



78 Haight Street

BUDGET AND FINANCE
COMMITTEE

FEBRUARY 14, 2024

ANNE ROMERO, SENIOR PROJECT
MANAGER

MAYOR'S OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT

78 Haight Street - BUDGET AND FINANCE COMMITTEE AGENDA ITEM

File # _____:

- 1) Request for approval of First Amendment to Amended and Restated Loan Agreement to increase loan by up to \$8,559,766 for a total loan not to exceed \$35,306,233
- 2) Request for authorization for the Mayor and Director of MOHCD to execute documents in furtherance of this resolution

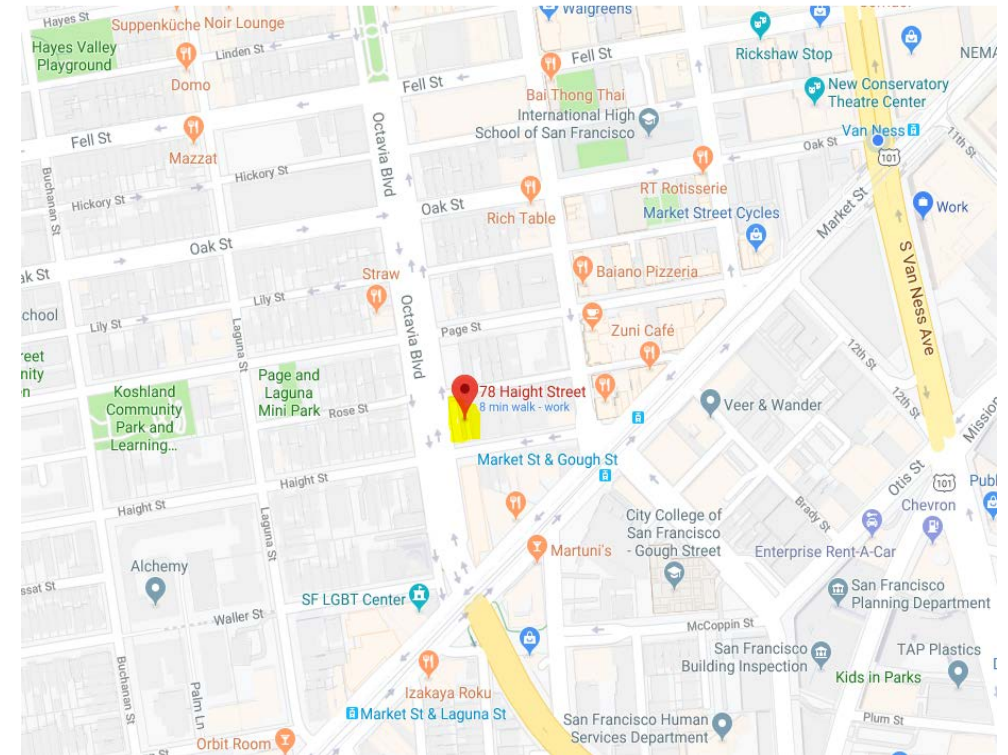


PROPOSED PROJECT

- 63 affordable units
 - 58 studios
 - 5 one-bedroom units
- Target Populations
 - 32 units for homeless and at-risk transitional age youth, including five 1-BR units for parenting youth
 - 31 lottery units
 - Larkin Street Youth Services is TAY service provider
- AMIs from 30% to 65% MOHCD AMI
- Commercial Space
 - Ground Floor 3,200 square feet originally planned for childcare, which is no longer feasible
 - Revised ground floor uses are being explored, including up to three additional affordable units, expanded service space and a smaller ground floor community-serving commercial space

PROJECT HISTORY – 78 HAIGHT STREET

- **2017** – Tenderloin Neighborhood Development Corporation (TNDC) selected as Sponsor under MOHCD’s Affordable Housing Request for Proposals (RFP)
- **2021** – Project received a 9% tax credit allocation under the Special Needs Set Aside
- **2022** - Closed on construction financing, long term ground lease and \$26.7M gap loan from MOHCD. No state financing in project.
- **2022-2023**
 - Project halted due to unforeseen conditions at adjacent property which was at risk of collapse
 - TNDC worked closely with the adjacent property owner to design a structural repair
- **January 2024** - MOHCD additional permanent loan financing approved by *Citywide Affordable Housing Loan Committee* to address increase in costs caused by the delay



INCREASE IN PROJECT COST

Increase in total costs - \$10.5M

- adjacent building's structural and foundation repairs - \$1.74M
- escalation in construction costs - \$3.26M
- Other hard cost increases - \$1.7M
- increase in construction loan interest – \$1.04M
- increase in design, engineering, consultant, insurance, legal and other soft costs - \$1M
- increase in capitalized operating reserve due to increased operating cost projections - \$950K

Sources to fund new costs

- MOHCD increased loan - \$8.56M
- TNDC contributing at-risk developer fee as GP Equity - \$1.1M
- TNDC applying for additional capital and rental subsidies



PERMANENT FINANCING

Total Development Costs	\$65M
<ul style="list-style-type: none"> • MOHCD Original Loan • MOHCD Amendment – Request • FHLB Affordable Housing Program • 9% tax credit equity • GP Equity • Accrued Interest 	<ul style="list-style-type: none"> \$25.8M \$8.5M \$945K \$27M \$1.1M \$900K

TIMELINE

▪ Housing Construction Start:	April 2022
▪ Construction Pause:	May 2022 – February 2024
▪ Structural repair to adjacent property:	Jan - February 2024
▪ Housing Restart:	March 2024
▪ Marketing:	May 2025
▪ Unit Lottery:	June 2025
▪ Project completion:	September 2025
▪ Leasing:	November 2025 – April 2026





Representatives from TNDC:

SHREYA SHAH, ASSOCIATE DIRECTOR OF HOUSING DEVELOPMENT, TNDC

CHRIS CUMMINGS, DIRECTOR OF HOUSING DEVELOPMENT, TNDC

MAURILIO LEON, EXECUTIVE DIRECTOR, TNDC