

Project Description
Multifamily Securities Program
City and County of San Francisco

Transbay Block 2 East Family

Overview

The funds described in the “Financing Structure” section below will be used to finance the development of Transbay Block 2 Family, a 184-unit affordable multifamily housing project located at 200 Folsom Street, in the City and County of San Francisco, 94105 (the “Project”).

Upon completion, the Project will include approximately 200,000 square feet of gross floor area, comprised of 192,000 square feet of residential area and 8,000 square feet of non-residential area. Non-residential spaces will include a childcare center and retail spaces.

Total residential project costs, including the cost to acquire the land and construct the new building, will be approximately \$189,038,828, or \$1,027,385 per dwelling unit.

The residential unit distribution, which will include one 1-bedroom and one 2-bedroom superintendent unit, is:

<u>Unit type</u>	<u>Number of units</u>
Studio	17
1-Bedroom	76
2-Bedroom	54
3-Bedroom	37

100 percent of the residential units will serve households earning less than 80 percent of the San Francisco County Area Median Income (AMI). In the event of subsidy loss, the maximum rents would be 60% of TCAC AMI.

Residents

No residents will be displaced as the site has no residential units.

Site Description and Scope of Work

Address: 200 Folsom Street, San Francisco, CA 94105
Block/Lot: 3739-017

Property amenities will include:

- Community and multipurpose rooms
- Roof deck
- Laundry
- Dog washing station
- Services offices

Development and Management Team

Project Sponsor:	Mercy Housing California
General Contractor:	Swinerton Rubecon Joint Venture
Architect of Record:	Kennerly Architecture and Planning
Property Manager:	Mercy Housing Management Group

Project Ownership Structure

Borrower Entity:	Transbay 2 Family, L.P.
Managing General Partner:	Transbay 2 Family, 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);
- California Department of Housing and Community Development Affordable Housing and Sustainable Communities program loan; and
- soft debt from the Office of Community Investment and Infrastructure.

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 May or early June 2024, with construction commencing within a few days closing. All construction is scheduled to be completed by Summer 2026.

Narrative Description of Project Sponsor Experience

Founded by the Sisters of Mercy in 1981, Mercy Housing, Inc. (“MHI”) is a national nonprofit affordable housing development, management, and resident services organization headquartered in Denver, Colorado. The Mission of Mercy Housing, Inc. and all its subsidiaries, including Mercy Housing California (“MHC”), is to create stable, vibrant and healthy communities by developing, financing and operating affordable, program-enriched housing for families, seniors and people with special needs who lack the economic resources to access quality, safe housing opportunities. MHI is recognized as a national leader in maintaining and increasing the country’s affordable housing stock. MHI builds and acquires affordable housing through five Regional Development Corporations based in California, Georgia, Illinois and Washington. MHI 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.

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 is one of the largest affordable housing developers in the State of California in terms of staff, capacity, annual budget, and units constructed. MHC is also a leader in an integrated, mission-based approach that couple the delivery of customized resident and community service enrichments with quality development, management, and maintenance to create healthy communities. MHC's developments generally can be categorized as serving Family, Senior, and/or Special Needs residents, the latter often meaning formerly homeless and/or disabled individuals or families. More and more, developments are mixed income and mixed population, meaning that residents with a wide variety of income are often incorporated, and special needs residents are often integrated into more traditional family and senior developments to create holistic communities that serve the needs of all residents better than each could be served alone. Incorporating a special needs component within a larger multifamily development not only accomplishes MHC's mission, but it widens the array of funding sources available for a given development, and generally increases competitiveness for funding sources.