



St. Anton Secures Funds for \$57M Suburban SF Mixed-Income Project

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San Ramon, Calif.—The grip of the credit crunch continues to hamper many a commercial real estate development project, but St. Anton Partners has managed to obtain a \$48.6 million loan with relative ease for Highlands Point Apartments, its \$57 million San Francisco Bay-area project. And with funds in hand, the developer recently kicked off construction of the 293-unit mixed-income property.

Highlands Point will be just one component of the new Windemere Ranch master-planned community, an affluent destination about 40 miles east of San Francisco. Windemere Ranch had been hindered by major lawsuits for years before all parties agreed on a settlement, part of which required that a certain segment of the master planned community incorporate affordable housing. Highlands Point, where 45 percent of the units will be reserved for lower-income households, was specifically designated to meet a portion of the affordable housing requirements of that settlement.

All legal wrangling had come to an end by the time St. Anton came onboard. The company acquired the 10-acre Highlands Point project from Lennar Homes and Brookfield Homes in January 2009—and then sat on it. “We put it on hold until the capital markets and the fundamental real estate market stabilized,” Steve Eggert, co-managing partner and co-owner of St. Anton with Peter Geremia, tells *MHN*. “In the spring of 2010 we started working on financing and closed it in December 2010.”

The majority of funding for the development of Highlands Point comes in the form of a loan obtained through the federal government’s New Issue Bond Program, a vehicle that provides developers of affordable multifamily housing projects with low-cost, fixed-rate financing. St. Anton was able get its hands on \$48.6 million in NIBP financing issued through the California Housing Finance Agency and guaranteed by Freddie Mac, with Citibank N.A. serving as the delegated underwriter and servicer.

Highlands Point is one of the largest projects in California to receive a construction loan and permanent financing under NIBP in 2010. “It was easier for us to get a loan of this size because we don’t have any legacy issues,” Eggert says. “Many other developers are saddled with struggling loans.” St. Anton provided the remaining \$8.4 million for Highlands Point. “We have conservatively built our cash flow machine; there was no third-party equity for the project, so that was also attractive to the lender.”

When all is said and done, 65 percent of Highlands Points’ residences will be leased at market rates, while the remaining units will be reserved for low- and very-low income households. There is an overwhelming need for affordable housing across the country, but the call for market-rate apartments in a prosperous community like San Ramon is also loud, and is expected to grow even louder.

“There are reasons why there is demand for market-rate apartments here,” says Geremia. “First of all, the echo boomers—the children of baby boomers—are just getting out into the market and they will be more inclined to rent, as opposed to 10 years ago when getting a loan to buy a house was easier. Also, there is a higher interest in rent versus for-sale housing in general. And there is more demand in gateway cities like San Francisco, Los Angeles, New York and Washington, D.C., because of jobs. There is very strong localized demand in San Ramon. The international headquarters for Chevron is just a mile down the road from Highlands Point and they’re hiring young, educated people who would be more likely to rent.”

In addition to the one-, two- and three-bedroom mixed-income residences, Highlands Point, which will encompass 15 structures, will offer such amenities as a 4,000 square-foot clubhouse with a pool and spa. Doors of the apartment community are on track to open in mid-2012.

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