

File No. 230065

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date February 8, 2023

Board of Supervisors Meeting Date _____

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OTHER (Use back side if additional space is needed)

- Preliminary Funding Recommendations
- MOHCD Presentation 2/8/2023
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Completed by: Brent Jalipa Date February 2, 2023

Completed by: Brent Jalipa Date _____

1 [Authorizing Expenditures - SoMa Community Stabilization Fund - \$2,000,000]

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 \$2,000,000 to**
5 **address various impacts of destabilization on residents and businesses in SoMa for a**
6 **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 San Francisco Planning Code,
12 which identifies a need to mitigate the impacts of new development in the Rincon Hill area and
13 establishes two new fees: 1) the Rincon Hill Community Infrastructure Impact Fee, which
14 provides specific improvements, including community open spaces, pedestrian and
15 streetscape improvements and other facilities and services; and 2) a SoMa Community
16 Stabilization Fee, which mitigates impacts on affordable housing, economic and community
17 development and community cohesion in SoMa, as defined in San Francisco Planning Code,
18 Section 401 (the area bounded by Market Street to the north, Embarcadero to the east, King
19 Street to the south, and South Van Ness 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 San Francisco Planning Code,
23 Section 827 (the area generally bounded by Folsom Street, the Bay Bridge, the Embarcadero,
24 and Essex 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, The SoMa CAC and MOHCD staff worked collaboratively to issue three
19 requests for proposals (RFPs) that were released on May 27, 2022 and August 26, 2022,
20 consistent with the Strategic Plan, for nonprofit organizations and businesses seeking
21 assistance from the Fund; and

22 WHEREAS, A copy of the SoMa CAC Funding Recommendations resulting from the
23 RFPs has been filed with the Clerk of the Board under File No. 230065, now, therefore, be it

24
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Item 4 File 23-0065	Department: Mayor’s Office of Housing and Community Development
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize the Mayor’s Office of Housing and Community Development (MOHCD) to spend \$2 million from the SoMa Community Stabilization Fund.

Key Points

- Under the City’s Planning Code, developers constructing new residential development in the Rincon Hill Downtown Residential District pay a SoMa Community Stabilization Fee to be used to mitigate the impacts of destabilization on residents and businesses in SoMa. MOHCD administers the Fund, and the Community Stabilization Fund Community Advisory Committee (CAC) advises on the use of funds, subject to Board of Supervisors’ approval.
- In May 2022 and August 2022, MOHCD issued a Request for Proposals (RFP) for non-profit organizations to apply for funding from the SoMa Community Stabilization Fund and General Fund to fund capital projects of non-profits serving SoMA. An evaluation panel reviewed and scored the proposals and the CAC recommended funding four projects being undertaken by Kultivate Labs, United Playaz, and Renaissance Entrepreneurship Center. \$884,530 will be provided to Kultivate Labs and Renaissance for tenant improvement projects. \$1,115,470 of SoMA Community Stabilization funding will be provided to United Playaz to acquire and renovate a property at 1044 Howard Street.

Fiscal Impact

- The proposed resolution would authorize MOHCD to expend \$2 million from the SoMa Community Stabilization Fund. After the grant expenditures, the fund balance will be reduced from \$4.3 million to \$2.3 million.

Recommendations

- Amend the proposed resolution to request a report from MOHCD no later than 30 days following the completion of the 1044 Howard Street acquisition that includes: (1) the appraised value of the 1044 Howard Site, (2) the final cost of purchase and amount of City funding, (3) confirmation that a Declaration of Restrictions has been recorded on the site restricting the property to community serving uses, and (4) an updated renovation pro-forma that includes a line-item account of all sources and uses.
- Approve the 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

SoMa Community Stabilization Fund

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,¹ (b) imposed a Rincon Hill Community Infrastructure Impact Fee (\$14.94 per gross square foot of new residential development in the District²), (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 (\$19.01 per gross square foot on new residential development within the District²), (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 the MOHCD and the Board of Supervisors on the 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.

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 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.

RFP Process

MOHCD completed two Requests for Proposals (RFP) to solicit grant proposals to fund capital project needs of non-profits in SoMA. In May 2022, MOHCD issued an RFP to allocate a grant of

¹ The Rincon Hill Downtown Residential District is defined as the area bounded by Folsom Street, the Bay Bridge, the Embarcadero, and Essex Street.

