

## 3 Summary of Development Potential

This chapter provides an overview of development potential in the Planning Area, including a summary of market demand, development potential by opportunity sites, potential job generation, market feasibility, and summary of architectural and site planning issues.

### 3.1 Summary of Market Demand Analysis

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The following summary of Market Demand Analysis is based on the *Market Opportunity Analysis* report completed by Conley Consulting Group (CCG) in June 2010. The report addresses the market forces that impact future development in the Station Area. The Lake Merritt Station Area Plan is intended to govern changes in the Planning Area between 2010 and 2035, many of which will be incremental and gradual. This market study references the Bay Area growth projections prepared by the Association of Bay Area Governments (ABAG), in the context of the specific market forces affecting this portion of Oakland. The Station Area Plan will consider the environmental, including socioeconomic, impacts of changes in the Planning Area.

#### Economic Context

The *Market Opportunity Analysis* was written in the winter of 2009-2010, the U.S. and local economies remained in the grip of a deep and protracted global recession. While there are some indicators that the recession, which started in late 2007, may be abating, the collapse of demand across many economic sectors persists into 2011. The recession has impacted the availability of capital (both equity and debt) to fund development, and depressed property values have rendered new development of most land uses infeasible in the near term. In the absence of some currently unforeseen factor that emerges and accelerates the projected slow recovery, it is CCG's judgment that the after-effects of the recession will linger, depressing development activity for several years. For many economic sectors, the recession has brought activity back down to levels that were originally achieved and passed in the beginning of the 21<sup>st</sup> Century.

Regional policy favoring growth in the urban core areas, rather than continued suburban and exurban outward expansion, suggests that Oakland should receive a larger share of the East Bay's future growth than has historically been the case. ABAG's projected population growth through 2035 would require more new development than was captured during the recent housing boom for both the city as well as the Planning Area. By the end of the planning period, projected employment growth for the city would require a future total inventory of 31.5

million square feet (SF) of office space, compared to a current Oakland inventory of less than 14 Million SF.

It will be a challenge to achieve these projected growth levels, as delayed development activity in the near term may impact the ability to achieve the robust development projections over the longer term.

### **Chinatown**

The Planning Area includes Chinatown, which is a unique and rich environment, with a wealth of cultural, social, medical, residential, retail and social resources. Chinatown's commercial uses are concentrated in the four city blocks bounded by 7th, 9th, Franklin and Harrison streets. In a less concentrated manner Chinatown's commercial district influences a wider area from I - 880 to 11th Street, and from Broadway to Harrison. Chinatown remains one of the city's most vibrant neighborhood retail districts, and over the last three decades, Asian-oriented retail has spread eastward in Oakland along 12th Street and International Boulevard. In addition to the commercial concentration, Chinatown is a strong residential neighborhood which spans from Harrison to Fallon Streets and from I - 880 to 11th Street.

As described in the project's Existing Conditions Report (2010), Chinatown's rich historical and consistent cultural context attracts residents and visitors, including the many churchgoers and regular patrons of the district's social and health resources. In addition, Chinatown attracts Asian residents from throughout the East Bay for cultural, health and educational services, as well as banking institutions catering to Asian customers.

### **Demographics and Population Projections**

The Planning Area has a current estimated population of 12,500 persons in 6,159 households, compared to the estimated 412,000 population and 157,000 households for the city as a whole. The Planning Area population is nearly 70% Asian, of which 84% are Chinese.

Compared to the city as a whole, the Planning Area has relatively smaller households; more seniors; a larger proportion of renters; lower household incomes; and heavier reliance on public transportation.

The Alameda County Congestion Management Agency (CMA) projects that by 2035, the Planning Area will grow by roughly 10,500 households and 7,300 jobs. For the city as a whole, ABAG projects an additional 54,000 households and 93,000 jobs in that period.

### **Housing**

By the early part of this century, the Oakland housing market switched from one dominated by sales of existing single-family homes to one where new multifamily units were 80% of new housing unit development. Given excellent access afforded by many Oakland locations, including the Planning Area, there is a strong opportunity to develop housing in a Transit Oriented Development (TOD) format.

TOD housing appeals to members of the “Baby Boom” generation (born between 1945-1964, now predominantly empty nesters) who are attracted to amenity-rich urban locations as well as to members of “generation X” (born between 1965 and 1978) and “generation Y” (born 1979 to 1999), who show a preference for more environmentally-sound residential choices and urban amenities, as well as a marked aversion to long commutes. Thus demographic trends favor housing in a TOD format.

When development of new housing in Oakland’s Central District resumes, we conclude:

- The Planning Area will face competition from more established neighborhoods, where enough units have already been planned or granted approvals to accommodate likely levels of new housing demand for the next 10 years or more.
- Initial developments in the Planning Area are likely to be low- to mid-rise buildings (below eight stories). High-rise housing development is unlikely for the next three to five years, due to financial feasibility and investment risk issues.

Potential sources of demand for housing in the Planning Area include:

- Asian seniors;
- Immigrant families;
- Singles and young households attracted to recreational amenities along Lake Merritt and the Estuary;
- Laney College students from outside of the Bay Area or outside of the United States;
- Aging Baby Boomers, once the neighborhood character has been established.
- The large and growing group of households who desire housing within an easy commute to jobs in other Bay Area locations in the East Bay, San Francisco, and the Silicon Valley.

Accommodating projected household growth in the Planning Area will require intense development of sites beyond Chinatown, including sites above 11<sup>th</sup> Street and along the improved Estuary. These areas currently lack the neighborhood amenities, active streets and the character required to attract significant levels of development.

Creating a lively neighborhood character with active, pedestrian-friendly streets is a requirement for achieving significant growth in the housing stock outside of Chinatown in the next decade or so.

## **Retail**

The Planning Area includes Chinatown, one of Oakland’s strongest neighborhood retail districts. The most recent taxable sales report showed retail sales in the Focus Area, which is a subset of the Planning Area, at \$57 million (2008), representing the city’s fifth largest neighborhood retail district in terms of sales. Since 1994, retail sales in Chinatown have grown at a much faster pace (84%) than for the city as a whole (1.74%). Chinatown is unique among Oakland’s retail districts in that it regularly draws shoppers to Oakland from outside of the

city. However, Chinatown faces increased competition from suburban stores targeting this customer base and from the growing suburbanization of the East Bay Asian population, thus maintaining the district's vitality should be an important City goal.

Historically, food sellers and other convenience goods merchants have been the most successful retailers in Chinatown, including restaurants, shops selling prepared food, and grocers. More recently Chinatown's merchandise mix has broadened to include comparison stores (those selling apparel, home furnishings, home improvement, and specialty goods) as well.

Currently the primary source of retail demand in the Planning Area is the Asian population of the East Bay. Attracting Downtown office workers and non-Asian Oakland residents to this successful commercial district should be a major goal of the Station Area Plan, and for the city.

Outside of Chinatown, the current lack of pedestrian activity and active street retail in the Planning Area is a constraint to attracting potential development to accommodate population or employment growth in the Planning Area.

Untapped sources of support for retail in the Planning Area include:

- Projected growth of up to 38,400 residents by 2035, who could support an additional 414,000 SF of new retail.
- Projected growth of up to 7,300 new employees by 2035, who could support additional eating and drinking, service, and specialty retail.
- The 15,000 commuting students and 400 faculty and staff members of Laney college, which may be augmented by the addition of residential facilities for the growing enrollment of foreign and out-of-Bay Area students. The college-related demand is for casual dining, cafes, bars, and food to go.

With the possible addition of an entertainment anchor related to the college, there would be an enhanced nighttime draw of city residents to the area, further enhancing the Planning Area opportunities for restaurants and night clubs.

## **Office**

Projected employment growth suggests substantial office development potential for downtown Oakland. However, the Planning Area is outside of the established locations for private sector office activity at Lake Merritt, City Center (See Figure 1.1), and the emerging center at Jack London Square. Although office workers currently patronize Chinatown food establishments, the Planning Area lacks the employee-oriented shopping, dining, lodging, and infrastructure amenities necessary to attract Class A office development.

The primary opportunity for the Planning Area is for expansion of its current role as a cluster of government and educational uses, and for retail and professional services that support those uses. Alameda County has indicated that it plans to consolidate some of its functions from elsewhere in Oakland to other sites in the Planning Area. Ideally, new civic uses should be designed to contribute to a lively pedestrian environment in the Planning Area.

In addition to general office space, Chinatown supports cultural, health and civic organizations which occupy upper-floor space in mixed-use buildings in the Planning Area, typically over ground-floor retail space.

## **Hotel**

Oakland has a small hotel sector with relatively stable occupancy levels and room rates, and has typically been less vulnerable to economic shifts than other cities' hotel markets. The city's hotels have certainly been impacted by the recent recession. Given the hotel sector's small size, each new property represents a major change in the city's inventory, thus increasing the market risk. The Planning Area includes one first-class hotel, the Marriott Courtyard located on Broadway at 8<sup>th</sup> Street.

The most probable opportunity to expand the city's hotel sector is from increased corporate demand from an expanded employment base. There are currently four proposed future hotel developments in Oakland which would add 760 rooms to the city's existing inventory of 3,800 first class rooms. Thus, this opportunity will follow recovery and expansion of the city's economy, and is likely after 2020.

Sites in the Planning Area with water views overlooking Lake Merritt or the Estuary would be excellent hotel development opportunities, and would be competitive with other Oakland locations for new first-class hotel development. Given the proposed competition, it is likely that only the strongest potential site(s) would be developed for hotel use.

In the mid- to long-term future, the Planning Area could support either a small boutique hotel (30-100 rooms) or a 200+ room full-service facility.

## **Planning Area Market Opportunity**

The amount of new development supported by market dynamics in the Planning Area over the planning period is summarized in Table 3.1 below.

**Table 3.1 Planning Area Development Opportunity (2010-2035)**

<i>Product Type</i>	<i>Next Decade (2010-2020)</i>	<i>Remaining Period (2020-2035)</i>	<i>Total New Demand</i>
Residential (Units)	900-2,500	3,450-8,000	4,350-10,500
Retail (Square Feet)	83,000-165,000	124,000-249,000	207,000-414,000
Office (Square Feet) <sup>1</sup>	n/a	850,000	850,000
Local Serving Office (Square Feet)	125,000-165,000	186,000-249,000	310,000-414,000
Hotel (Rooms)	n/a	200	200

1. Assumes 44% of countywide projected employment is office-related. Alameda County proposed expansion represents nearly 50% of the estimated market demand

Source: Conley Consulting Group; February 2010

## 3.2 High and Low Development Potential

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As described in Chapter 1, opportunity sites for development were identified in order to make an assessment of the type and amount of development potential in the Station Area. The potential development identified for each opportunity site (shown in Figure 3-1) under the Emerging Plan was determined based on a variety of factors, including market dynamics, building feasibility and conceptual Plan policies (as discussed and refined by the Community Stakeholder Group). Assumptions used in calculating development potential include:

- **Public Open Space** is included throughout the Planning Area, and is estimated in acres. Each full block site dedicates up to 25 percent of land area to park, open space or plaza. Other open space locations include a large plaza on the BART Station Block, and smaller open spaces on the BART Parking lot and Site 21 (which faces the BART Parking block and Laney College), and new regional park space along the Lake Merritt Channel.
- **Percent of Lot Built** identifies the portion of the lot assumed for development. This includes an assumption of setback above a base height. In most cases, this is assumed to be 70 percent. This coverage is less for sites along I-880 (60 percent) in order to account for increased setbacks away from the highway. On full blocks, coverage is assumed to be 65 percent.
- **Housing Density** is assumed to range from 130 to 160 housing units per acre for mid-rise development, and from 300 to 484 housing units per acre for high-rise development. These assumed densities are used to determine the low and high housing unit estimates.
- **Office** numbers are developed based on an assumed footprint and the number of stories.
- **Retail** is assumed to be at the ground floor only, focused along key retail streets; the average assumption for ground floor retail is 35% of a site. Some sites have slightly higher or lower retail assumptions based on the portion of the site that fronts onto retail streets.
- **Net New Development** includes the subtraction of any existing uses on sites that are not vacant or parking lots.
- **Development potential compared to regional projections** includes only the Traffic Analysis Zones that correspond to the focus area. The larger 1/2 mile study area corresponds to a larger projected population and job increase per ABAG and ACTC.

Detailed development potential by Site is shown in Table 3-2. A comparative summary of projected development is shown in Table 3-3.

