



LEGISLATIVE ANALYST REPORT

TO: The Honorable Members of the Board of Supervisors

FROM: Clarice Duma, Sr. Legislative Analyst
Elaine Forbes, Legislative Analyst

FILE NOS: 001735 - Funding Sources to Secure Facilities for Non-Profit and Arts Organizations
001746 - Funds and Other Resources for the City's Non-Profits, Arts and Cultural Organizations

DATE: January 16, 2001

SUMMARY OF REQUEST

Two motions, approved October 10, 2000 by the Board of Supervisors, direct the Office of the Legislative Analyst (OLA) to identify funding sources for non-profit organizations, including arts and cultural organizations located in San Francisco, as follows:

File No. 001735: A motion asking the Legislative Analyst to research and identify state, federal and major private funding resources that could be used to secure permanent facilities for non-profit organizations, including arts organizations. Funding could include low-interest loans, grants, and rehabilitation loans.

File No. 001746: A motion asking the Legislative Analyst to identify and report on available grants and loans in the public, private, and non-profit sectors that can be leveraged for the City's non-profits, including arts and cultural organizations. The report should also include requirements and guidelines for securing these funds, and information regarding ways in which the City could pool these funds into one major funding source.

EXECUTIVE SUMMARY

In addressing these two requests, the OLA has produced a two-part report. PART 1 addresses available public and private resources at the local, state and federal levels for non-profit organizations that could help local non-profits secure office and performance space. PART II describes legislative and other actions, to date, adopted by the Board of Supervisors and by City departments to address space needs in the local non-profit sector.

PART I: Local, State and Federal Funding Sources for Non-profit Facilities

Research conducted for this report indicates that, when it comes to addressing the space needs of non-profit organizations, there are currently insufficient resources earmarked for space retention, acquisition or renovation. Historically, funding has been provided, on a competitive basis, by public agencies, private foundations, and financing institutions to support specific projects and service delivery by non-profits. However, when it comes to funding non-profit facilities, those resources have been scarce. Over the years, unconventional non-profit financing agencies, such as the Non Profit Facilities Fund (NFF) and the Northern California Community Loan Fund (NCCLF), have increasingly assumed the burden of supplying non-profits with facilities financing. Their financing terms, in contrast to those offered by conventional lenders, tend to be more favorable to non-profits. They are generally more flexible and provided at below-market rates. The lack of sufficient funding resources has placed

public agencies under a great deal of pressure to dedicate even greater financial, technical, and staffing resources toward securing space for the City's non-profit organizations.

PART II: Board and Citywide Efforts to Preserve and Create Space for Non-profits

This report describes the actions, to date, of the Board of Supervisors (the Board) and City agencies that seek to preserve or create space for non-profit organizations operating in San Francisco. It is intended to provide an overview of current citywide efforts in order to facilitate comprehensive solutions to preserving San Francisco's non-profit community. The report finds that projects and programs offer *short, medium and long-range* solutions. However, most *medium and long-range* projects that create new non-profit spaces are yet to be implemented.

BACKGROUND

A red hot real estate market, marked by escalating rent prices, has affected the stability of many of the City's estimated 3,000 non-profit organizations, including arts and cultural groups. Many of these organizations are the City's intermediaries that deliver needed social services to San Francisco's communities. A majority of these groups have historically depended on low lease rates, particularly in older and less costly buildings, to secure office or performance space in affordable areas of the City.

A survey conducted by the Mayor's Office of Community Development (MOCD), beginning in Fall 1999, indicates that a majority of the City's non-profits have been clustered in the Mission and South of Market (SOMA) Districts - two neighborhoods with a history of charging lower rents than other parts of the City. In recent years, rents in these two districts have increased exponentially. SOMA, which accounts for 9 percent of the San Francisco office market, has recorded the highest rent increases. Recorded annual rents in SOMA increased from approximately \$18 per square foot to as high as \$70 per square foot - an increase of almost 400%, according to a May 2000 non-profit study discussed below. Similarly for the Mission District, the same study reports an increase of 42% in commercial real estate prices between 1997 and 1999.

