

1 [Grant Agreement - 25 Essex - Rene Cazenave Apartments - Not to Exceed \$17,882,085]

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3 **Resolution authorizing the Director of the Mayor’s Office of Housing to execute a**
4 **Local Operating Subsidy Program Grant Agreement with 25 Essex, LP, a**
5 **California limited partnership, to provide operating subsidies for formerly**
6 **homeless households at Rene Cazenave Apartments, 25 Essex Street, for a 15-**
7 **year period, in an amount not to exceed \$17,882,085.**

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

13 WHEREAS, In 2004, the City and County of San Francisco (City) published its
14 “Ten Year Plan to End Chronic Homelessness,” and established a goal of creating
15 3,000 permanent affordable housing units for homeless households by 2016; and,

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

24 WHEREAS, All supportive housing projects selected for capital funding by the
25 Citywide Affordable Housing Loan Committee (Loan Committee) pursuant to a

1 competitive Notice of Funding Availability (NOFA) or Request for Proposals (RFP)
2 process and intended to serve homeless individuals or families are eligible to receive
3 LOSP funds; and,

4 WHEREAS, The Board of Supervisors of the City and County of San Francisco
5 (Board of Supervisors) authorizes City funding for LOSP projects as part of the Annual
6 Appropriation Ordinance; and

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

14 WHEREAS, 25 Essex, LP, a California limited partnership (25 Essex), is the
15 owner and developer of the Rene Cazenave Apartments (Project), which will provide
16 120 studios and one-bedroom units for formerly homeless households at 25 Essex
17 Street; and

18 WHEREAS, 25 Essex has Folsom Essex LLC, a California limited liability
19 company, as its general partner; and

20 WHEREAS, On February 15, 2013, the Loan Committee recommended approval
21 to the Mayor of a 15-year LOSP contract for the Project not to exceed \$17,882,085;
22 now, therefore, be it

23 RESOLVED, That the Board of Supervisors hereby authorizes the Director of
24 MOH or his designee to execute the LOSP Grant Agreement (Agreement) for an
25 amount not to exceed \$17,882,085, in substantially the form on file with the Clerk of the

1 Board in File No. 130562 and in such final form as approved by the Director of MOH
2 and the City Attorney; and be it

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

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

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15 RECOMMENDED:

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Olson Lee, Director
Mayor's Office of Housing

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