

OFFICE OF THE AGENCY ADMINISTRATOR  
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**REDEVELOPMENT AGENCY  
OF THE CITY OF OAKLAND**  
*AGENDA REPORT*

**TO:** Office of the Agency Administrator  
**ATTN:** Deborah Edgerly  
**FROM:** Community and Economic Development Agency  
**DATE:** January 9, 2007

**RE: Resolution Authorizing An Owner Participation Agreement With Fruitvale Development Corporation To Provide A Residual Receipts Loan In An Amount Not To Exceed \$200,000 For Financing Development Of The Cultural and Performing Arts Center Located At Plaza De La Fuente and East 12<sup>th</sup> Street**

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**SUMMARY**

Staff has prepared a resolution authorizing the Redevelopment Agency to enter into an Owner Participation Agreement (OPA) with Fruitvale Development Corporation (FDC) to provide FDC with a \$200,000 residual receipts loan to be used as a landlord contribution to the Unity Council. FDC owns the Masonic Temple building on the corner of Plaza De La Fuente (formerly 34<sup>th</sup> Avenue) and East 12<sup>th</sup> Street and has given the Unity Council a ten-year lease on a portion of the building.

The Unity Council is planning to restore the Cultural and Performing Arts Center located on the upper floors of the historic Fruitvale Masonic Temple. The Project will include the installation of public street access to the second floor by way of new stairways and elevators, new restrooms that comply with current City building and safety standards, public areas with new lighting, restored performing stages and assembly rooms, and exterior façade renovations.

The Unity Council will fund the Project through the combination of various grant sources. One grant source is the California Cultural & Historical Endowment. This State agency awarded the Unity Council a \$200,000 grant to be used toward the Cultural and Performing Arts Center. However, these grant funds require an equal match of \$200,000 by January 28, 2007.

The Unity Council recently depleted its monetary reserves in order to complete the financing of the Public Market, an incubator project also housed within the Masonic Temple. Therefore, the organization does not have sufficient funds to pay for the \$200,000 matching grant at this time.

FDC would like to ensure that financing for the renovations to its building is secure. Therefore, the Agency recommends providing FDC with a residual receipts loan of up to \$200,000. FDC would offer the loan proceeds to the Unity Council in the form of a landlord contribution.

**FISCAL IMPACTS**

There are sufficient funds in the Oakland Redevelopment Agency's Coliseum Operations Fund (9450), Coliseum Redevelopment Organization (88659), and Coliseum-Staff Project (S82600) to make the loan.

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The term of the loan would be for 15 years at a simple interest rate of three percent. Annual payments will be made to the Agency if the Unity Council generates excess cash flow from its various income-generating projects. The Owner Participation Agreement (OPA) will set the conditions for the loan to FDC.

At a loan term of 15 years, with a simple interest rate of three percent, the monthly payment for the \$200,000 loan is approximately \$1,400. The Unity Council in partnership with FDC plans to pay the majority of this monthly payment from its monthly revenue of \$1,000 that the Unity Council will receive through a sublease of Cultural Arts space to a filmmaker. The sublease will begin in January 2007. The Unity Council will pay the remaining portion of the monthly payments from its other income streams.

In addition, FDC and the Unity Council plan to pay off the full balance of the loan in 2009, when the Unity Council will receive significant revenues from the land transaction involved in the Phase II Fruitvale Transit Village Project.

## **BACKGROUND**

The Unity Council would like to address the need for cultural performing arts space in the Fruitvale Community while preserving the goal of multi-dimensional community development. The Fruitvale Masonic Temple Project will, in and of itself, reinvigorate a sense of culture and history for the neighborhood, and also accommodate cultural programming that the community supports.

The Fruitvale Masonic Temple is currently owned by the Fruitvale Development Corporation, which has a series of contractual relationships with The Unity Council, including leasing relationships. The Unity Council will be investing leasehold improvements in the building, and the HUD grant proceeds will be capitalized as a permanent asset in the leasehold improvements.

The Masonic Temple Cultural and Performing Arts Center, located at Plaza De La Fuente and East 12th Street, is an integral part of the Fruitvale Transit Village. The Fruitvale Transit Village is a successful national model for "livable communities" that was created by a partnership lead by the Unity Council in the early 1990s. Initially conceived as a multi-phase revitalization development project, the Fruitvale Village has successfully expanded beyond the initial goals of coordination of public transportation and land use planning between a low-income inner city community, a transit agency and the local government. Connecting the older Fruitvale Community with the new Village has produced a distinct urban space for visitors to experience daily the opportunity to shop, dine, and relax in a safe and pleasant environment.

