

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

MEMORANDUM

DATE: JUNE 27, 2025
TO: CITYWIDE AFFORDABLE HOUSING LOAN COMMITTEE
FROM: RYAN VANZUYLEN, SENIOR PROJECT MANAGER
ROBERT BACA, JOINT DEVELOPMENT DIRECTOR
RE: **BALBOA RESERVOIR INFRASTRUCTURE– REQUEST TO REALLOCATE
EXISTING FUNDS TO INCREASE LOAN AUTHORITY TO \$56,425,904**

Existing MOHCD Infrastructure Predevelopment Sources

MOHCD PREDEVELOPMENT LOAN \$5,000,000 – HCD IIG

Approved MOHCD Infrastructure Funds (Dec 2024 Loan Committee)

MOHCD INFRASTRUCTURE LOAN \$20,095,616 – HCD IIG
\$5,304,384 – HTF
\$9,600,000 – 2019 GO BONDS
\$35,000,000 – TOTAL

Reallocated/Added Funding Request

MOHCD INFRASTRUCTURE LOAN \$6,903,88- 2024 GO BONDS
\$3,412,468- HTF
\$5,558,660-HTF ADVANCE
\$5,550,887-CPMC
\$21,425,904– TOTAL

TOTAL MOHCD FUNDING: \$19,971,128-HCD IIG
\$ 8,841,340-HTF
\$5,558,660-HTF ADVANCE
\$5,550,887-CPMC
\$9,600,000- 2019 GO BONDS
\$6,903,88- 2024 GO BONDS
\$56,425,904

Summary of Request

The purpose of this request is to update the structure of the Balboa Reservoir Infrastructure Loan to consolidate what were originally envisioned as three separate loans — for Building E Infrastructure/Offsites, Building A Infrastructure/Offsites, and Infrastructure — into a single, combined loan totaling \$56,425,904.

This restructuring is not due to any change in the overall infrastructure budget, or the total amount going to all three Balboa Reservoir projects (E, A and infrastructure), which remains consistent with the amounts previously presented to the Committee. Instead, this updated loan structure will better align with tax credit structuring requirements and streamline project administration.

Under the new structure, the consolidated infrastructure loan will be documented under a single loan agreement with three separate promissory notes corresponding to each infrastructure component (Infrastructure, Building E Infrastructure, Building A Infrastructure). This approach preserves the separate accounting and administration of each project, while simplifying the overall loan process to address project-specific repayment considerations from the borrowers of the vertical projects.

Importantly, this consolidation does not change the total amount of MOHCD's infrastructure investment in the project. All commitments and funding justifications remain as previously approved. This was already approved as infrastructure offsite costs as part of the approved loan evaluations for Building E final gap (April 2025) and Building A preliminary gap (May 2025). Since those offsite costs will now be included as part of this loan, the respective loan amounts for Building E and Building A will be reduced on a dollar-for-dollar basis.

Construction for infrastructure is expected to start in August 2025. To support this timeline, the proposed loan is scheduled for final approval by the full Board of Supervisors prior to their summer recess at the end of July 2025. This schedule ensures that the project remains on track to close in August 2025 to preserve state funding awards and maintain the critical path to start construction of Buildings E and A.

This administrative loan restructuring is a strategic step to keep the Balboa Reservoir project on schedule while meeting all legal, tax, and administrative requirements. By restructuring it in this way, with vertical infrastructure funds included in this loan, the Sponsor is requesting Loan Committee to approve \$56,425,904 for Balboa Reservoir Infrastructure.

Background

The Balboa Reservoir Infrastructure Project (Project) is a critical component of the broader Balboa Reservoir Master Plan, designed to transform a vacant former reservoir site into a vibrant, mixed-income community in San Francisco's District 7. Located next to City College of San Francisco, the Project aims to deliver essential horizontal improvements—such as new streets, utilities, grading, and stormwater management—that will prepare the site for the construction of two affordable housing developments: Building E and Building A.

The overall infrastructure work encompasses approximately 5.7 acres, including demolition, site grading, public right-of-way improvements, street lighting, stormwater detention systems, and utility upgrades. These improvements are necessary to develop over 287 affordable housing units in Buildings E and A, both of which have strict deadlines for starting construction due to the State of California Department of Housing’s funding commitments for IIG and AHSC.

Beyond supporting affordable housing, the infrastructure work is designed to complete critical improvements needed for future development across the site, including two additional affordable housing sites (Buildings B and F), three market rate rental sites, as well as the townhome parcels. These improvements — such as roadway access, utilities, and site grading — are essential to make the townhome parcels marketable to potential homebuilders. The sale of these townhome parcels is key to the Borrower repaying the City for a portion of the total infrastructure loan, providing a pathway for the City to recover funds invested in the site’s horizontal development.

On December 13, 2024, Loan Committee approved up to \$35,000,000 for this first phase of infrastructure. After consultation with BRIDGE Housing’s legal and tax counsel, the Sponsor proposed a single infrastructure loan structured with three promissory notes to simplify administration and align with tax credit requirements. This administrative restructuring does not alter the total budget, scope, or schedule of the infrastructure work but ensures construction starts in August 2025 and supports compliance with key state funding deadlines. This strategy still leverages as much tax credit equity as possible on the vertical projects since the infrastructure Borrower will be the LLC and the LLC and vertical LPs will have seller carryback notes to ensure these offsite costs are attributed to the vertical project (and thus can early tax credit equity).

This consolidated infrastructure investment is essential to advancing the affordable housing components of the Balboa Reservoir development, preserving over \$200 million in state and local funding, and delivering much-needed affordable homes in the City. Moreover, the project helps unlock future market-rate activity and supports the timely sale of the townhome parcels to homebuilders.

Update on Project Status

1. Revised Infrastructure Sources and Uses

Permanent Sources	Amount	Terms	Status
MOHCD Loan	\$10,425,904	5%, 10 Yr. with two 5-year extensions	Committed
MOHCD Loan	\$46,000,000	0%, 10 Yr. with two 5-year extensions	Partially Committed
Total Sources	\$56,425,904		

Permanent Sources	Amount	Per Unit (287 units)
Hard Costs	\$38,642,958	\$134,637
Soft Costs	\$15,582,946	\$54,295
Developer Fee	\$2,200,000	\$7,671
Total Uses	\$56,425,904	\$196,603

2. Project Updates

- Infrastructure General Contractor Selection:**
 BHC selected Nibbi Brothers as the general contractor in late May 2025. CMD and MOHCD approved the selection.
- IIG Application Update:**
 Infrastructure work at the Site has been delayed since the market rate developer, Avalon, paused the project in January 2023 due to the downturn in market conditions for the townhomes that would have helped fund the horizontal work. After negotiations between the Sponsor, City agencies and MOHCD, it was decided to rephase infrastructure to prioritize the affordable parcels (Buildings E and A) to avoid losing HCD IIG and AHSC funding and move forward with the affordable buildings. BHC updated the IIG application to reflect Buildings E and A only. HCD approved the updated application and changed the award slightly from \$20,095,616 to \$19,971,128.
- Fiscal Deadlines:**
 The IIG funding disbursement deadline was successfully extended to June 30, 2028, supporting the overall project and Building E's schedule. Building E is scheduled to achieve NOC fall 2027 which is the final requirement needed for final IIG disbursement.
- Standard Agreements (SAs) and BOS Approval:**
 The AHSC and IIG resolutions were approved by the Board of Supervisors in May 2025, keeping the Project on schedule for Standard Agreement (SA) execution and planned loan closing. The IIG and Building E AHSC SAs are planned to be executed before E closes in August and the Building A AHSC SA will be executed prior to that closing in February 2026.
- Final Map and Taxes:**
 Final Map submission and taxes have been completed. Recording is expected by mid-June 2025, which will support project closings and vertical construction.

3. Description of Infrastructure Loan Structure

Revised Loan Structure

This memo proposes a revised structure for the Balboa Reservoir Infrastructure Loan, totaling \$56,425,904, to be issued as a single MOHCD loan to BHC Balboa Builders, LLC as Borrower. The loan will be documented with three promissory notes reflecting distinct portions of the infrastructure budget, replacing the original plan for three separate MOHCD loans tied to individual project entities.

Background and Rationale

The original loan structure envisioned three separate infrastructure loans:

- An infrastructure loan to BHC Balboa Builders, LLC;
- An infrastructure allocation within the MOHCD vertical gap loan to the Building E limited partnership (LP); and
- An infrastructure allocation within the MOHCD vertical gap loan to the Building A LP.

This structure was designed to allocate as many infrastructure costs as possible to each building to increase basis and maximize tax credit equity, while keeping all three projects under budget. However this approach created significant administrative and accounting challenges for both MOHCD and the Sponsor. These included difficulties with complicated loan documents, monthly draw processing, cost certification, and audit tracking across multiple entities.

After consultation with legal and tax counsel, the Sponsor proposed — and MOHCD supports — a consolidated structure under a single infrastructure loan agreement. This approach allows for:

- Consolidated management of the infrastructure budget;
- A single monthly pay application and disbursement process;
- Simplified tracking and reporting for both the City and the Sponsor.

To preserve the original tax credit objectives, the Sponsor will issue sponsor/seller take-back loans from BHC Balboa Builders, LLC to the Building E and Building A LPs. These notes between BHC entities will allocate appropriate infrastructure basis from MOHCD's infrastructure loan (including City and IIG funds) to each project while maintaining compliance with tax regulations.

4. Summary of Loan Structure

Loan / Note	Amount (approx.)	Interest Rate	Term	Repayment Sources
Infrastructure Loan- Note 1	\$10,425,904	5%	10 years + two 5-year extensions	Townhome parcel sale proceeds, EIFD, CFD, other financing tools
Infrastructure Loan- Note 2	\$21,632,732	0%	10 years + two 5-year extensions	Same as above
Infrastructure Loan- Note 3	\$24,367,268	0%	10 years + two 5-year extensions	Same as above
Total MOHCD Loan	\$56,425,904	—	—	—

* All funding amounts referenced above may fluctuate between now and loan closing.

- **Borrower:** BHC Balboa Builders, LLC
- **Security:** Townhome parcels, as defined in the Development Agreement and Final Map
- **Loan Documents:** One loan agreement with three promissory notes. Infrastructure funding that is not used for basis on the vertical projects will have an interest rate of 5%. The two notes that will include funding for offsite infrastructure used for E and A's basis (to be included as part of the Sponsor's Seller Carryback note) will have an interest rate of 0% to allow the vertical projects to stay afloat and maintain their capital accounts.

Repayment Provisions

The infrastructure loan includes a repayment requirement of \$35 million, which reflects the amount by which MOHCD's total funding commitment for the Balboa Reservoir development exceeds the City's baseline obligation under the Development Agreement. This repayment amount is now fixed and applies regardless of the final loan amount or actual infrastructure costs.

