

January 20, 2010

Location:	Central Estuary Plan area: bounded by 19 th Avenue to the north, 54 th Avenue to the south, I-880 to the east and the Bay to the west. This is a continuation of a discussion item that was on the December 16, 2009, Planning Commission agenda, at which the Commission requested this item be brought back for discussion and recommendation. The City of Oakland is creating a Specific Plan and environmental document for the Oakland Central Estuary Plan Area. Stakeholders, including property owners, businesses owners and residents, have participated in a series of six community workshops, and have developed a draft preferred land use alternative which will form the basis of the Specific Plan for the area. Planning Commissioners and citizen feedback will be incorporated into the development of the Specific Plan. At this meeting, Staff will present more information about the economic and fiscal impacts of the alternatives, as per the Commission's request.
Proposal:	
Applicant:	City Planning Commission
Planning Permits Required:	N/A
General Plan:	LI-2- Light Industrial (Brooklyn Basin); PWD-2- Planned Waterfront Development (Con Agra, Lone Star, Ready Mix); RMU-1- Residential Mixed Use (Kennedy Tract Waterfront); HI-1- Heavy Industrial (Owens-Brockway); GC-1- General Commercial (42 nd / High/ Super K-Mart); LI-3- Light Industrial (East of High St. North of Tidewater St.); PWD-3- Planned Waterfront District (East of High St./ South of Tidewater); WCR-2- Waterfront Commercial (Embarcadero Cove/Union Point)
Zoning:	M-40, S-4, HBX-3
Environmental Determination:	An EIR will be prepared as part of this plan.
Historic Status:	Historic resources will be studied as part of the development of the Specific Plan.
Service Delivery District:	4 & 5
City Council District:	5
Status:	Ongoing
Action to be Taken:	Recommendations to City Council
Finality of Decision:	N/A
For Further Information:	Contact case planner Alisa Shen at (510) 238-2166 or by email: ashen@oaklandnet.com

SUMMARY

This is a continuation of a discussion item that was on the December 16, 2009, Planning Commission agenda, per request of the Commission. At the December 16th Planning Commission meeting, the Strategic Planning Division of CEDA and its team of consultants developing a Specific Plan for the Central Estuary area presented the land use and transportation concepts for the Plan Area to solicit preliminary input from the Planning Commission. The Central Estuary Plan Area is generally encompassed by 19th Ave. to the north, 54th Ave. to the south, I-880 to the east and the Oakland Estuary to the west. (**Attachment A**)

The Planning Commission requested additional information before it could make a recommendation to the City Council to adopt the draft community-preferred alternative at the December 16th meeting. The Commission's request for additional information included the economic assumptions that went into the economic analysis of the three alternatives and a comparison of the relative impacts of the three alternatives with respect to jobs, conversion of industrial land, amount of new retail, etc.

This report presents additional information about the economic and fiscal impacts of the alternatives as per the Commission's request. City staff requests that the Planning Commission recommend adoption of the draft preferred alternative to the City Council as a basis for development of the draft Specific Plan. Based on input from the advisory bodies, Planning Commission and City Council, the preferred alternative will be refined and a draft Specific Plan prepared including proposed land uses, as well as design standards and guidelines reflective of community and City priorities. Once the draft Specific Plan is prepared, it will be presented to the community, advisory bodies, Planning Commission and City Council for comment, which will be incorporated into the final Specific Plan.

The following report presents a brief overview of the three land use alternatives developed for the study area and the preferred alternative, the fiscal impacts of the three alternatives and the preferred alternative, and a summary comparison of the economic impacts and underlying assumptions of the three land use alternatives and the preferred alternative. Next steps for the planning process are described including a description of the recommendations from the Landmarks Preservation Advisory Board, the Parks and Recreation Advisory Committee and preliminary recommendations from the Planning Commission.

