

Project Description
Multifamily Securities Program
City and County of San Francisco

South Park Scattered Sites
Sponsor: Mission Housing Development Corporation

Overview

The funds described in the “Financing Structure” section below will be used by Mission Housing Development Corporation (MHDC) to finance the acquisition and rehabilitation/development of South Park Scattered Sites a 107-unit affordable multifamily housing project located at 22, 102, and 106 South Park Street, San Francisco, CA, 94107, in the City and County of San Francisco (the “Project”).

These three Single Room Occupancy (SRO) buildings are located within a block of each other on South Park Street in the South of Market neighborhood (SoMA)—Hotel Madrid (22 S. Park), The Park View (102 S. Park) and the Gran Oriente (106 S. Park) (referred to as “South Park Scattered Sites”). In total, the buildings are comprised of 107 units and two commercial spaces.

Park View and Hotel Madrid house formerly homeless and very low-income single adults. Mission Housing purchased the Parkview and Hotel Madrid in 1982 and conducted light rehabs using City and State funding in 1987, 1996, and 1999. MHDC acquired the Gran Oriente through the Small Sites Program (SSP) in June 2018 in order to prevent the imminent risk of displacement of the primarily low-income residents and preserve the building as permanently affordable housing.

In April 2019, MHDC intends to convert its current Mod Rehab SRO subsidies currently in place on the Hotel Madrid and the Park View units into more generous Section 8 subsidies as allowed by the Rental Assistance Demonstration Program (RAD); the project will then be able to leverage tax credits and tax exempt debt and undertake a major rehabilitation of all three buildings, currently projected to begin in October 2019.

The proposed permanent financing also includes the use of MOHCD’s new Preservation and Seismic Safety (“PASS” or “2016 Prop C”) funds as the residential mortgage. The current scope of work for the proposed rehabilitation will likely include: 1) the complete reconfiguration of the interior of Gran Oriente to achieve habitability and accessibility for the residential units, and, 2) rehabilitation of all three buildings, including seismic strengthening, plumbing and HVAC system replacements, electrical upgrades, and fire protection improvements.

Following rehabilitation, the Project will include approximately 32,049 square feet of gross floor area, comprised of 24,399 square feet of residential area and 8,650 square feet of non-residential area. Non-residential spaces will include: Total Commercial Area: 2,505 square feet (22 South Park 1,486 sf and 102 South Park 1,019 sf); Other Area 6,145 square feet: Circulation, Stairs, Hallways, Utility Rooms, Storage.

Total estimate total project costs, including the cost to acquire the land and rehabilitate existing buildings, will be approximately \$49,371,735 or \$461,418 per dwelling unit.

The residential unit distribution, which will include one (1) 2-Bedroom Manager unit is:

<u>Unit type</u>	<u>Number of units</u>
Studio/SRO	106
1-Bedroom	0
2-Bedroom	0
3-Bedroom	0
4-Bedroom	0

One hundred percent (100%) of the residential units will serve households earning less than 60% of the San Francisco County Area Median Income (AMI).

Residents

No residents will be displaced as all residents will have the right to return after any temporary relocation that might be required.

Temporary tenant offsite relocation of up to one year will be necessary for the six households living at Gran Oriente due to the need to reconfigure the interior of the building. At this time, MHDC's initial assessment is that the repairs to Hotel Madrid and Park View will require tenants to leave their units for no more than 2-3 days, depending on the extent of repairs needed. MHDC will set up a hospitality room for tenants that have to vacate their room for a few hours, or will relocate tenants on a case-by-case basis depending on the scope of work performed on their unit. Additionally, MHDC plans to rehab Gran Oriente first so that Hotel Madrid and Park View tenants can temporarily relocate to Gran Oriente on a rotating basis, depending on the development schedule.

Site Description and Scope of Work

Address: 22, 102, 106 South Park Street San Francisco, CA 94107
 Block/Lot: 3775/048, 3775/057, 3775/058

The scope of work for the rehabilitation will include:

106 South Park (Gran Oriente):

- Create an interior corridor and courtyard for natural light and air.
- Add four ADA units on the first floor with an access ramp or lift.
- Seismic strengthening
- Bringing fire alarm and protection systems up to code
- Upgrading mechanical, electrical, and plumbing systems
- Exterior and interior painting
- New roof and drainage system

Scope of work for 22 South Park (Hotel Madrid) and 102 South Park (Park View):

- Improve building systems
- Improve common areas
- Improve units
- Incorporate durable and low-maintenance fixtures
- Seismic strengthening
- Upgrade mechanical, electrical and plumbing systems
- Repair solar hot water system

- Create ADA accessible entries
- Replace roofs
- Evaluate stability of fire escapes, replace fire escape windows and window hardware
- Install energy efficient lighting
- Exterior and interior paint

Development and Management Team

Project Sponsor: Mission Housing Development Corporation¹
 General Contractor: TBD
 Architect of Record: Levy Design Partners
 Property Manager: Caritas Management Corporation

Project Ownership Structure

Borrower Entity: MHDC South Park Properties LP
 Managing General Partner: Mission Housing Development Corporation

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);
- seller carryback financing from Mission Housing Development Corporation;
- Sponsor Perm Loan (MHDC);
- AHP;
- Prop C first mortgage;
- GP Equity;
- Income from Operations;
- Property Reserves;
- Deferred Developer Fee; and
- soft debt from the City.

