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St. Anton Buys 225-Unit Ridgeway Apts.

By Brian K. Miller

MARIN CITY, CA—St. Anton Partners has acquired the 225-unit Ridgeway Apartments here from TMG Partners, according to Moran & Co., which had the disposition assignment. The purchase price was \$28.5 million, which works out to approximately \$127,000 per unit. The property is being converted from a market-rate property to a 100% affordable property and has been approved for federal low income housing tax credits and tax-exempt bond financing.

Marin City is a small unincorporated waterfront community six miles north of San Francisco, across the Golden Gate Bridge. St. Anton Partners is a Sacramento-based affordable housing investor-developer that owns several thousand units in Northern California. TMG Partners is a San Francisco based urban infill developer. Moran & Co. is a Chicago-based national investment brokerage firm; Mary Ann King and Brett Betzler, respectively president and director of the company's West Coast office brokered the transaction.

Betzler tells GlobeSt.com that the land and improvements were marketed together to conventional apartment investors in 2008 but changing market conditions forced the seller toward more creative solutions. "When the market changed there was not enough money to satisfy everyone involved," he says. "Ultimately, we determined that the property's highest and best use was in the affordable housing arena, and the execution that worked best for everyone was a sale of the improvements only, and a restructuring of the existing ground lease."

TMG president Michael Covarrubias tells GlobeSt.com that Ridgeway was part of a larger transit-oriented redevelopment organized by TMG, Bridge Housing, and local community leaders in the early 1990s that also included the 180,000-square-foot Marin Gateway Shopping Center, which is across the street, and the 85-unit Marin City Townhomes for-sale residential development. Called the Marin City USA partnership, the group funded the acquisition of land and the creation of a nonprofit land trust, a public library, day care center, privately maintained parks and wetland and seismic retrofit of an interstate freeway interchange.

The 45-acre project required 18 private and nonprofit funding sources, dozens of community hearings and nearly five years to entitle. Bridge Housing developed the townhomes and TMG financed and built the shopping center, the Ridgeway apartments and public use facilities for the development, which won the California Chapter American Planning Association Advocacy Planning Award in 1998.

Covarrubias says the sale closes out its involvement in the development. Moreover, he says the renegotiated ground lease arrangement netted the nonprofit Marin Community Land Corp. an up-front chunk of money that it can invest in its programs as well as an ongoing steady source of income.

St. Anton Partners is a long-term investor and will invest \$4 million improve the property in the near term. The money will go toward interior upgrades, landscaping improvements, and upgrading the community room. New resident services such as after-school programs and computer classes also are planned.

Steve Eggert, who co-owns St. Anton with Peter Geremia tells GlobeSt.com the company put up the equity itself and the debt was provided by Prudential and Freddie Mac. "We will use the tax credits ourselves or sell our LP to an institutional investor," he says.

St. Anton owns in excess of 5,000 units in Northern California but Ridgeway is St. Anton's first operating property in the Bay Area. Earlier this year it closed on land in a Windermere master-planned community in San Ramon that is fully entitled for a 293-unit apartment complex. St. Anton is planning to start construction sometime next year.

□ We are interested in acquiring more significant-sized multifamily projects in the Bay Area to [gain economies of scale], □ Eggert says. □ We are historically builders and enjoy doing that but right now, at this snapshot in time, the acquisition of existing buildings makes more sense. □



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