

RESOLUTION NO. 56-2007

Adopted June 5, 2007

AUTHORIZING CHANGES IN THE TERMS FOR FORGIVABLE LOANS AUTHORIZED UNDER THE SIX ON SIXTH STREET ECONOMIC REVITALIZATION PROGRAM FOR CERTAIN PROPERTIES IN NEED OF SUBSTANTIAL REHABILITATION; SOUTH OF MARKET REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. On November 26, 2002, the Commission adopted Resolution No. 203-2002, which authorized the creation of the Six on Sixth Economic Revitalization Program (the "Six on Sixth Program") and allocated funding to provide loans for façade improvements, tenant improvements, and business assistance and grants for design assistance to property and business owners on Sixth Street in the South of Market Redevelopment Project Area (the "Project Area").
2. On September 20, 2005, the Commission adopted Resolution No. 143-2005, which authorized several changes to the Six on Sixth Program and expanded it to include the entire Project Area.
3. Since its inception, the Six on Sixth Program has provided loans and design assistance for 46 completed projects, 22 projects that are underway, and another 21 projects currently in the design phase.
4. Although the program has significantly improved the appearance of Sixth Street and attracted 20 new businesses, many of the most deteriorated properties on or near Sixth Street have not participated in the program, despite repeated attempts by Agency staff and consultants to encourage property and business owners to improve these retail spaces.
5. Staff has surveyed all of the buildings on or near Sixth Street and identified the most deteriorated retail spaces. All of these buildings were also identified in the 2005 Report on the Plan Amendment for the South of Market Redevelopment Plan Amendment as having a building condition rating of either 1 (Very Extensive Deficiencies) or 2 (Extensive Deficiencies) out of a maximum rating of 5 (Generally Excellent Condition). The addresses of these retail spaces are: 26, 28, 65-77, 72-76, 99, 100, 101, 109-115, 132-134, 137-139, 138, 144, 148-160, 162-164, 200-212, and 228-232 Sixth Street, 201 Howard Street, 496-498 Natoma Street, and 1003 Mission Street.
6. Based on the costs of improving the most deteriorated spaces on Sixth Street and in order to provide an incentive for businesses and property owners to improve those spaces, staff recommends the following changes to the Six on Sixth Program for the addresses listed above: (1) Increasing the maximum forgivable

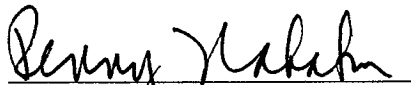
façade improvement loan to \$20,000 and reducing the matching requirement to one-to-two, (2) Increasing the maximum forgivable tenant improvement loan to \$50,000 and reducing the matching requirement to one-to-one, (3) Increasing the maximum forgivable façade improvement loan for nonprofit organizations to \$20,000, (4) Reducing the forgivable period for forgivable tenant improvement loans to 5 years for businesses (but not property owners), (5) Requiring project sponsors to utilize program funds within 1 year of the start of each project, and (6) Strongly encouraging the use of funds for increased security features.

7. The approval of the proposed changes to the forgivable loan terms for the Six on Sixth Economic Revitalization Program are exempt from the requirements of the California Environmental Quality Act ("CEQA") because the changes in the loan requirements are excluded from the CEQA definition of a project contained in Section 15378, subdivision (b)(4), of the State CEQA Guidelines and the implementation of such revised loan standards will promote the rehabilitation of existing retail facilities, and such activities are exempt from CEQA pursuant to the Class 1 exemption contained in Section 15301 of the State CEQA Guidelines.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized as follows: (1) to change the forgivable loan terms for businesses, property owners, and nonprofit organizations for select retail spaces in need of substantial rehabilitation available through the Six on Sixth Street Economic Revitalization Program, as described in the Basis for this Resolution, and (2) to take such further actions which the Executive Director determines to be necessary to implement this Resolution, including but not limited to revisions to the form of Program loan agreements and other Program documents in consultation with the Agency General Counsel.

APPROVED AS TO FORM:



James B. Morales
Agency General Counsel

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