**Figure 3.1:  
POTENTIAL DEVELOPMENT  
SITES**

-  Focus Area
-  Opportunity Sites with Community Agreement or Vacant Sites

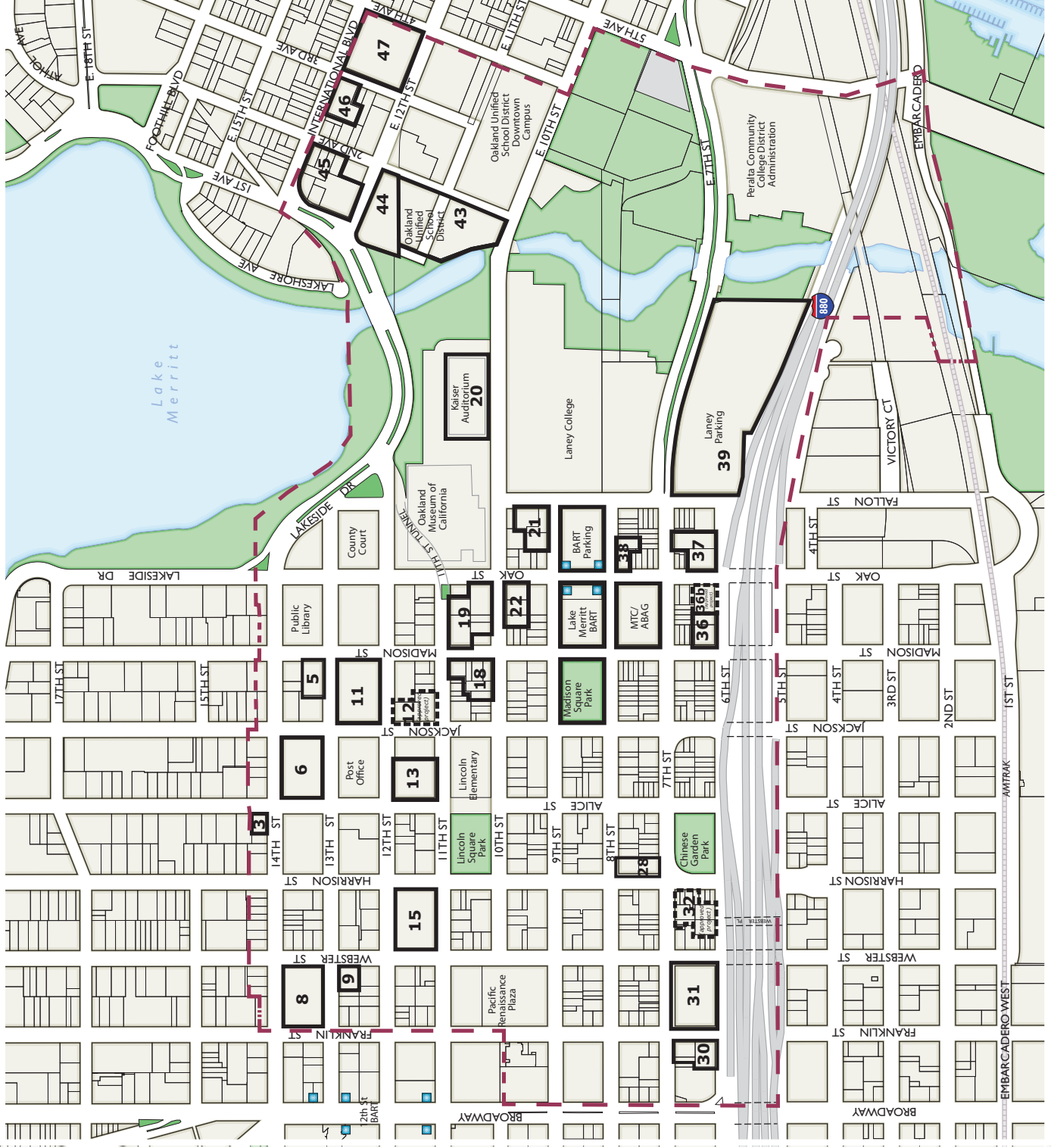


Table 3.2:  
EMERGING PLAN  
DEVELOPMENT POTENTIAL

Draft Emerging Plan Development Potential																						
SITE	SITE ACRES	EXISTING USE	HEIGHT ASSUMPTION	% LOT BUILT	USES: Emerging Plan	UNITS (LOW)	UNITS (HIGH)	SQUARE FEET OFFICE	SQUARE FEET RETAIL	PARKS (ACRES)	COMMUNITY FACILITIES	EXISTING UNITS/SF*	NET NEW UNITS (LOW)	NET NEW UNITS (HIGH)	NET NEW OFFICE	NET NEW RETAIL	LESS HOTEL ROOMS	LESS INSTITUTIONAL	LESS INDUSTRIAL	LESS AUTO SERVICES		
CENTRAL BART BLOCKS																						
BART Station	1.4	BART Admin	Mid-rise: 6-8 stories (higher with a CUP; minimum 3-4 stories) Assume 8 stories, development on	45% Housing	82	101						-	82	101		-						
BART Parking	1.4	BART Parking	High-rise: 9+ stories (minimum 8 stories) Assume one 20-story	55% Housing	231	373					-	231	373									
MTC/AB AG	1.4	MTC/ABAG Offices	High-rise: 9+ stories (minimum 8 stories) Assume two 20-story	25% Housing	105	169					-	105	169									
Subtotal Central BART Blocks Version 1	1.4	BART Blocks	Version 1	418	643	430,000	62,000	1.26	-	106,000	418	643	324,000	62,000	-	-	-	-	-	-		
OTHER SITES WITH COMMUNITY FEEDBACK AGREEMENT OR VACANT SITES																						
3	0.2	Parking Lot	Mid-rise: 6-8 stories (higher with a CUP; minimum 3-4 stories) Assume 20 stories	70% Housing	15	19						-	15	19								
5	0.4	Parking Lot	Mid-rise: 6-8 stories (higher with a CUP; minimum 3-4 stories) Assume 20 stories	70% Housing	35	43						-	35	43								
6	1.4	Parking lot	High-rise: 9+ stories (minimum 8 stories) Assume 20 stories	65% Housing	273	440					-	273	440									
8	1.4	Structured parking lot	High-rise: 9+ stories (minimum 8 stories) Assume 20 stories	65% Housing	273	440					-	273	440									
9	0.3	Parking Lot	Mid-rise: 6-8 stories (higher with a CUP; minimum 3-4 stories) Assume 20 stories	70% Housing	25	31					-	25	31									
11	1.4	Structured parking lot	High-rise: 9+ stories (minimum 8 stories) Assume one 20-story tower	33% Office (20,000 sf/floor in one tower)							-				400,000							



Table 3.2 Continued:  
EMERGING PLAN  
DEVELOPMENT POTENTIAL

Draft Emerging Plan Development Potential																				
SITE	SITE ACRES	EXISTING USE	HEIGHT ASSUMPTION	% LOT BUILT	USES: Emerging Plan	UNITS (LOW)	UNITS (HIGH)	SQUARE FEET OFFICE	SQUARE FEET RETAIL	PARKS (ACRES)	COMMUNITY FACILITIES	EXISTING UNITS/SF*	NET NEW UNITS (LOW)	NET NEW UNITS (HIGH)	NET NEW OFFICE	NET NEW RETAIL	LESS HOTEL ROOMS	LESS INSTITUTIONAL	LESS INDUSTRIAL	LESS AUTO SERVICES
12	0.5	Vacant (planned housing)	Mid-rise: APPROVED AFFORDABLE HOUSING	n/a	Approved Affordable Housing Project	68	68						68	68						
13	0.8	Developed one story parking	Mid-rise: 6-8 stories (higher with a CUP; minimum 3-4 stories) Assume	70% Office				290,000	7,000			-			290,000	7,000				
15	1.4	Developed one story, charter school and parking	High-rise: 9+ stories (minimum 8 stories) Assume one 20 story tower above mid-rise base	65% Housing		273	440					-	273	440						
18	0.7	Parking + developed one story	Mid-rise: 6-8 stories (higher with a CUP; minimum 3-4 stories) Assume	70% Housing		64	78		20,000			-	30	34	48					(4,000)
19	1.1	Developed one story	Mid-rise: 6-8 stories (higher with a CUP; minimum 3-4 stories) Assume	70% Housing		100	123		24,000			4	96	119			20,000			
21	0.6	Parking + developed one story	High-rise: 9+ stories (minimum 8 stories) Assume	70% Housing		126	203		9,000			-	4	122	199					
22	0.5	Developed one story	Mid-rise: 6-8 stories (higher with a CUP; minimum 3-4 stories) Assume	70% Housing		46	56		8,000			-	46	56			8,000		(14,500)	
28	0.3	Parking	Mid-rise: 6-8 stories (higher with a CUP; minimum 3-4 stories) Assume	50% Housing		22	28					-	22	28						
30	0.5	Vacant	High-rise: 9+ stories (minimum 8 stories) Assume	60% Housing		94	151		5,000			-	94	151			5,000			
31	1.4	Developed two story building	High-rise: 9+ stories (minimum 8 stories) Assume	60% Housing		252	407		21,000			-	252	407						
32			High-rise: APPROVED PROJECT			380	380		9,110			0	380	380		9110				
36	0.5	Vacant +one story	Mid-rise: 6-8 stories (higher with a CUP; minimum 3-4 stories) Assume	70% Office				160,000				-			160,000				(15,040)	
36b			Mid-rise: APPROVED			70	70					0	70	70						

Table 3.2 Continued:  
EMERGING PLAN  
DEVELOPMENT POTENTIAL

Draft Emerging Plan Development Potential																				
SITE	SITE ACRES	EXISTING USE	HEIGHT ASSUMPTION	% LOT BUILT	USES: Emerging Plan	UNITS (LOW)	UNITS (HIGH)	SQUARE FEET OFFICE	SQUARE FEET RETAIL	PARKS (ACRES)	COMMUNITY FACILITIES	EXISTING UNITS/SF*	NET NEW UNITS (LOW)	NET NEW UNITS (HIGH)	NET NEW OFFICE	NET NEW RETAIL	LESS HOTEL ROOMS	LESS INSTITUTIONAL	LESS INDUSTRIAL	LESS AUTO SERVICES
37	0.6	BART Maintenance, Auto Services	Mid-rise: 6-8 stories (higher with a CUP; minimum 3-4 stories)	70% Office				160,000					-			160,000				(1,019)
38	0.3	Developed 1-2 stories	Mid-rise: 6-8 stories (higher with a CUP; minimum 3-4 stories)	70% Housing	27	34		5,000				-	27	34		(8,000)	(5,555)			
39a	4.6	Parking lot	High-rise: 9+ stories (minimum 8 stories) Assume two 12 story buildings and two 20 story	60% Classrooms/ Office				240,000				-				240,000	-			
39b	4	Parking lot	Park	65% Park							0.46	-								
				35% Public Use TBD							2.6	-								
43	3	Developed 4 story and 1 story	High-rise: 9+ stories (minimum 8 stories) Assume two 12 story buildings and two 20 story	60% Housing	540	871		5,000				-	540	871			5,000		(112,410)	
44	1.3	Vacant	High-rise: 9+ stories (minimum 8 stories) Assume two 12 story buildings and two 20 story	70% Housing	273	440						-								
45	1.5	Developed 1-3 stories	Mid-rise: 6-8 stories (higher with a CUP; minimum 3-4 stories)	35% Retail				20,000				-					20,000			
46	0.5	Parking and 1 story	Mid-rise: 6-8 stories (higher with a CUP; minimum 3-4 stories)	70% Housing	46	56						8,765								
47	2	Parking and 1 story	Mid-rise: 6-8 stories (higher with a CUP; minimum 3-4 stories)	25% Retail	0	0		5,000				-					5,000		(3,878)	
n/a	Varied	Channel	n/a	70% Housing	182	224						-						(26,202)		
				12% Retail	0	0		10,000				-					10,000			
				n/a	Parkland					9		-					-			
Subtotal				3,320	4,772			1,270,000	272,110	14.5	61,000		3,280	4,732	#####	252,790	(75)	(250,213)	(29,540)	(29,019)
TOTAL BART Blocks Low Development				3,738	5,414			1,700,000	334,110	15.8	61,000		3,698	5,374	1,583,277	314,790	(75)	(250,213)	(29,540)	(29,019)
				7,476	10,829								7,396	10,749						
				19,528	22,881								19,448	22,801						
				2.11	1.46								2.14	1.47						
				0.43	0.30								0.44	0.30						
*Note: Existing Units/SF shows existing units and existing square feet of any uses that are also proposed on that site. For uses that do not currently exist on the site, the reduction is shown in the corresponding column as negative square feet.																				

\*Note: Existing Units/SF shows existing units and existing square feet of any uses that are also proposed on that site. For uses that do not currently exist on the site, the reduction is shown in the corresponding column as negative square feet.

**Table 3-3: Comparative Summary of Projected Development**

<i>Sites</i>	<i>Housing Units Low</i>	<i>Housing Units High</i>	<i>Office Square Feet</i>	<i>Retail Square Feet</i>	<i>Jobs</i>
Market Opportunity Analysis (2035) <sup>1</sup>	4,350	10,500	1,212,000	310,500	4,017
ABAG Projections <sup>2</sup>	4,933	4,933	n/a	n/a	4,169
<b>Emerging Plan (Net New)</b>					
Central BART Blocks	418	643	324,000	62,000	987
Other Sites	3,280	4,732	1,259,277	252,790	3,436
<b>TOTAL</b>	<b>3,698</b>	<b>5,374</b>	<b>1,583,277</b>	<b>314,790</b>	<b>4,423</b>
Emerging Plan % of Market Analysis	85%	51%	131%	101%	110%
Emerging Plan % of ABAG Projection	75%	109%	n/a	n/a	106%

<sup>1</sup> Market Opportunity Analysis estimates for Retail and Office are averages. The office number combines general office and local serving office.

<sup>2</sup> ABAG Projections are 2009, Focus Area only (less than the ½ mile radius).

### 3.3 Job Generation and Types of Jobs

The Station Area Plan could add an estimated 4,423 new jobs to the Planning Area, as shown in Table 3-4, slightly more than what is projected by ABAG. This is primarily in the addition of new retail and office jobs, and at the expense of some auto and industrial jobs. While the job estimates shown in Table 3-4 reflect a decline in institutional jobs, it should be noted that these job estimates only reflect new jobs on opportunity sites and do not include jobs associated with Laney College or new jobs that may be associated with the proposed OUSD Downtown Educational Complex.

