

How supes will spend \$4.5 million on nonprofits

Rent subsidies, security deposits, ADA compliance, lease negotiations and other short-term solutions

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Investment Fund, the office of the city administrator to continue to be engaged with all of this. The funding now will only hit perhaps four or five of the 30 or so recommendations. I don't want people to lose sight of the fact that the long-term structural solutions will lie in many of those other recommendations that are going to be outside the scope of the intermediary itself.

"Rather than focus on rent subsidies," Cheu said, "we want to create as many structural fixes as we can, so we're not back here in another five years."

The report's guidelines do call for the majority (60%-65%) of its \$4,515,000 budget to be used for direct financial assistance to the selected organizations. The report set a goal of assisting a total

of 70 nonprofits and arts organizations — 35 each — facing immediate displacement risk.

That 60%-65% is about \$2.8 million. Another 25%-30% (\$1.2 million) is earmarked for technical assistance and 10%-15% (half a million) is for the administrative work of the intermediaries.

The supervisors' moves follow widespread alarm last year at the difficulties the tech bubble and resultant burgeoning real estate market — a budget analyst's report issued in October found rents had jumped by a third in the previous two years — has wrought on the nonprofits that, as District 11 Supervisor John Avalos said, provide "services that show San Francisco to be the compassionate city that it really is." The city is spending \$528.8 million on those services in fiscal 2013-14, according to the

city budget and legislative analyst.

At a Budget and Finance Committee hearing that month (See November Extra), more than 50 arts and nonprofit representatives and their clients testified to the havoc rising rents and early termination of leases were wreaking.

The program's funding derives from two sources: \$2,515,000 is a controller's office estimate of increased property tax revenue from Tenderloin and SoMa properties that are eligible for the so-called "Twitter tax break." After Chiu and Kim proposed earmarking that money to address nonprofit displacement, Avalos inveighed on the board to add \$2 million more from the general fund to aid arts organizations facing similar challenges. The ordinance passed March 18.

Cheu and DeCaigny's presentation broke down the report's recommendations into five categories: technical assistance; planning/zoning/developer incentives; identifying available space; direct financial assistance; and public/private partnerships.

Describing the largest category, direct financial assistance, DeCaigny said: "We do not want to encourage speculation or to encourage landlords to raise rents knowing that nonprofits are receiving a subsidy, but we do want to support nonprofits who are having emergency displacement issues."

That support, he said, "would include acquisition and rehabilitation funds for nonprofits to acquire ownership and acquire space; for tenant improvements to upgrade that space to be ADA-accessible, emergency rental stipends and security deposits."

District 5 Supervisor London Breed,

said it cost \$1.5 million to make the 34,000-square-foot African American art and culture complex ADA-compliant, suggesting that ADA-related rehab work alone could potentially drain the entire allocation.

"We know that this would be a very small beginning," DeCaigny said, "so it would be really dedicated to the emergency needs of organizations whose spaces were threatened in the next 18 months."

The technical assistance the report suggests, Cheu explained, would be to facilitate an "economy of scale" by providing centralized free or low-cost experts to help nonprofits work through some of their needs the survey identified: negotiating a new lease in a highly competitive real estate market; determining precisely how much space they need; and whether it might make sense to try to buy rather than rent property, and if so, how to proceed, and then also to find commercial real estate brokers who can identify possible sites. It could also help groups share space or administrative functions, which 55% of the group's survey respondents were interested in doing.

"There is a lot of stuff here that's beyond supplementing the rent," Supervisor Norman Yee said and asked: "Are you expecting that an intermediary would have the experience and skill level to do all of these things, or are you expecting that an intermediary may subcontract to realtors or something?"

"We would want them to have demonstrated expertise in real estate, particularly in working with nonprofits, know how to work with boards of directors of nonprofits," and support nonprofits with legal technical expertise and real estate brokerage, DeCaigny said. "I could envision the RFP requiring a letter of recommendation from nonprofits they have served effectively. I



PHOTOS MARK HEDIN

CounterPULSE staff members, right, meet inside the former Dollhouse porn venue at 80 Turk St. last month. The Community Arts Stabilization Trust, one of the "best practice" examples the supes' working group on nonprofit displacement pointed to in its recent report, bought the property and leased it with an option to buy to CounterPULSE, which expects to have it refurbished and up and running early next year.



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think we also want an intermediary that has the administrative capacity to subgrant and have the fiscal oversight to be an effective regrantee organization. An entity that has expertise in putting out requests for proposals, for the cultural competency to do so in a way that's going to be inviting for our communities across the city, that has the ability to track data and assess financial health and be able to track that information so that we as city departments get quality reporting from them and are able to demonstrate both need and impact of this investment."

Supervisor David Campos questioned how the program would reach its intended targets: "One concern that I have," he said, "is making sure that the organizations that need the most help are not left out. Oftentimes those organizations have a tougher time going through a process like this. ... The folks who look good on paper may not be the people that you're trying to target. ... In some neighborhoods, the very people that you're trying to help may very well be left out of the criteria that you have put forward."

"You can offer hours of technical assistance, but if you can't actually identify a space within the city, it's not going to be any good."

Brian Cheu
MAYOR'S OFFICE DIRECTOR OF COMMUNITY DEVELOPMENT

Cheu said the housing office and Arts Commission are experienced "in working with very small organizations, some with budgets of less than \$150,000, occasionally less than \$100,000."