The City has established a total funding cap of \$87 million for infrastructure, Building E, and Building A. When including the \$19.97 million in Infill Infrastructure Grant (IIG) funds, which will flow through the City loan, the total City funding cap will be approximately \$106.97 million. The \$35 million repayment threshold is based on this expanded City investment and represents the amount the City expects to recover.

Repayment of the \$35 million will come from the following sources:

- Net proceeds from the sale of the townhome parcels.

- Enhanced Infrastructure Financing District (EIFD) and/or Community Facilities District (CFD) proceeds, subject to formation and Board of Supervisors approval.
- Market-rate parcel transfer fees, as defined in the Balboa Reservoir Development Agreement.
- Any additional infrastructure financing mechanisms that may become available.

Any infrastructure loan proceeds above the \$35 million repayment amount will be considered repaid through in-kind delivery of completed infrastructure work, as defined in the Loan Agreement and consistent with other MOHCD-funded infrastructure projects, including HOPE San Francisco (HOPE SF).

Bridge will be required to make a good faith effort to pursue all viable repayment strategies. If all efforts are exhausted and repayment sources are insufficient, the MOHCD Director will retain discretion to forgive any remaining unpaid balance.

5. Impact on Building E and A Loans and Total City Investment

As a result of the new loan structure, infrastructure costs are no longer being allocated to the Building E and Building A MOHCD loans, as originally contemplated. Those costs are now fully captured within the standalone infrastructure loan to BHC Balboa Builders, LLC. This change will result in a reduction in the loan amounts for both Building E and Building A compared to what was previously presented to Loan Committee for each project.

Importantly, this restructuring does not increase the City's total subsidy commitment. The total City investment across infrastructure, Building E, and Building A remains under or at \$87 million. When the IIG grant is included, the total investment through MOHCD supporting the project infrastructure and affordable housing is \$106.97million.

6. Status of Prior Loan Conditions

1. Sponsor must provide MOHCD with detailed monthly updates via the Balboa Reservoir monthly report.
 - **Status: Ongoing.**
2. Sponsor will continue to contain costs and if updated cost estimates come in below what is approved by Loan Committee the loan amount will be reduced and/or any unused funds will be returned to MOHCD.
 - To verify all development costs, MOHCD will require GC schedule of values, consultant contracts, insurance quotes, fee breakouts, and any additional supporting documentation to evaluate and confirm the accuracy of the costs.
 - **Status: The Sponsor is providing MOHCD with requested documentation. The Sponsor will continue to contain costs and**

provide updated budgets from the GC now that Nibbi has been selected.

3. MOHCD will provide up to \$5 million in predevelopment funding to cover eligible infrastructure development costs, including infrastructure predevelopment expenses, the pay-off of sponsor loans and notes related to predevelopment expenses, and fees associated with permits or other City participation. Reimbursement of infrastructure predevelopment costs will require prior MOHCD approval.
 - Before releasing any predevelopment funds, MOHCD must approve the current infrastructure budget. Additionally, all contracts must be submitted to MOHCD for approval before funding is released for the associated expense, vendor, or consultant.
 - Before releasing any predevelopment funds MOHCD will also require an approved plan and timeline for paying all owed property taxes in order to secure a tax certification.
 - **Status: Complete. MOHCD approved the infrastructure budget as presented last winter and a plan to pay owed property taxes. Predevelopment funds have been encumbered.**
4. Infrastructure costs will be funded through multiple sources, including a MOHCD infrastructure loan, IIG funding, Building E, Building A, and AHSC funding. The Sponsor must maintain clear and separate accounting records for all costs associated with each funding source.
 - **Status: Complete. The Sponsor has provided clear accounting for these sources and the administration of the awards is made simpler with this request for a consolidated infrastructure loan.**
5. Before closing construction financing:
 - The Sponsor must provide a detailed summary outlining how infrastructure costs are allocated to Buildings E and A. Additionally, the Sponsor must submit tax opinion letters confirming that these allocations comply with tax credit laws and regulations and that the full costs will be basis-eligible for their respective projects.
 - The Sponsor must obtain full Site Improvement Plan (SIP) and stormwater approvals, obtain MOHCD approval of the construction contract and all related exhibits, comply with bond and insurance requirements per MOHCD standards, and execute a Public Improvement Agreement (PIA).
 - The Sponsor must submit the final infrastructure budget, execute a stipulated sum construction contract, and execute a Memorandum of Agreement (MOA) in lieu of a bond.
 - The Sponsor must provide evidence of other project funding, including but not limited to HCD IIG and AHSC sources. The City will enter into a Standard Agreement with HCD for IIG funding, and Building E AHSC

Standard Agreement will be executed. The Sponsor must also confirm acceptance of the Building E tax credit award.

- The Sponsor must comply with MOHCD insurance and bonding requirements, including maintaining coverage for general liability, property, environmental risks, builder's risk, and any other policies deemed necessary. Bonding may also be required based on project risk. Additionally, the borrower must adhere to all terms outlined in the Public Improvement Agreement (PIA).
- The Sponsor must agree to a MOHCD-approved process for evaluating and allowing partial forgiveness of loan principal and/or interest.
- **Status: Ongoing. The Sponsor has outlined infrastructure costs, obtained SIP, accepted Building E's tax credit award and agreed to MOHCD's process for allowing partial forgiveness of loan. The Sponsor is still working on final budget and insurance.**

6. MOHCD reserves the right to unencumber the construction portion of the loan funds, as well as any unspent predevelopment funds, if the Sponsor fails to meet construction conditions and the construction portion of the loan has not closed by July 1, 2025.

- **Status: MOHCD has agreed to extend the infrastructure loan closing to September 30, 2025.**

7. A portion of the developer fee will be contingent on adequate staffing by the Sponsor through the infrastructure construction period until City Acceptance. The Sponsor must maintain a Senior Project Manager with ongoing executive support through the construction period through City Acceptance. Any changes to assigned staff or personnel must receive prior approval from MOHCD. The amount of developer fee contingent on this staffing will be determined in the Loan Agreement.

- **Status: Ongoing. The Sponsor has maintained a Senior Project Manager with ongoing executive support up to this point. There is also adequate staffing for the vertical projects.**

8. MOHCD must approve any and all changes from the infrastructure Project scope prior to redesign.

Status: Ongoing.

9. Please refer to the Balboa Reservoir Infrastructure Loan Term Sheet for all terms and conditions associated with this loan commitment.

7. Staff Recommendation

Staff recommend approval of the new infrastructure loan of \$56,425,904 under the proposed structure and terms.

8. New Loan Conditions

1. Sponsor must provide all financing and NTP requirements prior to closing.
2. A portion of the developer fee will be contingent on adequate staffing by the Sponsor through the infrastructure construction period until City Acceptance. The Sponsor must maintain a Senior Project Manager with ongoing executive support through the construction period through City Acceptance. Any changes to assigned staff or personnel must receive prior approval from MOHCD. The amount of developer fee contingent on this staffing will be determined in the Loan Agreement and held by MOHCD until completion.
3. The Sponsor must submit the final infrastructure budget and execute a stipulated sum construction contract by July 18, 2025.
4. The Sponsor must comply with MOHCD insurance and bonding requirements, including maintaining coverage for general liability, property, environmental risks, builder's risk, and any other policies deemed necessary. Bonding may also be required based on project risk. Additionally, the borrower must adhere to all terms outlined in the Public Improvement Agreement (PIA).
5. Sponsor must provide MOHCD with detailed monthly updates via the Balboa Reservoir monthly report during predevelopment and infrastructure construction.
6. The City's total funding commitment for the Balboa Reservoir development is capped at \$87 million from MOHCD sources, including infrastructure, Building E, and Building A. As of today, the combined total of City and IIG funds is approximately \$106.97 million, including \$19.97 million in IIG.
7. Any change to the IIG amount will not affect the \$87 million City funding cap. Any resulting shortfall or funding gap will be the responsibility of the sponsor to resolve without additional City subsidy.

LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

☒ APPROVE ☐ DISAPPROVE ☐ TAKE NO ACTION

DocuSigned by:

Daniel Adams

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Daniel Adams, Director

Mayor's Office of Housing and Community Development

Date: 6/27/2025 | 11:46 AM PDT

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:

Salvador Menjivar

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Salvador Menjivar, Deputy Director for Programs

Department Homelessness and Supportive Housing

Date: 6/30/2025 | 12:04 PM PDT

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:

Marc Slutzkin

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Marc Slutzkin, Deputy Director

Office of Community Investment and Infrastructure

Date: 6/27/2025 | 11:44 AM PDT

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:

Bridget Katz

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Bridget Katz on behalf Anna Van Degna,

Director Controller's Office of Public Finance

Date: 6/27/2025 | 11:53 AM PDT

Attachments: Attachment A – Infrastructure Budget

Attachment B – Balboa Reservoir Infrastructure Gap Loan Evaluation, approved
December 13, 2024

Attachment C – NTP Checklist – Balboa Reservoir Infrastructure

Balboa Reservoir Infrastructure Budget

HARD COSTS		\$38,642,958
	Phase I Infrastructure (Hard Costs)	\$30,895,458
	PGE Electrical System	\$1,247,500
	Hard Cost Contingency (20.2%)	\$6,500,000
	Hard Cost Subtotal:	\$38,642,958
SOFT COSTS		\$17,782,946
Architecture & Engineering		
	Landscape Architect	\$31,000
	Civil Engineering	\$287,900
	Civil Engineering Subconsultants	\$266,000
	Post SIP Coordination	\$200,000
	Design CA (Civil+Landscape)	\$200,000
	Subtotal	\$984,900
Other Consultants		
	Martin Ron Survey/Map	\$41,000
	Construction Manager	\$1,500,000
	Geotech	\$125,000
	Special Inspections	\$350,000
	Qualified SWPPP Practitioner	\$35,000
	Subtotal	\$2,051,000
Permits and Fees		
	ITF Review/Plan Check	\$500,000
	City Processing Fee	\$300,000
	PG&E Application	\$10,000
	PG&E Design Costs	\$1,202,761
	PG&E Contingency	\$601,381
	AWSS In lieu Fee	\$1,000,000
	Street Monuments	\$40,000
	Permits and Fees	\$3,601,587
	Taxes	\$1,267,360
	Subtotal	\$8,523,088
Legal		
	Legal Final Map	\$150,000
	Legal Transactions	\$150,000
	Legal Construction Closing	\$150,000
	Subtotal	\$450,000
Title and Recording		
	Title and Recording (turn over to PUC)	\$20,000
	Subtotal	\$20,000
Insurance		
	Construction Insurance	\$100,000
	Insurance and site safety	\$500,000
	Subtotal	\$600,000
Other		
	BRIDGE Intercompany Interest (7%)	\$150,000
	MOHCD Loan Origination Fee (1%)	\$200,000
	Developer Fee	\$2,200,000
	Subtotal	\$2,550,000
Soft Cost Contingency (10%)		\$1,517,899
	Soft Cost Subtotal:	\$16,696,887
OEWD/ Infrastructure Task Force		1,086,058.98
TOTAL INFRASTRUCTURE BUDGET		56,425,904