**Table 3-4: New Emerging Plan Jobs by Type**

<i>Net New Office Jobs</i>	<i>Net New Retail Jobs</i>	<i>Less Hotel Rooms Jobs</i>	<i>Less Insti- tutional Jobs</i>	<i>Less Light Industrial Jobs</i>	<i>Less Auto Services Jobs</i>	<i><b>Net New Jobs</b></i>
3,958	899	-38	-250	-74	-73	<b>4,423</b>

Note: Jobs are calculated based on the following assumptions: 1,000 square feet per institutional job, 400 square feet per light industrial, office, and auto services jobs, and 350 square feet per retail job.

Source: Conley, 2011; Dyett & Bhatia, 2011.

## **3.4 Market Feasibility Assessment**

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### **APPROACH**

This section examines the conceptual financial feasibility of selected development prototypes evaluated in the Station Area Plan. The basic test of financial feasibility used in this assessment is to evaluate the ability to support the conceptual development costs for a given prototype with project-generated revenues, given market standard return requirements for both equity and debt. Four development prototypes were evaluated, all including market rate housing and ground floor retail.

Any feasibility assessment is a function of the assumed economic conditions which drive product type demand, potential revenue, construction costs, and cost of capital. For a plan that is meant to guide development over a long term 25-year period, there are obvious limitations to relying on current economic conditions to predict future development trends. However, instead of attempting to predict the economic future, this assessment is based on current conditions and discusses the implications of possible future changes over the planning period.

### **RECESSION IMPACT**

At the time this assessment was performed, the U.S. economy was still struggling to show definitive signs of recovery from the protracted effects of the deep recession which started with a rapid loss of economic vitality and a collapse of demand across most sectors in 2008. Unlike other downturns, the California economy has shown unusual susceptibility to the national economic malaise, with a higher unemployment rate and a steeper rate of home price collapse than the national norm. Although there are signs of emergent recovery and even growth in the tech-dominated Silicon Valley, for the most part by Fall 2011, the Bay Area remains in the depths of a deep recession, with the housing sector being the most severely impacted sector of both the national and Bay Area economy.

Housing values have declined sharply since the start of the recession, with 2011 sales prices in some parts of the plan area falling to only 35% of peak 2006 sales prices. With few exceptions, most housing developed since 2001 has been for-sale housing (although some distressed for-sale properties have been restructured financially and converted to rentals). A near-term return to housing prices that supported the mid-decade housing boom is not expected by most industry sources. Many analysts now predict that the first wave of housing construction post the current recession conditions will be designed to fill the rental housing demand from young adults entering the labor force and for aging Baby Boomers. The rate of future price and rent increases is dependent on complex demographic and economic factors and cannot be accurately predicted.

Since the start of the recession, the collapse in demand for new construction has led to a steep decline in contractor's construction cost bids, fueled largely by subcontractors bidding aggressively to capture low-end jobs to keep their doors open. Industry experts have recently suggested that the downward pressure on construction costs has abated, since there are now fewer active firms competing for business. Construction costs are no longer declining, but it cannot be known how contractors will respond to an increase in demand in the future when

the economy recovers and demand for new construction increased again. It is likely that construction costs and revenues will rise at different rates, which will impact the feasibility assumption below.

## SCENARIOS REVIEWED

The development prototypes are summarized in Scenarios A through D, which are shown in Table 3-5. Scenarios A and B are full-block developments with a base of 6-story residential units over retail. These scenarios also include a 16-story high-rise tower. An underground parking garage is needed to accommodate the project's combined parking need of 380 spaces, and extends for most of the site. Thus, at this conceptual level, it can't be assumed that the buildings are built as independent developments. Although these scenarios include both mid- and high-rise structures, it is likely that both will be built with uniform high-rise construction costs. This project was originally tested at Site 6, which is east of Lake Merritt at the block bounded by 13<sup>th</sup>, Jackson, 14<sup>th</sup> and Alice Streets. As such the ground floor retail is located outside of Chinatown's prime commercial core area, which is generally concentrated along 7<sup>th</sup> to 11<sup>th</sup> Streets and between Franklin and Harrison Streets.

Scenario C is a conceptual eight-story mid-rise project with slightly larger unit sizes than assumed for the high-rise scenario. We assumed a 0.65 acre site on the outer edge of the existing commercial core area with 50% of the parking located in an underground garage and the remaining 50% located in an above ground structure.

Scenario D is a conceptual low-rise multifamily development on a half-acre site, with the parking located in an above-ground structure.

In each scenario the majority of the parking is provided for residents at a Transit Oriented Development (TOD) ratio of 1 per unit. The remaining parking serves the retail uses, assuming that an appropriate design solution is adopted to protect resident's safety and privacy in a shared parking structure.

**Table 3-5: Scenario Descriptions**

<b>Scenario A: High/Mid Rise Condo</b>						
<i>Select Site: Site 6</i>		<i>1.40 Ac</i>				
	<i>Load</i>			<i>Avg</i>	<i>No. of</i>	<i>Density</i>
	<i>GSF</i>	<i>Factor</i>	<i>NSF</i>	<i>SF/Unit</i>	<i>Units</i>	<i>Units/Ac</i>
Residential - Hi-Rise	150,000	25%	120,000	750	160	226
Residential - Mid-Rise	213,120	20%	177,600	1,138	156	
Retail	21,300	0%	21,300	21,300	1	
Housing Amenities	3,000	0%	3,000	3,000	1	
Open Space	15,000	0%	15,000	15,000	1	
Parking Underground	120,000				340	
Parking Structure	16,000				40	

**Table 3-5: Scenario Descriptions**

<b>Scenario B: High/Mid Rise Apartments</b>						
Select Site: Site 6	1.40 Ac					
	<i>Load</i>			<i>Avg</i>	<i>No. of</i>	<i>Density</i>
	<i>GSF</i>	<i>Factor</i>	<i>NSF</i>	<i>SF/Unit</i>	<i>Units</i>	<i>Units/Ac</i>
Residential - Hi-Rise	150,000	25%	120,000	750	160	226
Residential - Mid-Rise	213,120	20%	177,600	1,138	156	
Retail	21,300	0%	21,300	21,300	1	
Housing Amenities	3,000	0%	3,000	3,000	1	
Open Space	15,000	0%	15,000	15,000	1	
Parking Underground	120,000				340	
Parking Structure	16,000				40	
<b>Scenario C: Mid Rise Apartments</b>						
Select Site: Conceptual Site	0.65 Ac					
	<i>Load</i>			<i>Avg</i>	<i>No. of</i>	<i>Density</i>
	<i>GSF</i>	<i>Factor</i>	<i>NSF</i>	<i>SF/Unit</i>	<i>Units</i>	<i>Units/Ac</i>
Residential - Mid Rise	102,762	20%	85,635	865	99	152
Retail	15,000	0%	15,000	0	0	
Housing Amenities	3,671	0%	3,671	0	0	
Parking Underground	25,879				61	
Parking Structure	23,300				61	
Open Space	522	0%	522	NA	0	
<b>Scenario D: Low Rise Apartments</b>						
Select Site: Conceptual Low-Rise	0.50 Ac					
	<i>Load</i>			<i>Avg</i>	<i>No. of</i>	<i>Density</i>
	<i>GSF</i>	<i>Factor</i>	<i>NSF</i>	<i>SF/Unit</i>	<i>Units</i>	<i>Units/Ac</i>
Residential - Low Rise	57,600	20%	48,000	800	60	120
Retail	15,000	0%	15,000	3,000	5	
Commercial		0%	0			
Parking Structure					90	

Source: Conley Consulting Group, September, 2011

## **Revenue Assumptions**

Project revenue for Scenario A is generated by residential condominium sales, retail leasing and parking fees. Revenue for Scenarios B-D is generated from leasing of both residential and retail space and fees for commercial parking. Based on recent home sales in the Plan Area, CCG has estimated current condo sales prices at \$350,000 per unit for the high-rise units and \$325,000 for mid-rise units.

Conley Consulting Group (CCG) estimated current residential rental rates at a monthly average of \$2.50 per square foot (SF) for high-rise units, \$2.25/SF for mid-rise units and \$2.00/SF for low-rise units. For the retail space, the monthly rent was estimated at \$2.50/SF, based on current asking rents at projects on the periphery of the Chinatown core retail area. These rents represent a significant decrease from core Chinatown rents, where current rents as high as \$5.00 can be captured. CCG has estimated monthly parking revenue for commercial spaces to be approximately \$250 per space.

## ***Feasibility Findings***

As demonstrated in Table 3-6, current rents support low rise construction costs in Scenario D. However, in order to acquire development sites, higher rents will be required to generate higher residual land values to support land payments.

The higher density solutions (Scenarios A,B, and C) require substantial increases in rents or sales prices above current levels to be financially feasible, as shown in Exhibits A-D. The required increase in residential sales prices ranges from \$225,000-249,000. A residential lease rate increase of \$1.80/SF for was required for the high-rise units and \$1.87/SF for the mid-rise units. Before providing for a land purchase payment, the per unit feasibility gap is in the range of \$240,000 for the high density apartments, and just slightly less (at approximately \$233,500) for high density for-sale units. It is important to recall that these feasibility gap estimates do not yet include the cost to buy sites, or to provide affordable housing or any other desired community amenities.

Scenario C, the conceptual mid-rise development prototype, would result in a smaller feasibility gap on a per unit basis (at approximately \$46,500), but still required a significant increase in rents to close the gap. A minor \$0.29 and \$0.50 residential and retail rent increase were required to help close the feasibility gap for this mid-rise development.

CCG estimated a need for a minor \$0.25 increase in retail rents for Scenario A and B to a total of \$2.75/ SF to close the feasibility gap. We note that the addition of retail uses is generally a positive impact on project feasibility. However we also note that retail rents currently vary throughout the Station Area from a high of \$5/SF per month in Chinatown's commercial core to about \$2/SF on the edges of the core. Successful expansion of the commercial core in the future to enlarge the area that supports prime rents, by achieving a careful blend of new tenants, pedestrian draws, and creation of a streetscape and pedestrian way that encourages shopper flow would improve these feasibility findings.

**Table 3-6: Summary Of Findings**

<b>Scenario A</b>	
<i>Product Type</i>	<i>High/Mid Rise Condos</i>
Density	226 Du/Ac
# of du	316
SF of Retail	21,300
Parking Spaces	380
Value at Completion	\$117,753,516
Development Cost	(\$163,909,845)
Residual Value/(Gap)	(\$73,819,143)
Value (Gap)/DU	(\$233,605)
<b>Scenario B:</b>	
<i>Product Type</i>	<i>High/Mid Rise Apartments</i>
Density	226 Du/Ac
# of du	316
SF of Retail	21,300
Parking Spaces	380
Value at Completion	\$115,591,847
Development Cost	(\$163,909,845)
Residual Value/(Gap)	(\$75,851,327)
Value (Gap)/DU	(\$240,036)
<b>Scenario C</b>	
<i>Product Type</i>	<i>Mid Rise Apartments</i>
Density	152 Du/Ac
# of du	99
SF of Retail	15,000
Parking Spaces	122
Value at Completion	\$36,376,374
Development Cost	(\$34,919,708)
Residual Value/(Gap)	(\$4,615,141)
Value (Gap)/DU	(\$46,618)
<b>Scenario D</b>	
<i>Product Type</i>	<i>Low Rise Apartments</i>
Density	120 Du/Ac
# of du	60
SF of Retail	15,000
Parking Spaces	90
Value at Completion	\$21,206,959



**Table 3-6: Summary Of Findings**

Development Cost	(\$17,423,100)
Residual Value/(Gap)	\$734,839
Value (Gap)/DU	\$12,247

Source: Conley Consulting Group, September, 2011

Exhibits A through D provide detailed information on the feasibility findings.

**Exhibit A:**  
**SCENARIO A - HIGH/MID RISE**  
**CONDOMINIUMS**

Select Site: Site 6		226 Du/Ac		No. of	
Development program per Field Paoli				Units	
Hi-Rise Residential	150,000	120,000	750	160	
Mid-Rise Residential	213,120	177,600	1,138	156	
Retail	21,300	21,300	21,300	1	
Housing Amenities	3,000	3,000	3,000	1	
Open Space	15,000	15,000	15,000	1	
Parking Undgrmd				340	
Parking Structure				40	
		CURRENT MARKET		BREAK-EVEN SCENARIO	
		Estimate		Estimate	
Hard Costs					
Hi-Rise Residential	\$285 /SF	42,750,000	\$285 /SF	\$285 /SF	42,750,000
Mid-Rise Residential	\$285 /SF	60,739,200	\$285 /SF	\$285 /SF	60,739,200
Retail/Commercial	\$285 /SF	6,925,500	\$285 /SF	\$285 /SF	6,925,500
Housing Amenities	\$310 /SF	0	\$310 /SF	\$310 /SF	0
Parking Undgrmd	\$30,000 /Sp	10,200,000	\$30,000 /Sp	\$30,000 /Sp	10,200,000
Parking Struc.	\$20,000 /Sp	800,000	\$20,000 /Sp	\$20,000 /Sp	800,000
Open Space					
Total Hard Costs		\$121,414,700			\$121,414,700
Soft Costs	25% Hards	\$30,353,675	25% Hards	\$30,353,675	
Financing Costs	10% Hards	\$12,141,470	10% Hards	\$12,141,470	
Total (excl. Land)		\$163,909,845			\$163,909,845
		Per Unit		Per Unit	
Hi Rise Residential Sales	160 units	\$350,000	\$599,000	\$599,000	\$599,000
Cost of Sale	5.0%	(17,500)	(2,800,000)	(29,950)	(4,792,000)
Net Proceeds		\$332,500	\$33,200,000	\$569,050	\$91,048,000
		Monthly		Total	
Mid Rise Residential Sales	156 units	\$325,000	\$50,700,000	\$550,000	\$5,800,000
Cost of Sale	5.0%	(16,250)	(2,535,000)	(27,500)	(4,290,000)
Net Proceeds		\$308,750	\$48,165,000	\$522,500	\$81,510,000
Gross Income - Retail	\$2.50 NNN	53,250	639,000	\$2.75 NNN	702,900
Vacancy	5%	(2,663)	(31,950)	5%	(35,145)
Expenses	0%			0%	
Net Income - Retail		\$50,588	\$607,050		\$667,755
Value at Completion	6.5% Cap		\$9,339,231		\$10,273,154
Net Income - Parking	40 spaces	\$250 /sp/mo	\$120,000	\$250 /sp/mo	\$120,000
Value at Completion	7% Cap		\$1,714,286		\$1,714,286
Value at Completion (excl Cost of Sale)			\$117,753,516		\$193,627,440
		\$117,753,516		\$193,627,440	