Two recent studies¹ explore the impact of escalating real estate costs on local non-profit organizations, as well as the use of office and performance space by these groups. These studies reveal that non-profit organizations occupy almost 2.5 million total square feet of owned, donated, and rented space in San Francisco. Additionally, study findings indicate that a majority of the City's non-profits are small, with about 50 percent of the non-profit respondents occupying less than 2,700 square feet of space. Additionally, approximately 1.6 million square feet of space currently occupied by non-profits is not at risk for at least three years. This secure space is owned by non-profits or leased from government agencies, churches or schools. There is another 800,000 square feet of occupied space that is identified as being in "immediate risk." Groups occupying this space face immediate lease expirations. They are also concerned about their ability to renew expiring leases in this space, the prospect of higher market rate rents, and the impact of higher rents on their budgets. These space studies also indicate that if current market conditions continue, not only will many more non-profits face displacement, but their clients may suffer as well. There are fears that organizations may opt to close their operations, reduce their services in order to adjust to higher rents, or relocate to more affordable sites outside San Francisco.

Many proposals have been advanced, including identifying and locating funding resources that would enable non-profit organizations to retain their current spaces, or renovate, expand, or purchase buildings. However, as noted in the September 2000 *Arts Study*, funders in the private and public sectors are not currently well equipped to respond "as swiftly and (as) decisively" to price increases in the real estate market.

PART I: LEGISLATIVE ANALYST REPORT

¹ *Securing a Safe Haven* prepared by Melanie Hurley (May 1, 2000), and *San Francisco Space for the Arts Study* prepared by MacDougall & Company (September 2000).

TO: The Honorable Members of the Board of Supervisors

FROM: Clarice Duma, Sr. Legislative Analyst

RE: Local, State and Federal Funding Resources for Non-profit Facilities

PART 1: LOCAL, STATE AND FEDERAL FUNDING SOURCES FOR NON-PROFIT FACILITIES

This report explores available funding resources at the local, state and federal levels that could be utilized to secure office and performance space for non-profit organizations. Discussed are local resources from private foundations, other non-profit funding entities, and new ventures that are directed at individual donors. State dollars, such as grants and loans, are available on a competitive basis and under strict guidelines. This report also notes that even though federal dollars have been utilized to support the activities of non-profit organizations, federal funds have generally not supported "brick and mortar" projects of non-profit entities.

Local Foundations

Community and corporate foundations, such as the San Francisco Foundation, the Walter and Elise Haas Fund, and the Hewlett Foundation, have joined collaborative efforts in the public and private sectors to address the space needs of local non-profit organizations. While these foundations have not historically undertaken facilities funding, in recent months, they have increasingly taken an active role to address needs in the non-profit sector. Their recent efforts include reviewing their funding guidelines with a view to supporting non-profits that are threatened with displacement.

- The San Francisco Foundation: According to Ron Rowell of The San Francisco Foundation (TSSF), TSSF's Trustees have approved the expenditure of up to \$1.1 million to invest in non-profit space-related projects. TSSF expects to make up to \$500,000 available for emergency assistance to organizations in San Francisco, Alameda, Contra Costa, and San Mateo counties. In San Francisco, priority will go to non-profit organizations that are not eligible for assistance from the City and County of San Francisco, and to organizations which serve a particular geographic location and must remain in that location to serve clients. These funds will be available for short-term emergency rental assistance, moving costs, and related expenses. Funding guidelines are not yet in place, nor has a decision been reached concerning the maximum size of each grant. TSSF will also assist partner organizations undertaking master leases to cover potential losses. It will also join with other funders to support the creation of non-profit space at the Presidio, and consider the expansion of its loan guarantee program for non-profit agencies purchasing property. TSSF expects emergency assistance to become available later in December 2000 or early January 2001.
- The Walter and Elise Haas Fund (the Fund) and several other foundations are currently involved in negotiations with the Presidio Trust in a proposed deal that would involve 13 buildings (approximately 45,000 square feet) which would be occupied by eligible non-profit organizations. The proposal would guarantee non-profit agencies rates of approximately \$30 per square foot of space over 5 years. According to Bruce Sievers, the Fund's Executive Director, the proposed space would accommodate between 15 and 20 agencies with an arts, environmental and educational focus. If this deal is approved, Mr. Sievers expects that new application guidelines will be developed with consideration given to an applicant's financial stability and ability to operate as a participating member of the Presidio community. A Screening Board, comprising representatives from the participating funders and the Presidio Trust, would review all applications. Mr. Sievers projects that a final determination on this initiative will be reached in the spring of 2001.

