

1 [Grant Agreement - Arendt House, L.P. - Local Operating Subsidy Program Contract -  
2 Zygmont Arendt House, 850 Broderick Street - Not to Exceed \$11,787,548]

3 **Resolution authorizing the Director of the Mayor's Office of Housing and**  
4 **Community Development to execute a Local Operating Subsidy Program Grant**  
5 **Agreement with Arendt House, L.P., a California limited partnership, to provide**  
6 **operating subsidies for formerly homeless adult households at Zygmont Arendt**  
7 **House, located at 850 Broderick Street, for the 15-year term of January 1, 2019,**  
8 **through December 31, 2033, in an amount not to exceed \$11,787,548.**

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

14 WHEREAS, In 2016, the City and County of San Francisco ("City") formed the  
15 Department of Homelessness and Supportive Housing ("HSH"), with one of its goals to  
16 reduce the number of chronically homeless households that numbered 2,138 per  
17 the 2017 Point in 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  
20 affordable housing for homeless households; and

21 WHEREAS, Through the LOSP, the City subsidizes the difference between the  
22 cost of operating housing for homeless persons and all other sources of operating  
23 revenue for a given project, such as tenant rental payments, commercial space lease  
24 payments, Continuum of Care ("CoC") Program subsidies, project-based Section 8 rent  
25 subsidies, and California Mental Health Services Act operating subsidies; and

1           WHEREAS, All supportive housing projects selected for capital funding by the  
2 Citywide Affordable Housing Loan Committee (“Loan Committee”) are eligible to  
3 receive LOSP funds; 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 adjustments  
9 to project funding; monitors compliance with LOSP requirements in accordance with  
10 capital funding regulatory agreements; and if necessary, takes appropriate action to  
11 enforce compliance; and

12           WHEREAS, Arendt House, L.P., a California limited partnership (the “Owner”), is  
13 the owner of Zygmunt Arendt House, located at 850 Broderick Street, which provides 47  
14 studio units of permanent supportive housing for extremely low-income, formerly  
15 homeless seniors (“Project”); and

16           WHEREAS, On May 4, 2018, the Loan Committee, consisting of MOHCD, HSH  
17 the Office of Community Investment and Infrastructure, recommended approval to the  
18 Mayor of a LOSP grant award for the Project in an amount not to exceed \$11,787,548;  
19 and

20           WHEREAS, MOHCD proposes to provide a LOSP grant in the amount not to  
21 exceed \$11,787,548 to the Owner pursuant to a LOSP Grant Agreement (“Agreement”)  
22 in substantially the form on file with the Clerk of the Board in File No. 180529, and in such  
23 final form as approved by the Director of MOHCD and the City Attorney; and

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1           WHEREAS, There is an original LOSP grant agreement in place which has a term  
2 that expires on February 1, 2019, and will be terminated early on December 31, 2018, so  
3 that the Agreement may begin on January 1, 2019; 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 will  
7 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 year term, starting January 1, 2019 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 \$11,787,548; 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 the  
21 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 full execution of the  
2 Agreement 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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5 RECOMMENDED:

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

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