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

Shirley Chisholm Village
(FKA Francis Scott Key Annex)
$48,200,000 Final Gap Loan Request

Evaluation of Request for:	Gap Loan
Loan Committee Date:	April 15, 2022
Prepared By:	Judy Shepard-Hall, Senior Project Manager
MOHCD Asset Manager:	Omar Cortez, Asset Manager
Construction Representative:	Paul Travis, Construction Representative
Sources and Amounts of New Funds Recommended:	$9,300,000 AHF Inclusionary $10,000,000 ERAF $25,950,000 2015 GO Bonds
Sources and Amounts of Previous City Funds Committed:	$2,950,000 GO Bonds $50,000 HTF
	TOTAL FINAL GAP REQUEST: $48,200,000
NOFA/PROGRAM/RFP:	2017 Developer RFP/Affordable Family Rental Housing for Educators
Applicant/Sponsor(s) Name:	MidPen Housing Corporation

EXECUTIVE SUMMARY

Sponsor Information:

Project Name:	Shirley Chisholm Village	Sponsor(s):	MidPen Housing Corporation (MidPen)
Project Address (w/ cross St):	1360 43rd Avenue (Between Judah and Irving)	Ultimate Borrower Entity:	MP Francis Scott Key 2 Associates, L.P. (Tax Credit); MP Francis Scott Key 1 LLC (Moderate Income)

Project Summary:

MidPen Housing Corporation (MidPen) requests a final gap loan of $48,200,000 for the construction of Shirley Chisholm Village (SCV), 135 new housing units for educators and all other San Francisco Unified School District (SFUSD) employees, located at 1360 43rd Avenue. The request for gap financing has increased since the January 2021 Loan Committee request, mostly due to increases in costs as a result of delayed construction start and decreased tax credit equity.

SCV will deliver 135 units, including 1 onsite manager's unit, with units restricted from 40% to 120% SF MOHCD AMI. This will include 34 units to serve low-income qualified educators (paraeducator and district roles), restricted to between 40% and 60% SF MOHCD AMI; and 100 units for moderate-income qualified educators (teacher and other district roles), restricted to between 80% and 120% SF MOHCD AMI. SCV will be built as a five story Type V concrete building on a large, 1.38-acre lot.

SCV includes 2 financing and 2 ownership structures: 1 for the 35-tax credit unit project and 1 for the 100 moderate income unit project. An air rights subdivision will legally split the building into 2 separate parcels to support the 2 financing structures and to allow 9% tax credits to be leveraged for the low-income units while also having moderate income units at higher income bands, such as those at 120% MOHCD AMI, in one building. Soft costs, except for the Developer Fee, tax credit financing, and property taxes, will be allocated on a prorata share based off of unit split per parcel. Construction is estimated to start in August 2022 and to be completed in August 2024.

Project Description:

Construction Type:	Type V over Type I podium	Project Type:	New Construction
Number of Stories:	5	Lot Size (acres and sf):	1.38 acres / 59,999 sf
Number of Units:	135	Architect:	BAR Architects
Total Residential Area:	130,596 sf	General Contractor:	Cahill Contractors
Total Commercial Area:	0 sf	Property Manager:	MidPen Property Mgmt Corp
Total Building Area:	165,266 sf	Supervisor and District:	Sup. Gordon Mar District 4
Land Owner:	SF Unified School District		
Total Development Cost (TDC):	$104,061,625	Total Acquisition Cost:	$115,002
TDC/unit:	$770,827	TDC less acquisition/ land cost/unit:	$769,975
Loan Amount Requested:	$48,200,000	Request Amount / unit:	$357,037
HOME Funds?	N	Parking? @0.275:1	Y (Tax Credit -11 spaces); Y (Moderate - 33 spaces); Plus:5 Handicap/Staff spaces

PRINCIPAL DEVELOPMENT ISSUES

1. **Marketing and Rent Levels** - MOHCD and SFUSD are partnering to create educator housing at 40% to 60% MOHCD AMI for low-income (paraeducators and other district employees) and 80% to 120% MOHCD AMI moderate-income (teachers and other district employees). Due to concerns related to marketing the moderate-income units, and given ongoing COVID impacts to the rental market, rents are currently set to be 15% discounted from current market rents. Before SCV's lease up, MidPen and MOHCD will evaluate adjusting these rents based off of market rents at that time. There are other concerns related to resident selection and screening guidelines, occupancy terms, and annual income/job status certification. See Section 4.11 Marketing, Occupancy, and Lease Up.

2. **Target Population and Eligibility** - The Sponsor, MOHCD and SFUSD continue to negotiate occupancy terms for the tax credit and moderate units related to matters of employment status, such as SFUSD termination, retirement, probationary periods, etc. The target date to produce a substantially complete set of the educator housing policy guidelines is May 2022, in order to be included as exhibits in the Ground Lease. MidPen must then finalize the Marketing Plan and Selection Criteria 12 months from the Temporary Certificate of Occupancy date. Please see Section 4.11.

3. **Financing** - Closing in August 2022 is critical to meet the timing requirements associated with an allocation of 9% tax credits. To try and mitigate against cost escalation in these still volatile times, the General Contractor is carrying a 1.5% Lumber and other escalation allowance in addition to their 2% Contractor's Contingency. Owner's Contingency is being held at 6%. Please see Section 4.4.

SOURCES AND USES SUMMARY

(TAX CREDIT PROJECT – 35 UNITS)

Predevelopment Sources	Amount	Terms	Status
MOHCD Loan	$0	3 yrs @ 3% Res Rec	Initial loan made to LLC – predev costs to be allocated
MidPen Loan	$1,253,144	3%	Committed
Total	**$1,253,144**		

Permanent Sources	Amount	Terms	Status
MOHCD – Gap Loan	$2,656,208	55 yrs @ 3% / Res Rec	This Request
Silicon Valley Bank (Permanent Loan – 1st Mortgage)	$1,349,000	Tax Credit Project 20 yrs @ 4.67%	Committed
NEF Tax Credit Equity	$24,747,525	$0.99 per Federal Credit	Committed
General Partner Equity	$100	N/A	Committed
Total	**$28,752,833**		

Building Total SF:	*42,847*		
Uses	**Amount**	**Per Unit**	**Per SF**
Acquisition	$29,816	$852	$0.70
Hard Costs	$22,354,293	$638,694	$522
Soft Costs	$4,968,724	$141,964	$116
Developer Fee	$1,400,000	$40,000	$32
Total	**$28,752,833**	**$821,510**	**$671**

SOURCES AND USES SUMMARY

(MODERATE INCOME PROJECT – 100 UNITS)

Predevelopment Sources	Amount	Terms	Status
MOHCD Loan	$3,000,000	3 yrs @ 3% Res Rec	Committed
MidPen Loan	$0		Committed/Not Committed
Total	**$3,000,000**		

Permanent Sources	Amount	Terms	Status
MOHCD – Gap Loan	$45,543,792	55 yrs @ 3% / Res Rec	This Request
MidPen Sponsor Tranche C Loan	$4,700,000	55 yrs @ 5% / Res Rec	Committed
Silicon Valley Bank (Permanent Loan – 1st Mortgage)	$25,065,000	Moderate Project 17 yrs @ 4.72%	Committed
Total	**$75,308,792**		

Building Total SF	*122,419 sq.ft*		
Uses	**Amount**	**Per Unit**	**Per SF**
Acquisition	$85,186	$852	$0.70
Hard Costs	$64,073,664	$640,737	$523
Soft Costs	$10,049,942	$100,499	$82
Developer Fee	$1,100,000	$11,000	$9
Total	**$75,308,792**	**$753,088**	**$615**

Combined Sources and Uses Summary – 135 Units

Permanent Sources	Amount	Terms	Status
MOHCD – Gap Loan	$48,200,000	55 yrs @ 3% / Res Rec	This Request
MidPen Sponsor Tranche C Loan	$4,700,000	55 yrs @ 5% / Res Rec	Committed
Silicon Valley Bank (Permanent Loan – 1st Mortgage)	$25,065,000	Moderate Project 17 yrs @ 4.72%	Committed
Silicon Valley Bank (Permanent Loan – 1st Mortgage)	$1,349,000	Tax Credit Project 20 yrs @ 4.67%	Committed
NEF Tax Credit Equity	$24,747,525	$0.99 per Federal Credit	Committed
General Partner Equity	$100	N/A	Committed
Total	**$104,061,625**		

