidelines and the HUD 202 PRAC will need to be resolved, and the Project's proposed use of the SOS program may not conform with current SOS program guidelines. Nonetheless, staff recommends approval of the preliminary gap commitment for the purposes of the HUD 202 application, with the condition that Sponsor return to Credit Committee and the Affordable Housing Loan Committee as described in Section 9.2, Loan Conditions.
- 2) **HUD Operating Expenses –** If awarded a HUD 202, the project operating expenses must comply with the HUD Operation Cost Standards ("OCS"), which is below the average for similar sized operating developments in MOHCD portfolio. HUD will not allow increases to the OCS until the property has operated for at least a year. To mitigate the operating deficit, the project includes a capitalized operating reserve to cover two years of operating deficits until such time as HUD increases the OCS to reflect actual operating costs. "miscellaneous income" budget line item to cover operating deficit created by HUD OCS limit. See Sections 6.5 and 7.2.
- 3) **MHP-SN Frail Elderly referral required –** If the project is awarded MHP-SN, 23 units designated for the frail elderly must be referred through a City agency, Aging Service or Department of Public Health, designating the households as frail elderly. These residents are not necessarily unhoused, and the preference is for the households not to be unhoused. See Sections 4.11 and 6.5.

SOURCES AND USES SUMMARY

Predevelopment Sources	Amount	Terms	Status
MOHCD	\$3,000,000	3 yrs @ 3% Res Rec	This Request
Total	\$3,000,000		

Predevelopment Uses	Amount	Per Unit	Per SF
Acquisition	\$3,000	\$30	\$0
Hard Cost	\$0	\$0	\$0
Architecture & Engineering	\$1,675,538	\$16,755	\$23
Soft Cost	\$771,462	\$7,715	\$11
Developer Fee	\$550,000	\$5,500	\$7
Total	\$3,000,000	\$30,000	\$41

Permanent Sources	Amount	Terms	Status
MOHCD Gap, inclusive of predevelopment loan	\$11,443,000	55 yrs @ 3% / Res Rec	This request as a preliminary commitment
MOHCD Gap – IRFD	\$3,279,000	55 yrs, forgivable	This request as a preliminary commitment
Permanent Loan	\$6,224,573	30 yrs @ 5%	Not Committed
HCD-MHP-SN	\$21,969,964	55 yrs @ 3.0% / 0.42% & Res Rec	Not Committed
HUD 202 Capital Advance	\$6,813,486	30 yrs @0.0%	Not Committed
AHP	\$1,000,000	30 yrs @0.0%, forgivable	Not Committed
Tax Credit Equity	\$27,817,169	\$0.950 per credit	Not Committed
Deferred Developer Fee	\$1,300,000		Not Committed
GP Partner Equity	\$100		Not Committed
Total	\$79,847,292		

Uses	Amount	Per Unit	Per SF
Acquisition	\$28,000	\$280	\$0
Hard Costs	\$60,444,758	\$604,448	\$824
Soft Costs	\$13,737,016	\$137,370	\$187
Reserves	\$2,137,418	\$21,374	\$29
Developer Fee	\$3,500,100	\$35,001	\$48
Total	\$79,847,292	\$798,473	\$1,088

Staff recommends approval of a \$3 million predevelopment loan and a preliminary gap commitment loan of \$14,722,000.

1. BACKGROUND

1.1. Project History Leading to This Request.

For a summary of Treasure Island (“TI”), TIDA, Treasure Island Community Development LLC (“TICD”), One Treasure Island (“One TI”) and Development Agreement history, see Attachment A.

Treasure Island Parcel E1.2 – Senior Housing (“Project” or “TI-E1.2-Senior”) will be the third 100% affordable development to be developed on TI. The proposed 100-unit development is located on the corner of Avenue F and California Street (old address is 121 I Avenue). TI-E1.2 Senior is responsive to the need for affordable housing in San Francisco in that it contributes to the Regional Housing Needs Assessment (“RHNA”) goals to produce 20,867 very low-income units, 12,014 low-income units, and 13,717 moderate units by 2031. The 100 affordable housing units inclusive of a manager’s unit contributes to the RHNA goals.

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

In 2011, TICD received approvals for the master development of TI that included approximately 8,000 new residential units of which 435 new units are for homeless households that are to be developed by One TI member organizations. In 2011, the Board of Supervisors approved a new agreement with One TI outlining its participation in the development project via housing, economic development and support components and reflects the updated land use plan, development program, housing plan and financing plan described in the TICD Disposition and Development Agreement. The 2011 One TI Agreement explicitly states that TIDA will ground lease each One TI Lot to a selected One TI member organization approved by TIDA for the construction of One TI housing units. One TI has proposed and TIDA approves Mercy Housing California (“Mercy”) as the One TI organization that will lease and develop Parcel E1.2.

Parcel E1.2 will be split to include a to-be-named Behavioral Health Facility/Building (“BHB” or “TI-E1.2-BHB”) adjacent to the senior housing. Mercy or its affiliate will develop and own the improvements on the senior housing portion of the site, as well as manage the affordable housing and have a ground lease with TIDA. The BHB will include the replacement obligations for One TI member HealthRight360 (“HR360”) and Mercy will serve as turnkey developer responsible for development and construction of the BHB. Once the BHB is completed, the San Francisco Department of Public Health (“DPH”) will own and operate the BHB and TIDA will ground lease the BHB portion of the site to DPH.

The Amended and Restated Base Closure Homeless Assistance Agreement dated June 28, 2011 (“BCHA Agreement”) outlines all TIDA

obligations with respect to housing and services for One TI's current and formerly homeless individuals and families. The BCHA Agreement also governs certain new housing, employment and economic development opportunities that are managed by One TI. The BCHA Agreement provides a strong basis for advancing MOHCD racial equity goals in the following ways:

- Advance opportunities and improve programmatic outcomes for Black, Brown and low-income residents
- Expand opportunities for smaller, local nonprofit organizations, especially Black, Brown, Indigenous and other people of color (BIPOC), as well as BIPOC staff of all team members, to gain experience in housing development and leadership roles
- Implement programs in a manner that minimizes displacement and increases community agency and economic opportunity

See Exhibit A for a description of how TIDA implements these racial equity goals.

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

1.3.1. Borrower. To-be-formed limited partnership.

1.3.2. Joint Venture Partnership. Not Applicable ("N/A")

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

	Sexual Orientation	Gender Identity	Race
<u>Mercy Housing California Board</u>	Question not asked	M: 7 F: 11	Asian: 2 African American: 4 Caucasian: 9 Latinx: 2 Biracial: 1
<u>Mercy Housing, Inc. Board</u>	Question not asked	M: 10 F: 10	Asian: 1 African American: 3 Latinx: 1 Caucasian: 15
<u>Mercy Housing, Inc. - All Staff</u>	Question not asked	Female – 58% Male – 42%	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%
<u>Mercy Housing California - All Staff</u>	Question not asked	Female – 57% Male – 43%	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%
<u>Mercy Housing California - Development Staff</u>	Question not asked	Female – 50% Male – 50%	Asian – 20% Not specified – 20% White – 60%

- 1.3.4. Racial Equity Vision. Mercy Housing was founded on the belief that housing justice is social justice. The organization is committed to values of respect, justice, mercy and its commitment to advancing racial equity, diversity, and inclusion. (“REDI”).

REDI is central to Mercy Housing’s mission and impact.

Mercy Housing California continually takes actions to infuse racial equity throughout the organizations internal culture, systems, and practices. Mercy Housing regularly reviews policies, practices, and procedures to support its values and enable employees to do their best work so that residents feel a sense of belonging in the communities where they live.

In January 2021 Mercy Housing Inc. Hired Web Brown as SVP Racial Equity, Diversity and Inclusion. Over the past nine months Mr. Brown has taken the existing REDI work undertaken by Mercy Housing and created a more comprehensive and coordinated approach to REDI. This includes creating a draft REDI organizational framework which consists of 6 focus areas:

1. Resident Empowerment
2. Policy, Planning, and Practice
3. Communication and Advocacy
4. Education and Training
5. People and Culture
6. Hiring, recruitment and promotion

The organizational plan is expected in early 2023 and will be shared with MOHCD when available. Mercy Housing California has also made REDI goals for each department. The California real estate development team generated five goals in 2020 and is using 2021 to create 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 our developments, and creating a legislative advocacy strategy. San Francisco real estate staff have been central in elevating these conversations and moving the goals forward. In 2022 Mercy Housing Inc. will publish its organization-wide racial equity mission and goals.

- 1.3.5. Relevant Experience. Mercy has been part of the TI development as a founding member of One TI (formerly known as the Treasure Island Homeless Development Initiative) and the developer that rehabilitated 140 existing units of former Navy housing on behalf of

One TI service providers, including Catholic Charities and the previous incarnation of HR360 (Walden House and Haight Ashbury Free Clinic), when access to the units was transferred from the Navy to TIDA in 1998. Mercy has been developing and owning affordable housing in San Francisco for 30 years. Mercy owns and operates 55 buildings that it developed in San Francisco for families, seniors, disabled, and formerly homeless households in San Francisco, including three properties in Mission Bay (1180 Fourth St, Mission Creek Senior Housing and 691 China Basin), as well as one property in the nearby Transbay District (280 Beale). Mercy also has 3 additional properties under construction in San Francisco and 7 in pre-construction. One of the properties in construction is Star View Court formerly called "TI Parcel C3.1," which began construction on June 24, 2022 and will be completed in spring 2024. For more information about Mercy's development experience, please see Attachment D.

- 1.3.6. Project Management Capacity. Evelyn Perdomo is the lead MHC Project Manager for Parcel E1.2 - Senior and will spend 40% FTE on the Project. (Ms. Perdomo will also spend 40% FTE on the BHB.) Ms. Perdomo is supervised by Ramie Dare, Real Estate Development Director, who will spend 10% FTE. Tariq Jacobs is the Assistant Project Manager and will spend 25% FTE on the Project.

MHC has hired a new project manager who will assume responsibility of Parcel E1.2-Senior by February 2023 and Ms. Perdomo will remain the lead MHC project manager on E1.2-BHB. Mercy has hired a consultant to complete and submit the HUD 202 application.

1.3.7. Past Performance.

- 1.3.7.1. City audits/performance plans. Mercy has no findings in a City or performance audit.
- 1.3.7.2. Marketing/lease-up/operations. Mercy recently completed 691 China Basin and 290 Malosi. For 691 China Basin, Mercy did not have a marketing person on that project, which made lease up more difficult. But on Malosi, Mercy had the property staff and completed lease up during the pandemic and the lease up was timely.

Mercy owns and operates 4,217 units of affordable housing in San Francisco. The chart below represents the total number of people $n = 7,176$ currently living in Mercy owned properties, disaggregated by race and ethnicity. Mercy had five (5) evictions from January 2021 to December 2021. Currently, Mercy does not track move out reasons, including evictions by race.

	Race	Ethnicity
Mercy Housing Resident responses to US Census definitions	Asian: 42%	Not-Hispanic or Latino: 77%
	White: 19%	Hispanic or Latino: 19%
	Black or African American: 16%	Member Did not specify: 3%
	Other: 15%	Blank : 1%
	Member Did not specify: 3%	
	Native Hawaiian or Other Pacific Islander: 2%	
	American India or Alaska Native: 2%	
	Blank: 1%	
	Total = 7176 (100%)	Total = 7171 (100%)

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

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

Site Description	
Zoning:	Parcel E1.2 is zoned Treasure Island Residential (TI-R), it has a 125' and 70' height limit along the eastern side of the block and a 40' height limit along the western side of the block, which may be exceeded up to 52 feet in certain circumstances.
Maximum units allowed by current zoning (N/A if rehab):	Max units per height limit is 110, based on unit type in conceptual massing.
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Zone 4
Soil type:	The Geotechnical Conceptual Design Report for Treasure Island was completed on February 2, 2009. It describes soils comprised of 30-50 ft of sand fill and 20-120 ft of young bay mud, underlain by firmer soils. An island-wide geotechnical stabilization process is underway; see Section 2.3 below. Geotech improvements for E1.2 have not been completed yet.
Environmental Review:	The Final EIR for the Treasure Island/Yerba Buena Island Redevelopment Project was certified on April 21, 2011. Finding of Suitability (in lieu of Phase I/II) was approved on February 15, 2006. Several mitigations were identified and will be addressed outside of this project. Mercy has not conducted additional environmental assessments or soil studies at this time but will conduct the Phase I during the predevelopment phase of the Project.

	A federal Environmental Assessment will be required if the project is awarded HUD PRAC.
Adjacent uses (North):	A remediated vacant lot.
Adjacent uses (South):	A commercial building that is 25% occupied between a machinery company and an urban winery.
Adjacent uses (East):	Between 300 and 500ft there is a pier that houses a boating/sailing school.
Adjacent uses (West):	A remediated vacant lot.
Neighborhood Amenities within 0.5 miles:	Life Learning Academy, Treasure Island Child Development Center, chapel, San Francisco Fire Department (SFFD) fire station, San Francisco Department of Public Health Nurse Intervention Clinic (open twice a week).
Public Transportation within 0.5 miles:	SF Muni: 25 bus; new privately subsidized ferry.
Article 34:	Not exempt. This will be completed during the predevelopment phase of work.
Article 38:	Not exempt: Project is in a Maher area.
Accessibility:	Project will provide at least 15% of tax credit eligible units as described in California Building Code ("CBC") 11B 809.2 through 11B 809.5 with mobility features and 10% of tax credit eligible units described in CBC 11B 809.5 for hearing and visual aid features. Adaptability requirements will be determined by the San Francisco Mayor's Office on Disability. Mobility, hearing, and visual aid features must be spread proportionally among all unit types in building.
Green Building:	While Treasure Island overall is projected to be the largest LEED Platinum Neighborhood Development in the U.S., each affordable parcel will achieve Green Point Rating of at least 125.
Recycled Water:	Not exempt (dual plumbing is required.)
Storm Water Management:	Storm Water Management improvements are being completed by the principal developer. No site-specific Storm Water Management Plan is required.

2.1. Description. Treasure Island Parcel E1.2 is vacant land. The site is rectangular shaped. Naval Station Treasure Island was decommissioned in 1994.

2.2. Zoning.

Zoning for Treasure Island is governed by the Treasure Island/Yerba Buena Island Special Use District, incorporated into the SF Planning Code, which established basic land use and development standards and establishes TIDA and the Planning Department as approval entities for any vertical development. This Special Use District (Planning Code 249.52) creates a new city neighborhood within a previous naval base by providing significant amounts of affordable housing, increased public access and open space, transportation improvements, extensive

infrastructure improvements, and recreational and entertainment opportunities. A Design for Development (D4D) document approved by TIDA, the Board of Supervisors, and the Planning Department in 2011 offers detailed design standards and guidelines including building heights, massing, and setback benchmarks. Height zones focus the greatest density near transit, and aim to provide a comfortable pedestrian environment while crafting an attractive skyline that will be viewed from around the Bay Area. A Streetscape Master Plan offers detailed guidance on paving, street trees and planting, lighting, street furnishings, and parking. The site has a 65' height limit along the perimeter of the site. However, the site is in a Flex Height Zone that allows buildings up to 240' if they confirm with applicable standards in the D4D for Bulk and Massing. The D4D also requires green systems such as solar thermal and solar panels, public neighborhood parks, efficient public transit, and a recycled water ("purple pipe") system. The building heights are regulated by the D4D Section 2 T4.2 requiring different building heights and massing fronting streets that are programmed with different modes of transportation.

For multifamily buildings, the D4D's Transparency Standard T5.4.2 was amended in 2018 for mixed-use buildings where the primary use is multifamily residential, and non-residential uses are limited to the ground floor. The standard now requires 50% of the ground floor facing the public right-of-way, or an average of 50% for all facades, to be transparent.

2.3. Probable Maximum Loss. N/A for PML because the Project is new construction.

2.4. Local/Federal Environmental Review. The Final EIR for the Treasure Island/Yerba Buena Island Redevelopment Project, certified on April 21, 2011, was determined in compliance with local CEQA and State CEQA Guidelines. The EIR describes a number of mitigation measures which will need to be incorporated into the master developer's horizontal improvements. The project was appealed under CEQA in May 2011, but the BOS voted in June 2011 unanimously to deny the appeal and uphold the CEQA determination.

The United States Navy issued an Environmental Impact Statement (EIS) in 2005 that analyzed the transfer of Treasure Island and Yerba Buena Island to TIDA, and analyzed the effects of constructing 2,000 units of housing. In 2008, the Navy issued a reevaluation of the proposed project using 6,000 units of housing. In 2011, the Navy issued a Supplemental Information Report (SIR) on the effects on traffic only of developing 8,000 units of housing.

Staff at MOHCD, with the assistance of HUD, has concluded an Environmental Impact Statement ("EIS") is not required. An additional Environmental Analysis will be conducted if the Project is awarded a HUD

202 and the subsequent PRAC. The development team is applying for HUD 202 in January 2023. If a National Environmental Policy Act (“NEPA”) review process is required to complete an Environmental Assessment, Sea level rise and flood plain conditions may be issues for Treasure Island. Current mitigations for sea level rise and flood plain conditions include preparing the island for 36” of sea level rise - the mid-range of projections of sea level rise by 2100. This work is complete (?) and has involved raising most of the perimeter of the island to a height that will accommodate three feet of sea level rise and the storm surge associated with a 100-year event without overtopping.

A new Treasure Island Community Facilities District (“CFD”)/Mello-Roos District was created to reimburse TICD for public infrastructure and to fund the maintenance of open space on the Island. A capital account will be created to address sea level rise adaptations and capital needs required in the next 100 years. Affordable housing developments on TI, including Parcel E1.2, are exempt from paying the CFD special taxes. However, all new residential parcels, market rate and affordable, are subject to a Master Homeowner Association (HOA) fee.

Federal historical review does not apply for Parcel E1.2, senior housing or behavioral health. There are no historical buildings on or near E1.2.

2.5. Environmental Issues.

2.5.1 Phase I/II Site Assessment Status and Results. The State Department of Toxic Substance and Control (DTSC) oversaw a Finding of Suitability (FOST) process for the Navy’s environmental assessment, cleanup, and remediation of land for all of TI and transferred its finding to TIDA. The FOST was approved on February 15, 2006 and confirmed that no additional environmental assessment or remediation was required, except for existing buildings to be demolished, which would need to be evaluated and abated individually per State and City regulations. According to TIDA, there was no separate Phase I/II report for the TI outside of the FOST process.

A project-specific Phase I will be commissioned by Mercy during the predevelopment period.

Island-wide remediation activities continue where necessary as specified in DTSC documents.

2.5.1.1 TI Lawsuit. In late January 2020, one week prior to the construction closing on the first affordable TI development, Maceo May, a complaint was filed against TIDA, One TI, TICD, the Navy and other entities. The complaint generally alleged that Treasure Island was contaminated at levels higher than disclosed to the

public by the US Navy and that this information was knowingly withheld. In August 2022 the lawsuit was dismissed and the appeal period for the dismissal expired on October 28, 2022. There were no appeals to the dismissal filed and the lawsuit is now dismissed.

2.6. Adjacent uses and neighborhood amenities. Parcel E1.2-Senior will be adjacent to a BHB operated and owned by DPH.

A few blocks southwest of Parcel E1.2 are two affordable housing projects under construction. Maceo May is being developed by Chinatown Community Development Center and Swords to Plowshares and will complete construction in early 2023. Mercy Housing is developing Star View Court, which will be complete in 2024.

Existing amenities serving 500 existing TI households living in market-rate and affordable units include:

- YMCA
- Life Learning Academy (an academic and vocational program for students who have not been successful in traditional school settings) and is 1-mile from Parcel E1.2;
- Treasure Island Child Development Center operated by Catholic Charities and is 1-mile from Parcel E1.2;
- An existing chapel;
- Public service facilities including a San Francisco Fire Department (SFFD) fire station and a fire training academy also operated by SFFD;
- Nurse Intervention Clinic, operated by DPH out of a dedicated clinic space at the Treasure Island Gymnasium twice a week;
- Island Cove Market, a grocery store located in the Navy Base Exchange Building, and;
- Muni buses and ferry services to San Francisco. The privately subsidized ferry commenced service in February 2022. The cost is \$5 per ride for all users. The privately subsidized ferry is expected to transfer to public ferry service in 2025.

The Muni 25 bus line has a stop near the site and runs approximately every 15 minutes.

Upcoming planned amenities include expanded bus service, 207,000 square feet of retail development, and 302,000 square feet of commercial development. Parcel E1.2-senior housing will likely be completed before many new amenities are available. By the time Parcel E1.2-senior housing is completed, TIDA anticipates that minimally 150 current households living on TI in both market rate and affordable housing will have received newly constructed homes on TI. Likewise, hundreds of new market rate units will be completed prior to Parcel E1.2-senior housing completion.

These current and planned amenities make Treasure Island a good location for seniors. Treasure Island is flat, easy walkable, the street and sidewalks are brand new and accessible to current standards, and by the time E1.2 is constructed there will be an operational on-island shuttle. Further, additional new parks and open spaces are opening prior to E1.2 completion which add significant new amenities. .

2.7. Green Building. All new buildings at Treasure Island are subject to Green Building Specifications, which supplements the Green Building Ordinance and covers guidelines for energy, waste, water, landscaping, building and site design, material and indoor air quality, and the use of regional vegetation, and providing “solar ready” infrastructure. Treasure Island is projected to be the largest LEED Platinum Neighborhood Development in the country; however individual affordable housing projects on TI will achieve Green Point Ratings typical for other affordable projects receiving tax credits or other subsidies of at least 125 points.

3. COMMUNITY SUPPORT

3.1. Prior Outreach. Mercy Housing has had a presence on Treasure Island since 1999 as founding members of One TI, which is a collaboration of stakeholders working to foster and steward an equitable, inclusive, and thriving community for all TI residents, employees, businesses, and visitors. Additionally, Mercy has regularly engaged with Catholic Charities households, HR360 households and other families on TI.

Mercy will develop a Community Engagement plan that outlines resident meetings, communication strategies, and ways to disseminate information and meaningfully engage with the community throughout the predevelopment and construction phases. A draft of this communication plan will be required prior to construction loan closing.

3.2. Future Outreach. Mercy will work with One TI to provide Project updates to residents living in One TI units. Mercy will keep residents informed through flyers, announcements, and presentations. Mercy will also publish a website to keep all TI residents and others venturing to site with updates on the Project. Once the Project is complete, the Resident Service Coordinator will work with One TI staff to keep the Project’s residents engaged.

3.3. 1998 Proposition I Citizens’ Right-To-Know. Proposition I obligations need to be completed prior to submitting the predevelopment loan to the Mayor for execution.

4. DEVELOPMENT PLAN

4.1. Site Control. During the predevelopment period, site control will be governed by an Option to Lease between TIDA and the to-be-formed limited partnership. The Option to Lease will terminate when a Ground Lease is executed. The Ground Lease will be executed prior to or concurrent with the construction loan closing.

The term of the ground lease will be 99 years from the date of construction completion of the project, with a base rent of \$15,000. The Ground Lease may include additional rent to the extent feasible, in an amount (when combined with the Base Rent) not to exceed a total of 10% of the land value of the Property (as determined by a MAI appraiser selected by, and at the sole cost of, the tenant, and set forth in the Ground Lease), to be paid solely as residual rent, payable only to the extent proceeds are available from the Project after deductions for Project operating expenses, mandatory debt service payments, property management fees, reserve deposits required by Project lenders, deferred developer fees, and asset and partnership management fees in amounts permitted in accordance with the then-current MOHCD policy.

4.1.1. Proposed Property Ownership Structure Treasure Island is subject to the Tidelands Trust doctrine administered by the State of California, which holds that title to tidelands must be held in trust by the State for the benefit for the people of California. The Treasure Island Conversion Act of 1997, enacted by the State legislature, authorizes TIDA to enter into leases of Tidelands Trust property for up to 66 years for uses consistent with the Tidelands Trust. However, the affordable parcels on Treasure Island are located on trust exempt parcels (housing is not a Tidelands Trust compatible use) and the Tidelands Trust restrictions are not applicable to Parcel E1.2. Therefore, the term of the ground lease for the future improvements is proposed to be 99-years. As such, TIDA will enter into a Ground Lease with the partnership entity at the closing of construction financing; there will be an annual ground lease payment. The partnership will own the improvements.

TIDA owns the land where Parcel E1.2 is located, and the parcel was created with the Final Map 9837, dated July 24, 2010.

4.2. Proposed Design. The project has not begun conceptual design yet. However, Gensler has conducted a massing study to ensure that both the senior building and behavioral health building can feasibly jointly occupy Parcel E1.2.

Avg Unit SF by Type (net):	0-br avg sf- 350 sf 1-br avg sf- 600 sf
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	The above is based on average square footages of the behavioral health building. Once an architect is selected for the Project, the square footages will be updated.									
Do all units meet TCAC minimum SF?	<div>Not applicable at this time. However, all units are expected to exceed the TCAC minimum SF.</div> <table><tr><th>Unit Type</th><th>TCAC Minimum SF as written in 6/16/2021 TCAC Regulations 10325(g)(1)(B)</th><th>Parcel E1.2 unit type percentage greater than TCAC minimums</th></tr><tr><td>Studios</td><td>200</td><td>75%</td></tr><tr><td>1-BDR</td><td>450</td><td>33%</td></tr></table>	Unit Type	TCAC Minimum SF as written in 6/16/2021 TCAC Regulations 10325(g)(1)(B)	Parcel E1.2 unit type percentage greater than TCAC minimums	Studios	200	75%	1-BDR	450	33%
Unit Type	TCAC Minimum SF as written in 6/16/2021 TCAC Regulations 10325(g)(1)(B)	Parcel E1.2 unit type percentage greater than TCAC minimums								
Studios	200	75%								
1-BDR	450	33%								
Common Area SF:	TBD									
Bicycle Parking:	TBD									
Parking SF:	<div>5 parking spaces for 0.05 parking ratios. The parking is from the massing study for the entire site completed in July 2022. Parking will continue to be studied during predevelopment.</div> <div>If parking remains in the project, Mercy needs to define how parking will be allocated since there are 23 frail elderly in the building.</div>									
Residential SF:	~70,000 gross sf									
Commercial SF:	Not Applicable – There is no commercial square footage in the Project.									
Circulation SF	TBD									
Building Total SF:	73,387 gross sf									

4.3. Proposed Rehab Scope. N/A

4.4. Construction Supervisor/Construction Representative's Evaluation.
Cahill Contractors ("Cahill") completed a cost estimate dated June 30, 2022 and based on pre-conceptual drawings. These drawings were completed to determine if the BHB and E1.2-Senior could fit on the site. The construction cost for the BHB was used in the August 5, 2022 Community of Care Expansion ("CCE") Program Grant through the California Department of Social Services.

4.5. Commercial Space. N/A

- Space Description. N/A
- Commercial Leasing Plan. N/A

- Operating Pro Forma. N/A
- Tenant Improvement Build Out. N/A

4.6. Service Space. Programming and design will be determined during the predevelopment period.

4.7. Interim Use. N/A

4.8. Infrastructure. N/A. TICD and TIDA are responsible for infrastructure on Treasure Island. No infrastructure is included in this loan.

4.9. Communications Wiring and Internet Access. MOHCD Communications Wiring Standards are under review will be released soon. Costs permitting, the Sponsor will work with the MOHCD Construction Representative to determine the appropriate communications wiring scope that meets MOHCD's standards.

4.10. Public Art Component. TIDA sponsored buildings are exempt from the Public Art requirement. Public Art will be provided on Yerba Buena Island and TI by the principal developer TICD.

4.11. Marketing, Occupancy, and Lease-Up. TIDA recognizes three categories of household and individual eligibility for new Authority Housing Units, Transition Units, and Inclusionary Units broadly summarized below: ("Authority Housing Project" is defined in the DDA and includes affordable units that will be rented to low-income households spanning a wide range of affordability and may include Transition Units.). For a discussion about Treasure Island marketing definitions, please see Attachment A - Summary of TI, TIDA, TICD, One TI and Development Agreement history.

- 1) **"Legacy Household"** (formerly referred to as "Pre-DDA Household") is a household that has continuously rented and occupied an apartment at The Villages prior to the DDA. Only Legacy Households can occupy a **Transition Unit**. (The Villages at Treasure Island ("The Villages") are 766 market rate attached flats and townhouses managed by John Stewart Company).
- 2) **"Legacy Resident"** is a resident living in a Legacy Household that has continuously rented)and occupied an apartment at The Villages prior to the DDA.
- 3) **"Vested Resident"** (formerly referred to as "Post-DDA Household") is a current resident who has rented and occupied an apartment at The Villages whose tenancy began after June 29, 2011 and before December 11, 2019.

All existing residents living at The Villages will eventually be obligated to move as existing housing is demolished over time.

The fourth group of households on TI are the "One TI Households" ("formerly referred to as Treasure Island Homeless Development Initiative households") totaling 260 units, the "One TI Units". These One TI Units are guided by the Amended and Restated Base Closure Homeless Assistance Agreement

("Base Closure Agreement") dated June 28, 2011. The Base Closure Agreement outlines all TIDA obligations with respect to housing and services for current and formerly homeless individuals and families to be provided by One TI and also governs certain new housing, employment and economic development opportunities that are managed by One TI. Replacement unit obligations for One TI residents are guided by the Base Closure Agreement and detailed in Exhibit E - Treasure Island Homeless Development Initiative ("TIHDI") Transition Housing Plan ("TIHDI Transition Housing Plan"). Households and residents who reside in One TI Units are not eligible for benefits under the Transition Regulations.

One TI member organizations operate the 260 One TI Units located in The Villages on Treasure Island. (For a breakdown of the One-TI members and the number of existing One-TI units each TI member operates, see Attachment A). There will be no One TI replacement units in TI-E1.2-Senior. However, there will be One TI replacement units in the BHB. Please see Exhibit B - Behavioral Health Building Memorandum for more explanation on TI-E1.2-BHB.

The various populations occupying TI will receive replacement units or apply for the lottery, makes developing the marketing plans, determining the occupancy preferences and affordability restrictions for all TI developments complex. The TI marketing plan to cover TIDA's obligations of marketing affordable housing rental and ownership units has been incorporated into a Memorandum of Understanding ("MOU") between MOHCD and TIDA. This MOHCD-TIDA MOU was executed on March 1, 2021. The MOU outlines the housing preferences to be applied at all TI developments. For TI-E1.2-Senior, the units designated for TI households are as follows:

- a) **One-TI Replacement Units:** There will be no One TI replacement units in TI-E1.2-Senior. However, there will be One TI replacement units in the BHB. Please see Exhibit B - Behavioral Health Building Memorandum for more explanation on TI-E1.2-BHB.
- b) **Transition Units:** There will be up to 10 Transition Units for Legacy Households that are not income restricted and therefore the units are not tax credit eligible. The initial occupants of these units will be Legacy Households until all Legacy Households Transition Unit benefits have been delivered. TIDA, with assistance from MOHCD staff, has held an internal (non-public) lottery to determine the unit offer order for these Transition Households. At lease up, if TIDA has gone through all Legacy Households via ranked order for unit size based on household composition, the Transition Units remain vacant, Mercy will be able to use the waitlist that will be established through the public-facing DAHLIA lottery. (Legacy and Vested Residents who are income eligible, may also apply to the MOHCD DAHLIA Lottery Units described in bullet c) below).

Also, any Legacy Households occupying these Transition Units at the Project will pay the same rent the household pays in their current existing TI unit. Rents in these Legacy Household replacement units can only be raised by the annual amount allowed under the Rent Board.

Because Transition Units are set at 100% MOHCD, they are not eligible to receive MOHCD funding. MOHCD Underwriting Guidelines states that MOHCD funds on non-family building have a 60% maximum area median income (AMI). Since the Transition Units are 80% TCAC AMI/100% MOHCD AMI for the first applicants, MOHCD sources cannot be used to fund these units. Prior to the MHP-SN application, TIDD, MOHCD and Mercy to work out this gap in capital financing related to the Transition units. TIDA proposes to use either TIDA Developer Housing Subsidy and Infrastructure and Revitalization Financing District (“IRFD”) funds on this project for all units. Please see Section 6.5 for a discussion of these TIDA funding source restrictions.

- c) **MOHCD DAHLIA Lottery (“Lottery”) Units:** There are up to 66 Lottery Units for which Legacy Residents and Vested Residents have preference before other DAHLIA preferences and the general public. Legacy and/or Vested Residents placed in these units must be income eligible and placed in the units through the Lottery. These Lottery Units are subject to the preferences in the chart below.

MOHCD Preference	Applicant Category
0.A	Legacy Residents
0.B	Vested Residents
1	Certificate of Preference (COP) Holders
2	Displaced Tenants Housing Preference (DTHP) Certificate Holders (20% of units after previous preferences are applied.)
3	Neighborhood Preference (25% of units after previous preferences are applied.)*
4	Live or Work in San Francisco Preference
5	All Others

IMPORTANT NOTE: If this Project receives a HUD 202 award, the Neighborhood Preference set aside will be reduced to 25% of available units, instead of 40%

For TI-E1.2-Senior, another marketing category will be added if the project successfully receives an MHP-SN award. In consultation with TIDA and MOHCD, TI-E1.2-Senior is not programmed to serve formerly and currently unhoused seniors due to TI-E1.2-Senior being adjacent to TI-E1.2-BHB. TIDA and One TI had concerns about one parcel within the revitalized TI having a large concentration of formerly and currently unhoused people. Therefore, TI-E1.2-Senior will serve frail elderly as defined by MPH-SN.

