

1 [Grant Agreement - Hotel Essex, L.P. - Local Operating Subsidy Program Contract - Hotel
2 Essex, 684 Ellis Street - Not to Exceed \$18,623,354]

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 **Hotel Essex, L.P., a California limited partnership, to provide operating subsidies for**
6 **formerly homeless adults at Hotel Essex, 684 Ellis Street, for total a term of 15 years**
7 **and six months, starting July 1, 2017, and ending December 31, 2032, in an amount not**
8 **to exceed \$18,623,354.**

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

14 WHEREAS, In 2016, the City and County of San Francisco (“City”) founded the
15 Department of Homelessness and Supportive Housing (“HSH”), with one of its goals to reduce
16 the number of chronically homeless households that numbered 1,700 per the 2015 Point in
17 Time Homeless Count; and

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

1 WHEREAS, All supportive housing projects selected for capital funding by the
2 Citywide Affordable Housing Loan Committee (“Loan Committee”) are eligible to receive
3 LOSP funds; and

4 WHEREAS, The Board of Supervisors authorizes City funding for LOSP projects as
5 part of the Annual Appropriation Ordinance; and

6 WHEREAS, MOHCD enters into grant agreements with supportive housing owners and
7 operators for LOSP projects in consultation with the Department of Homelessness and
8 Supportive Housing (“HSH”), administers LOSP contracts, reviews annual audits and
9 prepares recommendations for annual adjustments to project funding, monitors compliance
10 with LOSP requirements in accordance with capital funding regulatory agreements, and if
11 necessary, takes appropriate action to enforce compliance; and

12 WHEREAS, Hotel Essex. L.P., a California limited partnership (the “Owner”), is the
13 owner of Hotel Essex, located at 684 Ellis Street, which provides 84 efficiency units for
14 extremely low-income, chronically homeless individuals (“Project”); and

15 WHEREAS, On March 3, 2017, the Loan Committee recommended approval to the
16 Mayor of a LOSP grant award for the Project in an amount not to exceed \$18,623,354; and

17 WHEREAS, MOHCD proposes to provide a LOSP grant in the amount not to exceed
18 \$18,623,354 to the Owner pursuant to a LOSP Grant Agreement (the “Agreement”) in
19 substantially the form on file with the Clerk of the Board of Supervisors in File No. 170561 and
20 in such final form as approved by the Director of MOHCD and the City Attorney; and

21 WHEREAS, After the existing LOSP contract expires on June 30, 2017, the Agreement
22 is for a 15 year and 6 month term, starting July 1, 2017, and ending December 31, 2032, and
23 therefore requires Board of Supervisors authorization; now, therefore, be it

1 RESOLVED, That the Board of Supervisors hereby authorizes the Director of MOHCD
2 or his designee to execute the Agreement for an amount not to exceed \$18,623,354; and, be
3 it

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

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

15 FURTHER RESOLVED, That within thirty (30) days of the contract being fully executed
16 by all parties, the MOHCD shall provide the final contract to the Clerk of the Board for
17 inclusion into the official file.

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20 RECOMMENDED:

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

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