

File No. 230812

Committee Item No. 3

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date September 13, 2023

Board of Supervisors Meeting Date \_\_\_\_\_

#### Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

#### OTHER (Use back side if additional space is needed)

- Funding Recommendations SoMa Community Stabilization Fund
- \_\_\_\_\_
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Completed by: Brent Jalipa Date September 7, 2023

Completed by: Brent Jalipa Date \_\_\_\_\_

1 [Authorizing Expenditures - SoMa Community Stabilization Fund - Up to \$3,014,800]

2

3 **Resolution authorizing the Mayor’s Office of Housing and Community Development to**  
4 **expend SoMa Community Stabilization Fund dollars in the amount of up to \$3,014,800**  
5 **to address various impacts of destabilization on residents and businesses in SoMa for**  
6 **a term to commence effective upon approval this Resolution through June 30, 2024.**

7

8 WHEREAS, On August 19, 2005, the Board of Supervisors approved Ordinance  
9 No. 217-05 (the “Ordinance”), which, among other things, established a new Rincon Hill  
10 Downtown Residential Mixed Use District; and

11 WHEREAS, The Ordinance added Section 418 to the Planning Code, which identifies a  
12 need to mitigate the impacts of new development in the Rincon Hill area and establishes two  
13 new fees: 1) the Rincon Hill Community Infrastructure Impact Fee, which provides specific  
14 improvements, including community open spaces, pedestrian and streetscape improvements  
15 and other facilities and services; and 2) a SoMa Community Stabilization Fee, which mitigates  
16 impacts on affordable housing, economic and community development and community  
17 cohesion in SoMa, as defined in Planning Code, Section 401 (the area bounded by Market  
18 Street to the north, Embarcadero to the east, King Street to the south, and South Van Ness  
19 and Division to the west); and

20 WHEREAS, Both the Rincon Hill Community Infrastructure Impact Fee and the SoMa  
21 Community Stabilization Fee are imposed on new residential development within the Rincon  
22 Hill Downtown Residential Mixed Use District, as defined in Planning Code, Section 827 (the  
23 area generally bounded by Folsom Street, the Bay Bridge, the Embarcadero, and Essex  
24 Street); and

25

1           WHEREAS, The Ordinance established two separate funds: 1) a Rincon Hill  
2   Community Improvements Fund for the deposit of the Rincon Hill Community Infrastructure  
3   Impact Fees collected; and 2) a SoMa Community Stabilization Fund for the deposit of SoMa  
4   Community Stabilization Fees collected; and

5           WHEREAS, The money collected from the SoMa Community Stabilization Fee, along  
6   with up to \$6,000,000 transferred from the Rincon Hill Community Improvements Impact  
7   Fund, is to be deposited in the SoMa Community Stabilization Fund maintained by the  
8   Controller, which will be used to address various impacts of destabilization on residents and  
9   businesses in SoMa; and

10          WHEREAS, Under the Ordinance, the Board of Supervisors established the SoMa  
11   Community Stabilization Fund Community Advisory Committee (SoMa CAC) to advise the  
12   Mayor's Office of Community Development (MOCD), now the Mayor's Office of Housing and  
13   Community Development (MOHCD), and the Board of Supervisors on the uses of the Fund;  
14   and

15          WHEREAS, On May 6, 2008, the Board of Supervisors approved Resolution  
16   No. 216-08, creating the SoMa Community Stabilization Fund Strategic Plan and authorized  
17   MOHCD to administer the Fund in accordance with the Strategic Plan; and

18          WHEREAS, MOHCD staff issued a requests for proposal (RFP) that was released on  
19   January 27, 2023 and, consistent with the Strategic Plan, for nonprofit organizations and  
20   businesses seeking assistance from the Fund; and

21          WHEREAS, A copy of the SoMa CAC Funding Recommendations resulting from the  
22   RFPs has been filed with the Clerk of the Board under File No. 230065; and

23  
24  
25



<p><b>Item 3</b> <b>File 23-0812</b></p>	<p><b>Department:</b> Mayor’s Office of Housing and Community Development (MOHCD)</p>
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**EXECUTIVE SUMMARY**

**Legislative Objectives**

- The proposed resolution authorizes MOHCD to spend up to \$3,014,800 from the SoMa Community Stabilization Fund to address impacts of destabilization on residents and businesses in SoMa.
- In 2005, the Board of Supervisors established the SoMa Community Stabilization Fund for the deposit of SoMa Community Stabilization Fees collected from new residential development within the District for such uses as affordable housing, economic development, and community-based programs.