Citywide HOPE SF Affordable Housing Loan Committee
Mayor’s Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure
Controller’s Office of Public Finance

Balboa Reservoir
Phase 1 Infrastructure

Up to \$35,000,000 in Infrastructure Financing:
\$5,000,000 in Predevelopment Financing
\$30,000,000 in Construction Financing

Evaluation of Request for:	Horizontal Construction
Loan Committee Date:	December 13, 2024
Prepared By:	Ryan VanZuylen, Senior Project Manager
MOHCD Construction Representatives:	Sarah Tenpas
Source of New Funds Recommended:	\$5,304,384.00 – Housing Trust Fund Advance \$9,600,000.00 – 2019 GO Bonds (Low Income) \$20,095,616.00 – IIG Funds
NOFA/PROGRAM/RFP:	Balboa Reservoir Development Agreement
Total Previous City Funds Committed	N/A
Applicant/Sponsor Name:	BRIDGE Housing Corporation

Sponsor Information

Phase Name:	Phase 1 Infrastructure	Sponsor:	BRIDGE Housing Corporation
Phase Location:	Lee Avenue, Meyer Lane, Loquat Lane, Wisteria Lane, 94112	Ultimate Borrower Entity:	BHC Balboa Builders, LLC

Project Summary

Balboa Reservoir Phase 1 Infrastructure (“Phase 1” or the “Project”) is the infrastructure development phase within the Balboa Reservoir Master Plan to be developed by BRIDGE Housing (the “Sponsor”). Phase 1 totals approximately 5.682 acres (247,538 square feet). In 2017, BRIDGE Housing and Avalon Bay were selected as the Master Plan Developers for the Balboa Reservoir project, with BRIDGE leading the affordable housing efforts. Infrastructure costs were originally planned to be shared per unit across both affordable and market-rate housing.

This infrastructure Project is needed to secure over \$200 million in state financing (including IIG, AHSC, and tax credit equity) for Balboa Reservoir affordable projects, without which the entire project would be paused indefinitely and state funding awards forfeited. In 2021, the City received a \$26 million Infill Infrastructure Grant (IIG) to fund Phase 1 infrastructure, reducing the financial burden on housing projects. However, due to changes in the Phase 1 housing delivery plan, the grant was revised to \$20,095,616 on November 6, 2024, covering only Buildings E and A in Phase 1. Local market conditions have since made the market-rate parcels infeasible and halted their progress. This has created a significant financial gap in the infrastructure funding plan.

To complete the project and address the remaining infrastructure funding gap, the Sponsor is requesting up to \$35,000,000 in an infrastructure loan with a term of up to 20 years (10 years plus two five-year extensions) at 5% interest. This is proposed as a non-recourse loan that will be secured by the townhome parcels. The source of repayment is anticipated to be through the sale of the townhome parcels and through proceeds from a future Enhanced Infrastructure Financing District (“EIFD”).

The Project transforms an existing parking lot by upgrading the public rights-of-way (“ROWs”) and is required to enable construction of vertical Buildings E and Building A, two 100% affordable housing developments (Building E with 128 units and Building A with 159 units) that once completed will be the first affordable homes part of the Balboa Reservoir neighborhood. The Project is located north of Ocean Avenue and adjacent to City College of San Francisco.

Phase 1 work includes demolition, grading, street and transportation improvements, combined sewer system stormwater management, and pad readiness for Buildings E and A. The Project is comprised of a walkable and bikeable network of streets and bike lines, slow streets and substantial utility improvements including a new PG&E mainline power extension, street lighting, traffic signaling, separate storm drains and sewer lines, joint trench for communications, and a robust storm water control system, as well as upgrades to existing public utilities.

Notice to Proceed (“NTP”) for Phase 1 is scheduled for May 2025 and Notice of Completion (“NOC”) is scheduled for October 2025. Building E is planned to start construction in June 2025 and Building A in December 2025.

Project Description

Land Owner:	BRIDGE Housing (formerly PUC)	Supervisor and District:	Melgar, D7
Total Open Space:	0 acres	Total Parcel Size (Phase I):	5.682 acres/247,538 sf
Total Street Area:	3.609 acres	Master Plan Architect:	VMWP
TDC:	\$65,884,573	Civil Engineer:	BKF
TDC/SF:	\$266.16/sf		
Loan Amount Requested:	\$35,000,000		

PRINCIPAL DEVELOPMENT ISSUES

Funding at Risk. Balboa Reservoir projects risk losing \$213 million in total state funding, including projected LIHTC equity and tax-exempt bonds, if Building E and the associated infrastructure do not start construction in June 2025. Without this state funding, the entire Balboa Reservoir development would be paused indefinitely. As a result, the City has committed to providing an infrastructure loan, exceeding the originally stated funding requirements outlined in the Development Agreement in order to preserve the three HCD funding commitment which include IIG and two AHSC awards:

- The infrastructure work across the Balboa Reservoir site was awarded a revised amount of \$20 million in November 2024 in Round 7 IIG funds. The award has a legislatively set disbursement deadline of 6/30/25 which is in the process of being extended, but Building E must still start construction in June 2025 to continue to receive IIG funds. Without the IIG award, the infrastructure needed for Buildings E and A cannot begin.
- Building E was awarded \$23 million in AHSC funds in February 2022 which required all financing to be secured by February 2024. The Project received an extension to receive all financing by January 1, 2025, which it is set to receive once CDLAC awards are announced in December 2024. This will set a 180-day CDLAC timeline to start construction by June 2025.
- The next affordable project at Balboa Reservoir, Building A, was awarded \$36 million in Round 7 AHSC funds in September 2023. If Building E loses its IIG award then infrastructure cannot start and Building A cannot start construction by the deadline of its AHSC award and risks losing AHSC funds.

The financing plan for this project has undergone significant changes. Initially, the plan allocated all hard and soft infrastructure costs to each housing project, excluding the market-rate townhome parcels, on a per-unit basis. The townhome parcels were excluded because the original strategy was to sell those parcels to a homebuilder, using the land sale proceeds to fund infrastructure, community benefits, and Building F educator housing. The IIG funding was intended to reduce the overall costs and alleviate the burden on all housing projects. However, the projected value of the townhomes has been significantly impacted by local market conditions; market-rate rental parcels are financially infeasible in the current environment. With the townhome and market-rate parcels not progressing as planned, the associated infrastructure funding has not materialized. As a result, the ability of all housing parcels to absorb and

fund their share of the infrastructure costs is no longer viable. As a result, MOHCD has agreed to provide a bridge loan to fund a significant portion of the infrastructure costs in order to protect \$213M in State funding and LIHTC funding for infrastructure, Buildings E and A

- Significant portions of the infrastructure costs have been allocated to Buildings E and A. This strategy has enabled both housing projects to generate additional tax credit equity, reducing some of the City's gap funding needs. However, because tax credit equity covers only approximately \$0.37 of every dollar spent on infrastructure, MOHCD is funding the remaining \$0.63 for every dollar of infrastructure allocated to Buildings E and A. For more detailed analysis, please refer to Section 5.1.
- With the new infrastructure investment, MOHCD is funding more than originally planned in the Development Agreement, exceeding that agreement's target City funding commitment for affordable housing at Balboa Reservoir. The current City funding requirements for all affordable housing commitments is \$51.4 million, but MOHCD's total investment in infrastructure, Building E, and Building A is projected to reach \$87 million—exceeding the City's original funding commitment by \$35.6 million with a future affordable parcel still needing to be built with MOHCD funding. To address the increased financial burden, MOHCD is charging 5% interest on the infrastructure loan, requiring repayment, and securing the loan against the townhome parcels. See Section 5.1.

Repayment of the infrastructure loan. The timing, feasibility, and land value of the townhome parcels are uncertain, making it unclear when or if the City will be fully repaid. Additionally, it is uncertain whether the townhome parcels can support a \$35 million loan, as the economics may not work with such a significant burden. To mitigate this risk, EIFD proceeds will also be used for repayment, reducing the reliance on the townhome parcels. Given the speculative nature of both the townhome sales price and the proceeds raised through an EIFD, the loan will include language that allows the MOHCD Director to forgive any outstanding balance owed should these sources be insufficient for full repayment.

Hard Costs are not final. The current hard cost estimate in the evaluation is based on an 90% SIP from July 2024, prior to receiving updated pricing from competitive bids. To secure more favorable stipulated sum pricing, the Sponsor initiated a competitive bidding process with an RFP approved by CMD in October 2024, with proposals due December 4, 2024, and plans to select a General Contractor by January 2025. While this process is intended to create a competitive environment, it is important to note that staff are proceeding to Loan Committee pre-bid, relying on preliminary cost estimates that may be refined once final bids are received. See Section 5.2 for further details.

Infrastructure Schedule and Coordination. Infrastructure work, originally scheduled to start by December 2024, is now delayed and will begin at the same time Building E closes in May. This delay forces Building E to absorb site preparation work that was originally planned for the infrastructure phase, adding costs and impacting its credit delivery timeline. Given the condense infrastructure schedule, proper coordination between infrastructure, Building E, and Building A remains critical, as these components are interdependent and will likely be built by different general contractors.

Bridge Staffing Changes. There have been significant changes to Bridge's staffing. Two key staff members, both deeply involved in the project—one since its inception—have left the company, with one retiring and the other departing at a very critical time in the project. To address this, Bridge hired two senior project managers and two project managers to oversee all aspects of Balboa Reservoir

infrastructure and housing with guidance from an Executive Vice President. Avalon has also provided ongoing technical assistance to support the effort which has been invaluable to the sponsor, City, and project. Despite the rapid transition and a schedule driven by the urgency to close financing for both infrastructure and housing, the sponsor has made substantial progress. However, the schedule remains very tight, and the current Bridge team has been involved in the project for less than eight months. While progress continues, these challenges underscore the need for close coordination, collaboration, and oversight by MOHCD.