- The Hewlett Foundation (the Foundation) offers support in seven program areas, which include the performing arts, education, and family and community development. The Foundation expresses a “strong” commitment to the voluntary non-profit sector, particularly efforts to “improve the financial base and efficiency of organizations and institutions.” The Foundation’s Board of Directors also approves special projects that lie outside the general parameters of the Foundation. A recent project undertaken by the William and Flora Hewlett Foundation includes funding a \$75,000 study, the *San Francisco Space for the Arts Study* (reported above), which addresses the displacement of local arts and cultural non-profit agencies. Typically, the Foundation awards general operating support for up to 3 years, according to Cleo Protopapas of the Foundation. The Board of Directors approves grants at its quarterly meetings. The Foundation supports approximately 200 local non-profit organizations per year. Additional information about the Foundation’s application guidelines can be obtained from its website at www.hewlett.org.

Private Financing and Technical Assistance

Private entities such as The Northern California Grantmakers (NCG), the Northern California Community Loan Fund (NCCLF), and the Non Profit Finance Fund (NFF) operate programs which are specifically geared at supporting non-profit organizations. Unlike conventional lending, assistance provided by these groups may be in the form of low-interest loans and/or technical assistance, and provided under terms that are generally favorable to the borrowers.

- The Northern California Grantmakers (NCG) comprises foundations, corporate contributors, and private donors who are committed to promoting the well being of communities through philanthropy. NCG provides myriad services, including technical assistance and education for grantmakers and philanthropic organizations. According to Caroline Tower of the NCG, her organization has been involved in recent citywide efforts, under the PANS umbrella, to secure space for non-profit agencies. Member organizations have funded grants, and are also developing an interim fund that will support technical assistance and other associated information costs. Described below are some of the NCG’s existing funding programs for non-profit organizations:
 - *The Arts Loan Fund (ALF)* is a loan program geared at non-profit arts organizations based in specific Northern California locations including San Francisco. The four loan programs available through this Fund help non-profits with their short-term cash flow needs. Based on the loan type, loan sizes can be as little as \$3,000 or up to \$30,000. Interest rates are 6% or 1% below prime, whichever is lowest. The ALF provides short term loans - between one to six months, and loans, such as the Opportunity Loans, with longer terms between one and three years. Approvals by the ALF loan committee are reviewed on a monthly basis.
 - *The Emergency Fund Committee (EFC)* is one of the NCG’s funding vehicles, which is supported by over 30 private funders. Loans financed under the Emergency Fund are for the short term (one to six months) and are provided to non-profit human service agencies facing cash flow difficulties. The EFC provides zero interest, short term Emergency Loans with no loan servicing fees. Also provided are bridge grants, phase-out grants to close out existing programs, and technical assistance grants that shore up an agency’s funding stream. Additionally, there are Assistance Grants, known as “transition” grants, for agencies whose limited funding stream threatens their ability to continue with service delivery.

The NCG encourages interested organizations to contact its staff to request application packages. Applications for funding are generally reviewed on a monthly basis and decisions are issued quickly. For example, once an emergency loan is approved, funds can be issued within 24 to 48 hours.

- Northern California Community Loan Fund (NCCLF) - Conventional loans with affordable rates are usually unavailable for many struggling non-profit organizations that need access to capital. According to Peggy Jones, the NCCLF Lending Director, NCCLF fills this financing gap by providing its non-profit borrowers with

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flexible financing and technical assistance. NCCLF, a community development financial institution (CDFI), provides loans and lines of credit at below market rates to non-profit organizations that have limited access to traditional financing. Loan amounts generally range from \$10,000 to \$450,000 with loan terms ranging from 60 days to 5 years. Interest rates are fixed and range from 7.5% to 9%, depending on the type of loan and loan risk. Loan applications are accepted throughout the year and are usually processed within 6 to 8 weeks. Applicants must be 501(c)(3) non-profit organizations with audit reports for the most recent 3 years or tax returns, if no audits are available. Applicants are also required to provide collateral for their loans. Interested groups may contact the office in order to determine their eligibility, prior to submitting a loan application.

It should also be noted that NCCLF already underwrites facilities loans that preserve buildings utilized by non-profit organizations in Northern California. According to Ms. Jones, NCCLF also intends to participate in efforts to address the City's non-profit space crunch. She adds that NCCLF has been asked by the Mayor's Office of Community Development (MOCD) to administer the new public/private funds organized under the PANS umbrella. These funds include \$2.5 million in capital recently made available through legislation sponsored by Supervisor Yaki to preserve space for non-profits facing displacement.² Acting in this capacity, NCCLF will provide loans to non-profit organizations for predevelopment, acquisition, rehabilitation and construction of office/program space. NCCLF will also coordinate the referral of non-profits to appropriate providers that require rental and technical assistance.

