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

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

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

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

WHEREAS, Under the requirements of the Residential Affordable Housing Program, Planning Code Section 415 et seq., the Project Sponsor is required to provide 39 units (12% of the project’s units) as affordable units rented to lower income households earning no more than 60% of San Francisco Median Income, but has agreed, as a condition to receiving the Funds to (1) increase the number of affordable units to 49 units (15% of the project’s units) (2) lower the income level for all 49 units to households earning no more than 30% of Area Median Income (very low income households) at a cost to the Project Sponsor of approximately $4,000,000; and-(3) enter into an agreement with the City under the Costa Hawkins Rent Control Act, California Civil Code Section 1954.52(b), that in consideration for a direct financial contribution from the Fund the affordable housing units in the Project are not subject to the Costa Hawkins Rent Control Act; (4) employ at least 30% SOMA residents for
initial employment in all end-use jobs in connection with the development of 333 Harrison (the
"Project"): (5) have an objective (but not a binding requirement) to hire 50% of entry level
construction and non-construction jobs and all other end-use jobs from the local community
with first priority being given to individuals who are rent-assisted residents or residents who
are living within SOMA; (6) support “local hire,” the purpose of which is to benefit employers in
the Project by providing a pool of qualified job applicants whose job training has been
specifically tailored to the needs of employers in the Project through a non-exclusive referral
system; (7) work with the City’s First Source Administrator and notify it of any entry-level job
postings; (8) hire a general contractor that has demonstrated the ability to meet and report on
local hiring requirements; (9) deposit $100,000 within 7 days after approval of this Resolution
and $150,000 within 7 months after issuance of the Project’s first certificate of occupancy in
the Northeast Credit Union, thus allowing it to provide more loans to SOMA residents and
small businesses with targeted financial assistance to be provided to low-income SOMA
residents; (10) meet with SOMA CAC regularly (at least quarterly) between the date of
approval of this Resolution and issuance of the Project’s first certificate of occupancy; (11)
notify the SOMA CAC of all job opportunities at all projects involving the Emerald Fund, Inc.,
located in SOMA in order to facilitate job placement for SOMA residents; and (12) provide
quarterly reports on local hire numbers as well as outreach efforts to SOMA residents for
placement in jobs and units at the Project (collectively, the "conditions"); and,

WHEREAS, Notwithstanding anything in this Resolution to the contrary, if the City
changes its City-wide local hiring or first source hiring policies to require local mandates
instead of “good faith efforts” to meet hiring goals, then the parties agree that MOH shall have
the right to make conforming changes to the local hiring goals outlined above without the
approval of the Project Sponsor; and,
WHEREAS, The SOMA CAC recommends that the SOMA Community Stabilization Fund fees payable by the Project Sponsor less the $450,000 described above (approximately $2,762,000) be returned to the Project Sponsor to support in part the construction of 49 units (15% of the total project units) to be affordable to very low income households (those earning no more than 30% of Area Median Income) under the conditions and otherwise consistent with all of the requirements of the Residential Affordable Housing Program, Planning Code Section 415 et seq.; and,

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

WHEREAS, A copy of the payment schedule for the Project Sponsor’s payment into the Fund has been filed with the Clerk of the Board under File No. 100926; now, therefore, be it RESOLVED, That, following the deposit of fee revenue generated by the development of 333 Harrison, the Mayor’s Office of Housing is hereby authorized to expend $2,762,000 from the SOMA Community Stabilization Fund under the conditions described above to support the development of affordable rental units at 333 Harrison at 30% of Area Median Income and that such units shall otherwise conform to all of the requirements of the Residential Affordable Housing Program, Planning Code Section 415 et seq.; all in accordance with the purposes and goals for the funding as generally set forth in the Strategic Plan.
RECOMMENDED:  

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
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.

August 03, 2010 Board of Supervisors - ADOPTED
Ayes: 11 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell and Mirkarimi

File No. 100926

I hereby certify that the foregoing Resolution was ADOPTED on 8/3/2010 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor Gavin Newsom

Date Approved