Building Total SF	*165,266 sq. ft*		
Uses	**Amount**	**Per Unit**	**Per SF**
Acquisition	$115,002	$852	$0.70
Hard Costs	$86,427,957	$640,207	$523
Soft Costs	$15,018,666	$111,249	$91
Developer Fee	$2,500,000	$18,519	$15
Total	**$104,061,625**	**$770,827**	**$630**

1. BACKGROUND

1.1 Project History Leading to This Request.

Shirley Chisholm Village, formerly known as Francis Scott Key Annex, will be a new construction affordable project developed in a collaboration between the San Francisco Unified School District (SFUSD) and MOHCD to create the first ever affordable housing for educators in the City. SFUSD selected the name "Shirley Chisholm Village" in November 2020, to honor Shirley Chisholm, an expert in early childhood education who was the first black woman to be elected to the United States Congress and to seek a major party nomination for President of the United States. The project will be located on an underutilized site formerly known as the Francis Scott Key Annex that contains a 9,000-sf building that was used primarily as storage space for almost 30 years.

The project's concept originated in 2014. At that time, MOHCD, SFUSD and United Educators of San Francisco (UESF), along with Mayor's

Office staff, engaged in a collaborative working group to identify resources and various approaches to address the increasing housing affordability crisis and its effects on the employees of SFUSD. In 2017, SFUSD conducted a survey of both their teacher and paraeducator employees and found that a majority of educators reported difficulty paying for housing. In order to address this concern, SFUSD determined that the Francis Scott Key Annex site located at 43rd and Irving would be made available for development to house educators. Alongside this pledge from SFUSD, MOHCD committed to financing the project with funds from the 2015 Prop A General Obligation Bond to fulfill the bond's middle-income housing objective. In June 2017, the San Francisco Board of Supervisors and the Board of Education passed resolutions in support of building educator housing. In September 2017, SFUSD and MOHCD entered into an MOU to describe the working relationship between the two entities. Per the agreement MOHCD has led the developer selection process, development and entitlement process and collaborated with SFUSD on planning related to the operations of the project.

Through a Request for Proposals (RFP) process that concluded in March 2018, MidPen Housing was selected as the developer for this project. In the current plan for the site, there are 134 units, of which 35 units are for low-income qualified educators (targeting paraeducator roles) with MOHCD AMI levels ranging from 40% AMI to 60% AMI and 100 units (non-tax credit units) for moderate-income qualified educators (targeting teacher roles) with MOHCD AMI levels ranging from 80% AMI to 120% AMI, and 1 manager's unit. The plan also incorporates a publicly accessible open space of approximately 3,000 sf. This incorporation of public open space was outlined in the RFP in recognition of the current use of the site for public use as a skate park, community garden and playground. MOHCD and SFUSD are negotiating an updated MOU to be executed prior to construction loan closing that will cover the leasehold interest period of operations for 75 years with an option to extend 24 years.

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

Through a Request for Proposals (RFP) process that concluded in March 2018, MidPen Housing was selected as the developer for this project.

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.
MP Francis Scott Key 2 Associates, L.P. (Tax Credit Project),
MP Francis Scott Key 1 LLC (Moderate Income Housing Project).

These borrowing entities are the ultimate borrowers at closing.

Although SCV is being financed as two projects with two ownership entities, architectural design, environmental review, and permitting have been completed to date as one project. The cost split between the two projects will be a prorata share of the costs based on the unit split per project and parcel – 35 units and 100 units.

1.3.2. Joint Venture Partnership. N/A

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

	Sexual Orientation	**Gender Identity**	**Race**
MidPen Housing Corp Board	Not available	73% Female 17% Male	Asian:27% African American:13% White: 47% Hispanic or Latino: 13%
MidPen Housing Corp All Staff	Not available	58% Female 42% Male	Asian: 17% African American:9% White: 23% Native Hawaiian/Other Pacific Islander: 1% Hispanic or Latino: 42% Not Specified: 8%
MidPen Housing Corp Dev Staff	Not available	78% Female 22% Male	Asian:24% African American: 4% White: 41% Hispanic or Latino: 18% Not Specified: 13%

For a breakdown of who MidPen serves by race/ethnicity, see Section 1.6.

1.3.4 Racial Equity Vision. The principles of diversity, equity, inclusion, and belonging (DEIB) are core to the founding of MidPen and integrated into all facets of the organization. In 2018, MidPen began work with The Winters Group, a globally recognized DEIB consultant, to formally create a culture of diversity, equity, inclusion, and belonging at MidPen. MidPen committed to changing hiring requirements to eliminate minimum educational requirements, modifying screening questions and other practices that could inadvertently screen out BIPOC applicants. MidPen is working to expand representation among senior leadership and committed to increasing BIPOC representation in senior leadership and Board of Directors. Based on this intentional strategy, as of January 2021, MidPen's Board of Directors is more than 50% BIPOC.

In addition, MidPen Housing formed its own The Collective Voices for Equity Council (“the Council”) to embed, monitor, and celebrate DEIB principles at MidPen. The Council is comprised of MidPen staff throughout the organization; each member of the Council was selected through an extensive nomination and interview process because of their passion for both DEIB work and MidPen’s mission. Meeting monthly, the Council engages in intensive learning and intense conversations to develop a solid framework to engage, educate, and ultimately embed DEIB into everything MidPen does internally and externally.

The Council’s racial equity vision statement includes the following:

- To cultivate a diverse workforce that represents the communities MidPen serves
- To increase cultural appreciation among MidPen employees and throughout MidPen’s communities
- To create an environment where every person feels valued, included, and that they belong
- To ensure that all MidPen employees and residents have equal opportunities to advance in their lives

1.3.5 Relevant Experience. MidPen Housing has developed and operated over 100 communities with more than 8,000 rental units for working, low-income families, seniors, and special needs households in the San Francisco Bay Area since it was formed in 1970. Currently, MidPen has 797 units entitled and 321 units under construction. MidPen Housing also includes MidPen Property Management and MidPen Resident Services which will provide property management and Resident services once the project is in operations.

1.3.6 Project Management Capacity. Staff members assigned to Shirley Chisholm Village are: (See Attachment C, staff resumes):

Alicia Gaylord, Director of Housing Development, 100% FTE (15% time dedicated to SCV)– Alicia has over 18 years of affordable housing experience and has been at MidPen since 2017. She has extensive experience working in San Francisco, currently leading the development of SCV. She was also responsible for developing 490 South Van Ness and 1950 Mission Street during her tenure at Bridge Housing as Housing Development Director.

Michelle Kim, Senior Project Manager, 100% FTE (50% time dedicated to SCV) - Michelle has over 10 years of affordable housing experience. Since at MidPen, she has managed 4 projects across 4 jurisdictions. She is also the project manager of SCV.

Lauren Fuhry, Project Manager, 100% FTE (50% time dedicated to SCV) - Lauren joined MidPen in February 2020. She previously worked advancing environmentally sustainable design for affordable housing.

See individual staff resumes enclosed, Attachment C.

1.3.7 Past Performance. There are no identifiable past performance issues. This is MidPen's first development in San Francisco.

1.3.7.1. City audits/performance plans. MP provided results of fiscal and compliance monitoring under the requirements of the 2018 RFP. There were no known findings or issues with these audits.

1.3.7.2. Marketing/lease-up/operations. There is no identifiable past performance issues. This is MidPen's first development in San Francisco. MidPen has a total of 18,507 residents living at its properties and owns 7,684 units of affordable housing. The below chart represents the percentage of people currently living in MidPen owned and managed properties across 10 counties in the Bay Area, disaggregated by race.

