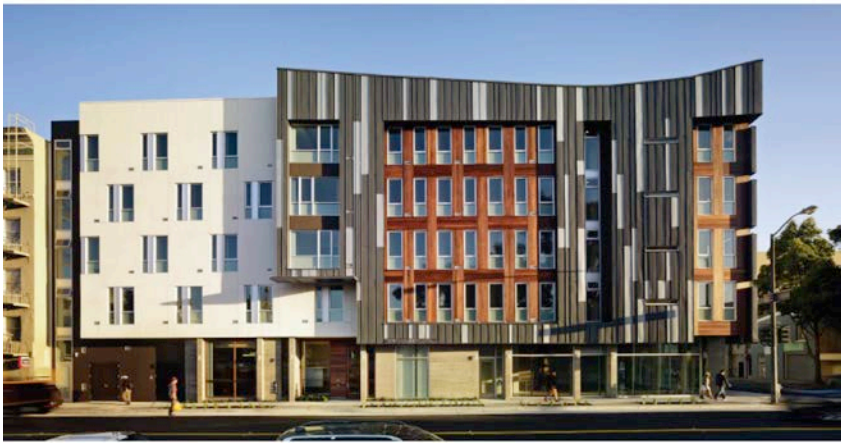
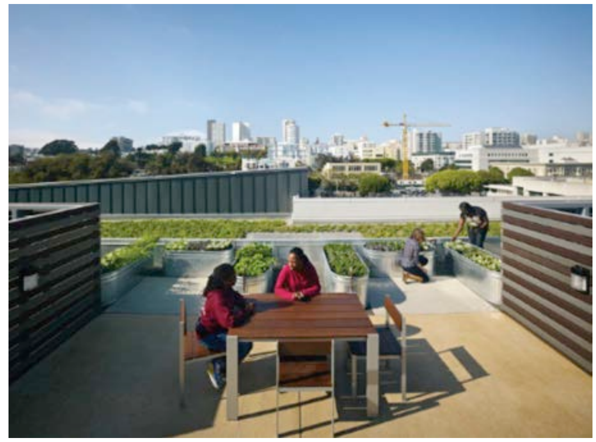
February 10, 2012

Grand Opening of Richardson Apartments is San Francisco's Bittersweet Goodbye to Redevelopment





Photographer: Bruce Damonte

The February 8th Grand Opening of Drs. Julian and Raye Richardson Apartments in San Francisco's Civic Center/Hayes Valley neighborhood was a moving event on many levels. The beautifully designed, mixed-use, energy efficient five-story building sits on one of the last remaining parcels from the city's redevelopment of the former Central Freeway. Community Housing Partnership (CHP) developed these 120 service enriched studio apartments for chronically homeless adults in partnership with Mercy Housing California. Named after two prominent African Americans whose bookstore, Marcus Books, was a focal point for black intellectual, political and civic life for more than half a century, Richardson apartments is also the fruit of a powerful partnership between the San Francisco Department of Public Health (DPH) and the now defunct San Francisco Redevelopment Agency (SFRA).

But for many in attendance including the many thankful new residents, the Grand Opening was more than the celebration of a new building, it was a bittersweet moment in which to witness the birth a new community rising from the fresh ashes of redevelopment. Speaking to a large crowd in Richardson's light-filled courtyard, Mercy Housing President Doug Shoemaker said "I think San Francisco has long stood up as a very progressive redevelopment agency. This project should not be the last." Shoemaker's subsequent commitment to lobby Sacramento to find other sources of funding was supported by a similar pledge from other speakers including CHP Executive Director and master of ceremonies Gail Gilman.

Transit Oriented Green Re-Development Done with Community Support

Situated in a prime transit-oriented location just two blocks from San Francisco's City Hall, between the upscale boutiques of Hayes Valley and the historic Western Addition community, the proposed redevelopment attracted the attentions of the surrounding community. CHP Director of Housing Development David Schnur says, "It was really gratifying to have a neighborhood association and a Citizens Advisory Committee that backed the project…the project wouldn't have happened otherwise."

Energy efficiency was an important driver at Richardson Apartments. "In addition to reducing the impact of the building from a sustainability standpoint, we felt it was important to create a building that reduced the long-term operation costs for the owner," said Amit Price Patel, Project Architect with David Baker and Partners. Supported in part by a $5,000 Green Communities grant from Enterprise to fund Green Charette planning, and designed with long-term durability in mind, the building rates 139 GreenPoints and was designed to be nearly 20% more energy efficient than required by

California’s Title 24-2005 strict building standards for non-residential areas, and 15% more energy efficient for residential areas.