- The Non Profit Finance Fund (NFF) is also a CDFI that provides financial and technical assistance, nationwide, to medium-sized non-profit organizations for their facilities projects. Financial services include below market rate loans directed at organizations that would otherwise, not have access to conventional lending sources. Technical and advisory services include workshops, small planning grants, and consultation. NFF's loans enable non-profits to purchase buildings, renovate leased space, undertake new facility construction, and conduct HVAC heating and air conditioning system upgrades. Foundations, banks, corporations and public agencies support the NFF with a steady funding stream, which enables the NFF to make loans to non-profit organizations. The maximum loan size is currently \$750,000 and can be used to finance facilities projects, provide bridge financing for upcoming commitments, and purchase or upgrade equipment. NFF's loans are typically unsecured and given at competitive rates. Repayment schedules are based on an organization's business cycle and closing costs can be financed over the term of the loan. Loan terms generally range from a few months to seven years. According to Carol Ting of the NFF, loan approvals are generally issued within six to eight weeks. Applicants must have been in business for at least three years, and have at least one full time staff person and annual revenues over \$125,000. In San Francisco, NFF has made approximately \$3 million in loans that support various facilities projects.

State Resources

OLA research indicates there are few resources at the State level that could be accessed by non-profit agencies, on a competitive basis, to finance their facilities or for capital projects. There are currently no funds set aside specifically to address the impact of rising real estate prices on California's non-profits.

- California Communities is a statewide public agency which offers a broad array of tax-exempt financing programs for public agencies and eligible private agencies for industrial, housing, non-profit and other tax-exempt facilities. This public agency has established a program for private non-profit organizations which finances projects that benefit local communities at below market rates. A majority of the projects are for health service providers. However, support is also provided to social service agencies, community centers, museums and research institutes. According to Rob Braulick of California Communities, funding is available for equipment and real estate projects. The minimum financing for equipment projects is \$250,000 for terms of 5 to 7 years. Real estate projects, which have a \$1 million funding minimum, carry terms up to 20 years. The

² Refer to PART II of the OLA report for additional information on this initiative.

review period for equipment projects is 60 days, and 90 days for real estate projects. Applications are reviewed throughout the year. Mr. Braulick reports that, to date, California Communities has funded \$4 billion in various non-profit projects.

- **The California Arts Council (CAC):** As a state agency, the CAC is funded primarily from State general funds which are supplemented with National Endowment for the Arts (NEA) dollars. The CAC operates various art programs geared at "increasing accessibility to the arts and stimulating economic and community development through the arts." Included among these, is the Organizational Support Program (OSP), which provides the largest award to grant recipients and operates on a two-year cycle, according to Adam Gottlieb, the CAC Communications Director. The OSP encourages the artistic and administrative development, stability and vitality of arts organizations in California. Applicants may request grants for general operations or for specific projects related to their overall development goals. OSP dollars are not available for the purchase of equipment, land, buildings or construction, according to Mr. Gottlieb. The OSP grant does provide operational support, including assistance with rent and utilities. Applications for the OSP grants are received from January to July, with application dates based on different art categories. Applications are reviewed and adjudicated by a panel of arts professionals representing a wide variety of artistic disciplines in the state. The panelists are themselves highly ranked grantees in their field. Their recommendations are then forwarded to the 11-member California Arts Council for final review and approval. Award notification letters are mailed in October of the same year. Applicants must demonstrate proof of non-profit status, demonstrate consistent arts programming for at least two years, have a minimum income of \$4,000 in their organization's most recent fiscal year, and be located in California. The OSP grant must be matched dollar-for-dollar with private contributions, local or federal dollars, or through earned income. The grant size is calculated by the CAC based on a percentage of an applicant's maximum request amount.

Federal Resources

The federal government authorizes its agencies to transfer money and benefits in the form of property, and services in order to accomplish a public purpose. In many instances, beneficiaries have been non-profit organizations with a social service or arts/culture mission, which receive awards of grants, loans, loan guarantees, technical assistance, and other assistance directly or indirectly from the federal government. According to A. Leonard Smith, the Regional Director of the Economic Development Administration (EDA), the assistance provided to non-profits has, however, not translated into support for "brick and mortar" projects aimed at preserving or creating space. OLA is currently working with federal researchers to gather information on federal funding resources that could be utilized for non-profit space needs.