Race
Asian: 16.12%
African American: 8.03%
White: 13.65%
Native Hawaiian/Other Pacific Islander: 0.52%
Hispanic or Latino: 46.81%
Not Specified: 10.12%
Other: 2.95%
American Indian or Alaska Native: 1.80%

MidPen is committed to conducting marketing and occupancy outreach for SCV in accordance with all applicable fair housing laws. MidPen will work with SFUSD and non-profit organizations to market this housing opportunity. Applications will be entered in the San Francisco DAHLIA lottery and subject to preferences as per City Ordinance. Preferences will be observed in the following order:

1. Certificate of Preference Holders,
2. Displaced Tenant Housing Preference (Ellis Act/OMI) Certificate Holders,
3. Neighborhood Resident Housing Preference[1], and
4. Live or Work in San Francisco.

MidPen will work with MOHCD and SFUSD to develop resident selection policies related to employment status, such as requirements if SFUSD employee is within probationary period at intake, the status of a lease if

[1] A City ordinance requires 40% of Lottery units to be set-aside for Neighborhood Preference at initial lease up.

an educator's employment is terminated, and the status of a lease if an educator files for retirement.

In the year of 2021, there were 14 evictions in MidPen's 7,684-unit portfolio. Below is a chart of the number of evictions disaggregated by race.

Race
Asian: 0 African American: 2 White: 6 Native Hawaiian/Other Pacific Islander : 0 Hispanic or Latino: 0 Not Specified: 6 Other: 0 American Indian or Alaska Native: 0

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

Site Description	
Zoning:	Public (P)
Maximum units allowed by current zoning (N/A if rehab):	Unlimited Density
Number of units added or removed (rehab only, if applicable):	N/A
Seismic (if applicable):	Seismic Zone 4
Soil type:	Site and the area surrounding the site are underlain by Beach and Dune Sand
Environmental Review:	Phase I completed on 10/5/18 and again on 2/17/21; Phase II Soil Characterization completed on 1/21/20. Soil Vapor Survey completed 06/28/21
Adjacent uses (North):	2-3 story residential buildings
Adjacent uses (South):	2-3 story residential buildings
Adjacent uses (East):	2-3 story residential buildings
Adjacent uses (West):	2-3 story residential buildings
Neighborhood Amenities within 0.5 miles:	Grocery: Other Avenues Grocery Cooperative (0.2 Miles) Schools: Francis Scott Key Elementary (0.2miles) Holy Name (0.5 miles) Churches: St. Paul's (331 ft.) Sunset Church (0.4 miles)
Public Transportation within 0.5 miles:	N Judah, NX, and 18

Article 34:	Received Authorization for 128 units Oct 19, 2018, and a new authorization on Feb 1, 2021, based on the new unit count (88).
Article 38:	Exempt https://www.sfdph.org/dph/files/EHSdocs/AirQuality/AirPollutantExposureZoneMap.pdf
Accessibility:	17 and 12.5% of units accessible (Mobility featured, Hearing and Visual Aid features); • Tax credit project (35 units) - 10 units (15% mobility features and 10% hearing and visual aid features) • Moderate income project (100 units) - 7 units (5% mobility and 2% hearing and visual aid features) 135 units or 100% of units are planned as adaptable
Green Building:	Anticipating Green Point Rated Gold
Recycled Water:	Exempt
Storm Water Management:	Stormwater Control Plan submitted and currently under review

2.1 Description.

The project site is an infill site that is generally square and gently sloping from east to west, and the total site is 59,999 square feet or 1.38 acres. It has approximately 250 feet of frontage along 43rd Avenue (with one curb cut) and 250 feet of frontage along 42nd Avenue (with no curb cuts). Currently, the site is an annex of the nearby Francis Scott Key Elementary School and is improved with a two-story, 18,000 square foot former public-school building that was originally built in 1927. The single building is located in the northeast corner of the lot, along 42nd Avenue, and is now used solely for storage and administrative school district offices after being deemed seismically unfit in 1989. The site also contains four repurposed metal box shipping containers used for storage. These containers are located on the asphalt-paved southeast corner of the site. The remainder of the site is an asphalt-paved temporary playground called Playland with several different activities, a skatepark and a community garden. Playland was created as a temporary public park in 2016 through San Francisco’s Pavements to Parks program. A local non-profit called Sunset Youth Services currently manages access to the space. Previously, a non-profit called the Children’s Book Project operated out of one of the classrooms on the ground floor of the building. As of December 2020, the Children’s Book Project relocated its programming and the site is no longer in use of any onsite programs. Playland will close in the Summer 2022. The City’s Planning Department and MidPen are currently in the process of identifying a specific date for closure before construction start and will share specifics of Playland’s closure once available.

Playland is managed by stewards with Sunset Youth Services. Playland is a Groundplay project and is managed by the Planning Department. Through our partners at the San Francisco Parks Alliance, we’ve partnered with several local community organizations and individuals. Our partners at Sunset Youth Services, including their participating youth, have been vital in supporting the continued maintenance and programming of the project, and they're now the main steward of the temporary park.

2.2 Zoning. N/A

2.3 Probable Maximum Loss. N/A

2.4 Local/Federal Environmental Review. N/A

2.5 Environmental Issues.

- Phase I/II Site Assessment Status and Results.
  Phase I assessments were completed on 10/5/18 and again on 2/17/21. The reviewed Site use and history did not reveal any recognized environmental conditions; However, Total Petroleum Hydrocarbons (TPHs) and lead contamination was confirmed in soils on-Site during soil characterization
- Phase II Soil Characterization completed on 1/21/20. Small amounts of TPH-d, TPH-mo, lead and phenol were found around boring sites. All contaminated soil is anticipated to be excavated, removed from the site and landfilled appropriately. The Phase II recommended a Soil Management Plan for planned redevelopment.
- Soil Vapor Survey completed 6/28/21. The Survey found that vapor intrusion health risk is unlikely to be present at the site. The low levels of contaminants detected do not warrant a recommendation for remedial action or placement of a vapor barrier system beneath the future building, although a moisture barrier would mitigate intrusion of contaminant vapors. A moisture barrier is in the plans for SCV.
- Pre-demolition Hazardous Materials report completed 11/19/20 and revised 1/29/21. Asbestos and lead were found in the former school building at the property and one section of the parking lot asphalt.
- As a result of the above environmental reports, the project team commissioned a Soil Management Plan (1/27/21) and Dust Control Plan (5/28/21) to identify the required abatement needed at the property due to the existing environmental conditions. An Abatement Monitoring proposal has been received and the contract will be executed prior to construction to oversee implementation of these Plans.
- MidPen voluntarily enrolled SCV into DPH's Maher Program on 11/29/21 for regulatory agency oversight. The project team anticipates receiving DPH approval of the Soil Management Plan and Dust Control Plan in April 2022, prior to construction start.

- Potential/Known Hazards. Small quantities of TPH-d, TPH-mo, lead and phenol were found as part of the Phase II. The Soil Vapor Survey detected several chemical contaminants in small quantities that do not present a vapor intrusion risk to the proposed building.

2.6 Adjacent uses and neighborhood amenities. The project site is close to the commercial corridor on Judah Street which has a broad selection of restaurants, coffee shops, bars, a hardware store, a bookstore, and a few specialty shops, and is 0.4 miles to Ocean Beach.

2.7 Green Building. The project will meet minimum City requirements and is planned to be GreenPoint Rated Gold. The project is also designed to be all-electric.

3 COMMUNITY SUPPORT

3.1 Prior Outreach.

In 2018, Supervisor Katy Tang hosted a community meeting at the FSK Annex site for her constituents to meet MidPen as the selected developer for the future use of the site as housing. This was an opportunity for MidPen to introduce themselves and the project to the neighbors. The event was well-attended and the project overall seems well received by the neighbors. Some key issues identified to discuss in further community meetings were: maintaining park and community use spaces on the site, parking and transportation, and height and density of the building.

MidPen also held initial meetings with each of these organizations to engage as the project progresses: Self Help for the Elderly, Sunset Youth Services, and Bay Area Community Resources.