4.11.1 Marketing & Income Restrictions for All Sources.

UNIT SIZE		MAXIMUM INCOME LEVEL		
<u>NON-LOTTERY-ONE-TI REPLACEMENT UNITS</u>	No. of Units	MOHCD	TCAC and/or HUD, when applicable	HCD
Sub-Total	0			
<u>NON-LOTTERY-FRAIL ELDERLY REFERRAL/SET-ASIDE</u>				
0 BR/STUDIOS -SOS	6	15% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
0 BR/STUDIOS -SOS	6	25% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
1 BR – SOS	5	15% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
1 BR – SOS	6	25% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
Sub-Total	23			
<u>TRANSITION UNITS</u>				
1 BR/STUDIOS	10	100% MOHCD AMI	80% TCAC AMI	100% TCAC AMI
Sub-Total	10			
<u>LOTTERY – NON-PRAC</u>				
1 BR	6	40% MOHCD AMI	30% TCAC AMI	30% TCAC AMI
1 BR Sub-Total	6			
<u>LOTTERY - PRAC</u>				
0 BR - PRAC	38	60% MOHCD AMI	50% TCAC AMI 50% HUD AMI	50% TCAC AMI
0 BR Sub-Total	38			
1 BR – PRAC	22	60% MOHCD AMI	50% TCAC AMI 50% HUD AMI	50% TCAC AMI
1 BR Sub-Total	22			
<u>STAFF UNITS</u>				
2 BR	1			
TOTAL	100			
PROJECT AVERAGE		50.86%	49.19%	49.19%
AVERAGE FOR LOTTERY UNITS ONLY		61.71%	55.00%	55.00%

For the Project's affordability average, note that the MOHCD affordability average is greater than the TCAC and HUD affordability average. The reason is that there are not enough units at incomes lower than 60% MOHCD AMI/50% TCAC AMI to make up for the 10 Transition Units.

4.11.2 Occupancy Standards for Units. Each secondary lender identified above has different minimum occupancy standards based on bedroom

size that must be applied to all units at the time of initial leasing and releasing. Transition Units are not eligible for HCD or TCAC funding and occupancy standards are governed by the Transition Regulations, an attachment to the Housing Plan of the DDA. All other units in the Project, non-Transition Units, will follow the MOHCD Occupancy Standards. As of 2022, the minimum occupancy standards are as follows:

UNIT SIZE	<u>Minimum Occupancy Standard</u>		
	MOHCD	TCAC	HCD
0 BR/Studio	1	1	1
1 BR	1	1.5	1

4.11.3 MOHCD Restrictions. Please note that the chart below will be included in Exhibit A for the predevelopment loan agreement and included in the form Declaration of Restrictions that will be an exhibit in the predevelopment loan agreement. Maximum Income Levels are MOHCD's.

Unit Size	No. of Units	Maximum Income Level	Rental Subsidy
0 BR	12	30% of Median Income	SOS
0 BR	38	60% of Median Income	
Total 0 BR	50		
1 BR	11	30% of Median Income	SOS
1 BR	6	40% of Median Income	
1 BR	22	60% of Median Income	
1 BR [Transition Unit]	10	100% of Median Income	
Total 1 BR	49		
2 BR	1	Manager's Unit	
Total 2 BR	1		

4.11.4 Proposed Declaration of Restrictions Language. Sponsor will provide proposed Declaration of Restriction language prior to submission of a CDLAC application. If the Project is awarded a HUD 202, the Sponsor must propose Declaration of Restrictions ("Dec") language regarding standard Dec language that "20% below market as determined by a neighborhood level market study completed at minimum 90 days before posting unit availability". Also, Sponsor must propose Dec language to mitigate for SOS and PRAC subsidy being eliminated from the Project.

4.12 Relocation. N/A; There are no relocation benefits associated with this Project. TIDA is providing transition benefits to Legacy Households and moving assistance to One TI members' households relocating to new units. TIDA, with assistance from TIDA's transition consultant, Associated Right of Way Services (ARWS), and Sponsor, will move Legacy Households that want to exercise their transition benefit to a Transition Unit in the Project.

In new affordable development with One TI replacement units, One-TI members' residents will be assisted by the One TI member and the sponsor

of the new affordable housing development. There are no One TI replacement units in TI-E1.2-Senior and therefore no transition assistance is necessary or required.

5. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Project Manager	Mercy Housing California	N	N
Architect	TBD	Y/N	Y/N (Describe below)
Landscape Architect	TBD	Y/N	Y/N (Describe below)
JV/other Architect	TBD	Y/N	Y/N (Describe below)
General Contractor	TBD	Y/N	Y/N (Describe below)
Owner's Rep/Construction Manager	TBD	Y/N	Y/N (Describe below)
Financial Consultant	Community Economics Inc	N	N
Other Consultant	TBD	Y/N	Y/N (Describe below)
Legal	TBD	Y/N	Y/N (Describe below)
Property Manager	Mercy Housing Management Group	N	N
Services Provider	Mercy Housing California	N	N
Other	Name	Y/N	Y/N (Describe below)

5.1. Procurement Plan. Mercy submitted a Procurement Plan to the Contracts Management Division on October 7th and is awaiting a response.

5.2. Opportunities for BIPOC-Led Organizations. To increase its contracting with BIPOC firms, Mercy takes part in the NPH's Diversity, Equity, Inclusion Working Group and created a list of firms to reach out to for opportunities related to construction and consultants. The project will work with the general contractor to select BIPOC-led subs when possible and economically feasible.

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: There is no prior MOHCD funding associated with TI-E1.2-Senior because there are no One TI replacement units. However, TI-E1.2-BHB does have One TI replacement units. There are existing loans at the existing Treasure Island property with One TI residents. Please see Exhibit B - Behavioral Health Building Memorandum for more explanation on TI-E1.2-BHB.

6.2. Disbursement Status. The project has incurred costs dating back to July 23, 2022 totaling \$110,563 related to massing studies that need to be completed and related to E1.2-BHB grant application to the state and cost expended to submit the HUD 202 application. Staff recommends that Loan Committee approves payment of costs no earlier than July 23, 2022

so long as these costs are deemed acceptable and correspond to predevelopment budget attached herein

6.3. Fulfillment of Loan Conditions if there is prior MOHCD/OCII funding. N/A

6.4. Proposed Predevelopment Financing

6.4.1. Predevelopment Sources Evaluation Narrative. The predevelopment budget is intended to take the Project through construction closing (currently anticipated for December 2024), totaling \$3,000,000. The MOHCD sources included in this predevelopment loan request are listed below.

- 1) **Low- and Moderate-Income Housing Asset Fund (“LMIHAF”) (\$500,000).**
- 2) **TIDA Developer Housing Subsidy (\$2,500,000).** TIDA Housing Developer Subsidy are funds approved under Resolution No. 241-11, adopted by the Board of Supervisors on June 7, 2011, the City and County of San Francisco approved the Disposition and Development Agreement (the “DDA”) between TIDA and Treasure Island Community Development, LLC (“TICD” or the “Principal Developer”), including the attached Exhibit E (the “Housing Plan”), which describes and defines the use of a certain subsidy provided by the Principal Developer for the development of housing units on Treasure Island and Yerba Buena Island (“Developer Housing Subsidy”). Pursuant to the DDA and Housing Plan, the Developer Housing Subsidy shall be “paid by Principal Developer to the Authority for the development of Authority Housing Units on the Authority Housing Lots and the implementation of the Transition Housing Rules and Regulations.” TI-E1.2-Senior meets the criteria and definition of Authority Housing Units as defined by the DDA and Housing Plan, and eligible to use of the Developer Housing Subsidy. TIDA has agreed to dedicate \$2,500,000 of its TI-E1.2-Senior for predevelopment.

6.4.2. Predevelopment Uses Evaluation:

Predevelopment Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Acquisition Cost is based on appraisal	N/A	N/A – The land is owned by TIDA who will ground lease the land to the TBD limited partnership.
Holding costs are reasonable	N/A	Not included.
Architecture and Engineering Fees are within standards	Y	The total estimated architect contract is \$2,505,155 and \$1,675,538 is expected to be disbursed during predevelopment. The architect for TI-E1.2-Senior has not

		been selected yet. Mercy will issue an architect request for proposal ("RFP") by March 2023. The estimated architect contract is based on architectural contract for the TI-E1.2-BHB.
Consultant and legal fees are reasonable	Y	\$77,451 for legal fees including syndication consultant fees are reasonable for the Project.
Entitlement fees are accurately estimated	Y	\$195,000 for entitlement/permit fees is reasonable for the Project.
Construction Management Fees are within standards	Y	CM fee sized below the MOHCD Underwriting Guidelines ("MOHCD UG") at \$21,250 for the estimated 14-month predevelopment period.
Developer Fee is within standards	Y	Total Dev Fee during predevelopment of \$550,000 complies with MOHCD Developer Fee Policy.
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 10.0%

6.5. Proposed Permanent Financing

The permanent financing being presented to demonstrate the project's overall feasibility for the purposes of applying to HUD 202 Program application submission.

6.5.1. Permanent Sources Evaluation Narrative: The Borrower proposes to use the following sources to permanently finance the Project, as shown in the HUD 202 application:

- 1) **MOHCD Loan (\$14,722,000)**: The estimated amount for MOHCD's gap loan on this project is \$14,722,000 or \$147,220 per unit. The MOHCD loan is inclusive of the predevelopment loan amounts and the TIDA funds. The sources in the MOHCD loan are shown below.
 - a) LMIHAF (\$8,500,000). This is an increase of \$8 million over the predevelopment funds.
 - b) TIDA Developer Housing Subsidy (\$2,943,000). This is an increase of \$443,000 over the predevelopment funds.
 - c) TIDA Infrastructure and Revitalization Financing District ("IRFD") (\$3,279,000). IRFD is a type of financing in which the City commits a portion of future property tax increment generated from certain land area on Yerba Buena and Treasure Island for public financing for the Yerba Buena and Treasure Island development projects.

MOHCD and TIDA learned on a previous Treasure Island development that IRFD funds are limited to new affordable housing units and cannot be applied to Transition Units or One TI replacement units. This means that the Transition Units that are set at 80% TCAC AMI/100% MOHCD AMI are not eligible for IRFD funds. Because the MOHCD and TIDA IRFD sources cannot be used on Transition Units, there is a funding gap on the Transition Units. Prior to the MHP preliminary gap request, MOHCD, TIDA, and Mercy needs to make a determination about IRFD financing or whether Transition Units should be planned for this Project.

Other limitations of the IRFD funds are that they are forgivable loans as long as the borrower of the MOHCD loan maintains the affordability restrictions as described in the Declaration of Restriction. The IRFD funds cannot be repaid with residual receipts and as a forgivable loan has a zero percent (0%) interest rate.

Please note, that the MOHCD sources and TIDA Developer Housing Subsidy are planned as 3% loan with a 55-year term.

- 2) **Private mortgage (\$6,224,573):** The permanent loan is estimated as a 30-year loan at 56% interest (to model current market conditions). This private mortgage amount is the loan amount that would be possible to support if the HUD PRAC, awarded with the HUD 202 is sought and awarded. After one-year of operations, Mercy plans to apply for HUD PRAC set at Rental Assistance Contract ("RAD") rents. RAD rental subsidy amounts are higher than the PRAC rental subsidy amounts in the FY 2022 HUD 202 Notice of Funding Opportunity ("NOFO").

To have a competitive HUD 202 application, Sponsors must assume HUD operating contract rents as defined in the FY 2022 HUD 202 NOFO. These operating standards for San Francisco developments are extremely low and not feasible to operate the Project. (Please see section 7.2 for a longer discussion about the HUD Operating Cost Standards.) As a condition of requesting a MHP-SN commitment letter, after submission of the HUD 202 application and prior to the MHP-SN application submission, the Sponsor is to submit updated budgets prior to requesting a commitment letter for the MHP-SN development.

- 3) **MHP-SN (\$21,969,964):** This amount will be submitted on the HUD 202 application. However, the Sponsors may apply for up to \$24 million in MHP. As a condition of requesting a MHP-SN commitment letter, after submission of the HUD 202 application and prior to the MHP-SN application submission, the Sponsor is to submit updated budgets prior to requesting a commitment letter for the MHP-SN development.
- 4) **HUD 202 (\$6,813,486):** This will be the capital amount requested in the HUD 202 application that is due on January 25, 2023.
- 5) **AHP (\$1,000,000):** As of this request, the Sponsors have not studied whether the Project is competitive for AHP. The Sponsors have estimated \$10,000 per unit. The Sponsor plan to apply in 2023, and if not awarded, will apply in 2024 and continue to apply as many times as possible before the temporary certificate of occupancy ("TCO") is issued for the Project. The Sponsor will identify the AHP bank sponsor closer to the application date, with a successful award to be disbursed at closing or during construction.

As a condition of requesting a MHP-SN commitment letter, after submission of the HUD 202 application and prior to the MHP-SN application submission, the Sponsor must submit an AHP competitive analysis to MOHCD.

- 6) **4% Tax Credit Equity (\$27,817,169):** Mercy is assuming \$0.95 per federal credit pricing, which is consistent with the current credit market and this type of development. Should the market improve, the increase in tax-credit equity will reduce MOHCD's gap loan to the Project.
- 7) **Deferred Developer Fee (\$1,300,000):** The Sponsor are able to receive \$1,300,000 in deferred developer fee because of the capitalized operating reserve coming into the Project during operations in years 1 and 2 on the 20-year cashflow and from the additional PRAC at RAD rents assumed to begin in year 3. Without the capitalized operating reserve and additional PRAC, deferred developer fee is not available. If the Project receives MHP-SN, proposed deferred developer fee may change.

8) **General Partner Equity (\$100):** This is the Sponsor's 0.01% equity share and the minimum requirement for tax credit developments.

9) **Construction Loan (\$39,114,389):** While not a permanent source, the construction loan terms are estimated at 26-months with 6% interest.

6.5.2 CDLAC Tax-Exempt Bond Application:

The Project scoring will be competing in the ELI/VLI set-aside within the New Construction pool and the Bay Area's geographic set-aside. The Sponsors will apply to CDLAC-TCAC in March 2024 for a June 2024 allocation with an approximate \$39 million tax-exempt bond request, scoring 109 out of 120 total points, with a tiebreaker of 169.3% (based off the 2020 tiebreaker calculation).

CDLAC Self-Score	
Opportunity Map Resource Level	High Segregation & Poverty
TCAC Housing Type (new construction only)	Seniors
Bond Allocation Request Amount	\$39,114,389
Total Self-Score (out of 120 points)	109
Tiebreaker Score	169.3%

6.5.3 HOME Funds Narrative: There are no HOME Funds in the project.

6.5.4 Commercial Space Sources and Uses Narrative: N/A.

6.5.5 Permanent Uses Evaluation:

Development Budget		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Hard Cost per unit is within standards	Y	\$604,448/unit
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 5.4%
Architecture and Engineering Fees are within standards	Y	The total estimated architect contract is \$2,505,155.

Construction Management Fees are within standards	N	CM is sized at \$145,000 (36 months for predevelopment and 18 months for construction) meets underwriting guidelines for predevelopment (\$3,500/month) and construction (\$5K/month) period.
Developer Fee is within standards, see also disbursement chart below	Y	Project management fee: \$1,100,000 At risk fee: \$1,100,000 Deferred fee: \$0 GP equity: \$100 Commercial fee: Not Applicable Total fee: \$2,200,100
Consultant and legal fees are reasonable	Y	CM is sized at \$145,000 total CM fee sized below the MOHCD Underwriting Guidelines ("MOHCD UG") at \$21,250 for the estimated 14-month predevelopment and 14 months construction. Prior to MHP-SN commitment, Sponsor to update with more accurate estimate.
Entitlement fees are accurately estimated	Y	Entitlement fees are estimated at \$904,410 and are based on previous projects. During predevelopment and prior to submission of MHP-SN application this will be updated.
Construction Loan interest is appropriately sized	Y	The construction loan interest calculation will be provided with the update to MHP-SN.
Soft Cost Contingency is 10% per standards	Y	Soft Cost Contingency is 9.9%
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months of operating expenses including debt payments
Capitalized Reserve - 2 years of assumed PRAC increase amount to get to realistic operating budget	--	If the Project is awarded a HUD 202, Mercy must operate the building for 1 year at the lower infeasible PRAC amounts. Two years of capitalized reserves is assumed since how soon after one year of operations that HUD provides the increase is unknown.

6.5.6 Developer Fee Evaluation: Below is the breakdown of the total development fee in the Project, which meets MOHCD's Developer Fee Policy.

Total Developer Fee:	\$3,500,100	
Project Management Fee Paid to Date:	\$ 0	
Amount of Remaining Project Management Fee:	\$1,100,000	

Amount of Fee at Risk (the "At Risk Fee"):	\$1,100,000	
Amount of Commercial Space Developer Fee (the "Commercial Fee"):	Not Applicable	
Amount of Fee Deferred (the "Deferred Fee"):	\$1,300,000	
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
Predevelopment milestone #1 - Close of predevelopment financing	\$165,000	15%
Predevelopment milestone #2 - Submission of HCD funding application	\$110,000	10%
Predevelopment milestone #3 - Submission of joint CDLAC and TCAC application	\$110,000	10%
Construction milestone #1: At the construction closing	\$220,000	20%
Construction milestone #2: Disbursed during construction	\$220,000	20%
Project close-out	\$110,000	10%
Milestones for Disbursement of that portion of Developer Fee defined as At Risk Fee		Percentage At Risk Fee
100% lease up and draft cost certification	\$220,000	20%
Permanent conversion	\$550,000	50%
Project close-out	\$330,000	30%

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

7.1. Annual Operating Budget.

The annual operating is presented to demonstrate the project's overall feasibility for the purposes of applying to HUD 202 Program application submission.

The proposed operating budget is generally in compliance with MOHCD policies. Rental income is based on the following:

- \$23,287 monthly or \$279,444 annually from 23 units that will be designated for frail elderly and supported with a 15-year Senior Operating Subsidy (SOS) contract.
- \$5,898 monthly or \$70,776 annually from 6 units without an operating or rental subsidy affordable to households at 30% MOHCD AMI

- \$53,846 monthly or \$646,152 annually from 60 units with a PRAC rental assistance. These rents are set at 50% TCAC AMI and the tenant paid portion is assumed to be 20% TCAC AMI.
- \$25,560 or \$306,720 annually from 10 Transition Units. While these units' trend at 1% annually because they comply with City Rent Board requires as described in the DDA's Housing Plan, there inclusion as rental income is not an estimate of project income for a senior development. These units are market rate at a time when a senior age 62's income is declining. At this time, TIDA, the keeper of existing tenant information, does not have information about the number of seniors aged 62 and their current rents and AMI's. As of this request, the Sponsors, TIDA, and MOHCD are not settled on the accurate income to assume for these units, and this will be further explored during predevelopment.

7.2. Annual Operating Expenses Evaluation.

In the HUD 202 application, HUD limits the operating costs to Operating Cost Standards (OCS) presented in Appendix A for the application. For San Francisco, the OCS in Appendix A is shown below.

San Francisco, CA PMSA \$11,035

The OCS required for the HUD 2022 are below MOHCD completed developments of a similar size to TI-E1.2-Senior in the MOHCD operating cost comparison. Of similar developments the operating costs for similar size projects is shown below and the average operating cost of all comparable developments is \$14,353.

	Comparable Project Name	Number of Units	Per Unit Per Annual ("PUPA") Operating
HUD OCS	San Francisco, CA PMS		\$11,035
Subject property	TI-E1.2-Senior	100	\$15,315
	Carter Terrace	101	\$14,221
	O'Farrell Towers	101	\$16,735
	International Hotel	105	\$13,525
	Plaza Apartments	106	\$16,679
	Edith Witt Senior	107	\$14,457
	Mary Helen Rodgers Senior	100	\$12,361
	Parkview Terrace	101	\$12,492
	Average	103	\$14,353

Below are estimated PUPA at the construction closing for the two new affordable housing developments on Treasure Island.

	Comparable Project Name	Number of Units	Per Unit Per Annual ("PUPA") Operating
HUD OCS	San Francisco, CA PMS		\$11,035
Subject property	TI-E1.2-Senior	100	\$15,315
	Maceo May,	105	\$14,731

Parcel C3.2		
Star View Court Parcel C3.1	138	\$15,585
Average	122	\$15,158

The HUD OCS being below the average operating cost of similar size completed developments in MOHCD portfolio and Treasure Island affordable developments that began construction in the past 3 years means the operating costs that Mercy submits for a successful awarded Project are below fiscal feasibility. To mitigate this discrepancy, Mercy has assumed that the Project may receive additional PRAC through a “PRAC-to-RAD” option. However, the HUD 202 NOFO states that additional PRAC operating subsidy through PRAC-to-RAD may only be sought after one year of operations based on operating budget history. To mitigate the one year of operations before RAD rents or an adjustment is submitted to HUD, the Sponsors have capitalized two years of additional PRAC on the permanent sources and uses budget. In years 1 and 2, “withdrawals from capitalized operating reserve” are shown on the 20-year cash flow. Beginning in year 3 on the 20-year cash flow, the line titled “Miscellaneous Rental Income” shows the additional PRAC needed to support debt. Staff approves this adjustment and recommends that the loan request for a preliminary gap commitment for the HUD application.

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	N	DSCR is 1.296 at Year 1 and 2.101 at Year 17. The excess cash is the result of using capitalized operating reserve in year 1 and 2 to mitigate against the lower PRAC rents and assuming additional PRAC received in year 3. Note that without capitalized income and additional PRAC, DCSR does not break even.
<i>For TCAC projects:</i> Vacancy rate meets TCAC Standards <i>For non-TCAC existing projects:</i> Vacancy rate is based on project's historical actuals	Y	Vacancy rate is 5%
Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	Y	Income escalation factor is 2.5% on the 66 Lottery Units and 1% and the 10 Transition Units rents trend at 1%, as allowed by the Rent Board.

		The Miscellaneous Rent Income trends at 2.5% and is the SOS funds.
<p><i>For TCAC projects:</i> Annual Operating Expenses are increased at 3.5% per year</p> <p><i>For non-TCAC existing projects:</i> Annual Operating Expense escalation is based on project's historical actuals</p>	Y	Expenses escalation factor is 3.5%
Base year operating expenses per unit are reasonable per comparables	Y	<p>Total Operating Expenses are \$15,315 per unit</p> <p>While the project is higher than average, cost includes elevators and desk clerks.</p>
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$78,000 or \$65 PUPM which is consistent with the HUD.
Property Management staffing level is reasonable per comparables	Y	<p>1 FTE Senior Property Manager (PM)</p> <p>1 FTE Assistant PM</p> <p>1 FTE Front Desk Coverage</p> <p>1 FTE Maintenance Tech</p> <p>1 FTE Janitor</p>
Asset Management and Partnership Management Fees meet standards	Y	<p>Annual AM Fee is \$17,318 and trends approximately at 3.5% annually.</p> <p>Annual PM Fee is \$25,000/yr and does not trend.</p> <p>The AM and PM Fee together total \$42,318 in year 2026 and the amount is consistent with MHP-SN total allowable AM and PM Fee.</p>
<p><i>For TCAC projects:</i> Replacement Reserve Deposits meet or exceed TCAC minimum standards</p> <p><i>For non-TCAC existing projects:</i> Replacement Reserve Deposits meet project needs based on CNA</p>	Y	Replacement Reserves are \$500 per unit per year and consistent with HUD Uniform Multifamily Regulation dated 11/15/2017.
Limited Partnership Asset Management Fee ("LPAMF") meets standards	Y	LPAMF is \$5,000 annually and does not trend.
Master Association Fee	Y	All TIDA developments pay a Master Association Fee. This Project's projected Master Association Fee is \$405.12 PUPA.

One TI Fee	&	All TIDA affordable housing developments pay a One TI Fee, which is \$3,000 annually.
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7.3. Capital Needs Assessment & Replacement Reserve Analysis. N/A.

8. SUPPORT SERVICES

8.1. Services Plan. Mercy Housing will provide appropriate services to residents of TI E1.2 Senior. A services plan is not available at this time, but a draft plan will be by February 2023 as shown in Attachment C – Project Milestones/Schedule approximately 50 days before submission of a MHP-SN application.

8.2. Services Budget. The current budget includes \$100,000 for services. Prior to submission on an MHP-SN, Mercy to submit breakdown of services budget to MOHCD.

8.3. HSH Assessment of Service Plan and Budget. As there are no formerly or currently unhoused persons planned in E1.2-Senior, HSH will not review the service plan. However, if a service plan and budget are required for review as it relates to frail elderly, DPH and MOHCD will need to review and approve the services plan and budget at minimum 30 days prior to submission of a MHP-SN.

9. STAFF RECOMMENDATIONS

9.1. Proposed Loan/Grant Terms

Financial Description of Proposed Predevelopment Loan	
Loan Amount:	\$3,000,000
Loan Term:	3 years
Loan Maturity Date:	2026
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	January 20, 2023, except as described in Section 6.2

9.2. Recommended Loan Conditions

A. General Conditions Prior to Any Loan Request

1. Sponsor must provide MOHCD with detailed monthly updates via the MOH Monthly Project Update, including on:

- 1) Community outreach completed,
- 2) Outcomes achieved related to racial equity goals

- 3) Other Financing applications, and
- 4) Development of Referral Plan for frail elderly units.
2. Sponsor must provide operating and development budgets that meet MOHCD Underwriting Guidelines and provide updated operating and development budgets at every pricing exercise completed at key architectural plan stages.
3. Any changes to the current proposed staffing will need to be presented to MOHCD at least 90 days prior to gap loan approval, including any preliminary gap approval for a commitment letter.
4. Sponsor must work with MOHCD staff and project's General Contractor to Value Engineer construction budget.
5. Sponsor must provide quarterly updated response to any letters requesting corrective action.

B. Loan Condition Prior to Submission on an MHP Application

6. MOHCD reserves the right to withhold the project from applying to any HCD program including MHP.
7. Preliminary Commitment Letter for all HCD applications including MHP will not exceed \$14,722,000.
8. MOHCD must approve the complete MHP project underwriting including all MHP senior program requirements.
9. MOHCD to review with Sponsor the MHP senior program guidelines in alignment with the City Senior Operating Subsidy (SOS) program.
10. Sponsor and MOHCD to provide Credit Committee a detailed project update in the form of a revised loan evaluation or a project memo.
11. Credit Committee reserves the right to require the Project to go back to Loan Committee before an MHP application or any HCD application.
12. MOHCD to review with Sponsor HUD 202 PRAC program guidelines and identify potential conflicts with the MOHCD and HCD MHP underwriting guidelines.
13. By March 1, 2023, Sponsor to provide a Project budget, operating proforma and 20-year cash flow assuming a HUD 202 award with PRAC needed to operate the project and without a HUD 202 and PRAC. Included with the updated Project budget, the Sponsor must include a breakdown of the Project's entitlement assumptions.

14. By March 1, 2023, the Sponsor must submit an AHP competitive analysis to MOHCD.
15. By March 1, 2023, the Sponsor must submit an updated CDLAC Self-Scoring analysis, showing that the Project will be CDLAC competitive.
16. Sponsor must provide MOHCD with a services plan and proposed staffing levels that meet MOHCD underwriting standards prior to submission of a MHP-SN.
17. Sponsor must provide a breakdown of the services budget to MOHCD.
18. Sponsor must provide MOHCD with information outlining cost containment, efficiencies and innovation strategies to reduce overall project costs and maximize efficiency of MOHCD gap loans.
19. Regarding parking spaces in the building, if parking remains in the Project, Mercy needs to define how parking will be allocated since there are 23 frail-elderly in the building. The description of the parking allocation process must be provided at the by completion of schematics drawings if parking remains in the building.
20. MOHCD, TIDA, and Mercy must determine whether about IRFD financing will be available for this Project and if Transition Units will be planned for this Project.
21. Sponsor with MOHCD must work on an MPH-SN definition of frail elderly referral system with Department of Aging Services and DPH.

C. Loan Condition Prior to of a CDLAC Application

22. Sponsor and MOHCD Project Manager must have the Project reviewed by Peer and Credit Committee before submission of a CDLAC application, even if the preliminary gap commitment amount provided in the HUD 202 Preliminary Commitment Letter and/or a MHP preliminary commitment letter does not exceed \$14,722,000. If prior to the submission of a CDLAC application, the requested preliminary gap commitment exceeds \$14,722,000, in addition to the Project being reviewed by Peer and Credit Committee, the Project must be reviewed and approved by the Affordable Housing Loan Committee prior to CDLAC application submission.
23. MOHCD must approve all HUD 202 PRAC program guidelines. Any waiver requests to MOHCD underwriting

guidelines must be submitted no later than 90 days before CDLAC application is due. MOHCD must approve any waiver request prior to the CDLAC submission.

24. MOHCD reserves the right to withhold the project from submitting a CDLAC application.
25. Sponsor must provide MOHCD with a community engagement plan at least 60 days before submission of a CDLAC application.
26. Sponsor must: a) provide for MOHCD review of the Request for Proposals (RFP) for equity investors and lenders before it is finalized and distributed; b) provide for MOHCD review of all raw financial data from developer or financial consultant prior to selection; c) provide for MOHCD review and approval of all selected investors and lenders; and, d) provide for MOHCD review and approval of all Letters of Intent from financial partners.
27. If awarded a HUD 202, the Sponsor must propose language for the Declaration of Restrictions ("Dec"), particularly related to MOHCD's standard Dec language that "20% below market as determined by a neighborhood level market study completed at minimum 90 days before posting unit availability". Also, Sponsor must propose Dec language to mitigate for SOS and PRAC subsidy being eliminated from the Project.

D. Loan Condition Prior to Temporary Certificate of Occupancy

28. 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 plan is consistent with the Mayor's Racial Equity statement and promotion of positive outcomes for African American San Franciscans.

10. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

Thor Kaslofsky, Executive Director
Office of Community Investment and Infrastructure

Date: _____

☐ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

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

Date: _____

- Attachments:
- A. Summary of Treasure Island, TICD, One-TI, and Development Agreement
 - B. Behavioral Health Building Memorandum
 - C. Project Milestones/Schedule
 - D. Borrower Org Chart
 - E. Developer Resumes
 - F. Asset Management Analysis of Sponsor
 - G. Threshold Eligibility Requirements and Ranking – N/A
 - H. Criteria Site Map with amenities
 - I. Elevations and Floor Plans, if available – Not Available
 - J. Comparison of City Investment in Other Housing Developments
 - K. Predevelopment Budget
 - L. Development Budget
 - M. 1st Year Operating Budget
 - N. 20-year Operating Pro Forma

Attachment A:
Summary of Treasure Island Development Authority,
Treasure Island Community Development, LLC, One Treasure Island,
Development Agreement and Existing Treasure Island Households

The purpose of this Attachment A is to summarize and contextualize the history of Treasure Island and Yerba Buena Island and its key stakeholders, specifically to contextualize certain underwriting assumptions in the MOHCD loan evaluation. This attachment is comprised of the following sections: Background, Vision/Equity, Public Private Partnership, Horizontal Development, Community Planning and Amenities, Authorizing Agreements, and Existing Treasure Island Households.

I. BACKGROUND

Treasure Island ("TI") was constructed as one of the most visible of President Franklin D. Roosevelt's Works Progress Administration projects and was host to the Golden Gate International Exposition in 1939 and 1940. Treasure Island was activated as a United States Naval Base in 1940 and played a substantial role in both World War Two and the Korean War. TI was used as a center for receiving, training and dispatching personnel. After the war, the Island was used as a training and administrative center.

In 1993 the Federal Government placed the Naval Station Treasure Island ("NSTI") on its Base Realignment and Closure list, and the United States Department of Defense subsequently designated the City and County of San Francisco (the City) as the Local Reuse Authority ("LRA") responsible for the conversion of the Base to civilian use under the federal disposition process per the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (the "Act"). In 1994, the City began to conduct hearings and community meetings which informed the redevelopment plan that would eventually result in a new San Francisco neighborhood incorporating residents of all socio-economic backgrounds. NSTI was formally decommissioned in 1997.

In 1997, the City formed the Treasure Island Development Authority ("TIDA") as a redevelopment agency under California law, and designated it as the new Local Reuse Authority.

After formation in 1997, TIDA initiated formal negotiations with the Navy. The Navy contracted with the City (and subsequently TIDA) to manage the property pending negotiations for its transfer and redevelopment. As part of managing TI on behalf of the Navy, TIDA began subleasing at market rates a portion of the former military housing now known as The Villages at Treasure Island ("The Villages") through a master lease with The John Stewart Company, and directly leasing space to a variety of commercial tenants.

In 2003, TIDA selected Treasure Island Community Development LLC (“TICD”) for exclusive negotiations for the master redevelopment of TI.

The Board of Supervisors approved the development plan in 2006 (and amended its approval in 2010), which was conditioned on completion of environmental review under the California Environmental Quality Act (“CEQA”).

