

1 [Ordinance governing property-related subsidies to nonprofit arts organizations.]

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3 **Ordinance revising the terms and conditions for the expenditure of an earlier**
4 **appropriation of 1.5 million dollars to give rent, relocation, capital improvement and**
5 **real property acquisition assistance to nonprofit arts organizations that are in**
6 **immediate danger of being evicted or displaced by rent increases, and otherwise**
7 **amending the terms of the assistance program.**

8 Note: Additions are single-underline italics Times New Roman;
9 deletions are ~~strikethrough italics Times New Roman~~.
10 Board amendment additions are double underlined.
11 Board amendment deletions are ~~strikethrough normal~~.

12 Be it ordained by the People of the City and County of San Francisco:

13 *Section 1. On November 6, 2000, the Board of Supervisors passed Ordinance No. 267-00,*
14 *setting forth the terms and conditions for the expenditure of a \$1.5 million appropriation from the*
15 *City's general fund to the Arts Commission to provide rent assistance to nonprofit arts organizations*
16 *that are in immediate danger of being evicted or displaced by rent increases. As the rent assistance*
17 *program has progressed, and the needs of the nonprofit arts community have increased and changed,*
18 *the Board finds that it is now appropriate to amend and revise the terms and conditions of the rent*
19 *assistance program.*

20
21 *Section 2. Ordinance No. 267-00 is hereby amended, as set forth below:*

22 Section 1. Companion legislation to this ordinance, found in Board of Supervisors File
23 No. 001810, would appropriate \$1.5 million from the City's general fund to the Arts
24 Commission to provide rent assistance to nonprofit arts organizations that are in immediate
25

1 danger of being evicted or displaced by rent increases. The \$1.5 million appropriation shall
2 be expended for the purposes and on the conditions set forth below.

3 1. Purpose. The purpose of this legislation is to provide immediate rent
4 assistance, relocation cost assistance, capital improvement funds, and real property acquisitions
5 funds to eligible nonprofit arts organizations that are in immediate danger of eviction or
6 displacement due to increased rents. The purpose of this legislation is to help to stabilize arts
7 organizations currently located in a leasehold in San Francisco while the City pursues
8 medium- and long-range goals of (a) maximizing, expanding and improving existing arts
9 spaces and (b) identifying, securing and improving new arts spaces.

10 2. Eligible Organizations. In order to be eligible to receive a grant for ~~rent~~ financial
11 assistance, an organization must meet all of the following criteria:

12 a. Must be (i) currently incorporated and in good standing as a Section 501(c)(3)
13 corporation pursuant to the federal tax laws or (ii) a fiscally sponsored project of a tax-exempt
14 corporation that is operating for purposes consistent with Section 501(c)(3) status.

15 b. Must exist, as its primary nonprofit purpose, to support, create or perform an
16 arts-related function in one or more of the following ~~six~~ disciplines: visual arts, dance, theater,
17 music, literary arts, ~~or~~ new genre/multimedia, art school/art education, or arts/social services.

18 c. Must have had an annual operating budget of no more than \$1.2 million for the
19 organization's fiscal year ending just prior to the submission of an application for ~~rent~~ financial
20 assistance.

21 d. Must be able to demonstrate financial accountability by submitting the
22 organization's Form 990 for the most recent tax year, a year-end financial report
23 corresponding to the Form 990, and an operating budget for the current fiscal year.

24 e. Must be able to demonstrate a recent history of financial stability as reflected by
25 an absence of unplanned operating deficit of significance, a positive fund balance, or a

1 meaningful cash reserve. The financial impact of a recent rent increase or relocation costs
2 shall not be considered as a negative factor with respect to the organization's history of
3 financial stability.

4 f. Must demonstrate substantial continuing activities in and support from the
5 community through one or more of the following: three letters of support from the
6 organization's constituents describing the organization's relationship with and contribution to
7 the community, a published calendar of the organization's activities, a selection of recent
8 published reviews of the organization's work, and/or other equivalent documentation.

