Office of Community Investment and Infrastructure

Authorizing a First Amendment to the Amended and Restated Housing Loan Agreement for 400 China Basin Street

January 16, 2024

OCII

Site Location & Transit

General Background

- 1998: Mission Bay North and South Redevelopment Plans and Owner Participation Agreements ("OPAs")

  - 6,514 residential units, 1,918 or approximately 29% affordable

  - MBN: 2,964 total units, 700 affordable

  - MBS: 3,237 total units completed, 905 affordable. Additional 313 affordable units planned or under construction

  - 400 China Basin is an affordable site for 148-units of affordable homeownership units

Project Background

- **April & May 2019**: Presented the RFP to MB CAC & OCII issued RFP
- **April 2020**: Commission Approved Predevelopment Loan Agreement and ENA
- **January & February 2021**: Presented 100% Basic Concept/Schematic Design to the CAC & Commission approved
- **December 2021**: Commission approved a First Amendment to the Mission Bay South Loan Agreement
- **April 2022:** Commission approved Amended and Restated Loan Agreement for $75,184,522, and the Disposition and Development Agreement
- **January 2024:** Commission approved an additional $8,000,000 in funding to retain current affordability levels

Development Program

Number of units	148 (of affordable For Sale units)
AMI Restrictions	80-110% AMI (4p hh 2023 AMIs: $115,300 - $158,500)
Unit sizes	• 50 – 1 bds: averaging 525 SF* • 63 – 2 bds: averaging 825 SF* • 35 – 3 bds: averaging 1,050 SF* *Paint to paint sf calculation.
Parking	0.23:1 ratio per unit (34 car spaces) 76 spaces for bikes
Amenities	• Community room • Outdoor courtyard and roof deck • Business Center • In-unit washer & dryers • Yoga room • Dog washing station

Limited Equity Program

- All units will be sold under the Limited Equity Program (LEP) to ensure long term affordability.
- Pricing is determined based on area median income vs. market values.
- At resale the price will be set based on the original affordability level and not current market value.
- Equity is based on the change in the area median income levels over time plus capital improvements made by the homeowner.

History for the First Amendment Request

- November 2021 – Project originally priced using 10-year rolling average interest rate of 3.8% for a 30-year fixed mortgage.
  - Was estimated to increase to 4.2% when sales will begin in mid-2024.
- November 2023 – interest rates for a 30-year fixed mortgage were 7.5%.
- Increase in interest rates created a gap with prices affordable to buyers and interest rates, and the construction loan.

First Amendment

- Original Gap Loan Amount - $75,184,552
- Increase Gap Loan Amount - $8,000,000
- Total Loan Amount - $83,184,522
  - Request off-sets the increase in interest rates since early 2022.
  - Allows the units to remain affordable to the targeted AMI levels.
  - Provides funding to reduce the private construction loan.
- Pricing exercise amended to reflect the increased interest rates.
- 400 China Basin pricing method will average the 12-month rolling average and the current rate at the time of pricing.

Occupancy Preferences

- **Preferences Order**:
  1. Certificate of Preference holders (including descendants)
  2. Displaced Tenant Preference Program (20% of units)
  3. Neighborhood Resident Housing Preference (25% of units)
  4. San Francisco Residents or Workers
  5. Members of the General Public

