

Survey: 30% of TL owners open to benefit district

6 other neighborhoods push similar improvement efforts

BY MARJORIE BEGGS

THE Tenderloin has joined six other neighborhoods that are working to create community benefit districts, a spin-off of business improvement districts, such as the one at Union Square, where commercial property owners pay an annual tax that funds physical improvements within the district's boundaries. But a community benefit district taxes all of its property owners — commercial, residential, nonprofit and government. And the benefits can range from social services and trash removal to street fairs.

"There's us, the Castro/Upper Market, Fisherman's Wharf, Noe Valley, lower Polk, Japantown and Fillmore Jazz that are trying to start districts," said lawyer and TL business owner Elaine Zamora, vice president of the North of Market Neighborhood Improvement Corp. board, which got the project off the ground last year. NOMNIC sponsors TSIP, the five-year-old Tenderloin sidewalk cleaning program.

Organizing started soon after Supervisor Aaron Peskin's community benefit districts ordinance passed in February 2004, amending the city's Business and Tax Regulations Code to make it easier for property owners in mixed-use neighborhoods to form special districts.

The process, in brief: A steering committee surveys property owners' interest in form-

ing the district and then formalizes the boundaries; property owners who favor the district petition the supes to authorize the formation; a calculation is made of how much the district wants to raise to fund services and how much owners would pay, weighted by assessed value; all property owners are polled about their willingness to participate; if enough agree, the supes establish the district; a new nonprofit and its board of directors — 60% owners and 40% commercial and residential renters — decides how to spend the money so that everyone who lives and works in the district shares in the benefits.

The group pushing the Tenderloin community benefits district has almost completed the "investigation phase" of the project — first semicolon in the paragraph above. Its working boundaries are McAllister to O'Farrell and Mason to Larkin, but there's still some discussion about extending the western edge slightly to include Little Saigon and the eastern edge to include some of the hotels just outside the Union Square district.

TL'S UNIQUE DEMOGRAPHICS

"It's a long process, and we're a unique area," Zamora said. "There are many nonprofits, there's government, and for-profits big and small, and many absentee owners. What Supervisor Peskin's ordinance did was incorporate the state legislation that allows these districts, but with important changes."

The state requires a majority of the owners in the area to sign a petition saying they want the district and are willing to pay the tax. Peskin's ordinance drops the petition threshold to 30% +1 of the property owners.

If enough owners sign the petition, the supes poll all the owners again. Of those voting on the tax, 50% + 1 must approve it, and if it flies, all owners within the district must pay.

The 50-person Tenderloin district steering committee has met four times since July, most recently Jan. 18. More than 30 people gathered for a lunch meeting at the glamorous Cityscape, the Hilton Hotel's 46th-floor restaurant. The eclectic group included reps from the Cadillac and Hilton hotels, Hastings law college, S.F. Network Ministries, Coalition on Homelessness, the residents' council from 111 Jones, the mayor's office, TNDC and more.

Zamora led the meeting with Marco Li Mandri, president of New City America, a 10-year-old San Diego-based for-profit consulting firm. Li Mandri has worked with the steering committee since it formed, consults under contract with five of the other S.F. neighborhoods trying to start community benefit districts plus five in the East Bay. He's guided 33 districts to completion in California.

Li Mandri designed a survey that the TL committee sent to 500 property owners last November in the proposed district. If that number seems small, it's because many own multiple properties, Zamora told The Extra,

adding that the mayor's office has agreed to be the committee's liaison with all the government properties within the proposed district — city, state and federal.

The two-page questionnaire asked owners how they feel about social services, safety, beautification and economic development in the neighborhood, and whether they would support property-owner-funded services to make improvements. It was, Li Mandri emphasized at the meeting, a query to see how many owners were open to the concept.

Thirty-six percent of the owners have responded so far. The 30% who support the idea own buildings that comprise 3.8 million square feet of the 12.5 million square feet total of all property in the proposed district, according to Li Mandri's calculations. Only 1% were opposed; 5% had no opinion. Surveys still are coming in.

"The responses demonstrate that you do have the support to move forward," Li Mandri told the group.

Many questions followed, including concerns about services (how to satisfy the needs of the homeless and the hotels at the same time), costs, management options, whether an owner can withdraw from a district (not unless the Board of Supervisors changes the boundaries), and what to do if a property falls into two districts (choose one or split the property and pay half to each district).

"The Tenderloin," Li Mandri said to keep enthusiasm high, "probably has one of the most unique demographics in the country of any neighborhood trying to form one of these districts."

FINDING FUNDING

Just days before the January steering committee meeting, The Extra met with Zamora and Central Y Executive Director Carmela Gold who, with Li Mandri, are doing the heavy lifting in this early phase of creating a district.

"The surveys were supposed to be returned by Dec. 3, but there's no rush," said Gold. "We want to keep moving forward on this, but we aren't in that much of a hurry. People seem genuinely interested in looking at the neighborhood as a group, but it is a complicated, time-consuming process."

It costs money, too — \$15,000 for just the investigation phase. Zamora and Gold said they've put in countless hours and spent out of their own pockets. Zamora said she and NOMNIC board member Art Evans each contributed \$3,750, and St. Anthony's Foundation put in \$500.

Last year, the Mayor's Office of Economic and Workforce Development contracted with LISC (Local Initiatives Support Corp.), a nonprofit support organization operating in 40 cities nationwide, to provide technical assistance to two neighborhoods that wanted to do community benefit district feasibility studies. The Castro and lower Polk groups were selected in that round.

According to Amy Cohen, program officer with LISC, the Tenderloin folks weren't chosen because their application "didn't meet community support criteria." When NOMNIC got more key stakeholders involved, they returned to MOEWD and got a promise of \$7,500 of funding to offset the investigation phase.

So far, the money hasn't materialized, Zamora said. Rich Hillis, MOEWD deputy director, told The Extra that funds are indeed committed and they are working on processing the grant.

"Now we're trying to figure out how to get the next piece funded, the balloting," Gold said. "It should cost about \$30,000 and we'll probably go to foundations to try to raise it."

So far, few residents have been involved. Gold said that's partly because the engine that pulls the district will be owners, not renters, though all stand to benefit from a cleaner, safer community.

"It's the property owners who have to approve the district, so at this point, we need

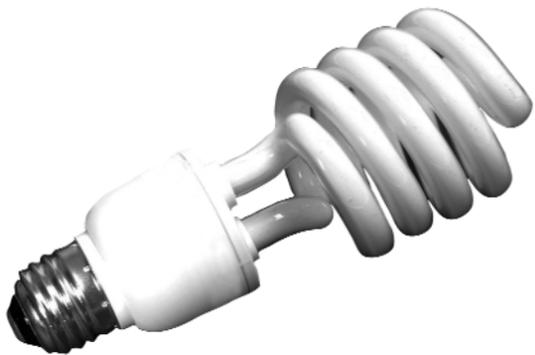
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"The responses demonstrate that you do have the support to move forward."

Marco Li Mandri

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