SOURCES AND USES SUMMARY

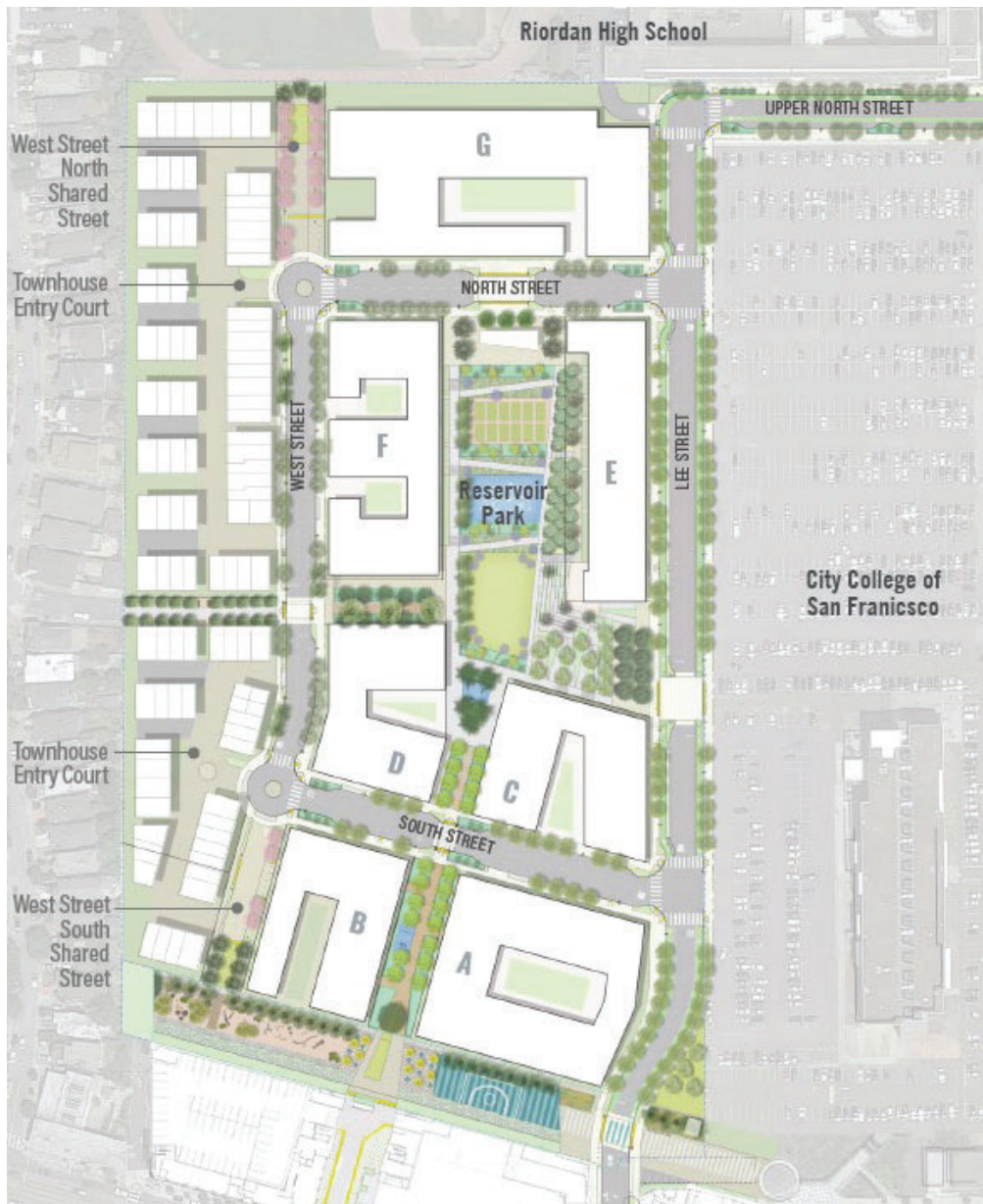
Permanent Sources	Amount	Terms	Status
MOHCD	\$34,466,485	5% for 10 years with two 5-year extensions	This Request
AHSC Building E	\$2,954,301	Grant to Sponsor	Committed
AHSC Building A	\$1,503,999	Grant to Sponsor	Committed
Building E offsite improvements	\$11,181,336	Included in vertical loan (55 yrs @ 3% res rec)	Committed
Building A offsite improvements	\$15,778,451	Included in vertical loan (55 yrs @ 3% res rec)	Committed
Total	\$65,884,573		

Uses	Amount	Per Unit	Per SF
Hard Costs	\$47,270,824	\$164,707	\$191
Soft Costs	\$16,413,749	\$57,191	\$66
Developer Fee	\$2,200,000	\$7,666	\$9
Total	\$65,884,573	\$229,563	\$266

*Note: Per Unit column assumes 287 affordable units for Buildings E and A.

1. BACKGROUND

1.1. Project History Leading to This Request



In 2014, then Mayor Ed Lee established the Public Lands for Housing Program, through which four publicly owned sites within the City were identified to provide up to 4,000 new units of affordable housing by 2020. The Balboa Reservoir, a nearly 17-acre vacant reservoir (“Site”) used for surface public parking across from City College of San Francisco (“CCSF”) and owned by the San Francisco Public Utilities Commission (“SFPUC”), is the largest site identified by this program.

Per the SFPUC, on March 31, 2015, through Ordinance No. 45-15, the Board of Supervisors established the Balboa Reservoir Community Advisory Committee (“BRCAC”) to advise the Board, the Mayor, and City departments regarding any proposed development under the Public Land for Housing Program at the Balboa Reservoir. In 2017, the City released an RFP for the Balboa Reservoir site and after an extremely competitive process awarded the development to a

collaboration between Avalon Bay and BRIDGE Housing as master co-developers, along with Mission Housing, Pacific Union Development Company (no longer part of the team, originally planned to build CCSF parking garage), and Habitat for Humanity of Greater San Francisco. Mission Housing is planned to develop future Building B outside of Phase 1 infrastructure.

In August 2020, the Board of Supervisors approved the Balboa Reservoir Development Agreement (“DA”), Balboa Reservoir Special Use District (“SUD”), General Plan Amendments, Zoning Map Amendments, and Design Guidelines. The DA was recorded on March 10, 2021.

The land was acquired by BRIDGE (as Master Developer) from the SFPUC on December 20, 2022, for \$11,400,000 for the roughly 16-acre site (SFPUC is retaining one acre of the site). The sale occurred using an exempt conveyance, where a final map is not recorded, to provide a partial exemption from transfer tax, and the affordable parcels were created via the exempt conveyance and a Notice of Special Restrictions entered into by BRIDGE on those parcels. Ultimately, the final map will need to be recorded to facilitate the sale of individual parcels for development and is planned to be recorded when the infrastructure Public Improvement Agreement (“PIA”) is approved by the Board of Supervisors in early 2025. BRIDGE and MOHCD started to meet with City agencies to finalize the Final Map and PIA in spring 2024.

Infrastructure work at the Site has been delayed since the market rate developer, Avalon, paused the project in January 2023 due to the downturn in market conditions for the townhomes that would have helped fund the horizontal work. After negotiations between the Sponsor, City agencies and MOHCD, it was decided to rephase infrastructure to prioritize the affordable parcels (Buildings E and A) to avoid losing HCD IIG and AHSC funding and move forward with the affordable buildings. The rephasing of the housing will decrease the IIG award amount by roughly \$6 million (from \$26 million to \$20 million). The Sponsor plans to obtain Board of Supervisors approval for the infrastructure loan in by no later than March 2025 and start work in May 2025. All documents related to the Final Map and PIA have been finalized, and the sponsor must pay all outstanding property taxes to obtain a tax certificate before BOS approval.

1.2. Phasing Map

Phase 1 Infrastructure begins at the intersection of Ocean Avenue and Mayor Edwin Lee Avenue and establishes a new vehicular and pedestrian access to the neighborhood. The extension of Lee Avenue travels northward, links the Reservoir neighborhood with City College and provides a dedicated bike lane that connects Ocean Avenue to Frida Kahlo Way at Diego Lane. The internal loop streets (Wisteria Land, Loquat, Lane, and Meyer Lane) are designed to calm traffic while also creating a safe environment for bicycles. Raised crossings at selected intersections and enhanced street lighting improve pedestrian safety by increasing visibility and reducing vehicular speed with passenger and commercial loading zones provided at all buildings. A full suite of upgraded public utilities are also provided within the right of way, as well as new utility connections that connect to a second location along Ocean Avenue. Once completed, the street and bicycle networks along with the public utilities will be dedicated back to the City through the City’s acceptance process.



Future Infrastructure includes street and sidewalk improvements for (2) private streets associated with Parcels G and B, Reservoir Park/Public Open space, San Ramon and Brighton Paseos, SFPUC Open Space, and a dog park.

2. BORROWER/GRANTEE PROFILE

The Borrower of this loan will be BHC Balboa Builders, LLC (“LLC”). The LLC’s sole member is BRIDGE Housing.

2.1. Development Team for Infrastructure

CMD provided the Sponsor the goal of 25% SBE for professional services and 25% for infrastructure construction. CMD agreed that these percentages can be spread across the contracting value for Infrastructure, and vertical Buildings E and A if absolutely necessary, however the Sponsor is still attempting to meet the 25% goal within each project. In partnership with CMD, the Sponsor issued a competitive Request for Proposals on October 18, 2024, for the Phase 1 GC construction contract. The project expects to receive a minimum of five competitive bids proposals by December 4, 2024, with bid leveling and interviews in January 2025, and a GC recommendation by February 2025.

Infrastructure Team			
Consultant Type	Name	SBE / LBE	Outstanding Procurement Issues
Civil Engineer	BKF		None
Landscape Architect	GLS	SBE/LBE	None
Joint Trench Consultant	Giacalone Design Services		None
General Contractor	TBD		Out to Bid
Owner's Rep/CM	TMI	SBE/LBE	None
Geotechnical	Rockridge		None
Legal	Lubin Olson		None
Master Plan Architect	VanMeter, Williams, Pollack	LBE	None
Surveyor/Mapping	Martin M Ron Associates Inc.		None
Environmental Consultant	SCS Engineers		None

3. SITE

3.1. Description

The 18-acre Balboa Reservoir site is located in the southwest quadrant of the city and is bordered by City College of San Francisco's Ocean Avenue campus to the east, multifamily housing and retail on Ocean Avenue to the south, the Westwood Park neighborhood to the west, and Archbishop Riordan High School to the north. The Site, currently used as a paid parking lot, is a large basin with a paved surface at the center and an approximately 30-foot-tall berm at the western edge. There are no permanent structures on the site. The SFPUC will retain a fee parcel located along the southern edge of the Site where water transmission pipelines are located. The opportunity for vehicle access to the site is limited to Lee Avenue and via a new street, Diego Lane, connecting to Frida Kahlo Way. There are multiple opportunities for pedestrian and bicycle connections to Ocean Avenue and to the City College campus. Connections to the west and north are limited. The termination of San Ramon Paseo provides an opportunity for pedestrian and bike connection from the Westwood Park neighborhood. The Riordan High School sports facilities to the north are fenced and currently not open to the public.

Infrastructure improvements will not only support the first two multi-family affordable residential projects, but also a future affordable project at Lot 2 (Building B), middle income educator housing at lot 5 (Building F), market rate multi-family housing at Lots 3 and 6, and future townhomes at lots 7 & 8, providing in total 1100 new units with 550 as affordable.

