



mercy HOUSING

CALIFORNIA NEWS

INSIDE:

DEVELOPER SPOTLIGHT

Erika Villablanca

PAGE 6

DOUBLING DOWN ON

Veteran Housing

PAGE 9

BUILDING BOOM

THE REAL ESTATE ISSUE

LETTER FROM PRESIDENT DOUG SHOEMAKER



As any Californian can attest, our state's housing shortage may be worse than at any time since the Gold Rush. As the 49ers experienced it, newcomers to our state are drawn by the amazing economic opportunities in California as well

as more difficult conditions in the communities that they are leaving.

California enjoys one of the fastest-growing economies in the world, which has contributed disproportionately to our well-publicized housing shortage and homelessness crisis. Nonetheless, more people keep coming as investment in new businesses continues. California receives over 60% of all venture capital in the country and has the highest rates of unsheltered people experiencing homelessness in the nation.

In order to keep pace with this demand, elected officials and developers like Mercy Housing and an unprecedented number of private businesses are focused on trying to increase housing production. Major corporations like Kaiser, Facebook, and Google have announced big housing investments. Governor Newsom and the California Legislature have pushed forward much-needed investment and policy change at the state level. At the local level, voters have approved \$3.7 billion in affordable housing funds since 2015 and San Francisco has placed another \$600 million bond on the ballot.

As one of the leaders of the affordable housing community, Mercy Housing has a unique role to play and we are rising to the challenge in several ways:

- We have adopted a new real estate plan aimed at increasing our production by 50% over the next five years.
- We are piloting new technologies like modular housing and mass timber aimed at lowering costs and speeding up the timelines for development.
- To address the homelessness crisis, we are building and protecting 710 permanent supportive housing apartments in 8 communities by 2024.
- In response to the Senior Tsunami of retiring baby boomers, we are building and/or preserving over 1,000 affordable homes in 11 communities.

Of course, Mercy Housing cannot solve the affordable housing shortage on our own, but there are many other committed nonprofit and for-profit developers working to increase their production as well. Collectively we are poised to make a major difference over the next few years. As always, we will need your support as advocates in your communities, businesses, and houses of worship to spread the word that together we can make a difference.

Thanks again for your support,

A handwritten signature in blue ink that reads "Doug".

Doug Shoemaker
President, Mercy Housing California



▲ In 2018, Mercy Housing California and project partners celebrated the groundbreaking of Colma Veterans Village, a community for 66 formerly homeless veterans.

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Pride and Hope For the Future

Ford Fish joined the Mercy Housing California (MHC) Board of Directors in 2015. He was the chair of MHC's Real Estate Committee during a time of unprecedented growth for Mercy Housing California. A San Francisco native, Ford has 40 years of experience in real estate and construction project management. Ford tells us why he is so passionate about affordable housing:

"My career heading real estate and construction for global corporations has taken me all over the world and I have worked in 30 countries, but no place is as close to my heart as San Francisco where I was born and raised. I have seen extraordinary change in San Francisco, the Bay Area, and our country; change that causes me great concern.

"Lack of affordable housing is a major contributor to our declining quality of life, growing despair, and inequality."

— FORD FISH

I was raised by a single mother who was a secretary for the San Francisco Board of Education

and received a modest salary. We lived a good life in several neighborhoods in San Francisco and my mother had no trouble renting a nice flat and providing me a good life. I went to public schools and graduated from University of San Francisco. Growing up, the parks and streets were my safe playground.

Socioeconomic conditions have changed dramatically and the childhood I experienced no longer exists. Lack of affordable housing is a major contributor to our declining quality of life, growing despair, and inequality. I joined Mercy Housing California four years ago because Mercy is working hard to help people in need to have a home and support services.

I have experienced many proud moments at Mercy Housing but the greatest of all is meeting the residents who move into our homes and see the relief and pride on their faces. To hear our residents' stories of how their lives changed from desperation to joy with solid plans for a better future for themselves and their families gives me great



Mercy Housing California Board Member Ford Fish

pride and hope for the future.

I am particularly excited about our project to rebuild Sunnydale, a neighborhood located in San Francisco's Visitacion Valley where we are replacing over 700 units of World War II housing with over 1,700 units of new housing with a community center for the neighborhood and support services that help everyone succeed. Sunnydale is a diverse community with over 800 children who deserve the same opportunities I had to succeed and build a better life for themselves and their families. Children are our future and how we treat each and every one of them is a measure of our society.

