# Project Description

Multifamily Securities Program
City and County of San Francisco

**SFHA Scattered Sites**

## Overview

The funds described in the "Financing Structure" section below will be used to finance the acquisition and rehabilitation of the SFHA Scattered Sites, a 70 -unit affordable multifamily housing project located at 4101 Noriega 94122, 363 Noe 94114, 200 Randolph/409 Head 94132, 2206-2268 Great Highway 94116, 1353-1367 Eddy 94115 in the City and County of San Francisco (the "Project"). The project consists of 5 small sites located in 4 different neighborhoods across San Francisco.

Following rehabilitation, the Project will include approximately 68,915 square feet of gross floor area, comprised of 68,915 square feet of residential area and 0 square feet of non-residential area.

Total project costs, including the cost to acquire the land and rehabilitate existing buildings, will be approximately $77,486,343, or $1,122,990 per dwelling unit.

The residential unit distribution, which will include 3 of superintendent units (1 each of 1 BR, 2 BR & 3 BR), is:

| Unit type | Number of units |
|---|---|
| Studio | 19 |
| 1-Bedroom | 2 |
| 2-Bedroom | 17 |
| 3-Bedroom | 27 |
| 4-Bedroom | 4 |

100% percent of the residential units will serve households earning less than 80 percent of the San Francisco County Area Median Income (AMI), while the balance of units will serve households earning less than 50% percent of AMI. Furthermore, the majority of existing households at all 5 sites have incomes that are within the 30% AMI range.

## Residents

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

## Site Description and Scope of Work

Address: 4101 Noriega 94122, 363 Noe 94114, 200 Randolph/409 Head 94132, 2206-2268 Great Highway 94116, 1353-1367 Eddy 94115
Block/Lot: Noriega: 2085/01, Noe: 3564/070, Great Highway: 2301/006, Randolph: 7089/ 49, Eddy: 0748/016, 016A, 016B, 016C

The scope of work for the rehabilitation will include:
-Structural improvements, including foundation, stair, deck, and fire escape improvements;

-Building envelope improvements, including panting, re-roofing, and addressing dry rot;
-MEP improvements, including furnace and boiler replacement, updating of lighting fixtures, GFCI and other electrical systems improvements, fire safety improvements, and water supply and sewer improvements; and
-Interior improvements, including new kitchen cabinets and countertops, new flooring and painting throughout, appliance upgrades where needed, site flatwork and site ADA improvements, and minor community room improvements.

**Development and Management Team**

| | |
|---|---|
| Project Sponsor[s]: | Mission Housing Development Corporation (MHDC) |
| General Contractor: | Guzman Construction Group |
| Architect of Record: | Levy Design Partners |
| Property Manager: | Caritas Management |

**Project Ownership Structure**

| | |
|---|---|
| Borrower Entity: | Yet to be formed limited partnership |
| [Managing General Partner/ Managing Member]: | 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 San Francisco Housing Authority
- a conventional first mortgage; and

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 at the end of 2021, with construction commencing within 180 days closing. All construction is scheduled to be completed by March 2023

**Narrative Description of Project Sponsor Experience**

SFHA executed a Public Housing Authority Recovery and Sustainability (PHARS) Agreement and Corrective Action Plan with the United States Department of Housing and Urban Development (HUD) on July 7, 2017. The PHARS Agreement and Corrective Action Plan require SFHA to dispose of or convert its remaining public housing portfolio by the end of June 2021.

On March 15, 2018, SFHA issued a Request for Qualifications (RFQ) for the rehabilitation and transfer of ownership of the Scattered Sites to an affordable housing developer to convert the public housing units to project based vouchers, recapitalize the project, and rehabilitate and manage all five sites. SFHA held pre-bid meetings, site walks, and released RFQ addenda. The RFQ submission deadline was extended several times, and the final responses were due July 20, 2018. Two development teams responded to the RFQ.

On September 18, 2018, SFHA selected MHDC to develop the Scattered Sites. MHDC's proposed development team includes Caritas Management Corporation (property manager), MHDC (services provider), and Levy Design Partners (architect). SFHA began negotiating with MHDC to enter into an Exclusive Negotiating Rights Agreement (ENRA). The ENRA was approved by the SFHA Commission on November 21, 2019.

Simultaneously, SFHA initially submitted a Section 18 Demolition and Disposition application to HUD for the Scattered Sites project on February 2, 2018. HUD discontinued processing on April 17, 2018, due to SFHA requesting placement of the application in a pending status. SFHA resubmitted the application on September 28, 2018. Supplemental information was received through April 16, 2019, and HUD approved the Section 18 application on May 8, 2019.

The conversion of the Scattered Sites out of public housing is also a high priority of the Mayor of San Francisco and MOHCD, and it aligns with the Mayor's SFHA Reenvisioning initiative. MOHCD has provided, and will continue to provide, technical assistance to facilitate the rehabilitation of the Scattered Sites. This assistance includes project management, construction management, and services support. Additionally, to support the project, MOHCD committed to providing below market rate pre-development financing and has the flexibility to provide gap financing if necessary for project feasibility.