New Private Initiatives

As a result of many local non-profit organizations losing their office and performance spaces, new local ventures have arisen dedicated to exploring new ways of tapping into private funds from individual donors. Below are a few descriptions of these new efforts.

- **craigslist** is a new private venture that offers an alternative to the "traditional grant writing" process. This group organizes monthly non-profit venture forums that link interested dot-com foundations, individuals, groups, and corporate donors with Bay Area non-profits that advance an "innovative approach to social change." Interested non-profit agencies employ these forums to "pitch" their organizations to private donors with the expectation that the latter will, in turn, contribute capital, expertise or resources to local non-profits. According to Jane Leu, co-founder of the craigslist non-profit venture forum, every month, a group of about six non-profits is selected and trained by craigslist's staff to address an audience of potential funders. Ms. Leu states that craigslist will begin to report on the success of these forums.

- Hip4SF works with local cultural groups and Internet professionals to identify needs created by the displacement of non-profit arts organizations. Cultural and arts groups can utilize Hip4SF's website to solicit funding and other assistance for their organizations. Hip4SF also encourages high-tech/Internet companies, known also as "Hip4SF Angels", to support art and cultural groups. Assistance could be in the form of professional services, technical equipment, or software, space, and financial contributions. According to James Au Wagner of Hip4SF, his organization also urges high-tech/Internet companies not to occupy buildings, in which the displacement of non-profit organizations would occur.

STREAMLINING AND POOLING FUNDING RESOURCES

The Board has additionally requested that OLA report on the potential for streamlining and pooling resources aimed at local non-profits. As described in Parts I and II of the OLA report, various public and private efforts are already underway to streamline and pool resources for the benefit of local non-profits. For example, City agencies such as MOCD, Grants for the Arts, and MOED are already involved with the activities of PANS, a public/private collaboration which has been leading efforts to identify and distribute financial and other non-monetary resources to local non-profits. Additionally, as a result of recent Board actions, MOCD and the Arts Commission are each charged with overseeing the administration of new City funds, which must be allocated toward non-profit space needs. As future policy, the Board, working with City departments, may determine whether the City requires a singular standard and process for identifying and handling any new funds that would be administered by the City for the purpose of securing office and performance spaces for local non-profits.

PART II: LEGISLATIVE ANALYST REPORT

TO: The Honorable Members of the Board of Supervisors

FROM: Elaine Forbes, Legislative Analyst

RE: Board and Citywide Efforts to Preserve and Create Space

PART II: BOARD AND CITYWIDE EFFORTS TO PRESERVE AND CREATE SPACE FOR NON-PROFITS

This report addresses legislative and other actions, to date, adopted by the Board of Supervisors and by City departments to address space needs in the local non-profit sector.

Approved Board Actions

File Number 001810 & 001811 – introduced 10/16/00, passed 11/17/00, sponsors: Ammiano, Bierman, Leno and Newsom – The Board approved two ordinances that together fund and structure a \$1,500,000 rent assistance program for qualifying non-profit arts organizations that are in immediate danger of eviction or displacement due to rent increases. While various city programs provide grant assistance to non-profit arts organizations for operating, program and capital expenses, the Board initiated the first program with the primary purpose of providing emergency funding specifically for rent assistance.

File Number 001810 appropriates \$1,500,000 for fiscal year 2000/2001 from the General Fund Reserve for rent assistance and charges the Art Commission with overseeing the administration of the fund. File Number 001811 establishes eligibility requirements to qualify for the program and awards the \$1,500,000 to the California Lawyers for the Arts to administer the program.

File Number 001809 – introduced 10/16/00, passed 12/4/00, sponsors: Yaki, Newsom, Leno, Becerril, Katz, Teng, and Brown – appropriates \$3,000,000 from the General Fund Reserve to preserve the non-profit arts community in San Francisco. Of the \$3,000,000, \$500,000 will be used for additional rent subsidies and displacement assistance for non-profit arts organizations at risk of eviction or displacement due to rent increases. The remaining \$2,500,000 will be used for a capital project to acquire or develop rental space for arts organizations. The Mayor's Office of Community Development will be responsible for managing the project.

Pending Board Actions

The Board is also considering further funding for emergency rent and displacement assistance and is exploring medium and long-range goals of: (1) maximizing, expanding and improving existing non-profit space, and (2) identifying, securing and improving new non-profit spaces.

