



**Sacramento
Housing &
Redevelopment
Agency**

**REPORT TO REDEVELOPMENT
AGENCY**

City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

STAFF REPORT
October 24, 2006

**Honorable Chair and
Members of the Redevelopment Agency**

Title: Owner Participation Agreement with New Faze Development for the Acquisition of the Grand Theater Property

Location/Council District: 1915 Del Paso Boulevard, Council District 2

Recommendation: Redevelopment Agency to adopt an **Agency Resolution** that a) authorizes the execution of an Owner Participation Agreement (OPA) to loan \$800,000 to New Faze Development for the acquisition of the Grand Theater at 1915 Del Paso Boulevard for rehabilitation of the building as a performing arts venue and restaurant (Project); b) finds that the Project is consistent with the goals of the Redevelopment Plan and eliminates blighting factors; and c) amends the Agency budget to transfer \$800,000 from 2006 North Sacramento Taxable Bond Development Assistance fund to the 1915 Del Paso Boulevard Project.

Contact: Lisa Bates, Community Development Director, 440-1316
Chris Pahule, Assistant Community Development Director, 440-1350

Presenters: Chris Pahule, Assistant Community Development Director, 440-1350

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis:

Issue: Located in the heart of Del Paso Boulevard, between Winnipeg and Fairfield Streets (Attachment 2), the Grand Theater was constructed in 1942 in an art deco design. Originally a movie house for the community, it has been used as a church for the past two decades. Mr. Levon E. Davis has owned the property since 1999 and is selling it for \$1,100,000.

OPA with New Faze Development for the Acquisition of the Grand Theater property

New Faze Development (New Faze) has entered into a purchase contract with Mr. Davis to purchase the property for the listed amount. New Faze envisions restoring and enhancing the exterior façade, modernizing the interior, and establishing a music and performing arts venue and restaurant. Once the property is restored, the building will significantly enhance the north end of Del Paso Boulevard and other Agency and City revitalization efforts. A description of the proposed project is provided in Attachment 1.

Due to the quick close of escrow requested by Mr. Davis, New Faze has requested that the Agency provide a loan in the amount of \$800,000. The proposed terms of the loan are a zero percent interest loan, due and payable in three years.

Committee/Commission Action: *North Sacramento RAC Action:* At its meeting on September 21, 2006, the North Sacramento Redevelopment Advisory Committee adopted a motion recommending approval of the attached resolution.

The votes were as follows:

AYES: Armstrong, Clark, Curry, Harlan, E. McCleary, J. Mulligan,
and C. Mulligan

NOES: Mack

RECUSED: Bergstrom

ABSENT: J. McCleary and Roberts

Sacramento Housing and Redevelopment Commission Action: At its meeting on October 4, 2006, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution.

The votes were as follows:

AYES: Burns, Burruss, Fowler, Gore, Piatkowski, Shah, Stivers

NOES: Hoag

ABSENT: Coriano, Simon

Policy Considerations: The action recommended in this report is consistent with the Redevelopment Plan goals listed in the North Sacramento Redevelopment Area 2005-2009 Implementation Plan.

OPA with New Faze Development for the Acquisition of the Grand Theater property

Environmental Considerations: The proposed action to provide financing assistance to acquire property for rehabilitation of an existing building, restoration of the historic features of the building, and use as a theater and restaurant is exempt from environmental review per CEQA Guidelines Sections 15301, 15303, 15331 and 15332. NEPA does not apply.

Rationale for Recommendation: New Faze's acquisition and proposed reuse of the Grand Theater into a music and performing arts venue and/or restaurant will further the Agency and community's revitalization efforts on Del Paso Boulevard. The proposed uses of the building are consistent with the effort to expand commercial uses along the corridor and to contribute to the burgeoning arts and restaurant scene.

Financial Considerations: This report recommends an allocation of North Sacramento 2006 Taxable Bond funds in the amount of \$800,000 to assist with the New Faze acquisition of the Grand Theater at 1915 Del Paso Boulevard.

M/WBE Considerations: The items discussed in this report have no M/WBE impact; therefore M/WBE considerations do not apply.