Source: Conley Consulting Group, September, 2011

**Exhibit B:**  
**SCENARIO B - HIGH/MID RISE**  
**APARTMENTS**

Select Site: Site 6						
DEVELOPMENT PROGRAM	Development program per Field Paoli		226 Du/Ac		Avg SF/Unit	No. of Units
	Hi-Rise Residential		150,000	NSF	750	160
	Mid-Rise Residential		213,120		1,138	156
	Retail		21,300		21,300	1
	Housing Amenities		3,000		3,000	1
	Open Space		15,000		15,000	1
	Parking Undgrnd					340
	Parking Structure					40

DEVELOPMENT COSTS	CURRENT MARKET		BREAK-EVEN SCENARIO		
	Hard Costs	Estimate	Estimate	Estimate	
	Hi-Rise Residential	\$285 /SF	42,750,000	\$285 /SF	42,750,000
	Mid-Rise Residential	\$285 /SF	60,739,200	\$215 /SF	45,820,800
	Retail/Commercial	\$285 /SF	6,925,500	\$285 /SF	6,925,500
	Housing Amenities	\$310 /SF	0	\$310 /SF	0
	Parking Undgrnd	\$30,000 /Sp	10,200,000	\$30,000 /Sp	10,200,000
	Parking Struc.	\$20,000 /Sp	800,000	\$20,000 /Sp	800,000
	Open Space				
	Total Hard Costs		\$121,414,700		\$106,496,300
	Soft Costs	25% Hards	\$30,353,675	25% Hards	\$30,353,675
	Financing Costs	10% Hards	\$12,141,470	10% Hards	\$12,141,470
	Total (excl. Land)		\$163,909,845		\$163,909,845

REVENUE AND PROJECT VALUATION	CURRENT MARKET		BREAK-EVEN SCENARIO	
	Per Unit	Total	Per Unit	Total
Hi-Rise Residential Income	\$2.50 /Unit/Mo	\$1,875	\$4.30 /Unit/Mo	\$3,225
Mid-Rise Residential	\$2.25 /Unit/Mo	\$1,688	\$4.12 /Unit/Mo	\$4,690
Residential Parking Income	\$75 /sp/mo	\$75	\$100 /sp/mo	\$100
Less: Vacancy	5.0%	(435,060)	5%	(754,207)
Less: Operating Expenses	30%	(2,479,842)	30%	(4,298,981)
Net Operating Income		\$5,786,298		\$10,030,956
Value at Completion	5.5% Cap	\$105,205,418	5.5% Cap	\$182,381,014
Gross Income - Retail				
Vacancy				
Expenses				
Net Income - Retail				
Value at Completion				
Net Income - Parking				
Value at Completion				
Value at Completion (excl Cost of Sale)		\$115,591,847		\$193,634,657

RESIDUAL LAND VALUE	CURRENT MARKET		BREAK-EVEN SCENARIO	
	Residual Land Value		Residual Land Value	
	Value at Completion	\$115,591,847	Value at Completion	\$193,634,657
	Less: Development Costs (excl Land)			
	Less: Cost of Sale - Residential	(\$163,909,845)		(\$163,909,845)
	Less: Cost of Sale - Retail/Pking	(\$2,914,902)		(\$5,053,188)
	Less: Developer Profit (Return on Cost)	(\$31,950)		(\$35,145)
	Subtotal	(\$24,586,477)		(\$24,586,477)
		(\$191,443,174)		(\$193,584,655)
	Residual Land Value/ (Feasibility Gap)			
	Value (Gap)/DU	(\$75,851,327)		\$50,002
	Land Value/SF	(\$240,036)		\$158
		(\$1,244)		\$0.82

Source: Conley Consulting Group, September, 2011

Sources: Conley Consulting Group, September, 2011

Exhibit C:  
SCENARIO C - MID RISE  
APARTMENTS

DEVELOPMENT PROGRAM	Select Site: Conceptual Site Residential Density	152 DU/Ac	CURRENT MARKET				BREAK-EVEN SCENARIO			
			GSF	NSF	Avg SF/Unit	No. of Units				
DEVELOPMENT COSTS	Residential Density									
	Mid-Rise Residential		102,762	85,635	865	99				
	Retail	incl.	15,000	15,000	0	0				
	Housing Amenities	incl.	3,671	3,671	0	0				
	Open Space		522	522	0	0				
	Parking Undgrnd Parking Structure		25,879 23,300			61 61				
DEVELOPMENT COSTS	Hard Costs			Estimate			Estimate			
	Mid-Rise Residential			23,121,450			23,121,450			
	Retail/Commercial				\$225 /SF		\$225 /SF			
	Housing Amenities				\$150 /SF		\$150 /SF			
	Parking Undgrnd	incl.			\$165 /SF		\$165 /SF			
	Parking Struc.	incl.			\$25,000 /Sp		\$25,000 /Sp			
	Open Space				\$20,000 /Sp		\$20,000 /Sp			
	Total Hard Costs			<u>\$25,866,450</u>			<u>\$25,866,450</u>			
	Soft Costs				25% Hards		\$6,466,613			
	Financing Costs				10% Hards		\$2,586,645			
REVENUE AND PROJECT VALUATION	Total (excl. Land)			<b>\$34,919,708</b>			<b>\$34,919,708</b>			
	Mid-Rise Residential		Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total
	Residential Parking Income		\$2.25 /Unit/Mo	2,312,145	\$1,946	2,312,145	\$2.54 /Unit/Mo	2,610,155	\$2,197	2,610,155
	Less: Vacancy		\$75 /sp/mo	109,800	\$75	109,800	\$75 /sp/mo	109,800	\$75	109,800
	Less: Operating Expenses		5.0%	(121,097)	(1.875)	(22,500)	5%	(135,998)	(1.875)	(135,998)
	Net Operating Income		30%	\$1,610,593		(690,254)	30%	(775,187)		(775,187)
	Value at Completion		5.5% Cap	\$29,283,517			5.5% Cap	\$1,808,770		\$1,808,770
	Gross Income - Retail				Monthly	Annual			Monthly	Annual
	Vacancy		\$2.50 NNN	37,500	37,500	450,000	\$3.00 NNN	540,000	2,595	540,000
	Expenses		5%	(1,875)	(1,875)	(22,500)	5%	(27,000)	0%	(27,000)
RESIDUAL LAND VALUE	Net Income - Retail		0%	\$35,625		\$427,500		\$513,000		\$513,000
	Value at Completion		7.0% Cap	\$6,107,143				\$7,328,571		\$7,328,571
	Net Income - Parking		23 spaces		\$250 /sp/mo	\$69,000	\$250 /sp/mo	\$69,000		\$69,000
	Value at Completion		7% Cap			\$985,714		\$985,714		\$985,714
	Value at Completion (excl Cost of Sale)			<b>\$36,376,374</b>				<b>\$41,201,012</b>		
	Residual Land Value									
	Value at Completion			\$36,376,374				\$41,201,012		
	Less: Development Costs (excl Land)									
	Less: Cost of Sale - Residential									
	Less: Cost of Sale - Retail/Pking									
RESIDUAL LAND VALUE	Less: Developer Profit (Return on Cost)		15.0%							
	Subtotal			<u>(\$40,991,515)</u>				<u>(\$41,095,848)</u>		
	Residual Land Value									
	Value (Gap)/DU									
	Land Value/SF									
Source: Conley Consulting Group, September, 2011										

**Exhibit D:**  
**SCENARIO D - LOW RISE**  
**APARTMENTS**

DEVELOPMENT PROGRAM	Select Site: Conceptual Low-Rise					No. of Units
	Residential Density	120 Du/Ac	GSF	NSF	Avg SF/Unit	
	Residential		57,600	48,000	800	60
	Retail		15,000	15,000	3,000	5
	Commercial		0	0	0	0
	Parking (Podium)					90
DEVELOPMENT COSTS	CURRENT MARKET					BREAK-EVEN SCENARIO
	Hard Costs			Estimate	Estimate	
	Low-Rise Residential (incl. Parking)		\$185 /SF	10,656,000	\$185 /SF	10,656,000
	Retail/Commercial		\$150 /SF	2,250,000	\$150 /SF	2,250,000
	Open Space					
	Total Hard Costs			12,906,000		12,906,000
	Soft Costs		25% Hards	\$3,226,500	25% Hards	\$3,226,500
	Financing Costs		10% Hards	\$1,290,600	10% Hards	\$1,290,600
	Total (excl. Land)			\$17,423,100		\$17,423,100
REVENUE AND PROJECT VALUATION						
	Residential Income		Per Unit	Total	Per Unit	Total
	Residential Parking Income	\$2.00 /Unit/Mo	\$1,600	1,152,000	\$2.00 /Unit/Mo	1,152,000
	Less: Vacancy	\$75 /sp/mo	\$75	81,000	\$75 /sp/mo	54,000
	Less: Operating Expenses	5.0%		(61,650)	5%	(60,300)
	Net Operating Income	30%		(351,405)	30%	(343,710)
	Value at Completion			\$819,945		\$801,990
		6.0% Cap		\$13,665,750	6.0% Cap	\$13,366,500
	Gross Income - Retail		Monthly	Annual	Monthly	Annual
	Vacancy	\$2.50 NNN	37,500	450,000	\$2.34 NNN	35,100
	Expenses	5%	(1,875)	(22,500)	5%	(1,755)
	Net Income - Retail	0%			0%	
	Value at Completion		\$35,625	\$427,500		\$33,345
		6.5% Cap		\$6,576,923	6.5% Cap	\$6,156,000
	Net Income - Parking		\$250 /sp/mo	\$67,500	\$250 /sp/mo	\$67,500
	Value at Completion	23 spaces		\$964,286	7% Cap	\$964,286
		7% Cap				
	Value at Completion (excl Cost of Sale)			\$21,206,959		\$20,486,786
RESIDUAL LAND VALUE						
	Residual Land Value					
	Value at Completion			\$21,206,959		\$20,486,786
	Less: Development Costs (excl Land)					
	Less: Cost of Sale - Residential			(\$17,423,100)		(\$17,423,100)
	Less: Cost of Sale - Retail/Pking			(\$413,055)		(\$404,010)
	Less: Cost of Sale - Retail/Pking	2.5%		(\$22,500)		(\$21,060)
	Less: Developer Profit (Return on Cost)	15.0%		(\$2,613,465)		(\$2,613,465)
	Subtotal			(\$20,472,120)		(\$20,461,635)
	Residual Land Value					
	Value (Gap)/DU			\$734,839		\$25,151
	Land Value/SF			\$12,247		\$419
				\$34		\$1

Source: Conley Consulting Group, September, 2011

Source: Conley Consulting Group, September, 2011

## **PLAN IMPLICATIONS**

While it is not possible to accurately predict the rate at which housing prices and rents will escalate once the market begins to recover, most industry experts do not predict that a return to values and rents captured during the housing boom will occur in the near term. Thus, it is an assumption of this assessment that lower density housing solutions are most likely to be developed in the near term, and that the higher density developments will occur in the latter part of the Station Area planning period.

Currently, making housing units affordable in Oakland requires a local subsidy of approximately \$123,000 per unit, after application of all non-local courses of affordable housing subsidies. As described above, CCG's analysis of current market conditions in the LMSAP area indicate that adding additional housing units through a density bonus would not incent private developers to provide additional affordable housing units. After the housing price and value increased described above, feasible market rated developments would provide revenues to support land purchase price plus other desired amenities, including affordable housing. At a hypothetical land value of \$25,000 per unit, it would take an additional six market-rate units to support a single affordable housing unit, assuming these units could be added without moving the development as a whole to a higher density, higher cost development product type. A preliminary affordable housing strategy for the Planning Area is provided in Chapter 8 that outlines options for ensuring adequate affordable housing is included in the Planning Area in order to support a sustainable and diverse neighborhood.

The amount of retail space in the emerging plan, at 315,000 SF is within the upper end of the range of demand for new space projected in the Existing Conditions report. Retail is not a public amenity that needs to be subsidized, but rather a valuable element of a project, particularly in the commercial core area. Successful introduction of this amount of retail is dependent on creating strong retail streets that act as an extension of Chinatown's existing commercial strengths, encourages pedestrian flow, and provides for strong visibility and identity.

## **3.5 Site Planning and Architectural Issues**

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This section provides a brief commentary on the site planning and architectural issues and a list of opportunities and constraints associated with the four City blocks for which the Design Team has prepared massing studies. The studies yield maximum development totals with the creation of a conceptual design for each of the sites. These four blocks are referred to as the BART Parking Lot Opportunity Site, Opportunity Site 6, Opportunity Site 15 and Opportunity Site 45. Figure 3-2 indicates the location of each of the sites within the context of The Lake Merritt Study Area.