The Masonic Temple Property was purchased in June 1998 for the sole purpose of creating a center for community activities and events and to become the gateway and linkage element from the International Boulevard corridor to the new Fruitvale Village developments.

The Fruitvale Masonic Temple Cultural and Performing Arts Center is the continuation of The Unity Council's revitalization plan for the Fruitvale Village and includes the following goals:

- Strengthen existing community institutions and catalyze neighborhood revitalization – physically, economically, and socially.
- Encourage and leverage public and private investment.

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- Enhance choices for neighborhood residents, including services, retail choices, and cultural and performing arts activities and events.
- Beautify a blighted area.

### **KEY ISSUES AND IMPACTS**

The Unity Council and FDC are both charity organizations. Funding for their activities come primarily from grants, contributions and debts. The Unity Council does not have an independent source of financing to fund its projects like the Cultural and Performing Arts Center.

By funding a residual receipts loan to FDC in January 2007, the City will enable the Unity Council to replenish those reserves that it contributed toward the Public Market Incubator Project, also located within Masonic Temple, enabling the organization to move forward with the Cultural and Performing Arts Center project. In the absence of the loan, the Unity Council will lose its \$200,000 grant from the California Cultural & Historical Endowment, putting the Project in jeopardy.

### **SUSTAINABLE OPPORTUNITIES**

Economic: The Performing Arts Center Project turns a blighted, underutilized site into an economically productive mixed-use development that includes commercial and cultural uses.

Environmental: The Project's adaptive reuse of an existing structure conserves resources and retains the community's architectural heritage.

Social Equity: The Project provides a community with emerging mixed-income levels and increasing density with a venue for social interaction and cultural development.

### **DISABILITY AND SENIOR ACCESS**

The Cultural and Performing Arts Center project is legally required to incorporate entrance and exits that will accommodate elderly and disabled individuals. Elevators to assist disabled individuals have also been incorporated into the Project designs. In addition, new restroom facilities that comply with the Americans With Disabilities Act (ADA) are planned for the Project.

### **RECOMMENDATION AND RATIONALE**

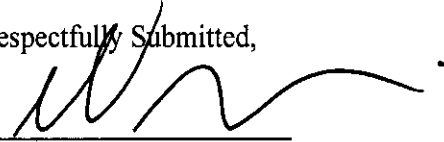
Staff recommends that the Agency approve the attached resolution that authorizes the Agency Administrator to negotiate an Owner Participation agreement with FDC to provide a residual receipts loan in an amount not to exceed \$200,000. Without the Agency's support, the Unity Council will lose a vital source of grant funding for the Cultural and Performing Arts Center project.

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**ACTION REQUESTED OF THE COUNCIL**

Staff recommends that the Agency approve the attached resolution authorizing Owner Participation Agreements with FDC to provide a residual receipts loan up to \$200,000 for the Cultural and Performing Arts Center project.

Respectfully Submitted,

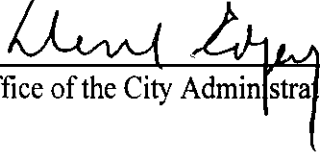


**Daniel Vanderprie, Director**  
Redevelopment, Economic Development,  
Housing & Community Development

Reviewed by  
Gregory Hunter, Redevelopment Area Manager


Prepared by  
Rupa Parikh, Project Manager  
CEDA Redevelopment Division

APPROVED AND FORWARDED TO THE  
COMMUNITY AND ECONOMIC  
DEVELOPMENT COMMITTEE:



Office of the City Administrator

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Agency Counsel

## REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

Resolution No. \_\_\_\_\_ C.M.S.

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**RESOLUTION AUTHORIZING AN OWNER PARTICIPATION  
AGREEMENT WITH FRUITVALE DEVELOPMENT CORPORATION  
TO PROVIDE A RESIDUAL RECEIPTS LOAN IN AN AMOUNT NOT  
TO EXCEED \$200,000 FOR FINANCING DEVELOPMENT OF THE  
CULTURAL AND PERFORMING ARTS CENTER LOCATED AT  
PLAZA DE LA FUENTE AND EAST 12<sup>TH</sup> STREET**

**WHEREAS**, the Fruitvale Development Corporation (FDC) owns the Masonic Temple building on the corner of Plaza De La Fuente (formerly 34<sup>th</sup> Avenue) and East 12<sup>th</sup> Street and has given the Unity Council a ten-year lease on a portion of the Masonic Temple; and

**WHEREAS**, the Unity Council is developing the Fruitvale Cultural and Performing Arts Center (the "Project"), located in the Masonic Temple, to restore and revive a historic community facility; and