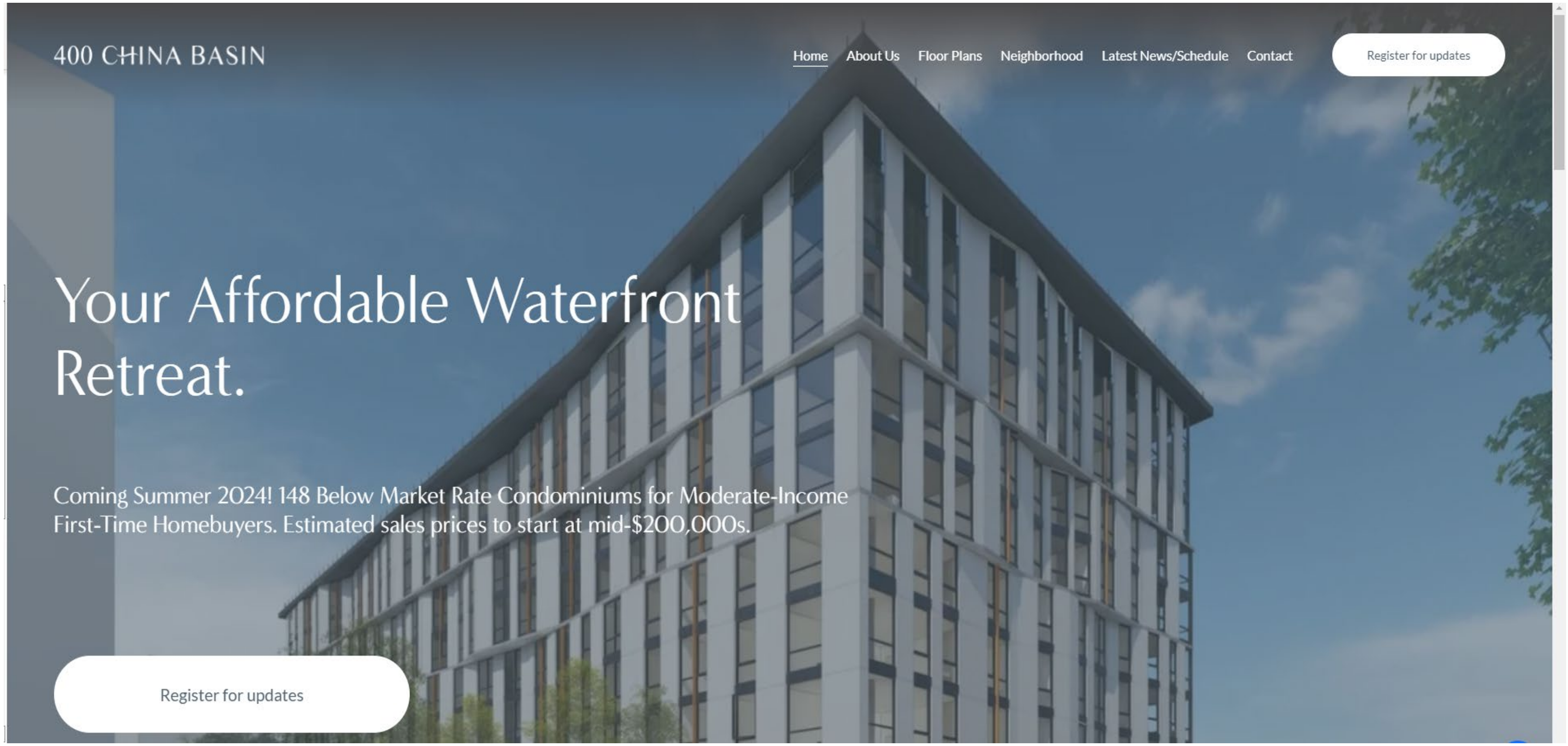
Marketing & Outreach Process

- **Early Outreach Plan after construction start in July 2022**
  - MOU with SFHDC with an emphasis on homeownership readiness
  - Certificate Of Preference holders (mailouts in November 2022 and February 2023)
- **Draft Marketing Plan in early March 2024**
  - Application information, lottery dates
  - Advertising, community meetings, and open houses
  - Strategies to target qualified income buyers

Marketing & Outreach Process

- Early marketing outreach efforts have been three pronged
- Advertising in neighborhood newspapers
- Posters in Mission Bay Light Rail Stations
- Outreach to numerous employers
- COP Workshops
- Hardhat Tours in March and April

