

Green, Supportive SRO-Development Celebrates Grand Opening in San Francisco

By Anne Townsend, Staff Writer, Novogradac & Company LLP

On April 17, Community Housing Partnership (CHP) and Mercy Housing California celebrated with public and private partners the grand opening of The Essex, a seven-story, single-room occupancy (SRO) development in San Francisco, Calif. Located in the city's dense and urban Tenderloin neighborhood, The Essex provides supportive, independent housing for the formerly homeless.

Mayor Gavin Newsom spoke at the ceremony and cited the city's homeless programs as trend-setting.

"San Francisco homeless initiatives have quickly become a model as the right approach to ending chronic homelessness on a local, national and global level," Newsom said. "San Francisco has proven that ending chronic homelessness is possible and no longer just an ideal."

For the individuals who will occupy The Essex's 84 SRO units, these initiatives are working to make life on the streets a distant memory. For instance, a tenant services grant, provided by San Francisco's Human Services Agency will ensure that CHP — the owner and manager of The Essex — can offer effective support services to tenants. The city's Local Operating Subsidy Program is providing funds to make monthly rents affordable to tenants. All residents of The Essex are formerly homeless and on-average earn less than 12 percent of the area median income (AMI). A 250-square-foot unit rents for an average of \$216 per month, far below market-rate rents in San Francisco.

David Schnur, director of housing development at CHP, said that this subsidy from the city of San Francisco was key to the project's success in absence of new Section 8 funding.

"What it does is fund the gap between income and operating expenses on an annual basis," Schnur said. "We have a nine-year contract, and while the city can't forward commit its funds, there is a contract written for funds to fill the operating gap over nine years."

The grand opening ceremony came after a year of rehabilitation work by CHP and MHC, which co-developed the former mixed tourist and residential hotel into energy-ef-

(continued on page 2)



Photo: Courtesy Community Housing Partnership

The Essex benefited from a Green Communities Grant from Enterprise Community Partners, Inc. With these funds, Community Housing Partnership and Mercy Housing of California were able to implement a number of green features into the overall design.

SRO-Development

(continued from page 1)

ficient affordable housing. All of the 84 units have private bathrooms and kitchenettes, and tenants have access to more than 3,000 square feet of community space, including laundry facilities and a community room. In addition, on-site counseling and case management is available to residents to help tenants achieve independence. CHP also provides to tenants housing retention services, crisis intervention services, family and senior services and job training.

Jeff Kositsky, executive director of CHP, also spoke at the grand opening ceremony. In his speech, Kositsky spoke to the way CHP combines property management with supportive services in order to help people overcome homelessness.

"By involving tenants in every aspect of the organization, CHP builds a strong sense of community and helps tenants build a safe and healthy future for themselves and their families," he said.

Complimenting The Essex's contribution to the city of San



Photo: Courtesy Enterprise Community Investment, Inc.

At the grand opening ceremony (from left to right): Jeff Kositsky, executive director of Community Housing Partnership; Chris Westlake, deputy director of the Division of Financial Assistance at the California Department of Housing and Community Development; Gavin Newsom, mayor of San Francisco; Jane Graf, president of Mercy Housing California; and Matt Franklin, executive director of the San Francisco Mayor's Office of Housing.

Francisco's efforts to get –and keep – people off the street, the structural rehabilitation incorporated many green features with the assistance of a \$55,000 Green Commu-

(continued on page 3)

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SRO-Development

(continued from page 2)

nities® grant from Enterprise Community Partners. The Essex, which was originally built in 1912, is centrally located and allows residents easy access to public services, amenities and transportation. Photovoltaic solar panels, low-flow water fixtures, Energy Star lighting, a high-efficiency boiler and insulated pipes were installed, reducing The Essex's carbon footprint and reducing energy costs. Environmentally-friendly carpet and bathroom surfaces, and re-used building materials were implemented into the overall design and construction.

"We are in an unusual position because every tenant in the building is extremely low income," Schnur said. "So we already receive discounted rates from Pacific Gas & Electric (PG&E), which plays a bit with the payback for solar. It was harder for us to justify photovoltaic [panels]

than it would have been for other developers."

Enterprise also provided low-income housing tax credit (LIHTC) equity in the amount of \$8,315,918. Other funding for The Essex includes \$7 million from the California Department of Housing and Community Development's Multifamily Housing Program. Citibank provided a construction loan, which was backed by tax-exempt bonds (TEBs), to the tune of \$11,594,362. The Essex also benefited from Federal Home Loan Bank (FHLB) Affordable Housing Program funds and more than \$6 million in support from the city's Mayor's Office of Housing. Schnur said the building carries no hard debt thanks to funding from the state of California and from the city of San Francisco. Total development costs for The Essex top \$33 million. ❖

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