The following table summarizes the allocation of this Development Area:

Lot	Area SF	Area Acres	% of Site	Phase	Use
Lot 1 (Building A)	47,842	1.098	7%	I	Residential
Lot 2 (Building B)	29,794	0.684	4%	II	Mixed-Use
Lot 3 (Building C&D)	65,784	1.510	9%	II	Residential
Lot 4 (Building E)	33,240	0.763	5%	I	Mixed-Use
Lot 5 (Building F)	40,200	0.923	6%	II	Residential
Lot 6 (Building G)	74,231	1.704	10%	II	Residential
Lot 7 (Townhome)	55,381	1.271	8%	II	Residential
Lot 8 (Townhome)	101,084	2.321	14%	II	Residential
Lot D (Dog Park)	3,394	0.078	0%	II	Open Space
Lot E (Brighton Paseo)	10,000	0.230	1%	II	Open Space
Lot F (Private Street)	9,236	0.212	1%	I	Private Street
Lot G (San Ramon Paseo)	5,253	0.121	1%	II	Open Space
Lot H (Reservoir Park)	71,416	1.639	10%	II	Open Space
Lot I (Private Street)	10,561	0.242	1%	II	Private Street
Lot J (ROW)	157,220	3.609	22%	I	Public Right of
Total	714,636	16.405			
Phase I Total	247,538	5.682			
Phase II Total	467,098	10.723			

4. DEVELOPMENT PLAN

The project will redevelop the existing site, currently a parking lot and earthen berm, with significant infrastructure improvements. Five new streets—Lee Avenue, North Street, Upper North Street, West Street, and South Street—totaling 3,300 linear feet will be constructed with Right-of-Ways ranging from 54 to 72 feet. These streets will include landscaping, bike facilities, parking, curb ramps, mid-block crossings, traffic circles, bulb-outs, and stormwater treatment facilities. Two private drives, each 200 feet long, will also be added at the northwest and southwest corners of the site.

Utility upgrades will include new low-pressure water, separate storm drainage and sanitary sewer systems, and joint trench installations, with connections at Frida Kahlo Way and Ocean Avenue. Stormwater management will incorporate large detention pipes and storm drain structures, while power will be provided by PG&E.

Public street connections at Frida Kahlo Way and Ocean Avenue will include traffic signal work at Upper North Street and Frida Kahlo Way. Additionally, a parcel adjacent to the library will be redeveloped for a combined sewer tie-in. Within the internal block created by the new streets, there will be a 4.1-acre landscaped parcel, Building E (0.8 acres of affordable

housing), and Building A (1.1 acres of affordable housing in Phase 1). Remaining areas will be rough graded for future development.

4.1. Property Ownership Structure

The roughly 17-acre site land was acquired by BHC Balboa Builders, LLC (as Master Developer) from the SFPUC on December 20, 2022, for \$11,400,000 (SFPUC is retaining one acre of the site). The sale occurred using an exempt conveyance, in which the Final Map is not recorded, to provide a partial exemption from transfer tax. The affordable parcels were created via the exempt conveyance and a Notice of Special Restrictions entered into by BRIDGE on those parcels. Ultimately, the Final Map will be recorded to facilitate the sale of individual parcels for development and is planned to be recorded after Board of Supervisors approval in March 2025). BRIDGE and MOHCD began meeting with City agencies to finalize the Final Map and PIA in spring 2024. Upon construction start of each vertical building, BRIDGE will transfer the land for Building E and Building A to MOHCD and MOHCD will ground lease it back to the BRIDGE limited partnership entity for each vertical building.

4.2. Environmental Review

Rockridge Geotechnical Inc. performed a geotechnical investigation at the site and reported that the non-embankment portion of the site is underlain by the Colma Formation consisting of medium dense to very dense silty sand with occasional clay interbeds extending to at least 46 feet below ground surface (“bgs”). Rockridge also reported that the berm or embankment surrounding the site was composed of sand fill, presumably from on-site soils excavated from the interior of the site and re-worked to form the embankment. Rockridge reported the fill to be well-compacted and generally dense to very dense with liquefaction susceptibility very low. The investigation did not encounter free groundwater, and cited a 2010 geotechnical investigation performed by Fugro, Inc. for a development on Phelan Loop immediately southeast of the site which reportedly encountered groundwater in one boring at a depth of about 22 feet bgs but not in a second boring drilled to 40 feet bgs. Based on data from nearby fuel release cases, the depth to groundwater ranges from approximately 12 to over 40 feet bgs.

A site investigation as part of a required Site Mitigation Plan (“SMP”) did not identify the presence of significant residual chemicals in site soil vapor. Benzene was detected in one soil vapor probe location in the immediate vicinity of a trailer used to store motorcycles used for training, in excess of the recently revised residential land use Environmental Screening Level (“ESL”) value. At this location the project development will place approximately five feet of clean fill soil over the current ground surface to reduce the potential for benzene or other petroleum-based constituents to migrate into structures. Aside from these measures, the SMP does not warrant any further mitigation.

Arsenic was detected in each composite soil sample at concentrations above the residential land use ESL value, but well within the range considered to represent background conditions for alluvial soils in the San Francisco Bay Area. While

hexavalent chromium was detected in composite soil samples at concentrations slightly above a residential land use ESL value in three locations on the site, the values were below the ESL value used for construction worker protection. The soils evaluation identified limited presence of low levels of select constituents, all below corresponding residential land use ESL values. Although slightly more than residential ESL values in limited locations, the presence of hexavalent chromium concentrations in shallow site soils is not considered to be a risk to future site occupants. Site soils containing the limited suite of constituents noted above pose a low potential health risk that can be properly addressed as part of the Site Mitigation Plan.

Based on the identified site contaminants, the primary exposure pathways of concern are inhalation of dust from the subsurface, ingestion of soil particles, and dermal contact during excavation and soil handling activities. Worker notification and other risk management procedures will be implemented to reduce potential human exposures during construction activities. The GC will be responsible for establishing and maintaining proper health and safety procedures to minimize workers and public exposure to site contaminants during construction.

4.3. Permits, Planning Review and Approvals

The Balboa Reservoir Project received its master entitlements in March 2021, which included a DA between the Sponsor and the City and County of San Francisco. A Master Infrastructure Plan and a Design Standards and Guidelines document, which together provide high level plans of streets, utilities, building typologies and open spaces, were incorporated into the DA and master approvals. As part of the Master Approvals, the Balboa Reservoir Special Use District set forth provisions for land use, building envelope controls, and procedural requirements for phase and design review approval. A Phase Application was submitted with and approved with the DA. A revised Phasing Application to include Building A, and remove affordable project H, was approved in summer of 2024.

The Phase Application approval includes the following Affordable Housing Linkages:

Phase I (this Project)

- Developer responsible for Final Certificate of Occupancy ("FCO") for affordable projects E and F prior to Market Rate FCO. It is anticipated that the linkages (defined in the DA as payments or units provided by the Developer) between affordable project F and A will be revised.
- Townhome Development, Townhome parcel can satisfy its linkage requirements by paying an in lieu fee.

Phase II

- Affordable Parcel B must obtain FCO
- Reservoir Park must commence construction no later than FCO for Market Rate Units in Phase I
- A community room must be completed

- Public Parking as required by the DSG and DA, must be complete prior to issuance of FCO for any building in Phase II
- SFPUC Open space and Gateway Landscape must commence construction by issuance of FOC for Market Rate Units in Phase II
- Brighton and San Ramon Paseo must be complete prior to the issuance of FOC for parcel B

The infrastructure construction plans for Public Rights of Way (“PROWs”) and utilities are being reviewed and approved by the City through the Street Improvement Permit (“SIP”) application process facilitated by the Infrastructure Task Force (“ITF”) and OEWD. The 100% SIP was submitted in March 2024 for City review and is currently “approvable”, meaning it is significantly finished and approved with few changes remaining once final PGE design and updates from GC bidding and VE are complete. ITF does intake of these drawings and coordinates the review and comments by SFPW, Planning, SFMTA, SFPUC, Fire Department (“SFFD”), and Department of Technology. The Sponsor anticipates approval of the 100% Street Improvement Plans in Q1 2025.

4.4. Mapping

The Sponsor received Master Tentative Map #11177 approval on November 11, 2022, and is in the final negotiations with Public Works and the San Francisco City Attorney’s office to finalize the Final Map and ancillary documents. The Final Map package includes the following completed shoulder documents for Board of Supervisors approval:

1. Response to Tentative Map Conditions of Approval
2. Final Map Board of Supervisors Motion
3. Public Works Order
4. Public Improvement Agreement
5. Emergency Access Agreement
6. Public Utility Easement
7. Overland Flow Easement
8. Offer of Improvement
9. Offer of Dedication
10. Grant Deed

Project Sponsor anticipates that all Final Map approvals will be finalized in early December and allow for Board of Supervisors approval in Q1 2025 once taxes are paid.

4.5. Parking.

Balboa Reservoir is located in a transit-rich area, and served by nearby M-Ocean, K-Ingleside and J-Church MUNI light rail and MUNI bus lines 8, 8BX, 29, 43, 91, that operate on Ocean Avenue. Additionally, Balboa Park BART station is approximately 0.5 miles from the project site.

The Balboa Area Transportation Demand Management (“TDM”) Framework, as further defined by Balboa Reservoir Transit Oriented Development TDM, seeks to incentivize making trips by transit, walking or cycling. Balboa Reservoir will provide accessory parking at a maximum rate of 0.5 parking spaces per unit and will not exceed 450 parking spaces which represents the total number of parking spaces lost due to the development. These spaces can be incorporated in underground parking within buildings A, B, C, D, F and G. Building E has no parking, and Building A is currently planning for 78 total parking spaces with 30 allocated for public parking. In addition to the garage parking, the initial delivery of Infrastructure proposes 75 spaces of on street parking spaces.

4.6. Roads

The new network of streets incorporates San Francisco City standards of impervious asphalt over concrete. The ROW includes bicycle sharrows as well as dedicated bike lands, curb and gutter, sidewalks, on-street loading zones, street trees with grates, street and pedestrian lighting, corner bulb-outs with ramps and raised crosswalks, ornamental planters, as well as planters for storm water control, street furnishings (e.g. street signs, utility meter boxes, sewer traps/vents, fire hydrants, fire pull boxes, site benches, bike racks, irrigation control boxes and covers, bollards, etc.), underground utilities (including combined sewer system (CSS) with manholes & catch basins), domestic water, and joint trench (electrical/gas/telecommunications/street light conduit).

4.7. Open Space

The Phase 1 Project will not include open space, as the future park and open spaces will be delivered along with the market rate projects in Phase II. The infrastructure project does include mass and rough grading of all the project sites which will minimize the grading expense for these areas. Additionally, the project stormwater control design changed to allow the ROW to be self-treating, further reducing the stormwater requirements the future open spaces. This change will help control construction costs, and should allow for more area dedicated to public use, vs required for storm water control.