The Development Agreement (“DA”), dated June 28, 2011, vests the master plan’s entitlements for thirty years and any vertical project is then approved by the Planning department under a process outlined in the DA. The DA, unanimously approved by the Board of Supervisors, forms the basis for the Disposition and Development Agreement (“DDA”) between TIDA and TICD, and governs respective rights and obligations for the redevelopment of portions of TI and Yerba Buena Island (YBI) and calls for the development of up to 8,000 residential units in a series of Major Phases and Sub-Phases.

As of the signing of the DDA between TIDA and TICD there were approximately 600 existing former Navy housing units occupied by households living in both affordable units for formerly homeless households and market rate units. These households have certain rights and benefits and are described in detail below.

A CEQA lawsuit was filed against the project but was unsuccessful. It did serve to delay the project.

Portions of Treasure and Yerba Buena Islands were formally transferred from the Navy to TIDA in May 2015. Land for the first two sub phases of the redevelopment plan was transferred to TICD in February 2016.

Initial market rate home construction began on YBI in June 2019 and was completed in Q2 2022. The first vertical construction on Treasure Island began in 2020 with Maceo May Apartments, an affordable housing development for homeless and low-income veterans by Swords to Plowshares in partnership with Chinatown CDC and is scheduled for completion in Q1 2023. The second affordable housing development on Treasure Island, Star View Courts, started construction Q3 2022 and is expected to be complete in Q2 2024.

In 2019, TICD submitted its application and approvals to complete horizontal work for the second sub-phase. The Street Improvement Permit is expected later this year.

On March 1, 2021 MOHCD and TIDA executed an MOU defining roles and responsibilities for development, marketing, and compliance monitoring all affordable, inclusionary and Transition Units.

By 2024 it is projected that 982 units in 8 projects will be completed. This includes 243 affordable units in affordable housing developments ground leased

by TIDA and 739 market rate units (including 54 inclusionary units) on Treasure Island and Yerba Buena Islands.

II. VISION/EQUITY

The overall development plan calls for approximately 8,000 homes (with 2,173 homes/27.2% affordable), 300 hotel rooms, 550,000 square feet of retail and commercial space, and 290 acres of public open space representing 75% of the geographic area.

Treasure Island will be a model for sustainability and is the largest and highest scoring project to target Platinum rating under the LEED Neighborhood Development program.

The Transportation Plan for Treasure Island promotes pedestrian and bicycle mobility, provides strong public transit options and de-emphasizes vehicle use. New privately subsidized ferry service commenced Q1 2022 and is expected to be privately subsidized for 2-3 years after which the Water Emergency Transportation Authority ("WETA") will assume operations. As additional residents move to TI and YBI, MUNI bus service will be enhanced, new AC Transit bus service to the East Bay will commence and an on-island shuttle from the transit hub to the new neighborhoods will begin service.

The island will have congestion-pricing to encourage transit usage and discourage peak-time auto travel. Subsidized transit passes and discounts to services like car- and bike-share will make transit affordable and accessible to longtime residents and people living in below market-rate housing.

The redevelopment of Treasure and Yerba Buena Islands creates a brand-new neighborhood for existing and new residents with equity principles baked into its core. From inception, the plan has included over 27% of housing units to be affordable, with units reserved for homeless households integrated into the affordable units and the affordable units integrated throughout the market rate units. All janitorial and landscaping in TIDA operated spaces, such as Building One and most of the public open space, are performed by One TI members Toolworks and Rubicon landscaping, which provide job training and work opportunities for economically disadvantaged people and/or people with disabilities. Per the DDA, 25% of all new construction jobs and 25% of all new permanent jobs are set-aside for economically disadvantaged San Franciscans that face barriers to employment. Parks, open space, community facilities and retail strategies are conscientiously being developed to foster inclusion and integration. From inception, equity has been at the heart of Treasure Island redevelopment planning and implementation.

III. PUBLIC PRIVATE PARTNERSHIP

There are three key entities leading the development process.

Treasure Island Development Authority

The Treasure Island Development Authority (“TIDA” or the “Authority”) was formed in 1997 as a non-profit, public benefit agency dedicated to the economic development of the former NSTI and the administration of municipal services thereon. It is governed by its own Board of Directors.

Treasure Island Community Development, LLC (principal developer)

The Treasure Island Development Corporation LLC (“TICD”) is a joint venture between Lennar Urban and KSWM and is the principal developer. Members of KSWM include: Stockbridge Capital Group; Wilson Meany Sullivan LLC; and Kenwood Investments, LLC.

One Treasure Island

One Treasure Island (One TI) (formerly known as the Treasure Island Homeless Development Initiative or TIHDI), is a California nonprofit public benefit corporation that was formed in June 1994 for the purpose of utilizing the structural and economic development resources of the former NSTI to create a vibrant, inclusive community that provides pathways for economic advancement for lower-income and formerly homeless San Franciscans. One TI achieves its mission through affordable housing, jobs, community building, and advocacy. One Treasure Island is a membership organization committed to fostering an equitable, inclusive, and thriving community for all Treasure Island residents, employees, businesses, and visitors emphasizing inclusion by lower-income households and those who have experienced homelessness.

IV. HORIZONTAL DEVELOPMENT

Yerba Buena Island is a natural island and Treasure Island is man-made. Before vertical construction can begin significant infrastructure, improvements were needed and will continue.

TICD’s application for Major Phase I development was submitted in 2014 and approved by TIDA in May 2015. TIDA oversees the delivery of infrastructure and geotech work, supported by the City’s Public Works Task Force and construction inspections through the City’s Department of Building and Inspection.

Demolition of the existing buildings in Stage 1 (the area including affordable parcels Maceo May and Star View Courts) and infrastructure work for new water tanks that serve Treasure Island and Yerba Buena Island and Phase I geotechnical mitigation work has all been completed and street infrastructure is underway. The infrastructure and geotechnical scope is described below.

Infrastructure and Geotechnical Work

The Geotechnical Conceptual Design Report for Treasure Island, completed February 2, 2009, describes soils comprised of 30-50 ft of sand fill and 20-120 feet of young bay mud, underlain by firmer soils. It also

states that the island perimeter could be destabilized by liquefaction. The geotechnical improvement program for Treasure Island has four primary components and each component will be completed within a phase of infrastructure improvements. The four primary components are:

- Reconstruction of the causeway connecting Treasure Island and Yerba Buena Island. The causeway is almost complete and has been reconstructed in its entirety – excavated to near sea level, cement deep soil mixing (“CDSM”) employed to strengthen soils below sea level and then reconstructed using appropriate engineered fill to the intended finished elevation.
- Improvement of Island Perimeter – the perimeter of the island will be strengthened employing a combination of stone columns and CDSM walls to mitigate lateral spread of the island following the subsidence of off-shore materials in a seismic event.
- Vibratory Compaction – Throughout the area of vertical development, including the street areas, the fill materials and underlying naturally deposited sands on which the island rests will be consolidated through vibratory compaction through their 50’-70’ depth. This is intended to mitigate the potential for liquefaction during future seismic events by pre-consolidating these fill materials.
- Surcharging – following compaction of the materials from which the island was constructed, imported soil will be stockpiled on the development areas to simulate the dead weight of the future buildings and other improvements. This weight will induce the consolidation of the bay mud which underlies the sandy fill materials to mitigate settlement that would otherwise occur after the future buildings are constructed. After surcharging, the imported soil will be removed from the site to achieve the desired finished site elevation.
- Increasing the soil capacity also allows buildings up to 7-stories to be supported on conventional foundations. Taller buildings will require deep foundations.

Sea Level Rise Mitigations

The redevelopment of Treasure Island has been designed to account for sea level rise. Our adaptive management strategy includes:

- Raising the island to guard against sea level rise, including wave run-up.
- All streets will be at least 36 inches higher than the Base Flood Elevation. All ground floors will be 42 inches higher than the FEMA Base Flood Elevation.
- The perimeter of the island will be geotechnically improved. The crest elevation of shoreline structures will be 16-32 inches higher than currently required to mitigate any extreme events, such as tsunamis, high tides and storm surges.

- All residential buildings on the West and North side will be set back at least 350 feet from the shoreline so that the island buffer perimeter can be improved if sea levels continue to rise beyond current projections. This will be financed by a Community Facilities District that will raise \$1.2 billion over 99 years for improvements to mitigate against future sea-level rise.

In June 2020, TIDA was awarded a \$30 million State of California Housing and Community Development (“HCD”) Infill Infrastructure Grant Program (“IIG”) funds to conduct a portion of the infrastructure work. The grant is sitewide for Treasure Island and requires affordable housing to be constructed, but none of the IIG funds will be applied to individual TI affordable housing developments.

V. COMMUNITY PLANNING AND ISLAND AMENITIES

When the Navy vacated Treasure Island in 1997, all community services such as childcare, recreation, and youth programming ceased to operate and non-code compliant playgrounds were removed. One TI developed a Services Plan that included the reuse of existing facilities to provide community services. The Community Services and Facilities Plan is updated regularly, most recently in 2021. These services were and are seen as critical in both supporting island residents while building opportunities to create a new neighborhood through shared experiences and mutual needs. As part of actively planning for community services and facilities, One TI has also worked with Triple Aim/National Initiative on Mixed Income Communities for strategic guidance, is developing Equity Indicators research and monitoring and working with TIMMA/SFCTA to conduct a Supplemental Transportation Needs Assessment for current TI residents.

The purpose of this section is to describe current amenities on Treasure and Yerba Buena Islands as well as the amenities that are expected to be complete by the time that TI-C3.1 is projected for completion, with a focus on amenities and facilities that are family friendly.

Parks, Playgrounds, Open Space

Approximately ½ mile from the project site (across the street from the restaurant MerSea, at 9th street) is a public playground, picnic area, and dog park.

Residents also enjoy the Perimeter Path - a walking trail along the Bay and a beloved community feature for TI residents.

A portion of Waterfront Plaza in front the Ferry Terminal is expected to open in March 2022 with the entire park scheduled for completion by October 2022. The causeway stormwater garden and associated pedestrian facility including access to the Clipper Cove beach at the east Causeway is also near completion.

On Yerba Buena Island Hilltop Park, a new dog park, and Pier E-2 (at the end of Northgate Road at the east of YBI) opened in Q2 2022.

In addition to the formal parks, pocket parks are planned all around the Shared Public Way which is a car-free bike and pedestrian corridor and many of these improvements will be complete by the time the Treasures Island Parcel E1.2 is occupied.

Today, residents have access to baseball, soccer and rugby fields. In addition, a new soccer / sports facility at 9th Street and Avenue M is underway by SF Glens and SF Little league is constructing a replacement baseball field at 8th Street and Avenue M.

Future parks include a Cultural Park by the Chapel and Cityside Park on the western shore, and The Wilds on the northern portion of Treasure Island but no timetable is available for these parks at this time.

Childcare

Catholic Charities runs the current childcare facility on the Island, with 18 enrolled students and a waitlist. The center has capacity for 100 children, but staff capacity currently constrains enrollment. The center will also be available to all One TI households.

Schools

Currently, the Life Learning Academy operates a charter high school with 50 students and including 24 students living in the dorm. At this time SFUSD is not operating the existing school facility but SFUSD intends to open a school on Treasure Island in the future.

The YMCA

The Treasure Island Y offers recreation, integrated programs and partnerships throughout the community. The fitness center serves 1,000 members and is free to all Treasure Island residents. Programs and classes respond to community health and wellness needs. Youth programs operate 7 days per week and include a K-8 summer program with excursions. The YMCA currently operates out of the gymnasium facility's basketball courts, three built- out rooms and kitchen.

Ship Shape Community Center

The community center has been operated by One TI for over 20 years and is used for community events and meetings, trainings, a weekly food pantry (serving an average of 200 households a week with staples and fresh produce during COVID-19), a free tax preparation site and a free computer lab.

Library

The San Francisco Public Library operates a weekly bookmobile that parks in front of Ship Shape and YMCA 1-2 days per week. Planning is currently under way for a library kiosk that is projected to be in operation in 2024.

Sailing Center

The Sailing Center has been in operation since 1999. The center offers pro-bono programs and scholarships for underserved youth; it serves the Life Learning Academy students, among others. The facility provides services both for elite athletics programs and for local, low-income populations who may not have basic water safety skills.

Grocery Store

Island Cove Market, is a full service grocery store (excluding alcohol) totaling approximately 10,000 square feet in Building 201, 800 Avenue H. Island Market & Deli is a convenience store totaling approximately 410 sq. ft and is located in Building 1.

Community Clinic

The San Francisco Department of Public Health's (DPH) Treasure Island Community Clinic is administered by DPH's Maxine Hall Health Center and is located in a portion of the YMCA. The clinic is staffed by a nurse who provides advice, referrals and drop-in treatment of minor urgent issues. The service is intended for low-income families in order to refer and connect them to primary care if they are not already connected.

Treasure Island Museum

This is a small museum in Building 1 with plans underway for a new and bigger space in Building 1. It envisions having a responsibility to communicate Treasure Island's continuous role in innovation, arts and architecture and to help knit together the residential community. The Museum's place of prominence means it is in a position to introduce visitors to Treasure Island and can also build a sense of place and tell the story of Treasure Island.

VI. AUTHORIZING AGREEMENTS

The purpose of this section is to summarize the authorizing legislation that governs redevelopment. This section also describes enforcement mechanisms to ensure that the principal developer meets its obligations as well as describes revenue sources for affordable housing that are generated by the project. This section first focuses on the Disposition and Development Agreement and then The Amended and Restated Base Closure Homeless Assistance Agreement.

Disposition and Development Agreement

TIDA oversees the redevelopment of Treasure Island and Yerba Buena Island. The Disposition and Development Agreement (the "DDA") dated June 29, 2011 is central to the development of Treasure Island and Yerba Buena Island and guides the work of TIDA. The DDA addresses the obligations of the Treasure

Island Community Development, LLC (“Principal Developer”) and TIDA with regard to developing infrastructure, housing, commercial and open spaces on Treasure Island/Yerba Buena Island. The DDA also establishes that TIDA will sell or ground lease developable lots to vertical developers in accordance with land use documents including a General Plan Amendment, Development Agreement, and Design for Development. Salient features of the DDA with respect to affordable housing are described below.

Housing Plan. The DDA contains a Housing Plan that specifies the opportunities and obligations for the development and construction of affordable housing units that have been agreed upon by TIDA and the Principal Developer. The Housing Plan in the DDA allows for the development and construction of up to 1,866 Authority Housing Units including 435 units reserved for homeless households and up to 307 Inclusionary Units, for a total of up to 2,173 Affordable Housing Units representing over 27% of all residential homes when Treasure Island and Yerba Buena Island are fully developed.

The TIDA Housing Projects include affordable units that will be rented to low-income households spanning a wide range of affordability and may include Transition Units. A detailed description of the rights and benefits of Legacy Households are described below in the next section of this Attachment.

TIDA Housing Projects will be developed by Qualified Housing Developers (as defined in the DDA), and minimally 435 units for homeless households will be developed by One TI member organizations.

Approximately 21.7% of the acreage of the developable residential pads will be available in 20 parcels to be used for the development of these affordable housing units.

Treasure Island Investment and Principal Developer enforcement mechanisms. The DDA governs enforcement mechanisms to ensure development completion by the Principal Developer. TICD provided Payment and Performance Bonds to TIDA for the infrastructure, utilities, geotechnical improvements and other obligations under the DDA. Further assurances for performance are also provided through the DDA via a Right of Reversionary Quitclaim deed which is recorded on title in the event that TICD were to fail to make the improvements required in each sub phase.

While any undertaking of this infrastructure and geotechnical scope, depth and breadth carries risk, it’s worth acknowledging the deep investments that have already been made by the City and TICD, the most significant being the City’s approval of an equity and construction loan guarantee of Parcel 3.2 - Maceo May, a 100% affordable housing development for homeless and low-income veterans. While this loan guarantee will not be

available to future commercial lenders of the affordable housing developments, the guarantee demonstrates the City's commitment to TI affordable housing development.

Other deep City and TICD investments are Treasure Island's creation of its own transportation management agency, the Treasure Island Mobility Management Agency (TIMMA), which has successfully achieved State legislation authorizing congestion toll pricing. TIDA has also created its Infrastructure Financing District in order to start accruing tax increment and the first tranche of IRFD proceeds for affordable housing is expected by Q3 2022. These funds are being used at Star View Court.

TICD has invested well over \$100 million into the approval process for the DDA and its Major Phase and Sub-phase plans. The Principal Developer continues to deliver Payment & Performance bonds totaling several million dollars for the various scope of work for which it is responsible. The Principal Developer has invested heavily and would lose the right to develop if it does not deliver on the horizontal and then the vertical improvements.

Treasure Island-specific revenue opportunities. Per the DDA, TICD is required to provide a payment of \$17,500 per market-rate unit at the transfer of a market rate lot to a vertical developer to subsidize the affordable units. These funds, as well as tax increment financing generated by a new infrastructure financing district, and typical Jobs-Housing Linkage fees related to commercial space development, will help finance the affordable units. However, these funds were not available for the first two affordable housing developments. Treasure Island Parcel C3.1/Star View Courts), developed by Mercy, received the first tax increment financing available. Due to the timing of availability of funds, the IRFD funds replaced committed City funds after construction closing in Q4 2022.

TIDA intends to request a forward commitment from TICD if needed in order to accelerate the development of future projects. The ability to request a forward capital commitment from TICD was contemplated in the DDA Section 8.4(e) of the Housing Plan in order to help transition Legacy Households (described below).

The Amended and Restated Base Closure Homeless Assistance Agreement

One Treasure Island ("One TI") (formerly the Treasure Island Homeless Development Initiative ("TIHDI") was formed in 1994 and is a non-profit membership organization committed to developing the homeless component of the land use plan for redevelopment.

The Amended and Restated Base Closure Homeless Assistance Agreement ("Base Closure Agreement") dated June 28, 2011, outlines all TIDA obligations

with respect to housing and services for current and formerly homeless individuals and families to be provided by One TI and also governs certain new housing, employment and economic development opportunities that are managed by One TI in four broad categories:

- **Housing for homeless households:** At least 435 units (total including replacement units)
- **Employment:** 25% hiring goal for construction and permanent jobs
- **Economic Development:** Service Contracts and social enterprises that hire and train people with barriers to employment
- **Services:** Spaces for community center, youth services and administrative offices

The Agreement also describes replacement unit obligations for current residents and is described in detail below.

VII. EXISTING TREASURE ISLAND RESIDENTS

As of the signing of the DDA between TIDA and TICD in 2011, there were 250 existing affordable housing units for formerly homeless households and approximately 350 existing market rate housing units on all of TI. There is no physical distinction between the market rate units and the affordable units. The former Navy housing is comprised of a scattered site 2-4 bedrooms units in predominantly 6-8 unit buildings. This section describes current Treasure Island demographics and the rights and benefits of both the market rate households and the formerly homeless households living in One Treasure Island units. Note that as of Q3 2022, new residents moved to Yerba Buena Island with the opening of the market rate condominium development The Bristol (including 14 BMR units); these new households are excluded from the conversation regarding current occupied units on TI.

Demographics

In May 2020, an audit provided a count of residents currently residing within Treasure Island's housing units, including those who reside at the Job Corps Center. According to U.S. Census Bureau data since base closure, the age profile of Island residents has skewed younger (median age of 26.2 during the 2010 census) than San Francisco as a whole (median age of 36.3) and the greater San Francisco/Oakland/Hayward Metro area (median age of 38.8). The population on the Island has included 50% more children and a higher percentage of young adults than in greater San Francisco.

Also, according to 2010 census data, higher percentages of Treasure Island residents identified as Black, Native Hawaiian or Other Pacific Islander and American Indian or Alaska Native than in San Francisco as a whole and the Metro area. Much higher percentages of Treasure Island residents also selected the categories of "Other" and "Two or More Races", and twice as many Island residents identified as Hispanic or Latino than in San Francisco citywide.

The 2010 data set also showed that Island residents have lower incomes than the Metro area and significantly lower incomes than San Francisco as a whole. According to the data, median household income for Island residents was 44% lower than for the City as a whole, and more than 48% of Island residents were below the poverty level, compared to about 11% citywide.

At the time of the audit, Treasure Island had 117 businesses with approximately 888 employees, working in a variety of sectors: manufacturing, transportation, construction, real estate, healthcare, and public administration sectors. Employment was disrupted in 2020 with the COVID-19 pandemic. The effect of the pandemic on Island businesses is not yet known.

At buildout, Treasure Island overall compared to San Francisco as a whole is projected to be more diverse, with a smaller percentage of residents identifying as white, a higher percentage identifying as Black and a slightly higher percentage identifying as two or more races. The income levels expected on the island will also be different from San Francisco as a whole, with most residents at the higher and lower ends of the income spectrum and a small amount of moderate- and middle- income residents. This is a direct result of the commitment to inclusionary and affordable housing.

The Villages at Treasure Island Households and Transition to New Housing

Market rate housing on Treasure Island is operated by the John Stewart Company and the development is called “The Villages at Treasure Island” (“The Villages”). As of the signing of the DDA between TIDA and TICD in 2011, there were approximately 350 existing market rate housing units. As of January 2023, 164 households were living at The Villages at the time the DDA was executed.

The DDA contains a Housing Plan that specifies the opportunities and obligations for the development and construction of affordable housing units that have been agreed upon by TIDA and TICD. The Housing Plan also includes the Transition Housing Rules and Regulations (the “Transition Regulations”; Attachment C of the Housing Plan), which defines the replacement unit obligations and other benefits that apply to market rate tenants living at The Villages at the time the DDA was executed. TIDA is solely responsible for coordinating and providing benefits and services to eligible households and residents per the Transition Regulations, and TIDA will ensure that Transition Units are provided as needed within Authority Housing Projects in order to meet its replacement housing obligations under the Housing Plan. (“Authority Housing Project” is defined in the DDA and includes affordable units that will be rented to low-income households spanning a wide range of affordability and may include Transition Units.) Transition Units are apartments that are not income restricted at initial occupancy and are designated for Legacy Households only. Transition Units become income restricted after all Legacy Households have received a Transition Benefit.

Rent for the Transition Unit is based on current rent adjusted annually per rent increases allowed by the Rent Board.

The Transition Regulations were modified as requested by Board of Supervisors Resolution No. 476-19 and as approved by the TIDA Board Resolution no. 19-28-1211 to provide an affordable housing preference for new Treasure Island affordable units to income qualifying market rate residents who moved into The Villages subsequent to June 30, 2011, and were still residents in good standing on December 11, 2019.

In sum, TIDA recognizes three categories of household and individual eligibility for new Authority Housing Units, Transition Units, and Inclusionary Units broadly summarized below:

- 1) **“Legacy Household”** (formerly referred to as “Pre-DDA Household”) is a current household in good standing that has continuously rented and occupied an apartment at The Villages prior to the execution of the DDA. Only Legacy Households can occupy a **Transition Unit**.
- 2) **“Legacy Resident”** is a current resident in good standing living in a Legacy Household that has continuously rented and occupied an apartment at The Villages prior to the execution of the DDA.
- 3) **“Vested Resident”** (formerly referred to as “Post-DDA Household”) is a current resident who has rented and occupied an apartment at The Villages whose tenancy began after June 29, 2011, and before December 11, 2019. All households that moved to TI after the DDA was approved in June 2011 were made aware of the temporary nature of their tenancy and that they are ineligible for transition benefits.

All existing residents living at The Villages will eventually be obligated to move as existing housing is demolished over time.

As of February 2022 TIDA, estimates that 310 households fall into the categories above representing approximately 820 individuals. Most notably, 164 households living at The Villages today are eligible for a Transition Unit.

The Legacy Households, regardless of income, will receive transition benefits from TIDA in the form of a Transition Unit and moving services or lump sum payment or down payment assistance. Legacy Residents and Vested Residents also receive a preference for affordable housing units if they income qualify via DAHLIA that can be used for new affordable units and inclusionary units. Vested Resident preferences are subordinate to Legacy Residents.

Significant collaboration has already occurred between MOHCD and TIDA to establish the Treasure Island Resident preference on DAHLIA. The first

opportunity for Legacy and Vested Residents to use this preference was for 14 for-sale inclusionary units at the Bristol on Yerba Buena Island. The Bristol lottery occurred February 2022 and 9 applicants entered the lottery using their Treasure Island Resident preference number.

As mentioned, Legacy Households are entitled to replacement units per the conditions described as described in the Transition Regulations section of the DDA. MOHCD and TIDA will regularly monitor the delivery of development fees for the affordable projects throughout the build-out of Treasure Island.

One Treasure Island Households and Transition to New Housing

One TI member organizations currently operate 260 units of housing on Treasure Island. The specific member organizations and number of current units occupied by One TI members include: Catholic Charities (71 units), HomeRise (formerly Community Housing Partnership) (114 units), Swords to Plowshares (31 units) and HealthRIGHT 360 (44 units used to operate housing residential treatment and transitional housing beds).

One TI units are supported by Continuum of Care contracts, Project Based Section 8, Local Operating Subsidy Program ("LOSP"), or other federal, state, or local operating subsidy. Existing operating subsidy contracts of these units will be transferred to the owner of the affordable housing development directly or through a MOU and/or letter between the nonprofit who is the recipient of the operating grant agreement and owner of the new affordable development. Existing One TI households in good standing are guaranteed a new replacement unit in a new affordable building.

One TI Units are guided by the Base Closure Agreement. The Base Closure Agreement outlines all TIDA obligations with respect to housing and services for current and formerly homeless individuals and families to be provided by One TI and also governs certain new housing, employment and economic development opportunities that are managed by One TI. Replacement unit obligations are detailed in Exhibit E to the Base Closure Agreement, the One TI Transition Housing Plan.

The One TI Transition Housing Plan establishes the rights and benefits of One TI households to a new unit and to moving benefits and services. Households and residents who reside in One TI Units are not eligible for benefits under the Transition Regulations within the Housing Plan of the DDA.

One TI unit replacement is planned to be completed within the first five Authority Housing Projects in order to meet the terms of the Agreement. The first 5 affordable projects on Treasure Island assume replacement units for the existing 260 One TI units. One TI worked with all its member housing service providers (Swords to Plowshares, Catholic Charities, HomeRise, Healthright 360) to determine the order of replacement units which is also informed by available funding sources at the time the land is available for construction.

Swords was the first project selected to proceed, with Chinatown Community Development Corporation as its development partner. Catholic Charities was the second project to proceed, with One TI member Mercy Housing California as its development partner. The third and fourth projects will include replacement of HR360 and HomeRise (formerly Community Housing Partnership) units. TIDA and MOHCD both approved the order and process. Below is a chart showing the One TI housing services providers, the selected housing development partner, estimated number of units and the percent of each existing pre-DDA household by unit type living on Treasure Island in comparison to the first five affordable housing developments on TI.

Unit Type by Bedroom	EXISTING LEGACY UNITS		AFFORDABLE DEVELOPMENTS WITH DEVELOPMENT STATUS & LEGACY UNITS BY UNIT MIX FOR EACH AFFORDABLE DEVELOPMENT					
	All Current Legacy Units by Unit Mix as of 12.29.20	% of Legacy Units to total Legacy Units	In Construction C3.2 Maceo May Sword + CCDC	In Construction C3.1 Star View Court Mercy + CC	Proposed E1.2 - Senior TBD Mercy (a)	Proposed E1.2 - BHB TBD HR360	In Planning IC3.4 TBD CHP - TBD Developer (b)	In Planning E2.3/E2.4 TBD TBD Developer (c)
0	0	0%	24	0	50		TBD	TBD
1	0	0%	47	23	49		TBD	TBD
2	32	17%	33	60	0		TBD	TBD
3	85	45%	0	40	0		TBD	TBD
4	72	38%	0	14	0		TBD	TBD
Mgr's Unit	Unknown	N/A	1	1	1		TBD	TBD
Total	189	100%	105	138	100		150	155

One TI Services Fee. Pursuant to the One TI Member Organization Policy dated January 1, 2019, participating Member Organizations must agree to provide any of the following services for activities for persons living or working on Treasure Island: affordable housing development, affordable housing operations, supportive services, community services, job referrals, job placements, or job training in furtherance of One TI's mission on Treasure Island and in accordance with One TI's Agreement with TIDA.

For Member Organizations that are housing developers, a One TI services fee of \$3,000 per year in 2019 ("Housing Services Fee") is expected to be paid annually from project operations of new affordable housing developments. The Housing Services Fee will increase 3.5% per year. On January 29, 2021, MOHCD and TIDA agreed that the Housing Services Fee would be disbursed from the operating budget prior to reserves, ground lease rent, and bond fees. The obligation to pay the Housing Services Fee will commence once a housing developer's affordable housing property obtains its certificate of occupancy and is available for rent. The Housing Services Fee will support One TI's ongoing efforts to foster a thriving, mixed-income community, including, by way of example these types of activities:

- One TI convenes and/or supports meetings by TIDA and other TI stakeholders operating on Treasure Island whose purpose is to

troubleshoot practical issues, plan/coordinate joint activities (such as Back to School and Black History Month) and to communicate and implement policies in a consistent and coordinated manner to all Treasure Island tenants, regardless of housing provider;

- One TI facilitates bi-monthly community-wide meetings for tenants, clients and other Treasure Island residents hosted by One TI, TIDA and/or the Property Management Agent (currently, The John Stewart Company);
- Increase Treasure Island residents' opportunities for island-based job placement and participation in financial health programs;
- Plan, coordinate and ensure a range of social, educational and recreational opportunities for children and youth, such as, childcare spaces, after school and summer school programming;
- Coordinate community-wide events; and
- Develop and implement a community building plan

As of January 1, 2019, the Housing Services Fee specifically supports the One TI activities listed below.

- Access to weekly food pantry
- Job training and placement opportunities
- Access to free computer lab
- Access to free financial literacy & education services
- Access to free tax preparation site
- Community building events such as Halloween and Black History Month, community meetings and leadership trainings

For affordable housing developments not built by Member Organizations, One TI anticipates that those housing developers will join One TI.

Attachment B: Behavioral Health Building Memorandum

MEMORANDUM

DATE: January 20, 2022

TO: Robert Baca, MOHCD Joint Development Director
Lydia Ely, MOHCD Multifamily Deputy Director
Omar Cortez, MOHCD Asset Manager
Robert (“Bob”) Beck, TIDA Executive Director
Kathy Jung, DPH Director of Facilities and Capital Planning
Evelyn Perdomo, Mercy Project Manager
File

FROM: CINDY HEAVENS, SENIOR PROJECT MANAGER

RE: TREASURE ISLAND PARCEL E1.2 – BEHAVIORAL HEALTH
BUILDING - NOT TO EXCEED PREDEVELOPMENT LOAN IN THE
AMOUNT OF \$2,500,000

1. REQUEST SUMMARY

This predevelopment loan memo is for a proposed six-story, 120,000 gross square foot (gsf) building containing 148 units/doors or 296 beds including a dining hall, commercial kitchen, and shared baths located at Parcel E1.2 on Treasure Island (the “Project”, “E1.2-Behavior Health Building” or “E1.2-BHB”). The Project is anticipated to have five levels of Type V construction, over a single level, Type I concrete podium with an overall building height of approximately 65 feet.

The Project does not require approval of the Affordable Housing Loan Committee. The Project has no affordable housing units and no MOHCD funds will be expended for the Project. MOHCD’s obligation to the Project is through the units that are occupied by the One TI member, HealthRight360, and through the Memorandum of Understanding (“MOU”) between MOHCD and TIDA executed on March 1, 2021. A Development Service Agreement (“DSA”) between MOHCD, the Department of Public Health (“DPH”) - the ground lessor, and Mercy Housing Calwest (“Mercy”) - the turnkey developer, and with an acknowledgment from Treasure Island Development Authority (“TIDA”) - the landowner, is currently under negotiations and outlines roles and responsibilities of each party.

MOHCD’s common practice is to provide construction services and financial review when development occurs on MOHCD ground lease land and a commercial space cold shell is necessary to construct the affordable housing. E1.2-BHB is a standalone parcel with its own ground lease, and construction services would typically be through the Department of Public Works. Because of the proximity to the new affordable housing site, E1.2-Senior, and MOHCD’s obligations under the MOU and DSA, MOHCD will provide financial, construction, and process services equivalent

to MOHCD services on community-service commercial spaces within an affordable housing development.

2. PROJECT OVERVIEW AND PROJECT STATUS

a. Project History Leading to This Request

In 2011, TICD received approvals for the master development of Treasure Island (“TI”) that included approximately 8,000 new residential units of which 435 new units are for homeless households that are to be developed by One TI member organizations. In 2011, the Board of Supervisors approved a new agreement with One TI outlining its participation in the development project via housing, economic development and support components and reflects the updated land use plan, development program, housing plan and financing plan described in the TICD Disposition and Development Agreement. The 2011 One TI Agreement explicitly states that TIDA will ground lease each One TI Lot to a selected One TI member organization approved by TIDA for the construction of One TI housing units. One TI has proposed and TIDA approves Mercy as the One TI organization that will lease and develop Parcel E1.2-Senior. Mercy or its affiliate will develop and own the improvements on E1.2-Senior, as well as manage the affordable housing and have a ground lease with TIDA.