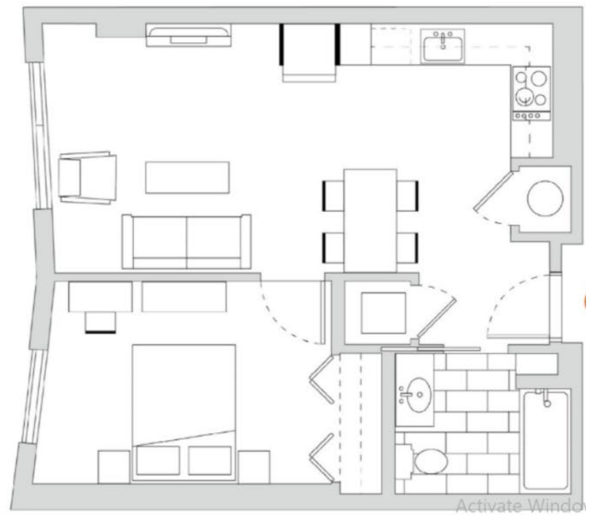
400 China Basin website



400 China Basin website

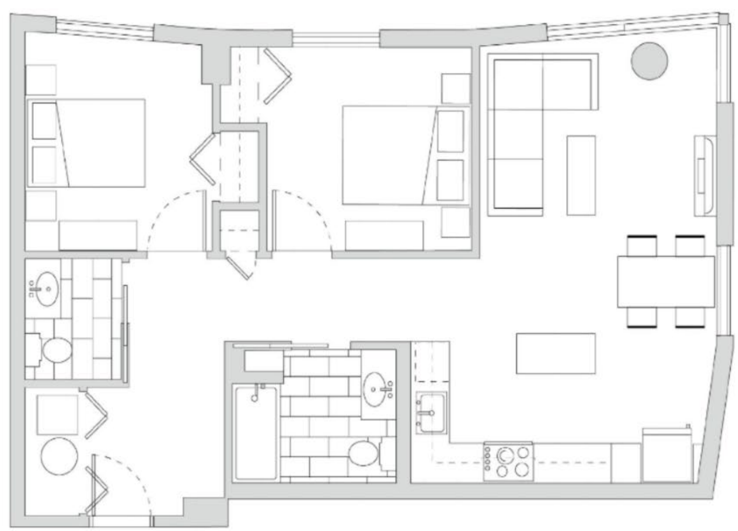
1 Bedroom

- 50 Units Total
- One Bedroom
- One Bathroom
- 500 – 750 Square Feet
- Projected HOA dues $420 to $450
- Estimated sales prices mid-$200,000s to low-$400,000s



2 Bedroom

- 63 Units Total
- Two Bedroom
- One and a Half Bathroom
- 800 – 1000 Square Feet
- Projected HOA dues $450 to $475
- Estimated sales prices low $300,000s to mid $400,000s



400 China Basin website

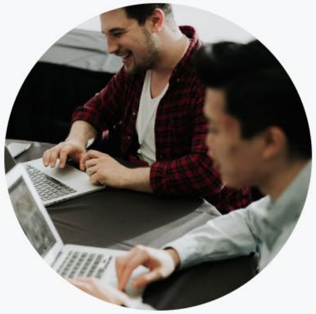
3 Bedroom

- 35 Units Total
- Three Bedroom
- Two Bathroom
- 1,000 – 1,250 Square Feet
- Projected HOA dues $480 to $520
- Estimated sales prices mid $300,000s to low $500,000s

400 China Basin website

Schedule

July 2022
Construction Begins



January - April 2024
Homebuyer Application Workshops

Sign-up here

April 2024
Hard Hat Tour

May 1, 2024
Applications Due

May 24th, 2024
Lottery

August 2024
Construction Completion

September 2024
Open House

September 2024
Units Begin Closing

Equal Opportunity Program

- **Small Business Enterprise contracting percentages:**

	SBE	SBE/SF	MBE	WBE	MWBE
Professional Services	71.6%	32.2%	17%	2.7%	3.8%
Construction	49.2%	33.7%	30.4%	1.7%	1.6%

- **Workforce Numbers:**

Total Hours	Local Hours	Minority Hours	Women Hours
127,331	33,916 (26%)	93,045 (73%)	924 (2%)

Project Schedule

- **April 2022:** Permanent Loan and DDA approval
- **May 2022:** Close construction loan
- **June 2022:** Start construction
- **August 2024:** Construction complete

Questions & Answers