



U.S. Department of Housing and Urban Development  
Los Angeles Field Office - Region IX  
300 N. Los Angeles St., Suite 4054  
Los Angeles, CA 90012  
www.hud.gov

AUG - 7 2017

Brenda J. Rodriguez, Executive Director  
Affordable Housing Clearinghouse  
23861 El Toro Road, Suite 401  
Lake Forest, CA 92630

SUBJECT: Assumption of the HUD Restrictive Covenant Recorded on the Josephine Street Property

Dear Ms. Rodriguez,

Our Office is aware of Affordable Housing Clearinghouse's (AHC) intent to acquire the Josephine Street property located in Garden Grove, and to pursue anticipated supportive service funding opportunities to benefit homeless veterans. Pending the successful sale of the Josephine Street property and transfer of the deed to AHC, HUD will allow AHC to operate the property as a transitional housing facility and to assume the terms and conditions of the Restrictive Covenant until it expires in 2028 provided all HUD requirements are met during that term.

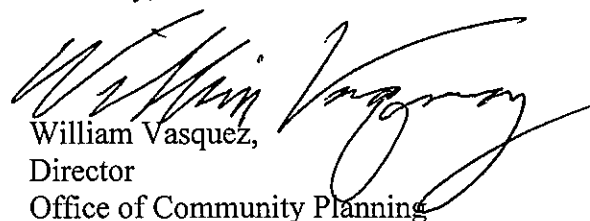
### Background

The Josephine Street property was originally acquired by Veterans First when it was awarded a HUD Supportive Housing Program (SHP) grant in 2007 in the amount of \$823,330 to provide permanent housing for chronically homeless and disabled veterans. This grant included funds to acquire the facility, as well as funds for operations and supportive services. A Declaration of Restrictive Covenants was executed and recorded in 2008 specifying that the property must be used to serve homeless persons in accordance with the original agreement, the McKinney-Vento Homeless Assistance Act, and with HUD regulations for term of 20-years.

The former executive director of Veterans' First experienced financial difficulty and, with HUD's consent, sold the Josephine Street property in 2015 to pay off outstanding penalties and debt. The new owner agreed to rent the Josephine Street property to Veteran's First, and continued to pay rent until early 2017. Although Veteran's First has continued operations at the Josephine Street property, it is currently behind in its lease payments and the current property owner is actively seeking qualified organization to acquire the property and to continue providing housing and services to the homeless as per the terms of the Restrictive Covenant.

Should AHC be successful in its purchase of the Josephine property, AHC will be required to assume the HUD Restrictive Covenants recorded against the property.

Sincerely,

  
William Vasquez,  
Director  
Office of Community Planning  
and Development