I often hear from people that they want to help but don't know where to start. I tell them it starts with helping one person find a home and that is Mercy Housing's mission." ♦

FOCUS ON SAN DIEGO COUNTY

Expanding in San Diego

After a decade-plus hiatus, Mercy Housing has launched a significant expansion in San Diego County. We are now on track to build and preserve 807 homes in five distinct communities. MHC's decision to refocus on San Diego results from some unique partnership opportunities.

One such partner is Community Housing Works (CHW), one of the leading nonprofit developers in San Diego. Mercy Housing had previously developed Mercy Gardens, which was completed in 2005. Several years ago, CHW reached out to see if the two organizations could collaborate to preserve two critical senior buildings in National City (San Diego County). After a lengthy public process, MHC and CHW were selected to acquire Morgan and Kimball Towers. As part of the acquisition, CHW is leading the renovation of the 304 apartment homes and Mercy Housing will be the operational lead for services and property management.

Preservation was also the motivation for our second partner, The Diocese of San Diego, which approached Mercy Housing for a major renovation of three affordable communities for

seniors. Cathedral Plaza, the largest of the three, is a 16-story, 223-unit tower located in Downtown San Diego. Also in the city of San Diego is Guadalupe Plaza, an 11-story, 126-unit tower in the City Heights neighborhood. The third community, St. John's Plaza, is a three-story, 100-unit complex in the City of Lemon Grove, just east of San Diego. Construction is scheduled to commence on all three communities by the end of 2020.

Last but not least, we are also hard at work with a new partner, Villa de Vida Inc., a nonprofit founded in response to the growing demand for permanent housing for adults with intellectual and developmental disabilities (IDD). As the majority of these adults are under the care of aging parents, long-term affordable housing is a critical issue for the IDD community. Back in 2015, one of these parents approached Mercy Housing as a partner for a development in Poway. Several years later, our partnership broke ground on 54 apartments in the summer of 2019. One hundred percent of the apartments in this community will be for individuals with developmental disabilities. 💙



VILLA DE VIDA



DEVELOPER SPOTLIGHT ERIKA VILLABLANCA

ASSOCIATE DIRECTOR OF REAL ESTATE

Born in a small town in Nicaragua, Erika, her mother, and siblings were forced to flee their home country after the outbreak of civil war in the 1970s. Her mother was fearful that her two teenage sons would be taken by the government or by the rebels to fight in the conflict. The family flew to Los Angeles with only their clothes and a few personal possessions, hoping they would be able to return to Nicaragua in a few months when the situation had stabilized. But the civil war

dragged on for years, and the Villablanca family remained in Los Angeles.

Erika and her family faced many of the same challenges experienced by immigrants and refugees today: the need to learn English quickly; difficulty finding living-wage employment; and lack of safe and affordable housing. Their family of five went from living in a comfortable house to a small cramped studio apartment. At times, there were as many as nine



or 10 people living there when other family members arrived in the U.S. The apartment had numerous problems, but the family did not complain, fearing their landlord would raise the rent or try to evict them for overcrowding.

Her mother placed a high value on education and encouraged her children to study hard. Despite living in an increasingly rough neighborhood with major gang activity, Erika was determined to excel in school. She graduated from high school and went on to study Political Economy of Latin America at UC Berkeley before getting a master's degree in Latin American Studies at UCLA and another master's degree in Urban Planning as well.

Erika spent the next few years honing her real estate development skills at various organizations in the Los Angeles area. She joined Mercy Housing in 2013 and soon began working on Caroline Severance Manor, an extremely

complex project that ended up winning the 2014 Affordable Housing Finance Readers' Choice Award for Best Family Development.

Currently she's working on the 6th and San Julian development, 94 homes targeted for formerly homeless individuals. Seventy-five apartments will be reserved for people living on Skid Row. Erika drives through Skid Row almost every day on her way to work. Although the problem can seem insurmountable, Erika is proud to know that at least 75 of these people will have a home soon, "Seeing the poverty can be gut-wrenching, and it feels good to be making even a little dent."

The favorite part of her work as a developer is working

with residents during the community outreach process, when she can connect with people by sharing Mercy Housing's mission and values. Her first community outreach experience at Mercy Housing was for Phase IV of New Dana Strand in Wilmington. The community is predominantly low-income Spanish-speaking families living in overcrowded housing. Erika conducted the meetings in Spanish and found that the stories she heard were very similar to her own story. Being able to connect with these families was key in getting many of them to support the project at city hearings.



