

Project Description
Multifamily Securities Program
City and County of San Francisco

Sunnydale HOPE SF Block 3A

Overview

The funds described in the “Financing Structure” section below will be used to finance the development of Sunnydale HOPE SF Block 3A, an 80-unit affordable multifamily housing project to be located on the 1500 Block of Sunnydale Avenue; San Francisco, CA 94134 or Sunnydale HOPE SF Final Map 11040 Lot 3 (the “Project”).

Upon completion, the Project will feature an early childhood education center, a health and wellness center, Mercy Housing California’s centralized Sunnydale customer service office, and retail. Total project costs, including the cost to acquire the land and construct the new building, will be approximately \$97,213,580 or \$1,215,170 unit per dwelling unit.

The residential unit distribution, which will include one three-bedroom superintendent unit, is:

| <u>Unit Type</u> | <u>Number of Units</u> |
|------------------|------------------------|
| Studio | 4 |
| 1-Bedroom | 24 |
| 2-Bedroom | 28 |
| 3-Bedroom | 16 |
| 4-Bedroom | 8 |
| Total | 80 |

Approximately 75 percent of the residential units will serve households earning less than 50 percent of the San Francisco County Area Median Income (SF AMI), while the balance of units will serve households earning approximately less than 80 percent of SFAMI/60 percent of TCAC AMI.

Residents

The Project requires the temporary relocation of Sunnydale public housing households. San Francisco Housing Authority will assist impacted households in relocating temporarily to vacant rehabbed units elsewhere within the Sunnydale public housing site or permanently to other SFHA-subsidized affordable housing within San Francisco on a voluntary basis. All households will be noticed and provided relocation assistance per URA, CRAL, and the Sunnydale HOPE SF Relocation Plan.

Site Description and Scope of Work

Address: 1500 Block of Sunnydale Avenue
San Francisco, CA 94134

Block/Lot: 6311/013 (Sunnydale HOPE SF Final Map 11040 Lot 3)

Property amenities will include:

- On-site property management and resident services
- Common area with kitchen
- Private resident-only courtyard on the second floor
- Laundry rooms on every floor plus in-unit washer/dryers in 3-bedroom and 4-bedroom units
- 0.75 parking ratio and 1:1 bike storage

Development and Management Team

Project Sponsors: The Related Companies of California &
Mercy Housing California
General Contractor: Baines/Nibbi
Architect of Record: David Baker Architects
Property Manager: Mercy Housing Management Group

Project Ownership Structure

Borrower Entity: Sunnydale Block 3A Housing Partners, L.P.
Administrative GP: Related/Sunnydale Block 3A Development Co., LLC
Managing GP: Mercy Transformation, LLC

An investor limited partner will own a 99.99% interest in the borrower entity.

Financing Structure

The following sources of capital financing are expected to be utilized:

- tax-exempt bonds issued by the City;
- 4% low income housing tax credits (LIHTC);
- a conventional first mortgage;
- soft debt from the City;
- HCD AHSC; and
- Deferred developer fee.

The sale of LIHTC will generate equity financing for the Project. The amount of private activity tax-exempt bonds used during construction will be sized specifically to meet the 50% of aggregate basis test required for the LIHTC.

Schedule

Financing is anticipated to close in spring 2023, with construction commencing within 10 days of closing. All construction is scheduled to be completed by spring 2025.

Narrative Description of Project Sponsor Experience

The Project Sponsors/Developers are The Related Companies of California ("Related") and Mercy Housing California ("Mercy"). Together, the two firms are co-Master Developers of the

Sunnydale public housing revitalization effort in which this Project will be its fourth 100% affordable housing development. Together, Related and Mercy have achieved the following work at Sunnydale: development and leased up of Casala and 290 Malosi affordable housing developments, completion of infrastructure improvements, and predevelopment and design work for Block 3B, Block 7, and Block 9.

Related is a fully integrated real estate development firm with 30 years of experience. Related has developed 122 LIHTC-financed projects, and all were completed on time and on budget. In San Francisco, the majority of their developments are primarily Type V/I and Type III/I urban infill projects. Related has collaborated with almost all of the most qualified architects and general contractors specializing in this product type in the region. Related owns close to 13,500 affordable units in operations plus 5,200 affordable units under construction or in predevelopment. Related serves extremely low- and low-income households in family properties, senior properties, and properties with permanent supportive housing.

As the largest non-profit owner of affordable housing in the United States, Mercy Housing brings together real estate development, resident services, and property management under a single, mission-aligned organization. Mercy Housing, Inc. owns and provides property management (through Mercy Housing Management Group-MHMG) to more than 23,000 units of affordable housing and currently serves more than 50,000 people on any given day. Mercy Housing California (MHC) is the California affiliate of MHI. Throughout the state, MHC has successfully completed development of 10,389 affordable rental units. Of the rental housing developed, approximately 52% has been for families, 32% for seniors, and 16% supportive housing. In addition, MHC has nearly 6,000 units in the development pipeline from feasibility through construction with a team of 38 development staff members to support the process. MHC has a strong presence in San Francisco reflected in its 33 housing developments, including four family and senior properties in the Visitacion Valley neighborhood and two completed properties in Sunnydale thus far.