File Number 001889 – introduced 10/23/00, sponsor: Ammiano – requests a hearing to explore the social and fiscal impacts of amending the Planning Code to require all office development projects in excess of 50,000 square feet to allocate 10% of useable floor space for the exclusive use of non-profit organizations. The hearing will consider:

- Requiring 50 year exclusive use of inclusionary space for non-profit organizations;
- Granting additional development rights beyond the allowable Basic Floor Area equal to the amount of space designated for non-profit uses;
- Subjecting additional space to all mitigation fees, specifically fees for transit, affordable housing, child care and downtown parks, but not counting the additional space against the annual limit on office development established in the Planning Code (Article 3, Sec. 321);
- Providing inclusionary space requirements for non-profit uses either on site or at another location within San Francisco;
- Developing an in-lieu fee equal to cost of providing onsite space for at least 50 years;

- Designating a City department to conduct a nexus study and create a formula that calculates the present value of a 50 year rent subsidy;
- Requiring inclusionary space for non-profit uses be made available for no more than one third (1/3) the rental cost charged to commercial tenants in the office development and for no less than 50 years.

F File Number 001927 – *introduced 10/30/00, sponsor: Yaki* – resolution seeks to impose interim zoning controls for 12 months, which will prohibit the establishment of new commercial uses, along the south side of Market Street between 5th and 7th Street. The resolution allows for the establishment of those institutions set forth in the Planning Code Section 217(c) - (e), assembly and entertainment Section 221(c) and arts activities Section 227(r). The resolution is intended to preserve philanthropic, charitable, cultural and arts uses in the mid-Market area pending the adoption of permanent controls.

File Number 002104 - *introduced 12/4/00, sponsor: Ammiano* - asks the Director of Property to create an inventory of City property that may be appropriate for temporary and occasional use by non-profit arts and cultural organizations.

File Number 002173 - *introduced 12/11/00, sponsor: Katz* - asks the Arts Commission and the Mayor's Office of Community Development to investigate the feasibility of reserving a portion of funds received from the San Francisco Airport to purchase performance and office space for arts and other non-profit organizations.

Inquires to City Departments

On 10/10/00, Supervisor Ammiano asked the City Attorney to draft legislation that would permit non-profit organizations which have been – or are at-risk of being – evicted or displaced to temporarily utilize any performance or exhibition space owned by the City and County of San Francisco that is currently not in use.

On 10/10/00, Supervisor Newsom asked the Real Estate Director to conduct an audit of all vacant land and buildings and buildings used for storage in the City that are owned by the local, state, and federal governments. The request asks that the audit include information about 1) property location; 2) ownership and/or lease holder; 3) usable space, lot size and building square footage; 4) current or future plans for the site; 5) improvements needed to make the land useable; 6) the cost of needed improvements; and 7) the permitted uses for each site.

On 10/10/00, Supervisor Newsom asked the City Attorney to draft legislation that would allocate \$75,000 for a non-profit liaison staff position. This position would be on a trial basis, subject to Board review.

On 10/12/00, Supervisor Yaki asked the City Attorney to draft legislation that would create *Commercial Non-profit* and *Commercial Cultural Arts* zones with tax incentives and relief. In particular, the measure would:

- Require the Planning Department to create a new “Commercial Non-profit” and “Commercial Cultural Arts” zone;
- Permit a parcel of land that is zoned “commercial” to be retroactively rezoned “Commercial Non-profit” or “Commercial Cultural Arts”;
- Provide tax breaks to commercial property owners who allow their parcels to be re-zoned “Commercial Non-profit” or “Commercial Cultural Arts”;
- Provide a transfer tax break to those property owners who sell their property to non-profit, cultural, and arts groups;
- Provide a property tax break in the form of a lower property assessment for property owners who sell their property to non-profit, cultural, and arts groups.

On 11/20/2000, Supervisor Teng asked the City Attorney to draft legislation that would amend the Planning Code to exempt from the definition of “office space,” and thus from the annual limit on office developments, any office space occupied by a nonprofit organizations that is rented at 50% of the projected market rent for a period of no less than 25 years.

On 10/23/00, Supervisor Leno asked the Fire Department Chief to report on the feasibility of renovating space at the inactive fire station on Jessie Street near 5th and Mission for low-cost office space for non-profit organizations.