9 g. Must have been in existence in San Francisco for at least two years prior to the
10 filing of an application for ~~rent~~ financial assistance.

11 h. Must establish proof that the organization has at least one year remaining on a
12 lease for space in San Francisco, as of the filing of an application for rent assistance. This
13 may be established by the submission of a written lease agreement, a letter of commitment
14 from a landlord, or by such other evidence as reasonably establishes the existence of a one-
15 year leasehold.

16 i. Must demonstrate financial need for rent assistance as a result of a recent or
17 upcoming significant increase in rent. An increase of in rent is considered significant if it is an
18 increase of ~~100~~ 25 percent or more over the previous year's rent. An increase in rent is
19 considered recent if it occurs on or after January 1, 1999. This may be established by the
20 submission of a written lease agreement that shows a significant increase in rent in
21 comparison to the immediately preceding lease; a letter from a landlord indicating an increase
22 in rent, or by such other evidence as reasonably establishes that the rent on the leasehold
23 has increased significantly.

24 j. Must submit a business plan or other strategy indicating the organization's plan
25 for future fiscal management, including supporting its space needs and sustaining itself

1 economically without the use of City ~~rent~~ financial assistance after the period for which City
2 ~~rent~~ financial assistance is sought.

3 3. Limits on Grant Funds.

4 a. An organization may receive rent assistance funds pursuant to this legislation only
5 for the portion of rent that represents an increase over the prior year's rent.

6 b. An organization may not receive cumulative City funding for rent assistance
7 pursuant to this legislation and any other City grant program that totals more than (i) 50
8 percent of the total annual rent for the leasehold for which the organization has applied or (ii)
9 \$80,000 within a 12-month period, or whatever amount is less than \$80,000.

10 c. An organization may receive rent assistance for a total of 12 months, beginning
11 on the date of filing an application for funding. An organization may reapply for additional ~~rent~~
12 financial assistance for subsequent years.

13 ~~d. Only one grant may be awarded per leasehold within a 12 month period. Thus, where~~
14 ~~multiple organizations share the use of a single leasehold, only one application may be awarded for~~
15 ~~such leasehold.~~

16 de. Grant Rent Assistance funds awarded pursuant to this legislation may be used only
17 to pay rent, and only for the leasehold that the grant recipient identified in its application for
18 rent assistance in the absence of a written modification of the organization's grant agreement.
19 If a grant recipient is found to have spent such grant funds on any expenses other than rent,
20 the City may require the applicant to refund all grant monies received under this program, plus
21 interest and the City's costs of recouping the grant monies.

22 e. Relocation costs, capital improvement funds, and real property acquisitions funds
23 awarded pursuant to this legislation may be expended only for real property within the City and County
24 of San Francisco, and only for expenses incurred on or after January 1, 1999. In addition, City
25 funding pursuant to this legislation must be expended on capital improvements to and/or acquisitions of

1 real property directly benefiting nonprofit organizations. An organization may not receive more than
2 \$80,000 in relocation costs, capital improvement funds and real property acquisitions funds pursuant
3 to this legislation.

4 4. Administration and Selection Process.

5 a. The Arts Commission shall award a grant of the entire \$1.5 million to the
6 California Lawyers for the Arts to administer the ~~rent~~ financial assistance and award the
7 funding to other eligible organizations. The Arts Commission shall disburse one half of the
8 appropriation upon the effective date of this legislation, and the remaining one half after the
9 first half has been expended. The Arts Commission or California Lawyers for the Arts may
10 adopt reasonable rules and procedures to implement this legislation consistent with its
11 purposes. California Lawyers for the Arts shall be responsible for all administrative,
12 organizational and record-keeping functions under this program, and such other functions as
13 the Arts Commission may determine.