**Key Points**

- In January 2023, MOHCD issued an RFP for a total of up to \$1,330,000 for community-based organizations to apply for capacity building funding for the period June 1, 2023 through June 30, 2024, with a portion funded by the SoMa Community Stabilization Fund.
- Two organizations are recommended to receive funding provided by the SoMa Community Stabilization Fund, spending from which requires Board approval: Kultivate Labs, a non-profit economic development and arts organization, would receive \$74,800 for staff training and a new Customer Relationship Management system; and United Playaz, a non-profit violence prevention and youth development organization, would receive \$40,000 to restructure its operations system and donor management database.
- The proposed resolution’s spending authority amount includes \$2,900,000 to fund a Small Sites Program loan to Mission Economic Development Agency for a five-unit residential property located at 566 Natoma; however, this amount will be requested under a separate legislative action (File 23-0958). We therefore recommend amending the proposed resolution to reduce the spending authority amount from \$3,014,800 to \$114,800—the total recommended for the two non-profit organizations.

**Fiscal Impact**

- The SoMa Community Stabilization Fund has \$7,801,131 available in fund balance. If the proposed spending resolution, as amended, is approved, then the project balance would be \$7,686,331.

**Recommendations**

- Amend the proposed resolution to reduce the not-to-exceed amount from \$3,014,800 to \$114,800 and approve the proposed resolution, as amended.

**MANDATE STATEMENT**

In accordance with Planning Code Section 418.7, all funds in the South of Market Area (SoMa) Community Stabilization Fund are to be expended to address the effects of destabilization on residents and businesses in SoMa due to new residential development in the Rincon Hill Area. SoMa Community Stabilization Fund expenditures are administered by the Mayor’s Office of Housing and Community Development (MOHCD), subject to approval by resolution of the Board of Supervisors.

**BACKGROUND**

In August 2005, the Board of Supervisors approved a new Section 418 to the City Planning Code which, among other provisions, (a) established the Rincon Hill Downtown Residential District<sup>1</sup>, (b) imposed a Rincon Hill Community Infrastructure Impact Fee (currently \$15.84 per square foot of new residential development in the District<sup>2</sup>), (c) created a Rincon Hill Community Improvement Fund for the deposit of the Rincon Hill Community Infrastructure Fees collected, (d) imposed a SoMa Community Stabilization Fee (currently \$20.15 per square foot on new residential development within the District), (e) created the SoMa Community Stabilization Fund for the deposit of SoMa Community Stabilization Fees collected, and (f) established a SoMa Community Stabilization Fund Community Advisory Committee (CAC) to advise MOHCD and the Board of Supervisors on uses of the SoMa Community Stabilization Fund (Ordinance 217-05).

The legislation specifies that all funds collected in the SoMa Community Stabilization Fund are to be used to mitigate the impacts of destabilization on residents and businesses in SoMa.<sup>3</sup>

**Legislative History**

On May 6, 2008, the Board of Supervisors approved a resolution (File 08-0544) (a) approving the SoMa Community Stabilization Fund Strategic Plan, (b) authorizing MOHCD to administer the SoMa Community Stabilization Fund in accordance with this Strategic Plan, and (c) authorizing MOHCD to work with the SoMa Stabilization Fund Community Advisory Committee (CAC) to issue Requests for Proposals (RFPs) for non-profit agencies to provide services addressing the effects of destabilization on residents and businesses in SoMa, consistent with the Community Stabilization Fund Strategic Plan. The strategic plan lists the following allowable uses: affordable housing and community asset building; small business rental assistance; housing stability for low-income households, including development of new affordable homes for rent, rent subsidies, and down payment assistance; eviction prevention; employment development and capacity building

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<sup>1</sup> The Rincon Hill Downtown Residential District is defined as the area bounded by Folsom Street (to the north), Bryant Street and the north side of the Bay Bridge (to the south), the Embarcadero (to the east), and Essex Street (to the west).

