

**3850 18th Street – RAD Phase II
Project Overview**

Project Summary

3850 18th Street consists of 107 public housing units located at 3850 18th Street and 255 Dorland Street in the City and County of San Francisco. The project is being rehabilitated as part of a citywide program under which public housing units currently owned and operated by the San Francisco Housing Authority will convert to the Rental Assistance Demonstration (RAD) program. Under RAD, 3,584 units of public housing in 29 different projects will convert in two phases.

3850 18th Street, which is part of phase II, will include approximately 69,629 square feet of gross floor area, including 46,136 square feet of residential area as well as nearly 3,553 square feet of common use area. Residents will have access to three exterior courtyards, a community room with a community kitchen, leasing office with public restrooms, and social services offices.

Total project costs, including the cost to acquire and rehabilitate the existing buildings, will be more than \$48 million, or approximately \$450,000 per dwelling unit.

The residential unit distribution, which will include a single 1-bedroom superintendent unit, is:

0 BRs	88 units
1-BRs	19 units

All of the residential units will serve households earning less than 50% of the San Francisco County Area Median Income (AMI), though the rents may be increased to 60% of California Tax Credit Allocation Committee AMI in the event of loss of subsidy.

Description of Residents

No residents will be displaced. All residents have the right to return after any temporary relocation that might be required. RAD does not allow re-screening or re-application of any residents.

3850 18th Street is home to a significant number of senior and/or disabled residents. This population is culturally diverse, with many residents speaking Chinese, Russian, Vietnamese, and Spanish dialects as their primary language.

Site Description and Scope of Work

Address: 3850 18th Street & 255 Dorland Street, San Francisco, CA 94124
Block/Lot: 3580/076

The rehabilitation effort at 3850 18th Street will address deferred maintenance so as to extend the physical viability of the building for at least 20 years and improve the residents' quality of life by providing an accessible environment and supportive services. The proposed scope of work will include life safety and accessibility improvements, modernization or replacement of original building systems and equipment, resident unit renovations, energy use reduction, and modifications to the ground floor common areas to better support residents' everyday needs.

Specific proposed renovations include the following:

Site Work. The accessible paths of travel through the courtyards will be upgraded.

Common Interiors. Improvements to the common interior spaces will focus on improving services for the residents and enhancing property management functions. Upgrades will include—

- renovated entry/security lobby reception area and property manager's and service provider offices;
- new accessible mailboxes and parcel boxes in the renovated entry/security lobby;
- modernization of the elevator finishes, elevator cab, and equipment;
- relocated accessible warming kitchen and new finishes for the existing community room;
- renovated common restrooms to comply with chapter 11 of the California Building Code;
- new signage throughout the property;
- improvements to laundry room;
- replacement of existing corridor lighting with energy efficient fixtures to improve general and emergency lighting.

Exteriors. Exterior renovations will include—

- replacement of existing aluminum single-pane windows with new double-pane aluminum windows throughout the project;
- replacement of roofing, flashing, gutters, scuppers, and downspouts on all roofs; and
- exterior painting.

Units. The primary scope of work in the residential units will include remodeling kitchens and bathrooms and providing new finishes, door hardware, and windows. Proposed alterations include—

- conversion of 11 units to mobility units;
- conversion of 5 units to communication units;
- in the rest of the units, replacement of original galley kitchens with new 'L' shaped kitchen, new kitchen appliances, and new kitchen range exhaust hoods;
- replacement and repair of living room, bedroom and bathroom finishes and fixtures;
- relocation of existing electrical panels outside of closets;
- replacement of existing unit door hardware with interlocking deadbolt/entry door hardware;
- installation of ground fault current interrupters in bathrooms and kitchens;
- heater repairs and replacement of heater unit controls; and
- replacement of smoke detectors with combination smoke/carbon monoxide detectors.

22 months are allocated to rehabilitation of the project. Existing residents will be relocated on- and off-site through a MOHCD- and SFHA-coordinated relocation effort.

Development Team

- 3850 18th Street, L.P. is the project's sponsor.
- BRIDGE Housing Corporation (BRIDGE) and Mission Economic Development Agency (MEDA) will be the non-profit partners in the development and operation of the project.
- Fineline Construction will be the general contractor for the project.
- BRIDGE Property Management Company will be property manager for the project.
- HKIT Architects is the architect for the project.

Project Ownership Structure

- The existing owner of the project is the San Francisco Housing Authority, which will retain ownership of the land and convey the improvements to 3850 18th Street, L.P., of which 3850 18th Street Housing LLC will be the managing general partner.
- An investor member will own a 99.99% member interest in the new owner.
- Any required guaranties will be provided by both BRIDGE and MEDA.

Financing Structure

The RAD phase II projects will utilize the following sources of capital financing:

- tax-exempt bonds issued by the City of San Francisco;
- 4% Low Income Housing Tax Credits (LIHTC);
- seller carryback financing from the San Francisco Housing Authority;
- a conventional first mortgage; and
- soft debt from the City and County of San Francisco.

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 4% tax credits.

The sale of 4% LIHTC will generate equity financing for the project. The calculation of tax credits utilizes a 30% basis boost as San Francisco County is a “difficult-to-develop” area.

Schedule

Financing is anticipated to close between August 15, 2016 and September 15, 2016, with construction commencing within 30 days of closing.

The site rehabilitation work will be completed over a 22-month period with households temporarily relocated for approximately 8 weeks during each phase of the work. All construction is expected to be completed by June 2019.