

Project Description
Multifamily Securities Program
City and County of San Francisco

Sunnydale HOPE SF Block 3B

Overview

The funds described in the “Financing Structure” section below will be used to finance the development of Sunnydale HOPE SF Block 3B, a 90-unit affordable multifamily housing project to be located on the 1500 Block of Sunnydale Avenue; San Francisco, CA 94134 or Sunnydale HOPE SF Tentative Map 9537 Lot 4 (the “Project”).

Upon completion, the Project will include approximately 130,000 square feet of gross floor area, comprised 126,600 square feet of residential area and 3,400 square feet of non-residential area. Non-residential spaces will include approximately 7 micro-unit retail or office spaces.

Total project costs, including the cost to acquire the land and construct the new building, will be approximately \$89,338,800 or \$992,700/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 | 26 |
| 2-Bedroom | 35 |
| 3-Bedroom | 25 |
| Total | 90 |

Please note that the building design is still in process and the residential unit distribution is subject to change. About 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 SF AMI/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: Sunnydale HOPE SF Temporary Map 9537, Lot 4

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 3BD & 4BD units
- 0.75 parking ratio & 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 3B Housing Partners, L.P.
 Administrative GP: Related/Sunnydale Block 3B 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;
- HCD IIG; 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 around June 2022, with construction commencing within 10 days closing. All construction is scheduled to be completed by June 2024.

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 third 100% affordable housing development. Related is a fully integrated real estate development firm with 30 years of experience. It has completed and currently operates over 12,000 LIHTC affordable housing units throughout California. Mercy has developed and currently operates more than 9,000 homes throughout California serving lower income families, seniors, and people who have experienced homelessness. Mercy also provides robust resident

service coordination to its residents in addition to property management through its affiliate, Mercy Housing Management Group.