



# AGENDA REPORT

**TO:** Jestin D. Johnson,  
City Administrator

**FROM:** Ashleigh Kanat  
Director, Economic &  
Workforce Development  
Department

**SUBJECT:** Family Bridges Lease and BIG  
Oakland Rent Forgiveness


**DATE:** January 7, 2025

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City Administrator Approval

Date:

Jan 14, 2025

  
[Jestin Johnson \(Jan 14, 2025 10:35 PST\)](#)

## RECOMMENDATION

### Staff Recommends That The City Council Adopt An Ordinance:

**(1) Authorizing The City Administrator To Negotiate And Execute A Lease Agreement With Family Bridges, Inc., A Nonprofit Corporation, For The Approximately 3,929 Square Foot Ground Floor Space Located At 150 Frank H. Ogawa Plaza (Lionel J. Wilson Building), Suite 1B To Operate A Crisis Response and Community Mediation Program For An Initial Term Of Three Years With One Three-Year Option To Renew;**

**(2) Waiving Oakland Municipal Code Section 2.42.230 To Reduce Rent Below \$1.25 Per Square Foot And Setting Total Lease Payments To A Rate Of Two Thousand Dollars (\$2,000) Per Month With 3% Annual Escalations For The Initial Term Due To Social Benefits To The Community Pursuant To Oakland Municipal Code Section 2.42.110;**

**(3) Forgive Outstanding Rent Balances In An Amount Not To Exceed One Hundred Eighty Thousand Dollars (\$180,000) For The Outgoing Tenant, BIG Oakland, LLC; And**

**(4) Making Appropriate California Environmental Quality Act Findings**

## EXECUTIVE SUMMARY

The recommended ordinance would authorize a new lease of an approximately 3,929 square foot retail space in Suite 1B of the Lionel J. Wilson Building, owned by the City of Oakland (City), at 150 Frank H. Ogawa Plaza (Property) to the non-profit organization Family Bridges, Inc. (Family Bridges) at the below market rate of \$2,000 per month for three years with 3% annual escalations and one three-year option to renew at a rate of \$4,911.25 per month. Family Bridges would use the space to provide crisis response, community mediation, housing navigation, and community engagement services in Chinatown and Downtown funded by a

previously authorized State social services grant from the City. This is expected to improve conditions in and around Frank Ogawa Plaza and more broadly in the downtown and Chinatown neighborhoods.

The recommended ordinance would also authorize rent forgiveness of up to \$180,000 to the outgoing tenant, the co-working business BIG Oakland, LLC (BIG Oakland), to settle a portion of BIG Oakland's debt to the City in exchange for the City's receipt of furniture, fixtures, and equipment from BIG Oakland and in recognition of the ongoing, severe economic hardship of the COVID-19 pandemic on this particular tenant.

## **BACKGROUND / LEGISLATIVE HISTORY**

### *BIG Oakland*

There are eight leasable retail spaces on the ground floor of the City-owned Lionel J. Wilson Building at 150 Frank H. Ogawa Plaza, including the subject Property. Seven of these spaces are actively leased and utilized.

Under Section 2.42.230 of the Oakland Municipal Code (OMC), the City Administrator is authorized to negotiate and execute lease agreements for these retail spaces at a minimum monthly triple net rent of no less than \$1.25 per square foot per month with a minimum term of three years.

The City and BIG Oakland executed a lease agreement dated December 15, 2018 for use of the Property as a co-working space for the architecture, engineering and construction trades for an initial 3-year period with three 3-year options at the then market rate of \$9,359.94 or \$2.38 per square foot.

On June 1, 2021, pursuant to [Ordinance No. 13650 C.M.S.](#), the City Council authorized the City Administrator to negotiate and execute lease amendments with retail tenants in Frank Ogawa Plaza to forgive up to 50% of outstanding rent balances not to exceed \$185,000 total forgiveness and reduce future rents by up to 50% not to exceed \$145,000 total rent reduction, due to severe economic hardship of the global COVID-19 pandemic on local businesses.

Pursuant to this direction, City staff amended BIG Oakland's lease in July 2021 to forgive the maximum of 50% of BIG Oakland's then outstanding rent totaling \$58,899.11 in forgiveness and to reduce BIG Oakland's rent by the maximum of 50% through June 30, 2022.