Parcel E1.2, located on the corner of Avenue F and California Street (old address is 121 I Avenue) will be split to include a to-be-named Behavioral Health Facility/Building (“E1.2-BHB”) adjacent to the senior housing (“E1.2-Senior”).

E1.2-BHB will include the replacement obligations for One TI member HealthRight360 (“HR360”) and Mercy will serve as turnkey developer responsible for development and construction of the E1.2-BHB. Once E1.2-BHB is completed, DPH will own and operate the Project and TIDA will ground lease the E1.2-BHB portion of the site to DPH. DPH will offer a long-term lease to HR360 to operate a portion of E1.2-BHB.

On August 5, 2022, Mercy, TIDA, and DPH applied for Community Care Expansion (“CCE”) Program Grant through the California Department of Social Services. Award announcement was anticipated in December 2022. As of this memo, the award announcement has not been made and is anticipated before March 30, 2023.

b. Project Management Capacity.

Evelyn Perdomo is the lead Mercy Project Manager for E.2-Senior and will spend 40% of her time on the Project. Ms. Perdomo is supervised by Elizabeth Kuwada, who will spend 10% FTE. Tariq Jacobs is the Assistant Project Manager and will spend 25% FTE on the Project.

3. SITE

a. Site. The site description is similar to E1.2-Senior with the differences shown in bold font in the chart below.

Site Description	
Zoning:	Parcel E1.2 is zoned Treasure Island Residential (TI-R), it has a 125' and 70' height limit along the eastern side of the block and a 40' height limit along the western side of the block, which may be exceeded up to 52 feet in certain circumstances.
Maximum units allowed by current zoning (N/A if rehab):	Max units per height limit is 110, based on unit type in conceptual massing.
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Zone 4
Soil type:	The Geotechnical Conceptual Design Report for Treasure Island was completed on February 2, 2009. It describes soils comprised of 30-50 ft of sand fill and 20-120 ft of young bay mud, underlain by firmer soils. An island-wide geotechnical stabilization process is underway; see Section 2.3 below. Geotech improvements for E1.2 have not been completed, but will be completed during predevelopment.
Environmental Review:	<p>The Final EIR for the Treasure Island/Yerba Buena Island Redevelopment Project was certified on April 21, 2011. Finding of Suitability (in lieu of Phase I/II) was approved on February 15, 2006. A number of mitigations were identified and will be addressed outside of this project. Mercy has not conducted additional environmental assessments or soil studies at this time but will conduct the Phase I during the predevelopment phase of the Project.</p> <p>An Environmental Assessment will only be conducted if required by one or more of the State of California sources that are planned for E1.2-BHB</p>
Adjacent uses (North):	A remediated vacant lot.
Adjacent uses (South):	A commercial building that is 25% occupied between a machinery company and an urban winery.
Adjacent uses (East):	Between 300 and 500ft there is a pier that houses a boating/sailing school.
Adjacent uses (West):	A remediated vacant lot.
Neighborhood Amenities within 0.5 miles:	Life Learning Academy, Treasure Island Child Development Center, chapel, San Francisco Fire Department (SFFD) fire station, San Francisco Department of Public Health Nurse Intervention Clinic (open twice a week).
Public Transportation within 0.5 miles:	SF Muni: 25 bus; new privately subsidized ferry.
Article 34:	Not exempt.
Article 38:	Not exempt: Project is in a Maher area.
Accessibility:	TI-E1.2-BHB adaptability requirements will be determined by the San Francisco Mayor's Office on Disability.
Green Building:	The Project will achieve a Green Point Rating of at least 125 points.

Recycled Water:	Recycled water is required per the DDA
Storm Water Management:	Storm Water Management improvements are being completed by the principal developer. No site-specific Storm Water Management Plan is required.

b. Site Description. Treasure Island Parcel E1.2 is vacant land. The site is rectangular shaped. Naval Station Treasure Island was decommissioned in 1994.

c. Zoning.

Zoning for Treasure Island is governed by the Treasure Island/Yerba Buena Island Special Use District, incorporated into the SF Planning Code, which established basic land use and development standards and establishes TIDA and the Planning Department as approval entities for any vertical development. This Special Use District (Planning Code 249.52) creates a new city neighborhood within a previous naval base by providing significant amounts of affordable housing, increased public access and open space, transportation improvements, extensive infrastructure improvements, and recreational and entertainment opportunities. A Design for Development (D4D) document approved by TIDA, the Board of Supervisors, and the Planning Department in 2011 offers detailed design standards and guidelines including building heights, massing, and setback benchmarks. Height zones focus the greatest density near transit, and aim to provide a comfortable pedestrian environment while crafting an attractive skyline that will be viewed from around the Bay Area. A Streetscape Master Plan offers detailed guidance on paving, street trees and planting, lighting, street furnishings, and parking. The site has a 65' height limit along the perimeter of the site. However, the site is in a Flex Height Zone that allows buildings up to 240' if they confirm with applicable standards in the D4D for Bulk and Massing. The D4D also requires green systems such as solar thermal and solar panels, public neighborhood parks, efficient public transit, and a recycled water ("purple pipe") system. The building heights are regulated by the D4D Section 2 T4.2 requiring different building heights and massing fronting streets that are programmed with different modes of transportation.

4. **COMMUNITY SUPPORT**

Mercy will work with HR360, TIDA and DPH to determine the community engagement and communication plan for TI-E1.2-BHB during predevelopment, prior to the start of construction, and during construction. At minimum a draft community engagement plan should be submitted approximately 60 days after TI-E1.2-Senior submits its MHP application.

1998 Proposition I Citizens' Right-To-Know will be determined whether it applies to the TI-E1.2-BHB in February 2023.

5. **DEVELOPMENT PLAN**

a. Site Control. On July 13, the TIDA Board granted site control to DPH for a portion of the site via TIDA Board Resolution#22-17-0713. (Site control was threshold requirement for the CCE application.) The site control offered was not an Option to Lease because it was

an agreement between one branch of the City to another branch of the City Since Mercy is the developer on both sites and the site is not subdivided, the Option to Lease will be the document Mercy may use to do any due diligence studies on the entire parcel. Cost on some due diligence site reports will be split 50% to E1.2-BHB and 50% to E1.2-BHB.

1) Proposed Property Ownership Structure. Tidelands Trust restrictions are not applicable to Parcel E1.2. While E1.2-Senior will have a ground lease of 99 years. Terms of the ground lease on E1.2-BHB is still under negotiation.

b. Proposed Design. The design concept allows for two separate operators to operate within the building. Typical floors are comprised of two wings, with integral support spaces including staff offices, break rooms, and support space. One of the five residential floors has been designed with additional support spaces to accommodate licensed residential treatment facilities that would be operated by HR360, including classrooms, group meeting rooms, offices, and individual consult rooms. These spaces would be entered adjacent to a reception desk, offering privacy and controlled access. The second floor includes a courtyard above the podium that will offer outdoor amenities to building residents. The ground floor includes shared spaces including communal dining room and commercial kitchen. The building will be an all-electric building.

1) Communication Wiring and Internet Access. This will be provided by DPH as the operator of E1.2-BHB.

2) Public Art Component. TIDA sponsored buildings are exempt from the Public Art requirement. Public Art will be provided on Yerba Buena Island and TI by the principal developer TICA.

c. MOHCD Construction Supervisor/Construction Representative Evaluation. Cahill Contractors (“Cahill”) completed a cost estimate dated June 30, 2022 and based on pre-conceptual drawings. These drawings were completed to determine if the BHB and E1.2-Senior could fit on the site. The construction cost for the BHB was used in the August 5, 2022 Community of Care Expansion (“CCE”) Program Grant through the California Department of Social Services.

d. Proposed Building Programming. E1.2-BHB is proposed as a new adult Substance-Use-Disorder (“SUD”) and Residential Step-Down (“RSD”) care facility. The new SUD and RSD care facility will provide transitional sober living housing plus supportive services for individuals with substance use disorders. In these residences, clients in recovery live together and support each other’s recovery while they participate in continuing care and outpatient treatment services for substance use disorders.

Admission to residential step-down services is open to all adult San Francisco residents with a substance use disorder. Clients may be referred upon completion of a short-term (90 day) SUD residential treatment program. In RSD care, clients may take residence for up to 2 years, with anticipated averages of 9-12 months. Eligibility for RSD is based on a client’s desire to participate in outpatient treatment, work towards achievement of treatment and service plan goals, and linking to the next step-down level of care, educational, employment, income

assistance, eventual permanent housing, and other needed services, on a road towards maintaining and strengthening their recovery and personal and social functioning.

Residential step-down provides supportive services, including peer recovery support, peer counseling, employment support, resocialization, and linkage to other needed services, while enrolled in outpatient treatment. Activities include communal dining, house meetings, urine toxicology testing, review of treatment and self-care plans, case management, linkage to services, employment coaching and counseling, in-house recovery meetings, and referral and assessment for permanent housing linkage.

Upon discharge, clients are offered referral information, a discharge summary which includes an evaluation of the treatment process & progress and plans for reentry into community and independent living.

e. Marketing. There is no affordable fair housing marketing required for E1.2-BHB. However, in TIDA-sponsored affordable housing buildings there could be Transition Units under the following designations: (For more information See Attachment A - Summary of Treasure Island, TICD, One-TI, and Development Agreement in the E1.2-Senior Loan Evaluation.)

- 1) **“Legacy Household”** (formerly referred to as “Pre-DDA Household”) is a household that has continuously rented and occupied an apartment at The Villages, a market rate property located on Treasure Island, prior to the DDA. Only Legacy Households can occupy a Transition Unit.
- 2) **“Legacy Resident”** is a resident living in a Legacy Household that has continuously rented and occupied an apartment at The Villages prior to the DDA.
- 3) **“Vested Resident”** (formerly referred to as “Post-DDA Household”) is a current resident who has rented and occupied an apartment at The Villages whose tenancy began after June 29, 2011 and before December 11, 2019.

There are no Transition Units in E1.2-BHB.

Also, in TIDA-sponsored affordable housing buildings, in addition to Transition Units, there are two additional unit designations:

- 1) **One-TI Replacement Units:** There will be 86 unit/door or 172 beds of One TI replacement units in TI-E1.2-BHB. The operator of the One TI Replacement units is HealthRight360.
- 2) **MOHCD DAHLIA Lottery (“Lottery”) Units:** There will be no MOHCD-DAHLIA units in E1.2-BHB. E1.2-BHB is not an affordable development.

f. Relocation. Not Applicable; There are no relocation benefits associated with E1.2-BHB. TIDA will provide moving assistance to One TI members’ households relocating to new units. As such, residents living in HR360’s units will receive moving assistance to move to E1.2-BHB. HR360 is a One TI member.

6. DEVELOPMENT TEAM

Development Team			
Consultant Type	Name	SBE/LBE	Outstanding Procurement Issues
Project Manager	Mercy Housing California	N	N
Architect	Gensler	N	N
Landscape Architect	TBD	Y/N	Y/N (Describe below)
JV/other Architect	TBD	Y/N	Y/N (Describe below)
General Contractor	TBD	Y/N	Y/N (Describe below)
Owner's Rep/Construction Manager	TBD	Y/N	Y/N (Describe below)
Financial Consultant	TBD	Y/N	Y/N (Describe below)
Other Consultant	TBD	Y/N	Y/N (Describe below)
Legal	TBD	Y/N	Y/N (Describe below)
Property Manager	DPH	N	N
Services Provider	HR360, DPH affiliate	N	N

a. Procurement Plan. Mercy submitted a Procurement Plan to the Contracts Management Division for E1.2-BHB in 2022. They have a 20% LBE goal for the Project. Mercy with assistance from MOHCD are currently evaluating architect subconsultant proposals.

7. FINANCING PLAN

a. Prior MOHCD Funding. E1.2-BHB does not have any prior MOHCD funding. However, there is an existing MOHCD loan on the properties that the HR360 residents are relocating from. The existing MOHCD loans and their property address are shown in the chart below.

Project Name	Project Location	Loan Source	Loan Date	Loan Amount	Interest	Repayment Terms	Maturity Date	Outstanding Balance
TIHDI: Female Offender Treatment and Education Program	Treasure Island: 1440, 1441, & 1443 Chinook Court	Proposition A Funds	9/23/1999	\$428,264	0.00%	Only required if Borrower received Replacement Set Aside. If not Replacement Set Aside no payment due under the loan. If not default under the loan and no receipt of Replacement Set Aside at the end of the loan term, the loan is forgivable.	9/23/2049	\$428,264
TIHDI: 1445 Chinook	Treasure Island: 1442, 1445, & 1447 Chinook Court	Proposition A Funds	9/23/1999	\$221,301	0.00%	Only required if Borrower received Replacement Set Aside. If not Replacement Set Aside no payment due under the loan. If not default under the loan and no receipt of Replacement Set Aside at the end of the loan term, the loan is forgivable.	9/23/2049	\$221,301
TOTAL				\$649,569			TOTAL	\$649,569

b. Proposed Predevelopment Financing.

Predevelopment Sources	Amount	Terms	Status
TIDA Developer Housing Subsidy	\$2,500,000	TBD, but proposed as 30-year forgivable loan	In Process. The funds will not be available until the DSA is executed.
Total	\$2,500,000		

Predevelopment Uses	Amount	Per Bed	Per SF
Acquisition	\$0	\$0	\$0
Hard Cost	\$0	\$0	\$0
Architecture & Engineering	\$1,599,727	\$5,404	\$13
Soft Cost	\$1,400,273	\$4,731	\$12
Developer Fee	\$0	\$0	\$0
Total	\$3,000,000	\$30,000	\$25

- 1) Predevelopment Sources Narrative. The predevelopment budget is intended to take the Project through construction closing and totals \$2,500,000. At this time, TIDA funds are the only predevelopment sources for E1.2-BHB and the TIDA funding source is below.

a) TIDA Developer Housing Subsidy (\$2,500,000). TIDA Housing Developer Subsidy are funds approved under Resolution No. 241-11, adopted by the Board of Supervisors on June 7, 2011, the City and County of San Francisco approved the Disposition and Development Agreement (the “DDA”) between TIDA and Treasure Island Community Development, LLC (“TICD” or the “Principal Developer”), including the attached Exhibit E (the "Housing Plan"), which describes and defines the use of a certain subsidy provided by the Principal Developer for the development of housing units on Treasure Island and Yerba Buena Island ("Developer Housing Subsidy"). Pursuant to the DDA and Housing Plan, the Developer Housing Subsidy shall be "paid by Principal Developer to the Authority for the development of Authority Housing Units on the Authority Housing Lots and the implementation of the Transition Housing Rules and Regulations." TI-E1.2-BHB meets the criteria and definition of Authority Housing Units as defined by the DDA and Housing Plan, and eligible to use of the Developer Housing Subsidy. TIDA has agreed to dedicate \$2,500,000 of its TI-E1.2-BHB for predevelopment.

TIDA will provide the funds to MOHCD who will disburse to Mercy on behalf of TIDA as agreed in the MOU and further agreed in the DSA currently under negotiations.

c. Proposed Permanent Financing. TIDA, Mercy, and DPH plan to development

Permanent Sources	Amount	Terms	Status
TIDA Developer Housing Subsidy, inclusive of predevelopment funds	\$19,000,000	TBD, but proposed as 30-year forgivable loan	Not Committed
CCE	\$9,500,000	Grant	Not Committed
DPH Prop C	\$29,452,428	Grant	Not Committed
DPH GO Bond	\$31,599,421	Grant	Not Committed
Total	\$89,551,549		

Permanent Uses	Amount	Per Bed	Per SF
Acquisition	\$170,000	\$574	\$1
Hard Cost	\$76,836,457	\$259,583	\$640
Architecture & Engineering	\$3,003,477	\$10,147	\$25
Soft Cost	\$7,987,748	\$26,986	\$67
Developer Fee	\$1,554,167	\$5,251	\$13
Total	\$89,551,549	\$30,000	\$746

- 1) Permanent Sources Narrative. The permanent sources narrative will be updated with the next update of this memo.

8. PROJECT OPERATIONS

Since Mercy is the turnkey developer, its obligation ends with the issuance of the temporary certificate of occupancy by DPH. With the transfer of existing HR360 residents into E1.2-BHB and the termination of the MOHCD loans, MOHCD obligations and monitoring of E1.2-BHB end. However, if for some reason, affordability restrictions are placed on the leasehold because of the HR360 units, MOHCD may continue to provide asset management services to the site.

9. DEVELOPMENT CONDITIONS

a. Recommended Development Conditions

1. With each update and revision of E1.2-Senior that goes either to the Affordable Housing Loan Committee or the Affordable Housing Credit Committee, Mercy will update and revise this memorandum including updated the permanent budget and updating the timeline. In addition, with every pricing exercise that is listed in Attachment B – Project Milestone and Schedule, Mercy will update the project budget.
2. Any architect contract increases must be shared and evaluated by MOHCD and DPH.
3. Mercy should add the dates to submit for a lot split application to Attachment B – Project Milestone and Schedule

4. After execution of the DSA, Mercy to begin submitting monthly reports for E1.2-BHB included in the monthly report Mercy will track these development conditions.
5. While MOHCD obligation ends once the E1.2-BHB is constructed, Mercy must work with DPH to develop an operating budget that includes the ground lease fee, Master Association Fee, and One TI fee.

Attachments:

- A. Summary of Treasure Island, TICD, One-TI, and Development Agreement. *Note: when this memo is an attachment to the E1.2-Senior Loan Evaluation, please Attachment A in the E1.2-Senior Loan Evaluation.*
- B. Project Milestones & Schedule
- C. Predevelopment Sources & Uses
- D. Permanent Sources and Uses

Attachment A:
Summary of Treasure Island Development Authority,
Treasure Island Community Development, LLC, One Treasure Island,
Development Agreement and Existing Treasure Island Households

Please see Attachment A in E1.2-Senior Loan Evaluation. When this memo is standalone Attachment A will be provided.

Attachment B
Project Milestones and Schedule

No.	ii. Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)		
1	Acquisition/Predev Financing Commitment	<u>2/2023</u>	<u>Assuming DSA is executed</u>
2.	Site Acquisition	<u>1/2023</u>	
3.	Development Team Selection		
a.	Architect	<u>7/2022</u>	<u>Prime Association Architect to be selected 1/2023</u>
b.	General Contractor	<u>4/2023</u>	
c.	Owner's Representative	<u>1/2023</u>	
d.	Property Manager	<u>4/1/22</u>	
e.	Service Provider	<u>4/1/22</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>4/2023</u>	
b.	Submittal of Design Development & Cost Estimate	<u>8/2023</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>12/2023</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>3/2024</u>	
5.	Commercial Space	<u>NA</u>	
a.	Commercial Space Plan Submission	<u>NA</u>	
b.	LOI/s Executed	<u>NA</u>	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	<u>NA</u>	
b.	CEQA Environ Review Submission	<u>NA</u>	
c.	NEPA Environ Review Submission	<u>NA</u>	
d.	CUP/PUD/Variances Submission	<u>NA</u>	
7.	PUC/PG&E		
a.	Temp Power Application Submission	_____	
b.	Perm Power Application Submission	_____	

8.	Permits		
a.	Building / Site Permit Application Submitted	<u>12/2023</u>	
b.	Addendum #1 Submitted	<u>4/2024</u>	
c.	Addendum #2 Submitted	<u>6/2024</u>	
9.	Request for Bids Issued	<u>12/2023</u>	
10.	Service Plan Submission		
a.	Preliminary	<u>NA</u>	
b.	Final	<u>NA</u>	
11.	Additional City Financing		
a.	TIDA	<u>2/2023</u>	
b.	Gap Financing Application	<u>NA</u>	
12.	Other Financing		
a.	CCE Application	<u>8/2022</u>	
b.	California Health Facilities Financing	<u>3/2023</u>	
13.	Closing		
a.	Construction Loan Closing	<u>NA</u>	
b.	Conversion of Construction Loan to Permanent Financing	<u>NA</u>	
14.	Construction		
a.	Notice to Proceed	<u>10/2024</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>4/2026</u>	
15.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>NA</u>	
b.	Commence Marketing	<u>NA</u>	
c.	95% Occupancy	<u>6/2026</u>	
16.	Cost Certification/8609	<u>NA</u>	
17.	Close Out MOH/OCII Loan(s)	<u>NA</u>	

Attachment C
Predevelopment Sources

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

1/20/23
TI-PARCEL E1.2 - BEHAVIORAL HEALTH BLDG
New Parcel E1.2
Mercy, Turnkey Developer

Units:
Bedrooms:
Beds:

Total Sources							Comments
SOURCES	2,500,000	-	-	-	-	-	2,500,000
Name of Sources: MOHCD/OCII							

USES

ACQUISITION

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

CONSTRUCTION (HARD COSTS)

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

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design								See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Architect design fees	1,000,000						1,000,000	
Design Subconsultants to the Architect (incl. Fees)							0	
Architect Construction Admin							0	
Reimbursables							0	
Additional Services							0	
Sub-total Architect Contract	1,000,000	0	0	0	0	0	1,000,000	Consultants not covered under architect contract; name consultant type and contract amount
Other Third Party design consultants (not included under Architect contract)	599,727						599,727	
Total Architecture & Design	1,599,727	0	0	0	0	0	1,599,727	
Engineering & Environmental Studies								
Survey	10,000						10,000	
Geotechnical studies	20,000						20,000	
Phase I & II Reports	20,000						20,000	
CEQA / Environmental Review consultants							0	
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants	50,000						50,000	Name consultants & contract amounts
Total Engineering & Environmental Studies	100,000	0	0	0	0	0	100,000	
Financing Costs								
Construction Financing Costs								
Construction Loan Origination Fee							0	
Construction Loan Interest							0	
Title & Recording							0	
CDLAC & CDIAC fees							0	
Bond Issuer Fees							0	
Other Bond Cost of Issuance							0	
Other Lender Costs (specify)							0	
Sub-total Const. Financing Costs	0	0	0	0	0	0	0	
Permanent Financing Costs								
Permanent Loan Origination Fee							0	
Credit Enhance. & Appl. Fee							0	
Title & Recording							0	
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0	
Total Financing Costs	0	0	0	0	0	0	0	
Legal Costs								
Borrower Legal fees							0	
Land Use / CEQA Attorney fees							0	
Tax Credit Counsel							0	
Bond Counsel							0	
Construction Lender Counsel							0	
Permanent Lender Counsel							0	
Other Legal (specify)							0	
Total Legal Costs	0	0	0	0	0	0	0	
Other Development Costs								
Appraisal							0	
Market Study							0	
* Insurance							0	
* Property Taxes							0	
* Accounting / Audit							0	
* Organizational Costs							0	
Entitlement / Permit Fees	323,000						323,000	
* Marketing / Rent-up							0	
* Furnishings							0	\$2,000/unit; See MOHCD U/W Guidelines: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	250,000						250,000	
TCAC App / Alloc / Monitor Fees							0	
* Financial Consultant fees							0	
Construction Management fees / Owner's Rep							0	
* Security during Construction							0	
* Relocation							0	
Other (specify)							0	
Other (specify)							0	
Other (specify)							0	
Total Other Development Costs	573,000	0	0	0	0	0	573,000	
Soft Cost Contingency								
Contingency (Arch, Eng, Fin, Legal & Other Dev)	227,273	0	0	0	0	0	227,273	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	2,500,000	0	0	0	0	0	2,500,000	

Total Soft Cost Contingency as % of Total Soft Costs

RESERVES

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

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones							0
Developer Fee - Cash-out At Risk							0
Commercial Developer Fee							0
Developer Fee - GP Equity (also show as source)							0
Developer Fee - Deferred (also show as source)							0
Development Consultant Fees							0
Other (specify)							0
TOTAL DEVELOPER COSTS	0	0	0	0	0	0	0

TOTAL DEVELOPMENT COST	2,500,000	0	0	0	0	0	2,500,000
Development Cost/Unit by Source							
Development Cost/Unit as % of TDC by Source							

Acquisition Cost/Unit by Source							
---------------------------------	--	--	--	--	--	--	--

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

*Possible non-eligible GO Bond/COP Amount: 0

City Subsidy/Unit

Tax Credit Equity Pricing: N/A

Construction Bond Amount: N/A

Construction Loan Term (in months): N/A

Construction Loan Interest Rate (as %): N/A

Attachment D
Permanent Sources

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

1/20/23
TI-PARCEL E1.2 - BEHAVIORAL HEALTH BLDG
New Parcel E1.2
Mercy, Turnkey Developer

Units:
Bedrooms:
Beds:

SOURCES	Total Sources						Comments
	2,500,000	9,500,000	16,500,000	29,452,428	31,599,421	3,000,000	
Uses	Name of Sources: MOHCD/OCII	CCE	TIDA	Prop C	GO Bond	Land Value	

ACQUISITION							
Acquisition cost or value						3,000,000	3,000,000
Legal / Closing costs / Broker's Fee			170,000				170,000
Holding Costs							0
Transfer Tax							0
TOTAL ACQUISITION	0	0	170,000	0	0	3,000,000	3,170,000

CONSTRUCTION (HARD COSTS)								
* Unit Construction/Rehab		9,500,000	7,432,733	28,304,303	12,281,141		57,518,177	Include FF&E
* Commercial Shell Construction							0	
* Demolition							0	
* Environmental Remediation							0	
* Onsite Improvements/Landscaping					3,454,753		3,454,753	
* Offsite Improvements							0	
* Infrastructure Improvements							0	HOPE SF/OCII costs for streets etc.
* Parking							0	
GC Bond Premium/GC Insurance/GC Taxes					2,216,161		2,216,161	3.3%
GC Overhead & Profit					2,011,310		2,011,310	3.0%
CG General Conditions					2,200,000		2,200,000	3.3%
Sub-total Construction Costs	0	9,500,000	7,432,733	28,304,303	22,163,365	0	67,400,401	
Design Contingency (remove at DD)					2,022,012		2,022,012	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Bid Contingency (remove at bid)					2,022,012		2,022,012	5% up to \$30MM HC, 4% \$30-\$45MM, 3% \$45MM+
Plan Check Contingency (remove/reduce during Plan Review)					2,022,012		2,022,012	4% up to \$30MM HC, 3% \$30-\$45MM, 2% \$45MM+
Hard Cost Construction Contingency					3,370,020		3,370,020	5% new construction / 15% rehab
Sub-total Construction Contingencies	0	0	0	0	9,436,056	0	9,436,056	5.0%
TOTAL CONSTRUCTION COSTS	0	9,500,000	7,432,733	28,304,303	31,599,421	0	76,836,457	

SOFT COSTS								
Architecture & Design								
Architect design fees	1,000,000			903,750			1,903,750	See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Design Subconsultants to the Architect (incl. Fees)							0	
Architect Construction Admin							0	
Reimbursables							0	
Additional Services							0	
Sub-total Architect Contract	1,000,000	0	0	903,750	0	0	1,903,750	
Other Third Party design consultants (not included under Architect contract)								Civil Engineer - \$110k; MEP Engineer - \$175k; Structural Engineer - \$380k; Landscape - \$100k; Acoustical - \$35k; Lighting - \$85k; Energy - \$59k; Exterior Building Maintenance - \$16k; Post Construction Commissioning - \$75k
Total Architecture & Design	1,599,727	0	527,000	903,750	0	0	1,126,727	

Engineering & Environmental Studies								
Survey	10,000			40,000			50,000	
Geotechnical studies	20,000						20,000	
Phase I & II Reports	20,000						20,000	
CEQA / Environmental Review consultants							0	
NEPA / 106 Review							0	
CNA/PNA (rehab only)							0	
Other environmental consultants	50,000						50,000	Name consultants & contract amounts
Total Engineering & Environmental Studies	100,000	0	0	40,000	0	0	140,000	

Financing Costs								
Construction Financing Costs								
Construction Loan Origination Fee							0	
Construction Loan Interest							0	
Title & Recording			130,000				130,000	
CDLAC & CDIAC fees							0	
Bond Issuer Fees							0	
Other Bond Cost of Issuance							0	
Other Lender Costs (specify)							0	
Sub-total Const. Financing Costs	0	0	130,000	0	0	0	130,000	
Permanent Financing Costs								
Permanent Loan Origination Fee							0	
Credit Enhance. & Appl. Fee							0	
Title & Recording							0	
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0	
Total Financing Costs	0	0	130,000	0	0	0	130,000	

Legal Costs								
Borrower Legal fees			120,000				120,000	
Land Use / CEQA Attorney fees							0	
Tax Credit Counsel							0	
Bond Counsel							0	
Construction Lender Counsel							0	
Permanent Lender Counsel							0	
Other Legal (specify)							0	
Total Legal Costs	0	0	120,000	0	0	0	120,000	

Other Development Costs								
Appraisal							0	
Market Study							0	
* Insurance			1,302,000				1,302,000	
* Property Taxes							0	
Accounting / Audit			30,000				30,000	
Organizational Costs							0	
Entitlement / Permit Fees	323,000		1,270,000				1,593,000	
Marketing / Rent-up			207,000				207,000	
* Furnishings			2,200,000				2,200,000	\$2,000/unit: See MOHCD UAW Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	250,000		490,000				740,000	
TCAC App / Alloc / Monitor Fees							0	
* Financial Consultant fees							0	
Construction Management fees / Owner's Rep				100,000			100,000	
Security during Construction							0	
* Relocation							0	
Special Inspection			250,000				250,000	
Employment Reporting			15,000				15,000	
Other (specify)							0	
Total Other Development Costs	573,000	0	5,764,000	100,000	0	0	6,437,000	Total Soft Cost Contingency as % of Total Soft Costs
Soft Cost Contingency								
Contingency (Arch, Eng, Fin, Legal & Other Dev)	227,273	0	654,100	104,375	0	0	985,748	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	2,500,000	0	7,195,100	1,148,125	0	0	10,843,225	10.0%

RESERVES								
* Operating Reserves							0	
* Replacement Reserves			148,000				148,000	
* Tenant Improvements Reserves							0	
* Other (specify)							0	
* Other (specify)							0	
* Other (specify)							0	
TOTAL RESERVES	0	0	148,000	0	0	0	148,000	

DEVELOPER COSTS								
Developer Fee - Cash-out Paid at Milestones			554,167				554,167	Amount CCE app autocalculated
Developer Fee - Cash-out At Risk							0	
Commercial Developer Fee							0	
Developer Fee - GP Equity (also show as source)							0	
Developer Fee - Deferred (also show as source)							0	
Development Consultant Fees			1,000,000				1,000,000	to Mercy for development services
Other (specify)							0	
TOTAL DEVELOPER COSTS	0	0	1,554,167	0	0	0	1,554,167	

TOTAL DEVELOPMENT COST	2,500,000	9,500,000	16,500,000	29,452,428	31,599,421	3,000,000	92,551,849	
Development Cost/Unit by Source								
Development Cost/Unit as % of TDC by Source								

Acquisition Cost/Unit by Source								
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Construction Cost (inc Const Contingency)/Unit By Source								
Construction Cost (inc Const Contingency)/SF								

*Possible non-eligible GO Bond/COP Amount: 0

City Subsidy/Unit

Tax Credit Equity Pricing: N/A

Construction Bond Amount: N/A

Construction Loan Term (in months): N/A

Construction Loan Interest Rate (as %): N/A

Attachment C: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	<u>N/A</u>	
1	Acquisition/Predev Financing Commitment	<u>1/2023</u>	
2.	Site Acquisition	<u>1/2023</u>	
3.	Development Team Selection		
a.	Architect	<u>1/2023</u>	
b.	General Contractor	<u>2/2023</u>	
c.	Owner's Representative	<u>1/2023</u>	
d.	Property Manager	<u>10/2022</u>	
e.	Service Provider	<u>10/2022</u>	
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	<u>4/2023</u>	
b.	Submittal of Design Development & Cost Estimate	<u>8/2023</u>	
c.	Submittal of 50% CD Set & Cost Estimate	<u>12/2023</u>	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	<u>6/2024</u>	
5.	Commercial Space	<u>N/A</u>	
a.	Commercial Space Plan Submission	<u>N/A</u>	
b.	LOI/s Executed	<u>N/A</u>	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	<u>N/A</u>	
b.	CEQA Environ Review Submission	<u>N/A</u>	
c.	NEPA Environ Review Submission	<u>12/2023</u>	<u>If awarded HUD 202 PRAC</u>
d.	CUP/PUD/Variances Submission	<u>N/A</u>	
7.	PUC/PG&E		
a.	Temp Power Application Submission	<u>12/2024</u>	
b.	Perm Power Application Submission	<u>12/2025</u>	
8.	Permits		
a.	Building / Site Permit Application Submitted	<u>12/2023</u>	
b.	Addendum #1 Submitted	<u>5/2024</u>	