14 b. An applicant may apply for ~~rent~~ financial assistance by submission of evidence of
15 all of the eligibility criteria set forth above to the California Lawyers for the Arts. Any request
16 must clearly specify the amount of funding the applicant is requesting.

17 c. The California Lawyers for the Arts shall form a selection panel, consisting of five
18 members, as follows: (1) a staff representative of the Arts Commission chosen by the Director
19 of Cultural Affairs, (2) a staff representative of Grants for the Arts chosen by the Director of
20 Grants for the Arts, (3) and a third member, as set forth below. The a member of one of the following
21 disciplines, corresponding to the applicant's discipline, who shall be mutually selected by the Director
22 of Cultural Affairs and Director of Grants for the Arts shall mutually select one representative for
23 each of the following six arts disciplines -- visual arts, dance, theater, music, literary arts, and new
24 genre/multimedia, art school/art education, or arts/social services-, (4) the Director of California
25 Lawyers for the Arts or a designated staff representative, and (5) a real estate professional.

1 d. Each selection panelist representing each of the ~~six~~ eight specified disciplines
2 must be either an executive director or artistic director of a Section 501(c)(3) arts organization
3 with five years of experience in the particular discipline he/she is chosen to represent, and a
4 history of involvement in the community of that discipline in San Francisco.

5 e. Selection panelists may be reasonably compensated for their service out of the
6 administrative fee for the program, in the discretion of the California Lawyers for the Arts.

7 f. ~~When reviewing an application for funding, the Arts Commission representative, the~~
8 ~~Grants for the Arts representative and the representative for the discipline that corresponds to the~~
9 ~~applicant organization's purpose shall serve as the selection panel.~~ Where an organization is
10 multidisciplinary, the Director of Cultural Affairs and Director of Grants for the Arts shall
11 determine which discipline representative_s to include on the selection panel. The selection
12 panel ~~must reach unanimous agreement in order~~ shall determine whether to provide funding to an
13 organization on the basis of an 80% vote. The selection panel shall report its determination to
14 the California Lawyers for the Arts, which shall then administer the grant fund, as appropriate.

15 g. In reviewing applications and awarding grants, the selection panel shall be
16 guided by the following considerations. Generally, grants shall be awarded on a first-come,
17 first-served basis to eligible organizations. The purpose of this program is not to weigh the
18 relative merits of arts organizations, but to attempt to stabilize the arts community in San
19 Francisco that is threatened by displacement due to increased rents. Therefore, if an
20 organization meets the eligibility criteria stated in this legislation, it should be given greatest
21 consideration for funding in the absence of compelling reasons to deny funding. The Board of
22 Supervisors realizes that, because of the revolving nature of this ~~rent~~ financial assistance
23 program, the selection panel may not have an opportunity to review applicants in relation to
24 one another, and that funding may run out before a worthy applicant has had an opportunity to
25 apply for funding. To the best of its ability, when there are multiple pending applications from

1 a variety of disciplines, the selection panel should attempt to distribute the available funding
2 evenly between the ~~six~~ eight stated disciplines and to give priority to applications for leaseholds
3 properties that are used by multiple arts organizations. If there is insufficient funding available
4 to fully fund pending applications, the selection panel may weigh the relative merits of the
5 various organizations in terms of quality and consistency of service in determining how best to
6 distribute the available funds, with the primary ultimate goal of promoting stability in the arts
7 community.

8 h. A selection panelist may not have a financial interest in an application before
9 that panelist for review. In the event of such financial interest, the remaining ~~two~~ panelists
10 shall review and determine the grant application without the participation of the panelist with
11 the financial interest.

12 5. Reporting Requirements.

13 a. Each grant recipient must submit a report to the California Lawyers for the Arts
14 within 30 days after the completion of the period for which ~~rent~~ financial assistance was
15 provided which contains a statement and independent verification that the grant funding was
16 spent on rent or other appropriate expenses for the appropriate leasehold property.