PROGRAM DESCRIPTION

Through an extensive community outreach and involvement process, including a series of six community workshops attended by between 40 to 70 participants, three draft alternative development concepts and a draft preferred alternative for the area were developed. (**Attachment B** contains a description of the three land use alternatives.) The three draft alternatives offered a variety of different configurations of proposed future land uses and street networks and included extensive analysis of transportation, economic, demographic, public health, and sustainability impacts. Based on these alternatives, the community expressed preferences for maintaining and expanding industry and jobs that have economically and environmentally beneficial impacts. Additionally, they supported creating targeted opportunities for redevelopment to support the expansion of the existing Kennedy Tract neighborhood and providing healthier, safer and higher-quality conditions for the neighborhood, the Plan Area, the City and the region. In a well-attended and interactive workshop, diverse interest groups including residents, business owners and interested advocacy groups coalesced around a preferred alternative that reflects these priorities.

The community preferred alternative is a hybrid of the three draft land use alternatives, incorporating certain components from each alternative. The preferred alternative includes: (a) West Subarea, mixed-use infill, maintain specialty food producing industrial area; (2) Central West Subarea, preserve the existing neighborhood including live/work uses; (3) Central East Subarea, new mixed-use residential development; and (4) East Subarea, industrial uses and limited residential development buffered by research and development. (See **Attachment C** for the Community-Preferred Alternative Map)

FISCAL IMPACT

A projection of potential fiscal impacts found that the three Plan Alternatives, described under the Program Description, would have widely disparate impacts on the overall fiscal health of the city. At build out—which will be achieved in 2035—the development outlined in Alternative 1 would have the

largest positive fiscal impact, with a cumulative, net increase of revenue to the General Purpose Fund of \$2,736,000. (See **Attachment B** for a description of the three land use alternatives.) In contrast, Alternative 2 would generate more new costs than new revenue, leading to a net loss of \$285,000. This is partly due to a lack of Sales Tax-generating land uses and an overall lower level of new, Real Estate Transfer Tax-generating development. In Alternative 3, while the additional expenditures entailed by the plan would be higher than either of the other alternatives, they would be more than offset by the additional revenues, leading to a net increase of \$1,047,000. However, each of these expenditures and revenues varies considerably over time. Because all three alternatives are highly dependent on the Real Estate Transfer Tax, the timing of development plays a critical role in determining whether net revenue is positive or negative in a given year, including at build-out.

A preliminary draft fiscal impact analysis of the preferred alternative was completed following the December 16, 2009, Planning Commission meeting (See **Attachment D**). Over the course of the 25 year period of this plan, the fiscal impact of the preferred alternative will be variable and highly dependent upon the phasing of new development and redevelopment. At build-out (2035), however, it is projected that the plan will be strongly fiscally positive, with marginal revenues to the general fund exceeding marginal expenditures by \$1.3 million (2009 dollars). More than 50 percent of this marginal revenue will be derived from the real estate transfer tax, much of which will be driven by the redevelopment of the Owens Brockway site. Nearly 45 percent of the increase in costs will be in the form of increased demands on the police department, which will need to provide significantly enhanced services to an area that currently has a small residential population.

The fiscal impact only addresses changes to costs and revenues related to on-going operations and maintenance, not the up-front costs associated with new infrastructure. However, a significant investment in new road construction, demolition, and land remediation will be necessary to support the new development outlined in the plan. While some of this will be funded by developers, much of this investment would need to precede new development, suggesting a source of public infrastructure funding, such as from Oakland Redevelopment Agency (ORA), may be required. Nonetheless, over the course of the 25-year period of the plan, the preferred alternative will yield a significant return to the ORA. From 2010 to 2035, the ORA would collect approximately \$82 million in tax increment, including \$42 million that is not part of the required set-aside for schools or housing.

Compared to the three alternatives initially proposed, the preferred alternative would have a more positive fiscal impact at build out than both Alternative 2 and Alternative 3, though less positive than Alternative 1. Similarly, the preferred alternative would generate more non-set-aside tax increment for the ORA than Alternative 1 and Alternative 2, but less than Alternative 3 (\$66,000,000).

