

1 [Grant Agreement - The Salvation Army Turk Street, L.P. - Local Operating Subsidy Program
2 Contract - Railton Place, 242 Turk Street - Not to Exceed \$5,561,543]

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 The Salvation Army Turk Street, L.P., a California limited**
6 **partnership, to provide operating subsidies for formerly homeless adult**
7 **households at Railton Place, 242 Turk Street, for the 15-year and six months term**
8 **of July 1, 2018, through December 31, 2033, in an amount not to**
9 **exceed \$5,561,543.**

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

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

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

22 WHEREAS, Through the LOSP, the City subsidizes the difference between the
23 cost of operating housing for homeless persons and all other sources of operating
24 revenue for a given project, such as tenant rental payments, commercial space lease
25 payments, Continuum of Care (“CoC”) Shelter Plus Care Program subsidies, project-

1 based Section 8 rent subsidies, and California Mental Health Services Act operating
2 subsidies; and

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

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

11 WHEREAS, The Salvation Army Turk Street, L.P., a California limited partnership
12 (“Developer”), is the owner and developer of Railton Place, located at 242 Turk Street
13 (“Project”), which provides 113 studios of permanent and transitional supportive housing
14 including 40 studios that were previously supported through Continuum of Care
15 subsidies and HSH funds; and

16 WHEREAS, In 2017 the Project’s Continuum of Care rental subsidies were not
17 renewed by HUD and these units are an important source of permanent supportive
18 housing for chronically homeless persons with disabilities; and

19 WHEREAS, On May 4, 2018, the Loan Committee recommended approval to the
20 Mayor of a LOSP grant award for the Project in an amount not to exceed \$5,561,543;
21 and

22 WHEREAS, MOHCD proposes to provide a LOSP grant in the amount not to
23 exceed \$5,561,543 to the Developer pursuant to a LOSP Grant Agreement
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1 (“Agreement”) in substantially the form on file with the Clerk of the Board in File
2 No. 180533, 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 \$5,561,543; 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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