CITY AGENCIES

Various City agencies are working collaboratively with public, private and non-profit groups to identify and secure resources for non-profit space preservation and creation. An oversight body, the Partnership for Affordable Non-profit Space, has been created and is co-chaired by Pam David of the Mayor's Office of Community Development (MOCD), Caroline Tower, Executive Director of Northern California Grantmakers, and Marie Jones, of the SF Partnership. In addition to MOCD, the Mayors' Offices of Housing and Economic Development, the Department of Children, Youth and their Families, the Art Commission, Grants for the Arts, and the Redevelopment Agency are part of this collaborative effort. A number of local philanthropic organizations are also participating, including the San Francisco Foundation, the United Way, the Goldman Foundation, the Haas, Jr. and Haas, Sr. Foundations, and the Schwab Corporate Foundation.

Information Gathering and Technical Assistance

- Data and research – MOCD has compiled survey data and commissioned three studies: *Non-Profits At Risk: The Space and Occupancy Crisis Facing San Francisco's Non-Profit Community (October 2000)*, companion *Case Stories: San Francisco Non-Profits in the Land Rush (October 2000)*, and *Securing a Safe Haven: Facilities Strategies for San Francisco's Non-Profits (May 2000)*. These studies chronicle the impact of the real estate market on San Francisco's non-profit organizations and offer solutions to address the space affordability and availability crunch. Grants for the Arts commissioned a separate study on arts organizations, entitled *San Francisco Space for the Arts Study (September 2000)*.
- Website – The Partnership for Affordable Non-profit Space (PANS) has commissioned the development and launch of a web site for non-profit organizations located at www.orgspaces.org. The web site provides information about non-profit space availability, planning and funding sources.
- Technical advisory panel – MOCD facilitates a technical advisory panel. Construction experts, architects, space planners, real estate attorneys, real estate agents, and others who have donated pro-bono services to help non-profits find and secure new space serve on the panel.
- Space referral program - The San Francisco Partnership offers a free space referral program to non-profit organization that are in need of new space. The program matches the needs of the organization with a combination of market rate and affordable space.

Preserving and Creating Space

- Planning and feasibility – MOCD and Grants for the Arts have, within their existing budgets, identified up to \$2,000,000 for space planning, technical assistance, feasibility studies, and capital improvements for eligible arts and MOCD-funded non-profits.
- Funding vehicle – The Mayor's Office of Housing administers the *Non-profit Performing Arts Loan Program*. This program, established in 1984, is a revolving loan fund for San Francisco's performing arts organizations. Loans with 3% interest and flexible repayment terms are available to qualifying organizations for space acquisition and renovation. Currently, the fund totals approximately \$500,000.
- MOCD is collaborating with the Northern California Community Loan Fund in the development of a new financing vehicle that will allow non-profit organizations to purchase commercial buildings with a combination of grants, equity investments and low-cost and/or low-interest loans. This financing pool will allow both public and private investments of grant funds, equity funds and loan funds.

- Non-profit Use of Public Buildings – The Mayor’s Department of Children, Youth and their Families is working with the San Francisco Unified School District (the District) to better integrate non-profit community based organization (CBO) partners in school programs and sites. This effort includes making school facility space available to non-profit organizations that serve San Francisco’s children and families. For example eight non-profit Beacon Centers operate before and after school hours at eight primary District school sites and several satellite sites. The Beacon Centers use the space and in return give in-kind custodial and facilities support to the District. The District is also considering renting space to arts and other non-profit organizations. For example, negotiations are underway for renting district space to house a youth employment, training and placement program. The Bayview Hunters Point Beacon Center and the Private Industry Council through the Youth Opportunity Grant offer this program. While the District intends to establish shared space agreements with non-profit organizations, pressing fiscal and policy issues have taken priority above establishing a comprehensive facilities plan. Nonetheless, the District’s Program Placement Committee, which will likely give recommendations to the Superintendent in December 2000, is committed to making space available to non-profit organizations in addition to the District’s educational priorities.
- The Department of Human Services (DHS) plans to sublease approximately 12,000 square feet of office space to non-profit organizations starting May 2001. For the last two years, the State’s Employment Development Department (EDD) has given DHS space at 3120 Mission for the City’s Welfare-to-Work program. EDD has secured a new location and DHS plans to assume the lease of 37,000 square feet at 3120 Mission. The Welfare-to-Work program utilizes about 25,000 square feet. DHS will sublease the remaining space to complimentary non-profit organizations, such as job training and/or placement non-profits.
- The Department of Recreation and Parks, the Library, the Department of Public Health, the Fire Department, and the Department of Human Services are looking at their facility projects and the potential for developing space to sub-let to complementary non-profit organizations within those facilities.
- New development – The San Francisco Port Commission set aside 150,000ft of space in the Pier 70 development for non-profit use. The Port plans to issue a request for proposal in December 2000 to solicit non-profit bids for space development and use.
- The Redevelopment Agency is planning to build permanently affordable non-profit commercial space in housing and other Redevelopment Agency projects. The Agency will use ground floor space that has historically been used for commercial space or other non-housing uses, and will urge developers to market the space to disadvantaged non-profit organizations. The Mayor’s Office of Housing is planning similar efforts for projects under their jurisdiction.
- Inclusionary Space – The Redevelopment Agency has suggested that the City consider a policy whereby office development in future redevelopment project areas would be required to include below market rate space for non-profit organizations. This policy could be modeled after the existing inclusionary housing policy that applies citywide and in Redevelopment Project areas and includes a 10% inclusionary affordable housing requirement for all new housing developments. Before any policy is adopted, the City must evaluate whether a 10% inclusionary requirement is reasonable. The City will look at the space needs of non-profit organizations and how space would be provided by alternative inclusionary requirements. One test could be comparing current non-profit space needs to the space produced if an inclusionary requirement had been in effect over the last five years.

