

1 [Local Operating Subsidy Program Contract - Mercy Housing California XLIV, LP -
2 1180-4th Street - Not to Exceed \$10,254,142]

3 **Resolution authorizing the Director of the Mayor’s Office of Housing and Community**
4 **Development to execute a Local Operating Subsidy Program Grant Agreement with**
5 **Mercy Housing California XLIV, a California limited partnership, to provide operating**
6 **subsidies for formerly homeless households at 1180-4th Street, for a fifteen-year**
7 **period, in an amount not to exceed \$10,254,142.**

8
9 WHEREAS, The Mayor’s Office of Housing and Community Development (MOHCD)
10 administers a variety of housing programs that provide financing for the development of
11 new housing and the rehabilitation of single- and multi-family housing for low- and
12 moderate-income households in San Francisco; and

13 WHEREAS, In 2004, the City and County of San Francisco (City) published its “Ten
14 Year Plan to End Chronic Homelessness,” and established a goal of creating 3,000
15 permanent affordable housing units for homeless households by 2014; and

16 WHEREAS, MOHCD developed the Local Operating Subsidy Program (LOSP) in
17 order to establish long-term financial support to operate and maintain permanent affordable
18 housing for homeless households. Through the LOSP, the City subsidizes the difference
19 between the cost of operating housing for homeless persons and all other sources of
20 operating revenue for a given project, such as tenant rental payments, commercial space
21 lease payments, Stewart B. McKinney Homeless Assistance Act subsidies, project-based
22 Section 8 rent subsidies and California Mental Health Services Act operating subsidies; and

23 WHEREAS, All supportive housing projects selected for capital funding by the
24 Citywide Affordable Housing Loan Committee (Loan Committee) are eligible to receive
25

1 LOSP funds; and

2 WHEREAS, the Board of Supervisors authorizes City funding for LOSP projects as
3 part of the Annual Appropriation Ordinance; and

4 WHEREAS, MOHCD enters into grant agreements with supportive housing owners
5 and operators for LOSP projects in consultation with the Department of Public Health
6 (DPH) and Human Services Agency (HSA), administers LOSP contracts, reviews annual
7 audits and prepares recommendations for annual adjustments to project funding, monitors
8 compliance with LOSP requirements in accordance with capital funding regulatory
9 agreements, and if necessary, takes appropriate action to enforce compliance; and

10 WHEREAS, Mercy Housing California XLIV, L.P., a California limited partnership
11 (the Developer), is the owner and developer of a newly constructed affordable housing
12 development located at 1180 4th Street (Project), which will provide 149 units of affordable
13 family rental housing, of which 11 one-bedroom, 30 two-bedroom and 9 three-bedroom
14 units will be occupied by formerly homeless households; and

15 WHEREAS, On March 21, 2014, the Loan Committee recommended approval to the
16 Mayor of a LOSP grant award for the Project in an amount not to exceed \$10,254,142,
17 which would be used to subsidize the operating costs for 50 of the Project units that are
18 specifically designated for formerly homeless households; and

19 WHEREAS, MOHCD proposes to provide a LOSP grant in the amount not to exceed
20 \$10,254,142 to the Developer pursuant to a LOSP Grant Agreement (the Agreement) in
21 substantially the form on file with the Clerk of the Board in File No. 140650 and in such final
22 form as approved by the Director of MOHCD and the City Attorney; and

23 WHEREAS, the Agreement is for a 15 year term, and therefore requires Board of

24 //

25 //

1 Supervisors authorization; now, therefore, be it

2 RESOLVED, That the Board of Supervisors hereby authorizes the Director of
3 MOHCD or his designee to execute the Agreement for an amount not to exceed
4 \$10,254,142; and, be it

5 FURTHER RESOLVED, That this Board of Supervisors authorizes MOHCD to
6 proceed with actions necessary to implement the Agreement following execution, and
7 ratifies, approves and authorizes all actions heretofore taken by any City official in
8 connection with such Agreement; and, be it

9 FURTHER RESOLVED, That this Board of Supervisors hereby authorizes the
10 Director of MOHCD or his designee to enter into any amendments or modifications to the
11 Agreement, including without limitation, the exhibits that the Director determines, in
12 consultation with the City Attorney, are in the best interest of the City, do not materially
13 increase the obligations or liabilities for the City or materially diminish the benefits of the
14 City, are necessary or advisable to effectuate the purposes and intent of this Resolution
15 and are in compliance with all applicable laws, including the City Charter.

16

17 RECOMMENDED:

18

19 _____
Olson Lee, Director
20 Mayor's Office of Housing and Community Development

21

22

23

24

25