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OFFICE OF THE CITY CLERK
OAKLAND

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

2009 JAN 29 PM 4:31

To: Office of the City/Agency Administrator
Attn: Dan Lindheim
From: Community and Economic Development Agency
Date: February 10, 2009

Re: An Agency Resolution Allocating \$300,000 To The Broadway/MacArthur/San Pablo Redevelopment Project Area Façade Improvement Program And \$300,000 To The Broadway/MacArthur/San Pablo Redevelopment Project Area Tenant Improvement Program

An Agency Resolution Reallocating \$500,000 From The Downtown Tenant Improvement Program (Retail Entertainment Catalyst Project) To The Downtown Façade Improvement Program

SUMMARY

The item is a request for Redevelopment Agency approval of a resolution authorizing the allocation of \$600,000 of Broadway/MacArthur/San Pablo Redevelopment funds to the Broadway/MacArthur/San Pablo (B/M/SP) Façade and Tenant Improvement Programs and the reallocation of \$500,000 of Central District Redevelopment funds from the Downtown Tenant Improvement Program to the Downtown Façade Improvement Program.

Additional funding is necessary to continue the Broadway/MacArthur/San Pablo programs since the demand for the programs exceeds the available funds budgeted for the programs. Similarly, the reallocation of Central District funds is necessary to meet the increased demand for downtown façade improvement projects. The allocations will allow these programs to continue to address blight issues in the redevelopment project areas.

FISCAL IMPACT

The \$600,000 for the Broadway/MacArthur/San Pablo programs will be provided from the Broadway/MacArthur/San Pablo Redevelopment Operations funds (Fund 9529, Org. No. 88669, Project No. P187510). A total of \$300,000 will be allocated to the Broadway/MacArthur/San Pablo Façade Improvement Program (Fund 9529, Org. No. 88669, Project No. P187550) and \$300,000 will be allocated to the Broadway/MacArthur/San Pablo Tenant Improvement Program (Fund 9529, Org. No. 88669, Project No. P187540).

The \$500,000 for the Downtown Façade Improvement Program will be provided from the Downtown Tenant Improvement Program (Fund 9532, Org. No. 94800, Project No. P128680) to

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the Downtown Commercial Façade Improvement Program (Fund 9532, Org. No. 94800, Project No. P128750). These allocations will have no negative impact on the General Fund.

BACKGROUND

In 1997, pursuant to Resolution No. 73818 C.M.S., City Council adopted the Commercial Property Façade Improvement Program (FIP) as part of the Neighborhood Commercial Revitalization (NCR) strategy. The goal of this program was to help address blighted properties by providing incentives to property and business owners to improve the condition of their buildings. The program was initially implemented along NCR target corridors in the City's Community Development Districts and was funded through federal Community Development Block Grant (CDBG) funds. The Façade Improvement Program has since expanded from commercial corridors in the former NCR districts to several of the City's redevelopment areas and is now administered by Redevelopment Division staff.

In 1999, pursuant to Resolution No. 99-37 C.M.S. the Redevelopment Agency adopted the Downtown Façade Improvement Program. The Broadway/MacArthur/San Pablo (B/M/SP) Redevelopment Project Area Façade Improvement Program was adopted in 2002, pursuant to Agency Resolution No. 02-91 C.M.S.

The Tenant Improvement Program ("TI Program") was first adopted in the Central District Project Area in 2003. Its intention was to reduce vacancy rates by offering an incentive to prospective tenants and property owners to open businesses in vacant storefronts. The concept was successful and was later adopted in the City's other redevelopment areas as a means to alleviate economic blight by helping businesses and property owners fill vacant commercial spaces. The Broadway/MacArthur/San Pablo Tenant Improvement Program was adopted in 2006, pursuant of Resolution No. 2006-0004 C.M.S. These programs have consistently been funded in both redevelopment areas since the initial adoption.

KEY ISSUES AND IMPACTS

Broadway/MacArthur/San Pablo Façade and Tenant Improvement Programs

The FIP and TI Programs have been successful in the B/M/SP redevelopment area. Since the inception of the B/M/SP FIP, 18 façade improvement projects have been completed. There are presently 16 projects underway in various phases of design, bidding or construction, and interest in the program is steadily increasing. To date, \$335,000 in program funds has been spent, which has leveraged more than \$1.75 million in additional private investment. Presently, \$175,000 remains in the program budget and over \$250,000 in grant funds are committed and/or projected to be expended over the next several months. In order to avoid a potential funding gap, additional funds are needed for the program at this time.

