November 2, 2015

John F. Kennedy Towers – RAD Phase II
Project Overview

Project Summary

JFK Towers consists of 98 existing public housing units located at 2451 Sacramento 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.

JFK Towers, which is part of phase II, will include approximately 60,000 square feet of gross floor area, including 55,000 square feet of residential area as well as nearly 5,000 square feet of community and maintenance/storage area. Residents will have access to a new 1,200-square foot community center, a laundry room, service spaces, an outdoor patio, and landscaped grounds.

Total project costs, including the cost to acquire and rehabilitate the existing buildings, will be nearly $49 million, or $500,000 per dwelling unit.

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

Studios	76 units
1-BRs	21 units
2-BRs	1 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

JFK Towers has a mostly senior and disabled resident population. 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.

Site Description and Scope of Work

Address:	2451 Sacramento Street, San Francisco, CA 94115
Block/Lot:	0636/038

The scope of work for the rehabilitation at the project will include:

- health and life safety improvements such as strengthening the structure, adding ventilation in the units to improve indoor air quality, and fixing leaking plumbing;
- updating the mechanical and electrical systems;
- modernizing the elevators;
- improving building security by redesigning the front entrance and adding more office and service spaces to accommodate the increased staff presence on site;
- retrofitting units in accordance with the Americans with Disabilities Act to improve accessibility for the senior and disabled population in the building;

- increasing the amount of community spaces including a new community room for social gatherings and meetings, expanded laundry room, office for the Senior Services Coordinator, and an exam room to provide basic medical services on site; and
- updating the units by repairing bathroom fixtures, installing new flooring, and replacing the original kitchen countertops and cabinetry.

Eighteen 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

- JFK Towers LP is the project's sponsor.

- Mercy Housing California and The John Stewart Company will be partners in the development and operation of the project.

- Nibbi Brothers will be the general contractor for the project.

- Mercy Housing Management Group will be property manager for the project.

- Paulett Taggart 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 JFK Towers LP, a California limited partnership, of which Mercy Housing Calwest 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 Mercy Housing Inc. and Mercy Housing California.

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 an 18-month period with households temporarily relocated for approximately five weeks during each phase of the work. All construction is expected to be completed by February 2018.