Perforated metal sunshades at west-facing windows, a cool reflective roof, light colored paving and a green roof were used to reduce solar gain. Solar hot water panels provide 70% of the DHW load and a 16 kW photovoltaic array helps power the building's common spaces. The building is U-shaped to maximize natural light penetration and intelligent lighting controls minimize power consumption. The most important energy efficient strategy is the siting and use of the building: it is a dense 276 units per acre project with no parking of any kind in a transit and amenity rich neighborhood.

Supporting Residents Health While Saving Local Tax Dollars

In addition to raising the bar for energy-efficiency, the project also addresses the serious health needs of its formerly homeless residents, who are served by a first-floor medical clinic and on-site psychological counseling services. These spaces are essential for residents like 57 year-old Pedro, who suffered a stroke several years back and sees his new community as being a stepping stone towards not only walking again, but also towards financial independence.

But residents are not the only ones saving money – the City of San Francisco saves as well. Joshua Bamberger, Medical Director of the San Francisco Department of Public Health ran the numbers using records for the 120 Richardson residents. Last year, they used $2.4 million in city and other services. With the on-site clinic alone, it is expected that these costs will be drastically reduced.

GREEN FEATURES at a GLANCE

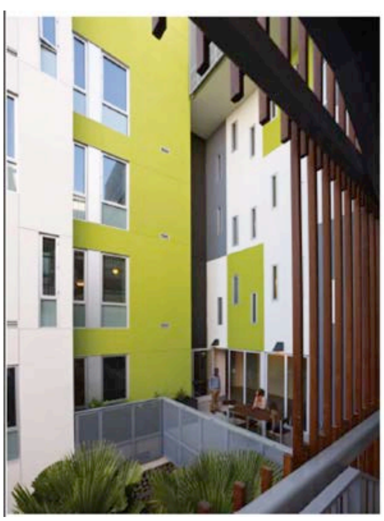
PLANNING & DESIGN
- ✓ Urban infill
- ✓ 276 units/acre density near transit
- ✓ Eliminated parking reduces carbon footprint
- ✓ Ample open space and daylighting

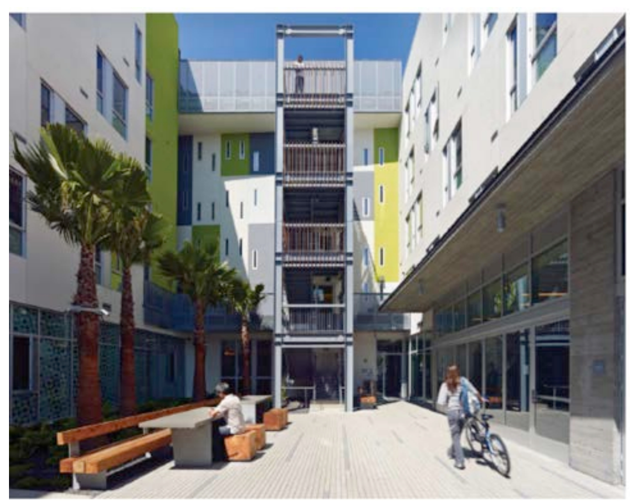
STRUCTURE
- ✓ Cool roof and green roof reduce building heat gain
- ✓ Lighting controls include occupancy and photo sensors
- ✓ Water efficient fixtures
- ✓ Sunshades at west facing units, awnings and retail space reduce solar gain

SYSTEMS
- ✓ 139 points Green Point Rated
- ✓ 16kW photovoltaic array system provides energy for common areas
- ✓ Solar hot water panels handle 70% of domestic hot water load
- ✓ Unit heating via hydronic systema and thermally broken windows

FINISHES AND FURNISHINGS
- ✓ Use of reclaimed woods (urban elm, redwood cypress, walnut) and recycled plastics
- ✓ Sealants and flooring have low or no VOC's

ENERGY SAVINGS
- ✓ The building energy use is 19.6% better than Title 24 2005 standard for non-residential areas
- ✓ 15.4% better than Title 24 2005 standard for residential areas.





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Project Financing

SFRA and State HCD Provide Critical Capital Subsidies

The project financing began in June 2007 when SFRA provided a $2.7 million pre-development loan on top of a $1 per year ground lease. California's Department of Housing and Community Development (HCD) also made a critical $10 million Multifamily Housing Program (MHP) permanent loan. However, the state budget crisis and bond freeze of 2009 raised concerns about HCD's ability to honor commitments, prompting SFRA's to backstop the $10 million MHP commitment so that construction financing could move forward.

