

9/11/15

Mercy Housing California & The John Stewart Company
345 Arguello Blvd. – RAD Phase I
Project Overview

Project Summary

345 Arguello consists of 69 existing public housing units located at 345 Arguello Blvd. in the City 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.

345 Arguello will include approximately 40,541 square feet of net floor area, including 37,421 square feet of residential area as well as nearly 3,120 square feet of garage area with parking for nine cars. Four off-street parking spaces are located at the front of the building. Common areas and amenities will include a rehabbed social room, two offices, janitor room, two restrooms, one laundry room, two elevators, and outdoor space in the back of the building.

Total project costs, including the cost to acquire and rehabilitate the existing buildings, will be nearly \$29 million or \$417,000 per dwelling unit.

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

Studios	59 units
1-BRs	9 units
2-BRs	1 unit

All of the residential units will serve households earning less than 50 percent of the San Francisco County Area Median Income, though the rents may be increased to 60% State TCAC AMI in the event of loss of subsidy.

Description of residents

The building is comprised primarily of households of 1-2 members and senior and disabled populations. 345 Arguello has a large population of mono-lingual Russian and Cantonese tenants. 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: 345 Arguello, San Francisco, CA 94118
Block/Lot: 1432/049

The Scope of work will include:

- Voluntary structural retrofit
- Elevator modernization -- two elevators.

- Fire protection modernization
- Accessibility improvements
- Roof, façade, balcony deck and railings replacements/repairs
- HVAC, electrical and security upgrades
- Selective unit upgrades
- Program additions (new offices) and common area modifications - Lobby, Social Room and Kitchen, Laundry Room, Restrooms, Rear Yard Patio, Garage Storage Rooms and Maintenance Shop.
- Selective sitework and landscaping.

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

Development Team

- 345 Arguello LP, a California limited partnership is the Project Sponsor.
- Mercy Housing California, The John Stewart Company, and JARF Housing Inc. will be the non-profit 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.
- Barcelon Jang Architects is the architect for the project.

Project Ownership Structure

- This project is being sponsored by 345 Arguello LP, a California limited partnership
- The existing owner of the project is the San Francisco Housing Authority, which will retain ownership of the land and convey the improvements to a Limited Partnership for which Mercy Housing Calwest will be the Managing General Partner.
- An Investor Member will own a 99.99% member interest in the Owner.
- Any required guaranties will be provided by Mercy Housing Inc. and The John Stewart Company

Financing Structure

The following sources of capital financing will be utilized: tax-exempt bonds issued by the City of San Francisco; 4% low income housing tax credits; seller carryback financing from the San

Francisco Housing Authority; 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% Low Income Housing Tax Credits (LIHTC) will generate equity financing for the project. The calculation of tax credits utilizes the 30% basis boost as San Francisco County is a “difficult-to-develop” area.

Schedule

Financing is anticipated to close between October 1, 2015 and October 31, 2015, with construction starting within 30 days of the close.

The site rehabilitation work will be over a 14.5- month period with households temporarily relocated for approximately five weeks during each phase of the work. All construction work will be completed by February 2017.