The Design Team acknowledges that there are multiple valid architectural and urban design approaches to each of these sites and that the conceptual massing proposals within this study are not the only ways of developing the sites. The massing studies, or test-fit conceptual designs, however, serve as a reasonable vehicle for testing the development potential of each of the sites. This section was not prepared as a piece of work integrated with the earlier sub-chapters 3.1-3.4.



Figure 3.2:  
SITE STUDIES





## **BART PARKING LOT SITE**

This City block is bounded by 9th and 8th Streets on the North and South and by Fallon and Oak Streets on the East and West. The western portion of the block contains the BART East Plaza, with pedestrian access to the BART station below, and is not a part of the development site. The remainder of the block is currently in use as a surface parking lot, approximately 220 by 200 feet within the property lines (i.e. to the inside edge of the existing sidewalks) and has been tested for redevelopment potential.

The BART concourse, platforms and tracks run diagonally across this site below ground. Building directly above this zone will be structurally challenging; therefore a portion of this area has been designated as an appropriate location for open space at ground level. Thus the 'heart' of this block is a green space which the new development can view and use.

New development is primarily on the northern and southern areas of the site, overlooking the park, which is on top of the BART tube. Additional development is located at the eastern and western ends, which can 'bridge' over the BART tube and the park. It is possible for these 'bridges' to provide additional dwelling units without impacting the footprint of the park or the structure of the BART tube below ground.

The assumed preferred mix of uses for this site is retail units at ground level (predominantly facing 8<sup>th</sup> and 9<sup>th</sup> Streets) with a mix of residential unit sizes and types above. Lobbies and vertical access to the residential blocks above, as well as ramped access to parking levels, are accommodated at the ground level.

In terms of urban context and development potential, the test-fit design concept assumes that the most appropriate massing would be 6 to 8 stories (70 to 80 feet) around the full perimeter of the block with a residential tower rising out of this 'podium' up to a maximum height of 20 stories.

On-site parking is not required for the retail units, but is provided at a ratio of minimum 0.5 spaces per residential unit. Due to the existence of the BART station below ground across the center of the site, the opportunity for efficient below-ground parking within this site is severely limited. The southern block is too narrow to provide any below-ground parking; therefore this is restricted to the area below the northern block. For the purposes of the test-fit concept, it was assumed that a maximum of two levels below ground is economically viable.

Due to this limited opportunity for below-ground parking, additional upper-level parking is provided directly above the retail spaces in the northern block. Access to below-ground parking is by a ramp down from 9<sup>th</sup> Street, and to upper-level parking by a ramp up from Fallon Street.

This massing study yields 19,200 SF (square feet) of ground floor retail space, 123 residential units, assuming an average size of 1000 GSF (gross square feet) per unit, in the mid-rise blocks (including residential units in the two 'bridges' across the park), and a further 118 residential units in the tower and penthouse, for a possible total of 241 units.



To accommodate the minimum required parking spaces on-site, three upper levels of parking are located above the retail on 9<sup>th</sup> and Fallon Streets in addition to the two levels below ground, providing a total of 139 spaces, slightly higher than the minimum ratio of 0.5 spaces per unit.

Site massing concepts for the BART parking lot are shown in Figure 3-3.

### **OPPORTUNITIES**

- Readily available site – currently used for surface parking
- Potential for connection to public open space at BART plaza
- Tall building possible – maximizes development potential and density
- Walking distance to Lake Merritt, Oakland Museum and Laney College
- New public open space above the BART tube
- Immediate access to transit at BART station allows lower on-site parking ratios
- Great views from upper levels above the fourth floor

### **CONSTRAINTS**

- Not full city block – western end occupied by BART plaza and station entrances
- Limited space at ground floor to accommodate all desired uses
- Existing station and tracks run through the site diagonally
- Structural challenge of building above existing BART tube and operations
- Inadequate room below ground for basement parking spaces
- One-way traffic flow around site compromises service and ramp access locations

Figure 3.3:  
BART SITE OVERVIEW



**BART PARKING LOT SITE**

**RETAIL**

GROUND FLOOR 19,200 SF

**OPEN SPACE**

16,000 SF

GROUND FLOOR 16,000 SF

**PARKING**

**2 LEVELS BELOW GRADE**

AREA PER LEVEL 17,800 SF  
STALLS PER LEVEL 35  
SUBTOTAL 70

**3 LEVELS ABOVE RETAIL**

AREA PER LEVEL 14,250 SF  
STALLS PER LEVEL 23  
SUBTOTAL 69

TOTAL PARKING SPACES 139

**RESIDENTIAL**

**MID-RISE LEVELS**

6 FLOORS - LEVEL 2 thru 7  
UNITS PER FLOOR 16-27  
SUBTOTAL 123 UNITS

**TOWER LEVELS**

12 FLOORS - LEVEL 8 thru 19  
UNITS PER FLOOR 9-12  
SUBTOTAL 114 UNITS  
PENTHOUSE (LEVEL 20) 4 UNITS

TOTAL RESIDENTIAL UNITS 241

**241 HOUSING UNITS TOTAL**

**139 PARKING SPACES TOTAL (0.58 PER UNIT)**



Figure 3.3 Continued:  
BART SITE MID-RISE

BART PARKING LOT SITE

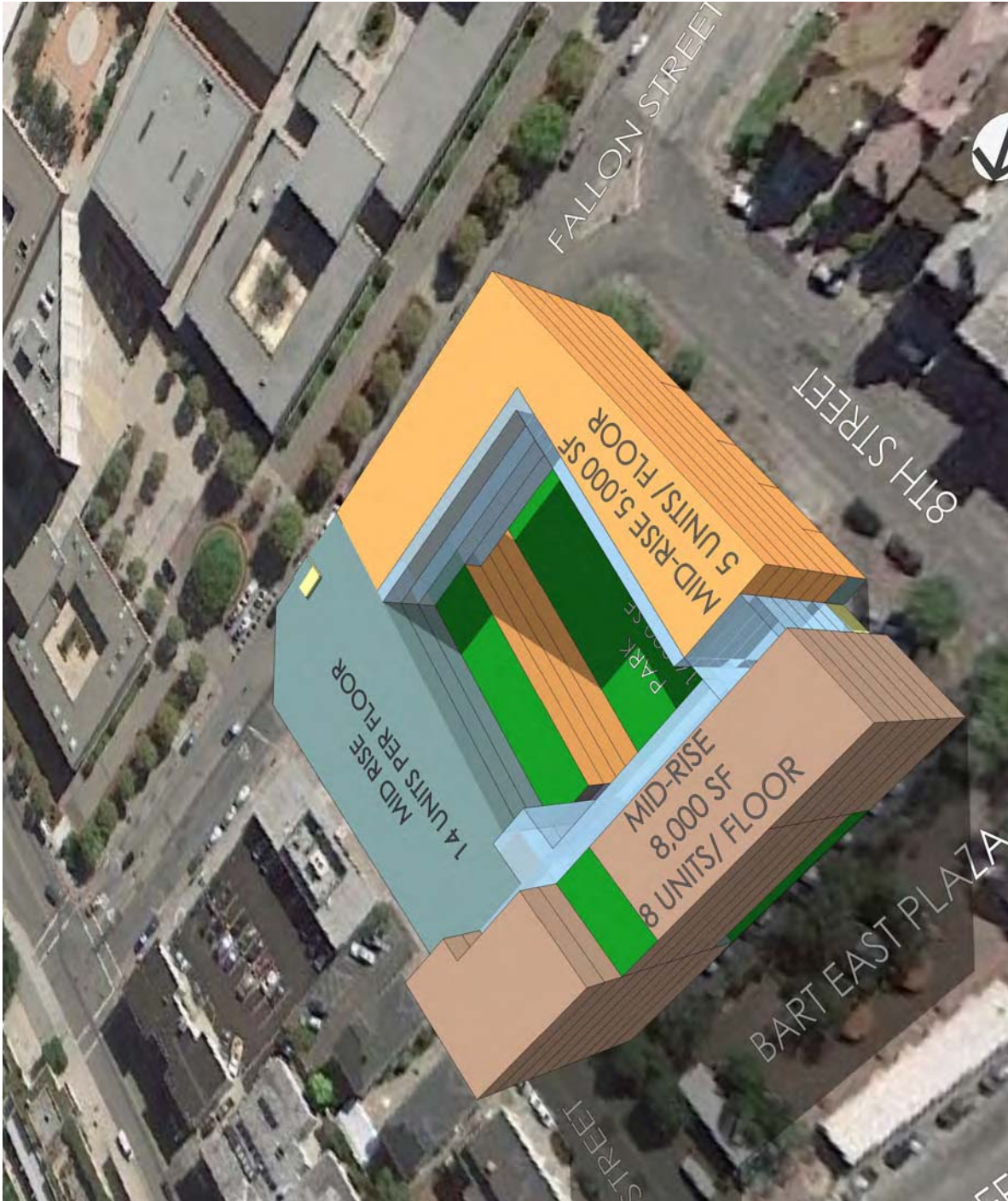
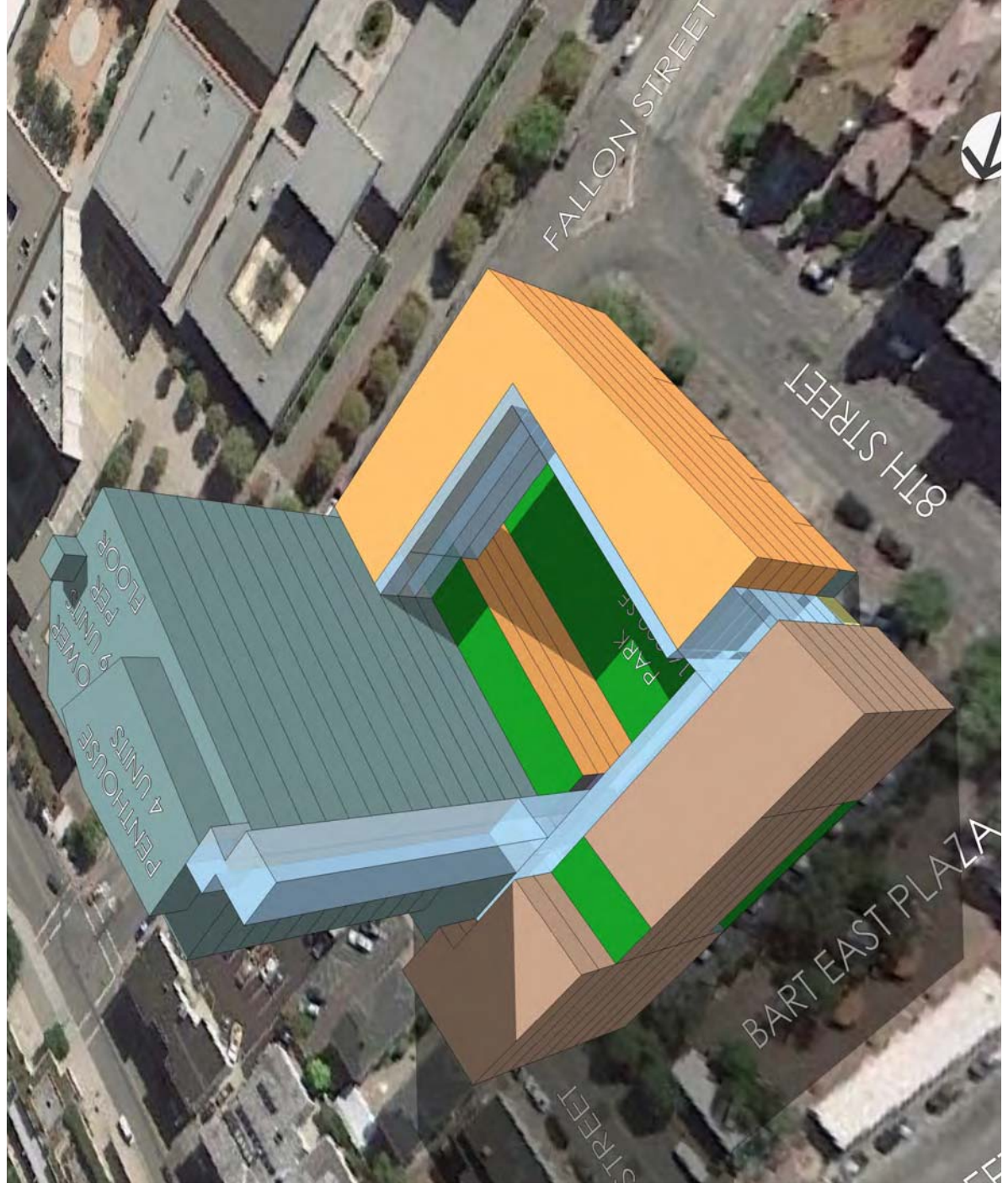


Figure 3.3: Continued  
BART SITE HIGH-RISE



BART PARKING LOT SITE



## SITE 6

Site 6 is a full City block, bounded by 14<sup>th</sup> and 13<sup>th</sup> Streets on the north and south and by Jackson and Alice Streets on the east and west. The entire site is currently occupied by a surface parking lot. The block is approximately 300 by 200 feet within the property lines (i.e. to the inside edge of the existing sidewalks) and has been tested for redevelopment potential.

The general configuration of the proposed test-fit conceptual design of this block echoes the U-shaped building directly to the west of the site, with the lower and mid-rise accommodation arranged around the east, north and west sides. This U-shape defines and embraces a new public open space, which is located to take advantage of the southern exposure facing 13<sup>th</sup> Street.

The assumed preferred mix of uses for this site is retail units at ground level, facing 14<sup>th</sup> Street as well as at the corners of Alice & 13<sup>th</sup> and Jackson & 13<sup>th</sup> Streets, with a mix of residential unit sizes and types above. Lobbies and vertical access to the residential blocks above and some above ground parking are accommodated at the ground level. Some of the ground floor retail space has the potential for direct access from the new public open space.

