

Project Description
Multifamily Securities Program
City and County of San Francisco

1064–68 Mission Permanent Supportive Housing

Overview

The funds described in the “Financing Structure” section below will be used to finance the new construction of 1064-68 Mission Street Permanent Supportive Housing, a 258-unit affordable multifamily housing project to be located at 1064 Mission Street, 94103 in the City and County of San Francisco (the "Project"). The Project will contain two separate residential complexes, one with 103 units for seniors plus one resident manager unit and one with 153 units for adults plus one resident manager unit. The Project will be owned and operated by the Borrower.

Upon completion, the Project will include approximately 156,931 square feet of gross floor area, comprised of 150,931 square feet of residential area and 6,000 square feet of non-residential area. Non-residential spaces will include a culinary training program for formerly homeless and homeless persons.

Total project costs, including the cost to acquire the land and construct new buildings, will be approximately \$143,593,930, or \$556,656 per dwelling unit.

The residential unit distribution, which will include 2 1-bedroom superintendent unit[s], is:

<u>Unit type</u>	<u>Number of units</u>
Studio	256
1-Bedroom	2
2-Bedroom	0
3-Bedroom	0
4-Bedroom	0

99 percent of the residential units will serve households earning less than 50 percent of the San Francisco County Area Median Income (AMI), while the balance of units will serve 2 resident staff.

Residents

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

Site Description and Scope of Work

Address: 1064-1068 Mission Street, San Francisco, CA 94103
Block/Lot: Block 3703/Lots 40 and 84

Property amenities will include:

- Lounges with TV and computers
- Wifi throughout the building
- Social services offices
- Laundry rooms
- Programmable activity rooms

- Community Rooms
- Landscaped courtyards
- Community Open Space
- Computer stations
- Property management offices and In Home Support Services staff office space

Development and Management Team

Project Sponsor[s]: Mercy Housing California and
 Episcopal Community Services of San Francisco
 General Contractor: Cahill Contractors LLC.
 Architect of Record: Herman Coliver Locus Architecture
 Property Manager: Caritas Management Corporation.

Project Ownership Structure

Borrower Entity: 1064 Mission, L.P., a California limited partnership
 Co General Partners: Mercy Housing 1064 Mission LLC, a Ca LLC and
 1064 Mission LLC, a Ca LLC
 Managing Members of the LLCs:
 Mercy Housing Calwest, a CA non profit public benefit corp
 ECS Housing Corporation, a CA non profit public benefit corp

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;
- equity generated from the syndication of 4% low income housing tax credits (LIHTC);
- General Partner contribution
- FHLB – Affordable housing program forgivable debt
- 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 between January 1st 2020 and January 15th, 2020, with construction commencing within approximately 10 days after closing. All construction is scheduled to be completed by early August 2021.

There are currently no residential tenants. The site is a parking lot.

Narrative Description of Project Sponsor Experience

The Developer is comprised of Episcopal Community Services of San Francisco (“ECS”) as Lead Developer and Mercy Housing California (“Mercy”) as Co-Developer.

ECS will be the co-developer, lead service provider and eventual sole managing general partner and asset manager of the Mission Street developments. With 35 years’ experience serving homeless people in San Francisco, ECS recognized early that shelter was not sufficient. In 1990, the organization committed to develop the first new construction supportive housing facility in San Francisco. On land owned by ECS, its Canon Kip Community House opened in 1994, as home to 103 formerly homeless single adult tenants. ECS followed by acquiring land for the development of 47 units of family housing at Canon Barcus in 2002 and then 134 units at Bishop Swing Community House which it opened in 2009. Its master-leased developments and its service provision at MHC sites extend ECS’s current reach to 1,200 tenants at 11 supportive housing sites. ECS’s continuum of shelter, supportive housing, rapid rehousing, and services make it a leader in the community’s efforts to end homelessness. In the past two years, its work has been recognized by the Board of Supervisors (Certificate of Honor for commitment to people experiencing homelessness, 2017); the California Department of Rehabilitation (Certificate of Appreciation for continued motivation of clients, 2017); the SF Business Times (nomination of ECS’s CFO for CFO of the Year Award, 2017); and the MHA-SF (MHSA Achievement in Recovery Award to CHEFS, 2016).

ECS’s financial and administrative capacity also ensure its ability to develop and open two new supportive housing developments simultaneously, and continue to operate and serve its tenants successfully. This is evidenced by ECS’s budget growth from \$20 million to \$33 million in the past four years, with \$27.2 million in FY18 grants from five City agencies, plus additional State and federal pass-through dollars and annually receiving clean audits both from its independent auditor (financial) and the City (financial and programmatic). Further, ECS opened the 1st Navigation Center within 28 days of receiving its notification of selection from the City and within three days established a harsh weather “pop-up” shelter in the basement of Next Door shelter for 50 additional overnight residents in 2017 and 2016, as well as managed an emergency shelter at the Gene Friend Recreation Center (at 6th and Folsom Streets) during a December storm within three hours of the City’s request.

Mercy will be ECS’s development partner and co-developer of this project. This partnership builds upon a relationship that has been forged over the past 20 years with the organizations partnering on many developments in different capacities. MHC was development consultant on ECS’s Canon Barcus Community House (from 2000-2004), and the two organizations are working currently on the re-syndication and major rehab of Canon Kip Community House. Further, ECS acts as service provider, providing intensive case management, at both Mercy’s 1180 4th Street (family housing with 50 units for formerly homeless families) and Rose Hotel (permanent supportive housing for single adults.)

Mercy has developed over 50 properties in San Francisco over the past 35 years. Many of these properties were the result of strong affordable housing expertise, commitment & perseverance to combine unique financing sources to create innovative housing models. Mercy’s most senior housing development staff comprised of Barbara Gualco, Ramie Dare, Sharon Christen and Tim Dunn have over 80 combined years of affordable housing development experience in San Francisco. Sharon Christen led the Mission Creek Senior Community development which was the first affordable senior development in San Francisco that worked with the DPH referral program to house frail, homeless seniors. Mercy was able to obtain both MHP housing dollars as well as their community facilities funding for the adult day health center and

navigate HCD to obtain the housing preference for over 1/3 of the units. A more recent example of an innovative housing model is the recently completed Bill Sorro Community. Mercy was able to obtain TOD funding from HCD and very last of the HUD 811 capital funding with the goal of leveraging as much financing as possible to reduce the per unit City contribution on a very small complex site. The Section 811 and associated Project Rental Assistance Contract rental subsidies allow 14 of the units to serve a very underserved developmentally disabled population.

Both ECS and MHC has extensive experience developing permanent supportive housing, new construction, infill projects with constrained budgets and complex financing structures including projects in the immediate mid Market/SOMA neighborhood.