



July 5, 2012

The Honorable Mayor Edwin M. Lee
City Hall, Room 200
San Francisco, California 94102

The Honorable Supervisor Jane Kim
City Hall, Room 244
San Francisco, California 94102

Re: Public Financing of Community-Serving Facilities

Dear Mayor Lee and Supervisor Kim:

We are writing to add our support to your efforts to identify sources of funding for community facilities in the Mid Market neighborhood. We are a nonprofit Community Development Finance Institution with a consulting group focused on the facility needs of community organizations. We previously were administrators of the Nonprofit Space Capital Fund which was established to reduce displacement of community organizations from the neighborhoods that they serve.

While we applaud the City's recent success in beginning to revitalize the Mid-Market neighborhood, we have seen signs that many organizations who serve the community are likely to be displaced by market forces. We believe that the unintended consequences of our prosperity can be addressed. With appropriate financial tools, the community hubs that serve to integrate our economically diverse community can be protected from displacement. This is particularly important for cultural organizations that require highly specialized facilities that are difficult to find in accessible locations.

Specifically, we are writing to encourage the City's efforts to use Infrastructure Finance Districts (IFDs) and other funding streams to ensure the stability of the City's community serving organizations.

Long before the loss of Redevelopment as a financing tool, we began working to develop alternative financial tools for community facilities. Specifically, we have worked with federal New Markets Tax Credits and Historic Tax Credits, but these tools can only provide 15-30% of the cost of community facilities. As a loan fund, we can provide debt, but the equity capital provided by tax credits and tools like the IFDs are critical to community facilities. Tax Increment funded financing, such as the IFD, can capture the increased tax base from projects like 901 Market; 1321 Mission; Crescent Heights; Avalon Bay; Trinity Place; Panoramic Interests, City Place, 875 Stevenson and, of course, the Shorenstein's Market Square. In doing so, the increase in taxes can be used temporarily to fund the community facilities that serve as infrastructure for the neighborhood.

The opportunity before us is time-sensitive. Great private-sector wealth is being created in the Mid Market area due, in part, by public-sector stimulation. The City can capture a portion of the increased tax increment to protect community assets like CounterPulse, the Luggage Store Gallery and other organizations that have been anchors for the community. These organizations have been instrumental in the collective effort to develop a uniquely San Franciscan district that is welcoming to both its low income residents and its emerging technology focused work force. We must also invest in new community-oriented projects like the Shih Yu-Lang YMCA and 950 Center for Art & Education – two projects whose fate will be determined by the strength of public/private sector collaboration.

Please let us know if we can be of assistance.

Respectfully,



Mary Rogier
President