MidPen held multiple large community outreach meetings between August 2018 to February 2019 to present initial conceptual design incorporating initial feedback received from the community, receive community feedback on the initial design, and present revised design. In order to keep the community informed between and after these community meetings, MidPen developed a website for the project, https://www.scv-midpen.com/. In Summer 2021, MidPen provided the community with an update on the project, including the newly selected name (Shirley Chisholm Village) for the project, via a recorded video update posted on the project's website. MidPen originally was planning to hold an in-person community meeting, however, due to COVID concerns, this video update was prepared. In partnership with the Planning Department, MidPen participated in a community meeting in December 2021 to update the community on Shirley Chisholm Village's progress and Planning's proposed relocation of elements at Playland.

3.2. Future Outreach.

In preparation for Playland's closure and SCV's construction start, MidPen will work with the Planning Department to keep the community informed about the closure in advance and the project's key milestones through community meetings and/or updates through the project's website, Planning's website for Playland, and social media. The most recent community updates will be circulated on April 19th via project and Planning's websites as well as Social Media. The Planning Department will provide an update on the relocation of some of Playland's elements, Playland's closure celebration with the community, and Playland's anticipated closure, and MidPen will provide an update on the anticipated construction start and completion. Currently, Playland's closure celebration is expected to occur in May and its closure is expected in June or July. The closure celebration will provide the community with an opportunity to commemorate the well-loved public outdoor space and the past 6 years in which it served the community. At the celebration, Planning and MidPen will provide community members with an opportunity to provide small objects that could be added to the time capsule planned for the publicly accessible outdoor space on 43rd Avenue and submit photos of Playland for the photo project to be hung inside the building. Once Playland is closed in the summer, Planning will be managing the deconstruction and relocation of select elements to other parts of the City before SCV starts construction.

Concurrent to the April 19th announcement and subsequent Playland closure-related events, MidPen will continue to be in frequent communication with the neighbors immediately adjacent to the project site so that they are aware of neighbor-property access required and construction schedule. In the meetings to date with 2 of the 4 neighbors, MidPen has introduced Cahill Construction to the neighbors so that they can meet before Cahill mobilizes for construction and is in direct contact with the immediate neighbors during construction to alert them of key construction activity. For the larger community, MidPen will continue to update its project website with updates on the project, especially as it approaches construction completion and lease-up.

3.3 1998 Proposition I Citizens' Right-To-Know.
Chapter 79 of the City's Administrative Code requires public noticing (Prop I) for initial City-funding made to any new construction project. Noticing was completed on August 17, 2018.

4. DEVELOPMENT PLAN

4.1. Site Control.

MidPen has negotiated an Option to Ground Lease the site from the SFUSD. Two ground leases will be executed at construction loan closing pending Board of Education approval. The terms outlined in the Option Agreement are for a standard term of 75 years from the date of construction completion of the Project, with an option to extend the term for an additional 24 years. The ground lease base rent is $1 per year for the tax credit project and $15,000 per year for the moderate-income project.

4.1.1. Proposed Property Ownership Structure

The land is currently owned by SFUSD which will retain ownership of the land as the lessor. SFUSD and MP Francis Scott Key 2 Associates, L.P. and MP Francis Scott Key 1 LLC will enter into ground leases at closing. The L.P. and LLC will own the improvements. The initial term of the ground leases will be 75 years with an option to extend for 24 years. Shirley Chisholm Village will be subdivided into 2 parcels via vertical air rights subdivision. One parcel contains the 35 tax credit units, while the other contains the 100 moderate units. The subdivision application was originally submitted on 8/18/2020 and the Tentative Map was approved on 6/16/2021. The Final Map was submitted for final review on 12/09/2021 and is currently pending final approval by the Bureau of Street Use & Mapping. Approval is anticipated prior to closing.

4.2. Proposed Design.

Shirley Chisholm Village's design consists of one building with a four-story wood frame structure (Type V-A) over a one-story concrete podium base (Type I-A) served by two elevators which will serve all units. The first floor will house the podium parking garage (Type I-A), several living units, as well as the lobby, onsite property management offices, and mailbox area. The project's layout promotes social connection and provides numerous opportunities for residents and neighbors to connect on-site in the property's indoor and outdoor neighborhood-accessible spaces with the majority of the amenity spaces are located on the first floor. The first-floor wraps around an interior courtyard that is accessible to residents only. Common area amenities, including a learning center, bike storage, resident storage, and central laundry room are also on the first floor. Office space on the first floor has also been allotted for both MidPen Resident Services Corporation and MidPen Property Management Corporation staff who will be working onsite. In addition to an on-site community manager who lives in the manager's unit, the property will be secured by keycard access for residents and a surveillance camera system throughout the building. The floors above will house the remaining residential units, a working lounge for residents, and a secondary laundry room on the fifth floor, as well as an outdoor terrace on the second floor.

The building follows a contemporary architectural style and utilizes different materials, textures and colors to increase the richness of the urban environment. The design responds to the character of San Francisco's Outer Sunset district through the use of perforated corten steel panels and heat-treated wood siding at the ground level facing the public space. The massing at the upper levels reflects the rhythm of the local residential neighborhood housing stock, while referencing the undulation of the sand dunes which once occupied the landscape and steps down at the property lines to meet the adjacent housing. The upper levels are finished with fiber cement siding and paneling, and are detailed to distinguish the building on the prevalent foggy days.

All units at Shirley Chisholm Village will be adaptable and will include full kitchens, bathrooms, and closets. Each kitchen features a garbage disposal, dishwasher, refrigerator, range and oven, and cabinetry.

Shirley Chisholm Village will secure a GreenPoint Rated Gold Certification. The project was conceived as an all-electric building to reduce operational carbon emissions and provide lower utility costs. High efficiency heat pump technology is used for building conditioning and domestic hot water. A large on-site PV array will offset a portion of the common electricity load. In this design, carbon emissions are projected to be reduced by approximately 30% by using all electric equipment over a code compliant design. Throughout the site, drought-tolerant landscaping and drip irrigation systems will be included. The units will have Energy Star appliances as well energy-efficient light and water-saving fixtures in the kitchens and bathrooms. Low-E windows will be installed to maximize natural light. In addition, GreenLabel Plus carpet and low-VOC paint will be used in the interiors of the units, further creating high quality and healthy homes for the residents.

Shirley Chisholm Village has undergone a number of steps within MidPen's rigorous review process, leveraging extensive internal and external expertise, and will continue through the process until the project is complete with construction. The project's General Contractor (Cahill Contractors) and Architect (BAR Architects) have been part of the project team since conceptual design, and the design team has developed a cost-efficient design reviewed by the General Contractor, MidPen's internal Design and Construction team, and Owner's third-party construction manager (Griffin Structures). During the conceptual design, the unit design was standardized to the extent possible for design and cost efficiency.

During its preconstruction work to date, Cahill has provided construction budgets at key milestones, including at conceptual plans, 100% SD, 100% DD, and 85% CD. In order to receive as accurate pricing information as possible, Cahill contacts subcontractors for pricing information at each design milestone to ensure that the project's budget is accurate. Most recently for the 85% CD construction budget update, Cahill went out to subs for all of the trades and received approximately

3 bids per trade. For each of these pricing updates, the design team and Cahill participate in full-day VE exercises led by the project's third-party construction manager, Griffin Structures, to identify cost savings, efficiencies in design, efficiencies with constructability, and any conflicts across plans to reduce the number of design conflicts during construction.

In addition to the external expertise of the project team, MidPen also has internal expertise through its internal design and construction management team, who is also regularly engaged in providing support to the project. MidPen issues semi-annually revised MidPen Building Guidelines documents that provides guidance on design efficiencies and good practices that promote cost savings as well as a high-quality housing product given the constraints of funding available. Both MidPen and the General Contractor maintain detailed critical path schedules to ensure that internal and external reviews, VE exercises, and pricing exercises are properly synced and reviewed.