**WHEREAS**, the Unity Council has secured a grant from the California Cultural and Historic Endowment; and

**WHEREAS**, the Unity Council is required to pledge an equal monetary match of \$200,000 to the California Cultural and Historic Endowment by January 28, 2007 in order to secure the grant funds; and

**WHEREAS**, the Unity Council has drawn down its reserves to fund the completion of the Public Market Incubator Project, also located within the Masonic Temple; and

**WHEREAS**, the FDC wants to ensure that all development projects on its property are financially secure and stable; and

**WHEREAS**, the FDC requests from the Redevelopment Agency a residual receipts loan of \$200,000 to be used as a landlord contribution to the Unity Council; and

**WHEREAS**, the Unity Council may then commit the \$200,000 landlord contribution from FDC toward the required match for the Cultural and Historic Endowment grant program by the January 28, 2007 deadline; and

**WHEREAS**, the Unity Council anticipates having the ability to repay the loan in full in the year 2009; and

**WHEREAS**, the FDC has diligently pursued sources of funds other than the Agency for the landlord contribution; and

**WHEREAS**, no other reasonable means of private or commercial financing is available to the FDC other than an Agency residual receipts loan; and

**WHEREAS**, funds are available in the Agency's Coliseum Redevelopment Project Area for the residual receipts loan; and

**WHEREAS**, the Project is located within the boundaries of the Coliseum Project Area, conforms to the Redevelopment Plan for the Coliseum Redevelopment Project, as well as the 2004-2009 Five Year Implementation Plan for the Coliseum Project Area, and its development help meet the goals and objectives of the Coliseum Area Redevelopment Plan; and

**WHEREAS**, the Redevelopment Agency wishes to provide FDC with a residual receipts loan; and

**WHEREAS**, the Project will undergo a full review under both the California Environmental Quality Act (CEQA) and the National Environmental Protection Act (NEPA); now therefore be it

**RESOLVED**: That the Redevelopment Agency hereby authorizes the Agency Administrator or his or her designee to provide a loan in an amount not to exceed \$200,000 to the Fruitvale Development Corporation or to an affiliated entity approved by the Agency Administrator or his or her designee, to be used for financing development of the Project; and be it

**FURTHER RESOLVED**: That a total of \$200,000 will be allocated from the Oakland Redevelopment Agency's Coliseum Operations Fund (9450), Coliseum Redevelopment Organization (88659), and Coliseum-Staff Project (\$82600); and be it

**FURTHER RESOLVED**: That the loan shall be for a maximum term of 15 years, with an interest rate of three percent per year, with repayment to the Agency from surplus cash flow from the Project and other available funds during the term of the loan with the balance due at the end of the term, or on such other repayment terms and schedule as the Agency Administrator or his or her designee determines are in the best interests of the Agency and the Project; and be it

**FURTHER RESOLVED**: That as a condition of the loan, the Agency will require that covenants be recorded on the Project property restricting a defined portion of the property to be used for the Cultural and Performing Arts Center for the term of the loan; and be it

**FURTHER RESOLVED**: That the loan shall be secured by a deed of trust on the Project land and improvements; and be it

**FURTHER RESOLVED:** That the making of the loan shall be contingent on and subject to such other appropriate terms and conditions as the Agency Administrator or his or her designee may establish; and be it

**FURTHER RESOLVED:** That the Agency hereby authorizes the Agency Administrator or his or her designee in his or her discretion to subordinate the priority of the Agency 's deed of trust and/or recorded restrictions to a lien or encumbrance of another private or governmental entity providing financial assistance to the Project, if the Agency Administrator or his or her designee determines that (1) an economically feasible alternative method of financing the Project on substantially comparable terms and conditions but without subordination is not reasonably available, (2) the Agency's investment in the Project in the event of default is reasonably protected, and (3) subordination is in the best interests of the Agency; and be it further

**FURTHER RESOLVED:** That the Owner Participation Agreement and other documents shall be reviewed and approved by Agency Counsel for form and legality prior to execution, and copies will be placed on file with the Agency Secretary; and be it

**FURTHER RESOLVED:** That the Agency hereby authorizes the Agency Administrator or his or her designee to negotiate and enter into an Owner Participation Agreement providing for the loan, and take any other action with respect to the loan and the Project consistent with this Resolution and its basic purpose.

IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2007

**PASSED BY THE FOLLOWING VOTES:**

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND CHAIRPERSON DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_

Latonda Simmons  
Secretary of the Redevelopment Agency  
of the City of Oakland, California