Similarly, demand for the B/M/SP TI Program is increasing. Since the program's inception, 1 project has been completed and 5 projects are underway. Approximately \$130,000 in grant funds are available for projects and over \$100,000 are committed to active projects that are expected to be completed over the next several months. In order to maintain program funding without having to turn away potential new clients, additional funding is needed.

On January 8, 2009, the Broadway/MacArthur/San Pablo Project Area Committee (PAC) approved a motion recommending an allocation of \$300,000 for the Façade Improvement Program and \$300,000 for the Tenant Improvement Program for continued implementation of these programs. These funding levels will be sufficient to continue both programs for the next 2-3 years.

The FIP and TI programs are consistent with the goals of the Broadway/MacArthur/San Pablo Redevelopment Plan and 5-Year Implementation Plan. Both programs assist with the elimination of blight, vacancy reduction, and retail attraction and retention.

Downtown Façade Improvement Program

The Downtown FIP was developed in May 1999 and has been incredibly successful. To date, 200 façade projects have been completed or are in construction, and the remaining 130 are in the design or bidding phase. Approximately 65% of the total buildings downtown are participating in the program with the highest concentration of projects in Old Oakland, City Center, and Uptown. The Downtown FIP has spent \$3.2 million leveraging over \$17 million in private investment into downtown buildings. An additional \$2.1 million is currently being negotiated which will leverage roughly \$10 million in additional investment downtown.

The additional funding for the Downtown FIP is needed in order to avoid potential funding shortfalls for Fiscal Year 2007-09 projects that are currently in the pipeline. Presently, \$2.1 million in projects is being negotiated and \$1.7 million remains in the program budget. The additional \$500,000 will cover active projects through the end of FY 08-09. The reallocation of funds from the Downtown Tenant Improvement Program to the Downtown FIP will not significantly impact the TI program budget. As of January 2009, \$3.7 million in funding remains in the TI program budget and, of that, \$2.2 million is encumbered or in negotiations leaving \$1.5 million for new projects. If \$500,000 is reallocated to the FIP, \$1 million will still be available for new projects through FY 08-09. New funds will be budgeted for both downtown programs for FY 09-11 during the upcoming budget process.

The FIP and TI Programs are public/private partnership programs and require the financial participation of businesses and/or property owners. These incentive programs provide valuable tools for commercial revitalization and vacancy reduction throughout the redevelopment project areas. The allocations will allow these programs to continue to eliminate blight in both redevelopment project areas.

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PROGRAM DESCRIPTION

Broadway/MacArthur/San Pablo Façade and Tenant Improvement Programs

Modeled after the NCR and Downtown Façade Improvement Programs, the Broadway/MacArthur/San Pablo FIP offers one-to-one matching grants for property and business owners to improve storefronts and visible exterior portions of their buildings along target commercial corridors. Eligible improvements include: new paint, storefront systems, windows, doors, lighting, signage and landscaping. Grants are based on linear feet of building façade and are capped at \$30,000. The program also provides free architectural assistance of up to \$5,000 per project to help ensure quality design.

The Broadway/Mac Arthur/San Pablo Tenant Improvement (TI) program offers prospective tenants and property owners one-to-one matching grants of \$10 per square foot of retail space, up to a maximum grant award of \$45,000, for tenant improvements to vacant commercial spaces. Eligible improvements include: interior design and décor, historic restoration of interior features, demolition and shell reconstruction, plumbing, mechanical, electrical & HVAC, hazardous materials abatement, and compliance with the Americans with Disabilities Act (ADA). In addition, the program provides up to \$5,000 in free architectural design assistance for projects. The TI program is designed to provide incentive for new business to locate in vacant storefronts within the redevelopment project area and to assist property owners with attracting businesses to locations that are difficult to lease and costly to renovate.

