

May 9, 2016

**City and County of San Francisco  
Multifamily Housing Revenue Bond Program  
Project Description**

*Parcel O*

**Overview**

The funds described in the “Financing Structure” section below will be used to finance the development of a new affordable rental housing project located at 455 Fell Street in San Francisco’s Hayes Valley neighborhood (the “Project”). The Project, commonly known as “Parcel O,” will consist of 108 affordable family rental units, ranging in size from one to three bedrooms for families earning maximum incomes between \$21,400 and \$55,000. The Project is located in the largest remaining Central Freeway site and will help achieve the goal of creating a diverse, green, pedestrian-oriented neighborhood.

The Project will include approximately 111,121 square feet of gross floor area, including 1,200 square feet of retail space on the ground floor. Residents will have access to community rooms, as well as landscaped gardens and play areas, from the courtyard.

Total project costs will be nearly \$62 million or \$574,000 per dwelling unit.

The residential unit distribution, which will include a single 2-bedroom manager’s unit, is:

<u>Unit type</u>	<u>Number of units</u>
Studio	1
1-Bedroom	57
2-Bedroom	42
3-Bedroom	8

All of the residential units will serve households earning less than 60 percent of the San Francisco County Area Median Income (“AMI”).

**Description of residents**

No residents will be displaced as the site is currently a vacant lot.

**Site Description and Scope of Work**

Address: 455 Fell Street, San Francisco, California 94107  
Block/Lot: 0831/024

Proposed amenities include:

- two residential units specifically designed and marketed for family day care providers;
- commercial space designed for a small local grocer;

- a community garden with programs coordinated by Community Grows;
- office space for supportive services provided by Mercy Housing California, San Francisco Housing Development Corporation, and Episcopal Community Services;
- bicycle storage for each household;
- a workshop for tenants; and
- a 3,780 square-foot courtyard with a publicly-accessible mid-block passage.

### **Development and Management Team**

Project Sponsors:	Mercy Housing California (“MHC”) and San Francisco Housing Development Corporation (“SFHDC”)
General Contractor:	Cahill Contractors, Inc.
Architect of Record:	LMS + PTA, a joint venture
Property Manager:	Mercy Housing Management Group, a Mercy Housing affiliate

### **Project Ownership Structure**

Borrower Entity:	455 Fell, L.P.
Managing General Partner:	Mercy Housing Calwest, a California nonprofit public benefit corporation controlled by Mercy Housing California
Co-General Partner:	SFHDC Hayes Valley LLC

An investor member will own a 99.99% member interest in the ownership entity. Any required guaranties will be provided by Mercy Housing, Inc.

### **Financing Structure**

The following sources of capital financing will be utilized:

- tax-exempt bonds issued by the City and County of San Francisco;
- 4% federal Low Income Housing Tax Credits (“LIHTC”);
- Permanent financing from the Mayor’s Office of Housing and Community Development;
- San Francisco Federal Home Loan Bank Affordable Housing Program funding; and
- Affordable Housing and Sustainable Communities funding from the California Department of Housing and Community Development.

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. The calculation of tax credits utilizes a 30% basis boost as the U.S. Department of Housing and Urban Development has designated San Francisco County a “difficult development area.”

### **Schedule**

Financing is anticipated to close in January 2017, with construction commencing within 90 days of closing. All construction is scheduled to be completed by September 2018.