

1 [Grant Agreement - Armstrong Place Associates, L.P. - Local Operating Subsidy Program
2 Contract - Armstrong Place, 5600 Third Street - Not to Exceed \$4,237,156]

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 **Armstrong Place Associates, L.P., a California limited partnership, to provide operating**
6 **subsidies for formerly homeless senior households at Armstrong Place, 5600 Third**
7 **Street, for total a term of 15 years and two months, starting November 1, 2017, and**
8 **ending December 31, 2032, in an amount not to exceed \$4,237,156.**

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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; and

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

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

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

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

13 WHEREAS, Armstrong Place Associates, L.P., a California limited partnership (the
14 “Developer”), is the owner and developer of Armstrong Place, located at 5600 Third Street
15 (“Project”), which provides 12 studios, 103 one-bedroom, and 1 two-bedroom units (the
16 resident manager unit), including 12 studios and 11 one-bedroom units for formerly homeless
17 seniors at 5600 Third Street; and

18 WHEREAS, On February 3, 2017, the Loan Committee recommended approval to the
19 Mayor of a LOSP grant award for the Project in an amount not to exceed \$4,237,156; and,

20 WHEREAS, MOHCD proposes to provide a LOSP grant in the amount not to exceed
21 \$4,237,156 to the Developer pursuant to a LOSP Grant Agreement (the “Agreement”) in
22 substantially the form on file with the Clerk of the Board of Supervisors in File No. 170560 and
23 in such final form as approved by the Director of MOHCD and the City Attorney; and

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1 WHEREAS, The Agreement is for a 15 year and 2 month term, starting November 1,
2 2017, and ending December 31, 2032, and therefore requires Board of Supervisors
3 authorization; now, therefore, be it

4 RESOLVED, That the Board of Supervisors hereby authorizes the Director of MOHCD
5 or his designee to execute the Agreement for an amount not to exceed \$4,237,156; and, be it

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

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

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

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21 RECOMMENDED:

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23 _____
24 Olson Lee, Director
25 Mayor's Office of Housing and Community Development