Both B/M/SP programs operate within the B/M/SP Project Area along Broadway and Telegraph Avenue between 27th and 42nd Streets, San Pablo Avenue between 53rd and 67th Streets, in the Golden Gate District, W. MacArthur Boulevard between Broadway and Martin Luther King Jr. Way, 40th Street between Broadway and Martin Luther King Jr. Way, and Martin Luther King Jr. Way between 40th Street and W. MacArthur Boulevard.

Downtown Façade Improvement Program

The Downtown FIP also offers one-to-one matching grants for property and business owners to improve storefronts and visible exterior portions of their buildings along downtown commercial corridors. Eligible improvements include: new paint, storefront systems, windows, doors, lighting, signage and landscaping. Grants are based on linear feet of building façade and are capped at \$50,000. In addition, historic downtown buildings are eligible for additional grants of up to \$25,000 for historic restoration. The program also provides free architectural assistance of up to \$5,000 per project.

The Downtown Façade Improvement Program operates in the Central District Redevelopment Area which encompasses the 250-block area of Downtown Oakland bounded by Embarcadero to the south, 27th Street to the north, Lake Merritt to the east and Interstate 980 to the west.

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SUSTAINABLE OPPORTUNITIES

Economic: The Façade and Tenant Improvement Programs improve the physical and economic health of the commercial districts by providing financial assistance to property and business owners to make improvements to their properties and by reducing retail vacancies.

Environmental: The Façade and Tenant Improvement Programs help stimulate increased usage of underutilized properties in an urban environment.

Social Equity: The financial assistance provided by the Façade and Tenant Improvement Programs provides an opportunity for participation by property and business owners in the rehabilitation of their properties.

DISABILITY AND SENIOR CITIZEN ACCESS

New construction that occurs on the properties that participate in the Façade Improvement and the Tenant Improvement programs is required to comply with city, state, and federal ADA requirements.

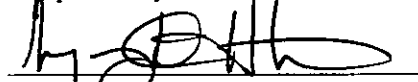
RECOMMENDATION AND RATIONALE

Staff recommends approval of the attached resolutions allocating funds to the B/M/SP FIP and TI programs and reallocating funds to the Downtown FIP. All of the programs are experiencing strong demand and will soon run out of funding for new projects. While these programs have proven to be a useful tool for revitalization and vacancy reduction throughout the redevelopment project areas, there are still many buildings that could benefit from improving exterior and/or interior conditions. If approved, these allocations will enable staff to continue implementing the Façade and Tenant Improvement Programs in the B/M/SP and Central District Redevelopment Project Areas.

ACTION REQUESTED OF THE REDEVELOPMENT AGENCY/CITY COUNCIL

Staff recommends that the Redevelopment Agency approve two resolutions authorizing the allocation \$600,000 of Broadway/MacArthur/San Pablo Redevelopment funds to the Broadway/MacArthur/San Pablo Façade and Tenant Improvement Programs and the reallocation of \$500,000 of Central District Redevelopment funds from the Downtown Tenant Improvement Program to the Downtown Façade Improvement Program.

Respectfully submitted,



Dan Lindheim, Director
Community and Economic Development Agency

Reviewed by:
Gregory Hunter, Deputy Director
Economic Development and Redevelopment

Patrick Lane, Redevelopment Area Manager

Prepared by: Christine Lebron, Urban Economic Analyst II

APPROVED AND FORWARDED
TO THE COMMUNITY AND
ECONOMIC DEVELOPMENT
COMMITTEE:



Office of the City/Agency
Administrator

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OAKLAND

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APPROVED AS TO FORM AND LEGALITY:



Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

**AN AGENCY RESOLUTION ALLOCATING \$300,000 TO THE
BROADWAY/MACARTHUR/SAN PABLO REDEVELOPMENT
PROJECT AREA FAÇADE IMPROVEMENT PROGRAM AND
ALLOCATING \$300,000 TO THE BROADWAY/MACARTHUR/SAN
PABLO REDEVELOPMENT PROJECT AREA TENANT
IMPROVEMENT PROGRAM**

WHEREAS, the Broadway/MacArthur/San Pablo Redevelopment Project Area contains many commercial properties in need of revitalization and physical improvement and vacant storefronts in need of tenants; and