Avg Unit SF by type:	Studio - 432 SF 1-br - 598 SF 2-br - 891 SF 3-br – 1,152 SF
Residential SF:	130,596 SF
Circulation SF:	See Common Area
Parking Garage SF:	22,193 SF
Common Area SF:	12,477 SF
Commercial Space SF:	0 SF
Building Total SF:	**165,266 SF**

4.3. Proposed Rehab Scope. N/A

4.4 Construction Supervisor/Construction Representative’s Evaluation.

The overall massing and design for SCV is largely driven by the guidelines set by the Planning Department which among other things call for facade articulation to match the rhythm of the neighborhood residences and first floor unit entries, which applies to the elevation of the first-floor residential units on 42nd Street. The designers have done an excellent job of achieving the required articulation of the facade and first floor unit entries in a cost-effective manner. The inclusion of a large parking garage to satisfy neighborhood and market requests further adds cost compared to other MOHCD funded projects, as does the number of studio and 1-bedroom units, but the project team has overcome this and the project costs no more than average.

The project has been carefully reviewed at each milestone of preparing the construction documents. The project has been consistently meeting its targets and is on budget as it stands just prior to finalizing the GMP. Averaging MOHCD's Construction cost comparison metrics, the building is right on target (average of three metrics is +2.8%). The per Unit and per Bedroom costs are slightly higher, but the Square Foot costs are lower. This is reflective of the larger parking garage which burdens the costs per unit and bedroom. The lower Square Foot cost includes the larger area and reflects the team's overall efforts at cost containment. The project's location in an outlying neighborhood and lower project density contribute to the low cost per square foot and per unit. The higher cost per Bedroom is also driven by the smaller overall number of bedrooms due to the number of Studio and 1-bedroom apartments. The typical MOD/OCII project of this size would have 31 more bedrooms which would significantly lower this comparison. Overall, the comparisons are favorable.

To try and further mitigate against cost escalation in these still volatile times, the GC is carrying a 1.5% Lumber and other escalation allowance in addition to their 2% Contractor's Contingency. The sponsor is carrying a 6% Owner's Contingency as well.

4.5 Commercial Space. N/A

4.6 Service Space.
At Shirley Chisholm Village, common spaces to support services programming include an onsite services staff office (134 SF), community room (1,176 SF), workspace lounge for residents (1,154 SF), workout room (468 SF), and learning center (1,158 SF). These spaces will be used to provide a variety of services to adults and youth including parent education, connection to benefits like CalFresh and Medi-Cal, exercise and nutrition, health and wellness through lifestyle adjustments, financial literacy, and homeownership education referrals.

4.7 Interim Use.
From March 2016 to May 2016, the Planning Department led a design development and implementation project to temporarily enliven the underutilized parking lot at the Francis Scott Key Annex site under their Pavement to Parks program before the site was developed for affordable housing. The result of that process turned the site into a neighborhood amenity with uses include community seating with gazebo, community garden area, basketball courts, artist studios and art classes, skate park, and a playground and exercise area. The Friends of Playland was a

neighborhood group that operated the programming for the site, such as yoga and garden programs for children, and management of Playland has been transferred to Sunset Youth Services. The budget for Playland is managed by the City's Planning Department. See Section 3.2 for the demobilization schedule for Playland.

4.8 Infrastructure.
Offsite infrastructure improvements include demolishing and replacing the asphalt lot, curb, gutter, and sidewalk at the project site and replacing the curb ramp at the intersection of 43rd Avenue & Judah Street. In addition, offsites include establishing utility connections through PG&E for the building, replacing street lighting surrounding the project site and replacing a portion of the waterline at Judah. Public Works and Water Department will be involved in the improvements to the public right of way and water main upgrade. The cost of the offsites is included in the project's budget and the work will be completed during construction of the project.

4.9 Communications Wiring and Internet Access.
The units at Shirley Chisholm Village will include Smartboxes and be wired to offer internet access to multiple service providers such that tenants can choose a provider. The project will provide Ethernet cable design for data/internet. Service to the building from Public Right of Way to a MPOE and to IDF is designed to adequately accommodate fiber and cabling for multiple service providers, following the minimum specs included in the MOHCD Communication Systems Design Standards.

4.10 Public Art Component.
SCV plans to collaborate with local artist(s) and the community for the public art onsite, which is planned to include a mural on the exterior of the building facing 43rd Avenue. The estimated cost for the public art and process is approximately $350,000. SCV will outreach and implement affirmative marketing to inform local artists about the opportunity.

4.11 Marketing, Occupancy, and Lease-Up.
SCV will be marketed to SFUSD educators, other SFUSD employees, and the general public. The 34 tax credit units, restricted between 40% - 60% MOHCD AMI, are intended to prioritize SFUSD paraeducators and the 100 moderate-income units, restricted between 80%-120% MOHCD AMI, are intended to prioritize SFUSD educators. Targeting incomes at 80% - 120% MOHCD AMI allows the "missing middle" of educators to be served.

Below is the current planned list of applicable preferences in order of priority for the project and as shown below, a preference for the units will first be given to teachers and paraeducators (Tier 1) employed with SFUSD and a second preference will be given to non-educators (Tier 2) employed with SFUSD:

Prospective Applicants:
Tier 1 – SFUSD Teachers and Paraeducators
Tier 2 – Other SFUSD Employees
General Public – All persons of any area

Applicable Preferences:
Certificate of Occupancy Preference (COP)
Displaced Tenant Housing Preference (DTHP)
Neighborhood Resident Preference (NRHP)

	Certificate of Occupancy Preference (COP)	Displaced Tenant Housing Preference (DTHP)	Neighborhood Resident Preference (NRHP)	Live/Work
Tier 1	COP+SFUSD	DTHP+SFUSD	NRHP+SFUSD	SFUSD
Tier 2	COP+SFUSD	DTHP+SFUSD	NRHP+SFUSD	SFUSD
General Public	COP	DTHP	NRHP	Gen Public

In March 2022, MidPen submitted a draft of the Marketing Plan and Resident Selection Criteria to MOHCD for initial review. In collaboration with SFUSD, MidPen will develop a marketing plan to ensure that SFUSD educators and employees are aware of this housing opportunity.

The rents of the moderate-income units are currently underwritten to be 15% below market. MidPen's latest market study, dated January 2022, identifies the market rents to be the following:

Unit Size	Current Proposed Moderate-Income Unit Net Rent	Market Rent	Differential
Studios	$2,167	$2,549	-15%
One-Bedroom	$2,330	$2,741	-15%
Two-Bedroom	$3,361	$3,971	-15%

4.12 Relocation. N/A, this project is new construction.

5 DEVELOPMENT TEAM

Development Team			
Consultant Type	**Name**	**SBE/LBE**	**Outstanding Procurement Issues**
Architect	BAR Architects	Y	N
Landscape Architect	Fletcher Studios	Y	N
JV/Other Architect	G7A	Y	N
General Contractor	Cahill Contractors	Y	N

Owner's Rep/Construction Manager	Griffin Structures	N	N
Financial Consultant	California Housing Partnership Corp	Y	N
Legal	Lubin & Olson Gubb & Barshay LLP Holland & Knight LLP Davis Craig PLLC	N	N
Property Manager	MidPen Property Mgmt	N	N
Services Provider	MidPen Resident Services Corp	N	N

5.1 Procurement Plan.

The City's Contract Management Department (CMD) set an SBE goal of 20% for the entire professional services budget for SCV. Project contracts, excluding the contracts as described above, totals $74,306,183. Of that amount, $15,950,588 is contracted with SBE businesses, or 21.47%. Per the Procurement Plan, the Informal contracting procedures as described in the Rules and Regulations for 14B do not apply to consultants with contract amounts less than the current Minimum Competitive Amount of $100,000.

In February 2019, MidPen issued a RFP to solicit proposals from general contractors for SCV. MidPen received 4 proposals and from extensive review and vetting, selected Cahill Contractors based off of their extensive experience in multi-family housing construction in San Francisco, track record in delivering projects on schedule and within budget, and meeting SBE goals. Most recently, Cahill went out to bid in December 2021 for SCV's GMP and received approximately 3-6 bids from subcontractors per trade. They publicized the bidding opportunity on various Builder's Exchanges and Organizations.