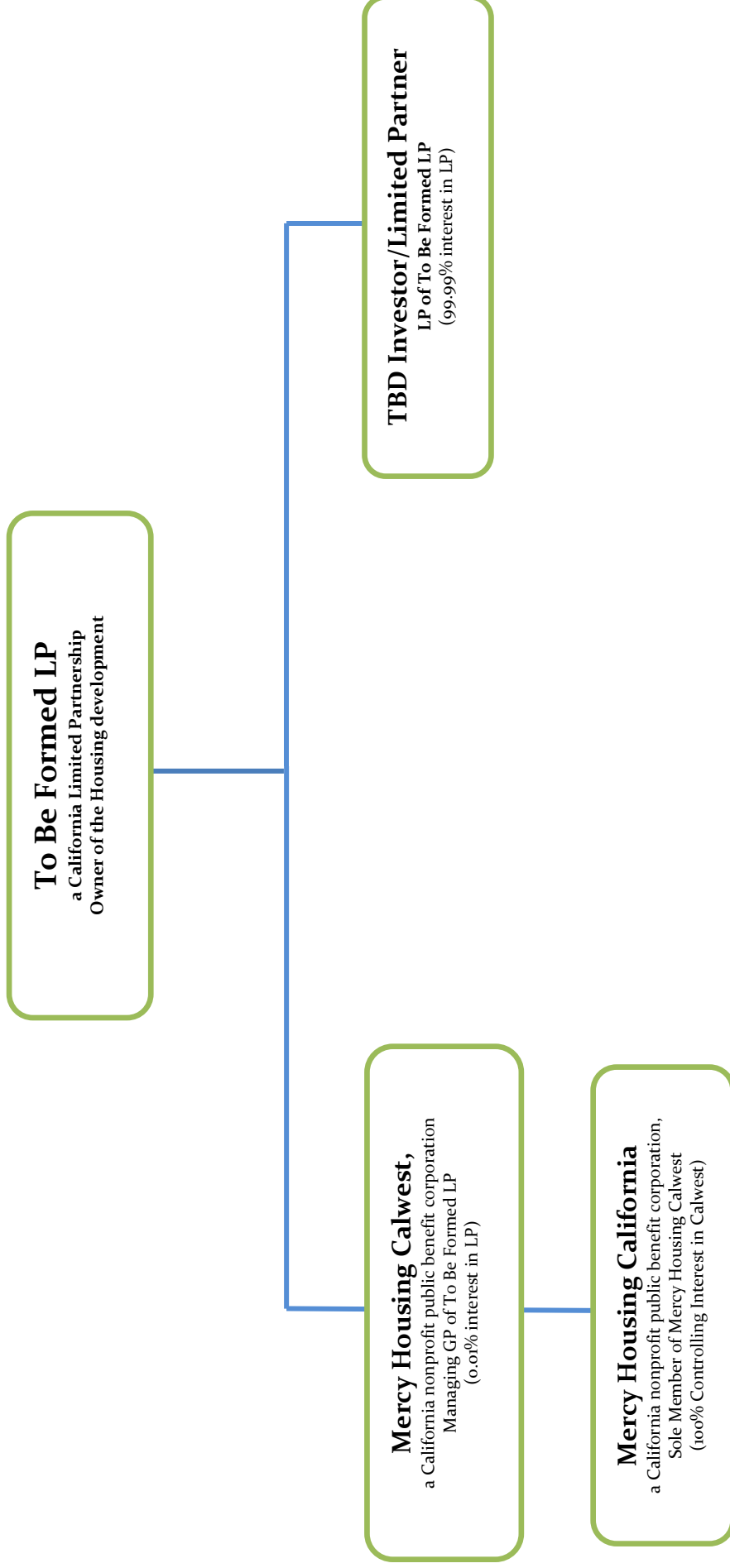
c.	Addendum #2 Submitted	<u>7/2024</u>	
9.	Request for Bids Issued	<u>8/2024</u>	
10.	Service Plan Submission		
a.	Preliminary	<u>2/2023</u>	
b.	Final	<u>1/2024</u>	
11	Communication Plan Draft	<u>4/2022</u>	
12	Additional City Financing		
a.	Preliminary Gap Financing Estimated Approval	<u>2/2023</u>	
b.	Gap Financing Estimated Approval	<u>6/2024</u>	
13.	Other Financing		
a.	HCD Application	<u>5/2023</u>	MHP. Awards scheduled for <u>9/23</u>
b.	Construction Financing RFP	<u>6/2024</u>	
c.	AHP Application	<u>3/2023</u>	
d.	CDLAC Application	<u>4/2024</u>	
e.	TCAC Application	<u>4/2024</u>	
f.	Other Financing Application – HUD 202 PRAC	<u>1/2023</u>	
g.	LOSP Funding Request	<u>N/A</u>	
14.	Closing		
a.	Construction Loan Closing	<u>12/2024</u>	
b.	Conversion of Construction Loan to Permanent Financing	<u>7/2026</u>	
15.	Construction		
a.	Notice to Proceed	<u>12/2024</u>	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	<u>11/2026</u>	
16.	Marketing/Rent-up		
a.	Marketing Plan Submission	<u>6/2024</u>	
b.	Commence Marketing	<u>5/2025</u>	
c.	95% Occupancy	<u>4/2026</u>	
17.	Cost Certification/8609	<u>3/2027</u>	
18.	Close Out MOH/OCII Loan(s)	<u>3/2027</u>	

Attachment D: Borrower Org Chart

[\[Insert information\]](#)

Treasure Island E1.2 Senior – Organization Chart

Ownership Structure



Attachment E: Development Staff Resumes

Mercy Housing California (“MHC”) has been developing and owning affordable housing in San Francisco for 30 years. MHC owns and operates 37 buildings that it developed in San Francisco for families, seniors, disabled, and the formerly homeless in San Francisco, including two properties in Mission Bay (1180 Fourth St and Mission Creek Senior Housing) as well as one property in the nearby Transbay District (280 Beale). MHC also has 4 additional properties under construction in San Francisco and 5 in pre-construction.

MHC has a long history of working in successful development and ownership partnerships that include partnerships with childcare providers, medical clinics, and senior centers. MHC has negotiated a variety of ownership and financing structures, including air rights lot splits, master-leases, etc., in order to make these partnerships work.

MHC also has extensive experience with green design and green building criteria that ranges from green roofs, solar hot water and electric, and recycled storm water. This commitment to green building extends into operations with composting and recycling training programs as well as a Healthy Home Guide to educate residents about green building features and green maintenance.

MHC’s property management affiliate, Mercy Housing Management Group, will manage the property after construction is complete. MHM currently manages 37 properties in San Francisco with populations that range from formerly homeless, to seniors and frail elders, persons with disabilities and families. MHM manages 500 units serving the formerly homeless populations including 50 at 1180 Fourth Street.

Mercy staff working on TI-E1.2 are listed below with their brief resume.

Evelyn Perdomo, Senior Project Manager, started her career at Mercy Housing in 2015. Evelyn worked on several projects from 2015-2018 as a Project Assistant including 455 Fell, two RAD deals in 2698 California and JFK Tower. As a Project Manager at Satellite Affordable Housing Associates, Evelyn worked on two new construction projects in Pittsburg and San Jose from 2018-2022. In addition to Parcel E1.2, Evelyn is also managing 1064 Mission and Star View Court. Evelyn has a Master’s in Community & Regional Planning from the University of Oregon.

Elizabeth Kuwada, Associate Director, before joining Mercy, worked for various architectural firms and nonprofit developers. Elizabeth’s work consisted of design and the oversight of multiple affordable housing projects. Elizabeth has a B.A. in Architecture from Yale University and has a Master’s in Real Estate Development from the Massachusetts Institute of Technology.

Ramie Dare, Regional Director of Development, will serve as MHC’s Director of Development beginning in 2023. Ramie has served as Director of Real Estate, Housing and Community Infrastructure and has led Mercy’s work in Sunnydale – a 50-acre, 1,700+ home and public housing transformation in San Francisco.

Tariq Jacobs, Assistant Project Manager joined Mercy in 2022 as a Bay Area Housing Internship Program Intern. Tariq assists in project management, the closeout

and completion of projects, and relevant housing development application documents. Tariq will support the development by ensuring the desired outcomes are achieved through cooperation with the appropriate service providers and effective community engagement and outreach.

Attachment F: Asset Management Evaluation of Project Sponsor

Mercy Housing California's California Asset Management staff will provide asset management staff for the asset management duties. Mercy's Denver compliance and accounting staff would continue to perform compliance and accounting duties for the TI Parcel E1.2 project during operations.

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

MHC's Asset management department currently oversees 126 buildings with 8,398 units in the state of California.

Developer's Current Asset Management Staffing Including Job Titles, Full Time Employees, an Organizational Chart and the Status of Each Position (filled/vacant)

MHI's Asset management department currently has a staff of 10 people. Four (4 FTEs) Asset Managers oversee the entire California portfolio. Four (4 FTEs) Asset Management Analysts provide support to the Asset managers. There is a Director of Portfolio Analysis (1 FTE) that oversees all of the analysts. The department head is the Senior Vice President of Portfolio Management (1 FTE) that oversees the entire department. All positions are currently filled and they are all full time. The breakdown of MHI's asset management staff positions is as follows:

- (1) Senior Vice President of Portfolio management
- (1) Director of Portfolio Analysis
- (4) Asset Managers
- (4) Asset management Analysts

Description of Scope and Range of Duties of Developer's Asset Management Team

MHI's Asset Management staff has oversight over all operations of the properties in the portfolio. All of the Asset Management staff mentioned above fall under the umbrella of the property management department. Asset Management reviews financials, approves budgets, approves substantial capital initiatives, is a part of the team that determines long term capital projects. The asset management staff oversee build out for all existing commercial spaces and do all of the reporting and communication to all of financial partners. Asset management approves all annual budgets for the properties and approve all operating reserve draws or internal line of credit requests when a property is short of cash and needs a temporary funding to meet property operations costs. Asset management submits grants and loan applications for the properties to secure or continue operating funding.

Description of Developer's Coordination Between Asset Management and Other Functional Teams, Including Property Management, Accounting, Compliance, Facilities Management, etc.

There is constant coordination between Property Management, related departments and Asset Management. Asset management oversees all aspects of operations so there is constant coordination with property management on a daily basis in regards to those issues. Asset and Property Management work together on the annual audits and budgets. In addition, there is constant coordination around cash management and the financial oversight of the property. There is also contact around preparation of the financials. Asset Management and Compliance primarily coordinate around compliance issues that directly affect ownership and the partnership. Asset management and facilities coordinate around preparation the budget and capital projects. The Asset Management staff also coordinates around emergencies.

Developer's Budget for Asset Management Team Shown as Cost Center for SF Projects

Asset Management staffing budget is \$1,585,000

Number of Projects Expected to be in Developer's Asset Management Portfolio in 5 Years and, If Applicable, Plans to Augment Staffing to Manage Growing Portfolio

MHI anticipates that the portfolio will grow from 126 buildings to approximately 136 buildings in the next 5 years.

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

The Developer's description of their asset management functions, duties and coordination with related teams within the organization demonstrates an adequate asset management operation for their existing portfolio. With 4 FTE asset managers and a portfolio of 126 projects in California, the projects/AM staff ratio is 32, which is considered high based on the industry standard of 20-25 taught by NeighborWorks America; however, the Developer's asset management staff also includes 4 FTE asset management analysts who support the asset managers. Assuming that the full range of asset management responsibilities are covered by the asset managers and the asset management analysts, a total of 8 FTEs provides asset management services at a ratio of 16 projects per staff person, not including staff supervision and oversight. With an increase of 10 projects in the Developer's portfolio anticipated over the next 5 years, the ratio will increase to 17 and remain within the industry standard.

Attachment G: Threshold Eligibility Requirements and Ranking Criteria

Not Applicable

Attachment H: Site Map with amenities

Not available with this request.

Attachment I: Elevations and Floor Plans

Not available with this request.

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

Affordable Multifamily Housing New Construction Cost Comparison

Updated	1/11/2023	Acquisition by Unit/Bed/SF				Construction by Unit/Bed/SF				Soft Costs by Unit/Bed/SF				Total Development Cost (Incl. Land)			Subsidy																																				
		Acq/unit	Acq/BR	Acq/lot sq.ft	Const/unit	Const/BR	Const/ sq.ft	Soft/unit	Soft/BR	Soft/ sq.ft	Gross TDC/unit	Gross TDC/BR	Gross TDC/ sq.ft	Subsidy / unit	Leveraging %																																						
Delta of Subject and Comparable Projects																																																					
Delta Percentage																																																					
T1 E1.2																																																					
Comparable Projects																																																					
Costs lower than comparable average (within 10%)																																																					
Costs higher than comparable average (within 10%)																																																					
Building Square Footage																		Total Project Costs																																			
Lot sq.ft																		Completion/ start date		# of Units		# of BR ¹		Res. ²		Non-Res. Sq. ft		Total		Acq. Cost ³		Const. Cost ⁴		Soft Cost		Total Dev. Cost w/land		Local Subsidy ⁵		Total Dev. Cost w/o land		Notes on Financing		Building Type		Stories		Comments					
ALL PROJECTS																		Average:		121		193		122,027		13,401		133,137		\$ 2,052,940		\$ 76,144,372		\$ 18,968,233		\$ 97,159,809		\$ 28,242,208		\$ 55,112,605													
Comparable Projects Completed (filtered)																		Average:		108		181		108,261		16,653		124,915		\$ 3,506,450		\$ 67,458,915		\$ 13,458,126		\$ 84,423,491		\$ 23,882,523		\$ 80,917,041													
Comparable Projects Under Construction (filtered)																		Average:		142		207		136,139		10,939		140,809		2,536,863		79,870,587		23,361,206		105,788,655		33,576,955		103,251,792													
Comparable Projects In Predevelopment (filtered)																		Average:		114		196		124,350		13,893		137,603		378,631		82,522,338		19,857,534		102,741,292		28,110,956		102,379,872													
Total Comparable Projects																		Average:		121		195		122,917		13,828		134,454		\$ 2,140,648		\$ 67,617,280		\$ 18,898,955		\$ 97,651,146		\$ 28,523,478		\$ 95,516,235													
SUBJECT PROPERTY																		T1 E1.2		100		100		73,387		73,387		\$ 28,000		\$ 60,444,758		\$ 19,374,564		\$ 79,847,292		\$ 14,722,000		\$ 79,819,292				6											
Delta of Subject and Comp Project Averages																				-33.060		-21		-95		-49.530		-13.828		-61.067		(\$2,112,648)		(\$16,172,522)		\$ 475,809		(\$17,803,854)		(\$13,801,478)		(\$15,696,943)											
Delta Percentage																				-100%		-17%		-49%		-40%		-100%		-45%		-99%		-21%		3%		-18%		-48%		-16%											
PROJECTS COMPLETED																		Building Square Footage				Total Project Costs																															
Project Name																		Address		Lot sq ft		Compl. Date		# of Units		# of BR ¹		Res. ²		Non-Res. Sq. ft		Total		Acq. Cost ³		Const. Cost ⁴		Soft Cost		Total Dev. Cost w/land		Local Subsidy ⁵		Total Dev. Cost w/o land		Notes on Financing		Building Type		Stories		Comments	
Dr. George Davis Senior Comm.																		1751 Carroll Ave		80,208		Jun-16		121		125		90,475		62,340		152,815		\$ 4,991,545		\$ 57,957,636		\$ 11,597,097		\$ 74,506,278		\$ 26,221,251		\$ 48,279,027		Type V over 2 Type IA		4		Incl. ramp (plg & comm. kitchen (significant non-res.)			
St. Joseph's Center																		85 Laguna		15,300		May-19		75		82		90,786		2,716		87,101		\$ 8,912,000		\$ 38,168,659		\$ 11,343,759		\$ 54,522,409		\$ 21,234,000		\$ 33,288,409		0% LHTC		Type III over 2 Type IA		7		Incl. Community Services space	
Hunters View Phase II - B7 & 11																		227-229 West Point Rd		82,703		May-17		107		239		117,023		23,857		140,880		\$ 9,158,954		\$ 9,729,003		\$ 18,888,957		\$ 28,617,960		\$ 9,729,003		\$ 38,406,960		2 HCD Loans (MHP) & Type III over Type I (B7 & 11)		2		Mixed Townhome shopping, dining			
Hunters View Phase II - Block 10																		146 West Point Road		52,333		Jun-18		72		144		90,274		13,328		103,602		\$ -		\$ 8,732,464		\$ 8,732,464		\$ 48,372,041		\$ 17,393,406		\$ 30,978,635		0% LHTC		Type IIIA over Type I		5		Incl. Parking, Community Hall and Childcare	
Mission Bay Block 7 West																		588 Mission Bay Blvd. N		43,580		Apr-17		200		220		254,965		5,035		210,902		\$ -		\$ 92,048,777		\$ 10,984,767		\$ 106,144,544		\$ 16,144,544		\$ 90,000,000		0% LHTC		Type V over Type I		4		TDC incl. Community Center \$8.4MM	
Boomer 1 - Washington																		800 Presidio		8,000		Feb-18		80		52		40,340		20,700		61,040		\$ 3,323,000		\$ 39,128,105		\$ 9,193,362		\$ 48,468,465		\$ 10,938,364		\$ 37,530,101		0% LHTC		Type V over Type I		1		TDC incl. Community Center \$8.4MM	
Transbay 7 - Nativia Gate Comm.																		222 Beale Street		29,209		Oct-18		120		208		118,251		5,000		123,251		\$ 35,000		\$ 71,156,083		\$ 18,314,468		\$ 87,470,551		\$ 25,560,000		\$ 61,910,551		0% LHTC		Type I Podium		4-8		3 Buildings - Public structural system, plus Childcare shelter	
Mission Family Housing																		1036 Mission		15,200		Oct-18		88		134		92,462		5,955		98,417		\$ 5,511,029		\$ 48,083,181		\$ 5,563,453		\$ 59,012,663		\$ 17,754,450		\$ 41,258,213		0% LHTC		Type III over Type I		1		41 plg. spaces, Mission Bay soils and infrastructure	
Mission Bay B & East																		608 Mission Bay Blvd. No.		63,200		Nov-18		143		276		162,800		8,719		171,769		\$ 148,129		\$ 93,143,878		\$ 15,222,907		\$ 108,367,787		\$ 36,794,000		\$ 71,573,787		0% LHTC		Type IIIA & V over Type I		9		41 plg. spaces, Mission Bay soils and infrastructure	
Mission Bay B Block 3E																		1150 Third Street		47,140		Jan-20		119		192		81,138		41,062		124,200		\$ -		\$ 75,040,427		\$ 3,764,744		\$ 78,805,171		\$ 20,091,600		\$ 58,713,571		0% LHTC		Type V over Type I		1		strong articulation / ext. skin due to D4D requests	
Polo Block B (Vertical)																		29th and Connecticut		30,000		Sep-19		72		139		86,569		28,952		115,521		\$ 20,700		\$ 75,595,152		\$ 12,786,230		\$ 88,381,382		\$ 17,899,093		\$ 70,482,289		0% LHTC		Type IIIA & V over Type I (Pod)		4-6		4-6 stories stepped w/ topography. No infrared. Cost	
Edna and Taylor Family Housing																		222 Taylor		22,344		Jan-19		113		211		108,440		21,088		129,528		\$ 9,300,000		\$ 66,362,803		\$ 18,314,468		\$ 90,000,352		\$ 22,344,404		\$ 76,662,756		0% LHTC		Type III over Type I		8		Extensive P&G, regional capital required	
Parcel D																		455 East Street		37,428		Jan-19		105		185		108,387		1,500		109,887		\$ -		\$ 69,880,048		\$ 3,954,261		\$ 73,834,309		\$ 17,359,250		\$ 56,475,059		0% LHTC		Type V over Type I		1			
1290 Shovel																		1290 Shovel		11,667		Jan-20		94		94		66,153		-		66,153		\$ 831,098		\$ 52,814,250		\$ 1,128,851		\$ 54,722,044		\$ 27,812,014		\$ 26,910,030		0% LHTC		Type III over Type I		9		exterior: damper	
Sunnyvale Parcel G																		1471/1481 Sunnyvale Ave		21,780		Jan-20		59		102		75,701		-		75,701		\$ 40,942,394		\$ 10,012,797		\$ 50,955,191		\$ 50,955,191		\$ 0		0% LHTC		Type IV		9		Grade podium parking			
480 South Van Ness																		480 S. Van Ness Avenue		14,250		Apr-21		81		121		61,639		26,865		88,504		\$ 18,500,000		\$ 54,905,478		\$ 13,935,811		\$ 87,341,289		\$ 26,865,285		\$ 60,476,004		0% LHTC		Type V over Type I		7-9		Over podium basement	
1950 Mission Street																		1950 Mission Street		10,500		Mar-21		57		102		113,432		48,142		161,574		\$ 9,775,000		\$ 105,854,846		\$ 15,171,496		\$ 124,701,342		\$ 14,026,342		\$ 110,675,000		0% LHTC		Type III over Type I		9		30% of art and P&G spaces and Passes Des Artes	
2000 Folsom Street																		2000 Folsom		20,075		May-21		127		252		155,648		11,810		167,458		\$ 134,631		\$ 85,134,630		\$ 20,108,172		\$ 105,242,803		\$ 105,242,803		\$ 0		0% LHTC		Type III over Type I		9		BMV	
730 Davis Senior Housing																		730 Davis		10,165		May-21		53		54		64,143		1,207		65,350		\$ -		\$ 18,488,373		\$ 4,438,770		\$ 22,927,143		\$ 4,438,770		\$ 18,488,373		0% LHTC		Type IIIA & V over Type I		1-6		Senior	
88 Broadway - Family Housing																		88 Broadway		140,279		Jun-21		125		221		140,279		8,700		148,979		\$ 14,500,000		\$ 77,988,206		\$ 27,768,206		\$ 126,841,826		\$ 27,768,206		\$ 99,073,620		0% LHTC		Type IIIA & V over Type I		1-6		Family	
881 China Basin (MB South BW)																		881 China Basin St		49,437		Aug-21		152		294		178,050		7,988		186,038		\$ -		\$ 119,755,924		\$ 23,515,332		\$ 143,271,256		\$ 43,271,256		\$ 100,000,000		0% LHTC		Type III over Type I		9		care space	
3001 24th Street																		3001 24th Street		6,715		Sep-21		45		45		26,439		1,239		27,678		\$ -		\$ 19,163,548		\$ 4,982,267		\$ 24,145,815		\$ 4,982,267		\$ 19,163,548		0% LHTC		Type V over Type I		1			
1990 Folsom Street																		1990 Folsom		20,047		Sep-21		143		225		138,824		15,053		153,877		\$ -		\$ 91,802,137		\$ 25,615,512		\$ 117,417,649		\$ 25,615,512		\$ 91,802,137		0% LHTC		Type III over Type I		2 & 8		Mixed type - Townhomes + 8 story Type I	
Sunnyvale Block 6																		242 Hahn Street		95,213		Feb-22		167		375		244,350		30,524		274,873		\$ -		\$ 102,447,000		\$ 28,898,989		\$ 131,345,989		\$ 28,898,989		\$ 102,447,000		0% LHTC		Type V over Type I		1		swell front close out route	
Mission Bay B Block 8																		410 China Basin Street		47,437		Oct-22		141		141		66,180		-		66,180		\$ -		\$ 18,136,999		\$ 4,438,770		\$ 22,575,769		\$ 4,438,770		\$ 18,136,999		0% LHTC		Type III over Type I		1		Factory built	
53 Colton (Planners Union DA)																		53 Colton		7,789		Jul-22		96		96		47,969		-		47,969		\$ 171,697		\$ 34,895,639		\$ 16,721,273		\$ 51,786,611		\$ 16,721,273		\$ 35,065,338		0% LHTC		Type IIIA over Type I		6		Constrained site, efficiency studies	
Completed Projects																		Average:		35,509		109		176		105,592		15,372		120,968		\$ 243,327		\$ 66,040,182		\$ 13,665,959		\$ 82,846,476		\$ 23,038,713		\$ 59,807,763											
PROJECTS UNDER CONSTRUCTION																		Building Square Footage				Total Project Costs																															
Project Name																		Address		Lot sq ft		Start Date (anticipated)		# of Units		# of BR ¹		Res. ²		Non-Res. Sq. ft		Total		Acq. Cost ³		Const. Cost ⁴		Soft Cost		Total Dev. Cost w/land		Local Subsidy ⁵		Total Dev. Cost w/o land		Notes on Financing		Building Type		Stories		Comments	
Maceo May																		Treasure Island C3 2 B C3 A		52,203		Jan-23		105		138		68,488		35,472		103,960		\$ 15,000		\$ 57,115,248		\$ 17,045,748		\$ 74,166,996		\$ 24,221,000		\$ 50,000,000		2 HCD Loans (MHP)		Type IIIA F&H Type I		3-6		Factory built 20 Plg - 71 dwell, weather resistant	
500 Turk Street (505 Larkin)																		500 Turk Street		18,906		Dec-22		108		188		101,752		7,659		109,391		\$ 1,853,895		\$ 54,251,461		\$ 28,815,628		\$ 84,920,976		\$ 32,450,000		\$ 52,470,976		0% LHTC		Type III over Type I		8		Type I 8 stories on constrained site	
1004 Mission Street																		1004 Mission Street		39,844		Dec-22		258		258		102,519		3,261		105,780		\$ 9,157,911		\$ 106,427,164		\$ 27,507,509		\$ 133,934,673		\$ 43,964,870		\$ 90,000,000		0% LHTC		Type III over Type I					

Attachment K: Predevelopment Budget

Application Date:10/10/22
Project Name:TI E1.2 - Senior
Project Address:
Project Sponsor:Mercy Housing Calwest

Units:100
Bedrooms:100
Beds:

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

USES

ACQUISITION

Acquisition cost or value							0
Legal / Closing costs / Broker's Fee	3,000						3,000
Holding Costs							0
Transfer Tax							0
TOTAL ACQUISITION	3,000	0	0	0	0	0	3,000

CONSTRUCTION (HARD COSTS)

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

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design								See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Architect design fees	1,275,538						1,275,538	
Design Subconsultants to the Architect (incl. Fees)	400,000						400,000	
Architect Construction Admin							0	
Reimbursables							0	
Additional Services							0	
Sub-total Architect Contract	1,675,538	0	0	0	0	0	1,675,538	Consultants not covered under architect contract; name consultant type and contract amount
Other Third Party design consultants (not included under Architect contract)							0	
Total Architecture & Design	1,675,538	0	0	0	0	0	1,675,538	
Engineering & Environmental Studies								
Survey	10,000						10,000	
Geotechnical studies	12,500						12,500	
Phase I & II Reports	22,000						22,000	
CEQA / Environmental Review consultants							0	
NEPA / 106 Review	27,000						27,000	
CNA/PNA (rehab only)	12,010						12,010	
Other environmental consultants	20,001						20,001	Name consultants & contract amounts
Total Engineering & Environmental Studies	103,511	0	0	0	0	0	103,511	
Financing Costs								
Construction Financing Costs								
Construction Loan Origination Fee							0	
Construction Loan Interest							0	
Title & Recording	5,000						5,000	
CDLAC & CDIAC fees							0	
Bond Issuer Fees							0	
Other Bond Cost of Issuance							0	
Other Lender Costs (specify)							0	
Sub-total Const. Financing Costs	5,000	0	0	0	0	0	5,000	
Permanent Financing Costs								
Permanent Loan Origination Fee							0	
Credit Enhance. & Appl. Fee							0	
Title & Recording							0	
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0	
Total Financing Costs	5,000	0	0	0	0	0	5,000	
Legal Costs								
Borrower Legal fees	50,000						50,000	
Land Use / CEQA Attorney fees							0	
Tax Credit Counsel							0	
Bond Counsel							0	
Construction Lender Counsel							0	
Permanent Lender Counsel							0	
Syndication/Organization	27,451						27,451	
Total Legal Costs	77,451	0	0	0	0	0	77,451	
Other Development Costs								
Appraisal	3,795						3,795	
Market Study	6,000						6,000	
* Insurance							0	
* Property Taxes							0	
* Accounting / Audit							0	
* Organizational Costs							0	
Entitlement / Permit Fees	195,000						195,000	
* Marketing / Rent-up							0	
* Furnishings							0	\$2,000/unit; See MOHCD U/W Guidelines: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	100,000						100,000	
TCAC App / Alloc / Monitor Fees	2,000						2,000	
* Financial Consultant fees	35,000						35,000	
Construction Management fees / Owner's Rep	21,250						21,250	
Security during Construction							0	
* Relocation							0	
Other (specify)							0	
Other (specify)							0	
Other (specify)							0	
Total Other Development Costs	363,045	0	0	0	0	0	363,045	
Soft Cost Contingency								
Contingency (Arch, Eng, Fin, Legal & Other Dev)	222,455	0	0	0	0	0	222,455	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	2,447,000	0	0	0	0	0	2,447,000	

Total Soft Cost Contingency as % of Total Soft Costs

RESERVES

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

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	550,000						550,000
Developer Fee - Cash-out At Risk							0
Commercial Developer Fee							0
Developer Fee - GP Equity (also show as source)							0
Developer Fee - Deferred (also show as source)							0
Development Consultant Fees							0
Other (specify)							0
TOTAL DEVELOPER COSTS	550,000	0	0	0	0	0	550,000

TOTAL DEVELOPMENT COST	3,000,000	0	0	0	0	0	3,000,000
Development Cost/Unit by Source	30,000	0	0	0	0	0	30,000
Development Cost/Unit as % of TDC by Source	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

Acquisition Cost/Unit by Source	0	0	0	0	0	0	0
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Construction Cost (inc Const Contingency)/Unit By Source	0	0	0	0	0	0	0
Construction Cost (inc Const Contingency)/SF	0.00	0.00	0.00	0.00	0.00	0.00	0.00

*Possible non-eligible GO Bond/COP Amount:	35,000
City Subsidy/Unit	30,000

Tax Credit Equity Pricing:	0.95
Construction Bond Amount:	39,114,389
Construction Loan Term (in months):	26 months
Construction Loan Interest Rate (as %):	6.00%

Attachment L: Development Budget

Application Date: 10/10/22
Project Name: TI E1 2 - Senior
Project Address:
Project Sponsor: Mercy Housing Calwest

Units: 100
Bedrooms: 100
Beds:

SOURCES	Total Sources									Comments
	3,000,000	11,722,000	6,813,486	21,969,964	1,000,000	1,300,000	100	27,817,169	6,224,573	
Name of Sources:	MOHCD/CDCI	MOHCD Gap	HUD 202 Capital Advance	HCD MHP	AHP	Deferred Developer Fee	GP Equity	Investor Capital Contribution	Permanent Loan	

USES

Name of Sources:

MOHCD/OCII

MOHCD Gap

HUD 202 Capital Advance

HCD MHP

AHP

Deferred Developer Fee

GP Equity

Investor Capital Contribution

Permanent Loan

ACQUISITION

Acquisition cost or value										0
Legal / Closing costs / Broker's Fee	3,000							25,000		28,000
Holding Costs										0
Transfer Tax										0
TOTAL ACQUISITION	3,000	0	0	0	0	0	0	25,000	0	28,000

CONSTRUCTION (HARD COSTS)

* Unit Construction/Rehab		9,217,038	6,813,486	17,970,314	1,000,000			4,313,359	6,224,573	45,538,770	Include FF&E and includes GPs of \$2,976,049 and GC contingency of 2% (\$897,090)
* Commercial Shell Construction										0	
* Demolition										0	
* Environmental Remediation										0	
* Onsite Improvements/Landscaping										0	
* Offsite Improvements										0	
* Infrastructure Improvements										0	HOPE SF/OCII costs for streets etc:
Parking										0	there are currently 5 parking spaces, but not sufficient break out of the estimate to break out these costs
GC Bond Premium/GC Insurance/GC Taxes								1,805,376		1,805,376	bond: \$271,349, SD: \$311,750, \$1,222,232- CCIP
GC Overhead & Profit								1,664,084		1,664,084	includes fee + \$1,644,084 (3.5%)
CG General Conditions								1,980,000		1,980,000	
Sub-total Construction Costs	0	9,217,038	6,813,486	17,970,314	1,000,000	0	0	9,762,879	6,224,573	50,998,230	
Design Contingency (remove at DD)								1,017,286		1,017,286	
Bid Contingency (remove at bid)				3,666,695				997,341		4,664,036	contingency Escalation at 5%/year for 18 months for assumed bid
Plan Check Contingency (remove/reduce during Plan Review)								997,785		997,785	2% of estimated GMP
Hard Cost Construction Contingencies				332,955				2,444,464		2,777,419	5% new construction / 15% rehab
Sub-total Construction Contingencies	0	0	0	3,999,650	0	0	0	5,456,879	0	8,456,528	
TOTAL CONSTRUCTION COSTS	0	9,217,038	6,813,486	21,969,964	1,000,000	0	0	15,219,657	6,224,573	60,444,758	