<sup>2</sup> San Francisco Citywide Development Impact Fee Register, effective January 1, 2023

<sup>3</sup> SoMa is defined as the area bounded by Market Street (to the north), King Street (to the south), the Embarcadero (to the east), and South Van Ness and Division (to the west).

for SoMa residents; job growth and job placement; small business assistance; leadership development; community cohesion; civic participation; and community-based programs and economic development.

### **RFP Process**

On January 27, 2023, MOHCD issued an RFP for a total of up to \$1,330,000 for community-based organizations to apply for capacity building funding for the period June 1, 2023 through June 30, 2024. The RFP specified two funding opportunities:

(1) General Capacity Building (up to \$330,000 awarded in amounts ranging from \$25,000 to \$75,000 per grantee, with a portion funded by the SoMa Community Stabilization Fund) to “assist nonprofits in achieving new levels of effectiveness and strengthen their systems as well as support their access to resources that will facilitate the organization’s progress in achieving their goals,” according to the RFP. The priority is for capacity building projects focusing on Board Development, Leadership Development, or Financial Systems and Management; and

(2) African American Community Stabilization Capacity Building (up to \$1 million in amounts ranging from \$25,000 to \$75,000 per grantee, funded by the General Fund) in “recognition of the oppressive history of racial injustice, especially in housing and community services and the structural inequities that remain today,” according to the RFP. Priority is for capacity building projects focusing on Board Development, Leadership Development, Financial Systems and Management, and Program Development and Operational Infrastructure.

Proposals were considered by two reviewers<sup>4</sup>, and evaluated based on the following:

- Population and Experience: Populations served and provision of services; and the organization’s current need and experience with capacity building. (20 points)
- Design: Proposed capacity building effort and the specific area selected to address and why. (20 points)
- Staffing: Staffing plan for the proposed project, including all leadership, direct service and supportive staff roles. (10 points)
- Advancing Racial Equity: How the capacity building project addresses social and racial inequities. (15 points)
- Impact: Issues to be addressed and achieved once the capacity building is completed. (20 points)
- Budget Narrative: Description of use of funds, and detailed description of how funding would ensure long-term stability. (15 points)

MOHCD received five proposals that were geographically eligible for support from the SoMa Community Stabilization Fund. All five organizations scored above the minimum score of 70 and are being recommended for funding; two organizations are recommended to receive funding provided by the SoMa Community Stabilization Fund—requiring Board approval, and three

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<sup>4</sup> The two reviewers consisted of a Senior Community Development Specialist and a Senior Community Development Specialist II.

organizations are recommended to receive funding from another source that does not require Board approval.<sup>5</sup>

**Small Sites Program (SSP)**

The Small Sites Program (SSP), created in 2014 and administered by MOHCD, provides loans for acquiring and rehabilitating multi-family rental buildings of five to 40 units to meet the goals of community stabilization and housing affordability—an allowable expenditure under the SoMa Community Stabilization Fund Strategic Plan. The Program has issued two Notices of Funding Availability, one in 2014 and an updated one in 2019, with sites selected on a rolling basis. SSP funding is provided by a variety of sources, generally including General Obligation (GO) Bonds, the Housing Trust Fund, Inclusionary Housing Fees, Eastern Neighborhoods Impact Fees, General Fund, certain Development Agreements, along with the SoMa Community Stabilization Fund, according to MOHCD. The department’s updated SSP guidelines (published in September 2022) establish a maximum city subsidy per unit, depending on the size of the unit. Consistent with the program’s mission to stabilize at-risk communities, SSP aims to achieve an average of 80 percent Area Median Income (AMI) rents.

A Budget and Finance Committee Reserve of \$10 million from the SoMa Community Stabilization Fund was established in 2017 to fund SSP loans within the boundaries of SoMa, as appropriate sites were identified—consistent with SSP Program Guidelines and the Community Stabilization Fund Strategic Plan objective to increase affordable housing opportunities for existing residents (File No. 17-0489). Under a separate legislative action, MOHCD plans to seek authority from the Board of Supervisors to release up to \$2,900,000 from this reserve to fund an SSP loan to Mission Economic Development Agency (MEDA) for a five-unit residential property located at 566 Natoma.