5.2 Opportunities for BIPOC-Led Organizations.

Currently, MidPen does not track whether the leadership of development project team members are Black, Indigenous, or People of Color (BIPOC). However, MidPen does collect such information, as shown below:

BAR Architects

Race
Asian: 18%
African American: 5%
White: 62%
Native Hawaiian/Other Pacific Islander : 0%
Hispanic or Latino: 11%
Not Specified: 2%
Other: 2%
American Indian or Alaska Native: 0%

CAHILL Contractors

Race
Asian: 6%
African American: 5%
White: 45%
Native Hawaiian/Other Pacific Islander : 0.3%
Hispanic or Latino: 37%
Not Specified: 0%
Other: 6%
American Indian or Alaska Native: 0.3%

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

6.1 Prior MOHCD/OCII Funding:

Loan Type/ Program	Loan Date	Loan Amount	Interest Rate	Maturity Date	Repayment Terms	Outstanding Principal Balance	Accrued Interest to 03/31/2022
Predevelopment/ GO Bond	12/13/2018	$2,950,000	3%	12/13/2075	Residual Receipts	$2,950,000	$154,055.75
Predevelopment/ HTF	12/13/2018	$50,000	3%	12/13/2075	Residual Receipts	$50,000	$1,766.68
Total:		$3,000,000					

6.2 Disbursement Status. To date, $3,000,000 in predevelopment loan funds have been drawn down, with a balance available of $0. MidPen will provide working capital to the extent needed, estimated at $1,253,144, to bring the project to construction loan closing.

6.3 Fulfillment of Loan Conditions. Below is the status of Loan Conditions since this project was last at Loan Committee for preliminary gap loan committee on January 29, 2021:

By Mid-2021:

1. Sponsor must investigate all moderate-income funding sources available and submit comprehensive findings report to MOHCD for approval. Status: **Completed.**
2. Condition 2 – Sponsor will provide to MOHCD for review all Request for Proposals (RFPs) for equity investors before it is finalized and released for investors. Status: **Completed.**
3. Condition 3 – Sponsor will provide for MOHCD review of raw financial data from developer or financial consultant prior to selection. Status: **Completed.**
4. Condition 4 – Completed - Sponsor will submit to MOHCD all selected investors for approval. Status: **Completed.**

5. Condition 5 – Completed - Sponsor will submit to MOHCD for review and approval all Letters of Intent from financial partners. Status: **Completed.**
6. Condition 6 – MOHCD must review Services Plan and Budget.
Status: **In Progress.**

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

Tax Credit Project (35 units)

- **MOHCD Loan ($2,656,208):** Loan is underwritten with 55-year term at 3% interest. The estimated amount for MOHCD's gap loan on 35 units is $2,656,208 or $19,676 per unit.

- **Private mortgage ($1,349,000):** Mortgage is underwritten with 20-year term, 20-year amortization, and 4.67% interest rate with 0.70% cushion. In the current interest rate rising environment, the interest rate cushion is recommended for the anticipated closing date in August 2022. The private mortgage lender is Silicon Valley Bank.

- **9% Federal Tax Credit Equity ($24,747,525):** MidPen accepted a proposal from Silicon Valley Bank and National Equity Fund (NEF), tax credit lender and investor at a gross equity pricing of .99 cents, which is the current tax credit market.

- **General Partner Equity ($100):** SCV is a 9% tax credit project and the $100 General Partner equity is the minimum required equity for the limited partnership.

- **Construction Loan ($22,534,980):** While not a permanent source, the construction loan terms are 35 months and 3.84% interest rate with 0.50% cushion. The construction loan lender is Silicon Valley Bank.

Moderate-Income Project (100 units)

- **MOHCD Loan ($45,543,792):** Loan is underwritten with 55-year term at 3% simple interest. The estimated amount for MOHCD's gap loan on the 100 units is $45,543,792 or $337,361 per unit.

- **MidPen Tranche C Loan ($4,700,000):** Lender is MidPen Housing Corporation, term is 55 years, non-amortizing, 5% interest rate, repayment anticipated within 15 years with 90% split of residual receipts split. Since Loan anticipated to be repaid within 15 years, anticipate return to 33%/67% split after that. This loan will be subordinate to the City's priority lien position on cashflow and include a standstill provision.

- **<u>Private mortgage ($25,065,000):</u>** Mortgage is underwritten with 17-year term, 35-year amortization, and 4.72% interest rate with 0.70% cushion. In the current interest rate rising environment, the interest rate cushion is recommended for the anticipated closing date in August 2022.

- **<u>Construction Loan ($23,848,071):</u>** While not a permanent source, the construction loan terms are 35 months and 3.84% interest rate with 0.50% cushion. The construction loan lender is Silicon Valley Bank.

6.5.2. <u>Permanent Uses Evaluation:</u>

Development Budget		
Underwriting Standard	**Meets Standard? (Y/N)**	**Notes**
Hard Cost per unit is within standards	Y	$640,737/unit for Moderate Income project; $638,694/unit for Tax Credit project.
Construction Hard Cost Contingency is at least 5% (new construction) or 15% (rehab)	Y	Hard Cost Contingency is 6.0% for Moderate and 6.1% for Tax Credit project. Staff supports request for waiver.
Architecture and Engineering Fees are within standards	Y	Total Architectural & Design fees is $2,488,037, which is within Underwriting guidelines.
Construction Management Fees are within standards	N	The Construction Management Fee in total across both the tax credit and moderate-income project is $310,000 for both predevelopment and construction work. This assumes approximately $160k for predevelopment ($40k x 4 years) and $150k for construction ($75k x 2 years) which is $30,000 more than MOHCD's underwriting policies. Project is still in predevelopment, so fee breakdown between predevelopment and construction, subject to change. Sponsor will submit a request for a waiver.
Developer Fee is within standards, see also disbursement chart below	Y	Project Management Fee: $1,100,000 At Risk Fee: $1,400,000 Total Developer Fee: $2,500,000
Consultant and legal fees are reasonable	Y	Legal fees related to construction and perm financing reflect fees required for each project.
Entitlement fees are accurately estimated	Y	Entitlement fees have incurred. MP confirmed building permit fees and impact fees DBI and Planning, other departments to the extent possible.

Construction Loan interest is appropriately sized	Y	3.84%
Soft Cost Contingency is 10% per standards	N	Soft Cost Contingency is 5% With the current status of SCV and its closing imminent, the project's Sponsor is currently carrying 5% soft cost contingency. Staff supports request for waiver.
Capitalized Operating Reserves are a minimum of 3 months	Y	Capitalized Operating Reserve is equal to 3 months
Capitalized Replacement Reserves are a minimum of $1,000 per unit (Rehab only)	N/A	N/A

6.5.5. Developer Fee Evaluation: The $2,200,000 in total developer fee originally approved by Loan Committee in 2018 did not reflect the revised MOHCD developer fee guidelines. As such, the Sponsor has requested a $2,500,000 developer fee, which is the total developer fee for both the tax credit and moderate-income portion of the project. MOHCD's developer fee policy does not specify fee limits for moderate income projects, however, the $2,500,000 total developer fee complies with the MOHCD developer fee policy as a 9% tax credit project. The milestones for the payment of the developer fee to the sponsor are specified below:

	COMBINED FEE		**TAX CREDIT**	**MODERATE**
Total Developer Fee:	$2,500,000		$1,4000,000	$1,100,000
Project Management Fee Paid to Date:	$500,000		$280,000	$220,0000
Amount of Remaining Project Management Fee:	$600,000		$336,000	$264,0000
Amount of Fee at Risk (the "At Risk Fee"):	$1,400,000		$784,000	$616,000
Amount of Commercial Space Developer Fee (the "Commercial Fee"):	$ N/A		N/A	N/A
Amount of Fee Deferred (the "Deferred Fee"):	$0		$0	$0
Amount of General Partner Equity Contribution (the "GP Equity"):	$100		$100	$0

Milestones for Disbursement of that portion of Developer Fee remaining and payable for Project Management	Amount Paid at Milestone	Percentage Project Management Fee		
At acquisition or closing of predevelopment financing (disbursed)	$150,000	6%	$84,000	$66,000
During or at end of predevelopment (disbursed)	$ 350,000	14%	$196,000	$154,000
Construction close	$300,000	50%	$168,000	$132,000
During Construction	$200,000	20%	$112,000	$88,000
Project close-out	$100,000	10%	$56,000	$44,000
TOTAL	$1,100,000		$616,000	$484,000
Milestones for Disbursement of that portion of Developer Fee defined as At- Risk Fee		Percentage At-Risk Fee		
100% lease up and draft cost certification	$280,000	20%	$156,800	$123,200
Permanent conversion	$700,000	50%	$392,000	$308,000
Project close-out	$420,000	30%	$235,200	$184,800
TOTAL	$1,400,000		$784,000	$616,000

7 PROJECT OPERATIONS (See Attachment K thru M for Operating Budget and Proforma)

7.1 Annual Operating Budget. The combined proposed operating budget is $19,693 before reserves but including ground lease rent. Looking at the breakdown of the two budgets, the tax credit operating budget is $10,053 per unit per year, and the moderate-income operating budget is $9,640. On the revenue side, the residential rents are projected at a range of AMIs that will support building operations, in addition to small amounts of revenue from building laundry.