KEY ISSUES AND IMPACTS

Per the Planning Commission's direction, staff has summarized the economic impacts of the land use alternatives and the community preferred alternative as follows.

1. Key Land Use Assumptions

Key land use assumptions used to calculate the total net new population and jobs that would be generated from the draft and preferred alternatives, including multipliers for Value, Density, Holding Period (sales turnover), Vacancy rates, and Occupancy rates are described and shown below.

Key Land Use Assumptions*

Land Use Type	Value	Density (persons per household, or sq. ft. per employee)	Holding Period (years)	Vacancy	Occupancy
<i>Residential (per unit)</i>					
Multi-family	\$459,313	2.30	7	5%	95%
<i>Nonresidential (per sq. ft.)</i>					
Retail	\$364	500	15	10%	90%
Office	\$270	300	15	10%	90%
Industry (in)	\$150	(see text below)	15	10%	90%
Industry (out)	\$111	(see text below)	15	10%	90%

***Job and Population Estimates (Density and Occupancy)**

Many of the costs and revenues in the fiscal analysis were calculated based on the net increase in population and jobs resulting from the alternatives. Strategic Economics applied the following assumptions to derive population and job estimates from the housing unit and square footage estimates provided by Community Design + Architecture.

- Residential Household Size. Strategic Economics derived a density of 2.30 persons per household based on the average household size for renters in Oakland, using the 2006-2008 three-year estimate of the average household size for renters in Oakland from the U.S. Census American Communities Survey. Renters were used as the basis for household-size despite the likelihood that much of the new housing might be owner-occupied. This is because households in multi-family housing tend to be smaller than those in single-family homes, regardless of tenure. Renters are a good proxy for occupants of multifamily housing in general, as on average renter-occupied multifamily households tend to be somewhat larger than owner-occupied multifamily households.
- Non-Residential Density. Table 5.6 uses rule-of-thumb estimates of the number of square feet per employee for a range of non-residential building types (office, retail, and industrial). Strategic Economics assumed 500 square feet of retail space per employee, and 300 square feet of office space per employee. The density of industrial space varies among the three alternatives, depending on the relative share of industrial space that will be developed as high-density R&D space, rather than lower density warehouses and manufacturing buildings. Alternative 3 assumes a higher-density mix of space. Generally, net gains in industrial employment were derived from forecasts created by the Center for Community Innovation, and assumed employment densities range from 445 to 775 square feet per employee.

2. Summary Comparison of Draft Alternatives and the Preferred Alternative

The net gain in housing units, square feet of non-residential development, and estimated population and job growth within the Plan Area at build-out of all three alternatives, as well as the preferred alternative is summarized in the table below (Table 5.4 excerpted from Central Estuary Plan: Alternatives Report and updated on January 11, 2009). Many of these analyses were based on a detailed, parcel-by-parcel consideration of redevelopment potential of each site, as described in the Identifying Potential for Change section of the Alternatives Report (**Attachment E**).¹ Traffic, economic, and workforce impacts, for example, all depend on not only qualitative but also quantitative understanding of the impacts of proposed land use changes.

Net Change in Development within the Plan Area at Build-Out

Land Uses	Alternative 1	Alternative 2	Alternative 3	Preferred Alternative
Net Residential Units	1,930	1,416	3,730	2,463
Net Retail SF	436,412	-34,809	71,503	210,232
Net Office SF	0	163,095	201,500	39,200
Net Industrial SF	-1,558,286	-903,504	-1,864,364	-1,071,675
Net Park/Trail SF	114,714	107,348	283,699	415,361
<i>Estimated Net New Population</i>	<i>4,216</i>	<i>3,094</i>	<i>8,150</i>	<i>5,381</i>
<i>Estimated Net New Job Growth</i>	<i>361</i>	<i>697</i>	<i>220*</i>	<i>372</i>

*Note: The original estimate of 618 new jobs in Alternative 3 was revised to remove the effect of redeveloping the PG&E site.