Respectfully Submitted by: 
ANNE M. MOORE
Executive Director

Recommendation Approved:


CASSANDER H.B. JENNINGS
City Manager

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**SUMMARY OF OWNER PARTICIPATION AGREEMENT (OPA)
FOR THE HISTORIC GRAND THEATER 1915 DEL PASO BOULEVARD**

BACKGROUND

This report recommends that the Redevelopment Agency of the City of Sacramento ("Agency") enter into an Owner Participation Agreement (OPA) with New Faze Development for the acquisition of the historic Grand Theater, which includes three parcels at 1915 Del Paso Boulevard.

The property is currently being used as a church and is owned by Mr. Levon E. Davis. It includes three parcels (APN#: 275-0035-012, 275-0035-013, and 275-0035-014) that total approximately 19,602 square feet, and it is zoned C-2 Commercial. The original configuration of the building has remained the same including 450 theater seats, a downward sloping raked floor, and a large elevated stage. The building is approximately 17,500 square feet and comprises significant ancillary space on the first and second floors including an office, kitchen, and bathroom. An adjacent connected structure contains significant space with retail access at the street. The site also includes a parking lot with 30 off-street parking spaces to the east of the building, as well as back alley access.

Currently, New Faze Development is considering one of two uses for the site:

1. To re-establish this property as a movie house with sofas, tables, restaurant service (e.g., McMenamins in Portland, Oregon) showing independent films and offering themed film festivals that would appeal to all age groups; or
2. To launch a new jazz club and high-end restaurant.

The goals for the project are to:

- Help make Del Paso Boulevard a destination;
- Increase foot traffic on Del Paso Boulevard;
- Enhance daytime and nighttime activity;
- Improve safety along the Boulevard; and
- Restore and enhance the Art Deco façade, including increased lighting to complement the new streetscape lighting.

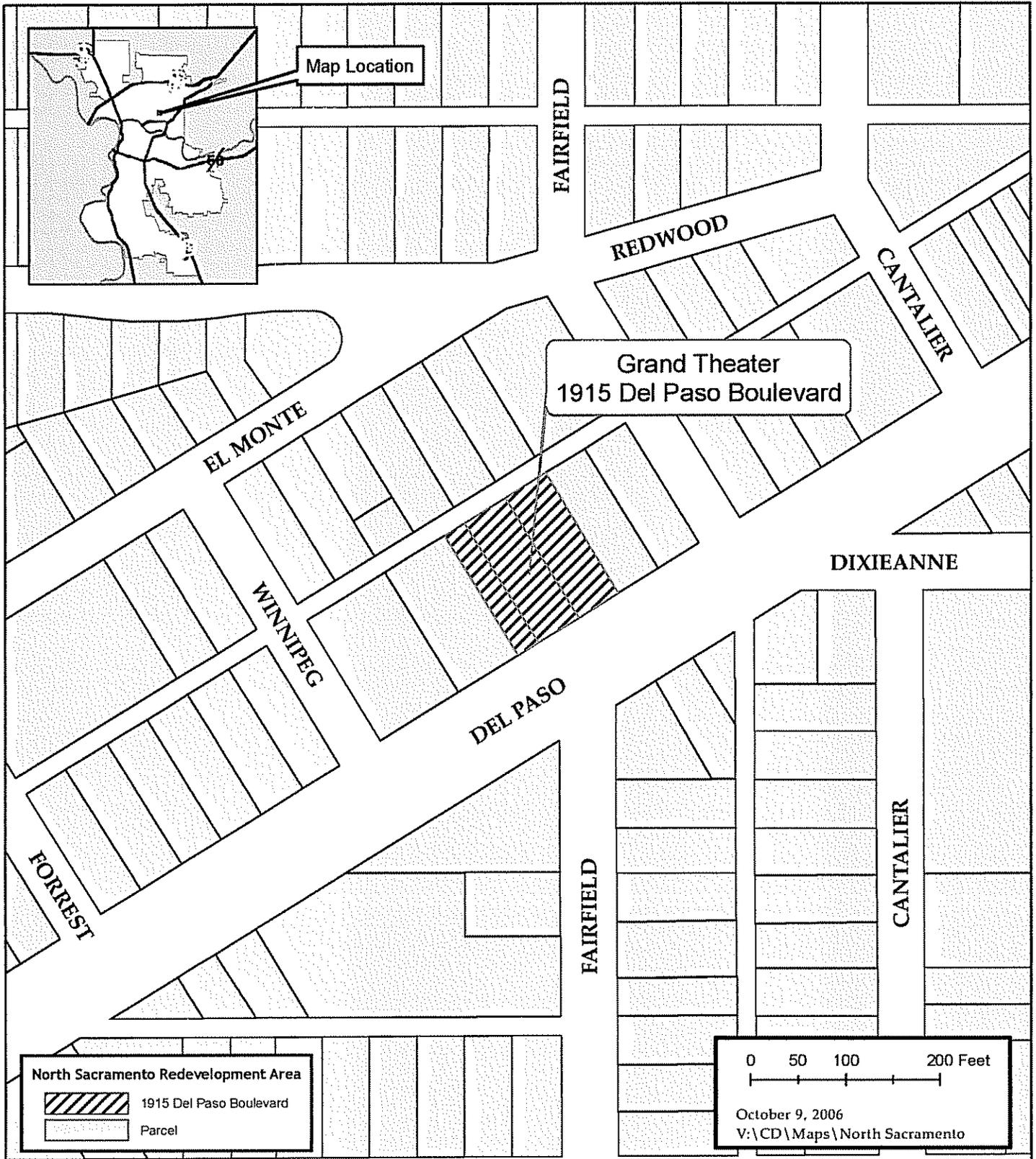
Upon transfer of the property, New Faze Development plans to produce a marketing brochure to generate operator interest including the potential exterior design of the building, the existing interior space plan, and the potential layout for an alternative use. The next six months will be spent marketing the project to potential operators, as well as selecting the best alternative to rehabilitate the building's interior space, develop a business plan and schedule a timeline for project completion.