Despite these reductions and additional lease amendments by staff to allow payment plans for past due rent, BIG Oakland has continued to struggle as an in-person, co-working space due to lasting changes in remote-work habits. BIG Oakland has accrued an outstanding rent balance of \$235,432.72 and is not capable of paying this outstanding balance in full. BIG Oakland's lease expired effective January 1, 2025 and BIG Oakland is actively seeking an alternative, more affordable space in downtown Oakland. BIG Oakland has agreed to give the City furniture, fixtures and equipment (FF&E) that would be useful to future tenants as consideration toward its

outstanding rent balance and additionally requests that the City forgive some or all of its outstanding rent balance. BIG Oakland estimates the value of the FF&E to be over \$160,000.

### *Family Bridges*

Family Bridges is a non-profit multi-services community-based organization that has been serving the Asian American community in the East Bay for over 50 years. It serves approximately 10,000 East Bay residents who are primarily monolingual, from moderate to low income through human services programs such as senior centers, childcare center, adult services centers, social services programs, housing support services, and a community ambassador program.

On March 19, 2024, pursuant to [Resolution No. 90156 C.M.S.](#), the City Council accepted and appropriated a Community Responsive Initiative to Strengthen Emergency Services Act (CRISES Act) grant from the California Department of Social Services in an amount not to exceed \$3,558,991 and authorized the City Administrator to execute a grant agreement with Family Bridges in the same amount to provide crisis response and community mediation services through August 31, 2026, in accordance with the CRISES Act grant pilot program.

Family Bridges needs an accessible ground floor space within the service area of the CRISES Act grant from which to provide these services. The service area includes Chinatown and Downtown, including Frank Ogawa Plaza, as well as parts of Jack London Square, Little Saigon, and Lake Merritt. With the expiration of the BIG Oakland lease, the Property is available for this use.

In Section 219(6) of the Charter, the license or lease of City-owned real property by the City for longer than one year must be authorized by an ordinance enacted by the City Council pursuant to OMC Section 2.42.100. In addition, pursuant to OMC Section 2.42.110, City-owned real property must be licensed or leased for a rent or fee, payable in cash or other consideration, equal to or exceeding the property's fair market value, unless the City Council determines that the license or lease of the property for less than its fair market value is in the best interest of the City.

In the case of licensees or lessees who provide in-kind services, the value of such in-kind services to the City or the community at large may be considered in lieu of cash rent and may be used to make the required Council finding and determination. In-kind services include benefits or values the provider renders to the City or the community at large, as a result of the tenancy in lieu of payment of cash, including, but not limited to, property security and maintenance, social and cultural benefits to the community, or other appropriate services.

### **ANALYSIS AND POLICY ALTERNATIVES**

The recommended ordinance would resolve one of the most troubled tenancies in the City's lease portfolio. It would result in the City acquiring a set of furniture, fixtures and equipment that will help Family Bridges and future tenants use the Property.

The COVID-19 pandemic had a particularly significant and long-lasting impact on BIG Oakland as an in-person, co-working space due to the lasting trend of remote work. This can be seen as a unique case warranting an extension of the City Council's rent forgiveness program authorized by Ordinance No. 13650 C.M.S.

Additionally, BIG Oakland is a Black-owned business that has been operating in the Black Arts Movement Business District (District). Forgiving some outstanding rent balance is consistent with [Resolution No. 85958 C.M.S.](#) by which City Council created the District to "highlight, celebrate, preserve and support the contributions of Oakland's Black artists and business owners."

Leasing the Property to Family Bridges would allow Family Bridges to spend approximately \$3.5 million in State funds on social services that will directly benefit downtown Oakland and Chinatown, thereby fulfilling the intent of the City's grant to Family Bridges. City staff expects that locating these services at the Property will have a positive impact on the surrounding neighborhoods, improving safety and the general conditions in and around Frank Ogawa Plaza. Family Bridges anticipates that it will have up to 24 people working out of the Property, bringing activity and people to the space and to the Plaza on a regular basis.

The recommended ordinance would allow Family Bridges to use the space for these purposes for up to six years. Family Bridges would be granted a three-year lease with 3% annual escalations, plus one three-year option to renew. The below market rate of \$2,000 per month (or \$0.51 per square foot per month) for the first three-year lease term, subject to annual 3% escalations, is offset by the anticipated benefit to the community and City from the provision of social services and increased activation of the space and the Plaza. If Family Bridges chooses to exercise its three-year option period, the rent would increase, and, consistent with OMC Section 2.42.230 be set at no less than \$1.25 per square foot per month or approximately \$4,911.25 per month.