The test-fit massing concept assumes that the mid-rise U-shaped block would be a similar size and shape to its neighbor. The base of the building complex is 6 or 7 stories above the ground floor retail, with a slender residential tower rising symmetrically out of this base in the center of the northern side of the block, up to a maximum height of 25 stories above ground. The tower is sculpted with chamfered corners and inset corner balconies to create an elegant profile which reduces its apparent massing.

On-site parking is not required for the retail units, but is provided at a ratio of 1.2 spaces per residential unit. For the purposes of this test-fit concept, it is assumed that the entire block could accommodate two full levels of below ground parking, including the area below the public open space.

In addition to the 15,000 SF public open space facing 13<sup>th</sup> Street, this massing study yields a total of 21,300 SF ground floor retail space, some ground floor residential support areas, 156 residential units (assuming an average size of 1000 GSF per unit) in the mid-rise block and a further 160 residential units in the tower, for a possible total of 316 units.

The two full floors of below ground parking provide a total of 340 parking spaces (170 per level) which does not provide all the spaces of the assumed ratio of 1.2 spaces per unit. Thus the central zone of the mid-rise block, which accommodates the ramp down to the below ground parking from Alice Street, also includes a small area of above ground parking on the first two levels. This above ground parking is located in the middle of the block and is generally shielded from view by the surrounding retail spaces. Above grade parking provides an additional 40 parking spaces (20 per level) for a total of 380 parking spaces on-site, which meets the requirements of the preferred parking ratio for the residential units.

Site massing concepts for Site 6 are shown in Figure 3-4.

## **OPPORTUNITIES**

- Readily available site – currently used for surface parking
- Full city block
- Tall building possible – maximizes development potential and density
- Walking distance to Lake Merritt and other downtown locations
- Already surrounded by mid-rise buildings
- Walking distance to transit at two BART stations and lines
- Great views from upper floors

## **CONSTRAINTS**

- Requirement for some public open space compromises development potential at ground floor
- Limited space at ground floor to accommodate all desired uses
- One-way traffic flow around site compromises service and ramp access locations

Figure 3.4:  
SITE 6 OVERVIEW



SITE 6

STREET LEVEL

RETAIL	21,300 SF
HOUSING AMENITIES	3,000 SF
OPEN SPACE	15,000 SF
PARKING AT CORE	
LEVEL 1	8,000 SF
20 STALLS	
LEVEL 2	8,000 SF
20 STALLS	
TOTAL PARKING	40

UNDERGROUND PARKING

LEVEL B1	60,000 SF
	170 SPACES
LEVEL B2	60,000 SF
	170 SPACES
TOTAL PARKING	340 SPACES

MID-RISE LEVELS

6(FLOORS) - LEVEL 3-8	
37,000 SF FLOOR PLATE	
24-26 UNITS PER FLOOR	
156 UNITS TOTAL	

TOWER LEVELS

(16 FLOORS) LEVEL 9-25	
10,000 SF FLOOR PLATE	
150' X 80' FOOTPRINT	
10 UNITS PER FLOOR	
160 UNITS TOTAL	

316 HOUSING UNITS TOTAL
380 PARKING SPACES
(1.2 PER UNIT)



Figure 3.4 Continued:  
SITE 6 MID-RISE

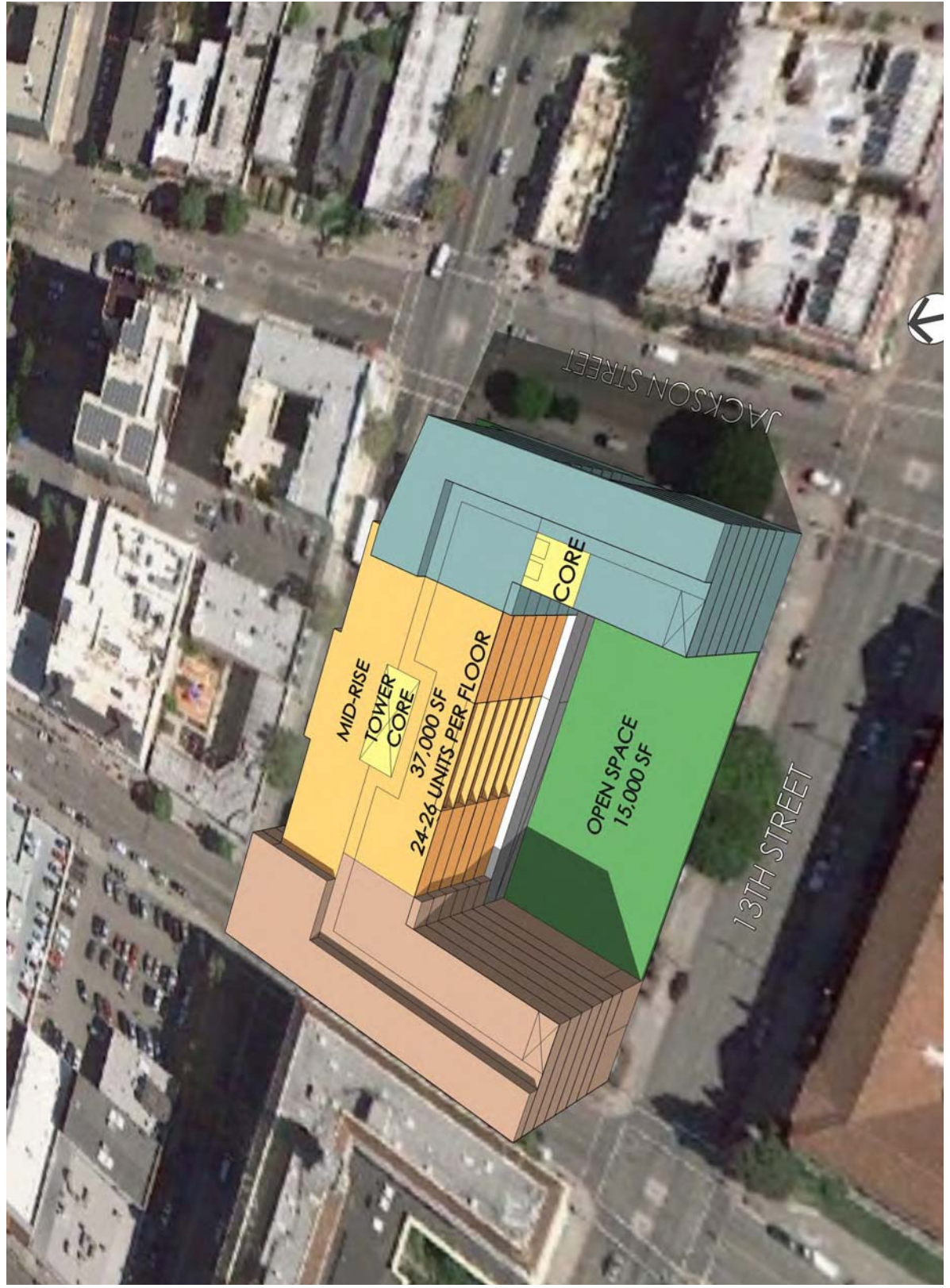
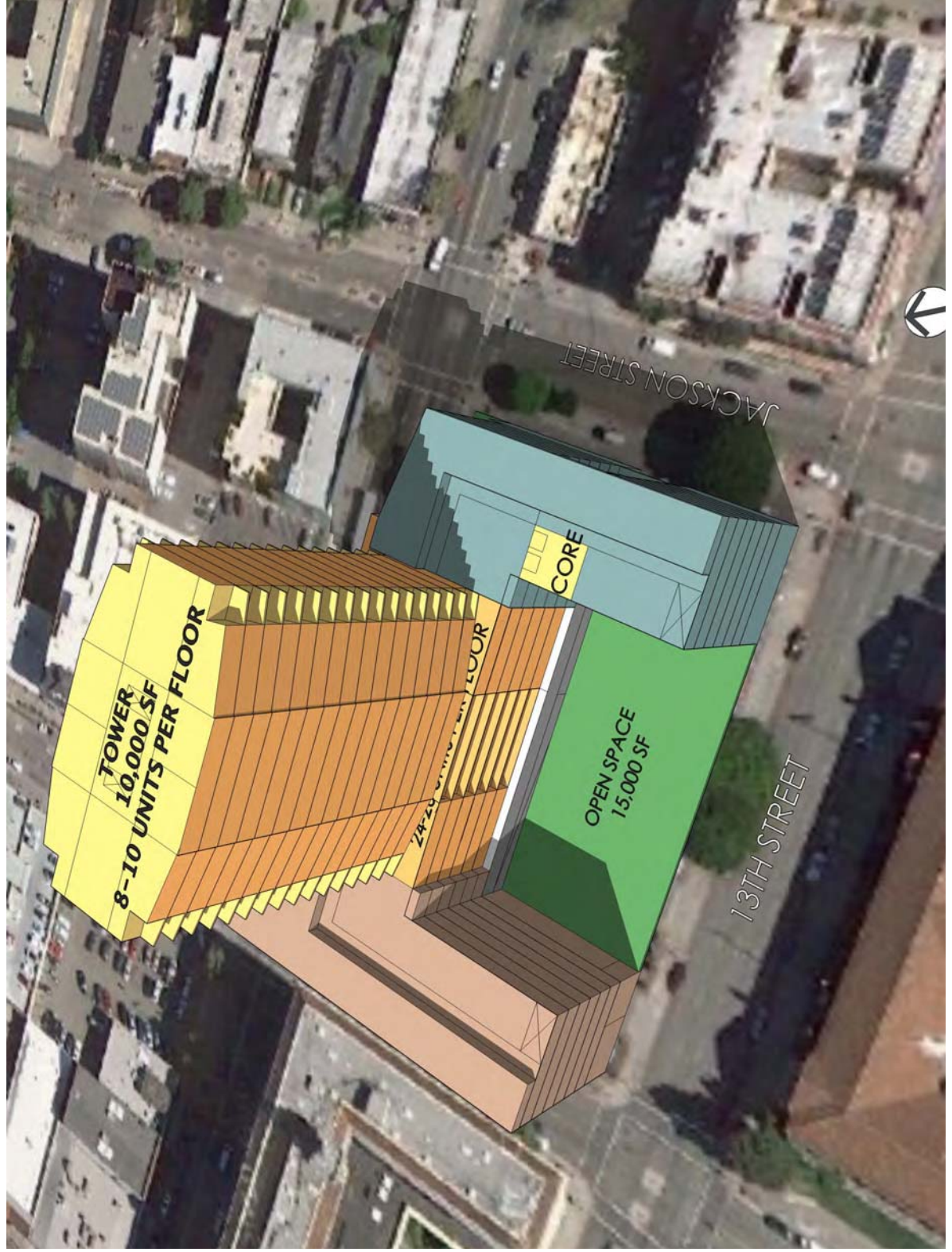




Figure 3.4 Continued:  
SITE 6 HIGH-RISE



SITE 6

## **SITE 15**

Site 15 is a full City block, bounded by 12<sup>th</sup> and 11<sup>th</sup> Streets on the north and south and by Harrison and Webster Streets on the east and west. The block is currently occupied by a collection of single and two story buildings, mostly dedicated to vehicle storage and repair, with some office and ancillary uses along the 12<sup>th</sup> Street frontage. This block is approximately 300 by 200 feet within the property lines (i.e. to the inside edge of the existing sidewalks) and has been tested for redevelopment potential.

The general configuration of the proposed test-fit conceptual massing of this block is a U-shaped building at mid-rise levels with residential accommodation ranged around the east, north and west sides. However, at the lower level, the buildings are held back from the 11<sup>th</sup> & Harrison Street corner, in order to create the lower levels of a new public open space. The open space sweeps up from the southeast corner, which is at street level, through a series of generously sized steps and ramps, into a larger south-facing open space at the center of the site, above the ground level retail and mid-block parking. The total area of this two-level park is 17,500 SF and is surrounded by the mid-rise building above.

The assumed preferred mix of uses for this site is retail units at ground level with a mix of residential unit sizes and types above. At the ground floor level, retail units are arranged around most of the perimeter, facing 11<sup>th</sup>, 12<sup>th</sup> and Harrison Streets. Two levels of above ground parking are located in the middle of the block, accessible from Webster Street, and generally shielded from view by the surrounding retail spaces and the park above. Lobbies and vertical access to the residential blocks above, as well as ramped access down to below ground parking levels, are also located at the ground level.

The test-fit massing concept assumed that the mid-rise U-shaped block would be 6 or 7 stories above the ground floor retail, with a residential tower rising out of this base in the center of the northern side of the block, up to a maximum height of 20 stories above ground. The tower faces onto the elevated public open space, with south-facing units having views onto it.

On-site parking is not required for the retail units, but is provided at a preferred ratio of 1.0 space per residential unit. For the purposes of this test-fit concept, it was assumed that the entire block could accommodate up to two full levels of below ground parking, including the area below the public open space on the southeast corner.

In addition to the 17,500 SF of public open space, this massing study yields a maximum of 25,000 SF ground floor retail space, 156 residential units (assuming an average size of 1000 GSF per unit) in the mid-rise blocks and a further 144 residential units in the tower, for a possible total of 300 units.

The mid-block above ground parking provides a total of 90 parking spaces (45 per level). To meet the minimum spaces required by the preferred parking ratio, an additional 210 spaces are required. The additional spaces are provided in one full below ground parking level at Basement One (170 spaces) and a partial Basement Two below the western half of the site (65 spaces) for a total 325 spaces on-site. This slightly exceeds the minimum requirements and allows some flexibility for added visitor parking.

