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CounterPulse finalizes \$7M acquisition of its San Francisco venue

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Grey Tartaglione

Julie Phelps, executive director and artistic director of CounterPulse, led the performing arts nonprofit through its creative financial partnerships resulting in the \$7 million purchase of its longtime venue at 80 Turk St. in the Tenderloin, which will now host the arts in perpetuity.

San Francisco arts nonprofit CounterPulse recently finalized a \$7 million purchase of the building it has called home for years, the

outcome of a decadelong creative financing partnership that could serve as a model for arts groups to control their destiny.

The local performing arts nonprofit founded in 1991 has occupied the three-floor, 10,000-square-foot building at 80 Turk St. since 2014.

The nonprofit's major partner in the effort was the Community Arts Stabilization Trust, or CAST, a real estate organization launched by nonprofit Community Vision and the Kenneth Rainin Foundation. CAST purchased the building for \$1.3 million in 2013 and provided CounterPulse an affordable 10-year lease with the option to buy the property at its conclusion.

That kept rent stable while providing enough time for CounterPulse to fundraise for the eventual purchase.

The purchase gives CounterPulse a 99% interest in the LLC, with CAST retaining 1%. That remaining share and a deed restriction ensure that should CounterPulse ever sell the property the buyer would need to be an arts nonprofit.

A \$5 million gift from the Rainin Foundation supported the initial building purchase by CAST in 2013. Then in 2015 federal New Market Tax Credits helped finance a transformative \$5 million renovation by Jensen Architects, turning the long-vacant former adult cinema into an enviable performing arts venue.

"They were essentially fronting us the money, giving us the time to buy CAST's share of the LLC out," said Julie Phelps, executive director of CounterPulse for the last eight years.

In 2016 CounterPulse moved back into the renovated building — after hosting an initial pop-up in 2014 — and paid monthly rent of about \$4,900 per month that gradually scaled to around \$5,600. After the latest developments, of course, it will be zero.

CounterPulse's fundraising throughout 2021 and 2022 included a community gala, and it received a \$500,000 zero-interest loan from the Zellerbach Family Foundation that brought CounterPulse's spending power to the needed \$7 million total for the building purchase. Other megadonors supported the project closer to its inception, including the William and Flora Hewlett Foundation's gift of \$700,000 and more than \$500,000 from the Epispace Foundation.

Phelps sees the partnership model as an avenue for arts organizations to work against gentrification, freezing rents to keep that cost stable while building the fundraising to meet the long-term goal of venue ownership.

CounterPulse's partnership was motivated in part by the writing on the wall when Twitter moved onto the block of CounterPulse's then venue in Mid-Market in 2012 with a shiny new city-subsidized headquarters. CounterPulse was in the seventh year of a 10-year lease.

"We weren't going to be able to renew our 50-cents per-square-foot lease when Twitter moved in and every donut shop and hole-in-the-ground in SoMa was being replaced by sky high condos," Phelps said.

CAST's parent Community Vision was thinking about how it could financially empower arts organizations after seeing how San Francisco changed in response to the dot-com boom of the early 2000s, and as a new tech boom was emerging post-Recession in the late aughts.

CAST also owns 447 Minna — acquired by donation from Brookfield Properties in 2018 — which houses Push Dance Company, Women's Audio Mission and the San Francisco Neo-Futurists. It also owns the Luggage Story Gallery at 1007 Market St., which it purchased in 2014 for \$1 million and is deed-restricted in perpetuity for arts uses.

"The Bay Area is constantly changing," Phelps said. "But as long as CounterPulse is around experimental arts and emerging artists will have a permanent home in San Francisco."



Alex Barreira

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