INFORMATIONAL MEMORANDUM

TO: Agency Commissioners
FROM: Fred Blackwell
Executive Director

SUBJECT: Providing detail to the Commission on the Economic Development Programs in the South of Market Redevelopment Project Area

PROJECT AREA OVERVIEW

The South of Market Redevelopment Project Area ("Project Area") was originally adopted as the South of Market Earthquake Recovery Redevelopment Project Area in June 1990 to remedy the effects of the October 17, 1989 earthquake. The Redevelopment Plan for the South of Market Redevelopment Project Area ("Redevelopment Plan") was adopted in December 2005 as an amendment to the South of Market Earthquake Recovery Redevelopment Plan to include a fuller spectrum of redevelopment tools to alleviate blight.

Beginning in 1990, the Agency focused on creating housing opportunities within the Project Area and to date has developed more than 1,100 new or rehabilitated affordable housing units. Since 2005, the Agency has focused on economic development activities, including attracting new businesses to the Sixth Street corridor and providing forgivable facade and tenant improvement loans to new and existing businesses, while continuing to develop affordable housing. Together with the Agency's housing programs, these economic development activities have significantly improved the environment on Sixth Street and resulted in the opening of 25 new businesses along the Sixth Street corridor.

ECONOMIC DEVELOPMENT PROGRAMS

The economic development programs provided by the Agency have caused a transformation of 6th Street from a commercial corridor riddled with vacancies and an abundance of liquor stores, adult entertainment stores, and pawn shops to a commercial corridor with few vacancies and a plethora of high quality businesses. While there is still substantial blight in the neighborhood, the situation has improved dramatically as a result of Agency investment in economic development programs.

Since the inception of the economic development programs, the vacancy rate on 6th Street has dropped from over 40 percent to less than 15 percent, with new businesses continually interested in moving into the neighborhood. The Agency has sponsored and facilitated several programs
that have been instrumental in transforming Sixth Street and the surrounding Project Area. The key programs are outlined below.

**Six on Sixth Street Program**

In November 2002, the Commission authorized the creation of 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 2005, the Commission authorized several changes to the Six on Sixth Program and expanded it to include the entire Project Area. The Agency is under contract with Urban Solutions, a local nonprofit, to administer the Six on Sixth Program and provide outreach and technical assistance to businesses and property owners.

Since its creation, the Six on Sixth Program has far exceeded its original goal of attracting six new businesses to Sixth Street. Over the past 8 years, the Agency has invested more than $3 million in facade and tenant improvement loans, business attraction and business assistance, including architectural services and small business consulting. More than 80 facade and tenant improvement projects have been completed and 25 new businesses have moved to Sixth Street, including restaurants, grocery stores, dry cleaners/laundromats, and other community-serving businesses. No new liquor stores or other "adult" entertainment businesses have opened and several have closed or been replaced by landlords looking for new tenants.

Individual success stories can be found throughout the project area and include a myriad of business types. Passion Café, Pearl’s Deluxe Burgers, Miss Saigon, Split Pea Seduction, Fondue Cowboy, Rancho Parnassas, AQ, and Moya represent some of the high quality restaurants that have recently located to SOMA and taken advantage of the Agency’s façade/tenant improvement program. Mission Cleaners, Kombucha, Sinow Optometry, Small Potatoes, and Mi Tierra Supermarket are some of the non-restaurant businesses that have moved to Sixth Street in recent years. Existing businesses that have utilized the Agency’s programs to improve the appearance and operations of their business include, but are not limited to, Tulan, Best Collateral, Graphic Reproductions, Launderland, and Sonoma Market.

**Sixth Street and Alleyways Improvements**

In 2006, the Agency completed the Sixth Street Corridor Improvement Project, which installed new, widened sidewalks, new street lights and new street trees along Sixth Street. The Agency's investment of approximately $7 million was combined with another $7 million provided by the Department of Public Works and other City agencies. The new, widened sidewalks and streetscape improvements have improved the appearance of Sixth Street and helped to improve the business environment.

In 2011, the Agency completed the first phase of alleyway improvements project at a cost of $1.4 million, matched by a City investment of $1 million. Phase 1 of this program includes installation of chicanes, raised crosswalks, new street trees and plants, benches, and new textured pavement on the alleyways located between Mission, Folsom, Sixth and Seventh Streets. The second phase of the alleyways improvements project is underway and will include similar traffic
calming and street beautification elements on the alleyways between Howard and Harrison and Fifth and Sixth Streets. Phase 2 will be funded by a $900,000 contribution from the Agency and a $1.4 million grant from the Metropolitan Transportation Commission as part of its Transportation for Livable Communities Program.

### Sixth Street and Alleyways Maintenance

Since 2002, the Agency has provided maintenance of the Sixth Street corridor in order to maintain the Agency-funded public improvements, improve the quality of life for residents and improve the environment for new and existing businesses in the area. The cleaning services provided by MJM Management have created improved conditions on Sixth Street. These services include steam cleaning twice a month, power washing twice a month, litter removal seven days a week, graffiti removal four days a week, and tree maintenance for the palm trees and ornamental pear trees installed by the Agency as part of its Sixth Street Corridor Improvement Project. Residents, business owners, and the South of Market Project Area Committee (“SOMPAC”) have expressed an appreciation for the improved appearance of Sixth Street.

In addition to improving the condition of Sixth Street, this program has also provided employment for residents along Sixth Street and in the larger South of Market area. MJM Management has made efforts to become a partner in the neighborhood and has worked closely with new and existing businesses on Sixth Street.

### Community Guides

Beginning in 2009, the Agency has provided funding for two community guides to walk up and down Sixth Street, providing social service outreach, directions for visitors and a security presence. The existing community guides program has been instrumental in creating a more business friendly environment.

Many of the new businesses struggle daily with disruptive behavior, which create a negative perception among visitors and make it difficult to attract customers. The community guides provide social service assistance, well being checks, assurance of the safe passage of pedestrians and employees in the area, as well as communicating safety issues to the San Francisco Police Department (“SFPD”). They have provided a much-needed link between businesses, residents, SFPD, and service providers and have contributed to the betterment of Sixth Street.

### Sixth Street Police Substation

Since 2009, the Agency has been working with SFPD to fund the construction of a substation at 72 Sixth Street which would serve foot patrols who cover the Mid-Market and SOMA neighborhoods. This additional police presence on Sixth Street will help to support retail businesses and create a better quality of life for residents. The Agency is funding the designs for the substation, which are 95% complete, and funding for the construction of the substation has been included in the Agency's approved 2010-2011 budget. The safe and secure substation will include a conference room, several workstations, men’s and women’s locker rooms, and a front
reception area. The plans are being reviewed by the City with construction anticipated to start at the end of 2011.

(Originated by Courtney Pash, Assistant Project Manager, South of Market Project Area)

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