Given that BIG Oakland has been unable to pay rent, the rent paid by Family Bridges would represent a new source of General Fund revenue for the City.

Approval of the recommended action would advance the Citywide priority of **housing, economic, and cultural security** by activating the Property with social services that will support Oaklanders in crisis and thereby improve conditions throughout Downtown and Chinatown.

Alternatively, the City could seek to recover BIG Oakland's full outstanding rent balance through collections. Given the scale of the debt relative to the value of the business, this is not expected to result in full debt recovery and may prevent BIG Oakland and its proprietor from pursuing future endeavors in Oakland.

Additionally, the City could decide not to lease the Property to Family Bridges. In that case, the Property would be vacant and the City's Real Estate Division would seek to market the space

more broadly to find an alternative tenant. Given current high retail vacancy rates in downtown Oakland, this process is likely to take many months at minimum, with an uncertain outcome.

### **FISCAL IMPACT**

The proposed lease would generate a total of \$2,000 per month or \$24,000 per year in revenue in the first lease year, with 3% annual escalations for the remainder of the initial three-year lease term. Of this amount, approximately \$1,500 per month would be paid to the General Fund as base rent with the remainder paid as a common area maintenance fee and used to cover the City's maintenance costs. Total rent during the three-year extension period would be no less than \$1.25 per square foot or \$4,911.25 per month and \$58,935 per year. Total revenues over the full six-year term could be over \$250,000.

The base rent would be deposited into General Purpose Fund (1010), Real Estate Organization (85231), Other Rental: Miscellaneous Revenue Account (44419), DP850 Administrative Project (1000019), Real Estate Program (PS32).

The common area maintenance fee would be deposited into City Facilities Fund (4400), Facilities Services: Administration Organization (30551), Facility Rentals: Miscellaneous (44329), DP300 Administrative Project (1000010), Facilities Management & Development Program (IN02).

### **PUBLIC OUTREACH / INTEREST**

The recommended ordinance will be considered at public meetings of the Community & Economic Development Committee and the full City Council and will be publicly noticed consistent with standard City Council public noticing provisions.

### **COORDINATION**

This recommended action was developed by the Economic & Workforce Development Department's (EWDD's) Real Estate Division in consultation with EWDD's Business Development Division, the Office of the City Attorney, and the Budget Bureau.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** The recommended action is expected to help local businesses by improving the conditions and the sense of safety in the Downtown and Chinatown neighborhoods, which should encourage greater economic activity in these areas. Family Bridges anticipates that it will have up to 24 workers at the Property, bringing activity to the space and to the Plaza on a regular basis, which will help support nearby businesses.

**Environmental:** By providing support to individuals experiencing crisis, Family Bridges' social services may result in cleaner streets and public spaces.

**Race & Equity:** The recommended action would provide financial relief to a Black-owned business in the Black Arts Movement Business District. It would also provide below-market rate space to a social services non-profit organization that works with the houseless community in and around Oakland Chinatown, who are largely Black/African American. Using data from the Alameda County Housing Management Information System (ACHMIS), from January 2020 to February 2024, the demographics of Family Bridges' houseless clients were 37.84% Black/African American, 20.95% White, and 14.19% Asian. Approximately 86.49% had disabilities, 77.03% had mental health disorders, and 46.62% had substance use/abuse issues; many had multiple conditions. The vast majority (78.38%) had been chronically unhoused, and 71.62% had been unhoused for more than one year. Family Bridges is committed to ensuring their team is multi-racial, multi-ethnic, and possesses the cultural competencies needed to interact with people from similar as well as different backgrounds. Their team currently has the following language capabilities: Vietnamese, Laotian, Mien, Thai, Samoan, Tagalog, Spanish, Chinese (Cantonese, Mandarin), and English.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT**

Approval of this legislation will not result in any major changes to the space and therefore this Ordinance is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 (existing facilities).

### **ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt An Ordinance:

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- (4) Making Appropriate California Environmental Quality Act Findings.

For questions regarding this report, please contact Lanette Sukkar, Real Estate Agent, at [LSukkar@oaklandca.gov](mailto:LSukkar@oaklandca.gov) or (510) 238-6363.

Respectfully submitted,

Ashleigh Kanat

Ashleigh Kanat Jan 13, 2025 16:08 PST

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