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution authorizes MOHCD to spend up to \$3,014,800 from the SoMa Community Stabilization Fund to address impacts of destabilization on residents and businesses in SoMa from June 1, 2023 through June 30, 2024. The proposed resolution’s spending authority amount includes \$2,900,000 to fund a Small Site loan for 566 Natoma that will be requested under a separate legislative action (File 23-0958); we therefore recommend amending the proposed resolution to reduce the spending authority amount from \$3,014,800 to \$114,800.

Exhibit 1 below lists the two non-profit organizations that would be funded by the proposed resolution’s spending authorization from the Community Stabilization Fund. A total of \$114,800

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<sup>5</sup> Funding for the other three organizations comes from the Economic Advancement portion of the 5M Development Agreement with the City and County of San Francisco, which does not require Board approval per the terms of the development agreement as described in Exhibit F: “Approximately \$1,000,000 of the Workforce Job Readiness and Training Funds shall be dedicated to MOHCD’s program for economic advancement for families and individuals.”



funds general capacity building for prior SoMa Stabilization Fund grantees, Kultivate Labs (\$74,800) and United Playaz (\$40,000).

**Exhibit 1: Community Advisory Committee Funding Recommendations**

<b>Program Area</b>	<b>Organization</b>	<b>Project Description</b>	<b>Amount</b>
<b>Capacity Building</b>	Kultivate Labs (Non-profit economic development and arts organization)	Staff training and new Customer Relationship Management system	\$74,800
<b>Capacity Building</b>	United Playaz (Non-profit violence prevention and youth development organization)	Restructuring operations system and donor management database	\$40,000
			<b>\$114,800</b>

Source: MOHCD

**FISCAL IMPACT**

The SoMa Community Stabilization Fund has a current balance of \$10,270,756. If the proposed spending resolution, as amended, is approved, then the project balance would be \$7,686,331, as shown in Exhibit 2.

**Exhibit 2: SoMa Community Stabilization Fund**

<b>Current Balance</b>	\$10,270,756
FY 2022-23 Unspent Encumbered Funds	(369,625)
FY 2022-23 Expenditures Approved by BoS but Unencumbered	(2,100,000)
<b>Balance Available</b>	<b>\$7,801,131</b>
<b>Authorizing Resolution</b>	
Two projects, File 23-0812	(114,800)
<b>Remaining Balance</b>	<b>\$7,686,331</b>

Source: MOHCD

The contracts for Kultivate Labs and United Playaz will be prepared after the Board authorizes these expenditures and therefore were not available for our review.

**RECOMMENDATIONS**

1. Amend the proposed resolution to reduce the not-to-exceed amount from \$3,014,800 to \$114,800.
2. Approve the proposed resolution as amended.

Funding Recommendations for South of Market Community  
Stabilization Fund

FY 2023-2024

<b>Capacity Building</b>		
<b>Kultivate Labs</b>	Staff development; Development of new Customer Relationship Management system	\$ 74,800.00
<b>United Playaz</b>	Restructuring Operations system and donor management database	\$ 40,000.00
<b>Capacity Building Total</b>		<b>\$ 114,800.00</b>
<b>Preservation- Permanent Financing</b>		
<b>MEDA Small Properties, LLC (Mission Economic Development Agency)</b>	Permanent financing for 566 Natoma Street	Up to \$2,900,000
<b>Preservation Total</b>		<b>Up to \$2,900,000</b>
<b>Grand Total</b>		<b>Up to \$3,014,800</b>

**Mayor's Office of Housing and Community Development**  
City and County of San Francisco



**London N. Breed**  
Mayor

**Eric D. Shaw**  
Director

**TO:** Angela Calvillo, Clerk of the Board of Supervisors

**FROM:** Benjamin McCloskey, Deputy Director Mayor's Office of Housing and Community Development

**DATE:** May 9, 2023

**SUBJECT:** Expend Resolution for SOMA Community Stabilization Funds

**GRANT TITLE:** SOMA Community Stabilization Funds

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Attached please find the original and 2 copies of each of the following:

- Proposed resolution; original signed by Department, Mayor, Controller
- Expenditure budget

Departmental representative to receive a copy of the adopted resolution:

Name: Benjamin McCloskey  
Phone: 415-701-5575  
Interoffice Mail Address: Benjamin.McCloskey@sfgov.org  
Certified copy required Yes  No

(Note: certified copies have the seal of the City/County affixed and are occasionally required by funding agencies. In most cases ordinary copies without the seal are sufficient).