The acquisition and rehabilitation schedule is as follows:

- Acquisition completed: October 31, 2006,
- Marketing and solicitation of lease interest completed: April 2007,
- Rehabilitation of property completed: December 2007, and
- Building leased and occupied: January 2008.



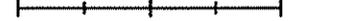
Grand Theater 1915 Del Paso Boulevard



North Sacramento Redevelopment Area

-  1915 Del Paso Boulevard
-  Parcel

0 50 100 200 Feet



October 9, 2006
V:\CD\Maps\North Sacramento

RESOLUTION NO. 2006 –

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

APPROVAL OF AN OWNER PARTICIPATION AGREEMENT TO LOAN \$800,000 TO NEW FAZE HOLDINGS, LLC FOR THE ACQUISITION AND REHABILITATION OF THE GRAND THEATER AT 1915 DEL PASO BOULEVARD

BACKGROUND

- A. New Faze Holdings, LLC (Developer) desires to purchase the Grand Theater at 1915 Del Paso Boulevard (APN 275-0035-012, 013 and 014) (Property), which is currently being used as a church, in order to rehabilitate this historic building into a performing arts and restaurant venue (Project).
- B. The Developer has requested Agency assistance in the amount of \$800,000 to acquire the Property.
- C. The Project is consistent with the North Sacramento Redevelopment Plan and Implementation Plan goals of promoting public and private partnerships and expanding commercial uses along Del Paso Boulevard, and eliminating the blighting conditions of underutilized and deteriorated buildings.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.
- Section 2. The Agency Budget is hereby amended to transfer \$800,000 from the North Sacramento 2006 Taxable Bond Development Assistance fund to the 1915 Del Paso Blvd Project.
- Section 3. The Owner Participation Agreement (OPA) with the Developer to provide an \$800,000 loan to fund acquisition of the Property for construction of the Project, whereby the loan is provided at 0% interest and is due and payable within three years, is hereby approved.
- Section 4. The Executive Director is authorized to execute the OPA and the Loan Agreement and all related documents, and to take all actions to implement the OPA.

