

## Frequently Asked Questions for Nonprofit Displacement Supplemental Funds

**Q:** *What is the nonprofit displacement supplemental?*

**A:** In October 2013, San Francisco's Budget and Legislative Analyst released a report describing the impact of the rapid rise of commercial rents and early termination of leases on non-profit organizations. As a result of this report, the Board of Supervisors resolved in November 2013 to create a working group comprised of City departments holding significant contracts with nonprofit service organizations and the nonprofit partners. The goal of the group was to find creative solutions that would keep San Francisco's social safety net and cultural heritage intact and geographically located to effectively provide essential services to the community. The group conducted data collection of the nonprofit community and sent surveys to approximately 300 city-funded nonprofits. Data was aggregated to illustrate the issues nonprofits faced regarding rental increases, evictions, neighborhood-specific services, and leasing options and obstacles.

Concurrently, the Board of Supervisors Budget and Finance Committee voted to place \$2.515 million on reserve to respond to the recommendations that the working group would put forth. Supervisor Avalos amended this reserve amount by adding an additional \$2 million to be earmarked for the nonprofit arts community.

On May 13, 2014 the Board of Supervisors, in a special hearing of the full board, unanimously voted to remove the funds from reserve. See the item on SFGovTV here:

[http://sanfrancisco.granicus.com/MediaPlayer.php?view\\_id=10&clip\\_id=20077](http://sanfrancisco.granicus.com/MediaPlayer.php?view_id=10&clip_id=20077)  
and go to 2:48:00.

**Q: How much money was approved by the Board of Supervisors and who will administer the funds?**

**A:** A total of \$4.515 million was approved by the Board of Supervisors. \$2.515 million will be administered by the Mayor's Office of Housing & Community Development for social services nonprofits and \$2 million will be administered by the Arts Commission for arts and culture nonprofits.

**Q: How will the money be allocated?**

**A:** Both departments will distribute their own Request for Proposals (RPF) in mid-June. Based on the proposals received, they will each select an intermediary who will work in concert with the City to administer the funds to the nonprofit community.

The intermediary will put out a call for proposals from nonprofits and applications will be reviewed by a panel consisting of City agency staff, the intermediary's staff and experts in the field of nonprofit real estate. The intermediary will administer funds by providing (that provide?) technical assistance and direct financial assistance to nonprofits who can successfully demonstrate they are facing displacement. Other long-term solutions to be explored include: planning/zoning/developer incentives; identifying underutilized space that could be occupied by nonprofits; establishing public-private partnerships. The areas of recommendations detailed in the final working group report are:

#### **Technical Assistance**

- Space analysis
- Lease negotiation and review
- Financing options
- Capital campaigns
- Back office sharing
- Co-location
- Linkage to brokerage services, building vacancy survey and use analysis and other related areas

#### **Planning/Zoning/Developer/Incentives**

- Development Impact Fees
- Inclusionary Zoning Ordinance
- City Incentives for Property Owners
- Second Floor Office Space

- Developer Agreements
- Community Benefits Agreements

## **Identifying Available Space**

### **Direct Financial Assistance**

- Acquisition/Rehabilitation Funds
- Tenant Improvements
- Emergency Rental Stipends and Security Deposits
- New Market and other Federal Tax Credits

### **Public/Private Partnerships**

- Foundations and Philanthropy
- Developers, Owners and Brokers
- Corporate Partners

### ***Q: What constitutes eligibility for these funds?***

#### **A: Selection of Intermediary:**

- The City process will be as follows:
  - Procured through parallel Request For Proposals (RFP) from Mayor's Office of Housing and Community Development (MOHCD) and San Francisco Arts Commission (SFAC)
  - Project oversight by representatives from MOHCD, SFAC, Grants for the Arts, Department of Public Health, Human Services Agency, Department of Children, Youth & Families and the Office of Economic and Workforce Development
  - RFP for three-year period of July 2014 – June 2017
- Eligible intermediary applicants
  - Must be a 501(c)(3) in good standing
  - Must have a strong track record of working with SF social service nonprofits (non-arts intermediary)
  - Must have a strong track record of working with SF arts and cultural organizations (arts intermediary)
  - Must have expertise in technical assistance regarding organizational space needs
  - Must have experience working with small- and mid-size budget organizations

- Intermediaries must have the ability to provide assistance, directly or through subcontracts, in areas including:
  - Space analysis
  - Lease negotiation and review
  - Financing options
  - Capital campaigns
  - Back office sharing
  - Co-location
  - Linkage to brokerage services, building vacancy survey and use analysis and other related areas
  
- Intermediaries must have the ability to oversee distribution of sub-grants for tenant improvements, emergency rental stipends and security deposits
  
- Intermediary Contract requirements
  - Target number of CBOs assisted – 35 per year for arts and 35 per year for non-arts
  - Must provide periodic fiscal and programmatic updates to funding departments
  - Must provide annual report describing assistance offered and status of nonprofits assisted, and providing an evaluation of impact of investment
  - Indirect costs: 10% - 15% of total contract amount
  - Technical assistance to CBOs: 25% - 30% of total contract
  - Direct financial assistance to CBOs: 60% - 65% of total contract

Selection of Nonprofit Grantees:

- Eligible applicants
  - Must be a 501(c)(3) in good standing
  - Must have been in SF for at least 3 years
  - Must show direct risk of displacement
  - Must be financially stable (but for displacement)
  - Must have record of effective programming
  - Citywide eligibility
  - City-funded and non-City funded agencies eligible
  
- Priority funding areas
  - Priority given to those agencies with leases expiring within next 18 months
  - Priority given to those agencies experiencing displacement primarily caused by real estate market forces

- Funding restrictions
  - Funds cannot be used for general operating deficit
  - Can receive assistance once during three-year period

**Q: What is the timeline?**

**A:**

- June 2014 – Release of Request of Proposals from Mayor’s Office of Housing & Community Development and Arts Commission to select intermediaries
- July & August 2014 – Intermediary selection and launch of programs
- July 2014 – check-in with City departments to prioritize medium- and long-term recommendations
- July 2015 – evaluation report on results of assistance efforts

**Q: When will nonprofits facing displacement be able to apply?**

**A:** It is anticipated that the intermediaries will issue a Request for Proposals in August 2014.

**Q: Can individual artists or for-profit arts organizations who are facing displacement apply?**

**A:** No. These funds are restricted to support nonprofit 501(c)3 organizations. Nonprofit organizations who support individual artists may apply, but individual artists and for-profit arts organizations are not eligible.

**Q: My nonprofit organization is struggling financially, but we do not have a change in lease terms pending. Are we eligible for support?**

**A:** No. Only nonprofit 501(c)3 organizations who can demonstrate displacement are eligible.

**Q: Can nonprofits that do not receive City funding apply?**

**A:** Yes. Any nonprofit 501(c)3 organization that has demonstrated residence in San Francisco for at least three years and can demonstrate pending displacement may apply.

***Q: Is it a permanent pool of funds?***

**A:** No. This was a one-time allocation by the Board of Supervisors.

***Q: Will the outcomes of the grants be assessed and evaluated?***

**A:** Yes. Intermediaries must have extensive experience evaluating and analyzing results, impact and outcomes of their funding projects. We anticipate evaluative data informing longer-term, policy-driven solutions to prevent nonprofit displacement.