

**2698 California – RAD Phase II
Project Overview**

Project Summary

2698 California consists of 40 public housing units located at 2698 California 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.

2698 California, which is part of phase II, will include approximately 27,330 square feet of gross floor area, including 17,143 square feet of residential area as well as nearly 2,762 square feet of garage area with parking for six cars. Common areas and amenities will include a renovated social room, two offices, janitor room, two restrooms, one laundry room, one elevator, and outdoor space at the rear of the building.

Total project costs, including the cost to acquire and rehabilitate the existing buildings, will be more than \$30 million, or \$750,000 per dwelling unit.

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

Studios	31 units
1-BRs	8 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

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.

The building is comprised primarily of households of 1-2 members, most of whom are senior and/or disabled. 2698 California has a large population of mono-lingual tenants who speak Russian or Cantonese.

Site Description and Scope of Work

Address: 2698 California Street, San Francisco, CA 94115
Block/Lot: 0633/006

The project's scope of work will include:

- resident unit renovations and modification to common areas;
- voluntary structural retrofits;
- elevator modernization;
- new accessible paths of travel;
- energy upgrades;
- mechanical, ventilation, electrical, and life safety upgrades;

- ground floor and level 2 renovations for improved on-site staff presence and security improvements;
- façade improvements;
- new roof, windows, and balcony doors;
- deck replacement/repairs;
- 10% of units completely renovated to meet requirements of the Americans with Disabilities Act; and
- limited landscaping and sidewalk improvements, as needed.

Twelve months are allocated to rehabilitation of the project based on relocation phasing of one-quarter of the building at a time. Existing residents will be relocated on-site and off-site through a MOHCD- and SFHA-coordinated relocation effort.

Development Team

- 2698 California LP, a California limited partnership, is the project’s sponsor.
- Mercy Housing California, The John Stewart Company, and JARF Housing Inc. 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.
- Barcelon Jang 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 2698 California 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 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 a 12-month period with households temporarily relocated for approximately five weeks during each phase of the work. All construction is expected to be completed by winter 2017.