She is proud of what she has achieved, adding that, "I work at Mercy Housing because the families and individuals we work for deserve to have the opportunity to succeed, to live in an apartment that's safe and clean, and a place where their children can grow and thrive." 💙

MERCY HOUSING CALIFORNIA DEVELOPMENT PIPELINE

New Construction:
2,276 homes in 23 communities

Acquisition/Rehab:
1,359 homes in 10 communities



DOUBLING DOWN ON VETERAN HOUSING

Creating New Homes for Veterans

Nearly 10,000 veterans are homeless in California – more than anywhere else in our nation. Nationally, more than 1.4 million veterans live below the poverty line, and another 1.4 million live slightly above it. Mental health conditions such as depression and Post-Traumatic Stress Disorder (PTSD) affect veterans at a higher rate than civilians. Poverty, mental health conditions, and physical disabilities put many veterans at especially high risk of becoming homeless.

Partnering with leading veterans service providers and the Veterans Administration, Mercy Housing California has developed two veteran

housing communities across the state which offer integrated care and community-based support to nearly 100 veterans. Responding to the layered needs of residents – unemployment, mental health issues, substance abuse, and family disintegration – these communities offer high-quality, culturally competent, intensive treatment in a safe, secure, and nurturing environment.

With 662 veteran residents across the state, we know the work to house the brave men and women who served our nation is far from over. That is why we are proud to be building six new communities for veterans in the state of California. 💙



Veteran Homes in development

- Mather Veterans Village
- Colma Veterans Village
- Placentia Veterans Village
- Norwalk
- Baldwin Rose Family Veteran Housing
- Pico Robertson Senior Community



Ending Homelessness with 710 New Homes

Permanent supportive housing (PSH) combines affordable housing and supportive services designed to meet the unique and heightened needs of the most vulnerable: people that have experienced chronic homelessness, individuals struggling with mental health and/or addiction, and those with other barriers to housing.

According to the Corporation for Supportive Housing, studies in six different states and cities found that supportive housing results in tenants' decreased use of homeless shelters, hospitals, emergency rooms, jails, and prisons. Because of those results, public understanding of PSH as a solution to chronic homelessness has grown exponentially in the last decade.

Supportive housing results in tenants' decreased use of homeless shelters, hospitals, emergency rooms, jails, and prisons.

— CORPORATION FOR SUPPORTIVE HOUSING

With the passage of local and state funding measures and the Mental Health Services Act (Proposition 63), many local governments are encouraging or requiring the inclusion of PSH units in their funding programs. That funding has given Mercy Housing an opportunity to expand our supportive housing pipeline which now includes 710 apartments in two types of buildings:

- a) 100% PSH communities;
- b) mixed development in which PSH represents 10% to 30% of the homes. ♦



A tent encampment on the outskirts of Sacramento.

Mercy Housing California's Permanent Supportive Housing

San Francisco Bay Area

- 1064 Mission
- 833 Bryant St.
- Casa de la Mision
- Treasure Island

Southern CA

- Sherman Oaks
- 6th and San Julian

Sacramento Valley

- Capitol Park Hotel
- Old Courtyard Inn
- North Auburn Family
- 1801 West Capitol Ave.



DONOR SPOTLIGHT

The Bettye Poetz Ferguson Foundation

Thanks to a generous \$30 million commitment from the Bettye Poetz Ferguson Foundation, Mercy Housing California is able to move forward on four new affordable housing communities, creating 345 homes for low-income seniors.

Because of scarce funding, a project can sometimes languish for years or even be dropped entirely. In this case, the charitable donations from Bettye Ferguson will close the funding gap on four developments, including one that was on the verge of being abandoned due to financial infeasibility.

A longtime Bay Area resident, philanthropist and devout Catholic, Catherine "Bettye"

Ferguson requested that upon her death, foundation grants be donated to a Catholic

Bettye Ferguson's legacy gift will enable MHC to complete these four new senior housing communities:



Casa de la Mission

- 45 homes for seniors in San Francisco's Mission District
- \$5 million of the \$32 million total project cost will come from Bettye Ferguson's gift
- Residents will move in late 2021



Hacienda Housing

- 150 homes for seniors in Downtown Richmond
- Bettye Ferguson's gift will provide \$7 million of the \$50 million total cost
- Set for completion in early 2022



Alameda Senior Housing

- 90 homes for seniors in the City of Alameda
- \$8 million of the \$47 million total project cost will come from Bettye Ferguson's gift
- Scheduled to be completed in late 2022



Uptown Senior Housing

- 60 to 80 homes for seniors in Oakland
- Bettye Ferguson's gift will provide \$10 million of the \$35 million total cost
- Set for completion in early 2023



REFINANCING AND RENOVATION

Stewarding Older Properties for the Long Term

organization working in the field of affordable housing. George Argyris and the rest of the foundation's trustees selected Mercy Housing California based on its proposal to allocate the gift to help jumpstart four senior housing projects that had stalled due to funding gaps.

