

PROJECT DESCRIPTION

Please answer questions in space provided. Applicants should feel free to use photocopies of the application forms if needed. If possible, answers to all questions should be typed or written directly on the forms. If the forms are not used and answers are typed on a separate page, each answer must be preceded by the question to which it responds, and the length of each answer should be limited to the area provided on the original form.

1. How has the project impacted the local community?

This project has inspired hope and pride in a neighborhood and City that suffered severe economic dislocation, physical deterioration and social ills resulting from the exodus to suburbs of its businesses, jobs, institutions and people. Its economic impact is seen in the reduction of vacancies in the commercial properties, the increase in sales and property taxes, and the number of new businesses and jobs that have been created. Substantial physical improvements have occurred as adjacent commercial property owners and homeowners invest and improve their properties. Commercial and residential property values have increased. Although homeowners have seen an increase in the value of their home and assets, there are very few properties on the market. It appears that long-term homeowners have decided to stay in the neighborhood because the Fruitvale is becoming a "Neighborhood of Choice". Indeed, crime and grime have decreased, parks are being upgraded and new ones are being built, the same is true for schools and the International Boulevard commercial corridor has become a vibrant and robust shopping area.

There is a risk of gentrification as Fruitvale is being advertised as a "desirable" neighborhood by real estate agents that once shunned it. However, we are committed to continuing our efforts to create opportunities for the residents of Fruitvale and adjacent neighborhoods to build their assets through our myriad programs.

2. Describe the underlying values of the project. What, if any, significant trade-offs were required to implement the project? One of the underlying values of the project was that it was not simply a brick and mortar real estate deal, but it was for the purpose of physically improving the Fruitvale. Thus, excellent design and quality materials and construction were considered critical to enhancing the urban fabric of the neighborhood. The scale and density of the project needed to be consistent with the scale of the community, particularly with respect to commercial district. Those decisions made the project much more expensive, and it reduced our financial bottom line, but it was worth it.

Another values was that, we did not want to add to the number of national fast food chains in the Fruitvale, even though the latter would have greater capacity to pay the rents, nor did we want to compete with the businesses of the area. Therefore, we limited the retail space available to national chains, and we focused on bringing in retail tenants that were for the most part different than those in the neighborhood. At this point there is only one national chain tenant and only one Mexican restaurant. It is too soon to assess whether our financial bottom line will be hurt by this underlying value. Other values are described throughout this proposal.

Significant trade-offs included: 1) narrowing our focus to the Fruitvale, selling our Hayward properties, and broadening our client base to include all population groups; 2) targeting our energy, resources and developments to a small part of Fruitvale, below Foothill Boulevard, and specifically to the International Boulevard commercial corridor instead of all of the Fruitvale; 3) focusing on economic/business development rather than housing production as a community development strategy; 4) compromises and delays which accompany partnerships; 5) a high risk strategy which would require time and perseverance in order to raise the significant capital required for such a project, and that could divert attention from other of the agency's goals, objectives and programs; 6) not competing with International Boulevard businesses and property owners; 7) limiting the number of national chains, especially fast food chains; 8) potential gentrification versus the need for substantial neighborhood revitalization to improve the quality of life; 9) limiting density and scale thereby increasing costs of design and construction and reducing the financial bottom line, but increasing the value to the community; 10) and many more .

PROJECT DESCRIPTION (CONT'D)

3. Describe the key elements of the development process, including community participation where appropriate. The key elements of the development process encompassed: 1) Community organizing protesting BART's decision to build a four-six level parking structure on its Fruitvale parking lots which would create an additional barrier between BART and International Boulevard Business Corridor; 2) community planning to secure a CDBG grant for Planning in the Fruitvale and community envisioning and focus groups as well as follow-up meetings with community groups; 3) selection of development staff and external development team members (architects/engineers, lawyers, and environmental, financing, value engineering and marketing consultants and contractors); 4) identifying and addressing key development issues such as design, mix of uses, phasing and a development partner; 5) building and managing the public/private partnership and relationships; 6) securing funding for predevelopment, development and construction; 7) negotiating contracts, leases and loans with our partners, consultants, contractors, funders and lenders; 8) managing the myriad environmental clearance processes; 9) construction to limit change orders and cost overruns (very successful); 10) managing the billing and payment process to insure that the bills were accurate and paid on a timely basis; 11) selecting and managing the leasing and property management company and consultants; 12) developing and implementing the marketing campaign; 13) making the case for the project at all key junctures in the development process and building broad support; and 14) celebrating the completion of the construction.

4. Describe the financing of the project. Please include all funding sources and square foot costs where applicable.

The funding and financing of the Unity Council's part of the Central Core was \$54,469MM, including public and private grants, a Federal appropriation, several types of loans and lines of credit, a 501(c)(3) Bond, pre-paid leases, tax increment financing, land swaps and land sales; a FEMA settlement and owner equity and debt from the sale of real estate assets, unrestricted funds and deferred development fees. There were more than 16 funders/lenders and about 30 separate funding and financing streams from those sixteen sources. Citibank provided the credit enhancement for the \$19.8MM Bond plus a \$1.4MM equity equivalent investment, its largest investment to a non-profit corporation in its history. The Local Initiatives Support Corporation provided a \$4MM bridge loan which was taken out by the \$4MM tax increment financing from the City of Oakland.

The Unity Council also secured most of the funding and financing for a number of ancillary projects, including a 68 unit Senior Housing Facility, major street improvements and realignments, and the purchase and partial renovation of a historic building located on the Pedestrian Plaza. In addition, it secured the funding and financing of the BART parking structure as part of its obligations to replace BART's parking spaces on a one-for-one basis. This funding and financing included grants, voter approved bond funds and a loan which the Unity Council secured on behalf of BART, and which will be repaid through charging parking fees for BART surface parking lots, which BART has turned over to the Unity Council for Fruitvale Village II.

The approximate cost per square foot for the two buildings, excluding the podium parking, was \$137,000.

5. Is the project unique and/or does it address significant urban issues? Is the model adaptable to other urban settings?

The project is unique as it comprehensively addresses significant urban issues related to the revitalization of deteriorated inner-city neighborhoods, infill development, smart growth, the housing/job imbalance and traffic congestion and its impact on air quality as well as the quality of life. The project is also unique because of its scale, the fact that the developer is a non-profit corporation and that the project had broad public and private support and did not encounter any opposition from the residents, merchants and other stakeholders in the Fruitvale or the City. The model is being adapted by the City of Oakland and throughout the Bay Area as the model for neighborhood revitalization and smart growth through transit-oriented development. Cities from across the nation and from other nations have visited or are planning to visit. Many articles have been written about the Fruitvale Village, and it is being used to teach best practices for neighborhood revitalization. University researchers are studying various aspects of the development, including the unique public-private partnership that has been the linchpin of the success of the Project. The lessons learned from this project are being shared through speeches and written presentations by the Agency and its staff.