¹ The complete Alternatives Report is available on the project website at: www.oaklandnet.com/central_estuary_plan

An important consideration of each of the draft alternatives includes how each proposal can fund needed infrastructure improvements to support the proposed development. One way of assessing the relative ability of each alternative to self-finance infrastructure improvements is by comparing the total value of new development in each alternative, relative to the infrastructure improvements that are needed. This method assumes that there is a fixed percentage of the total value that may be captured through exactions or community assessment districts while enabling the development to be financially feasible to build. The higher the value of development, the more money will be available for infrastructure. Under this method, the significantly higher value development planned in Alternative 3 would be able to carry the cost of significantly more infrastructure improvements than the other two; Alternative 2 would be able to carry the least amount of cost. It is important to note, however, that Alternative 3 would also require far more total infrastructure investment than either of the other two, while Alternative 2 would also involve relatively little new infrastructure. (For a detailed analysis see the Infrastructure Financing section of the Fiscal Impact Analysis chapter of the Alternatives Report, **Attachment F**). Infrastructure financing capacity for the preferred alternative will be assessed, in detail, as part of the development of the draft Specific Plan's Implementation element. Based on the overall amount of new development contemplated the infrastructure carrying capacity of the community preferred alternative would likely fall somewhere between that of Alternative 1 and Alternative 3).

3. Summary of the Community-Preferred Alternative

As shown in the table above, the community preferred alternative would result in the following net changes in residential units, office, retail, and industrial space, and jobs:

- Adds 2,465 new residential units for a total of 3,039 units
- Adds approximately 250,000 square feet of office and retail (mostly new regional retail along High Street) for a total of approximately 628,000 square feet
- Net loss of 1,071,675 square feet of industrial space (mostly reflecting redevelopment of the Owens Brockway site) for a total of approximately 4,171,000 square feet
- Net gain of 372 jobs

As shown in the table below, in the preferred alternative, 729 existing jobs would be lost as a result of the redevelopment of existing employment uses. The vast majority of these (526) would be in the Central-East Subarea, where the Owens-Brockway site and most of the Warehouse Triangle is slated for conversion to residential, retail, and park uses. These new uses would support 383 new jobs, for a net loss of 143 jobs. A smaller cluster of jobs would be lost in the East Subarea, with the conversion of some of the industrial land south of Tidewater to higher density industrial and high density residential uses. However, in this case, the 158 lost jobs are more than replaced by the addition of approximately 672 jobs related to in-fill R&D industrial and incubator development, resulting in a net gain of approximately 514 jobs in the subarea. In all, the 729 jobs lost to redevelopment are off-set by approximately 1,101 new jobs for a net gain of approximately 372.

Net Change in Employment by Subarea, Community-Preferred Alternative

	West	Central-West	Central-East	East	Total
Displaced Jobs	0	44	526	158	729
New Jobs	9	37	383	672	1,101
Net New Jobs	9	-7	-143	514	372

NEXT STEPS

The consultant team is currently soliciting feedback from a number of bodies including:

- Landmarks Preservation Advisory Board (LPAB)
- Parks and Recreation Advisory Commission (PRAC)
- Planning Commission
- Community and Economic Development Committee
- City Council

The PRAC and LPAB have both provided feedback on the preferred alternative summarized as follows. The PRAC recommended adoption of the draft community-preferred alternative with consideration given to possibly accommodating a playing field at its December 9, 2009 meeting. Much of the discussion was around the concept of a large publicly accessible waterfront park at the existing location of Alameda Avenue which is relatively near the existing Union Point Park. The PRAC noted that Union Point is underutilized. A proposed park in close proximity may not add much value; however, it may add value if it has facilities or other amenities that compliment Union Point Park, such as a playing field. The Commission suggested one alternative would be to change from a linear waterfront park to more of a square shape with some waterfront in order to accommodate some type of field or court. Discussion revolved around which type of sports field would be best. It was noted that soccer may be needed, but that there wasn't enough parking in the area to support it. Baseball was also suggested; however the Commission noted that there was already a sufficient baseball field nearby. Basketball was the tentatively preferred activity. The commission ultimately decided that the City's Office of Parks and Recreation (OPR) staff be consulted to determine if a playing field is needed in the area, and if so, which kind of field needs to be incorporated.