Mercy Housing California is deeply grateful to Bettye Ferguson and her foundation for this remarkable gift. It will mean that hundreds of low-income California seniors will have safe, affordable homes for years to come. ♥

As one of the largest affordable housing providers in the country, Mercy Housing now operates 341 properties throughout the U.S., including 146 in California. As many of these properties are older, they require both periodic repair work as well as major renovations every 15 - 20 years.

Over the last few years, MHC has used low-income tax credits to renovate four communities, totaling 305 units. Currently we are working to refinance and renovate another 508 apartments in six communities.

In addition, Mercy Housing took \$6 million from our balance

sheet to leverage Low Income Housing Tax Credits or to make critically needed repairs to properties that could not be refinanced at this time. In 2018, we completed 21 construction contracts inside 10 properties with additional projects to be completed in 2019/2020. ♥

MHC's Current Refinance and Renovation Properties

- Britton Courts
- St. Francis Terrace/Village Park
- Dorothy Day
- Sycamore – La Playa
- Bennett House
- Bermuda Gardens



VOLUNTEER SPOTLIGHT BLUE LINE ARTS

Female Veterans Collaborate to Create Ceramic Mural for the Lohse Apartments

With support from the California Arts Council, Blue Line Arts partnered with the Women Veterans Alliance to host a series of free art workshops for veterans. The women veterans' community will be invited to explore emotions connected to their time in the service through the creation of ceramic masks. Expressive art therapist Gloria Rill will engage with participants during the workshops, which will be taught by ceramic artist Tony Natsoulas.

A new component of the program features three additional weekend workshops that focus on the creation of a mosaic mural. Participants used ceramic pieces to collaboratively construct an expressive, abstract, large-scale piece in a relaxing atmosphere, with the guidance of professional mural artist Jennifer McGuire. The piece was displayed publicly at the grand opening of the new Lohse Apartment Building in Roseville, an affordable housing initiative of Mercy



Housing California. The grand opening, held on January 31, also featured the unveiling of permanent artwork from select local artists.

Veteran and local teaching artist Deidre Trudeau is looking forward to the programs. "I have never taken the opportunity to associate my creative voice with my military commitment ... so it will be fascinating to open that avenue of creative exploration," said Ms. Trudeau, who will be attending the workshops.

Female veterans can sign up on Blue Line Arts' website, and anyone interested in volunteering or donating supplies such as ceramic tiles and dishes should contact the gallery directly.

The Veterans in the Arts program is rooted in the California Arts Council's desire to address the needs and improve the lives of California's veterans through the arts. The program seeks to increase equity, access, and opportunities for veterans to

participate in quality arts programming that is sensitive and responsive to their unique experiences. Grants support projects by nonprofit arts organizations, local arts agencies, and veterans' assistance agencies to reach veterans, active military, and their families.

“The duty is ours to respond to the needs of our veterans and ensure they are not lost.”

— NASHORMEH LINDO, CALIFORNIA ARTS COUNCIL CHAIR

“Veterans come home as changed people. Often the impact of their service is not readily visible, or easily understood, by those they've come home to,” said Nashormeh Lindo, California Arts Council Chair. “The duty is ours to respond to the needs of our veterans and ensure they are not lost. The work of Blue Line Arts honors its veterans community by providing a venue for creative expression, camaraderie, and compassion.” 💙



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INSIDE:
**Read about
new affordable
housing
coming soon**



GET INVOLVED

VOLUNTEER WITH MERCY HOUSING CALIFORNIA

Whether you are interested in an ongoing individual commitment or a one-time group volunteer project, sharing your gifts and talents can make a difference for residents! ♥

INDIVIDUAL VOLUNTEER OPPORTUNITIES

We have a variety of openings for ongoing, regular volunteer commitments. For example, an after-school tutor at our family properties helps our staff engage with more youth, and art therapy instructors at our supportive or senior properties help individuals express themselves and connect with their community. ♥

CONTACT

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