4.8. Market-Rate Parcels.

This phase will not include full grading or pad readiness for Balboa Reservoir market rate parcels but does include rough grading. This project will provide for all the necessary main line utility requirements for each future parcel, however project laterals will not be included, as these projects are not sufficiently designed to include with the infrastructure project. The list of market rate parcels includes Project C, Project D, Project G and the Townhome Parcels

4.9. Utilities to Parcels

Irrigation, domestic water, a separate storm water and sewer system, a combined sewer service, electrical, and telecommunications utilities will be installed to serve the individual parcels, with the following agencies providing design review and approval:

- SFPUC for irrigation, domestic water and AWSS, stormwater management, Combined Storm Sewer and Grading and Overland Release.
- PG&E for Electrical services. SFPUC will not provide permanent power for the project per a Power Release Letter dated November 22, 2024, which releases Buildings E and A to PG&E retail service.
- AT&T, Comcast and other providers for telecommunications;
- Department of Technology for emergency communications and City fiber installation; and
- SFPW, SFPW-Disability Access Coordinator (DAC), and MTA for road and sidewalk construction including accessible path of travel.

Utility connections will be typical and comply with utility company and City standards. The proposed utility connections and design are outlined in the 100% Street Improvement Plans under review by the City.

5. HORIZONTAL FINANCING PLAN

5.1. Horizontal Financing Narrative

The infrastructure costs for Phase 1 are funded by MOHCD gap funds, IIG, AHSC grants, and offsite improvements included in the Building E and Building A vertical budgets.

MOHCD Hard Loan

The proposed infrastructure loan totals \$35 million, with an interest rate of 5% and a term of 10 years plus two 5-year extensions (total 20 years). The loan is fully funded by MOHCD and will accrue interest until repayment.

Repayment of the infrastructure loan is secured against the townhome parcels. The Borrower intends to repay the loan through the sale of these parcels but may also utilize alternative financing methods, such as an EIFD, to meet repayment obligations. If proceeds from parcel sales are insufficient to fully cover the loan repayment, the Borrower may request forgiveness of any unpaid principal and/or accrued interest at the time of sale of which terms will be reflected in the Loan Agreement. This funding structure ensures flexibility for repayment while maintaining the necessary protections for MOHCD's investment.

IIG Funding

In December 2021, the Project was awarded \$26 million in Round 7 IIG funds for infrastructure for a phase including Buildings E, C, D and F. Infrastructure work at the site has been delayed since the market rate developer, Avalon, paused the project in January 2023. To prioritize the affordable parcels and keep the IIG award, a new IIG application was submitted that included Buildings E and A but would result in a lower

IIG award of \$20 million. HCD provided a new award letter for \$20,095,616 on November 6, 2024.

AHSC Funding

The AHSC grant awards for Buildings E and A include infrastructure work related to bike and pedestrian improvements that are included in the infrastructure scope. Building E includes \$2,954,301 and Building A includes \$1,503,999 for this work. Since these funds are paid on a reimbursement basis, BRIDGE will cover these costs included in the construction contract and will request disbursement from HCD directly during construction ideally on a quarterly basis.

Building E & Building A

The vertical budgets for Buildings E and A include basis-eligible onsite and offsite infrastructure improvement costs, with approximately \$11.2 million allocated to Building E and \$15.8 million to Building A, for a combined total of \$27 million. While this approach reduces the MOHCD infrastructure loan by shifting some costs from the infrastructure budget, it increases the total development costs for each affordable building, resulting in a corresponding increase in MOHCD housing funding.

These infrastructure costs are tax credit basis-eligible, which generates an additional \$4.1 million in equity for Building E and \$5.8 million for Building A, totaling \$9.9 million in additional tax credit equity (per MOHCD internal calculations). MOHCD considers this a beneficial strategy, as the additional equity reduces the amount of funding the City would otherwise need to provide.

However, despite this increase in equity, MOHCD is still funding the remaining \$16.9 million in infrastructure costs allocated to Buildings E and A. To offset this burden, MOHCD is proposing to allocate the \$20 million in IIG funding to these two buildings, ensuring the City’s financial contributions are balanced while maximizing the tax credit equity available for the project.

Sites	Infra Cost	Projected LIHTC Equity	City Funded
Building E	11,181,336	4,137,094	7,044,242
Building A	15,778,451	5,838,027	9,940,424
TOTAL	26,959,787	9,975,121	16,984,666

5.2. Horizontal Uses Evaluation

The Sponsor has based all infrastructure hard costs on consultations with the project’s construction manager, civil engineer, and a preliminary bid from Nibbi. To receive better hard cost pricing, the Sponsor went out to bid for GCs in October 2024, with RFP proposals due December 4, 2024, and anticipates selecting a GC by January 2025. The MOHCD infrastructure loan is structured as an up to amount currently and will be reduced if pricing

comes back lower than expected.

INFRASTRUCTURE DEVELOPMENT BUDGET		
Underwriting Standard	Meets Standard?	Notes
Hard Cost Contingency is at least 5% of total hard costs	Y	Hard cost contingencies are 5%.
Escalation amount is commensurate with time period until expected construction start, not to exceed 15%	Y	There is no escalation included since NTP is expected May 2025.
Construction Management Fees are within standards	N	CM costs are high at \$1.5M (\$6/sf). See below.
Developer Fee is within standards	N	MOHCD does not have an infrastructure fee policy. Developer fee is \$2.2M based on current infrastructure projects with similar size, scope, and risk. See Section 6: Horizontal Developer Fee.
Soft Cost Contingency is 10% per standards	Y	Soft cost contingency is 10% excluding developer fee.

- **Allowances & Alternates:** Based on Nibbi's estimate from July 2024, the hard cost budget is showing roughly \$1.2 million in allowances and \$2.4 million in add alternates. The project has undergone value engineering and negotiations of scope with City agencies, including paying \$2 million in in-lieu fees instead of installing AWSS which would cost the project \$6.6 million, netting \$4.6 million in savings.
- **Taxes:** Sponsor is showing \$2.4 million to cover supplemental taxes from 2022 through June 2026.
- **Unpaid invoices:** The Project has accrued \$1,086,059 in City unpaid invoices for work performed on Balboa Reservoir. These mostly include city staff time and review from OEWD, the City Attorney's Office, Public Works, SF Planning, SFPUC, SFMTA and SF Fire Department. On MOHCD's HOPE SF projects, city staff time is paid for through MOHCD managed workorders, and not part of the sponsor's budget. The City costs on Balboa Reservoir are in line with the HOPE SF sites.
- **BRIDGE Intercompany interest:** The Sponsor is showing \$150,000 in interest for Sponsor-paid expenses during construction.
- **Post-SIP Coordination:** The Sponsor is showing \$200,000. Additional design consulting by Civil and Landscape teams will be required to obtain SIP approval. Further coordination is needed to incorporate the final PG&E design and update drawings to reflect any GC bidding and value engineering (VE) changes. MOHCD and the Sponsor expect this by March 2025.
- **Special Inspections:** The Sponsor is showing \$350,000. Department of Public Works will be responsible for this scope and the Sponsor provided this rough estimate. DPW will provide more accurate costs at construction start.

- **PG&E Design and Contingency:** Sponsor is showing \$1.2M in PG&E design (including contract costs and consulting fees) and \$600K for contingency. Construction costs for PG&E are incorporated into the construction hard cost budget.
- **Construction Management Fee:** The Sponsor recently procured Townsend Management Inc. (“TMI”) for infrastructure construction management work in September 2024 until project completion. The total amount is high at \$1.5 million. MOHCD directed the Sponsor to enter into an hourly rate with a \$1.5 million not-to-exceed contract.

MOHCD approved the construction management selection despite the cost exceeding MOHCD's underwriting guidelines because the guidelines do not fully account for the complexities of infrastructure projects. Infrastructure construction is a highly technical and specialized field, and the pool of construction management firms with expertise in San Francisco infrastructure is limited. TMI is a highly qualified firm with an excellent reputation in this niche area. They proposed a strong team to oversee the Balboa Reservoir infrastructure and bring valuable experience from managing Sunnydale Phase 3, another MOHCD-funded infrastructure project.

5.3. Construction Supervisor and Additional Hard Cost Analysis

Early in 2024 it was determined that BRIDGE could not move forward on the infrastructure of Balboa Reservoir due to lack of market rate sales and the current market conditions. MOHCD worked with Bridge/Avalon to evaluate the hard costs, but ultimately declined to fund the project until the project lowered costs and went through a public bidding process with CMD. The development team onboarded a construction manager experienced in civil construction and the Bridge team issued a hard bid RFP in October. To expedite procurement, the Sponsor used a hard bid approach where contractors “bring the entire team” rather than MOHCD’s traditional GC procurement, then subcontractor procurement. This is the second time in recent history a MOHCD project pursued a hard bid approach, the first being at Sunnydale HOPE SF, another infrastructure project that started work in September 2024.

Balboa Reservoir Phase 1 will be the second largest MOHCD infrastructure project with respect to street area, at 3.609 acres. The significant amount of street area being built is more expensive than rough graded areas because of the utilities and paving required. It is difficult to compare infrastructure projects of different sizes, terrain and unique conditions, which is why the hard cost comparison is only one small tool to be used in hard cost evaluation of infrastructure projects. These hard costs will be updated and reviewed again in January when the updated bids are evaluated.

The Sponsor is finishing the final SIP with City agencies and has negotiated major changes to the project to improve the financial feasibility. For example, the Reservoir project removed AWSS from the project due to the significant cost (\$6.7M), lack of immediate usage onsite, and negotiated with SFFD to pay an in-lieu fee of \$1 million. The final challenge the project is working on is completing the Stormwater Control Plan (SCP), which has been through numerous iterations and uniquely supports the SCP of Building E.

Additional considerations for the infrastructure project include the removal of geothermal wells. The CM is currently holding \$250k to complete the abandonment of the geothermal wells, but the final work has not been approved by DPH. The Ocean Avenue tie in/manhole installation is also an area of potential added cost. The drawings currently reflect installation of a manhole between Muni rails, which would

require significant coordination and off hour work to achieve. The design team is working with PUC to explore an alternative option.

Access to the site and minimizing the impacts to the City College of San Francisco (CCSF) to the east and Riordan School to the north will be critical for the contractor. The contractor will have utility work near the adjacent CCSF construction sites and will have to sequence work to avoid conflicts with other crews. The south access point is next to a Whole Foods loading dock, so the access to site will require planning . The west side is a steep berm that follows a single-family neighborhood.

6. HORIZONTAL DEVELOPER FEE

Although MOHCD does not have an infrastructure developer fee policy, the developer fee proposed is roughly based on the developer fee allowed for Sunnydale Phase 3, the most recent infrastructure project of similar size and scope, and is roughly equivalent to a vertical project. Given infrastructure phases require significant project management and specialized expertise, MOHCD supports the request for \$2.2 million in fee.

