



Forest City to Build Apartments in San Francisco's Presidio

By Dan Levy

May 2 (Bloomberg) -- Forest City Enterprises Inc. will turn an abandoned hospital complex into 161 apartments in the Presidio of San Francisco, the former U.S. Army base near the Golden Gate Bridge that is also a national park.

Forest City will renovate a section of the hospital built in the 1930s and demolish two wings built in the 1950s, the Cleveland-based developer said in a statement. Current rents in the Presidio range from \$2,100 for a two-bedroom apartment in former enlisted men's quarters to \$14,000 for a house once used by army generals.

The project will cost \$92 million, said Dana Polk, spokeswoman for the Presidio Trust, the federal agency that runs the 1,489-acre park on the northern tip of San Francisco.

Forest City will spend \$71.8 million to renovate the hospital complex's main building and the Presidio Trust will spend \$20.2 million to rebuild smaller buildings, Polk said. The renovation is scheduled to be completed in 2010. Apartment rents haven't been determined.

The Presidio Trust will receive \$3.52 million a year in revenue from the project, including \$2 million in rent from residents and \$1.52 million from Forest City in ground rent and service charges.

The Presidio was founded in 1776 as a Spanish fort and taken over by the U.S. Army in 1846 during the Mexican-American War. It was the Pacific Coast command post until the Army decommissioned the base in 1994 and handed it over to the National Park Service.

Shares of Forest City rose 1.63 percent to \$67.83 in New York Stock Exchange composite trading. They have gained 16 percent this year compared with a 5.5 percent increase for the Standard & Poor's 500 Index.

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