



CASE STUDY:

220 Golden Gate Avenue

Shih-Yu-Lang Central
(Tenderloin)
YMCA Branch
San Francisco, CA

A historically significant 150,000 s.f. YMCA facility with gymnasium, pool, administrative and program areas, as well as 105 hotel rooms.

- Investment Advisory
- Development Strategy
- Sales/Leasing Transaction Management

The Client

A major Bay Area non profit organization, the YMCA Association of San Francisco, and the local branch management of the Shih Yu Lang Central YMCA.

The Challenge

The YMCA Association of San Francisco is the oversight manager for 15 branches of the Y dispersed in and around the city and the North Bay. As a non profit organization, over the many years that a Y facility has been centered in the community they serve, properties are often built, donated and owned by the Association. In the case of the Shih-Yu-Lange Central branch at 220 Golden Gate Avenue in San Francisco's "tenderloin" neighborhood – this property was originally built for the organization. It housed 105 hotel rooms, a theatre, grand meeting area, offices and a gym and work out facilities on 3 of the lower floors, in addition to a swimming pool in the basement. This building was constructed in 1910 and was now designated as a city historical property. The property also had significant deferred maintenance and seismic upgrade needs. The facility size and maintenance issues were becoming a financial burden on the operations of this non profit branch and it was determined that the best remedy would be to sell the asset, along with the two adjacent parcels of land. This decision was made just at the time the market was beginning to decline, due in part to inflated construction costs and residential over-building. The complicated assignment of marketing and selling a building, while still trying to operate a membership operation was a big challenge to the organization. The physical conditions of the property combined with the perceived neighborhood reputation of crime, homelessness and other deficiencies in the area made the prospects of finding a qualified buyer for the asset daunting.

The Solution

MKEG and UREA founders joint ventured a development analysis of the properties and embarked on a marketing plan for the assets. During the due-diligence process it was found that previous management of the Y had sold off approximately 85,000 s.f. of their 150,000 s.f. building in a Transferable Development Rights transaction. In essence the Y sold off approximately half of the building rights as far as new use or redevelopment aspects of the property were concerned, and as the seller would be faced with repurchasing these TDRs at a substantial price in order for a new developer/owner to modify the property. The marketing process brought in 7 bids, and allowed the Y to negotiate with the qualified buyer who could close on the most advantageous pricing and conditions to the non profit organization. Several buyers wanted to purchase the lots separately, but it was felt that the most immediate need was to sell the maintenance-burdened building and if need be deal with the vacant lots at a later date.



URBAN
REAL ESTATE EQUITIES

155 Montgomery Street, Suite 701
San Francisco, CA 94104
415.398.9200

CASE STUDY:

**220 Golden
Gate Avenue**

Shih-Yu-
Lang Central
(Tenderloin)
YMCA Branch
San Francisco, CA

A historically significant 150,000 s.f. YMCA facility with gymnasium, pool, administrative and program areas, as well as 105 hotel rooms.

- Investment Advisory
- Development Strategy
- Sales/Leasing Transaction Management

The Results

We embarked on a solicited bid process – marketing the property to a wide variety of buyers including local Tenderloin property owners, the city and county of San Francisco (who resided in the neighborhood), schools, residential developers and other re-use candidates. After extensive marketing, a buyer was found who would work with the Mayor’s Office of Housing to fund and develop an affordable housing project for the homeless and incorporate city support services including a health clinic and wellness center – the first of its kind of combined city services in one building. The Y was able to remain in the building through the planning process and is about to locate to a temporary facility while their new project is completed in a nearby location. The “missing” TDRs were the subject of a favorable city zoning and planning commission ruling. This was a special win-win solution – as the Y was able to sell their asset to the highest bidder, the new development is a significant social improvement to the surrounding area and the City of San Francisco can be proud of their efforts to assist the less fortunate of our vibrant community.