Attachment: Table – Summary of City’s efforts to preserve and create space

TABLE ATTACHMENT

Initiative	Sponsor	Summary	Target Audience	Funding	Status	File No.
Emergency Rent Subsidy Program	Board of Supervisors: Ammiano, Bierman, Leno and Newson	Emergency rent assistance program	Non-profit arts organizations at-risk of eviction and/or displacement	\$1,500,000	Approved 11/17/00	001810 & 001811
Emergency Rent Subsidy and Displacement Assistance Program and Capital Project	Board of Supervisors: Yaki, Newson, Leno, Becerril, Katz, Teng, and Brown	Emergency rent assistance and displacement assistance program & capital project to acquire and develop rental space	Non-profit arts organizations at-risk of eviction and/or displacement	\$500,000 rent assistance/ \$2,500,000 capital project	Approved 12/4/00	001809
Inclusionary Space Requirement	Board of Supervisors: Ammiano	Amends the Planning Code to require office developments in excess of 50,000 square feet allocate 10% of useable floor space for non-profit uses	Non-profit organizations	N/A	Pending, Introduced 10/23/00	001889
Interim Zoning Controls	Board of Supervisors: Yaki	Prohibits the establishment of new commercial uses in the mid-Market area for 12 months pending the adoption of permanent controls	Non-profit organizations	N/A	Pending, Introduced 10/30/00	001927
Website	Partnership for Affordable Non-Profit Space	Website provides information about non-profit space availability, planning and funding sources	Non-profit organizations	N/A	Active - at www.orgspaces.com	N/A
Space Referral Program	San Francisco Partnership	Free service that provides space referrals to non-profits that need new space	Non-profit organizations	N/A	Active - 10/00	N/A
Technical Advisory Panel	Mayor's Office of Community Development	Expert panel assists non-profit organizations in finding and securing new space	Evicted and/or displace non-profit organizations	N/A	Active	N/A
Planning and Feasibility Funding	Mayor's Office of Community Development and Grants for the Arts	Funding for space planning, technical assistance and feasibility studies and capital improvements	Non-profit arts organizations and MOCD-funded non-profits	\$2,000,000 - from existing budgets	Active	N/A
RFP for Non-Profit Development	The Port of San Francisco	150,000ft set aside in Pier 70 development for non-profit use	Non-profit organizations	N/A	In progress	N/A
New	Mayor's Office of	Grants, equity	Non-profit	N/A	In progress	N/A

Initiative	Sponsor	Summary	Target Audience	Funding	Status	File No.
Funding Vehicle	Community Development and Northern California Community Loan Fund	investment, and low-cost and/or low-interest loan packages that will allow non-profit organizations to purchase commercial buildings	organizations			
Non-Profit Use of Public Space	Mayor's Office of Children, Youth and their Families, the School District, and the Department of Human Services	Sub-letting available space in public facilities or lease holds to non-profit organizations	Non-profit organizations	N/A	In progress	N/A
Performing Arts Loan Program	Mayor's Office of Housing	Revolving loan fund of low interest loan fund for space acquisition and renovation	Non-profit performing arts organizations	\$500,000	Active since 1984	N/A

Source: Information generated by the Office of the Legislative Analyst from Board of Supervisor actions and from City departments, December 2000.