WHEREAS, staff of the Community and Economic Development Agency has been implementing the Commercial Facade Improvement Program for the Broadway/MacArthur/San Pablo Redevelopment Project to provide incentives for property, business owners, and tenants to rehabilitate and revitalize buildings along commercial corridors in the Broadway/MacArthur/San Pablo Redevelopment Project Area; and

WHEREAS; staff of the Community and Economic Development Agency has been implementing the Commercial Tenant Improvement Program for the Broadway/MacArthur/San Pablo Redevelopment Project to provide incentives for property, business owners, and tenants to rehabilitate and revitalize the interiors of vacant commercial buildings and/or storefronts in the Broadway/MacArthur/San Pablo Redevelopment Project Area; and

WHEREAS, such rehabilitation and revitalization assists with the elimination of blight and assists with retaining and attracting businesses and increasing job opportunities in the Broadway/MacArthur/San Pablo Project Area; and

WHEREAS, these programs are consistent with and will further the purposes of the Broadway/MacArthur/San Pablo Redevelopment Plan and its Five Year Implementation Plan; now therefore be it,

RESOLVED: That the Agency hereby allocates \$300,000 from Broadway/MacArthur/San Pablo Redevelopment Operations funds (Fund 9529, Org. No. 88669,

Project No. P187510) to be allocated to the Broadway/MacArthur/San Pablo Façade Improvement Program (Fund 9529, Org. No. 88669, Project No. P187550) for its implementation; and be it

FURTHER RESOLVED: That the Agency hereby allocates \$300,000 from Broadway/MacArthur/San Pablo Redevelopment Operations funds (Fund 9529, Org. No. 88669, Project No. P187510) to the Broadway/MacArthur/San Pablo Tenant Improvement Program (Fund 9529, Org. No. 88669, Project No. P187540); and be it

FURTHER RESOLVED: That the Agency authorizes the Agency Administrator or his designee to make grants and negotiate and execute all grant contracts and design contracts under the Programs within the budgets available for these purposes without returning to the Agency, and to take other actions with respect to the Programs and the grants consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2009

PASSED BY THE FOLLOWING VOTE:

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

NOES-

EXCUSED-

ABSTENTION-

ABSENT-

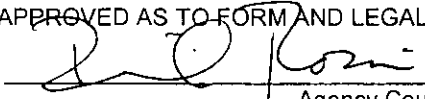
ATTEST: _____

LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California

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APPROVED AS TO FORM AND LEGALITY:


Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

A RESOLUTION REALLOCATING \$500,000 FROM THE DOWNTOWN TENANT IMPROVEMENT PROGRAM (RETAIL ENTERTAINMENT CATALYST PROJECT) TO THE DOWNTOWN FACADE IMPROVEMENT PROGRAM

WHEREAS, the Central District Redevelopment Project Area of Oakland contains many commercial buildings in need of revitalization and physical improvement; and

WHEREAS, staff of the Community and Economic Development Agency has been implementing the Downtown Commercial Façade Improvement Program in the Central District Redevelopment Project to provide incentives for property, business owners, and tenants to rehabilitate and revitalize buildings along commercial corridors in the Central District Redevelopment Project Area; and

WHEREAS, such rehabilitation and revitalization assists with the elimination of blight and assists with retaining and attracting businesses and increasing job opportunities in the Central District Project Area; and

WHEREAS, the program is consistent with and furthers the purposes of the Redevelopment Plan for the Central District Redevelopment Project; and

WHEREAS, demand for the Downtown Commercial Façade Improvement Program exceeds the funding currently budgeted for the program; now, therefore, be it

RESOLVED: That the Agency hereby reallocates \$500,000 from the Downtown Tenant Improvement Program (Fund 9532, Org. No. 94800, Project No. P128680) to the Downtown Commercial Façade Improvement Program (Fund 9532, Org. No. 94800, Project No. P128750); and be it

FURTHER RESOLVED: That the Agency authorizes the Agency Administrator or his designee to make grants and negotiate and execute all grant contracts and design contracts under the Façade Improvement Program within the budget available for these purposes without returning to the Agency, and to take other actions with respect to the Program and the grants consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2009

PASSED BY THE FOLLOWING VOTE:

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

NOES-

EXCUSED-

ABSTENTION-

ABSENT-

ATTEST: _____

LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California