Construction line item costs as a % of hard costs

SOFT COSTS

Architecture & Design											See MOHCD A&E Fee Guidelines: http://sfmohcd.org/documents-reports-and-forms
Architect design fees	1,275,538	109,462						55,155		1,440,155	
Design Subconsultants to the Architect (incl. Fees)	400,000							95,000		495,000	
Architect Construction Admin								490,000		490,000	
Reimbursables								30,000		30,000	
Additional Services								50,000		50,000	
Sub-total Architect Contract	1,675,538	109,462	0	0	0	0	0	720,155	0	2,595,155	
Other Third Party design consultants (not included under Architect contract)								85,000		85,000	Green Consultant-50k, Satellite Consultant-35k
Total Architecture & Design	1,675,538	109,462	0	0	0	0	0	805,155	0	2,590,155	
Engineering & Environmental Studies											
Survey	10,000							13,500		23,500	
Geotechnical studies	12,500							67,500		80,000	services during construction
Phase I & II Reports	22,000									22,000	
CEQA / Environmental Review consultants										0	
NEPA / 106 Review	27,000									27,000	
CNA/PNA (rehab only)	12,010									12,010	
Other environmental consultants	20,000							260,490		280,490	see Sheet 1 for breakout
Total Engineering & Environmental Studies	103,511	0	0	0	0	0	0	341,490	0	445,001	
Financing Costs											
Construction Financing Costs											
Construction Loan Origination Fee								293,358		293,358	
Construction Loan Interest								4,393,588		4,393,588	
Title & Recording	5,000							25,000		30,000	
CDLAC & CDIAC fees										0	
Bond Issuer Fees										0	
Other Bond Cost of Issuance								472,094		472,094	
Other Lender Costs (specify)										0	
Sub-total Const. Financing Costs	5,000	0	0	0	0	0	0	5,184,040	0	5,189,040	
Permanent Financing Costs											
Permanent Loan Origination Fee								12,617		12,617	
Credit Enhance, & Appl. Fee										0	
Title & Recording								10,000		10,000	
Sub-total Perm. Financing Costs	0	0	0	0	0	0	0	22,617	0	22,617	
Total Financing Costs	5,000	0	0	0	0	0	0	5,206,657	0	5,211,657	
Legal Costs											
Borrower Legal fees	50,000	65,000								115,000	
Land Use / CEQA Attorney fees										0	
Tax Credit Counsel										0	
Bond Counsel										0	
Construction Lender Counsel										0	
Permanent Lender Counsel										0	
Syndication/Organization										35,000	
Total Legal Costs	77,451	72,549	0	0	0	0	0	0	0	150,000	
Other Development Costs											
Appraisal	3,795							11,205		15,000	
Market Study	6,000							20,000		30,000	
Insurance								1,400,000		1,400,000	
Property Taxes										0	
Accounting / Audit								30,000		30,000	
Organizational Costs										0	
Entitlement / Permit Fees	195,000							714,410		909,410	
Marketing / Rent-up								300,000		300,000	
Furnishings								200,000		200,000	\$2,000/unit. See MOHCD UW Guidelines on: http://sfmohcd.org/documents-reports-and-forms
PGE / Utility Fees	100,000							200,000		300,000	
TCAC App / Alloc / Monitor Fees	2,000							73,891		75,891	
Financial Consultant fees	35,000							27,000		62,000	
Construction Management fees / Owner's Rep	21,250							123,750		145,000	
Security during Construction										0	
Relocation										0	
Special Inspections		115,000						115,000		230,000	
Impact Fees		400,000								400,000	
Other (specify)										0	
Total Other Development Costs	363,045	515,000	0	0	0	0	0	3,219,256	0	4,097,301	Total Soft Cost Contingency as % of Total Soft Costs
Soft Cost Contingency											
Contingency (Arch, Eng, Fin, Legal & Other Dev)	222,455	69,701	0	0	0	0	0	950,746	0	1,242,901	Should be either 10% or 5% of total soft costs.
TOTAL SOFT COSTS	2,447,000	766,712	0	0	0	0	0	10,523,304	0	13,737,015	9.9%

RESERVES

* Operating Reserves								399,168		399,168	
* Replacement Reserves										0	
* Tenant Improvements Reserves										0	
* Capitalized Reserve - 2 years of assumed PRAC increase amount to get to r		1,738,250								1,738,250	Need to remove the 1st two years of PRAC increase in the 20 year cashflow
* Other (specify)										0	
* Other (specify)										0	
TOTAL RESERVES	0	1,738,250	0	0	0	0	0	399,168	0	2,137,418	

DEVELOPER COSTS

Developer Fee - Cash-out Paid at Milestones	550,000							550,000		1,100,000	
Developer Fee - Cash-out At Risk								1,100,000		1,100,000	
Commercial Developer Fee										0	
Developer Fee - GP Equity (also show as source)							100			100	
Developer Fee - Deferred (also show as source)							1,300,000			1,300,000	
Development Consultant Fees										0	Need MOHCD approval for this cost, N/A for most projects
Other (specify)										0	
TOTAL DEVELOPER COSTS	550,000	0	0	0	0	1,300,000	100	1,650,000	0	3,500,100	

TOTAL DEVELOPMENT COST

Development Cost/Unit by Source	3,000,000	11,722,000	6,813,486	21,969,964	1,000,000	1,300,000	100	27,817,169	6,224,573	79,847,291	
Development Cost/Unit as % of TDC by Source	3.8%	14.7%	8.5%	27.5%	1.3%	1.6%	0.0%	34.8%	7.8%	100.0%	

Acquisition Cost/Unit by Source

Construction Cost (inc Const Contingency)/Unit By Source	0	92,170	68,135	219,700	10,000	0	0	152,197	62,246	604,448	
Construction Cost (inc Const Contingency)/SF	0.00	125.59	92.84	299.37	13.63	0.00	0.00	207.39	84.82	823.64	

*Possible non-eligible GO Bond/CQP Amount:

62,451

City Subsidy/Unit

30,000

Tax Credit Equity Pricing:

0.95

Construction Bond Amount:

39,114,389

Construction Loan Term (in months):

26 months

Construction Loan Interest Rate (as %):

6.00%

Attachment M: 1st Year Operating Budget

Application Date:10/10/2022

Total # Units:100

First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):2026

Project Name:TI E1.2 - Senior

Project Address:

Project Sponsor:Mercy Housing Calwest

TACAC Income Limits In Use!

INCOME	Total	Comments
Residential - Tenant Rents: 80% AMI or Less	752,892	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Rents: >80 AMI	245,400	Links from 'New Proj - Rent & Unit Mix' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	77,568	Links from 'New Proj - Rent & Unit Mix' Worksheet
Commercial Space	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Residential Parking	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	255,840	SOS funds flow here from 'Utilities & Other Income' Worksheet
Supportive Services Income		
Interest Income - Project Operations	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	10,800	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	This row shows PRAC Bonus funding for years 3-20
Other Commercial Income	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Withdrawal from Capitalized Reserve (deposit to operating account)	850,000	enter two years worth of Cap Reserve that provides PRAC bonus into ws7a, row
Gross Potential Income	2,192,500	
Vacancy Loss - Residential - Tenant Rents: 80% AMI or Less	(37,645)	Vacancy loss is 5% of <=80% AMI Tenant Rents.
Vacancy Loss - Residential - Tenant Rents: >80% AMI or Less	(12,270)	Vacancy loss is 5% of >80% AMI Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(3,878)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
EFFECTIVE GROSS INCOME	2,150,977	PUPA: 21,510

OPERATING EXPENSES		
Management		
Management Fee	78,000	1st Year to be set according to HUD schedule.
Asset Management Fee		
Sub-total Management Expenses	78,000	PUPA: 780
Salaries/Benefits		
Office Salaries	216,480	includes desk clerk & assistant manager
Manager's Salary	83,200	manager
Health Insurance and Other Benefits	68,598	
Other Salaries/Benefits		
Administrative Rent-Free Unit		
Sub-total Salaries/Benefits	368,278	PUPA: 3,683

Administration		
Advertising and Marketing	2,780	
Office Expenses	96,175	
Office Rent		
Legal Expense - Property	5,000	
Audit Expense	11,457	
Bookkeeping/Accounting Services		
Bad Debts		
Miscellaneous		
Sub-total Administration Expenses	115,392	PUPA: 1,154

Utilities		
Electricity	100,000	
Water	50,000	
Gas		
Sewer	88,800	
Sub-total Utilities	238,800	PUPA: 2,388

Taxes and Licenses		
Real Estate Taxes	10,000	
Payroll Taxes		
Miscellaneous Taxes, Licenses and Permits	2,043	property taxes (non tax credit)
Sub-total Taxes and Licenses	12,043	PUPA: 120

Insurance		
Property and Liability Insurance	150,000	
Fidelity Bond Insurance		
Worker's Compensation		
Director's & Officers' Liability Insurance		
Sub-total Insurance	150,000	PUPA: 1,500

Maintenance & Repair		
Payroll	110,240	1 FTE Janitor; 1 FTE Maintenance
Supplies	0	in contracts
Contracts	166,960	
Garbage and Trash Removal	45,240	
Security Payroll/Contract		
HVAC Repairs and Maintenance		
Vehicle and Maintenance Equipment Operation and Repairs		
Miscellaneous Operating and Maintenance Expenses	25,000	grounds & extermination
Sub-total Maintenance & Repair Expenses	347,430	PUPA: 3,474

Supportive Services	100,000	Resident services
Commercial Expenses	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%

TOTAL OPERATING EXPENSES1,409,943

PUPA: 14,099

Reserves/Ground Lease Base Rent/Bond Fees		
Ground Lease Base Rent	15,000	Island Development Authority Provide additional comments here, if needed.
Bond Monitoring Fee	7,000	bond issuer annual fee
Replacement Reserve Deposit	50,000	\$500 PUPA
Operating Reserve Deposit	40,512	Master HOA Fee @405.12 PUPA
Other Required Reserve 1 Deposit	3,000	One TI Fee
Other Required Reserve 2 Deposit		
Required Reserve Deposits, Commercial	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	115,512	PUPA: 1,155

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)		
1,525,455	PUPA: 15,255	
NET OPERATING INCOME (INCOME minus OP EXPENSES)		
625,522	PUPA: 6,255	
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)		
Hard Debt - First Lender	390,509	Permanent Loan Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len	92,274	HCD MHP Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	from 'Commercial Op. Budget' Worksheet; Commercial to Residential allocation: 100%
TOTAL HARD DEBT SERVICE	482,783	PUPA: 4,828

AVAILABLE CASH FLOW		
142,740		
USES OF CASH FLOW BELOW (This row also shows DSCR.)		
1.30		
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL		
Relationship-line Asset Mgt fee (uncommon in new projects, see policy)	17,318	1st - With Partnership Management Fee Total equals HCD Allowable
Partnership Management Fee (see policy for limits)	25,000	Partnership Management Fee
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	LP Asset Management Fee
Other Payments		
Non-amortizing Loan Pmtt - Lender 1 (select lender in comments field)		Provide additional comments here, if needed.
Non-amortizing Loan Pmtt - Lender 2 (select lender in comments field)		Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	47,711	Def. Develop. Fee split: 50% Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	95,029	PUPA: 950

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)		
47,711		
Residual Receipts Calculation		
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?
Will Project Defer Developer Fee?	Yes	No
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	50%	Max Deferred Developer Fee Amt (Use for data entry above. Do not link.):
% of Residual Receipts available for distribution to soft debt lenders in	50%	47,711

Soft Debt Lenders with Residual Receipts Obligations		(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans		All MOHCD/OCII Loans payable from res. recs	\$13,915,271	38.76%
MOHCD/OCII - Ground Lease Value or Land Acq Cost		Acquisition Cost	\$15,000	0.04%
HCD (soft debt loan) - Lender 3		HCD MHP	\$21,989,964	61.20%
Other Soft Debt Lender - Lender 4				0.00%
Other Soft Debt Lender - Lender 5				0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
Proposed MOHCD Residual Receipts Amount to Replacement Reserve	0	1 MOHCD res recs to Rep Res (RR) until RR balance >= 1.5 Original Capitalized RR amt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
29,198		
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE		
HCD Residual Receipts Amount Due	29,198	50% of residual receipts, multiplied by 61.2% -- HCD MHP's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	
Lender 5 Residual Receipts Due	0	
Total Non-MOHCD Residual Receipts Debt Service	29,198	

REMAINDER (Should be zero unless there are distributions below)		
(0)		
Owner Distributions/Incentive Management Fee	0	
Other Distributions/Uses	0	
Final Balance (should be zero)	0	

Attachment N: 20-year Operating Proforma

TI E1.2 - Senior

Total # Units: 100

TCAC Income Limits In Use!

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
	% annual increase	Comments (related to annual inc assumptions)	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	
INCOME													
Residential - Tenant Rents: 80% AMI or Less	2.5%		752,892	771,714	791,007	810,782	831,052	851,828	873,124	894,952	917,326	940,259	
Residential - Tenant Rents: >80 AMI	1.0%		245,400	247,854	250,333	252,836	255,364	257,918	260,497	263,102	265,733	268,390	
Residential - Tenant Assistance Payments (Non-LOSP)	2.5%		77,568	79,507	81,495	83,532	85,621	87,761	89,955	92,204	94,509	96,872	
Commercial Space	2.5%		-	-	-	-	-	-	-	-	-	-	
Residential Parking	2.5%		-	-	-	-	-	-	-	-	-	-	
Miscellaneous Rent Income	2.5%		255,840	262,236	268,792	275,512	282,399	289,459	296,696	304,113	311,716	319,509	
Supportive Services Income	2.5%		-	-	-	-	-	-	-	-	-	-	
Interest Income - Project Operations	2.5%		-	-	-	-	-	-	-	-	-	-	
Laundry and Vending	2.5%		10,800	11,070	11,347	11,631	11,922	12,220	12,525	12,838	13,159	13,488	
Tenant Charges	2.5%		-	-	-	-	-	-	-	-	-	-	
		We are using this row to show PRAC Bonus funding (from HUD) for years 3-20. Source data is ws2, cell L38. Years 4-20 escalate from F20 currently, but I also made the cells in this row to be editable, so easy to revise as needed.	-	-	928,224	969,994	1,013,644	1,059,258	1,106,924	1,156,736	1,208,789	1,263,185	
Miscellaneous Residential Income	4.5%		-	-	-	-	-	-	-	-	-	-	
Other Commercial Income	2.5%		-	-	-	-	-	-	-	-	-	-	
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a		850,000	888,250	-	-	-	-	-	-	-	-	
Gross Potential Income			2,192,500	2,280,632	2,331,198	2,404,287	2,480,002	2,558,444	2,639,722	2,723,946	2,811,232	2,901,703	
Vacancy Loss - Residential - Tenant Rents: 80% AMI or Less	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate	(37,645)	(38,586)	(39,550)	(40,539)	(41,553)	(42,591)	(43,656)	(44,748)	(45,866)	(47,013)	
Vacancy Loss - Residential - Tenant Rents: >80% AMI or Less	n/a		(12,270)	(12,393)	(12,517)	(12,642)	(12,768)	(12,896)	(13,025)	(13,155)	(13,287)	(13,420)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a		(3,878)	(3,975)	(4,075)	(4,177)	(4,281)	(4,388)	(4,498)	(4,610)	(4,725)	(4,844)	
Vacancy Loss - Commercial	n/a		-	-	-	-	-	-	-	-	-	-	
EFFECTIVE GROSS INCOME			2,150,977	2,218,071	2,287,573	2,359,571	2,434,168	2,511,465	2,591,568	2,674,588	2,760,641	2,849,847	
OPERATING EXPENSES													
Management													
Management Fee	3.5%	1st Year to be set according to HUD schedule.	78,000	80,730	83,556	86,480	89,507	92,640	95,882	99,238	102,711	106,306	
Asset Management Fee	3.5%	per MOHCD policy	-	-	-	-	-	-	-	-	-	-	
Sub-total Management Expenses			78,000	80,730	83,556	86,480	89,507	92,640	95,882	99,238	102,711	106,306	
Salaries/Benefits													
Office Salaries	3.5%		216,480	224,057	231,899	240,015	248,416	257,110	266,109	275,423	285,063	295,040	
Manager's Salary	3.5%		83,200	86,112	89,126	92,245	95,474	98,816	102,274	105,854	109,559	113,393	
Health Insurance and Other Benefits	3.5%		68,598	70,999	73,484	76,056	78,718	81,473	84,324	87,276	90,330	93,492	
Other Salaries/Benefits	3.5%		-	-	-	-	-	-	-	-	-	-	
Administrative Rent-Free Unit	3.5%		-	-	-	-	-	-	-	-	-	-	
Sub-total Salaries/Benefits			368,278	381,168	394,509	408,316	422,607	437,399	452,708	468,552	484,952	501,925	
Administration													
Advertising and Marketing	3.5%		2,780	2,857	2,957	3,080	3,167	3,278	3,393	3,511	3,634	3,762	
Office Expenses	3.5%		96,175	99,541	103,025	106,631	110,363	114,226	118,224	122,361	126,644	131,077	
Office Rent	3.5%		-	-	-	-	-	-	-	-	-	-	
Legal Expense - Property	3.5%		5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814	
Audit Expense	3.5%		11,457	11,858	12,273	12,703	13,147	13,607	14,084	14,577	15,087	15,615	
Bookkeeping/Accounting Services	3.5%		-	-	-	-	-	-	-	-	-	-	
Bad Debts	3.5%		-	-	-	-	-	-	-	-	-	-	
Miscellaneous	3.5%		-	-	-	-	-	-	-	-	-	-	
Sub-total Administration Expenses			115,392	119,431	123,611	127,937	132,415	137,049	141,846	146,811	151,949	157,267	
Utilities													
Electricity	3.5%		100,000	103,500	107,123	110,872	114,752	118,769	122,926	127,228	131,681	136,290	
Water	3.5%		50,000	51,750	53,561	55,436	57,376	59,384	61,463	63,614	65,840	68,145	
Gas	3.5%		-	-	-	-	-	-	-	-	-	-	
Sewer	3.5%		88,800	91,908	95,125	98,454	101,900	105,467	109,158	112,978	116,933	121,025	
Sub-total Utilities			238,800	247,158	255,809	264,762	274,028	283,619	293,546	303,820	314,454	325,460	
Taxes and Licenses													
Real Estate Taxes	3.5%		10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723	13,168	13,629	
Payroll Taxes	3.5%		-	-	-	-	-	-	-	-	-	-	
Miscellaneous Taxes, Licenses and Permits	2.0%		2,043	2,084	2,126	2,168	2,211	2,256	2,301	2,347	2,394	2,442	
Sub-total Taxes and Licenses			12,043	12,434	12,838	13,255	13,687	14,133	14,593	15,070	15,562	16,071	
Insurance													
Property and Liability Insurance	3.5%		150,000	155,250	160,684	166,308	172,128	178,153	184,388	190,842	197,521	204,435	
Fidelity Bond Insurance	3.5%		-	-	-	-	-	-	-	-	-	-	
Worker's Compensation	3.5%		-	-	-	-	-	-	-	-	-	-	
Director's & Officers' Liability Insurance	3.5%		-	-	-	-	-	-	-	-	-	-	
Sub-total Insurance			150,000	155,250	160,684	166,308	172,128	178,153	184,388	190,842	197,521	204,435	
Maintenance & Repair													
Payroll	3.5%		110,240	114,098	118,092	122,225	126,503	130,931	135,513	140,256	145,165	150,246	
Supplies	3.5%		-	-	-	-	-	-	-	-	-	-	
Contracts	3.5%		166,950	172,793	178,841	185,100	191,579	198,284	205,224	212,407	219,841	227,536	
Garbage and Trash Removal	3.5%		45,240	46,823	48,462	50,158	51,914	53,731	55,612	57,558	59,572	61,657	
Security Payroll/Contract	3.5%		-	-	-	-	-	-	-	-	-	-	
HVAC Repairs and Maintenance	3.5%		-	-	-	-	-	-	-	-	-	-	
Vehicle and Maintenance Equipment Operation and Repairs	3.5%		-	-	-	-	-	-	-	-	-	-	
Miscellaneous Operating and Maintenance Expenses	3.5%		25,000	25,875	26,781	27,718	28,688	29,692	30,731	31,807	32,920	34,072	
Sub-total Maintenance & Repair Expenses			347,430	359,590	372,176	385,202	398,684	412,638	427,080	442,028	457,499	473,511	
Supportive Services													
	3.5%		100,000	103,500	107,123	110,872	114,752	118,769	122,926	127,228	131,681	136,290	
Commercial Expenses			-	-	-	-	-	-	-	-	-	-	
TOTAL OPERATING EXPENSES			1,409,943	1,459,260	1,510,303	1,563,132	1,617,809	1,674,399	1,732,969	1,793,589	1,856,329	1,921,265	
PUPA (w/o Reserves/GL Base Rent/Bond Fees)			14,099										
Reserves/Ground Lease Base Rent/Bond Fees													
Ground Lease Base Rent			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	
Bond Monitoring Fee			7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	
Replacement Reserve Deposit			50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
Operating Reserve Deposit			40,512	40,512	40,512	40,512	40,512	40,512	40,512	40,512	40,512	40,512	
Other Required Reserve 1 Deposit			3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-	-	
Required Reserve Deposits, Commercial			-	-	-	-	-	-	-	-	-	-	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			115,512	115,512	115,512	115,512	115,512	115,512	115,512	115,512	115,512	115,512	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/Bond Fees)			1,525,455	1,574,772	1,625,815	1,678,644	1,733,321	1,789,911	1,848,481	1,909,101	1,971,841	2,036,777	
PUPA (w/ Reserves/GL Base Rent/Bond Fees)			15,255										
NET OPERATING INCOME (INCOME minus OP EXPENSES)			625,522	643,298	661,757	680,927	700,847	721,553	743,086	765,487	788,800	813,070	
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)													
Hard Debt - First Lender			390,509	390,509	390,509	390,509	390,509	390,509	390,509	390,509	390,509	390,509	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			92,274	92,274	92,274	92,274	92,274	92,274	92,274	92,274	92,274	92,274	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-	-	
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-	-	
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-	
TOTAL HARD DEBT SERVICE			482,783	482,783	482,783	482,783	482,783	482,783	482,783	482,783	482,783	482,783	
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)													
USES OF CASH FLOW BELOW (This row also shows DSCR.)													
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL													
DSCR: 1.296 1.332 1.371 1.41 1.452 1.495 1.539 1.586 1.634 1.684													
Below-the-line Asset Mgt fee (uncommon in new projects, see policy)			3.5%	per MOHCD policy	17,318	18,799	20,332	21,919	23,561	27,020	28,841	30,725	32,676
Partnership Management Fee (see policy for limits)	0.0%		25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Other Payments			-	-	-	-	-	-	-	-	-	-	
Non-amortizing Loan Pmnt - Lender 1			-	-	-	-	-	-	-				

2 of 2

TREASURE ISLAND DEVELOPMENT AUTHORITY
ONE AVENUE OF THE PALMS, 2ND FLOOR
SAN FRANCISCO, CA 94130
(415) 274-0660
WWW.SFTREASUREISLAND.ORG



Community Engagement Narrative

Treasure Island (TI) lies in the middle of the San Francisco Bay, squarely between the cities of San Francisco and Oakland. Historically used as a Naval base, the Island has been holistically planning for a transformation into a transit-oriented community for over 20 years. Treasure Island will be transit-focused, complete with bike paths, ferry terminal and bus service to both the City of San Francisco and the East Bay. It will include 8,000 new homes (27.2% affordable), 290 acres of parks, wetlands and sports fields, 250,000 square feet of commercial space, two hotels and a new marina. The transformation of Treasure Island is now underway and this Priority Sites funding application represents a significant effort to help implement the extraordinary vision put forth by the City of San Francisco in partnership with the principal developer and its community-based stakeholders.

In 1993, Congress and President Clinton selected the naval base on TI for closure and disposition; the City and County of San Francisco (the City) was named the Local Reuse Authority (LRA) responsible for the conversion of TI to civilian use, and it elected to be governed by a process prescribed by the Federal Government in the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (the "Act"). The Act requires the LRA to propose a plan for using Base resources to assist homeless persons as part of its preparation of a land use plan for redevelopment of the Base. The Treasure Island Homeless Development Initiative (now known as One Treasure Island), was formed to develop the homeless component of the land use plan for redevelopment under the Act and represents a collaboration of community based organizations. The rights on behalf of homeless people manifest in affordable housing, jobs and economic development opportunities and are codified in the Disposition and Development Agreement between the City and the principal developer.

In 1997, the City formed the Treasure Island Development Authority (TIDA) as a redevelopment agency under California law, and designated it as the new Local Reuse Authority for Naval Station Treasure Island as authorized under the Treasure Island Conversion Act of 1997. In 2003, TIDA selected Treasure Island Community Development LLC (TICD) for exclusive negotiations for the master redevelopment of TI. The Board of Supervisors approved the development plan in 2006 (and amended its approval in 2010), which was conditioned on completion of environmental review under the California Environmental Quality Act (CEQA). The Environmental Impact Report and Disposition and Development Agreement ("DDA") were unanimously approved by the Board of Supervisors on June 28, 2011.

The redevelopment of Treasure Island is an unprecedented regional collaboration between the City and County of San Francisco, San Francisco County Transportation Authority (SFCTA) via its subsidiary the Treasure Island Mobility and Management Agency (TIMMA), the Master developer, TICD, and AC Transit. As the 2011 EIR and Development Plan was vetted by City Departments, three notable examples of City input changed the development program: 1) The required minimum for affordable units in the project rose from 25% to 27.2% as contemplated in the DDA pending financial feasibility, after it no longer became possible for TI to be its own Redevelopment Area because of the change in State law; 2) the street grid of the entire development changed to optimize climatic effects and incorporate Vision Zero priorities, and 3) the entire island footprint rose to account for sea level rise.

The Project facilitates the City's long-term goal of creating of a new neighborhood on Treasure Island and Yerba Buena Island that provides extensive public benefits to the City such as significant amounts of new affordable housing, increased public access and open space, transportation improvements, extensive infrastructure improvements, and recreational and entertainment opportunities, while creating jobs and a vibrant, sustainable community. In particular, the Project provides an innovative transportation program designed to maximize transit usage and opportunities for walking and biking, with a dense mixed-use urban core in close proximity to transit,

and provides a model for sustainable development. The project also implements key features of San Francisco's Vision Zero effort, including protected bike lanes, wider sidewalks and reduced traffic speeds.

Since its inception, TIDA has undertaken an extensive public process to incorporate public opinion. TIDA business is conducted via monthly meetings that are open to the public. In order to facilitate community involvement during TIDA deliberations, TIDA holds two meetings per year on Treasure Island rather than the usual downtown City Hall location so island residents can attend more easily. These meetings are held in the evening so that community members may attend at a time that does not conflict with normal working hours. All meetings are publicly noticed using flyers and email.

As TIDA was created by the Board of Supervisors, it also created a Citizens Advisory Board (CAB). Today this group of approximately 20 contributors continues to meet approximately 6 times per year. Specifically, the CAB provides feedback and recommendations to TIDA originally regarding the Reuse Plan and now regarding implementation of the Reuse Plan, policies and objectives for interim reuses, and other matters of importance to the future of Treasure Island and all citizens of San Francisco. Members of the CAB represent of the following categories of expertise or experience: affordable housing, marine and waterborne activities, film/television industry, Job Corps, commercial redevelopment, organized sports, the environment and open space, environmental control and remediation, organized labor, transportation planning, land use planning, economic development and job creation, and open meeting advocacy. For the ~500 households currently living on Treasure Island, TIDA holds monthly community meetings on Treasure Island to discuss issues relating to living on Treasure Island while redevelopment is implemented.

One Treasure Island, formerly known as The Treasure Island Homeless Development Initiative, is the community based organization on Treasure Island that is committed to fostering and stewarding an equitable, inclusive, and thriving community for all Treasure Island residents, employees, businesses, and visitors. One Treasure Island was formed in 1994 and is a collaboration of community based organizations that was formed to develop the homeless component of the land use plan for redevelopment under the Base Closure Act. One Treasure Island (onetreasureisland.org) is a non-profit public benefit corporation, and its non-profit collaborating organizations including Catholic Charities, Community Housing Partnership, HealthRIGHT 360, Swords to Plowshares, Toolworks, Rubicon, and Mercy Housing. Under the umbrella of One Treasure Island, the CBOS and the residents they serve, have been at the table to help create both the vision and the implementation of the redevelopment of Treasure Island since 1994. One Treasure Island rights and obligations as a result of the base closure include occupancy of 250 current interim housing units on Treasure Island for formerly homeless households; job opportunities through a 25% employment set aside for homeless and economically disadvantaged San Franciscans; economic development opportunities for nonprofits who had enterprises that trained and employed homeless and low income people such as service contracts and small businesses; service spaces to support formerly homeless residents in supportive housing, and; economic development opportunities.

The input of One Treasure Island and the Citizen's Advisory Board (CAB) have been consistent for over 20 years—throughout the approval of the EIRs, the Disposition and Development Agreement with the Master Developer, and with the submission of the Major Phase and Sub-phase applications for development. The CAB ensures that the development is receiving feedback on the evolving issues impacting development. One Treasure Island's exemplary leadership in deeply engaging its stakeholders is shown through its diverse outreach efforts, including community meetings, focus groups, community workshops, business outreach, tourist outreach, open houses, newsletters, surveys, and direct service programs such as the Economic Self Sufficiency Program. They have documented over 1,000 attendees of their outreach sessions, not including stakeholder participation in public agency meetings. Housing providers for residents currently living on the Island meet monthly with TIDA and the housing providers also meet monthly with their tenants.

TREASURE ISLAND DEVELOPMENT AUTHORITY
ONE AVENUE OF THE PALMS, 2ND FLOOR
SAN FRANCISCO, CA 94130
(415) 274-0660
WWW.SFTREASUREISLAND.ORG



Development Team

Bob Beck is the Director of Treasure Island Development Authority and has led TIDA and advanced the Treasure Island Development for over 10 years. He led the transfer of nearly 300 acres of Treasure Island/Yerba Buena Island from the U.S. Navy to the City of San Francisco, the first stage of what will become one of the most important development projects in the city's history. In 2013, Beck assumed the management of the Treasure Island Development Program during a crucial moment in the 25-year process of transforming the former naval base into a sustainable, mixed-use, high-density, transit-oriented project with 8,000 homes, 550,000 square feet of retail and commercial space, and three hotels. Thanks to Beck's skills in working with environmental remediation, lease transfers, resident relocation, city agency regulatory review, public financing districts and county transportation, the first phase of infrastructure is close to completion, and nearly 1,000 new homes will be completed by early 2025.

Resumes of key TIDA team members, Jamie Querubin, Finance Manager, and Joey Benassini, Vertical Development Project Manager are also attached. Jamie has an extensive background in civic finance management, while Joey has an extensive background in infrastructure, housing, and commercial office construction and development.

Also attached are resumes for Charles Shin, Chris Holmquist and Mikael Calando from TICD. TICD has been working diligently to transform TI and YBI into a dense, sustainable, transit-centered community since the Development Agreement was signed in 2011.

