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

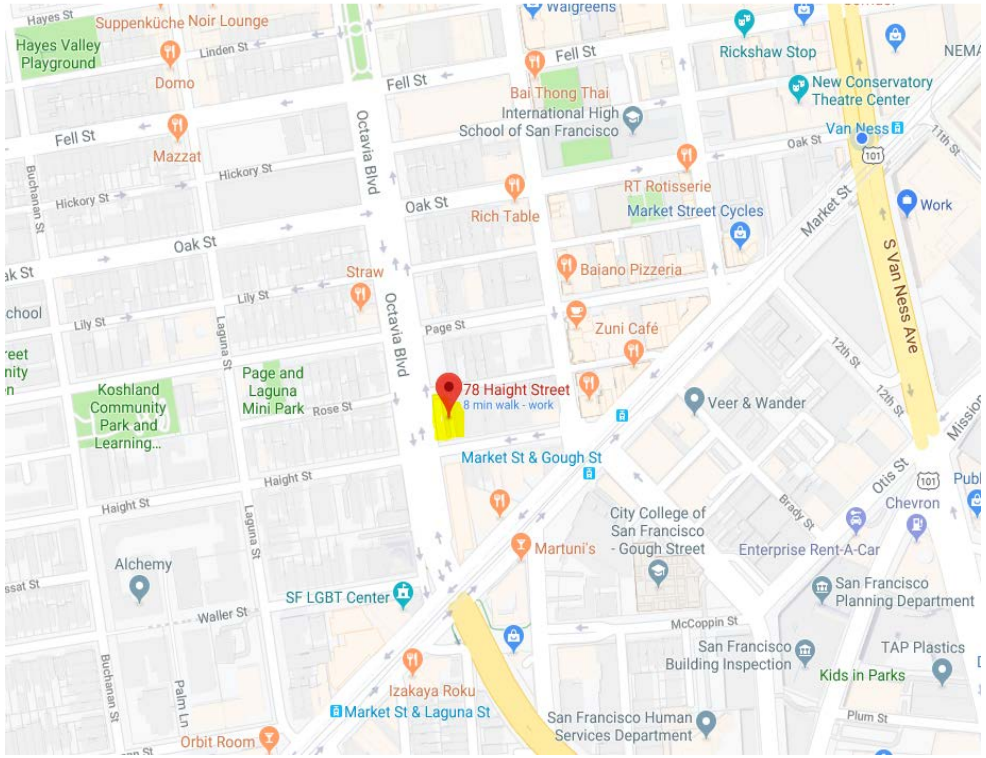
2) Request for authorization for the Mayor and Director of MOHCD to execute documents in furtherance of this resolution

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
• MOHCD Original Loan	$25.8M
• MOHCD Amendment – Request	$8.5M
• FHLB Affordable Housing Program	$945K
• 9% tax credit equity	$27M
• GP Equity	$1.1M
• Accrued Interest	$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