
Two New Martin Building Company All-Union Projects in the Works

Construction Partially Funded Through AFL-CIO Housing Investment Trust

By Paul Burton, Contributing Writer

Union construction workers will soon be building two new projects for the Martin Building Company in San Francisco. The contractor will serve as developer of the two projects that are funded, in part, with loans from the AFL-CIO's Housing Investment Trust (HIT). As part of the deal to get financing from the labor federation, the projects will be built all-union. Nibbi Brothers will be the General Contractor for the Potrero Launch apartments at 2235 3rd Street and Roberts-Obayashi will be in charge of the Arc Light development at 178 Townsend.

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The projects were scheduled to start earlier this year but groundbreaking has been delayed as the developer awaits final word on funding from the federal Housing and Urban Development Department (HUD) and approval of tax breaks the developer could receive for preserving the historic structure at 178 Townsend. Martin Building Representative Chip Everett said the developer anticipates both projects starting this summer.

Arc Light: 178 Townsend

Project to Bring New Rental Housing, Union Jobs to South Beach Community

The project at 178 Townsend won approval from the city last September. Over the past several months the developer has been working with the SF Building Trades Council and the AFL-CIO's Housing Investment Trust to work out an agreement for financing. The HIT requires that all projects it invests in are 100 percent union; Martin Building is not a signatory to union master agreements but agreed to go all-union and work with union contractors on the two projects funded by the HIT. Martin Building's Chip Everett and Patrick McNerney, head of 178 Townsend Properties LLC, said they were pleased with the agreement. Everett said the projects were bigger than most of the developments that

Martin Builders is involved with as a general contractor, so the two union contractors were brought in.

In April, the HIT announced that it had committed over \$32 million in financing for the Arc Light Apartments project.

The HIT is providing construction and permanent financing through the purchase of a \$32.7 million FHA insured, tax-exempt bond issued by the Association of Bay Area Governments. The project qualifies for historic tax credits as well as Low Income Housing Tax Credits, but the approval of the tax credits for historic preservation were rejected by the San Francisco Board of Supervisors Budget and Finance Committee April 14. Under the Mills Act, a Historical Property Contract would provide a \$62,296 annual tax break for the property. The tax break was being used to help secure more project financing. While denial of the tax break has stalled the project, Martin Building still expressed hope that it would begin construction in late June.

When the \$48 million project is completed, the site will house a new residential development that combines the existing brick structure with a new five-story concrete building offering 94 housing units, 20 percent of which will be reserved for lower income households. There will also be underground parking and over 4,400 square feet of retail space, including a day care facility. The project was designed by Ian Birchall and Associates Architecture. The site of the future Arc Light Apartments is the Arc Light Company Station building, which was built in 1888 as a power plant.

The HIT noted that development work on Arc Light is projected to create more than 270 union construction jobs in a city where the construction industry has lost nearly 30 percent of its jobs during the recession.

"The HIT's investment in the Arc Light project will bring needed housing and family-supporting jobs to assist in San Francisco's recovery from the recession," said HIT Chief Operating Officer Ted Chandler. "It shows that prudent investment of union pension funds is a force for positive change in the lives of union workers, their families, and their communities."

"We're very pleased to be part of San Francisco's drive to create new housing opportunities in neighborhoods like South Beach," said investment officer Liz Diamond, who heads the HIT's Western Regional office. "This project exemplifies South Beach's continuing transition from a largely industrial area to a more residential- and retail-oriented community."

"Arc Light is a really interesting project for so many reasons — historic preservation, innovative new architecture, green design, union jobs, and new residential development for South Beach," said HIT's Jan Meriwether. "We've done some interesting mixed-income housing projects, including One Embarcadero. These projects have created hundreds of good union jobs in addition to creating affordable housing, and helping the city with its redevelopment plans." The HIT was an early investor in the revitalization of the South Beach neighborhood with its 1997 commitment of \$42 million for One Embarcadero South.