Operating expenses are comparable to most properties this size, see 1st Year Operating Budget, Attachment K.

7.2. Annual Operating Expenses Evaluation.

Operating Proforma		
Underwriting Standard	**Meets Standard? (Y/N)**	**Notes**
Debt Service Coverage Ratio is minimum 1.1:1 in Year 1 and stays above 1:1 through Year 17	N	Tax Credit Project - DSCR is 1.34 at Year 1 and 1.11 at Year 17. As a small project with 35 units, the project's cash flow trends downward quickly and so requires higher starting DSCR to be positive until Year 20. Moderate Income Project with 100 units, the DSCR is 1.20 at Year 1 and 1.50 at Year 17. MidPen will be lender for Tranche C loan and projections include sufficient cash flow to repay the Tranche C loan within 15 years. The higher DSCR is proposed to address MidPen concerns, if any, with the project's higher income levels, and must be negotiated prior to closing.
Vacancy rate meets TCAC Standards	Y	Vacancy rate is 5%.
Annual Income Growth is increased at 2.5% per year or 1% for LOSP tenant rents	N	Income escalation factor is 2% Lender and investor to require 2% escalation.
Annual Operating Expenses are increased at 3.5% per year Annual Operating Expense escalation is based on project's historical actuals	N	Expenses escalation factor is 3% Lender and investor to require 3% escalation.
Base year operating expenses per unit are reasonable per comparables	Y	For Tax Credit Project: Total Operating Expenses are $10,053 per unit (without ground lease rent and replacement reserve deposits). Moderate Income Project Total Operating Expenses are $9,640 per unit (without ground lease rent and replacement reserve deposits). Comparable total operating expense per unit figures, based on developer's portfolio comparable. $15k Ground Lease payment attached to Mod Income Project.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is $97,200 or $60 PUPM
Property Management staffing level is reasonable per comparables	Y	Refer to chart below. Property Management staffing will consist of 1 FTE onsite manager and 1 FTE assistant manager.

Asset Management and Partnership Management Fees meet standards	Y	Tax Credit Project: Annual PM Fee is $25,999/yr Moderate Income Project: Annual AM Fee is $24,250/yr
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are $400 per unit per year
Limited Partnership Asset Management Fee meets standards	Y	For the tax credit project, Limited Partner Asset Management Fee is $5,000 annually without escalation below-the-line.

7.3 Staffing Summary. Onsite staff includes 5.0 FTEs assigned to the 135-unit property, with 2.0 Property Management FTEs, 2.0 Maintenance Staff FTEs, and 1.0 Resident Services Staff FTE.

Onsite Staff Positions	**No. of FTEs**
Property Manager	1.0
Assistant Property Manager	1.0
Resident Service Coordinator	1.0
Maintenance Lead	1.0
Maintenance Tech	1.0
Total Property Management Staff	**5.0**

7.5 Income Restrictions for All Sources. The income restrictions will be included in the MOHCD regulatory agreement.

UNIT SIZE **LOTTERY/**	**No. of Units**		**MAXIMUM INCOME LEVEL** **MOHCD**	**TCAC**	
Studio	2		40% MOHCD AMI	30% TCAC AMI	
Studio	4		50% MOHCD AMI	40% TCAC AMI	
Studio	6		80% MOHCD AMI	N/A	
Studio	6		100% MOHCD AMI	N/A	
Studio	6		120% MOHCD AMI	N/A	
Sub-Total	24				
1 BR	2		40% MOHCD AMI	30% TCAC AMI	
1 BR	4		50% MOHCD AMI	40% TCAC AMI	
1 BR	12		80% MOHCD AMI	N/A	
1 BR	**13**		100% MOHCD AMI	N/A	

1 BR	**12**		120% MOHCD AMI	N/A	
Sub-Total	**43**				
2 BR	2		40% MOHCD AM	30% TCAC AMI	
2 BR	2		50% MOHCD AMI	40% TCAC AMI	
2 BR	9		60% MOHCD AMI	50% TCAC AMI	
2 BR	15		80% MOHCD AMI	N/A	
2 BR	15		100% MOHCD AMI	N/A	
2 BR	15		120% MOHCD AMI	N/A	
Sub-Total	**58**				
3 BR	2		40% MOHCD AMI	30% TCAC AMI	
3 BR	2		50% MOHCD AMI	40% TCAC AMI	
3 BR	5		60% MOHCD AMI	50% TCAC AMI	
Sub-Total	**9**				
STAFF UNITS					
2 BR	**1**				
TOTAL	**135 units**		**35 tax credit units**	**100 units moderate units**	
PROJECT AVERAGE	**87%**		**50%**	**100%**	

The project includes:

- 24 studios
- 43 one-bedrooms
- 59 two-bedrooms (including a manager's unit)
- 9 three-bedrooms

The overall average AMI restriction for the total tax credit units is 50% MOHCD AMI, which is lower than the stated goal in the RFP of an average of no more than 60% MOHCD AMI.

7.6 MOHCD Restrictions.

Tax Credit Project:

Unit Size	No. of Units	Maximum Income Level (MOHCD AMI)
0BR	2	40% of Median Income
1BR	2	40% of Median Income
2BR	2	40% of Median Income
3BR	2	40% of Median Income
0BR	4	50% of Median Income
1BR	4	50% of Median Income

2BR	2	50% of Median Income
3BR	2	50% of Median Income
2BR	9	60% of Median Income
3BR	5	60% of Median Income
2BR	1	Manager's Unit

Moderate Income Project:

Unit Size	No. of Units	Maximum Income Level (MOHCD AMI)
0BR	6	80% of Median Income
1BR	12	80% of Median Income
2BR	15	80% of Median Income
0BR	6	100% of Median Income
1BR	13	100% of Median Income
2BR	15	100% of Median Income
0BR	6	120% of Median Income
1BR	12	120% of Median Income
2BR	15	120% of Median Income

8 SUPPORT SERVICES

8.1 Services Plan.

MidPen Resident Services Corporation will provide onsite services available to all residents of SCV for no charge. Proposed staffing includes 1 FTE Services Coordinator for 135 units, which is below the typical MOHCD ratio of 1 FTE for 100 units, but is reasonable given the project's target population. The potential services to be offered to adults and youth at the property include but are not limited to: parent education, benefits acquisition, exercise and nutrition, health and wellness through lifestyle adjustments, financial literacy, asset management, and an After-School Program for school-age youth living at the property.

In addition, MidPen Services will provide residents interested in homeownership with referrals to homeownership education and counseling to support their step to homeownership. The planned services at SCV were determined through discussions with SFUSD and focus groups with SFUSD educators who provided feedback. When the property is leased up, MidPen Services will evaluate needs of the residents and develop services programming to best serve their needs.

8.2 Services Budget.

The total services budget across the tax credit and moderate-income project is $120,510 at a cost per unit/year of $893. The services budget is included in the projects' operating budgets.

