

1 [Grant Agreement - Housing Services Affiliate of the Bernal Heights Neighborhood Center -
2 Local Operating Subsidy Program Contract - Monterey Boulevard Apartments, 403 Monterey
3 Street - Not to Exceed \$1,662,342]

4 **Resolution authorizing the Director of the Mayor's Office of Housing and**
5 **Community Development to execute a Local Operating Subsidy Program Grant**
6 **Agreement with Housing Services Affiliate of the Bernal Heights Neighborhood**
7 **Center, a California limited partnership, to provide operating subsidies for**
8 **formerly homeless adult households at Monterey Boulevard Apartments, located**
9 **at 403 Monterey Street, for the 15-year and six months term of July 1, 2018,**
10 **through December 31, 2033, in an amount not to exceed \$1,662,342.**

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

16 WHEREAS, In 2016, the City and County of San Francisco ("City") formed the
17 Department of Homelessness and Supportive Housing ("HSH"), with one of its goals to
18 reduce the number of chronically homeless households that numbered 2,138 per
19 the 2017 Point in Time Homeless Count; and

20 WHEREAS, MOHCD developed the Local Operating Subsidy Program ("LOSP")
21 in order to establish long-term financial support to operate and maintain permanent
22 affordable housing for homeless households; and

23 WHEREAS, Through the LOSP, the City subsidizes the difference between the
24 cost of operating housing for homeless persons and all other sources of operating
25 revenue for a given project, such as tenant rental payments, commercial space lease

1 payments, Continuum of Care (“CoC”) Shelter Plus Care Program subsidies, project-
2 based Section 8 rent subsidies, and California Mental Health Services Act operating
3 subsidies; and

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

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

12 WHEREAS, Housing Services Affiliate of the Bernal Heights Neighborhood
13 Center, a California limited partnership (“Developer”), is the owner and developer of
14 Monterey Boulevard Apartments, located at 403 Monterey Street (“Project”), which
15 provides 1 one-bedroom and 3 two-bedroom units of permanent supportive housing
16 including 4 units that were previously supported through Continuum of Care subsidies
17 and HSH funds; and

18 WHEREAS, In 2016 the Project’s Continuum of Care rental subsidies were not
19 renewed by HUD and these units are an important source of permanent supportive
20 housing for chronically homeless persons with disabilities; and

21 WHEREAS, On May 4, 2018, the Loan Committee recommended approval to the
22 Mayor of a LOSP grant award for the Project in an amount not to exceed \$1,662,342;
23 and

24 WHEREAS, MOHCD proposes to provide a LOSP grant in the amount not to
25 exceed \$1,662,342 to the Developer pursuant to a LOSP Grant Agreement

1 (“Agreement”) in substantially the form on file with the Clerk of the Board in File
2 No. 180536, and in such final form as approved by the Director of MOHCD and the City
3 Attorney; and

4 WHEREAS, In the event that an alternate rental subsidy becomes available
5 through a Project Based Voucher Notice of Funding Availability issued by the San
6 Francisco Housing Authority and the Project is eligible to apply, the MOHCD Director
7 will help facilitate that application, and if awarded, the amount of the Agreement will be
8 reduced accordingly; and

9 WHEREAS, The Agreement is for a 15.5 year term, starting July 1, 2018, and
10 ending December 31, 2033, and therefore requires Board of Supervisors authorization;
11 now, therefore, be it

12 RESOLVED, That the Board of Supervisors hereby authorizes the Director of
13 MOHCD or her designee to execute the Agreement for an amount not to
14 exceed \$1,662,342; and, be it

15 FURTHER RESOLVED, That this Board of Supervisors authorizes MOHCD to
16 proceed with actions necessary to implement the Agreement following execution, and
17 ratifies, approves and authorizes all actions heretofore taken by any City official in
18 connection with the Agreement; and, be it

19 FURTHER RESOLVED, That this Board of Supervisors hereby authorizes the
20 Director of MOHCD or her designee to enter into any amendments or modifications to
21 the Agreement, including without limitation, the exhibits that the Director determines, in
22 consultation with the City Attorney, are in the best interest of the City, do not materially
23 increase the obligations or liabilities for the City or materially diminish the benefits of the
24 City, are necessary or advisable to effectuate the purposes and intent of this Resolution
25 and are in compliance with all applicable laws, including the City Charter; and, be it

1 FURTHER RESOLVED, That within thirty (30) days of the Agreement being fully
2 executed by all parties, MOHCD shall provide the final Agreement to the Clerk of the
3 Board for inclusion into the official file.

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6 RECOMMENDED:

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9 Kate Hartley, Director
 Mayor's Office of Housing and Community Development

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