

Developers agree to pay up to \$50 million to build Rincon Hill

By [Jo Stanley](#)

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Developers of five proposed downtown residential towers agreed Thursday to pay a record-setting \$25 per square foot in impact fees, under a deal that could yield \$34 million in services for low-income residents in the area.

"This is a model for big developments," said Supervisor Chris Daly, after announcing the agreement for the massive Rincon Hill project near the foot of the Bay Bridge. Daly, who initially sought an even higher fee of \$28 per square foot and brokered the new agreement with developers, said that a threat to put a ballot measure before voters might have clinched the deal.

"There was a possibility," he said. "Clearly, I thought about all the avenues I could pursue."

Developers such as Ezra Mersey, with two projects in the area between Folsom Street and the freeway, and their attorneys stepped to the microphone during the Budget and Finance Committee hearing Thursday to urge officials to back the arrangement. "I think it does a very, very good job at a very, very difficult task," Mersey said.

One component of the deal that may have swayed developers is the postponement of nearly all the fees, except an up-front \$500,000 payment, until after the units are ready to be sold and occupied.

Although the plan moves thousands of new housing units — mostly luxury condos in waterfront high rises — toward a more certain timeline, a battle may still loom over how to spend the new revenue.

Supervisor Jake McGoldrick this week proposed the same fee level but urged giving \$6 million to citywide improvements and \$14 million for affordable housing around town, rather than earmarking all the revenue for services in the immediate neighborhood. His plan, like Daly's, could end up before the full board for a vote

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Mayor Gavin Newsom also expressed concern about Daly's breakdown for the fees and predicted further debate would take place. But he called the latest news "a very big step in the right direction" and commended his frequent adversary Daly for being "a very strong advocate for his district." Daly represents District 6, in which Rincon Hill is located.

To April Veneracion of the South of Market Community Action Network, the possibility of reaching once idealistic goals in the heavily Filipino neighborhood seems a lot more realistic because of this

week's agreement. "It's a recognition that we live here, we're a community and you can't just steamroll over us," she said.

Both Newsom and the developers are stressing the need to move ahead before the red-hot real estate market cools off. "This market needs to be captured," the mayor said, adding that he hopes to see similar movement with several other large housing projects currently on the drawing board.

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