Developer Fee Disbursement for Balboa Reservoir Phase 1 Infrastructure		
Payment Milestone	% of Project Mgmt. Fee	Amount
Construction Commencement	25%	\$550,000
50% Completion of Phase	15%	\$330,000
SFPW Notice of Completion	45%	\$990,000
BOS Acceptance	15%	\$330,000
Total Developer Fee	100%	\$2,200,000

7. STAFF RECOMMENDATIONS

7.1. Proposed loan terms: Please refer to Infrastructure Loan Term Sheet in Attachment D.

Term	Details
Loan Amount	Up to \$35,000,000
Interest Rate	5%
Loan Term	10-year initial term, with two optional 5-year extensions, for a maximum term of 20 years
Infrastructure Loan Funding	Fully funded by MOHCD, accruing interest at 5%.
Loan Fee	1% of the total loan set at construction closing and payable to MOHCD at construction closing
IIG Funds	Added to the housing loan at 0% interest.
Security	Non-recourse loan secured by townhome, and future EIFD proceeds.
Subordination	Subordination only to the San Francisco Public Utilities Commission (SFPUC) related to their seller carry-back note. Agreement to be negotiated with SFPUC prior to construction closing.

Repayment Requirements	Secured against townhome and market-rate parcels. Borrower intends to repay the infrastructure loan through parcel sales but may use alternative financing (e.g., EIFD).
Forgiveness Option	At the time of parcel sales, Borrower may request forgiveness of unpaid principal and/or accrued interest if sale proceeds are insufficient to meet repayment obligations.

7.2. Loan Conditions:

1. Sponsor must provide MOHCD with detailed monthly updates via the HOPE SF monthly report.
2. Sponsor will continue to contain costs and if updated cost estimates come in below what is approved by Loan Committee the loan amount will be reduced and/or any unused funds will be returned to MOHCD.
 - To verify all development costs, MOHCD will require GC schedule of values, consultant contracts, insurance quotes, fee breakouts, and any additional supporting documentation to evaluate and confirm the accuracy of the costs.
3. Sponsor and MOHCD will work with DPW to compare infrastructure hard costs with comparable Public Works and Caltrans projects before construction start.
4. MOHCD will provide up to \$5 million in predevelopment funding to cover eligible infrastructure development costs, including infrastructure predevelopment expenses, the pay-off of sponsor loans and notes related to predevelopment expenses, and fees associated with permits or other City participation. Reimbursement of infrastructure predevelopment costs will require prior MOHCD approval.
 - Before releasing any predevelopment funds, MOHCD must approve the current infrastructure budget. Additionally, all contracts must be submitted to MOHCD for approval before funding is released for the associated expense, vendor, or consultant.
 - Before releasing any predevelopment funds MOHCD will also require an approved plan and timeline for paying all owed property taxes in order to secure a tax certification.
5. Infrastructure costs will be funded through multiple sources, including a MOHCD infrastructure loan, IIG funding, Building E, Building A, and AHSC funding. The Sponsor must maintain clear and separate accounting records for all costs associated with each funding source.
6. Before closing construction financing:
 - The Sponsor must provide a detailed summary outlining how infrastructure costs are allocated to Buildings E and A. Additionally, the Sponsor must submit tax opinion letters confirming that these allocations comply with tax credit laws and regulations and that the full costs will be basis-eligible for their respective projects.

- The Sponsor must obtain full Site Improvement Plan (SIP) and stormwater approvals, obtain MOHCD approval of the construction contract and all related exhibits, comply with bond and insurance requirements per MOHCD standards, and execute a Public Improvement Agreement (PIA).
 - The Sponsor must submit the final infrastructure budget, execute a stipulated sum construction contract, and execute a Memorandum of Agreement (MOA) in lieu of a bond.
 - The Sponsor must provide evidence of other project funding, including but not limited to HCD IIG and AHSC sources. The City will enter into a Standard Agreement with HCD for IIG funding, and Building E AHSC Standard Agreement will be executed. The Sponsor must also confirm acceptance of the Building E tax credit award.
 - The Sponsor must comply with MOHCD insurance and bonding requirements, including maintaining coverage for general liability, property, environmental risks, builder's risk, and any other policies deemed necessary. Bonding may also be required based on project risk. Additionally, the borrower must adhere to all terms outlined in the Public Improvement Agreement (PIA).
 - The Sponsor must agree to a MOHCD-approved process for evaluating and allowing partial forgiveness of loan principal and/or interest.
7. MOHCD reserves the right to unencumber the construction portion of the loan funds, as well as any unspent predevelopment funds, if the Sponsor fails to meet construction conditions and the construction portion of the loan has not closed by July 1, 2025.
 8. A portion of the developer fee will be contingent on adequate staffing by the Sponsor through the infrastructure construction period until City Acceptance. The Sponsor must maintain a Senior Project Manager with ongoing executive support through the construction period through City Acceptance. Any changes to assigned staff or personnel must receive prior approval from MOHCD. The amount of developer fee contingent on this staffing will be determined in the Loan Agreement.
 9. MOHCD must approve any and all changes from the infrastructure Project scope prior to redesign.
 10. Please refer to the Balboa Reservoir Infrastructure Loan Term Sheet for all terms and conditions associated with this loan commitment.

8. LOAN COMMITTEE

8.1. Modifications

8.2. Recommendations

Balboa Reservoir
Phase 1 Infrastructure Gap Loan

December 13, 2024
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Approval indicates approval with modifications, when so determined by the Committee.

☒ APPROVE ☐ DISAPPROVE ☐ TAKE NO ACTION

DocuSigned by:
Daniel Adams
E09C20545F78457...
Daniel Adams, Director
Mayor's Office of Housing and Community Development

Date: 12/13/2024 | 11:26 AM PST

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:
Salvador Menjivar
4471E0DF5946486...
Salvador Menjivar, Director of Housing
Homelessness and Supportive Housing

Date: 12/13/2024 | 1:24 PM PST

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:
Marc Slutzkin
712ADC1A618C472...
Marc Slutzkin on behalf of Thor Kaslofsky,
Executive Director
Office of Community Investment and Infrastructure

Date: 12/13/2024 | 11:27 AM PST

☒ APPROVE. ☐ DISAPPROVE. ☐ TAKE NO ACTION.

DocuSigned by:
Vishal Trivedi
63D9B405CF594FF...
Vishal Trivedi on behalf of Anna Van Degna,
Director
Controller's Office of Public Finance

Date: 12/13/2024 | 11:25 AM PST

ATTACHMENTS

- A. Project Milestones and Schedule
- B. Borrower Org Chart
- C. Infrastructure Development Budget
- D. Loan Term Sheet

Attachment A: Project Milestones and Schedule

Phase 1 Horizontal	
Task	Complete
Phase Application Approval	June 2024
CM Selected	August 2024
GC Selected	January 2025
Loan Committee approval	December 2024
60% SIP submitted	July 2022
90% SIP submitted.	July 2024
100% SIP submitted	October 2024
100% SIP approved	January 2025
BOS approval of Final Map (including shoulder documents)	January 2025
Final Map recorded for this phase	February 2025
BOS and Mayor Approval of loan, funds disbursed	March 2025
Final GMP and sign construction contract	March 2025
Phase 1 Infra NTP	April 2025
Building E NTP	May 2025
Building A NTP	December 2025
Phase 1 Infra NOC	October 2026
City Acceptance	February 2027

Balboa Reservoir
Phase 1 Infrastructure Gap Loan

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Attachment B: Borrower Org Chart

Balboa Reservoir
Phase 1 Infrastructure Gap Loan

December 13, 2024
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Attachment C: Infrastructure Development Budget

	Total
HARD COSTS	
Phase I Infrastructure (Hard Costs)	\$45,019,833
Hard Cost Contingency (5%)	\$2,250,991.64
Hard Cost Subtotal:	\$47,270,824

SOFT COSTS

Architecture & Engineering

Landscape Architect	\$31,000
Civil Engineering	\$287,900
Civil Engineering Subconsultants	\$266,000
Post SIP Coordination	\$200,000
Design CA (Civil+Landscape)	\$200,000
Subtotal	\$984,900

Other Consultants

Martin Ron Survey/Map	\$41,000
Construction Manager	\$1,500,000
Geotech	\$125,000
Special Inspections	\$350,000
Qualified SWPPP Practitioner	\$35,000
Subtotal	\$2,051,000

Permits and Fees

ITF Review/Plan Check	\$500,000
City Processing Fee	\$300,000
PG&E Application	\$10,000
Check PG&E Design Costs	\$1,202,761
PG&E Contingency	\$601,381
AWSS In lieu Fee	\$1,000,000
Check Permits and Fees	\$3,601,587
Taxes	\$2,362,635
Subtotal	\$9,578,363

Legal

Legal Final Map	\$150,000
Legal Transactions	\$150,000
Legal PLA	\$100,000
Legal Construction Closing	\$150,000
Subtotal	\$550,000

Title and Recording		
Title and Recording (turn over to PUC)		\$20,000
	Subtotal	\$20,000
Insurance		
Construction Insurance		\$100,000
Insurance and site safety		\$500,000
	Subtotal	\$600,000
Other		
BRIDGE Intercompany Interest (7%)		\$150,000
Developer Fee		\$2,200,000
	Subtotal	\$2,350,000
Soft Cost Contingency (10%)		\$1,393,426
Soft Cost Subtotal:		\$17,527,690
UNPAID INVOICES		
Unpaid Invoices		1,086,058.98
TOTAL INFRASTRUCTURE BUDGET		65,884,573.08

Balboa Reservoir
Phase 1 Infrastructure Gap Loan

December 13, 2024
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Attachment E: Balboa Reservoir Infrastructure Loan Term Sheet