Martin Building's Everett said the project would have many green features and was seeking LEED Gold-Certification. It could become San Francisco's first LEED Gold-Certified residential project. The project will feature a 40kw Solar Photovoltaic System, low-flow faucets, natural ventilation and an energy-efficient HVAC system. On-site

construction debris will also be separated and recycled.

Potrero Launch : 2235 3rd Street

Nibbi Brothers was selected by the Martin Building Company to provide services to the new Potrero Launch Apartments at 2235 3rd Street in San Francisco. The \$40 million housing development will consist of 196 market-rate residential units. The project will be six levels of concrete with two levels of underground parking, ground floor commercial retail space and a daycare center. The project ties into two existing historic un-reinforced masonry buildings along 3rd Street.

Assistant Project Manager Valerie Adler said the contractor hoped to begin construction this summer, once the HUD financing is approved. She said the project at 178 Townsend is a few weeks ahead of 2235 3rd Street which is in the process for getting financial documents approved. Adler said that Nibbi is the contractor for the concrete work and will sub out other parts of the job to union contractors. She estimated that about 125 building trades members would be employed on the 16-month project which was originally set to start in March 2010 and be completed by August 2011.

Adler said the existing brick buildings will be incorporated into the new design, with the old brick building being used for commercial and new construction for residential units. The proposed project would preserve the two historic buildings fronting on Third Street and build two new structures between the two historic buildings that would vary between 35 feet (three stories) at the edge of the Third Street up to a maximum of 50 feet (five stories) in two portions of the new structures that would be set back 20 feet from the Third Street property line.

The Potrero Launch project would create a cluster of mixed-use buildings with about 242,185 sq. ft. of floor area. Twelve percent of the total dwelling units, or approximately 22 of the total units would be reserved as Below Market Rate (BMR) units pursuant to the City's Inclusionary Affordable Housing Program.

The project would also construct a new 65-foot-tall (six-story) structure on Illinois Street. It features about 8,884 square feet of common open space in the form of a large internal landscaped courtyard, roof-top open space, and three new publicly accessible "pocket plazas" along the Third Street frontage.

The 2235 Third Street project will help contribute funds to the GreenTrust. As San Francisco's first non-profit, neighborhood-based open space trust fund, GreenTrust will promote the maintenance and expansion of green spaces in the Central Waterfront — beginning with the development of a strategic "greening plan" based on the Draft Central Waterfront Plan. The 2235 Third Street project site covers approximately 1.25 acres in the heart of San Francisco's Central Waterfront, bounded by Third and Illinois Streets, between 19th and 20th Streets.

Other funding for the developments include \$312,972 in federal stimulus funds for the Arc Light project and \$584,917 for Potrero Launch. The funds are part of \$800 million in federal support for affordable housing projects in California.

State Treasurer Bill Lockyer said that, "These funds have played a vital part in helping to revitalize California's economy. The program has rejuvenated many stalled projects and helped others get off the ground."

In doing so, we've created needed affordable housing for working Californians and their families, and helped to put people back to work.

With financial markets and credit still tight and developers struggling to get projects started, the mix of federal funds, tax breaks, and funding from the AFL-CIO may help get the construction industry back on track. A press release from the HIT notes that, "Even as the construction industry faces double-digit unemployment rates in today's struggling economy, the AFL-CIO Housing Investment Trust (HIT) continues to generate family-supporting union construction jobs through its investments around the country. The 14 HIT-financed projects currently under construction represent more than 5.1 million hours of work for members of local building and construction trades unions in a dozen communities." Since its inception, the HIT has invested over \$5.5 billion to finance more than 94,000 units of housing nationwide, generating approximately 61,000 union jobs. Over the last ten years, the HIT has committed \$2.0 billion to finance the development or preservation of over 31,000 housing units. These investments have generated almost 19,000 union construction jobs and leveraged \$1.5 billion in additional investment capital for community development.

The HIT maintains its union labor requirement as part of its investment objective of generating competitive returns for its participants, because union workers add value to Trust-financed projects through the skills, knowledge and experience they bring to the job. Further, the 100 percent union labor requirement promotes positive labor relations and productivity on its projects.