² San Francisco Citywide Development Impact Fee Register, effective January 1, 2022

up to \$500,000 SoMA Community Stabilization Funds to improve a facility that provides business incubation services to SoMA businesses. Proposals were evaluated based on the following factors: Project Design (20 points), Target Population (15 points), Experience (10 points), Staffing (5 points), Advancing Racial Equity (10 points), Impact (10 points), Financial Condition (10 points), and Project Budget (20 points). Kultivate Labs was the only organization to submit a proposal and received an average score of 89 points.

In August 2022, MOCHD issued another RFP to allocation up to \$1.5 million of SoMA Community Stabilization Funds and up to \$2 million of General Fund monies to capital improvement projects that ensure safe environments for non-profit staff and clients. Proposals were evaluated based on the following factors: Project Design (20 points), Organizational Capacity (20 points), Advancing Racial Equity (10 points), Populations Served (15 points), Project Budget (20 points), and Matching Funds (15 points). Five organizations submitted proposals and the top three, Kultivate Labs (81 points), United Playaz (91 points), and Renaissance Entrepreneurship Center (89 points), were awarded grants.

Proposals from both RFPs were reviewed by a scoring panel that consisted of three reviewers from the MOHCD Capital Team. According to MOHCD, the CAC recommended funding for all four projects on October 20, 2022.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution authorizes MOHCD to spend \$2 million from the SoMa Community Stabilization Fund.

Exhibit 1 below summarizes the projects and the grant awards for each. The General Fund portions of the award are included in MOHCD's FY 2022-23 – FY 2023-24 General Fund budget and do not require further Board of Supervisors' approval.

Exhibit 1: Proposed Allocations for Capital Projects

Organization	Project	SOMA Community Stabilization Amount	General Fund Amount	Total City Funding
Kultivate Labs	Design of tenant improvements to the organization's business incubator site to improve the space for its uses as a retail space, art gallery and café.	500,000	n/a	500,000
Kultivate Labs	Electrical, safety and operational upgrades to the organization's outdoor community space, Kapwa Gardens	200,000	n/a	200,000
United Playaz	Acquisition of a new community facility at 1044 Howard expanding program needs	1,115,470	2,000,000	3,115,470
Renaissance Entrepreneurship Center	Fire and Safety and accessibility compliance upgrades to the organization's existing building	184,530	n/a	184,530
Total Allocation from Proposed Resolution		2,000,000		

Source: MOHCD

As shown above, \$1,115,470 of the proposed \$2,000,000 of SoMA Community Stabilization Funds will go to United Playaz to partially fund their acquisition of a space at 1044 Howard Street. MOHCD also intends to award the organization \$2 million in General Funds for acquisition and renovation costs. According to Claudine Del Rosario, Senior Community Development Specialist at MOHCD, the building is adjacent to the United Playaz existing facility at 1038 Howard Street, for which SoMA Community Stabilization Funds were used to purchase. United Playaz provides violence prevention and youth development services. This project will allow the non-profit to expand their family literacy and adult re-entry program.³

According to MOHCD, the expected cost of the purchase is \$2.16 million and United Playaz has identified matching funds to cover the remaining costs of the purchase and renovation. The renovation budget, which include adding space to the existing site, is currently estimated to be \$10 million. Acquisition is expected to be completed in June 2023 and construction is expected to be complete in 2024.

³ United Playaz was assessed by the Controller's Citywide Non-Profit Monitoring Program in FY 2021-22. The assessment contained no findings.

MOHCD reports that an appraisal to support the cost of the purchase will be completed prior to the City disbursing the acquisition funds. Other documentation supporting the cost of the purchase and renovation was not available for our review.

We recommend the proposed resolution be amended to request a report from MOHCD no later than 30 days following the completion of the 1044 Howard Street acquisition that includes: (1) the appraised value of the 1044 Howard Site, (2) the final cost of purchase and amount of City funding, (3) confirmation that a Declaration of Restrictions has been recorded on the site restricting the property to community serving uses, and (4) an updated renovation pro-forma that includes a line-item account of all sources and uses.

FISCAL IMPACT

Exhibit 2 below summarizes the current and projected balance of the SoMa Community Stabilization Fund if the proposed spending resolution is approved.

Exhibit 2: SoMa Community Stabilization Fund, Current and Projected Balance

	Amount
Unallocated Balance as of January 2023	\$4,276,150
Proposed Resolution	(2,000,000)
Remaining Balance	\$2,276,150

Source: MOHCD

As shown above, if the proposed resolution is approved, the SoMa Community Stabilization Fund balance will be reduced from \$4.3 million to \$2.3 million.

RECOMMENDATIONS

1. Amend the proposed resolution to request a report from MOHCD no later than 30 days following the completion of the 1044 Howard Street acquisition that includes: (1) the appraised value of the 1044 Howard Site, (2) the final cost of purchase and amount of City funding, (3) confirmation that a Declaration of Restrictions has been recorded on the site restricting the property to community serving uses, and (4) an updated renovation pro-forma that includes a line-item account of all sources and uses.
2. Approve the resolution, as amended.



Mayor's Office of Housing and Community Development

SOMA Stabilization Fund

Capital RFPs

Review and Funding Recommendations

February 8, 2023



Mayor's Office of Housing
& Community Development
(MOHCD)




Specific Funding Opportunities

PROGRAM AREA	Funding Opportunities	Amount Available
Capital Projects		\$2,000,000 (one time)
	1(a). Capital Projects (5M)	\$1,500,000
	1(b) Capital Projects (General Fund Mayoral Enhancement)	\$2,000,000
	2. Capital Projects – Business Incubator (Rincon Hill)	\$500,000



RFP Timeline (5M funds)

- August 26th - RFP released
- August 31st -TA workshop for applicants
- September 23rd - Proposals due
- September 26 - October 14 - Review period
- October 14th - Proposal scores and comments submitted to MOHCD by reviewers
- October 14th - 24th - MOHCD staff reviewed comments, tabulated scores, and made recommendations based on those scores.
- October 20th - CAC votes to recommend approval



RFP Timeline (Capital – Business Incubator)

- May 27th - RFP released
- June 2nd –TA workshop for applicants
- July 8th – Proposals due
- July 11 – July 29 – Review period
- July 29 Proposal scores and comments submitted to MOHCD by reviewers
- August 1st - 12– MOHCD staff reviewed comments, tabulated scores, and made recommendations based on those scores.
- October 20th – CAC votes to recommend approval



Proposal Review Overview

Capital	Capital – Business Incubator
5 proposals received	1 proposal received
3 reviewers	3 reviewers



Scoring Categories

Capital Projects and Business Incubator

Project Design

Organizational Capacity

Advancing Racial Equity

Target Population

Budget

Matching Funds



Funding Recommendations



Capital Projects - \$1,500,000 available

Agency Submitting Proposal	Amount Requested	Funding Recommendation
Kultivate Labs	\$200,000	\$200,000
United Playaz	\$3,500,000	\$1,115,470 (5M funds) + \$2,000,000 (General Fund Mayoral enhancement)
Renaissance Entrepreneurship Center	\$184,530	\$184,530



Capital Projects - \$1,500,000 available

Agency Submitting Proposal	Amount Requested	Funding Recommendation
Bay Area Video Coalition	\$374,143	\$0
Filipino American Development Foundation	\$1,300,000	\$0



Capital Projects, Business Incubator – \$500,000 available

Agency Submitting Proposal	Amount Requested	Funding Recommendation
Kultivate Labs	\$500,000	\$500,000



Thank you!



Funding Recommendations for South of Market Community Stabilization Fund

<i>Capital Projects</i>		
Kultivate Labs	Tenant improvements to the organization's business incubator site in the SoMa Pilipinas commercial corridor	\$ 500,000.00
Kultivate Labs	Electrical, safety and operational upgrades to the organization's outdoor community space, Kapwa Gardens	\$ 200,000.00
United Playaz	Acquisition of a new community facility to accommodate the organization's expanding program needs	\$ 1,115,470.00
Renaissance Entrepreneurship Center	Fire and Safety and ADA compliance upgrades to the organization's existing building	\$ 184,530.00
Grand Total		\$ 2,000,000.00

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: December 1, 2022

SUBJECT: Expend Resolution for SOMA Community Stabilization Funds Capital Projects

GRANT TITLE: SOMA Community Stabilization Funds Capital Projects

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).