

9/11/15

**Mercy Housing California & The John Stewart Company**  
**1880 Pine St. – RAD Phase I**  
**Project Overview**

**Project Summary**

1880 Pine St. consists of 113 existing public housing units located at 1880 Pine St. 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.

1880 Pine St. will include approximately 73,391 square feet of gross floor area, including 69,357 square feet of residential area as well as nearly 4,034 square feet of garage area. Residents will access roof deck and on-grade landscaped areas.

Total project costs, including the cost to acquire and rehabilitate the existing buildings, will be nearly \$36 million, or \$311,000 per dwelling unit.

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

Studios	97 units
1-BRs	15 units
2-BRs	1 units

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**

Property houses seniors and adults with disabilities. Household sizes are typically one to two persons. No residents will be permanently displaced by construction. 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: 1880 Pine St, San Francisco, CA 94109  
Block/Lot: 0649/024

1880 Pine is a 12-story steel-framed, concrete exterior building constructed in 1973 and has significant deferred maintenance needs. Renovations will include: 1) seismic renovation to eliminate life safety risk and lower PML below 20% level; 2) reconfiguration of common areas and offices for better management efficiency and service delivery; 3) new roof; 4) ADA and accessibility upgrades; 5) renovations of units affected by structural demo; 6) new electrical switchgear; 7) improve interior ventilation; 8) upgrades based on current building code.

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

### **Development Team**

- 1880 Pine 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.
- Paulett Taggart Architects is the architect for the project.

### **Project Ownership Structure**

- This project is being sponsored by 1880 Pine 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 an 18- month period with households temporarily relocated for approximately five weeks during each phase of the work. All construction work will be completed by June 2017.