He said they would "make the application process as simple as possible so we don't accidentally exclude those organizations that are most at risk."

One popular suggestion, commercial rent control, is barred by state law. The group saw potential in loosening Planning Department rules prohibiting office and nonprofit office use of second-floor space in neighborhood commercial districts and recommend-

ed that the OEWD, Department of Real Estate and the Port seek out opportunities in new development agreements to include reduced rent for nonprofits or partnership opportunities for them.

The group saw little promise, however, in the community benefit agreements that are a condition of the Twitter tax break for the bigger companies in the neighborhood. Although Zendesk, for one, has suggested it might have not-yet-utilized space available for community use, the group felt that lease restrictions on subletting, the nature of the space itself — a lack of privacy — and the uncertainty of the companies' long-term plans

made this a path not worth pursuing.

Another category, identifying available space, the working group rated as a high priority.

"You can offer hours of technical assistance, but if you can't actually identify a space within the city, it's not going to be any good," Cheu said.

Finally, Cheu stated an intention to look for long-term space-identification opportunities: "Is it possible," he asked, "if we came up with some creative financing, to create a substantial, multi-tenant space, along commercial corridors where transportation is easy, especially by low-income individuals?"

The final category of recommendations concerns potential partnerships with developers, owners and brokers. Much of the discussion here echoed the technical assistance category's emphasis on pooling the work of real estate, architecture and building trade professionals to cast the widest net for available space and get the most bang for the buck in transforming spaces to meet the nonprofits' needs. The futility of approaching tech companies for space as described earlier was reiterated. ■

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Emissions reports make shuttles seem green

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The three big shuttle fleets prowling San Francisco streets are: Google 57; Genentech 40; and Apple 15. The report says Apple has 1,568 boardings each weekday — 100 boardings per bus, 50 riders each way, according to the commission consultant's estimate. "Apple would not provide boarding information, stating it was confidential."

Not all of the companies own their own buses like deep-pockets Google. Apple charters. Facebook charters "at least one" double-decker Van Hool bus. Loaded, it weighs 31 tons. Just one of them, the report says, exerts 7,774 times more stress on streets "than an SUV." Because of their size, the buses are banned from certain streets.

Derylle Evans, safety and fleet manager for Gray Line Tours in San Francisco, says new 45-foot buses cost up to \$500,000. Gray Line owns three Setras. They get 11 miles per gallon on the freeway and 8 in town on diesel. Tanks hold 215 to 235 gallons.

They are pretty clean, Evans says. State Environmental Protection Agency regulations in 2005 required filters for diesel particle matter emissions, cutting the carcinogenic soot output consider-

ably. Buses older than around 2012 are required to be retrofitted, he said, "and that's expensive, up to \$17,000, practically an engine overhaul." The well-designed, relatively new buses don't need filters because their engines are "about as close to zero emissions as you can get, given a diesel engine."

Even so, the buses blow stuff in the air. Unfortunately, the state's Air Resource Board can't produce data or examples that would inform folks of precisely what danger exists from the buses, no matter how small.

"We get questions like this all the time from reporters," said Karen Caesar, the air board's information officer. "It's very complex and there are many variables. Like what engine type is it, diesel or natural gas, how old is it and where is it operating because some regions have more air pollution than others. We don't typically do estimates like this. Too tricky."

A regulation system in place now sets timetables for all buses and trucks to meet by 2023: All pre-2010 buses have to have filters. All later engines have them.

The city's Department of Public Health says it has no emissions data on the city's shuttle buses.

Whatever is in the air would be infinitely worse if bus passengers commuted in cars, according to a 20-page 2011 report by the county's Transportation Authority. It says the regional shuttle programs it surveyed produced only 20% of the 10,800 tons of carbon dioxide that cars would have spewed, collectively, if tech shuttle passengers commuted alone. Nitrous oxides and diesel particulate matter were reduced by 17 times by the same figuring, the report said.

"It's too bad the companies couldn't pick up other workers, too, instead of just their own," Mason continued. "But they are very security-minded," to guard against wandering eyes that could glimpse a neighbor's high-tech secret and steal it. He thinks the companies should loosen up a bit. "They could seat one side Apple and one side Google." We laugh at that.

The free commute buses heavily influence the tech workforce. Mason, who disdains his time squandered on the road, said he wouldn't work for Apple if it wasn't for the buses. The budget analyst's March study said 40% of the riders interviewed by a consultant said they'd move closer to their workplace if there were no shuttle.

"People should live a reasonable distance from their employment," Mason said. He intends to shorten his commute and enhance his nightlife by moving to the city in six months, even if the city hasn't always been kind to him. His car was towed a few weeks ago and he was dumbfounded by the cost to retrieve it — \$600.

"You shouldn't have a car in the city," he declared. "Going out of town, you can rent one."

Mason exhibited other New Age notions and appeared well-suited for the city. He said on a recent Saturday he found himself in the Mission and eagerly joining a crowd protesting the evictions of teachers from an apartment building recently acquired by a Google lawyer.

"It wasn't right," Mason said. "It shouldn't happen." He held up his iPhone to show off pictures he took of the demonstration with him in the fray.

There was one other thing, Mason added, before walking off. There should be a large area that riders can walk or peddle to, where all the buses pick up and deliver Silicon Valley workers, "a park and ride" that gets buses out of the neighborhoods. ■