

AMENDMENT OF THE WHOLE BEARING SAME TITLE
IN COMMITTEE - July 28, 2010

FILE NO. 100926

RESOLUTION NO.

[Authorizing Expenditures from SOMA Community Stabilization Fund]

Resolution authorizing the Mayor's Office of Housing to expend SOMA Community Stabilization Fund dollars under certain conditions in the amount of \$2,762,000 to subsidize the development of onsite affordable rental housing units at 333 Harrison Street.

WHEREAS, On August 19, 2005, the Board of Supervisors approved Ordinance No. 217-05 (the "Ordinance"), adding a new Section 318 to the San Francisco Planning Code (now numbered Section 418), which, among other things, established a new Rincon Hill Downtown Residential District; and,

WHEREAS, The Ordinance imposed a SOMA Community Stabilization Fee of \$14 per square foot on residential development and a Rincon Hill Community Improvements Impact Fee of \$11 per square foot within the new Residential District; and,

WHEREAS, The money collected from the SOMA Community Stabilization Fee, along with up to \$6 million transferred from the Rincon Hill Community Improvements Fund for enumerated types of improvements in SOMA, including affordable housing, is in a separate fund called the SOMA Community Stabilization Fund maintained by the Controller (the "Fund"), which must be used to address various impacts of destabilization on residents and businesses in SOMA; and,

WHEREAS, Under the Ordinance, the Board of Supervisors established the SOMA Community Stabilization Fund Community Advisory Committee (the "SOMA CAC") to advise the Mayor's Office of Community Development (MOCD), now the Mayor's Office of Housing (MOH), and the Board of Supervisors on the uses of the Fund; and,

1 WHEREAS, Under Resolution 076-06, the Board of Supervisors appointed the original
2 seven members of the SOMA CAC; and,

3 WHEREAS, Under Resolution 0216-08 the Board of Supervisors approved the SOMA
4 Community Stabilization Fund Strategic Plan (the "Strategic Plan") and authorized MOH to
5 administer the Fund in accordance with the Strategic Plan; and

6 WHEREAS, The development of 333 Harrison by Harrison Fremont LLC, an affiliate of
7 Emerald Fund, Inc. (Project Sponsor) as new rental housing will generate approximately
8 \$3,212,000 in SOMA Community Stabilization Fund fees, approximately \$562,000 of which
9 will be transferred from the Rincon Hill Community Improvements Fund to the Fund; and,

10 WHEREAS, \$450,000 will be released by MOH, in partnership with the San Francisco
11 Redevelopment Agency and the SOMA CAC, through the legislative process defined by
12 Ordinance 0217-05, for workforce development, workforce training, and community outreach
13 and housing support, in accordance with the Strategic Plan; and,

14 WHEREAS, Under the requirements of the Residential Affordable Housing Program,
15 Planning Code Section 415 et seq., the Project Sponsor is required to provide 39 units (12%
16 of the project's units) as affordable units rented to lower income households earning no more
17 than 60% of San Francisco Median Income, but has agreed, as a condition to receiving the
18 Funds to (1) increase the number of affordable units to 49 units (15% of the project's units) (2)
19 lower the income level for all 49 units to households earning no more than 30% of Area
20 Median Income (very low income households) at a cost to the Project Sponsor of
21 approximately \$4,000,000; (3) enter into an agreement with the City under the Costa Hawkins
22 Rent Control Act, California Civil Code Section 1954.52(b), that in consideration for a direct
23 financial contribution from the Fund the affordable housing units in the Project are not subject
24 to the Costa Hawkins Rent Control Act; (4) employ at least 30% SOMA residents for initial

1 employment in all end-use jobs in connection with the development of 333 Harrison (the
2 "Project"); (5) have an objective (but not a binding requirement) to hire 50% of entry level
3 construction and non-construction jobs and all other end-use jobs from the local community
4 with first priority being given to individuals who are rent-assisted residents or residents who
5 are living within SOMA; (6) support "local hire," the purpose of which is to benefit employers in
6 the Project by providing a pool of qualified job applicants whose job training has been
7 specifically tailored to the needs of employers in the Project through a non-exclusive referral
8 system; (7) work with the City's First Source Administrator and notify it of any entry-level job
9 postings; (8) hire a general contractor that has demonstrated the ability to meet and report on
10 local hiring requirements; (9) deposit \$100,000 within 7 days after approval of this Resolution
11 and \$150,000 within 7 months after issuance of the Project's first certificate of occupancy in
12 the Northeast Credit Union, thus allowing it to provide more loans to SOMA residents and
13 small businesses with targeted financial assistance to be provided to low-income SOMA
14 residents; (10) meet with SOMA CAC regularly (at least quarterly) between the date of
15 approval of this Resolution and issuance of the Project's first certificate of occupancy; (11)
16 notify the SOMA CAC of all job opportunities at all projects involving the Emerald Fund, Inc.
17 located in SOMA in order to facilitate job placement for SOMA residents; and (12) provide
18 quarterly reports on local hire numbers as well as outreach efforts to SOMA residents for
19 placement in jobs and units at the Project (collectively, the "conditions"); and,

20 WHEREAS, Notwithstanding anything in this Resolution to the contrary, if the City
21 changes its City-wide local hiring or first source hiring policies to require local mandates
22 instead of "good faith efforts" to meet hiring goals, then the parties agree that MOH shall have
23 the right to make conforming changes to the local hiring goals outlined above without the
24 approval of the Project Sponsor; and,

1 WHEREAS, The SOMA CAC recommends that the SOMA Community Stabilization
2 Fund fees payable by the Project Sponsor less the \$450,000 described above (approximately
3 \$2,762,000) be returned to the Project Sponsor to support in part the construction of 49 units
4 (15% of the total project units) to be affordable to very low income households (those earning
5 no more than 30% of Area Median Income) under the conditions and otherwise consistent with
6 all of the requirements of the Residential Affordable Housing Program, Planning Code Section
7 415 et seq.; and,

8 WHEREAS, The Board of Supervisors finds that such expenditures are within the
9 public interest and serve the general health, safety and welfare of the City and that, due to the
10 unique location of the affordable housing units on the same site of the Project it would be
11 impractical and infeasible to conduct a request for proposals; and,

12 WHEREAS, A copy of the payment schedule for the Project Sponsor's payment into the
13 Fund has been filed with the Clerk of the Board under File No. 100926 ; now, therefore, be it

14 RESOLVED, That, following the deposit of fee revenue generated by the development
15 of 333 Harrison, the Mayor's Office of Housing is hereby authorized to expend \$2,762,000
16 from the SOMA Community Stabilization Fund under the conditions described above to
17 support the development of affordable rental units at 333 Harrison at 30% of Area Median
18 Income and that such units shall otherwise conform to all of the requirements of the
19 Residential Affordable Housing Program, Planning Code Section 415 et seq.; all in
20 accordance with the purposes and goals for the funding as generally set forth in the Strategic
21 Plan.

RECOMMENDED:

APPROVED:

MAYOR'S OFFICE OF HOUSING

See File for Signature
Douglas Shoemaker, Director

See File for Signature
Mayor Gavin Newsom

APPROVED:

See File for Signature
Ben Rosenfield, Controller