

Mayor's Office of Housing and Community Development
City and County of San Francisco



Edwin M. Lee
Mayor

Olson Lee
Director

March 15, 2016

Donald S. Falk
Chief Executive Officer
Tenderloin Neighborhood Development Corporation
210 Eddy Street
San Francisco, CA 94102

Dear Mr. Falk:

The San Francisco Mayor's Office of Housing and Community Development (MOHCD) has committed funding to and fully supports the acquisition and rehabilitation of Tenderloin Neighborhood Development Corporation's ("Developer") Yosemite Apartments located at 480 Eddy Street in San Francisco. Yosemite Apartments is an existing six-story multifamily residential building, with ground floor retail in the Tenderloin Neighborhood. The building, constructed in 1924, is on the National Register of Historic Places, and in addition to a substantial rehabilitation of the building interior and a needed seismic upgrade, the rehab scope includes full preservation of the building's many historic architectural details. The building contains 31 studio units and 1 one-bedroom unit. The funding for the rehabilitation effort will ensure that the property continues to maintain affordability in the long term, and also help to target deeper affordability.

In addition to the residential units, the building contains a 750 square foot commercial space which will be upgraded and made available to a community-serving retail use. Additionally, there is a large community garden located in the rear yard of the property, which will be expanded and revitalized as part of the rehabilitation effort to encourage resident gardening activities. Finally, the Yosemite Apartments rehabilitation will improve surround public infrastructure, encourage safe pedestrian passage throughout the Tenderloin, and help link families to jobs and amenities around the city and region via nearby pedestrian improvements, bike, bus, subway, and regional rail options.

In March 2016, MOHCD approved \$1,846,612 in below-market gap funding for the project, and the restructuring of \$1,595,041 in existing MOHCD soft debt associated with the property. The existing MOHCD soft debt will be assumable by the new, to-be-formed, tax credit limited partnership for the project. These funds represent the final funding commitment, outside of the AHSC request, needed to make this project a reality.

Sources for construction and permanent funding are projected as follows:

Construction Financing:

Loan Type	Loan Amount	Term	Rate
Construction Loan	\$12,761,176	21 mos	3.5%

City of San Francisco	\$ 3,440,654	21 mos	3%
Seller Carryback (AFR)	\$ 3,004,958	21 mos	3.080%
Sponsor Equity or Deferred Fee	\$ 900,000	n/a	n/a
Tax Credit Equity	\$ 1,719,933	n/a	n/a
Total	\$21,826,721		

Permanent Financing:

Loan Type	Loan Amount	Term	Rate
AHSC	\$ 4,476,550	55 years	3%
City of San Francisco	\$ 3,440,654	55 years	3%
Tax Credit Equity	\$10,004,559	n/a	n/a
Seller Carryback (AFR)	\$ 3,004,958	57 years	3.080%
Sponsor Equity or Deferred Fee	\$ 900,000	n/a	n/a
Total	\$21,826,721		

Preservation of 32 high-quality, affordable housing units at Yosemite Apartments, including ten units for persons earning no more than 25% of Area Median Income (AMI), represents a significant response to San Francisco's affordable housing crisis. Again, MOHCD fully supports this project and looks forward to collaborative work with HCD in bringing this project to completion.

Sincerely,



Olson Lee
Director