Balboa Reservoir Infrastructure Loan Term Sheet

Term	Description
Lender	City and County of San Francisco, acting through the Mayor's Office of Housing and Community Development (MOHCD)
Borrower	Bridge Housing Corporation or any related entity
Loan Purpose	To finance infrastructure improvements supporting housing developments, including streets, sidewalks, underground infrastructure, storm drain, utilities, landscaping, and other infrastructure.
Loan Amount	Up to \$35 million in City funding
Interest Rate	City Loan: Based on a 15-year municipal bond rate plus 125 BPS spread; currently estimated at 5.00% (based on a 3.75% base yield and 125 bps). Rate to be locked one week prior to Loan Committee approval.
Loan Term/Maturity	City Loan: 10-year initial term, with two optional 5-year extensions, for a maximum term of 20 years
Extension Option	The borrower holds the right to exercise two separate 5-year extension options, allowing the loan term to be extended up to a maximum total of 20 years, subject to the conditions specified in the loan agreement.
Loan Fee	1% of the total loan set at construction closing and payable to MOHCD at construction closing
Repayment Terms	Interest accrues over the term of the loan and is due at maturity (10 years or upon extension up to 20 years). Repayment required, secured against townhome parcels. Borrower intends to repay infrastructure loan through the sale of townhome parcels, but may meet repayment obligations through the term of the loan through alternative means such as leveraging additional infrastructure financing (e.g. EIFD);
Prepayment Terms	The Borrower may prepay the outstanding principal and any accrued interest or make a partial paydown of the outstanding principal and interest, at any time during the term of the loan without penalty, additional cost, or fees. All prepayments shall be applied first to any accrued interest and then to the outstanding principal balance.
Loan Forgiveness Option	At the time of sale or refinancing of parcels, the Borrower may request forgiveness of unpaid principal and/or accrued interest if sale proceeds are insufficient to meet repayment obligations, subject to approval by MOHCD.
Security	Secured by townhome parcels.
Non-Recourse	Non-recourse loan, with the lender's recourse limited to the secured property

Subordination	Subordination only to the San Francisco Public Utilities Commission (SFPUC) related to their seller carry-back note. Agreement to be negotiated with SFPUC.
Additional Financing Restrictions:	Other than the SFPUC loan, no other loans or liens may be recorded on the remaining parcels or site without prior approval from MOHCD. Any approved additional financing must be subordinate to the MOHCD loan and include a subordination agreement acceptable to MOHCD, ensuring the priority of this loan over any subsequent liens or encumbrances.
Disbursement Terms	<ul style="list-style-type: none"> - Up to \$5 million can be drawn for infrastructure predevelopment expenses, pay-off of sponsor loans and notes related to predevelopment expenses, and fees related to permits or other City participation. - Remaining funds will be available on a draw down basis once all construction closing conditions have been met. All payment requests must be reviewed and approved by MOHCD.
Conditions Precedent to Disbursement	All conditions precedent, including expense documentation, budget alignment, and necessary permit approvals, must be met before each disbursement. MOHCD reserves the right to pause disbursements if additional funding is required to maintain project budget.
Monthly Reporting and Compliance Requirements	The Borrower must provide monthly progress reports on project costs, scope, schedule, and any issues that may impact the project timeline. Reports must align with MOHCD reporting standards to ensure consistent updates on financial and construction progress.
Retention Requirement	MOHCD will retain 10% of loan amount until the infrastructure completion to ensure compliance with project requirements and satisfactory progress toward completion.
Governmental Approvals	The Borrower must comply with all applicable governmental regulations and secure necessary approvals. Compliance with local SIP and stormwater requirements and adherence to environmental mitigation measures is required before major milestones.
Other financing	IIG and AHSC funding
IIG Loan Terms	The \$20,095,616 loan is offered at 0% interest allocated to Buildings A and E.
MOHCD Loan Committee	All loan terms require final approval by Loan Committee.
Legislative Approval.	Board of Supervisors (BOS) approval by resolution (required for loans of \$10 million or more).
Closing Conditions	<ul style="list-style-type: none"> - Compliance with all MOHCD closing conditions - SIP (Site Improvement Plan) and stormwater approvals - Construction contract approval and related exhibits

	<ul style="list-style-type: none"> - Bond/insurance requirements per MOHCD standards - Public Improvement Agreement (PIA). <p>Detailed infrastructure budget submission</p> <ul style="list-style-type: none"> - Execution of a stipulated sum contract for construction - Memorandum of Agreement (MOA) in lieu of bond - Evidence of other project funding including but not limited to HCD IIG, AHSC. - Building acceptance of Building E tax credit award - Tax opinion letters for Building E & A for the infrastructure that those specific projects will be absorbing - Additional conditions may be added at the time of Loan Committee.
Covenants	<ul style="list-style-type: none"> - Completion Covenant: Requires the Borrower to complete all infrastructure improvements by a specified date. - Maintenance Covenant: Obligates the Borrower to maintain the infrastructure to city standards for the duration of the loan. - Monthly Reporting Requirements: Mandates the Borrower to provide regular updates on project costs, scope, schedule, and issues, aligned with MOHCD reporting standards. - Financial Covenants: Includes conditions like maintaining project balance, approving budget changes, and controlling costs. - Insurance and Bonding: Requires the Borrower to comply with insurance and bonding standards set by MOHCD, covering liability and construction risks
Collateral	Future revenue streams, including proceeds from the sale, refinancing, or other monetization of townhomes and EIFD.
Events of Default	<ul style="list-style-type: none"> - Failure to make timely payments at maturity - Non-completion of project within specified timeline - Misuse of loan proceeds or material changes to project scope without lender approval
Remedies	Upon default, MOHCD may enforce the lien on project assets, require immediate repayment, or take over project operations as a last resort

Insurance and Bonding	<ul style="list-style-type: none">- The Borrower must comply with MOHCD insurance and bonding requirements, including coverage for general liability, property, environmental risks, builder's risk, and other necessary policies. Bonding may be required based on project risk. Borrower must also comply with all terms in the Public Improvement Agreement (PIA).
Fees and Expenses	MOHCD to approve all Borrower fees and expenses associated with loan closing paid by the City loan.
Other Conditions	<ul style="list-style-type: none">- Borrower must comply with all applicable local hiring, wage, and labor requirements- Compliance of all applicable local, state, or federal environmental compliance and mitigation measures
Conditions of Loan Term Sheets	<ul style="list-style-type: none">- MOHCD reserves the right to terminate the term sheet or unencumber the loan funds if construction conditions are not met, and the construction portion of the loan has not closed by July 1, 2025.- All terms outlined in this term sheet are subject to change.

CHECKLIST FOR MOHCD AUTHORIZATION TO ISSUE Notice to Proceed (“NTP Checklist”)

Form to be managed by the MOHCD Construction Representative

PROPERTY ADDRESS:

PROJECT NAME:

OWNER/DEVELOPER / Primary Point of Contact & Email: /

CONTRACTOR / Primary Point of Contact & Email: /

ARCHITECT / Primary Point of Contact & Email: /

OWNER’S REP (CM/OR):

MOHCD PROJECT MANAGER:

MOHCD CONSTRUCTION REP:

PROJECTED START DATE:

RECV’d	ACCEPTED/COMMENTS	DOCUMENT
ALL PROJECTS (Vertical and Infrastructure)		
		1. Contract Set of Plans (Electronic)
		2. Project Manual (Specifications) In searchable electronic format
		3. Construction Contract form + Exhibits. At minimum: <ul style="list-style-type: none"> - Contract - Sub bid matrix - Self-performing work (approved by lender) - Early retention release & deposit scope, if needed - Schedule of values - Clarification & assumptions - Allowances and alternates - Detailed construction schedule - Critical path construction schedule - GC QA/QA plan with material testing, QA inspections, work acceptance and punch list protocols.
		4. GC Liability Insurance, Workers Comp & Auto Certificates (cite CCSF as additional insured).
		5. Payment and Performance Bonds
		6. CHECK Suspension & Debarment https://sf.gov/resource/2022/suspended-and-debarred-contractors
		7. Permit Ready Confirmation – Permit set approved (including Addenda schedule, if applicable)
		8. PGE/PUC Application Status (Water, Streetlights, Temp Power, Perm Power)
		9. Dust Control Plan (when applicable) →If ADMP required, confirmation the MOHCD reporting process has been received and designated project member identified.
		10. Storm Water Plan for Construction (SWPPP)

		11. Workforce Hiring Plans (Local Hire, First Source & Section 3 as applicable) - Must outline contractual workforce expectations and how these expectations will be met
		12. Owner Insurance – Incl. Pollution Liability (where applicable)
		13. MOHCD DIR LCP Registration GC Questionnaire, incl. subcontractor list, \$ Amounts & % of contract for SBE/LBE Compliance (1 wk prior to NTP)
		14. Pre-Construction Mtg HELD (Wage and Labor Compliance) + date
		15. Pre-Con Crack and Settlement Survey (where applicable) If not completing a survey, provide <i>photos of existing conditions and where the project meets existing conditions</i>
		16. Value Engineering Log with final approved and rejected items.
INFRASTRUCTURE ONLY		
		17. Pre-construction Walk held with local SFFD Fire Marshal and local SFPD. Provide minutes from walk including date, attendance log, concerns from participants, and outcomes
		18. Overall Site Logistics and Coordination Plan. Must include the following at minimum <u>in coordination with Building E and A</u> : - Site lighting - Pedestrian walkways - Gates to access project with distinct identification (ex. Gate 1, Gate 2, etc.) - Parking being removed & traffic modifications - Fencing - Fire hydrants - Adjacent transit stops - Adjacent sensitive sites (ex. Schools, community centers, active driveways etc.) - Signage - Site setup and laydown area - Temporary Utilities - Sequencing of subcontractor trades - Phasing plans as needed
		19. Emergency procedures and contacts in case of emergency, community concerns and for emergency incident communication
		20. General project and city directory including: - Name - Department/company - Contact information - Role on Project

		- Identify key staff from each department/company
		21. Confirmation utility demolition and installation is on track. Provide status of applications to PUC and/or PGE (electric/gas) and PUC (water/ sewer/streetlight/ electric) - Include the date applications were submitted and if there were any site walks completed. Include mtg minutes and list of attendees.
		22. Pad Readiness Certification Process – Defined process for vertical GC to accept pad.
		23. License Agreement with SFPUC approving of Access Easements
		24. Approved SIP and stormwater control plan (SCP).
Financial Close – Infrastructure only		
		25. Executed Legal Agreements - MOHCD loan agreement and note signed - Public Improvement Agreement (PIA) fully executed - Memorandum or Agreement (MOA) in lieu of bond submitted
		26. Board and Map Approvals - BOS approval of loan and final map - Final map recorded with supporting documents
		27. Budget and Documentation - MOHCD approves final infrastructure budget - Infra only: All consultant, engineering contracts - Documentation of unpaid invoices (City reviews, OEWD, etc).
		28. Insurance and Bonding - Final insurance complies with MOHCD and City Risk Manager standards - Bonding compliant with PIA and risk profile
		29. Funding Commitments and Evidence - Standard agreements for IIG and AHSC (E&A). - Tax credit award confirmation for Building E - Full sources and uses for Buildings E and A submitted
		30. Tax Opinion Letters - Confirming infrastructure allocations are tax credit basis- eligible
		31. Developer Fee Conditions - A portion of fee held contingent on staffing and project performance - Payment tied to milestone completion (NTP, 50% completion, NOC, BOS acceptance)
		32. Property Tax Certificate - Confirmation that all property taxes are paid
		33. Loan Fee Payment

2025.04.24

		- 1% loan fee paid at construction closing
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AUTHORIZATION TO ISSUE NOTICE TO PROCEED:

MOHCD Project Manager	Date	MOHCD Construction Rep	Date
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