17 b. The California Lawyers for the Arts shall report to the Arts Commission and the
18 Board of Supervisors ~~monthly~~ quarterly on the following: the identity of the applicants for
19 funding within the one-month period, which organizations received funding, how much funding
20 each organization received, a statement of the balance of the fund (including interest earned),
21 and the amount of administrative fees allocated. Within two months after funding under this
22 legislation is depleted, the California Lawyers for the Arts shall submit a final report to the Arts
23 Commission and the Board of Supervisors stating the cumulative total of the information
24 contained in the one-month reports.

1 6. Urgency. The Board of Supervisors intends that this ~~rent~~ fiscal assistance be
2 made available to eligible organizations as quickly as possible. Therefore, the selection panel
3 shall convene as soon as possible and may start awarding grants immediately on the basis of
4 complete application submittals, even in the absence of a formal standardized application
5 request form. Grant applications shall be reviewed and determined on a rolling basis, and the
6 selection panel shall attempt to meet frequently, as needed. If a selection panelist has not yet
7 been chosen for each of the ~~six~~ eight stated disciplines, the panel may review and determine
8 grant applications for those disciplines for which a selection panelist has been selected.

9 7. Administrative Fees. The California Lawyers for the Arts may recoup a
10 reasonable administrative fee, in the discretion of the Arts Commission, from the \$1.5 million
11 appropriation from the general fund.

12 8. Interest-Bearing Account and Carry Over of Funds. The California Lawyers for
13 the Arts shall hold the \$1.5 million appropriated to this purpose in an interest-bearing account.
14 Any interest earned shall be credited to and become part of the principal thereof, and shall not
15 be expended for any purpose other than the purposes of this legislation. Any balance
16 remaining in this account at the close of any fiscal year shall be deemed to have been
17 provided for a specific purpose within the meaning of the Charter and shall be carried forward
18 and accumulated in said account for the purposes recited in this legislation.

19
20 APPROVED AS TO FORM:

21 LOUISE H. RENNE, City Attorney

22 By:


23 MIRIAM L. STOMBLER
24 Deputy City Attorney
25



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails Ordinance

File Number: 011163

Date Passed:

Ordinance revising the terms and conditions for the expenditure of an earlier appropriation of 1.5 million dollars to give rent, relocation, capital improvement and real property acquisition assistance to nonprofit arts organizations that are in immediate danger of being evicted or displaced by rent increases, and otherwise amending the terms of the assistance program.

July 30, 2001 Board of Supervisors — PASSED, ON FIRST READING

Ayes: 10 - Ammiano, Daly, Gonzalez, Hall, Leno, McGoldrick, Newsom, Peskin,
Sandoval, Yee

Absent: 1 - Maxwell

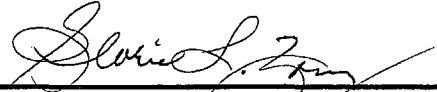
August 6, 2001 Board of Supervisors — FINALLY PASSED

Ayes: 9 - Ammiano, Hall, Leno, Maxwell, McGoldrick, Newsom, Peskin,
Sandoval, Yee

Absent: 2 - Daly, Gonzalez

File No. 011163

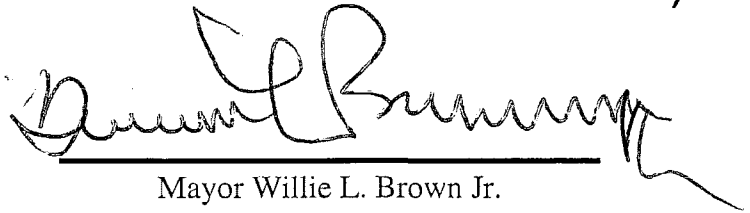
I hereby certify that the foregoing Ordinance
was **FINALLY PASSED** on August 6, 2001
by the Board of Supervisors of the City and
County of San Francisco.



Gloria L. Young
Clerk of the Board

AUG 10 2001

Date Approved



Mayor Willie L. Brown Jr.