

1 [Grant Agreement - Local Operating Subsidy Program at the Arlington Hotel - Not to
2 Exceed \$9,354,007]

3 **Resolution authorizing the Director of the Mayor’s Office of Housing to execute a**
4 **Local Operating Subsidy Program Grant Agreement with Mercy Housing**
5 **California XL, LP, to provide operating subsidies for formerly homeless single**
6 **adults at the Arlington Hotel for the period of August 1, 2012, to July 31, 2027, in**
7 **an amount not to exceed \$9,354,007.**

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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 June 2006, the City and County of San Francisco 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
competitive Notice of Funding Availability (NOFA) or Request for Proposals (RFP)

1 process and intended to serve homeless individuals or families are eligible to receive
2 LOSP funds; and

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

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

12 WHEREAS, Mercy Housing California XL, LP is a California limited partnership
13 for which Mercy Housing Calwest, a California nonprofit public benefit corporation, is its
14 general partner; and

15 WHEREAS, Mercy Housing California XL, LP is the owner and developer of the
16 Arlington Hotel, a 153-unit single room occupancy hotel located at 480 Ellis Street; and

17 WHEREAS, On March 9, 2012, the Loan Committee recommended approval to
18 the Mayor of a 15-year LOSP contract not to exceed \$9,354,007 with Mercy Housing
19 California XL, LP for the Arlington Hotel; now, therefore, be it

20 RESOLVED, That the Board of Supervisors hereby authorizes the Director of
21 MOH or his designee to execute the LOSP Grant Agreement (Agreement) for an
22 amount not to exceed \$9,354,007, in substantially the form on file with the Clerk of the
23 Board, and in such final form as approved by the Director of MOH and the City Attorney;

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25

1 and be it

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

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

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14 RECOMMENDED:

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16 _____
17 Brian Cheu
18 Director of Community Development
19 Mayor's Office of Housing

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