City DPH Matches State MHSA Funds (and then some)

CHP went to secure a $1.2 million Affordable Housing Program (AHP) loan and a $1.2 million Mental Health Services Act (MHSA) loan used to capitalize a reserve to cover the operating shortfall for 12 MHSA units. Even so, the high cost of operating the remaining 108 units of supportive housing for extremely low income adults without adequate federal support created a remaining gap. Thankfully, the city's Local Operation Subsidy Program (LOSP) came to the rescue by making a long-term commitment of annual operating subsidies for the 108 units. While the LOSP funds don't appear in the project's financing sources below, without this critical subsidy from the city, the project would not have been feasible.

Private Partners Come Through: Citi Community Capital and Raymond James

Mercy Housing Project Manager Sheela Jivan worked closely with CHP's David Schnur and Project Manager Laura Simpson to assemble the financing. A critical piece came early in the summer of 2009, when Citi Community Capital (CCC) stepped in to provide a $30.8 million construction loan during a time when very few lenders would even consider such a loan, much less one for a large supportive project. "CCC had previously provided construction financing for two very similar developments but this was the first time Citi stepped in with a significant equity investment too. We recognize the importance of this project to the City/County of San Francisco and we are proud of our contribution to the success of this extraordinary supportive housing project" said Merle Malakoff, Director, Citi Community Capital. CCC's equity investment was made possible by the fearlessness of Raymond James Tax Credit Funds, which purchased the 9% Low Income Housing Tax Credits (LIHTC) at a time when other LIHTC investors were forced to renege on favorable pricing and terms in the aftermath of the financial markets meltdown.

"The decision to invest $25 million in equity in Richardson Apartments at a time when the equity markets were in complete turmoil was based on the simple premise that our partners in this project – Mercy Housing and Community Housing Partnership – were exemplary organizations with proven track records in providing the highest quality of affordable housing in San Francisco," said Kevin Kilbane, Managing Director of Raymond James Tax Credit Funds, Inc.

CHPC Director of Financial Consulting Richard Mandel, who worked closely with the CHP/Mercy Team had this to say: "A project

SOURCES	Construction	Permanent
Citi Community Capital Construction Loan	30,815,000	0
San Francisco Redevelopment Agency (SFRA)	2,753,291	29,333
Mental Health Services Act (MHSA)	1,200,000	1,200,000
HCD Multifamily Housing Program (MHP)		10,000,000
Affordable Housing Program (AHP)	1,200,000	1,200,000
Enterprise Green Communities Grant	5,000	5,000
Capital Contributions		
LIHTC General Partner Equity	200,000	200,000
LIHTC Limited Partner Equity – Raymond James	500,000	25,125,475
Total	**36,673,291**	**37,759,807**

USES	Construction	Permanent
Land (SFRA donated via ground lease)	0	0
Hard Costs	25,365,625	25,365,625
Arch/Engineering/Local Fees	5,208,512	5,208,512
Const Interest/Financing/Syndication	3,530,577	3,530,577
Reserves	0	682,488
Developer Fee	995,972	1,400,000
Other	1,572,605	1,572,605
Total	**36,673,291**	**37,759,807**

that is as large as this and that's also 100% affordable for homeless residents requires an amazing amount of cooperation from all the parties involved. This is one of the most difficult types of projects to make work and we're very grateful to Citibank and Raymond James for their willingness to step up in a way that not every institutional lender or investor is willing to do. "

Who Benefits

The Richardson Apartments consist of 120 studios for formerly homeless individuals, many with mental and physical disabilities. Seventy (70) units serve low income individuals at or below 50% AMI and 50 units serve very low income individuals at or below 30% AMI. Residents pay 30% of income as rent, creating a monthly rental scale ranging from $0 to $870.

Type	Area Median Income (AMI)	AMI for 1-Person Household	Number of Units	Avg. Square Feet
Studio	30%	$21,650	70	Approx. 300 sf
Studio	50%	$36,050	50	Approx. 300 sf

CHPC thanks our sponsors for their generous support of our GREEN program.

FOR MORE INFORMATION:

To learn more, please contact our Sustainable Housing Policy Coordinator, Ross Nakasone at 415-433-6804 x310 or rnakasone@chpc.net.