Site massing concepts for Site 15 are shown in Figure 3-5.

### **OPPORTUNITIES**

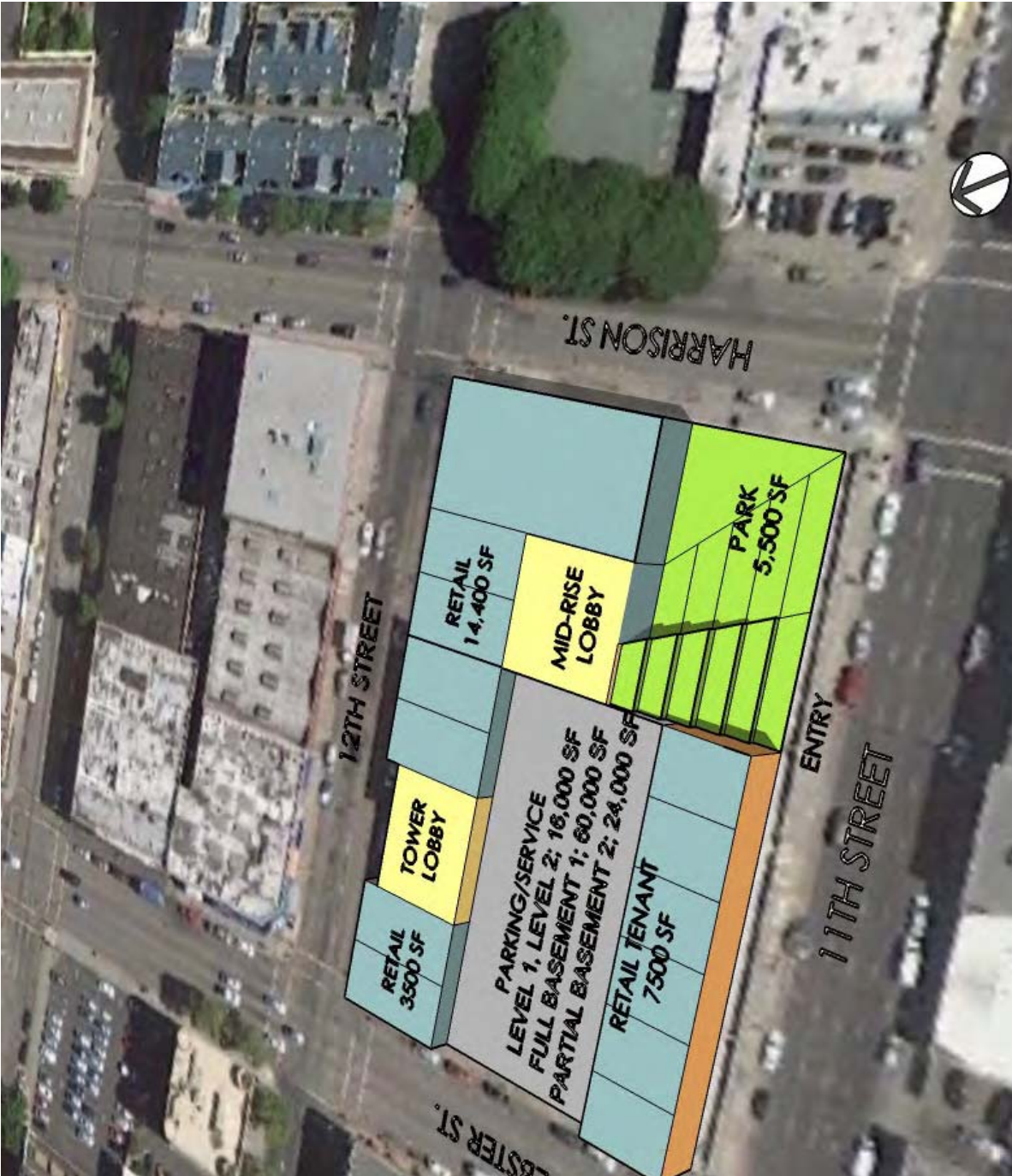
- Close to existing downtown high-rise buildings
- Full city block site
- Tall building is possible – maximizes development potential and density
- Walking distance to Lake Merritt and other downtown locations
- Walking distance to transit at two BART stations and lines
- Great views from upper floors

### **CONSTRAINTS**

- Requirement for some public open space compromises development potential at ground floor, especially at corner of 11<sup>th</sup> and Harrison Streets
- Limited space at ground floor to accommodate all desired uses
- One-way traffic flow around site compromises service and ramp access locations
- Site is currently occupied by one and two story buildings still in use
- Desire to maximize ground floor retail opportunities conflicts with preferred location of public open space



Figure 3.5:  
SITE 15 OVERVIEW



SITE 15	
STREET LEVEL	
RETAIL	25,000 SF
PARK AT CORNER (INCLUDES 2ND FLOOR PODIUM)	17,500 SF
PARKING	
ABOVE GRADE	
LEVEL 1	16,000 SF 45 SPACES
LEVEL 2	16,000 SF 45 SPACES
BELOW GRADE	
FULL BASEMENT 1	60,000 SF 170 SPACES
PART BASEMENT 2	24,000 SF 65 SPACES
TOTAL PARKING	325 SPACES
MID-RISE LEVELS RESIDENTIAL	
(6 FLOORS) - LEVEL 3-8	
37,000 SF FLOOR PLATE	
24-26 UNITS PER FLOOR	
156 UNITS TOTAL	
TOWER LEVELS RESIDENTIAL	
(12 FLOORS) LEVEL 9-20	
12,500 SF FLOOR PLATE	
145' X 90' FOOTPRINT	
12 UNITS PER FLOOR	
144 UNITS TOTAL	
300 HOUSING UNITS TOTAL	
325 PARKING SPACES TOTAL (1.0 PER UNIT)	
(300 PLUS 25 ADDITIONAL)	

Figure 3.5 Continued:  
SITE 15 MID-RISE

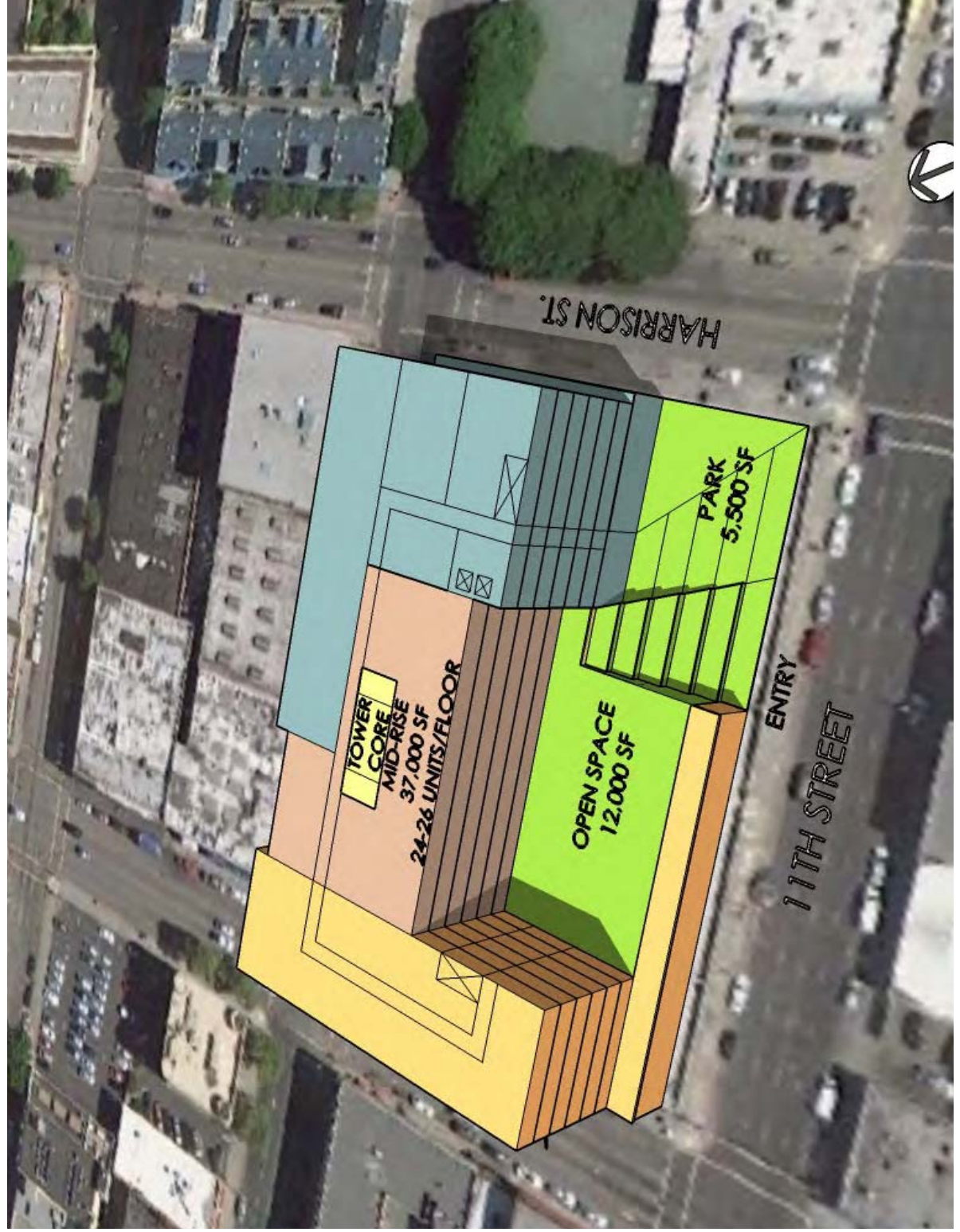
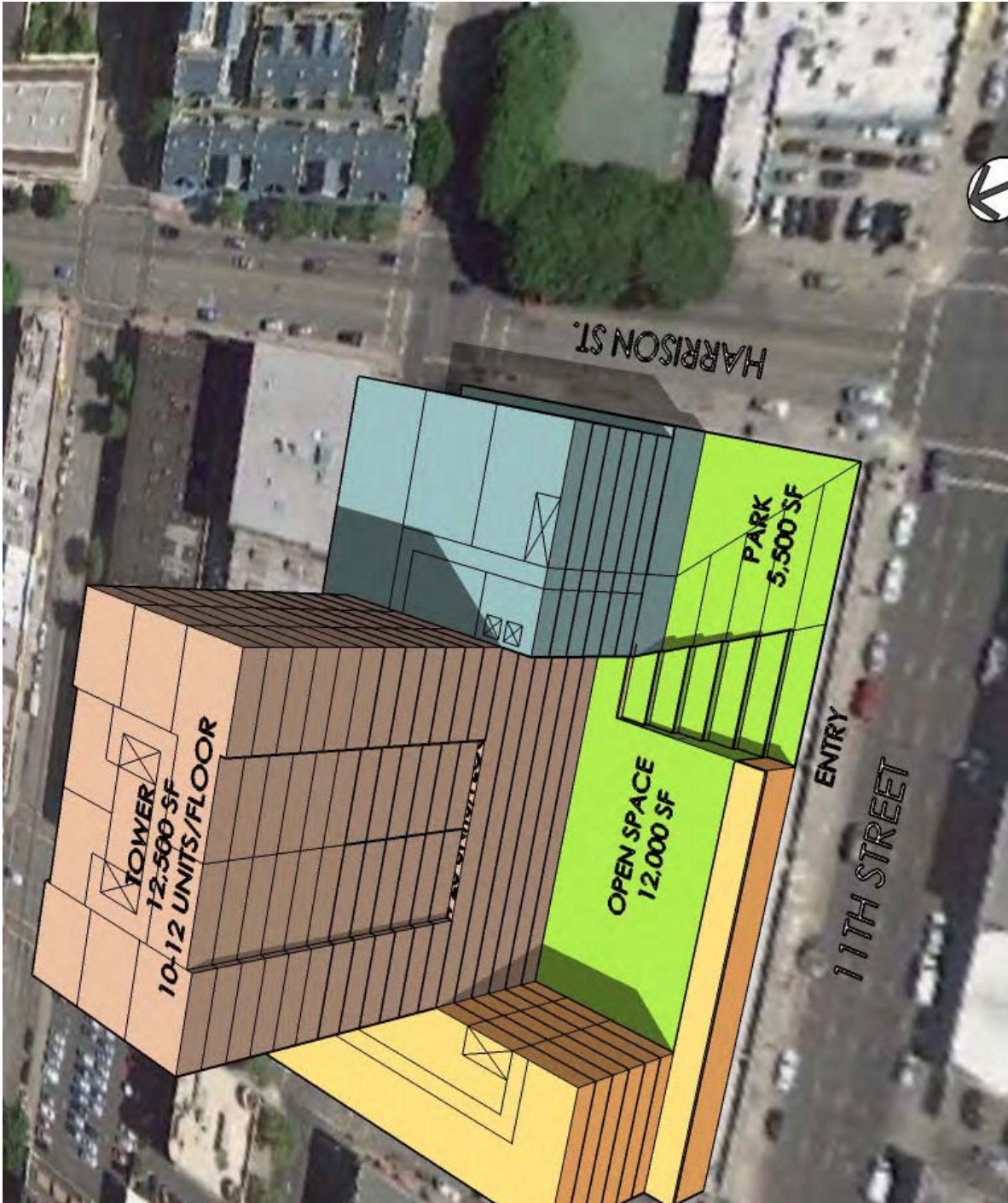




Figure 3.5 Continued:  
SITE 15 HIGH-RISE



SITE 15

## **SITE 45**

Site 45 is approximately one half of a city block, bounded by International Boulevard and East 12<sup>th</sup> Streets on the north and south and by 2nd and 1st Avenues on the east and west. The eastern portion of the block contains a collection of individual properties with buildings ranging from one to four stories, and is not a part of the development site. The western half of the block currently contains a motel and a series of single-story buildings and surface parking lots. The northwest corner of the site has a curved frontage, defined by the radius of International Boulevard as it curves to meet 1<sup>st</sup> Avenue. The site is approximately 290 by 160 feet within the property lines (i.e. to the inside edge of the existing sidewalks) and has been tested for redevelopment potential.

