

9/11/15

**TENDERLOIN NEIGHBORHOOD DEVELOPMENT CORPORATION
939 & 951 EDDY – RAD Phase I
Project Overview**

Project Summary

939 & 951 Eddy Street consists of 60 existing public housing units located in two adjoining buildings at 939 & 951 Eddy Street in the City of San Francisco. The two buildings will be treated as one project, which will be rehabilitated as part of a Citywide program under which public housing units currently owned and operated by the San Francisco Housing Authority will convert to the Rental Assistance Demonstration (RAD) program. Under RAD, 3,584 units of public housing in 29 different projects will convert in two phases.

939 and 951 Eddy Street will include approximately 25,583 and 41,340 square feet of gross floor area, respectively, for a total of approximately 67,000 gross square feet. 939 Eddy also includes two indoor parking garages that currently accommodate approximately six vehicles total. Residents will have access to a landscaped backyard patio area as well as a new community room with adjacent kitchenette, refurbished main entrance and lobby, and new property management and service coordinator offices.

Total project costs, including the cost to acquire and rehabilitate the existing buildings, will be approximately \$21 million, or \$350,000 per dwelling unit.

As part of the rehabilitation effort, the current management will be relocated from a two-bedroom unit into a new space, and that two-bedroom unit will be brought online as an additional income-generating unit. The new unit count post-rehab will be 62, which will include a two-bedroom manager's unit. The new unit breakdown will be as follows:

0-BRs	36 units
1-BRs	1 unit
2-BRs	21 units
3-BRs	3 units

2-BR Manager 1 unit

All of the residential units will serve households earning less than 50 percent of the San Francisco County Area Median Income, though the rents may be increased to 60% State TCAC AMI in the event of loss of subsidy.

Description of residents

No residents will be displaced. All residents have the right to return after any temporary relocation that might be required. RAD does not allow re-screening or re-application of any residents. Approximately 80% of the residents are seniors; the other 20% are disabled adults.

Site Description and Scope of Work

Address: 951 Eddy Street
Block/Lot: 0744-013

Given the fact that the property underwent a major rehab recently (2008), the scope is more limited than the rehab work at 939 Eddy. Major upgrades include: the building out of two underutilized spaces in the basement level into a new community room to accommodate more residents, and a new tenant services office; replacement of the original wood-framed windows in these two new spaces and repairs to other common area and unit windows identified as problematic; replacement of the built-up roof surface; full overhaul of the elevator system; replacement of the two wheelchair lifts; and upgrades to domestic hot water and security monitoring systems.

Unit rehab needs are also minimal, and include spot replacement of flooring, tub surrounds, cabinet doors and drawer fronts, and kitchen appliances. Similar to 939 Eddy, all unit bathrooms at 951 will also receive new bathroom exhaust fan systems. Additionally, there are 3 two-bedroom units at 951 which have an additional room that many residents are using as a sleeping area, though they do not have closets currently. TNDC intends to add closets to these spaces so that the units can be optimally utilized as three-bedroom units. In addition, the current management office, located on the first floor, will be converted into a two-bedroom unit and the management functions will be relocated into a new space on the first floor. Two unit rehabs in the building will include minor reconfigurations for accessibility purposes.

Address: 939 Eddy Street
Block/Lot: 0744-012

939 Eddy requires a more substantial rehab, given the fact that the last major rehab occurred in 1980, and capital improvements (including window and siding replacement) have been completed on an as-needed basis since. The building has a soft-story condition and will require a structural upgrade including shearwalls and supports from the basement to the underside of the second story. Major upgrades to the building systems include: replacement of the roof surface and insulation; renovation of the common hallways and stairwells; replacement of the non-functioning solar domestic hot water system; replacement of the gas-fired domestic hot water system and storage tanks; full overhaul of the elevator system; and upgrades to the fire alarm and security monitoring systems.

In terms of unit renovations, each unit will require the addition of fire sprinklers (achieved by extending the existing common area sprinkler system into each unit) as well as the addition of bathroom exhaust fans to supplement the existing passive intake/exhaust through the bathroom windows. Additionally, twenty-one of the units will receive new flooring, cabinetry/countertops, and appliances. The six units on the first floor will be the only units in the building to be affected by the seismic upgrade, and two of these units will receive modifications for accessibility.

Twelve months are allocated to rehabilitation of the project. Existing residents will be relocated temporarily to on site and off site units through a MOHCD- and SFHA-coordinated relocation effort.

Development Team

- Tenderloin Neighborhood Development Corporation (TNDC) is the Project Sponsor.
- 939 & 951 Eddy Associates, L.P. is the Project Owner.
- Transworld Construction will be the general contractor for the project.

- Tenderloin Neighborhood Development Corporation will be property manager for the project.
- Paulett Taggart Architects is the architect for the project.

Project Ownership Structure

- This project is being sponsored by Tenderloin Neighborhood Development Corporation and will be owned by its affiliate 939 & 951 Eddy Associates, L.P.
- The existing owner of the project is the San Francisco Housing Authority, which will retain ownership of the land and convey the improvements to a Limited Partnership for which 939 & 951 Eddy GP LLC will be the Managing General Partner.
- An Investor Member will own a 99.99% member interest in the Owner.
- Any required guaranties will be provided by Tenderloin Neighborhood Development Corporation

Financing Structure

The following sources of capital financing will be utilized: tax-exempt bonds issued by the City of San Francisco; 4% low income housing tax credits; seller carryback financing from the San Francisco Housing Authority; a conventional first mortgage; and soft debt from the City and County of San Francisco.

The amount of private activity tax exempt bonds used during construction will be sized specifically to meet the 50% of aggregate basis test required for the 4% tax credits. The sale of 4% Low Income Housing Tax Credits (LIHTC) will generate equity financing for the project. The calculation of tax credits utilizes the 30% basis boost as San Francisco County is a “difficult-to-develop” area.

Schedule

Financing is anticipated to close between October 1, 2015 and October 31, 2015, with construction starting within 30 days of the close.

The site rehabilitation work will be over a 12 month period with households temporarily relocated for approximately four weeks during each phase of the work. All construction work will be completed by December 2016.