**TREASURE ISLAND DEVELOPMENT AUTHORITY
RESUMES**

JAMIE P. QUERUBIN

Jamie.querubin@sfgov.org | work cell: (415) 844-0620

WORK EXPERIENCE

3/2020-Present **Treasure Island Development Authority, Finance Manager, San Francisco, CA**

- Issued approx. \$131.5 million in public bond funds across the Treasure Island Community Facilities District (CFD) and Infrastructure and Revitalization Financing District (IRFD), including the first ever IRFD bond issuance in the state of California
- Developed \$50 million annual budget for TIDA and presented to the TIDA Board for approval; projected commercial/residential revenues, operating and development expenditures; delineated costs recoverable from master developer pursuant to DDA
- Lead policy development and documentation for fiscal negotiations with master developer, Mayor's Office, and Controller
- Implemented process improvements with City agencies to forecast development and improve cost transparency
- Developed financial reporting tools for operations and development expenses, including project's Internal Rate of Return formula
- Established and implemented new department policies and procedures for department finance and administration functions
- Manage staff of 3 for finance administration; manage professional financial advisors, consultants, and legal counsel

8/2018-3/2020 **Controller's Office of Public Finance, Deputy Director, San Francisco, CA**

- Oversaw annual budget process, bi-annual 10-Yr Capital Plan update, and Board of Supervisors legislative calendar
- Served as Chief Compliance Officer to establish, implement, and oversee policies and procedures and business process improvements to fulfill all bond covenants, including timely payment of debt service, timeline annual reporting, and event filings
- Served as City Disclosure Coordinator to oversee and document the process of updating and notifying investors with accurate City financial information or noticing material events or changes to the City's financial position, as regulated by the SEC
- Prepared policy development and documentation and memorandum, gave presentations for the Board of Supervisors, rating agencies, institutional investors, governmental agencies and other community stakeholder groups
- Managed staff of 2; managed professional financial advisors, consultants, and legal counsel on project basis

2/2015-8/2018 **Controller's Office of Public Finance, Bond Associate, San Francisco, CA**

- Managed issuance, debt service payment, annual budget, and post-issuance compliance of the City's \$2.3B General Obligation Bond debt portfolio, \$1.4B Certificates of Participation debt portfolio, and \$250M Commercial Paper program
- Served as lead on financing district formation and bond transactions including Mello-Roos financings, tax increment financings, equipment financings and other short-term financings, including financial reporting related to debt compliance
- Performed financial analysis, modeling, reporting, and projections needed for 10-Yr Capital Plan, Five Year Financial Plan, budget
- Managed staff of 2; managed professional financial advisors, consultants, and legal counsel on project basis

8/2011-2/2015 **San Francisco Public Utilities Commission, Financial Planning Analyst, San Francisco, CA**

- Developed 2-year budgets totaling over \$1 billion utilizing 10-yr financial planning model and FAMIS budget/accounting system
- Developed 20 individual utility rates based on 15-month long cost of service study and rate/financial modeling process
- Developed revenue reports and expenditure projections for monthly/quarterly/annual reports required by SFPUC management
- Utilized financial modeling tools to model cash/debt expenditures to support SFPUC's 10-Year Capital Plan and budget process
- Managed 1 analyst; managed professional financial advisors, consultants, and legal counsel on project basis

EDUCATION

2007-2011 **Stanford University, Stanford, CA** | B.A. in Political Science, Minor in Sociology. Cumulative GPA: 3.8

COMMUNITY SERVICE / LEADERSHIP

San Francisco Unified School District Citizens' Bond Oversight Committee, Member, San Francisco (May 2021 – present)

San Francisco Community Investment Fund, Chief Operating Officer, San Francisco, CA (February 2015 – February 2022)

City Hall Fellows National Advisory Board, Co-Executive Director & Treasurer, San Francisco, CA (May 2014 – March 2022)

Leadership San Francisco, 2016 Cohort, Community Trustee, San Francisco, CA

SOFTWARE AND PROGRAM PROFICIENCIES

Proficient in City & County of SF Financial System (PeopleSoft) for Financials and Procurement | DBC Debt Manager (debt structuring software) | Microsoft Office Suite (Outlook, Word, Excel, and PowerPoint) | LexisNexis and WestLaw databases | LEAN 101

JOEY BENASSINI, PE

San Francisco Bay Area

(510) 367-2748

jbenassini@berkeley.edu

EDUCATION

UNIVERSITY OF CALIFORNIA BERKELEY — M.S. STRUCTURAL ENGINEERING, MAY 2016

UNIVERSITY OF CALIFORNIA DAVIS — B.S. CIVIL ENGINEERING, SUMMA CUM LAUDE, JUNE 2015

PROFESSIONAL EXPERIENCE

TREASURE ISLAND DEVELOPMENT AUTHORITY | VERTICAL DEVELOPMENT PROJECT MANAGER 09/2023-PRESENT

- Tracking and coordinating the design, permitting, and construction of multiple vertical development projects with unique owners/developers
- Working with the Mayor's Housing Coordinator, Department of Building Inspection and other City agencies and consultants to facilitate the efficient and effective review of designs, approval of permits, scheduling of inspections, and issuance of Certificates of Occupancy
- Working with Mayor's Office of Housing and Community Development to plan for the financing, developer selection, permitting, construction, and lease-up of 100% affordable sites
- Being proactive and solutions-oriented, anticipating and identifying areas of potential conflict or concern and surfacing issues for resolution or action to expedite project delivery and avoid delays
- Managing and maintaining effective relationships with developers, their design and technical consultants, and City staff
- Managing TIDA consultants, as necessary, to further agency and program objectives, and representing TIDA in community forums and stakeholder outreach related to the program.

ARALON PROPERTIES | ASSISTANT PROJECT MANAGER | 10/2021-PRESENT

- Assist with design and construction of 125,000 SF biotechnology office core and shell and tenant improvement buildout.
- Review milestone design documents for constructability and direct design team for revisions.
- Build & track budget and schedule for commercial office projects in San Francisco.
- Prepare, negotiate, and issue contracts for all contractors.
- Review consultant and contractor invoices for accuracy and submit with monthly pay application.
- Oversee construction team and procure materials by purchase order.
- Negotiate with relevant jurisdictions to obtain permits.
- Resolve conflicts with contractors and design documents to avoid budget & schedule impacts.

MAXIMUS REAL ESTATE PARTNERS | ASSISTANT PROJECT MANAGER 09/2019-09/2021

PARKMERCED DEVELOPMENT BLOCKS 1 & 6 SAN FRANCISCO – (401) NEW APARTMENT UNITS

- Managed architects and consultants from design through pre-construction while ensuring compliance with master plan community design requirements.
- Reduced cost of (401) apartment units by 5% through creative value engineering solutions.
- Issued requests for proposals, evaluated proposals, and selected project teams for new construction.
- Presented analyses of design decisions, budgets, and value engineering solutions to project stakeholders.
- Created and delivered presentations regarding design to internal marketing and operations teams.
- Interfaced with relevant jurisdictions to expedite and obtain required building permits and plan approvals.

SOUTH SHORE ALAMEDA – RENOVATION OF (450) EXISTING APARTMENT UNITS

- Developed project budget and schedule and tracked through completion.
- Managed contractors, suppliers, and vendors in support of the project from start-up to close-out.
- Managed construction in progress and advocated to maintain schedule, budget, quality, and safety.
- Enforced strict sanitization and safety protocols to protect tenants during COVID-19 pandemic.
- Reviewed contractor invoices and prepared monthly pay application in Procore.
- Received, reviewed and coordinated all plan check comments, submittals, and RFIs with consultants.



DCI ENGINEERS | STRUCTURAL PROJECT MANAGER | 05/2016-09/2019

- Managed 5-10 engineers to design structures for \$30M+ residential & commercial buildings.
- Provided innovative solutions to clients that led to \$3M in revenue from repeat business.
- Identified trends within building performance indicators and material costs over time and across projects; leveraged them to forecast improved estimates for project proposals.
- Selected by the CEO as the sole representative from the SF office for the Young Leader's Forum, an invite-only group that met with corporate leaders monthly to discuss company policies, strategy, and finances.
- Elected as leader of DCI Spreadsheet Technical Committee (35 members) to head development of company spreadsheets. Oversaw production of 10 new spreadsheets to increase efficiency & profitability.

ADDITIONAL INFORMATION

- OSHA-10 Certified, CalOES Certified Disaster Service Worker.
- Proficient in Microsoft Office & Google Workplace, Bluebeam, Procore, Microsoft Project, Asana.
- Member of Urban Land Institute (ULI), San Francisco Planning and Urban Research (SPUR).



**TREASURE ISLAND COMMUNITY DEVELOPMENT
RESUMES**

Contact

www.linkedin.com/in/chris-holmquist-48746a11 (LinkedIn)
www.wmspartners.com (Company)

Top Skills

Land Development
Entitlements
Construction

Chris Holmquist

Director of Infrastructure at Wilson Meany
Los Angeles, California, United States

Summary

A professional land development executive with demonstrated leadership capabilities and expertise in the acquisition, entitlement, design, public financing and construction of large residential real estate developments and industrial building construction projects.

Specialties: Licensed Professional Civil Engineer
General Building Contractor
Real Estate Broker
MBA in Finance

Experience

Treasure Island Development Group
Director Of Infrastructure
October 2021 - Present (2 years 4 months)
San Francisco, California, United States

Wilson Meany Sullivan
Director of Infrastructure
June 2007 - Present (16 years 8 months)

Responsible for all aspects of land development for the 238 acre mixed use infill redevelopment of the Hollywood Park horse racing facility in Inglewood, California. In August 2009 the WMS team successfully obtained critical project entitlements including an Environmental Impact Report, Specific Plan, Development Agreement, Vesting Tentative Tract Map, and Owners Participation Agreement. The entitlements allow for 620,000 s.f. of retail space, 75,000 s.f. of general office space, a 300-room hotel with 20,000 s.f. of meeting space, 10,000 s.f. for Home Owner's Association Facilities, a 4 acre Civic use site, 25 acres of parks with a lake and waterfall, and 2,995 residential dwelling units. At build out this project represents a \$2.0 billion investment in the community

Centex Homes
Director of Forward Planning and Land Development

October 2003 - June 2007 (3 years 9 months)

Responsible for all aspects of assigned land development projects from acquisition to completion. Provided due diligence expertise on new acquisitions. Managed and developed three project managers and their field teams

Rosetta Canyon, Master Planned Community, Lake Elsinore, California. Successfully blasted 1,012 residential lots out of the rocky hills on the east side of I-15. Acquired land and right of way to bring up master sewer and water facilities to serve this undeveloped portion of the City. Obtained public financing required to install master infrastructure.

Tuscany Hills Phase 2, Master Planned Community, Lake Elsinore, California. Lead the redesign and entitlement process for 807 residential lots with parks and open space. Obtained a Specific Plan Amendment, Final Subsequent Environmental Impact Report, Tentative Tract Map, Master Sewer & Water Plan, California Department of Fish and Game Agreement Regarding Proposed Stream or Lake Alteration, and Multiple Species Habitat Conservation Plan (MSHCP) Consistency Determination.

Terracina, a 368 lot land assemblage, Lake Elsinore, California. Planned and obtained a tentative tract map with a mitigated negative declaration.

De La Rosa, a 60 lot development adjacent to Rosetta Canyon, Lake Elsinore, California. Obtained a tentative tract map with a mitigated negative declaration. Annexed the property into the City. Annexed the property into the Rosetta Canyon CFDs to provide efficient financing for fees and infrastructure.

Richmond American Homes

Vice President of Land Acquisition and Development

January 2000 - October 2003 (3 years 10 months)

Identified property, conducted feasibility studies, prepared all final financial performance and risk assessment documentation, negotiated purchase agreements, and closed escrow on nineteen acquisitions totaling 2,300 single family detached residential lots. Successfully met the Division's business plan requirements for new land to meet growth objectives.

Supervised the development all the Irvine Division properties from acquisition to finished lots. Developed and implemented reliable project budget and schedule controls for each property.

Beazer Homes

Senior Vice President of Development

July 1996 - January 2000 (3 years 7 months)

Provided feasibility analysis over 1,400 residential lots which exceeded the Company's acquisition goals.

Directed the efforts of Forward Planning Department from tentative map approval to final map recordation. Maintained focus to meet model grand opening and product delivery dates per business plan goals.

Opened fourteen new communities during the last two years with an additional six in the pipeline. Created and instituted an effective project budget and schedule control system. Spearheaded the effort to convert the Division's land development budgets to the J.D. Edwards software accounting system. Obtained public financing to minimize development budgets.

Managed multiple land development projects required to produce 500 to 1,000 lots per year. Supervised daily activities of a Development Manager, Contract Administrator, Executive Assistant and two Offsite General Superintendents. Experienced in both single-family and multi-family projects.

Costain Homes Inc.

Project Manager

April 1988 - June 1996 (8 years 3 months)

Responsible for all aspects of residential development project management including: land acquisition, entitlement, environmental permits, design, architecture, public financing, land development and bond exoneration. During this decline in the residential construction industry obtained skills in taking over projects at various stages and managing them through completion.

Northrop Corporation

Project Manager

December 1983 - April 1988 (4 years 5 months)

Responsible for office/industrial facilities expansion and renovation projects from design through occupancy.

C.F. Braun & Company

Civil Engineer

January 1981 - December 1983 (3 years)

Responsible for developing offsite improvement plans, specifications and estimates for international petrochemical projects. Independently designed software for various applications that increased the company's engineering productivity.

Advanced Technology Inc.

Systems Engineer

August 1980 - January 1981 (6 months)

Responsible for civil engineering research projects.

Education

Loyola Marymount University, College of Business Administration

MBA, Finance · (1985 - 1988)

Loyola Marymount University

BS, Civil Engineering · (1976 - 1980)

Loyola High School

High School · (1972 - 1976)

Contact

www.linkedin.com/in/mikaelcalando (LinkedIn)
aecom.com/ (Other)
www.epf.fr/index_gb.htm (Other)
www.civil.umd.edu/ (Other)

Top Skills

Construction Management
Deep Foundations
Ground Improvement

Publications

Compensation Grout Design for the San Francisco Central Subway Project
Construction challenges of the Central Subway's TBM Launch shaft and station's headwalls.
Applications of diaphragm wall technologies for deep foundations and permanent underground structures

Mikael CALANDO

Development Manager at Treasure Island Development Group
(Lennar/Wilson Meany/Stockbridge Capital)
San Francisco Bay Area

Summary

10+ years of industry experience in Design & Construction for large, complex private, institutional and/or public construction projects. Rare combination of technical expertise (in Civil, Geotech & Structures) and effective construction management skills. Known to build teams and processes with a successful track record of operational efficiency, mitigation of schedule & cost risks, and scalable execution.

Experience includes project planning, design development, permitting, procurement, schedule & budget management, claims and contract close-out.

Experience

Treasure Island Development Group
Development Manager
October 2021 - Present (2 years 4 months)
San Francisco Bay Area

Development Manager for the \$7B+ and 405-acre project on Treasure Island and Yerba Buena Island:

- \$1.7B+ of new infrastructure
- 100 new Buildings (8,000 Homes, 400 hotel rooms, 450,000 square feet for retail shops, offices, restaurants, and neighborhood services)
- 300 proposed acres of parks
- 22 miles of trails
- 20-acre organic farm
- 400-slip marina
- New Ferry terminal

TIDG is a partnership between Lennar Corporation (NYSE:LEN, one of the nation's largest home builders), Stockbridge Capital Group (\$15B AUM Real Estate Private Equity Firm), and Wilson Meany (prominent west coast developer).

AECOM Tishman

Sr. Project/Construction Manager

January 2018 - September 2021 (3 years 9 months)

San Francisco, California

Construction manager on the Oceanwide Center Project (\$1.6B+, two million sq.ft mixed used development of two high-rise towers). Responsible for 18 trades and ~\$400M budget.

Soletanche-Bachy USA (Nicholson Construction, VINCI group)

Project Manager, Major Projects

January 2010 - December 2017 (8 years)

USA-Nationwide

Major project accomplishments:

- Salesforce Tower
- Transbay Transit Center-Bus Ramps
- Columbia University-Manhattanville development
- San Francisco Central Subway (Tunneling Contract)
- Seattle Light Rail Extension - University Link (U-220 Contract)
- New York 2nd Ave Subway (96th St Station)

Freyssinet USA

Engineer for pre-stressed concrete works

January 2009 - June 2009 (6 months)

Sterling, VA

Enabled a \$50m new market opportunity by certificating the company's proprietary PT system in Florida.

GE Power

Civil Contracting Engineer

August 2007 - January 2008 (6 months)

Belfort, France

Participated in the subcontractor selection process for the construction of a combined cycle power plant located in Dubai, UAE (\$165m)

Education

University of Maryland College Park

Civil Engineering and Project Management · (2008 - 2009)

EPF Ecole d'Ingénieurs

Master of Engineering, Mechanics of Materials and Structures · (2004 - 2009)

Lycée St Dominique, Neuilly-sur-Seine

· (1997 - 2004)

Contact

charlescshin@gmail.com

www.linkedin.com/in/charlesshin
(LinkedIn)

www.treasureislandsfbay.com/
(Company)

Top Skills

Real Estate Development

Real Estate Finance

Due Diligence

Languages

Korean

Certifications

Leed Accredited Professional

Charles Shin

Managing Director at Treasure Island Development Group
San Francisco, California, United States

Summary

Experienced Director Of Development with a demonstrated history of working in the real estate development industry. Skilled in Infrastructure, Mixed-use, Construction Management, Entitlements, Real Estate Finance, and Real Estate Development.

Experience

Treasure Island Development Group

4 years 11 months

Managing Director

March 2022 - Present (1 year 11 months)

San Francisco, California, United States

Development Director

March 2019 - March 2022 (3 years 1 month)

San Francisco Bay Area

Treasure Island Community Development is the master developer for Treasure Island. TICD is a partnership of Stockbridge Capital Group/Wilson Meany and Lennar Corp.

TICD coordinates with the Treasure Island Development Authority on its design and construction activities and receives permits from the City of San Francisco's public agencies.

TICD provides land and infrastructure for non-profit housing developers to construct the approximately 2,500 new affordable housing units on Treasure Island

<http://www.treasureislandsfbay.com>

University of California, Berkeley

Lecturer in Real Estate Development + Design

May 2023 - Present (9 months)

Berkeley, California, United States

Prado Group

VP of Development

January 2017 - February 2019 (2 years 2 months)

San Francisco Bay Area

Founded in 2003, Prado Group is a privately held real estate development and investment management company with a primary focus on residential, retail, and mixed use properties in the greater San Francisco Bay Area. Prado Group develops, invests in, and manages in-fill properties in high barrier to entry markets and creates value through asset management, development, repositioning, and property management. Among the firm's projects is the redevelopment of the 10.3 acre UCSF campus in San Francisco into a mixed-use environment that will include variety of housing types, as well as retail and community serving uses.

JS Sullivan Development

5 years 2 months

Director Of Development

January 2015 - November 2016 (1 year 11 months)

San Francisco Bay Area

Sr.Project Manager

October 2011 - December 2014 (3 years 3 months)

JS Sullivan Development, LLC is a privately operated real estate development and construction firm. Based in San Francisco, JS Sullivan specializes in the development and construction of new small to medium sized in-fill mixed use projects. It directly manages every aspect of the development process ranging from acquisition, entitlements, construction and sales.

Columbia University

Associate in Architecture & Real Estate Development

2011 - 2011 (less than a year)

Stanley Saitowitz | Natoma Architects Inc

Project Manager

June 2004 - January 2010 (5 years 8 months)

Managed SD, DD, and CD phases for various projects including Yerba Buena Lofts Renovation (San Francisco, CA), Tampa Museum of Art (Tampa Bay,

FL), Beth El Synagogue (La Jolla, CA), UCSF 23B Parking Garage (San Francisco, CA), and Larkin Apartments (San Francisco, CA).

Education

Columbia University in the City of New York
MSRED, Master of Science in Real Estate Development

University of California, Berkeley
Bachelor's Degree, Architecture

ITEM 6 – Consent Agenda
Treasure Island Development Authority
City and County of San Francisco
Meeting of April 16, 2025

Subject: Resolution authorizing the Treasure Island Director to execute an Affordable Housing Loan Agreement and other related documents with the Bay Area Housing Finance Authority (“BAHFA”) under the Regional Early Action Planning Grant 2.0 (“REAP 2.0”) Priority Sites Pilot Program for a total award of up to \$3,000,000 to be disbursed as a low-interest loan from BAHFA to the Authority to fund design, permitting or construction of infrastructure improvements serving the affordable housing parcel E1.2 Senior Housing project on Treasure Island; authorizing the Authority to accept and expend the funds of up to \$3,000,000 for eligible costs approved by BAHFA; authorizing the Treasure Island Director to execute and deliver any documents in the name of the Authority that are necessary, appropriate or advisable to accept and expend the Priority Sites funds from the BAHFA.

Contact: Joey Benassini, Vertical Development Project Manager

Reviewed by: Robert Beck, Treasure Island Director

SUMMARY

The resolution would authorize (1) the Treasure Island Director to execute an Affordable Housing Loan Agreement and other related documents with the Bay Area Housing Finance Authority (“BAHFA”) under the Regional Early Action Planning Grant 2.0 (“REAP 2.0”) Priority Sites Pilot Program for a total award of up to \$3,000,000 to be disbursed as a low interest loan from BAHFA to the Authority to fund the design, permitting or construction of infrastructure improvements serving the parcel E1.2 Senior Housing project on Treasure Island, and (2) authorize the Authority to accept and expend the funds of up to \$3,000,000 for eligible costs approved by BAHFA; authorizing the Treasure Island Director to execute and deliver any documents in the name of the Authority that are necessary, appropriate or advisable to accept and expend the Priority Sites funds from the BAHFA, including a Memorandum of Agreement (“MOA”) with the Developer.

BACKGROUND

Treasure Island Community Development, LLC (“TICD” or the “Developer”) is preparing to begin construction of the next phase of street improvements and infrastructure on Treasure Island (“Stage 2” or the “Improvements”) in early 2025. The Stage 2 area includes an affordable housing building for seniors totaling 100 units (the “Senior Building”). Completion of the Stage 2 improvements is necessary for the Senior Building to receive a Certificate of Occupancy and the BAHFA infrastructure bridge loan will facilitate acceleration of schedule of certain items within Stage 2 to meet the Senior Housing funding parameters.

On November 17, 2023, the Bay Area Housing Finance Authority (“BAHFA”) issued a Funding Application Notice under the Regional Early Action Planning Grant 2.0 (“REAP 2.0”) Priority Sites Pilot Program, originating from a \$28 million grant from the California Department of Housing and Community Development (“HCD”). The Priority Sites Pilot Program provides low-interest loans to

developers and public agencies to assist development projects that provide deed-restricted affordable homes on sites identified by the Metropolitan Transportation Commission (“MTC”) and Association of Bay Area Government (“ABAG”) as Priority Sites. MTC defines Priority Sites as locally identified, regionally significant places that will offer homes affordable to people of all incomes, backgrounds, and abilities, including sites that include or are nearby to essential services, green space and frequent public transit.

On January 12, 2024, TIDA submitted a Letter of Interest (“LOI”) to BAHFA and was invited to submit a complete application on April 17, 2024. TIDA submitted a complete application on April 25, 2024, and on May 22, 2024, the BAHFA Board adopted Board Resolution No. 0035, which provides a commitment of \$3 million of REAP 2.0 Priority Sites Predevelopment Loan Pilot Program funding to TIDA. **Funding will be awarded to the Authority as an unsecured predevelopment loan bearing 3% simple interest with a term of three (3) years from the effective date of the Affordable Housing Loan Agreement with two options to extend at no cost for one (1) year each for a total maximum term of five (5) years.** Per BAHFA requirements, TIDA must enter into an Affordable Housing Loan Agreement and other related documents for funding.

TIDA intends to utilize the Priority Sites funds for design, permitting or construction costs serving Stage 2 improvements. The Developer and TIDA will also enter into a MOA to make commitments related to Stage 2 improvements and expenditure and reimbursement of the Priority Sites Program funds.

PROJECT SCOPE & BUDGET

The scope of the expenditure plan includes the following elements as outlined in the table below.

Treasure Island Development Authority - BAHFA Priority Sites Pilot Program Budget

Priority Sites Pilot Program Budget	AMOUNT
<u>SOURCES OF FUNDS</u>	
PRIORITY SITES PILOT PROGRAM	\$3,000,000
TOTAL SOURCES	\$3,000,000
<u>USES OF FUNDS (Soft Costs related to Treasure Island Stage 2 Street Improvements, Utilities, Infrastructure)</u>	
Permitting, Entitlements, and Inspections	\$1,500,000
Architectural, Engineering, and Legal Expenses	\$1,500,000
Total Estimated Costs	\$3,000,000
TOTAL USES	\$3,000,000

BOARD OF SUPERVISORS APPROVAL

The Board of Supervisors must approve a resolution to accept and expend the Priority Sites Program funds and approve the form of the BAHFA Loan Agreements. The Authority expects to receive that approval by May 2025.

RECOMMENDATION

Staff recommends that the Authority Board authorize (1) the Treasure Island Director to execute an Affordable Housing Loan Agreement and other related documents with the BAHFA under the REAP 2.0 Priority Sites Pilot Program for a total award of up to \$3,000,000 to be disbursed as a loan from BAHFA to the Authority to fund the design, permitting or construction of infrastructure improvements serving the parcel E1.2 Senior Housing project on Treasure Island, and (2) authorize the Authority to accept and expend the loan of up to \$3,000,000 for eligible costs approved by BAHFA; authorizing the Treasure Island Director to execute and deliver any documents in the name of the Authority that are necessary, appropriate or advisable to accept and expend the Priority Sites funds from the BAHFA, including an MOA with the Developer.

ATTACHMENTS

Attachment 1: BAHFA Priority Sites Pilot Program Funding Application Notice

ATTACHMENT 1

BAHFA Priority Sites Pilot Program Funding Application Notice



**BAY AREA HOUSING FINANCE AUTHORITY REAP 2.0
PRIORITY SITES PILOT PROGRAM LETTER OF INTEREST /
FUNDING APPLICATION NOTICE
Issue Date: November 17, 2023**

Letter of Interest Due Date: January 17, 2024, at 5:00 PM

Invitation

The Bay Area Housing Finance Authority (BAHFA) is implementing a two-step process to award predevelopment funding for the Regional Early Action Planning Grant 2.0 (REAP 2.0) Priority Sites Pilot Program. A total of approximately \$28 million is available, originating as a grant from the California Department of Housing and Community Development (HCD). All awards are subject to HCD's final approval of the Priority Sites Pilot Program.

This Letter of Interest / Funding Application Notice (Notice) is a two-step process intended to assist development projects that provide deed-restricted affordable homes on sites identified by the Metropolitan Transportation Commission (MTC) and Association of Bay Area Government (ABAG) as [Priority Sites](#).

Step 1 will be submission of a Letter of Interest (LOI) from parties representing [Approved Priority Sites](#) projects.

Step 2 will include an invitation from BAHFA for select Priority Site sponsors and public agencies to submit a formal, competitive application, for which BAHFA will recommend funding awards based upon the criteria included in this Notice.

Project sponsors or public agencies ("Applicants") should review the terms of this Notice carefully and assess their competitiveness for funding before submitting a Letter of Interest or, subsequently, an application, given the large number of Approved Priority Sites.

Eligible Applicants include project sponsors with an entitled development project of at least 100 new housing units on an eligible Priority Site and public agencies that own the eligible Priority Site on which a development project of at least 100 housing units will be built. Project sponsors may be for-profit or non-profit corporations, individuals, general or limited partnerships, or limited liability companies. Projects may comprise one phase of an anticipated development project on a Priority Site or may comprise the entirety of the anticipated project, so long as the development program for which the sponsor is applying is both an approved Priority Site and meets the Notice requirements.

Funding Process and Timeline

Funding will be awarded to an estimated 7-20 projects through a competitive process. In November 2023, MTC and ABAG approved more than 200 Priority Sites. As stated above, given the anticipated demand for available funding, prospective applicants should carefully review the eligibility and scoring criteria. Projects not yet eligible for funding through this Notice may benefit from the region-wide and site-specific technical assistance that will be offered as a complement to predevelopment funding. A separate request for letters of interest for Technical Assistance will be released at a future date. Contingent upon BAHFA's access to new resources, additional predevelopment funding may be offered through this program in the future.

Interested parties should submit Letters of Interest (LOI) for Funding through the [Priority Sites Nomination and Application Portal](#). All submissions should be concise and relevant to the Notice. Following the LOI Phase, BAHFA will issue an invitation for select sponsors and public agencies to submit formal Applications, after which qualified funding requests may be awarded in full or in part, depending on the number of responses received, selected projects' needs, and projects' ability to address the goals of this Notice.

During the Full Application phase, BAHFA will request that Applicants submit additional information beyond documents submitted in the LOI phase. All applications will be reviewed for completeness and evaluated for competitiveness by BAHFA and MTC staff. Interviews may be scheduled. Applications which are determined to best meet or exceed the selection criteria are anticipated to be recommended for BAHFA Board approval at a future meeting.

BAHFA staff anticipates that the LOI and Full Application processes will follow the timeline below, though BAHFA reserves the right to change any portion of the anticipated timeline:

Announcement	November 17, 2023
Letters of Interest Due	January 17, 2024, at 5:00 PM
Invitations to Submit Full Application	February 15, 2024
Full Applications Due	March 1, 2024, at 5:00 PM
Awards Approved by BAHFA Board	April 24, 2024 or as BAHFA Board schedule may permit

Eligible Projects:

Eligible Projects must meet the following criteria, described in greater detail in Appendix A, Terms and Underwriting Guidelines.

- Located on an approved and adopted Priority Site. (To review a list and map of approved sites, visit the Priority Sites website)¹.
- Demonstrated site control for the Priority Site.
- Demonstrated entitlements for the proposed project or demonstrated eligibility for and commitment to using streamlining legislation, such as SB 35, AB 2011, or AB 2162; and zoning conformance or eligibility to secure desired zoning variances under either local or state legislation, e.g., State Density Bonus Law.
- A minimum of 25% of housing units must be deed-restricted affordable to low- income households, at or below 80% of the area median income (AMI).
- Ability to comply with Article XXXIV of the California Constitution, as applicable.

Eligible Uses:

Eligible expenditures include:

- Architectural and engineering services, entitlement and permitting fees, legal expenses, environmental review and other approved predevelopment activities required to accelerate construction commencement.
- Construction of affordable housing or infrastructure required to complete the affordable housing described in the application, but only if the project demonstrates the ability to commence construction within a 24-month period.
- Acquisition of land required for an affordable housing project.

Developer Team Experience:

Applicants must provide evidence that as a Development Team, they have the knowledge, skills, experience and financial capacity to successfully develop, own, and operate the project. In the aggregate among Development Team members, this includes:

- Five or more projects developed by team members that have been successfully operating for three years or more.
- Demonstrated experience necessary to submit competitive applications for all proposed sources of permanent funding.
 - E.g., if sponsor proposes low-income housing tax credit financing, the demonstrated ability to meet the highest award value for "General Partner/Management Company Characteristics".
- Exceptions:

¹ All Priority Sites are located in an area that meets the definition of "infill" in HCD's REAP 2.0 Guidelines.

- Public agencies applying with or without developer partners may submit a narrative describing their ability to complete the project and relevant development experience.
- Developers not meeting the Developer Team Experience criteria above may submit alternative evidence of experience sufficient to successfully develop, own, and operate the project, which BAHFA will evaluate for sufficiency in its sole discretion.

SELECTION CRITERIA

Projects will be evaluated and scored based on the point system described below. Factors for evaluation include competitiveness; financial feasibility of the project; qualifications, demonstrated capability of the development team to finance, design, build/rehabilitate and manage affordable housing; affordability levels; impact and benefits conferred by the development; any information requested in the Loan Application; BAHFA terms and guidelines as described in Appendix A; and completeness, accuracy, and quality of the application. BAHFA reserves the right to weigh certain selection criteria over others.

Projects will be awarded up to 100 points for the purpose of ranking using the following criteria:

Scoring Criteria	Points
REAP 2.0 Objectives	30
Accelerating Infill Development that facilitates Housing Supply, Choice, & Affordability (10)	
Affirmatively Furthering Fair Housing (10)	
Reducing Vehicle Miles Traveled Per Capita (10)	
Alignment with Plan Bay Area 2050	10
Readiness/Timeliness	15
Impact and Cost Effectiveness	10
Experience and Partnerships/Collaboration	15
Community Engagement	10
Leveraging other Funding	10
Total	100

Scoring Considerations:

- **REAP 2.0 Objectives:**
 - Accelerating Infill Development that facilitates Housing Supply, Choice, & Affordability: Projects located in Plan Bay Area 2050 Growth Geographies, Transit Priority Areas, and areas that have completed Community Based Transportation Plans.
 - Affirmatively Furthering Fair Housing: Projects with a high percentage of units restricted as affordable to low-, very low-, and extremely low-

- income households and located in Moderate Resource and High Resource Areas as defined by the [CTCAC/HCD Opportunity Area Maps](#).
 - Reducing Vehicle Miles Traveled (VMT) Per Capita: Projects located in areas where the per capita VMT is at or below the Bay Area average of 15 miles.
- **Alignment with Plan Bay Area 2050:** Ability of the project to contribute toward meeting the Regional Housing Needs Allocation and relevant Plan Bay Area 2050 housing strategies, including:
 - Spur Housing Production for Residents of All Income Levels
 - Allow a greater mix of housing densities and types in Growth Geographies.
 - Build adequate affordable housing to ensure homes for all.
 - Integrate affordable housing into all major housing projects.
 - Transform aging malls and office parks into neighborhoods.
 - Create Inclusive Communities
 - Accelerate reuse of public and community-owned land for mixed-income housing and essential services.
- **Readiness/Timeliness:** Demonstration of project readiness to commence construction, including:
 - Site control.
 - Demonstration of financial feasibility.
 - Committed construction and permanent financing.
 - Secured entitlements or ability to secure entitlements through a streamlined process.
- **Impact and Cost Effectiveness:** Budget demonstrates capacity to provide the greatest return on the BAHFA's investment by maximizing number of affordable units created through the creative use of design, materials, construction techniques, and financing.
- **Experience and Partnerships/Collaboration:** Demonstration of sponsor's ability to successfully execute the development proposal while leveraging collaboration between different stakeholders, including local governments, developers, neighborhood groups, service providers, and other community-based organizations. Partnership and collaboration will emphasize implementation and outcomes, including involvement and support of final decision makers and approval bodies.
- **Community Engagement:** Demonstration of how the project has been shaped by community-identified needs and input; as well as how the project will continue to conduct community engagement throughout the implementation of the project if awarded.
- **Leveraging other Funding:** Financing plan includes reasonable per unit BAHFA subsidy coupled with other funding sources based on target population, project type and cost effectiveness.

Disclaimers

BAHFA reserves the right to suspend, amend or modify the provisions of this Notice, to extend the deadlines, to reject all proposals, to negotiate modifications of proposals, or to award less than the full amount of funding available. While the dates and schedule stated in this Notice represent BAHFA's preferred timetable, it shall not be considered binding on BAHFA. The submission of a response to this Notice shall not be binding upon BAHFA nor construed as a contract with or a commitment by BAHFA. BAHFA will not pay any costs incurred in the preparation of a response to this request. BAHFA reserves the right to make decisions on which proposal it deems in BAHFA's best interest, including rejecting all applicants. All submissions shall be public records subject to public disclosure pursuant to the provisions of the California Public Records Act (Government Code Section 6250 et seq.).

Environmental Review and Assessment

Funding commitments shall be assessed in accordance with the California Environmental Quality Act (CEQA). If Federal funding is involved, the project will be assessed in accordance with the National Environmental Policy Act (NEPA).