UNITS	135 FAMILY 1:135 staffing ratio
Resident Service Coordinator (1FTE). Includes Benefits	$57,068
Programming Supplies	$21,631
Adult Educational Classes	$19,562
Supervision/Expense Overhead	$22,249
Total	$120,510

9 STAFF RECOMMENDATIONS

9.1 Proposed Loan/Grant Terms

Financial Description of Proposed Loan	
Loan Amount:	$48,200,000
Loan Term:	55 years
Loan Maturity Date:	2080
Loan Repayment Type:	Residual Receipts
Loan Interest Rate:	3%
Date Loan Committee approves prior expenses can be paid:	August 17, 2018

9.2 Recommended Loan Conditions

Prior to Loan Closing:

- Sponsor must submit an updated services plan and budget for MOHCD review and approval.
- Sponsor to analyze amount of foregone City loan savings due to sizing the Debt Service Coverage Ratio on the moderate-income loan at a level higher than what is required by the first mortgage lender, and work with MOHCD to align the size of the first mortgage with MOHCD's Underwriting Guidelines, potentially reducing the City's loan amount.

At 50% Construction Completion/12 months prior to completion:

- Sponsor must provide executed Memorandum of Understanding with MidPen Resident Services Corporation responsible for ensuring the delivery of resident services programs to residents for MOHCD review and approval.
- Sponsor to begin Marketing and Lease-Up activities.

On-going Reporting:

- Sponsor must provide MOHCD with detailed monthly updates via the MOH Monthly Report, including on community outreach; and outcomes achieved related to racial equity goals

10 LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

[ ] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

______________________________ Date: ______________

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

[ ] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

______________________________ Date: ______________

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

[ ] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

______________________________ Date: ______________

James Morales, Interim Executive Director
Office of Community Investment and Infrastructure

[ ] APPROVE. [ ] DISAPPROVE. [ ] TAKE NO ACTION.

______________________________ Date: ______________

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

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

Attachment A: Project Milestones and Schedule

No.	Performance Milestone	Estimated or Actual Date	Notes
A.	Prop I Noticing (if applicable)	8/17/18	
1	Acquisition/Predev Financing Commitment	12/12/18	
2.	Site Acquisition	8/18/22	
3.	Development Team Selection		
a.	Architect	10/10/19	
b.	General Contractor	5/17/19	
c.	Owner's Representative	2/20/19	
d.	Property Manager	N/A	MidPen Property Mgmt
e.	Service Provider	N/A	MidPen Resident Services
4.	Design		
a.	Submittal of Schematic Design & Cost Estimate	1/15/20	
b.	Submittal of Design Development & Cost Estimate	5/14/20	
c.	Submittal of 50% CD Set & Cost Estimate	7/15/20	
d.	Submittal of Pre-Bid Set & Cost Estimate (75%-80% CDs)	9/11/20	
5.	Commercial Space	N/A	
a.	Commercial Space Plan Submission	N/A	
b.	LOI/s Executed	N/A	
6.	Environ Review/Land-Use Entitlements		
a.	SB 35 Application Submission	5/21/20	
b.	CEQA Environ Review Submission	N/A	
c.	NEPA Environ Review Submission	N/A	
d.	CUP/PUD/Variances Submission	N/A	
7.	PUC/PG&E		
a.	Temp Power Application Submission	1/7/20	
b.	Perm Power Application Submission	10/9/20	
8.	Permits		
a.	Building / Site Permit Application Submitted	11/22/19	
b.	Addendum #1 Submitted	12/23/20	

c.	Addendum #2 Submitted	12/23/20	
9.	Request for Bids Issued	12/22/21	
10.	Service Plan Submission		
a.	Preliminary	2/4/21	
b.	Final	10/1/2023	
11.	Additional City Financing		
a.	Preliminary Gap Financing Application	8/17/18	
b.	Gap Financing Application	4/15/22	
12.	Other Financing		
a.	HCD Application	N/A	
b.	Construction Financing RFP	2/4/22	
c.	AHP Application	N/A	
d.	CDLAC Application	N/A	
e.	TCAC Application	3/1/22	
f.	Other Financing Application	N/A	
g.	LOSP Funding Request	N/A	
13.	Closing		
a.	Construction Loan Closing	8/18/22	
b.	Conversion of Construction Loan to Permanent Financing	7/1/25	
14.	Construction		
a.	Notice to Proceed	8/19/22	
b.	Temporary Certificate of Occupancy/Cert of Substantial Completion	8/19/24	
15.	Marketing/Rent-up		
a.	Marketing Plan Submission	3/21/22	
b.	Commence Marketing	10/19/23	
c.	95% Occupancy	1/31/25	
16.	Cost Certification/8609	7/1/25 (cost certification) 7/1/26 (8609)	
17.	Close Out MOH/OCII Loan(s)	9/1/25	

Attachment B: Borrower Org Chart

(SEE ATTACHED)

Attachment C: Development Staff Resumes

(SEE ATTACHED- RESUMES FOR PRIMARY STAFF WORKING ON SCV)

Attachment D: Asset Management Evaluation of Project Sponsor

121 properties and average 66 units currently in MidPen's Asset Management portfolio.

Sponsor's current asset management staffing –
Asset Management is currently fully staffed with no vacant positions. Total of 12 positions. All staff are full time.

- Vice President of Asset Management (1) – Zero assigned units.
- Director of Asset Management (1) – Zero assigned units.
- Senior Asset Manager (1) – 2,008 assigned units.
- Asset Manager (2) – Average assigned units: 2,325
- Associate Asset Manager (1) – 692 assigned units.
- Asset Analyst (4) – Zero assigned units.
- Senior Project Asset Manager (1) – 804 assigned units.
- Project Asset Manager (1) – Zero assigned units.

Description of scope and range of duties of sponsor's asset management team
The Asset Management department is responsible for developing, implementing, monitoring, and managing the short and long-term strategic goals of the properties and their stakeholders, each while adhering to the governing agreements, regulatory restrictions, and project plan, and ensuring the delivery of MidPen's mission. Asset Management oversees physical, financial, and operational performance of the portfolio, working both in internal and external parties to address issues and opportunities.

Description of sponsor's coordination between asset management and other functional teams, including property management, accounting, compliance, facilities management, etc.
Internal working relationships include significant communication and collaboration with all departments at MidPen. Asset Management is responsible for establishing effective cross-functional processes that ensure efficiency between each department and the successful communication of the status of and strategic goals for the properties. Asset Management works with all level of Property Management and Compliance to develop and execute annual operating budgets, develop and execute corrective action plans for properties not meeting benchmarks, ensuring compliance with governing documents, rules and regulations. Asset Management works with Accounting to calculate annual surplus cash, review and deliver annual financial audits, and scrutinize monthly financial statements, diagnosing and securitizing as needed. Asset Management works with Facilities to address short- and long-term capital needs of the portfolio through capital planning meetings, and facilitating external approval for capital

work. Asset Management works with Information Technology to ensure proper business systems and processes are in place to maintain efficient operations and data integrity. Asset Management works with Development to inform operational expectations on future developments and ensure smooth transition from construction into operations.

Sponsor’s budget for asset management team – shown as cost center for projects in SF
MidPen’s budget for its Asset Management team is $1,899,726 for 2022. Asset Management staff time is not charged to properties.

# of projects expected to be in sponsor’s AM portfolio in 5 years and, if applicable, plans to augment staffing to manage growing portfolio
Thirty-three properties are anticipated to complete construction and begin operations in the next 5 years. To account for this growth, the Asset Management team intends to add an additional full-time Asset Manager. As projects come online, the current Associate Asset Manager will be promoted to Asset Manager as an add-role, and the Associate Asset Manager role will be likely be filled from a pool of Asset Analysts.

Attachment E: Threshold Eligibility Requirements and Ranking Criteria

(SEE ATTACHED)

Attachment F: Site Map with amenities

(SEE ATTACHED)

Attachment G: Elevations and Floor Plans

(SEE ATTACHED)

Attachment H: Comparison of City Investment in Other Housing Developments

(SEE ATTACHED)

Attachment I: Predevelopment Budget – N/A

Attachment J: Development Budget

(SEE ATTACHED)

Attachment K: 1st Year Operating Budget

(SEE ATTACHED)

Attachment L: 20-year Operating Proforma

(SEE ATTACHED)

Attachment M: Services Programming Commitment MOU

(SEE ATTACHED)

Attachment N: Tranche C Loan Background

(SEE ATTACHED)