The general configuration of the proposed test-fit massing of this block is for outward-facing perimeter development addressing the surrounding streets. This creates a U-shaped building which surrounds and defines a central private open space courtyard for the benefit of the residents of the building.

The assumed preferred mix of uses for this site is retail units at ground level facing International Boulevard and ground floor townhouses around the rest of the site, with a mix of residential unit sizes and types above the ground levels. Lobbies and vertical access to the residential floors above, as well as ramped access to parking levels below, also have been accommodated at the ground level.

The test-fit massing concept assumes that this block would be 8 stories around the full perimeter of the block, with the uppermost penthouse level set back from the street-edge, and with as many of the units as possible located to take advantage of views of nearby Lake Merritt.

On-site parking is not required for the retail units, but is provided at a conceptual ratio of 1.2 spaces per residential unit. For the purposes of this test-fit concept, it was assumed that the entire block could accommodate up to two full levels of below ground parking, including the area below the mid-block courtyard. Access to below ground parking is by a ramp down from East 12<sup>th</sup> Street.

This massing study yields a maximum of 16,300 SF ground floor retail space, 5 townhouses, 132 residential units (assuming an average size of 1000 GSF per unit) in the mid-rise block and a further 15 penthouse units at level 8 for a possible total of 152 units.

The two full floors of below ground parking provide a total of 200 spaces (100 per level). This total slightly exceeds the minimum requirements and allows some flexibility for added visitor parking.

Site massing concepts for site 45 are shown in Figure 3-6.

## **OPPORTUNITIES**

- Readily available site – existing motel not in use
- Great views of Lake Merritt and other nearby amenities
- Walking distance to Lake Merritt
- Walking distance to transit and to Lake Merritt BART station
- Perimeter development reinforces urban fabric
- Quiet side street to south

## **CONSTRAINTS**

- Not a full city block site
- Property lines are immediately adjacent to existing, occupied mid-rise buildings
- High-rise building to the west obscures some lake views
- High-volumes of traffic to west and north on International Boulevard
- Limited site opportunity for ground floor retail
- Lower height limits than other opportunity sites restricts development potential



Figure 3.6:  
SITE 45 OVERVIEW



SITE 45

STREET LEVEL

RETAIL (34.5% LOT COVERAGE)	16,300 SF
RESIDENTS LOBBY	3,000 SF
5 TOWNHOUSES @ 2500SF	12,500 SF
RESIDENTS COURTYARD	12,600 SF
SERVICE/TRASH/LOADING	2,500 SF
RAMP DOWN TO PARKING	3,000 SF

UNDERGROUND PARKING

BASEMENT 1	100 SPACES
BASEMENT 2	100 SPACES
TOTAL PARKING	200 SPACES

MID-RISE LEVELS 2-7

6 FLOORS	
24,000 SF FLOOR PLATE	
22 UNITS PER FLOOR	
132 UNITS TOTAL	

PENTHOUSE LEVEL 8

LEVEL 8	
19,700 SF FLOOR PLATE plus	
6,500 SF MEZZANINE	
15 UNITS	

152 HOUSING UNITS TOTAL	
200 SPACES (1.3 SPACES PER UNIT)	

Figure 3.6 Continued:  
SITE 45 MID-RISE

SITE 45

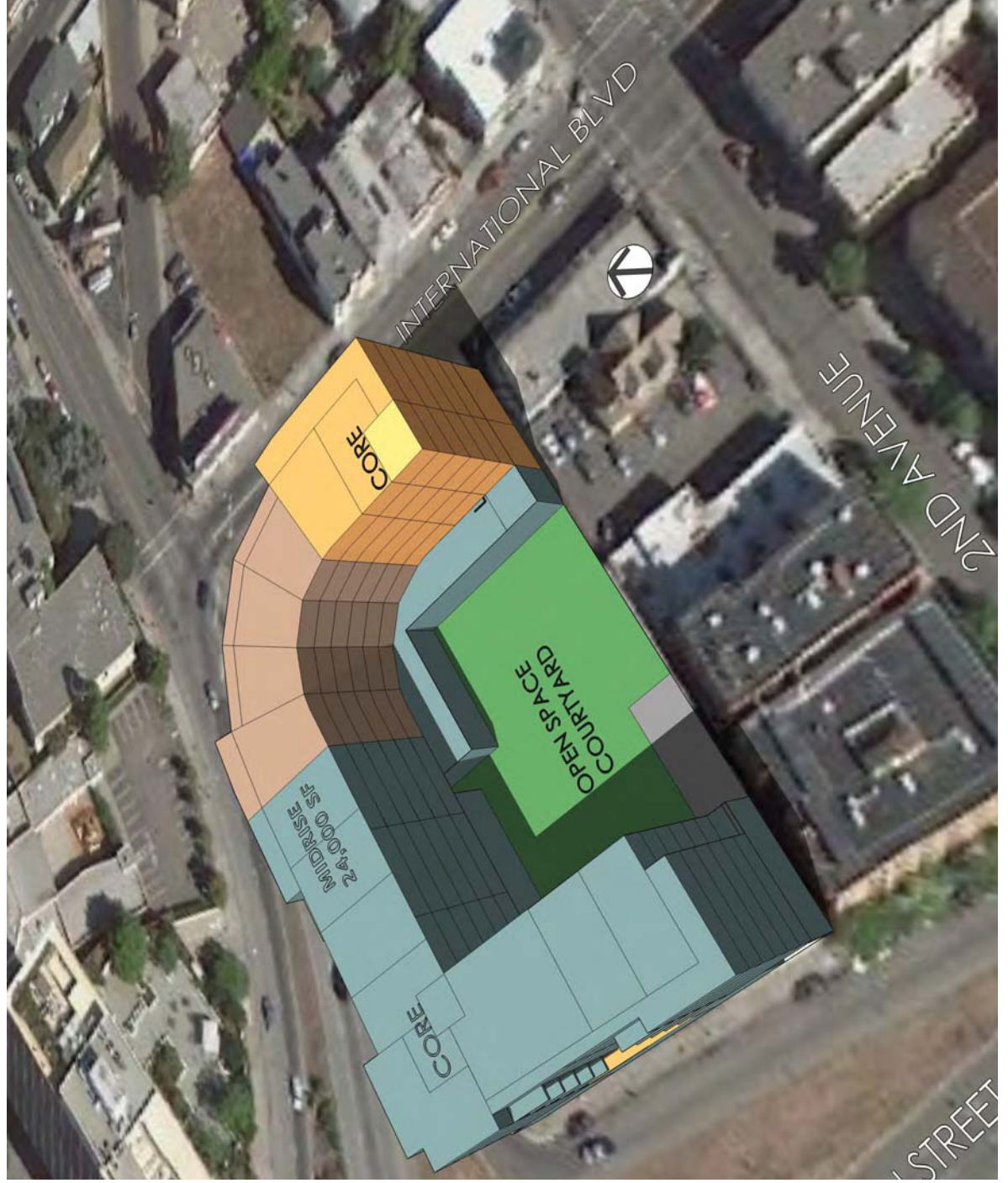
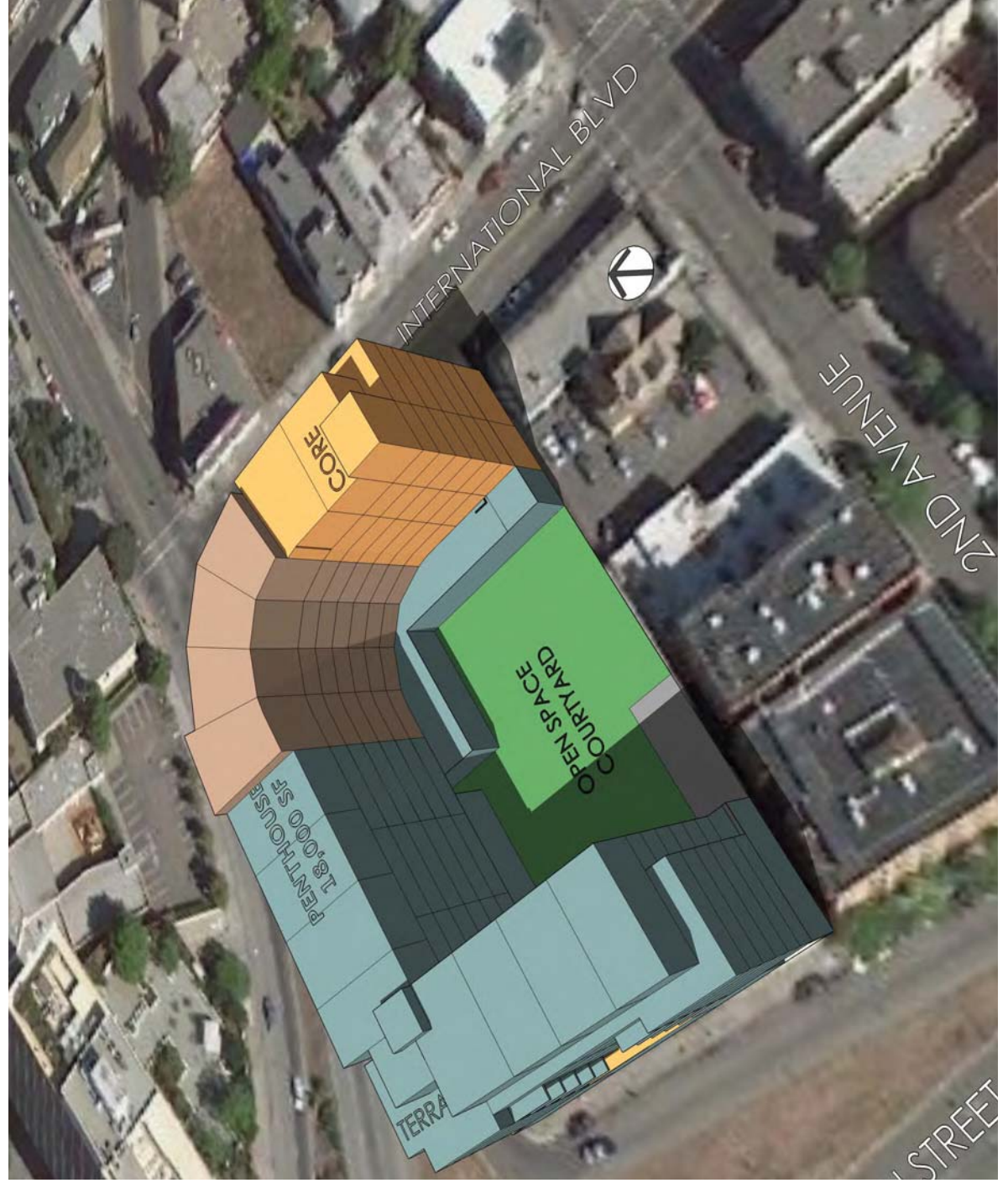




Figure 3.6:  
SITE 45 PENTHOUSE



SITE 45

## **GENERAL COMMENTS**

The constraints and opportunities listed above for each of the individual sites are, on the whole, specific to each of the sites, although some general observations can be made which may be categorized as opportunities and constraints for the district in general:

### **OPPORTUNITIES**

- Excellent access to transit at two BART stations and lines
- Pedestrian-friendly downtown environments
- Easy access to shops and services
- Strong and motivated community
- Walking distance to Lake Merritt and other downtown locations
- Height limits encourage development potential
- Surrounded by mid-to-high-density existing buildings
- Great views from dwelling units on upper floors

### **CONSTRAINTS**

- Vehicular access is from a fairly busy and sometimes congested street network
- One-way street circulation compromises access to some sides of some properties
- Existing BART operations, access, maintenance requirements
- On-street parking limited and currently in high demand
- Desire to maximize ground floor retail to enhance the pedestrian friendly environment requires trade-off with other uses competing for space
- Many sites are occupied by existing buildings still in use
- Multiple private ownerships will be a challenge to efficient development on many blocks
- Current economic climate is challenging for development
- Construction activity on large sites or full city blocks will have temporary impacts on surrounding properties

In addition, it should be recognized that some of the proposed parking ratios for each of the four opportunity sites differ from current City of Oakland standards. Further detailed studies, beyond the scope of this project, would be required to determine the best parking ratios for each block, depending on the proposed mix of uses, existing traffic and parking constraints, proximity to public transportation, and changing patterns of vehicle usage. . Results of further study could cause the proposed ratios to be revised either upwards or downwards and would have some effect on the overall potential for maximum development capacity for each opportunity site and for the district in general.

The Design Team acknowledges that some of the current proposals illustrated here, for example the linear park above the BART tube on the BART parking site and the perimeter massing configuration on Opportunity Site 45, have met with some resistance for various reasons during the public outreach process. It should be stressed here that each of these opportunity site explorations is a ‘test-fit’ conceptual design and not a prescribed or final design. There are many ways in which each of the sites could be developed within the given opportunities and constraints stated and the current proposals should be viewed primarily as a means to help determine the maximum development potential of each site. The combination of the conceptual design studies for the four sites assists in the creation of a ‘framework’ within which development on each site could occur, rather than as specific design proposals for the sites.

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