Minimum Contracting Requirements

BAHFA will enter into a loan agreement with the successful applicants. Among other obligations, the loan agreement will require the sponsor to maintain insurance coverage for the organization and its employees and for the property funded by BAHFA, the terms of which shall be further specified in loan documents.

For Additional Information

Please contact Kate Hartley at khartley@bayareametro.gov.

Appendix A



BAY AREA HOUSING FINANCE AUTHORITY REAP 2.0 Priority Site Pilot Program Terms and Underwriting Guidelines

Program Description	<p>Through a \$28M Regional Early Action Planning Grant (REAP 2.0) from the California Department of Housing and Community Development (HCD), the Priority Sites Program provides low-interest loans to developers and public agencies for predevelopment activities necessary to advance development projects that provide deed-restricted affordable homes on sites adopted by the Metropolitan Transportation Commission (MTC) and Association of Bay Area Governments (ABAG) as Priority Sites. Please find the list of Priority Sites approved by MTC and ABAG in November 2023 here. (Note that the Priority Sites Program also offers focused Technical Assistance to conduct the analysis, design, and due diligence typically required before securing an entitlement or, in the case of public land, issuing an RFQ. To learn more and apply for Technical Assistance, visit the Priority Sites TA page.)</p> <p>In accordance with HCD's REAP 2.0 Objectives, projects funded through this program will:</p> <ul style="list-style-type: none">• Accelerate infill development that facilitates housing supply, choice, and affordability.• Affirmatively further fair housing.• Reduce vehicle miles traveled.
Eligible Borrowers	<p>Eligible borrowers include:</p> <ul style="list-style-type: none">• Public agency that owns land on which project will be built.• Project sponsor with an entitled development project with at least 100 new housing units on an eligible Priority Site and at least 25% of all units set aside as

	<p>deed-restricted housing (55-year minimum term) affordable to households at or below 80% of area median income (AMI).</p> <ul style="list-style-type: none"> ○ For mixed-income projects, inclusion of a non-profit partner able to secure a welfare tax exemption for all eligible affordable units. Applicants must demonstrate active participation of the non-profit partner in the development process documented by a Memorandum of Understanding (MOU) that specifies the non-profit partner's role (e.g. responsibility for community outreach, participation of a project manager in financing and entitlements). <ul style="list-style-type: none"> ▪ BAHFA may waive this requirement at the sponsor's request upon demonstration of sufficient cross-subsidy of inclusionary units by market-rate units to eliminate the need for the property tax exemption. ○ For 100% affordable housing projects, applicants must demonstrate the experience necessary to submit competitive applications for all proposed sources of permanent funding. <ul style="list-style-type: none"> • All project sponsors must demonstrate ability to comply with Article XXXIV of the California Constitution, if applicable. • All project sponsors must provide evidence that their development team possesses the knowledge, skills, experience and financial capacity to successfully develop, own, and operate the project.
Eligible Uses	<p>All funds must be used to advance an affordable housing project that meets the eligibility criteria. Eligible expenditures include:</p> <ul style="list-style-type: none"> • Architectural and engineering services, entitlement and permitting fees, legal expenses, environmental review and other approved predevelopment activities required to accelerate construction commencement. • Construction of affordable housing or infrastructure required to complete the affordable housing described in the application, if sponsor demonstrates the ability to commence construction within a 24-month period.

	<ul style="list-style-type: none"> Acquisition of land required for an affordable housing project.
Eligible Projects	<p>All the following:</p> <p><u>Location.</u> Project must be located on a Priority Site that has been approved by MTC and ABAG AND in an area that meets the definition of "infill" in HCD's REAP 2.0 Program Guidelines, (Appendix 2, Definition #14).</p> <p><u>Site Control.</u> Lead applicant must have one of the following forms of control over project site:</p> <ul style="list-style-type: none"> Fee simple ownership. An executed lease agreement or lease option for the duration of the proposed term of the permanent financing. An executed disposition and development agreement between the borrower and a public agency. A valid, current, enforceable purchase and sale agreement (PSA) or option agreement (Option), with terms that provide transactional control for the Applicant. Predevelopment funding for PSA or Option transactions may be committed but not disbursed until acquisition closing. Exclusive Negotiating Rights Agreement (ENRA), with ENRA terms both within the control of the Applicant and subject to a milestone schedule that the Executive Director or designee determines in their sole discretion reasonably enables construction commencement within 5 years. <p><u>Entitlements.</u> One of the following:</p> <ul style="list-style-type: none"> Entitlements secured. The affordable housing component of the project, and any other components of the project seeking funding, have been fully entitled; or If the project has not been fully entitled, both of the following: <ul style="list-style-type: none"> Demonstrated eligibility for and commitment to using entitlement streamlining legislation, such as SB 35 (SB 423), AB 2011, or AB 2162. Zoning conformance or eligibility to secure desired zoning variances under either local or state legislation, e.g., State Density Bonus Law. <p><u>Financing Plan.</u> Financing plan with demonstrated financial feasibility, including, as applicable:</p>

	<ul style="list-style-type: none"> • Competitiveness for proposed federal and state funding applications. • Commitments of financing from local jurisdictions. • Equity contribution commitments. • Reasonable terms for proposed debt leveraging. • Feasible assumptions regarding market conditions, development timeline, and affordability levels. <p><u>Affordability.</u> A minimum of 25% of housing units shall be deed-restricted affordable to low-income households, at or below 80% of the area median income (AMI). Deed restrictions shall be for a minimum of 55 years.</p> <p><u>Accessibility and Mobility.</u> The deed-restricted affordable housing shall include:</p> <ul style="list-style-type: none"> • Mobility features for a minimum of 15% of units. • Communications features for a minimum of 10% of units. <p>Developers must prioritize leasing of accessible units to households in need of those features.</p>
Loan Terms	<p><u>Maximum Loan Amount:</u> Up to \$3,000,000, depending on need and the availability of other funds. Borrowers demonstrating financial need coupled with the ability to commence construction within 24 months may borrow up to \$5 million.</p> <p><u>Interest Rate:</u> 3.0% simple per year. However, the Executive Director or designee will evaluate project-specific loan terms with the intent of maximizing financing leveraging (see below for additional information regarding potential permanent financing terms).</p> <p><u>Lien priority.</u> BAHFA requires first lien priority. In its sole discretion, BAHFA may agree to subordinate its loan if Borrower demonstrates that subordination is necessary to secure financing and if such subordination furthers the goal of creating permanent affordable housing.</p> <p><u>Loan Term:</u> 3-5 years, with repayment due at construction loan closing, with the following additional provisions:</p> <ul style="list-style-type: none"> • For 100% affordable projects, including those that are individual developments: <ul style="list-style-type: none"> - Projects able to repay the loan in full at construction loan closing will be prioritized.

	<ul style="list-style-type: none"> - For Projects demonstrating need, readiness, and beneficial community impact, funding may be converted to permanent financing, with the term co-terminus with other leveraged sources term restrictions, such as low-income housing tax credits (LIHTC). - Loans BAHFA approves as permanent financing will be structured as residual receipts debt with a 3% simple interest rate, though BAHFA may adjust the rate as appropriate depending on capital account and residual debt analysis needs. <ul style="list-style-type: none"> • For Mixed-income projects: <ul style="list-style-type: none"> - For projects where more than 25% but less than 40% of all units are deed-restricted affordable, and where the predevelopment funding will assist both affordable and market-rate housing, repayment of principal and interest is due at construction loan closing. - For projects where more than 40% but less than 100% of all units are deed-restricted affordable, BAHFA will consider structuring the loan as permanent financing, with additional terms such as interest rate and repayment obligations to be established in the Executive Director or designee's sole discretion, provided there is a demonstrated furtherance of the goals of this Program.
Additional Loan Terms	<p><u>Affordability</u>: As described above, BAHFA will consider projects with a range of affordability. Priority considerations include:</p> <ul style="list-style-type: none"> • Beneficial Impact: Projects that provide the highest share of affordable units and highest number of units affordable to extremely low- and very low-income households. • Financial Feasibility: Borrowers' cash flow projections must evidence financial feasibility, whether through cross-subsidies, operating expenses balanced by the average area median income (AMI), or access to operating subsidies. <p><u>Displacement</u>: No displacement of existing residents shall occur.</p>

	<p><u>Temporary Relocation:</u> If the borrower must temporarily relocate tenants for the purpose of developing the proposed project:</p> <ul style="list-style-type: none"> • Temporary relocation shall not exceed 12 months unless approved by the Executive Director or designee. Permanent relocation is prohibited. • The borrower shall provide temporary housing that is decent, safe, sanitary and of comparable size to and within the vicinity of the relocated tenant's dwelling unit as determined by the Executive Director or designee. • Tenants shall continue to pay the rent for their original unit, but shall bear no costs related to relocation, including: <ul style="list-style-type: none"> ○ Moving and packing expenses. ○ Any costs associated with the relocation dwelling that exceed their typical housing expenses (rent, utilities, other charges).
Community Engagement	<p>Borrowers should include a narrative regarding their community engagement efforts to date, a description of community response and support (as applicable), any identified community concerns, and plans for ongoing engagement.</p>
Underwriting and Financing Assumptions	<p>BAHFA will apply industry standard underwriting in its evaluation of applicant's proposed financing plan, including, but not limited to:</p> <ul style="list-style-type: none"> • Total projected development costs, including contingencies and cost inflation assumptions relative to the proposed development timeline. • The financial impact of proposed project phasing, as applicable. • The project's competitiveness for proposed but unsecured funding. • Assumptions regarding conventional debt rates, terms, and other repayment obligations. <ul style="list-style-type: none"> ○ Borrowers should assume 1.15 DSCR. • Assumptions regarding project income, including: <ul style="list-style-type: none"> ○ Commercial income, especially if assumed to cross-subsidize residential construction. ○ Income and operating expense inflators: borrowers should assume standard 2.5% rent

	<p>inflator and 3.5% operating expense inflator unless able to demonstrate market feasibility of alternative factors.</p> <ul style="list-style-type: none"> ○ Market sustainability of proposed affordable rent levels and conformance with proposed funding applications, as applicable. ○ Borrowers should assume 5% vacancy factor. • Operating expense assumptions for residential and commercial uses. • Reserves funding, both capitalized and cash-flow funded. • Surplus cash allocations.
Compliance	<p><u>Regional Early Action Planning Grant:</u></p> <p>The applicant must agree to comply with all applicable Federal, State, and local laws, orders, and regulations prohibiting housing discrimination as well as all applicable laws and regulations governing construction, land use, and building operations.</p>
Waivers	<p>The Executive Director or Designee may waive any of these terms, provided the Executive Director or designee finds such waiver is necessary to achieve the Program goals.</p>
Application Process and Loan Commitment	<p>The application for funding shall follow the process set forth through the Letter of Interest / Funding Application Notice (Notice). Applications will be reviewed for completeness, project feasibility, competitiveness, and compliance with this Term Sheet. BAHFA will prioritize projects based on Selection Criteria as established in the funding Notice.</p>
Letter of Interest Submission Requirements	<p>Applicants must submit the following information through the Priority Sites Nomination and Application Portal:</p> <ol style="list-style-type: none"> 1) Narrative: up to 3-page narrative describing the project vision, partnerships, and impact. 2) Project Timeline, including dates projected for each phase of development, as applicable. 3) Development Program, including but not limited to: total unit count, share of units that are deed-

	<p>restricted by income level, non-residential floorspace, and any community-serving facilities.</p> <p>4) Entitlements and Site Control Documents, including:</p> <ul style="list-style-type: none"> • Documentation of site control. • A third-party, independent appraisal of the land and/or existing improved site, with a date that provides currency of value, if sponsor requests acquisition funding. • Entitlement documentation demonstrating approvals or status of entitlement process, including zoning conformance and applicability of any relevant approvals streamlining legislation. • Summary documentation of site environmental review and any required mitigations. • Preliminary Title Report. <p>5) Project Financing Documents, including:</p> <ul style="list-style-type: none"> • Detailed Sources & Uses Development budget indicating: <ul style="list-style-type: none"> i. The status of each source of proposed funding (i.e., committed, projected, application submitted, etc.), and basic terms (e.g., projected interest rate, loan term). ii. All capital costs, with commercial and residential development costs shown separately. • 20-year cash flow projection, showing all debt service payments and surplus cash allocations • Year 1 Operating budget, including reserves funding. • Additional budget documents necessary to achieve the development program, e.g., services funding and operating subsidy sources and assumptions. • Jurisdictional support documents, as applicable (e.g., letters of financial commitment). <p>6) Community Engagement Narrative: Provide up to 3 pages regarding the community engagement effort to date for the project, a description of community response and support (as applicable), any identified community concerns, and plans for ongoing engagement.</p> <p>7) Development Team Documents: For each principal member of the development team (e.g., managing general partner, equity partners, developer(s), include:</p> <ul style="list-style-type: none"> • Firm description.
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	<ul style="list-style-type: none"> • Key staff resumes. • Project architect resume and sample completed projects. • Additional principal design consultants' resumes and sample completed projects (e.g., landscape architect). • General contractor resume and sample completed projects. • Property manager resume and sample projects under management. <p>8) CEQA Compliance: Documentation that the project will be exempt from review as required by the California Environmental Review Act or a CEQA determination from the lead agency.</p>
Full Application Additional Submission Requirements	<p>1) Any project updates or changes to project status from date of LOI documents submission.</p> <p>2) Entitlements, Site Control Status and Site Due Diligence:</p> <ul style="list-style-type: none"> • Confirmation of site control status, as submitted with the LOI. • All planning entitlement documents submitted and approved; demonstration of zoning conformity or variance application approval; density bonus application (as applicable); streamlining applications submitted and/or approved (as applicable). • Environmental review documents (e.g., Phase 1, Phase 2, and any additional environmental review). • ALTA Survey Building plans and specifications, as applicable. <p>3) Development Team Documents:</p> <ul style="list-style-type: none"> • Current year unaudited financials • Prior three years of Borrower's audited financials. • Organizational documents: <ul style="list-style-type: none"> - Leadership and governance (Board, Committees, profile of leadership) - Strategic planning documents (if available) - Annual Report (if available) - Schedule of real estate owned and projects under construction (if any) - MOU with non-profit partner, if applicable

Contact Information	<p><u>For questions regarding term sheet:</u> Kate Hartley Director Bay Area Housing Finance Authority Email: khartley@bayareametro.gov</p> <p><u>For questions regarding Priority Site eligibility and nomination:</u> Mark Shorett Principal Planner Association of Bay Area Governments & Metropolitan Transportation Commission Email: mshorett@bayareametro.gov</p>
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FILE NO.

RESOLUTION NO. 25-08-0416

1 [Resolution Authorizing the Treasure Island Director to execute an Affordable Housing Loan
2 Agreement under the Bay Area Housing Finance Authority Priority Sites Pilot Program to
3 accept and expend funds of up to \$3,000,000 to fund design, permitting or construction of
infrastructure improvements serving the Treasure Island parcel E1.2 affordable Senior
Housing project]

4 **Resolution authorizing the Treasure Island Director to execute an Affordable Housing**
5 **Loan Agreement with the Bay Area Housing Finance Authority ("BAHFA") under the**
6 **Regional Early Action Planning Grant 2.0 ("REAP 2.0") Priority Sites Pilot Program for a**
7 **total award of up to \$3,000,000 to be disbursed as an unsecured low-interest loan from**
8 **BAHFA to the Authority to fund design, permitting, or construction of infrastructure**
9 **improvements serving the affordable housing parcel E1.2 Senior Housing project on**
10 **Treasure Island; authorizing the Authority to accept and expend the funds of up to**
11 **\$3,000,000 for eligible costs approved by BAHFA; authorizing the Treasure Island**
12 **Director to execute and deliver any documents, including a Memorandum of Agreement**
13 **with Treasure Island Community Development LLC, in the name of the Authority that**
14 **are necessary, appropriate or advisable to accept and expend the Priority Sites funds**
15 **from the BAHFA.**

16
17 WHEREAS, Former Naval Station Treasure Island is a military base located on
18 Treasure Island and Yerba Buena Island (together, the "Base"); and,

19 WHEREAS, The Base was selected for closure and disposition by the Base
20 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
21 subsequent amendments; and

22 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
23 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
24 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
25

1 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
2 conversion of the Base for the public interest, convenience, welfare and common benefit of
3 the inhabitants of the City and County of San Francisco, which is on file with the Clerk of the
4 Board of Supervisors and is incorporated herein by reference; and,

5 WHEREAS, The Authority, acting by and through its Board of Directors (the "Authority
6 Board"), has the power, subject to applicable laws, to sell, lease, exchange, transfer, convey
7 or otherwise grant interests in or rights to use or occupy all or any portion of the Base; and

8 WHEREAS, In 2003, Treasure Island Community Development, LLC (the "Developer")
9 was selected as principal developer for the Base following a competitive process; and

10 WHEREAS, The Authority, the Authority Board, the Treasure Island Citizens Advisory
11 Board, the City, and the Developer worked for more than a decade to plan for the reuse and
12 development of Treasure Island, and as a result of this community-based planning process,
13 the Authority and Developer negotiated the Disposition and Development Agreement ("DDA")
14 to govern the disposition and subsequent development of the proposed development project
15 (the "Project"); and

16 WHEREAS, The Financing Plan, an exhibit to the DDA, calls for the Authority and
17 Developer to work together to seek appropriate grants for the Project; and

18 WHEREAS, On April 21, 2011, in a joint session with the Planning Commission, the
19 Authority Board unanimously approved a series of entitlement and transaction documents
20 relating to the Project, including certain environmental findings under the California
21 Environmental Quality Act ("CEQA"), Mitigation Monitoring and Reporting Program, and DOA
22 and other transaction documents; and

23 WHEREAS, On June 7, 2011, the Board of Supervisors unanimously confirmed
24 certification of the final environmental impact report and made certain environmental findings
25 under CEQA (collectively, the "FEIR") by Resolution No. 246-11, which is on file with the Clerk

1 of the Board of Supervisors and is incorporated herein by reference, and approved the ODA
2 and other transaction documents; and

3 WHEREAS, the Developer is preparing to begin construction of the next phase of
4 street improvements and infrastructure on Treasure Island ("Stage 2"); and,

5 WHEREAS, The Authority Board of Directors has reviewed and considered the FEIR
6 and confirms that the proposed Treasure Island Stage 2 work resulting in the completion of
7 infrastructure (the "Improvements") serving the Treasure Island Parcel E1.2 Senior Housing
8 development is consistent with the planned Project, the FEIR, and the environmental findings
9 it made under the California Environmental Quality Act when it approved the Project, on April
10 21, 2011 and thereafter. Further, the Authority Board of Directors finds that none of the
11 circumstances that would require preparation of a supplemental or subsequent environmental
12 study under Public Resources Code Section 21166 or CEQA Guidelines Section 15162 are
13 present, in the sense that no changes to the Project or the Project circumstances have
14 occurred that would result in additional environmental impacts, or in substantially increased
15 severity of already identified environmental impacts, and there are no mitigation measures or
16 alternatives that were previously identified to be infeasible but would in fact be feasible; and
17 no new mitigation measures or alternatives that would substantially reduce the identified
18 environmental impacts; and,

19 WHEREAS, the Authority parcels within the Stage 2 area include an affordable housing
20 building for seniors totaling 100 units ("Parcel E1.2 Senior Project"), an affordable housing
21 building for families of 150 units, and a 240-bed behavioral health building project to be
22 delivered by the Department of Public Health; and,

23 WHEREAS, the design, permitting and construction of Stage 2 improvements serving
24 the Parcel E1.2 Senior Project are necessary for site access and completion of the Parcel
25 E1.2 Senior Project and the project must adhere to its funding sources timelines; and,

1 WHEREAS, The Bay Area Housing Finance Authority ("BAHFA") issued a Funding
2 Application Notice dated November 17, 2023, under the Regional Early Action Planning Grant
3 2.0 ("REAP 2.0") Priority Sites Pilot Program, originating from a \$28M grant from the
4 California Department of Housing and Community Development ("HCD"); and

5 WHEREAS, A grantee receiving funds under this program must comply with all
6 Federal, State, and local laws, orders, and regulations applicable to its activities, including
7 those prohibiting housing discrimination as well as those governing construction, land use,
8 and building operations; and

9 WHEREAS, The Priority Sites Program is a pilot program that provides unsecured low-
10 interest loans to developers and public agencies for predevelopment activities necessary to
11 advance development projects that provide deed-restricted affordable homes on sites adopted
12 by the Metropolitan Transportation Commission ("MTC") and Association of Bay Area
13 Governments ("ABAG") as Priority Sites; and,

14 WHEREAS, The Authority submitted a Letter of Interest for Priority Sites Program
15 funds and was subsequently invited to submit an application ("Application Package"), and in
16 May 2024 was awarded \$3.0M in Priority Sites Pilot Program funds; and,

17 WHEREAS, Through an award letter dated August 27, 2024, the BAHFA made an
18 award in the total amount of \$3,000,000 to be disbursed as an unsecured low-interest loan
19 with a 3-5 year term to the Authority for the Stage 2 improvements approved by the BAHFA,
20 pursuant to the Application Package submitted by the Authority, and a copy of the award letter
21 is included as an attachment to this resolution; and,

22 WHEREAS, The Authority and Developer will enter into a Memorandum of Agreement
23 ("MOA") to make commitments related to the eligible use of the Priority Sites funds, and the
24 Developer will be responsible for repayment of interest costs accrued from the use of Priority
25 Sites funds; and,

1 WHEREAS, the Board of Supervisors must approve the Authority's ability to accept
2 and expend funds under the Priority Sites Pilot Program; now therefore be it

3 RESOLVED, That the Authority Board authorizes the Authority and the Treasure Island
4 Director to accept and expend the funds for eligible expenses disbursed under an Affordable
5 Housing Loan Agreement, for a total amount not to exceed \$3,000,000, subject to the
6 approval of the Board of Supervisors; and, be it

7 FURTHER RESOLVED, The Authority Board approves and authorizes the Authority
8 and the Treasure Island Director, in consultation with the City Attorney, to enter into an
9 Affordable Housing Loan Agreement and other related documents with the BAHFA under
10 terms and conditions approved by the City Attorney for eligible costs identified in the Priority
11 Sites Pilot Program Guidelines, subject to authorization and approval by the Board of
12 Supervisors; and, be it

13 FURTHER RESOLVED, That the Authority Board authorizes the Treasure Island
14 Director to execute and deliver any documents, including the MOA, in the name of the
15 Authority that are necessary, appropriate or advisable to accept and expend the Priority Sites
16 Pilot Program funds from the BAHFA, and all amendments thereto, and complete the
17 transactions contemplated herein and to use the funds for eligible costs as approved by the
18 BAHFA and in accordance with the Funding Application Notice and Program Guidelines; and,
19 be it

20 FURTHER RESOLVED, That all actions authorized and directed by this Resolution and
21 heretofore taken are ratified, approved and confirmed by the Authority Board.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on April 16, 2025.

DocuSigned by:
Jeanette Howard
974540452282437...

Jeanette Howard, Secretary



**BAY AREA
HOUSING FINANCE
AUTHORITY**

Bay Area Metro Center
375 Beale Street, Suite 800
San Francisco, CA 94105
415.778.6700
www.mtc.ca.gov

Alfredo Pedroza, Chair
Napa County and Cities

Nick Josefowitz, Vice Chair
San Francisco Mayor's Appointee

Margaret Abe-Koga
Cities of Santa Clara County

Eddie Abn
San Francisco Bay Conservation
and Development Commission

David Canepa
San Mateo County

Cindy Chavez
Santa Clara County

Carol Dutra-Vernaci
Cities of Alameda County

Dina El-Tawansy
California State
Transportation Agency

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Contra Costa County

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Nate Miley
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Marin County and Cities

Sue Noack
Cities of Contra Costa County

Gina Papan
Cities of San Mateo County

David Rabbitt
Association of Bay Area Governments

Hillary Ronen
City and County of San Francisco

Libby Schaaf
U.S. Department of Housing
and Urban Development

James P. Spering
Solano County and Cities

Sheng Thao
Oakland Mayor's Appointee

Andrew B. Fremier
Executive Director

Alix Bockelman
Chief Deputy Executive Director

Brad Paul
Deputy Executive Director,
Local Government Services

August 27, 2024

Robert P. Beck, Director
Treasure Island Development Authority
39 Treasure Island Road, Ste. 241
San Francisco, CA 94130

RE: BAHFA REAP 2.0 Priority Sites Predevelopment Loan Commitment Letter

Dear Robert P. Beck:

On May 22, 2024, the Bay Area Housing Finance Authority (BAHFA) Board adopted Board Resolution [No. 0035](#), attached hereto as [Exhibit A](#), which provides a commitment of Regional Early Action Plan (REAP) 2.0 Priority Sites Predevelopment Loan Pilot Program funding to the borrower, Treasure Island Development Authority, a California non-profit public benefit corporation, for the development of Treasure Island Parcel E1.2 ("Project"), at a value of up to \$3,000,000. Funding will be awarded to the development as a predevelopment loan bearing 3% simple interest, with principal and interest due on or before the end of the loan's three-year term.

BAHFA's award will be contingent upon:

- The borrower's execution of BAHFA's loan documents, which include, among other things, the terms, regulatory restrictions, and compliance requirements outlined in the program's Terms and Underwriting Guidelines (Appendix A to the [Funding Application Notice](#)), and the requirements of the California Department of Housing Community Development (HCD)'s Regional Early Action Planning Grant (REAP 2.0) funding.

BAHFA looks forward to working with project developers towards the project's successful completion. Please contact Kate Hartley with any questions at khartley@bayareametro.gov or (415) 778-6679.

Sincerely,

Kate Hartley
BAHFA, Director

Exhibit A

Date: May 22, 2024
W.I.: 1620
Referred by: BAHFA Oversight

ABSTRACT

Resolution No. 0035

This resolution authorizes the Executive Director or designee to negotiate and enter into loan agreements and all ancillary documents necessary to implement such loans to the developer or a single purpose entity formed by such developer for the Priority Site Pilot Projects and in the amounts identified in Attachment A to this Resolution, for a cumulative not to exceed amount of \$28 million from the Regional Early Action Planning Grant 2.0 (REAP 2.0), subject to the receipt of the required REAP 2.0 funding from the California Department of Housing and Community Development and MTC.

Date: May 22, 2024
W.I.: 1620
Referred by: BAHFA Oversight

RE: Authorization to negotiate and enter into loan agreements and all ancillary documents necessary to implement such loans to ten Priority Site Pilot Projects, for a cumulative amount not to exceed \$28 million in REAP 2.0 funding from the California Department of Housing and Community Development, subject to the funds being received.

BAY AREA HOUSING FINANCE AUTHORITY
RESOLUTION NO. 0035

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Section 66500 *et seq.*; and

WHEREAS, MTC is the designated Metropolitan Planning Organization (MPO) for the nine-county San Francisco Bay Area region; and

WHEREAS, the California Department of Housing and Community Development (HCD) is authorized to provide up to \$510,000,000 to Metropolitan Planning Organizations and Councils of Government (“Applicant”) listed in Health and Safety Code Section 50515.08, subdivisions (a)(1)-(6) under the Regional Early Action Planning grants program (REAP 2.0), as detailed in Health and Safety Code Section 50515.08-10; and

WHEREAS, HCD issued a Notice of Funding Availability on July 26, 2022, for REAP 2.0 formula grants available to MPOs and Councils of Government and a Notice of Funding Availability on November 7, 2022, for REAP 2.0 Higher Impact Transformative (HIT) competitive grants; and

WHEREAS, MTC approved a request for an allocation of REAP 2.0 formula funds in an amount not to exceed \$102,842,103.03 by Resolution 4548 on November 16, 2022 and a request for REAP 2.0 HIT competitive funds in an amount not to exceed \$10 million by Resolution 4555 on January 25, 2023; and

WHEREAS, MTC further agreed by Resolution 4548 to use all such REAP 2.0 funds only for eligible activities as set forth in California Health and Safety Code section 50515.08(c)(1) and in accordance with REAP 2.0 requirements and guidelines, which include, among other activities, affordable housing preservation and affordable housing predevelopment funding; and

WHEREAS, Title 6.8 of the Government Code, commencing with Government Code Section 64510 (AB 1487, Chiu, October 8, 2019) creates the Bay Area Housing Finance Authority (BAHFA) with jurisdiction extending throughout the San Francisco Bay Area and provides that BAHFA shall be governed by the same board that governs the Metropolitan Transportation Commission (MTC); and

WHEREAS, per Government Code Section 64510(c), BAHFA's purpose is to raise, administer, and allocate funding and provide technical assistance at a regional level for tenant protection, affordable housing preservation, and new affordable housing production; and

WHEREAS, on March 22, 2023, MTC adopted Resolution No. 4565, which grants REAP 2.0 funds to BAHFA, for the Housing Preservation Pilot and for the Priority Sites Predevelopment Pilot, contingent upon MTC receiving the REAP 2.0 funds as requested by MTC Resolution No. 4548 and subject to applicable terms and conditions of the grant agreement to be executed between MTC and HCD for the REAP 2.0 funds ("MTC Grant"); and

WHEREAS, BAHFA will implement the Priority Sites Predevelopment Pilot in compliance with California Health and Safety Code section 50515.08(c)(1), all REAP 2.0 requirements and guidelines, all applicable state and federal statutes, rules, regulations, the Standard Agreement that will be executed by and between MTC and HCD for REAP 2.0 funding and MTC Resolution No. 4565; and

NOW, THEREFORE, THE BAHFA BOARD HEREBY RESOLVES AS FOLLOWS:

Section 1. The BAHFA Board hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The BAHFA Board authorizes the Executive Director or designee to negotiate and enter into loan agreements and all ancillary documents necessary to implement such loans (“Loan Documents”) for the Priority Site Pilot Projects with the respective developer or a single purpose entity formed by such developer in the amount shown in Attachment A to this Resolution, for a cumulative not to exceed amount of \$28 million from the Regional Early Action Planning Grant 2.0 (REAP 2.0), subject to the receipt of the required REAP 2.0 funding from the California Department of Housing and Community Development and MTC. In the event that BAHFA receives less than the \$28 million, the Executive Director or designee shall prioritize negotiation and execution of Loan Documents based on the Phases shown in Attachment A, with Phase One receiving the highest priority.

Section 3. This Resolution shall take effect immediately.

BAY AREA HOUSING FINANCE AUTHORITY BOARD



Alfredo Pedroza, Chair

The above resolution was entered into by the Bay Area Housing Finance Authority Board at a duly called and noticed meeting held in San Francisco, California and at other remote locations, on May 22, 2024.

Date: May 22, 2024
Referred by: BAHFA Oversight

Attachment A
Resolution No. 0035

ATTACHMENT A

List of Priority Sites Predevelopment Pilot projects recommended for a funding award

[illegible]

CITY & COUNTY OF SAN FRANCISCO

TREASURE ISLAND DEVELOPMENT AUTHORITY
39 TREASURE ISLAND ROAD,
2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFTREASUREISLAND.ORG



DANIEL L. LURIE
MAYOR

ROBERT BECK
TREASURE ISLAND DIRECTOR

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: Joey Benassini, Vertical Development Project Manager
Treasure Island Development Authority (TIDA)

DATE: May 1, 2025

SUBJECT: Accept and Expend Resolution for Bay Area Housing Finance Authority ("BAHFA")
Regional Early Action Planning Grant 2.0 Priority Sites Pilot Program

GRANT TITLE: Regional Early Action Planning Grant 2.0 Priority Sites Pilot Program

Attached please find the original and 2 copies of each of the following:

- ☒ Proposed resolution; original signed by Department, Mayor, Controller
- ☐ Grant information form
- ☒ Grant award letter from funding agency
- ☒ Grant budget
- ☒ Grant Application and Guidelines
- ☒ Form of BAHFA Affordable Housing Loan Agreement
- ☒ Form of Memorandum of Agreement between Treasure Island Development Authority and Treasure Island Community Development, LLC
- ☐ Other (Explain):

Departmental representative to receive a copy of the adopted resolution:

Name: Joey Benassini

Phone: 510-367-2748

Interoffice Mail Address: joey.benassini@sfgov.org

Certified copy required: Yes ☐ No ☒

(Note: certified copies have the seal of the City/County affixed and are occasionally required by funding agencies. In most cases ordinary copies without the seal are sufficient).

Introduction Form

(by a Member of the Board of Supervisors or the Mayor)

I hereby submit the following item for introduction (select only one):

- ☐ 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- ☐ 2. Request for next printed agenda (For Adoption Without Committee Reference)
(Routine, non-controversial and/or commendatory matters only)
- ☐ 3. Request for Hearing on a subject matter at Committee
- ☐ 4. Request for Letter beginning with "Supervisor inquires..."
- ☐ 5. City Attorney Request
- ☐ 6. Call File No. from Committee.
- ☐ 7. Budget and Legislative Analyst Request (attached written Motion)
- ☐ 8. Substitute Legislation File No.
- ☐ 9. Reactivate File No.
- ☐ 10. Topic submitted for Mayoral Appearance before the Board on

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- ☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission
- ☐ Planning Commission ☐ Building Inspection Commission ☐ Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- ☐ Yes ☐ No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

Sponsor(s):

Subject:

Long Title or text listed:

Signature of Sponsoring Supervisor: