

BOARD of SUPERVISORS



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MEMORANDUM

TO: Phil Ginsburg, General Manager, Recreation and Park Department
Eric D. Shaw, Director, Mayor's Office of Housing and Community Development
James Morales, Interim Executive Director, Office of Community Investment and Infrastructure

FROM: Brent Jalipa, Assistant Clerk, Budget and Finance Committee

DATE: November 4, 2022

SUBJECT: PROPOSED ORDINANCE INTRODUCED

The Board of Supervisors' Budget and Finance Committee has received the following proposed Ordinance, introduced by Supervisor Aaron Peskin:

File No. 221125

Ordinance amending the Administrative Code to establish the 706 Mission Fund to receive funds provided to the City under the 2013 purchase and sale agreement regarding the property at 706 Mission Street; to authorize the Recreation and Park Department and the Mayor's Office of Housing and Community Development to expend monies from the Fund for specified purposes after receiving recommendations from the SoMa Community Stabilization Fund Community Advisory Committee; and to require the Recreation and Park Department and the Mayor's Office of Housing and Community Development to prepare reports regarding expenditures from the Fund.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Sarah Madland, Recreation and Park Department
Ashley Summers, Recreation and Park Department
Lydia Ely, Mayor's Office of Housing and Community Development
Brian Cheu, Mayor's Office of Housing and Community Development
Maria Benjamin, Mayor's Office of Housing and Community Development
Sheila Nickolopoulos, Mayor's Office of Housing and Community Development
Lucinda Nguyen, Office of Community Investment and Infrastructure

1 [Administrative Code - 706 Mission Fund]

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3 **Ordinance amending the Administrative Code to establish the 706 Mission Fund to**
 4 **receive funds provided to the City under the 2013 purchase and sale agreement**
 5 **regarding the property at 706 Mission Street; to authorize the Recreation and Park**
 6 **Department and the Mayor’s Office of Housing and Community Development to expend**
 7 **monies from the Fund for specified purposes after receiving recommendations from**
 8 **the SoMa Community Stabilization Fund Community Advisory Committee; and to**
 9 **require the Recreation and Park Department and the Mayor’s Office of Housing and**
 10 **Community Development to prepare reports regarding expenditures from the Fund.**

11

12 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
 13 **Additions to Codes** are in *single-underline italics Times New Roman font*.
 14 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
 15 **Board amendment additions** are in double-underlined Arial font.
 16 **Board amendment deletions** are in ~~strikethrough Arial font~~.
 17 **Asterisks (* * * *)** indicate the omission of unchanged Code
 18 subsections or parts of tables.

19 Be it ordained by the People of the City and County of San Francisco:

20 Section 1. Article XIII of Chapter 10 of the Administrative Code is hereby amended by
 21 adding Section 10.100-7, to read as follows:

22 **SEC. 10.100-7. 706 MISSION FUND.**

23 **(a) *Background. On July 16, 2013, the Successor Agency to the Redevelopment Agency of***
 24 ***the City and County of San Francisco, commonly known as the Office of Community Investment and***
 25 ***Infrastructure (“OCII”), and 706 Mission Street Co., LLC (the “Developer”) entered an Agreement for***

1 Purchase and Sale of Real Estate (the “Purchase and Sale Agreement”). The Mexican Museum was
2 named as a third-party beneficiary in the Purchase and Sale Agreement.

3 The Purchase and Sale Agreement requires the Developer to pay to OCII an open space fee as a
4 one-time payment that the Developer has already paid and also as subsequent annual payments. These
5 open space fee payments may be used only for general operations and maintenance, cultural
6 operations, and capital expenditures in SOMA Open Spaces. The Purchase and Sale Agreement
7 requires OCII to allocate at least 50% of that fee to the Yerba Buena Gardens Conservancy, and allows
8 OCII to allocate the remaining 50% to other entities including the City. For the purpose of this Section
9 10.100-7, “SOMA Open Spaces” shall mean the Yerba Buena Gardens and any public open spaces
10 owned by the City in the area bounded by Market Street to the north, The Embarcadero to the east,
11 King Street to the south, and South Van Ness Avenue and Division Street to the west.

12 The Purchase and Sale Agreement also requires the Developer to pay OCII a one-time payment
13 called the Developer Payment. This payment may be used only for general operations and
14 maintenance, cultural operations, and capital expenditures in the SOMA Open Spaces.

15 Finally, the Purchase and Sale Agreement requires the Developer to make a payment called the
16 Transfer Payment to OCII to fund public benefits within the South of Market Area, including affordable
17 housing, rent subsidies to prevent homelessness, housing/eviction counseling, small business and
18 nonprofit rental assistance, and services to youth and seniors.

19 The Purchase and Sale Agreement provides that OCII may enter contracts or grants with the
20 City to expend each of these payments. And it provides that OCII may establish a community review
21 process and work with existing community advisory groups to advise OCII on these expenditures.

22 (b) **Purpose of Fund.** The purpose of the 706 Mission Fund established in this Section
23 10.100-7 is to ensure that payments from OCII received by the Recreation and Park Department (the
24 “Department”) and the Mayor’s Office of Housing and Community Development (“MOHCD”) under
25 the Purchase and Sale Agreement are appropriately allocated and expended to serve the needs of the

1 neighboring communities following a community review process. Impacted stakeholders and
2 community members living and working in the immediate vicinity of 706 Mission Street should have a
3 voice in how the City expends funds that the City receives from OCII under the Purchase and Sale
4 Agreement.

5 (c) **Establishment of Fund; Subsidiary Funds.** The 706 Mission Fund (the “Fund”) is
6 established as a category four fund to receive any monies received by the City under the Purchase and
7 Sale Agreement. The monies in the Fund shall be held in two separate subsidiary funds: The 706
8 Mission Open Space Fund shall include monies from the open space fee payments and the Developer
9 Payment, and the 706 Mission Community Development Fund shall include monies from the Transfer
10 Payment.

11 (d) **Uses of the Fund.**

12 (1) 706 Mission Open Space Fund. Monies in the 706 Mission Open Space Fund
13 shall be used at the direction of the Department for general operations and maintenance, cultural
14 operations, and capital expenditures in the SOMA Open Spaces.

15 (2) 706 Mission Community Development Fund. Monies in the 706 Mission
16 Community Development Fund shall be used at the direction of MOHCD to fund public benefits within
17 the South of Market Area, including affordable housing, rent subsidies to prevent homelessness,
18 housing/eviction counseling, rental assistance to small business and nonprofit organizations, and
19 services to youth and seniors.

20 (e) **Conditions on Uses of the Fund.**

21 (1) 706 Mission Open Space Fund. The Department may expend monies in the 706
22 Mission Open Space Fund only after the SOMA Community Stabilization Fund Community Advisory
23 Committee has held at least one hearing to make recommendations as provided in Section 5.27-1(d) of
24 this Code. The Department shall expend a portion of the monies in the 706 Mission Open Space Fund
25 by entering into one or more grant agreements following the process set forth in Chapter 21G of this

1 Code. By September 30 of each year, the Department shall submit a report to the Recreation and Park
2 Commission and the Board of Supervisors summarizing the past and anticipated future expenditures
3 from this Fund.

4 (2) 706 Mission Community Development Fund. MOHCD may expend monies in
5 the 706 Mission Community Development Fund only after the SOMA Community Stabilization Fund
6 Community Advisory Committee has held at least one hearing to advise on expenditure of said monies
7 as provided in Section 5.27-1(a)(5) of this Code. MOHCD shall expend a portion of the monies in the
8 Fund by entering into one or more grant agreements following the process set forth in Chapter 21G of
9 this Code. By September 30 of each year, MOHCD shall submit a report to the Board of Supervisors
10 summarizing the past and anticipated expenditures under the Fund.

11
12 Section 2. Article XXVII of Chapter 5 of the Administrative Code is hereby amended by
13 revising Section 5.27-1, to read as follows:

14 **SEC. 5.27-1. DUTIES.**

15 (a) The SOMA Community Stabilization Fund Community Advisory Committee
16 (“Committee”), ~~initially codified at Section 418.7(d) of the Planning Code but now codified in this~~
17 ~~Article XXVII of the Administrative Code,~~ shall advise the Mayor’s Office of Housing and
18 Community Development (“MOHCD”), other City agencies, and the Board of Supervisors
19 regarding the following:

20 (1) Administration of the SOMA Community Stabilization Fund described in
21 Section 418.7 of the Planning Code;

22 (2) Prioritization of funding for social services related to cultural preservation
23 that are funded by proceeds of the Central SoMa Community Facilities District special tax, as
24 defined in Planning Code Section 434 and the Central SoMa Implementation Program;

1 (3) Prioritization of community improvement projects and other public
2 investments funded by the Central SoMa Community Services Facilities Fund, established in
3 Planning Code Section 432.4; ~~and~~

4 (4) Expenditure of affordable housing fees collected pursuant to Planning
5 Code Section 415, and Jobs-Housing Linkage Fees collected pursuant to Planning Code
6 Section 413, generated from development projects within the boundaries of the East SoMa,
7 Central SoMa, or Western SoMa Area Plans, or within 0.25 miles of the boundaries of said
8 area plans but outside the boundaries of the Showplace Square/Potrero Hill, Mission, Central
9 Waterfront, and Market and Octavia Area Plans; and

10 (5) Expenditure of monies in the 706 Mission Community Development Fund
11 pursuant to Administrative Code Section 10.100-7.

12 (b) The Committee shall collaborate with the Planning Department and relevant city
13 agencies in monitoring implementation of the Central SoMa Plan, Western SoMa Area Plan,
14 and East SoMa Area Plan at approximately every fifth year, in coordination with the duties
15 required by this Section 5.27-1 and Administrative Code Chapter 10E; and provide input to
16 Plan Area monitoring efforts for required time-series reporting.

17 (c) The Committee shall develop annual recommendations to MOHCD on the
18 Expenditure Plan referenced in Section 418.5(d) of the Planning Code.

19 (d) The Committee shall provide advice to the Recreation and Park Department, the
20 Recreation and Park Commission, and the Board of Supervisors regarding the expenditure of funds in
21 the 706 Mission Open Space Fund pursuant to Administrative Code Section 10.100-7. In calendar
22 years 2023, 2024, and 2025, the Committee shall hold hearings at least quarterly to provide
23 recommendations to the Recreation and Park Department regarding expenditures of monies in the 706
24 Mission Open Space Fund and to monitor the Department's expenditures from that Fund.

LEGISLATIVE DIGEST

[Administrative Code - 706 Mission Fund]

Ordinance amending the Administrative Code to establish the 706 Mission Fund to receive funds provided to the City under the 2013 purchase and sale agreement regarding the property at 706 Mission Street; to authorize the Recreation and Park Department and the Mayor’s Office of Housing and Community Development to expend monies from the Fund for specified purposes after receiving recommendations from the SoMa Community Stabilization Fund Community Advisory Committee; and to require the Recreation and Park Department and the Mayor’s Office of Housing and Community Development to prepare reports regarding expenditures from the Fund.

Background Information and Existing Law

In 2013, the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, commonly known as the Office of Community Investment and Infrastructure (“OCII”), and 706 Mission Street Co., LLC (the “Developer”) entered an Agreement for Purchase and Sale of Real Estate (the “Purchase and Sale Agreement”). The Purchase and Sale Agreement requires the Developer to make payments to OCII for general operations and maintenance, cultural operations, and capital expenditures at Yerba Buena Gardens and other open spaces in the South of Market area. The Purchase and Sale Agreement also requires the Developer to make a one-time payment to OCII to fund public benefits within the South of Market Area, including affordable housing, rent subsidies to prevent homelessness, housing/eviction counseling, small business and nonprofit rental assistance, and services to youth and seniors. OCII has transferred some of the funds received under the Purchase and Sale Agreement to the City.

Existing law does not require the City to segregate money received from OCII under the Purchase and Sale Agreement into a special fund. And existing law does not require any City advisory body to provide input and advice regarding the use of funds from the Purchase and Sale Agreement.

The SOMA Community Stabilization Fund Community Advisory Committee is an advisory body that currently holds hearings and provides recommendations regarding appropriation and expenditure of certain City funds in the South of Market area. But that Committee does not provide advice about how the City spends funds received under the Purchase and Sale Agreement.

Amendments to Current Law

The proposed ordinance would establish a special fund called the 706 Mission Fund to receive money received by the City under the Purchase and Sale Agreement. The Fund would include two separate subsidiary funds—one to be used by the Recreation and Park

Department for open spaces in the South of Market Area, and one to be used by the Mayor's Office of Housing and Community Development for public benefits in the South of Market Area.

The ordinance would prohibit the departments from spending money in the funds until the SOMA Community Stabilization Fund Community Advisory Committee has held at least one hearing to make recommendations on the spending. And the ordinance would require the departments to spend a portion of the funds by entering into grant agreements. The ordinance would also require the departments to prepare annual reports summarizing the expenditures from the Fund.

Finally, the ordinance would require the SOMA Community Stabilization Fund Community Advisory Committee to hold quarterly hearings in calendar years 2023, 2024, and 2025 to make recommendations to the Recreation and Park Department regarding expenditures of money in the Fund and to monitor the Department's expenditures from that Fund.

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Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Topic submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Supervisors Peskin; Dorsey, Chan

Subject:

[Administrative Code - 706 Mission Fund]

The text is listed:

Ordinance amending the Administrative Code to establish the 706 Mission Fund to receive funds provided to the City under the 2013 purchase and sale agreement regarding the property at 706 Mission Street; to authorize the Recreation and Park Department and the Mayor's Office of Housing and Community Development to expend monies from the Fund for specified purposes after receiving recommendations from the SOMA Community Stabilization Fund Community Advisory Committee; and to require the Recreation and Park Department and the Mayor's Office of Housing and Community Development to prepare reports regarding expenditures from the Fund.

Signature of Sponsoring Supervisor: []

For Clerk's Use Only