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 by no later than October 30, 2019, with construction commencing within no later than 60 days closing. All construction is scheduled to be completed by April 30, 2021.

¹ See Addendum 1 for a narrative description of the Sponsor's experience with similar projects, and Addendum 2 for the Sponsor's resume.

Tenants from 106 South Park are expected to be temporarily relocated for approximately 52 weeks during Phase 1 of the rehabilitation.

Tenants from 22 and 102 South Park are expected to be temporarily relocated for up to one (1) week during Phase 2 of the rehabilitation.

Addendum 1: MOHCD Application for Program Financing

Narrative Description of Project Sponsor Experience

Since 1976, MHDC has owned and developed 35 projects totaling over 1600 units of affordable housing serving over 3,000 low-income residents including families, seniors, and persons with special needs. MHDC's developments include 14 new construction projects, 17 acquisition and rehab projects, and 12 scattered site developments. MHDC has also assisted local non-profit social service providers to develop 6 additional sites with 88 units of affordable housing for persons with special needs.

MHDC provides on-going support services for all of its residents through its Resident Services Programs Department, which ensure that residents have access to a wide range of community services and resources. The provision of various interconnected services to at-risk families and special needs populations has enabled MHDC to support residents living within their buildings by stabilizing their housing, maximizing their human potential, and achieving greater self-determination and self-sufficiency.

MHDC's experience as developer, owner and services provider of its properties continue to allow MHDC to successfully house its residents and create innovative partnerships with other community-based institutions to enriched residents' living environments while strengthening the existing fabric of the Mission District neighborhood and other neighborhoods in the City of San Francisco.

Recent relevant experience includes:

	Name/Location	Status / Year Completed	Total Units
1	Valencia Gardens RAD (Phase 1)	Rehab completed in 2017	260
2	Scattered Sites ENP NOFA; various locations in Mission District and SOMA	Rehab work currently near completion	44

Michael Chao leads MHDC's real estate team, and has been in his role for four years. The department is staffed with two full-time project managers and one assistant project developer. Gail McGuire will lead project management on South Park Scattered Sites, with support from Michael Chao. Gail will assemble and coordinate predevelopment funding and day-to-day tasks including working with the architect, general contractor, lenders, financial consultant (CHPC); manage internal cross-departmental communication and decision making within MHDC

including working with resident services and property management on tenant relations and relocation; build the development team; manage schedules and budgets; and interface with MOHCD. Michael Chao will negotiate with the tax credit investor and provide general project oversight and input. Gail will spend 60% of her time on this project, and Michael will spend 20%.

Addendum 2: Project Sponsor Resume

Since 1976, MHDC has owned and developed 35 projects totaling over 1600 units of affordable housing serving over 3,000 low-income residents including families, seniors, and persons with special needs. MHDC's developments include 14 new construction projects, 17 acquisition and rehab projects, and 12 scattered site developments. MHDC has also assisted local non-profit social service providers to develop 6 additional sites with 88 units of affordable housing for persons with special needs.

MHDC provides on-going support services for all of its residents through its Resident Services Programs Department, which ensure that residents have access to a wide range of community services and resources. MHDC's Resident Services Programs service delivery philosophy includes working in collaboration to create and maintain a safe and stable housing community, and to ensure that residents have access to as many services that are available both on-site and off-site. The provision of various interconnected services to at-risk families and special needs populations has enabled MHDC to support residents living within their buildings by stabilizing their housing, maximizing their human potential, and achieving greater self-determination and self-sufficiency.

MHDC's experience as developer, owner, property manager, and services provider of its properties continue to allow MHDC to successfully house its residents and create innovative partnerships with other community-based institutions to enriched residents' living environments while strengthening the existing fabric of the Mission District neighborhood and other neighborhoods in the City of San Francisco.

Project Developer, Gail McGuire Gail joined Mission Housing in 2017. Prior to that, Gail worked at EAH, EBALDC and Conley Consulting Group (a real estate economics firm). Gail has a BA from Dartmouth College, an MBA in Real Estate and Land Use Economics from University of Wisconsin-Madison, and a Masters in Real Estate Development from USC. Gail has managed the development of 1,000 units of affordable housing including Lion Creek Crossings, a HOPE VI multi-phase/multi-building development with ground floor supportive services including childcare and staffed computer lab in Oakland, CA, and various multifamily rehab and new construction projects in Honolulu and Kahului, Maui. Gail was involved in all aspects of development. At least 60% of Gail's time will be spent on South Park Scattered Sites.

Director of Housing Development, Michael Chao Mr. Chao has over 15 years of real estate development experience, and joined Mission Housing Corporation in early 2015. Most recently, Mr. Chao spent the past 6 years as a Project Manager at Community Housing Partnership where he was involved in all aspects of development for several new construction supportive housing projects serving solely formerly homeless adults, seniors and families. Mr. Chao's supportive housing development projects include Rene Cazenave Apartments, an eight-story concrete-frame structure with ground floor retail providing 120 units for formerly homeless individuals, and Zygmundt Arendt House, a three-story wood-frame structure over concrete podium providing 47 units for formerly homeless seniors. Mr. Chao has also worked for several other non-profits as well as for-profit housing development firms in the Bay Area, and has developed both affordable and market rate projects including acquisition/rehabs, Type I and Type V new construction, and single-family homes. Mr. Chao attended UC Santa Cruz, and majored in Environmental Studies and Economics. 20% of Michael's time will be spent on South Park Scattered Sites.

Addendum 3: Development Budgets

See attached.