

1 [Loan Amendment - Octavia RSU Associates, L.P. - 100% Affordable Housing at 78 Haight
2 Street - Not to Exceed \$35,306,233]

3 **Resolution approving and authorizing 1) the execution of a First Amendment to the**
4 **Amended and Restated Loan Agreement with Octavia RSU Associates, L.P., a**
5 **California limited partnership, to increase the loan amount by up to \$8,559,766 for a**
6 **new total loan amount not to exceed \$35,306,233 to finance additional costs related to a**
7 **100% affordable, 63-unit multifamily rental housing development affordable to low-**
8 **income households, including 32 units for Transitional Age Youth who are homeless or**
9 **at-risk of homelessness, and including up to 3,200 square feet of commercial space**
10 **located at 78 Haight Street (“Project”); and 2) the Mayor and the Director of Mayor’s**
11 **Office of Housing and Community Development, to execute documents, make certain**
12 **modifications and take certain actions in furtherance of this Resolution, as defined**
13 **herein.**

14
15 WHEREAS, The City and County of San Francisco, acting through the Mayor’s Office
16 of Housing and Community Development (“MOHCD”), administers a variety of housing
17 programs that provide financing for the development of new housing and the rehabilitation of
18 single- and multi-family housing for low- and moderate-income households in San Francisco;
19 and

20 WHEREAS, MOHCD enters into loan agreements with affordable housing developers
21 and operators; administers loan agreements; reviews annual audits and monitoring reports;
22 monitors compliance with affordable housing requirements in accordance with capital funding
23 regulatory agreements; and if necessary, takes appropriate action to enforce compliance; and

24 WHEREAS, The Planning Department determined that the Project is consistent with
25 the City’s General Plan and eight priority policies of Planning Code, Section 101.1 (the

1 “Planning Department Authorization”); a copy of the Planning Department Authorization is on
2 file with the Clerk of the Board of Supervisors in File No. 220092, and is incorporated herein
3 by reference; and

4 WHEREAS, The City is the fee owner of Assessor’s Parcel Block No. 0853, Lot No.
5 065 and Lot No. 066, San Francisco, also known by its street addresses as “78 Haight” (the
6 “Property”); and

7 WHEREAS, Under Resolution No. 62-22, the Board of Supervisors approved an
8 Amended and Restated Loan Agreement between the City and Octavia RSU Associates, L.P.,
9 a California limited partnership (“Borrower”), with Tenderloin Neighborhood Development
10 Corporation as the project sponsor, a copy of which is on file with the Clerk of the Board of
11 Supervisors in File No. 220092 (“Loan Agreement”), and a loan in the amount of \$26,746,467
12 (the “Loan”) to the Borrower for development and construction of a 100% affordable 63-unit
13 multifamily rental housing development affordable to low-income households, including 32
14 units for Transitional Age Youth who are homeless or at-risk of homelessness, and including
15 up to 3,200 square feet of commercial space (the “Project”), and a ground lease of the
16 Property to Borrower for development and construction of the Project; and

17 WHEREAS, On April 8, 2022, the Borrower closed construction and permanent
18 financing for the Project, which included construction loan financing and low income housing
19 tax credits, and commenced construction of the Project on April 8, 2022; and

20 WHEREAS, The Borrower delayed construction activities in May 2022 to investigate
21 unforeseen dangerous conditions of the adjacent property, which is at risk of collapse, that
22 could damage the Project and harm workers if the adjacent property was left unabated and
23 construction of the Project had proceeded; and

1 WHEREAS, The Borrower has entered into an agreement with the adjacent property
2 owner on the needed work to stabilize the adjacent property and create a sound foundation
3 for the Project; and

4 WHEREAS, Because of the construction delay to the Project and need for additional
5 construction related to the adjacent property, the cost of the Project has increased by an
6 estimated \$10,552,524, which includes an increase in costs for the additional construction
7 work, an escalation in Project costs due to the 18 month delay, increase in construction loan
8 interest due to the new interest rate environment, increase in associated architecture and
9 engineering and other professional service costs, and an increase in the capitalized operating
10 subsidy reserve to meet the projected increase in operating costs over time; and

11 WHEREAS, The Borrower is contributing funds to cover a portion of the increased cost
12 and will continue to apply for other financing; and to complete construction of the Project, the
13 Borrower requires additional funding to cover up to \$8,559,766 of the increased Project costs;
14 and

15 WHEREAS, On January 5, 2024, the Citywide Affordable Housing Loan Committee,
16 consisting of MOHCD, Department of Homelessness and Supportive Housing, Office of
17 Community Investment and Infrastructure, and the Controller’s Office of Public Finance
18 recommended approval to the Mayor of a loan increase for the Project in an amount not to
19 exceed \$8,559,766; and

20 WHEREAS, MOHCD desires to increase the Loan by an amount not to exceed
21 \$8,559,766 (“Additional Loan”), for a total loan to the Borrower in the amount not to exceed
22 \$35,306,233, pursuant to a First Amendment to the Amended and Restated Loan Agreement
23 (“First Amendment”) in substantially the form on file with the Clerk of the Board of Supervisors
24 in File No. 240092, and in such final form as approved by the Director of MOHCD and the City
25 Attorney; now, therefore, be it

1 RESOLVED, That the Board of Supervisors hereby approves the First Amendment and
2 authorizes the Mayor and the Director of MOHCD or his designee to enter into any
3 amendments or modifications to the First Amendment (including, without limitation,
4 preparation and attachment or, or changes to, any of all of the exhibits and ancillary
5 agreements) and any other documents or instruments necessary in connection therewith that
6 the Director determines, in consultation with the City Attorney, are in the best interest of the
7 City, do not materially increase the obligations or liabilities for the City or materially diminish
8 the benefits of the City, are necessary or advisable to effectuate the purposes and intent of
9 this Resolution and are in compliance with all applicable laws, including the City Charter; and,
10 be it

11 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and
12 delegates to the Mayor and Director of MOHCD, and his designee, the authority to undertake
13 any actions necessary to protect the City's financial security in the Property and enforce the
14 affordable housing restrictions, which may include, curing the default under a senior loan; and,
15 be it

16 FURTHER RESOLVED, That all actions authorized and directed by this Resolution and
17 heretofore taken are hereby ratified, approved and confirmed by this Board of Supervisors;
18 and, be it

19 FURTHER RESOLVED, That within thirty (30) days of the First Amendment being fully
20 executed by all parties, MOHCD shall provide a copy of the final First Amendment to the Clerk
21 of the Board for inclusion into the official file.

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RECOMMENDED:

_____/s/_____
Daniel Adams, Director
Mayor's Office of Housing and Community Development