After discussion with OPR staff it was decided that the existing configuration of the park, as proposed, would work to accommodate the needed facilities. OPR staff recommended that the linear park be designed to use a third of the area for a junior soccer field, a third of the area for swings and a play structure and a third of the area for a basketball court or hitting wall for tennis practice.

At its December 14, 2009, meeting, the LPAB approved the draft community-preferred alternative with recommendations relating to identifying CEQA resources, sites to re-locate historic structures and reducing the amount of retail proposed in the Plan Area. The LPAB directed that the entire study area be considered as having the potential for prehistoric archeological resources and that during the CEQA analysis, it would be essential to obtain information from the Northwest Information Center, an institution which provides information on historic resources, regarding recorded sites and areas studied. In general, there was a lot of discussion about using the State of California's Office of Historic Preservation ratings to determine California Environmental Quality Act significance. The Board directed that historic ratings be carefully reviewed for accuracy to determine those resources subject to CEQA. OCHS staff will work with Strategic Planning staff in review of the data to ensure that the information is consistent with OCHS records.

The LPAB noted that the many vacant lots in the 36th Avenue/East 8th Street "Area of Secondary Importance" would be desirable destination locations for moved historic structures. Finally, the LPAB members supported including only a small amount of retail in the Plan Area. The thought behind this opinion is that new retail locations will attract retail currently residing in historic buildings in other parts of the City, thereby reducing the viability of using historic buildings and creating no overall net increase in tax revenue.

Although the Planning Commission requested additional information before deciding whether to recommend adoption of the preferred alternative to the City Council, the Commission reported preliminary comments at the December 16th meeting. The preliminary comments included improving

access to the waterfront and completing the Bay Trail, as well as improving the circulation patterns throughout the Plan Area. The Commission was interested in the way land uses would be defined, and encouraged planning for new industrial uses and technologies.

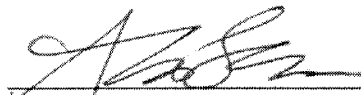
Based on input from the advisory bodies, Planning Commission and City Council, the preferred alternative will be refined and a draft Specific Plan prepared including proposed land uses, as well as design standards and guidelines reflective of community and City priorities. Once the draft Specific Plan is prepared, it will be presented to the advisory bodies, Planning Commission and City Council for comment; the comments will be incorporated into the final Specific Plan.

The next public workshop, the seventh of a total of eight, is planned to be held in March, when key elements of the draft Specific Plan will be presented for public input. The public review draft Specific Plan is anticipated to be circulated in late April and presented to the community, City advisory bodies, Planning Commission and City Council for review and comment in May/June. Based on this input, a revised public review draft is scheduled to be prepared and circulated in June/July. Following inclusion of public and City comments, the Specific Plan will be finalized. Preparation of the EIR will begin after the preferred alternative is selected. Once the Specific Plan and EIR are complete, adoption hearings will be held.

RECOMMENDATION

Staff requests that the Planning Commission recommend adoption of the draft preferred alternative to the City Council as a basis for the development of the draft Specific Plan. Based on input from the advisory bodies, Planning Commission and City Council, the preferred alternative will be refined and a draft Specific Plan prepared including proposed land uses, as well as design standards and guidelines reflective of community and City priorities. Once the draft Specific Plan is prepared, it will be presented to the advisory bodies, Planning Commission and City Council for comment; the comments will be incorporated into the final Specific Plan.

Prepared by:



Alisa Shen
Planner III, Strategic Planning

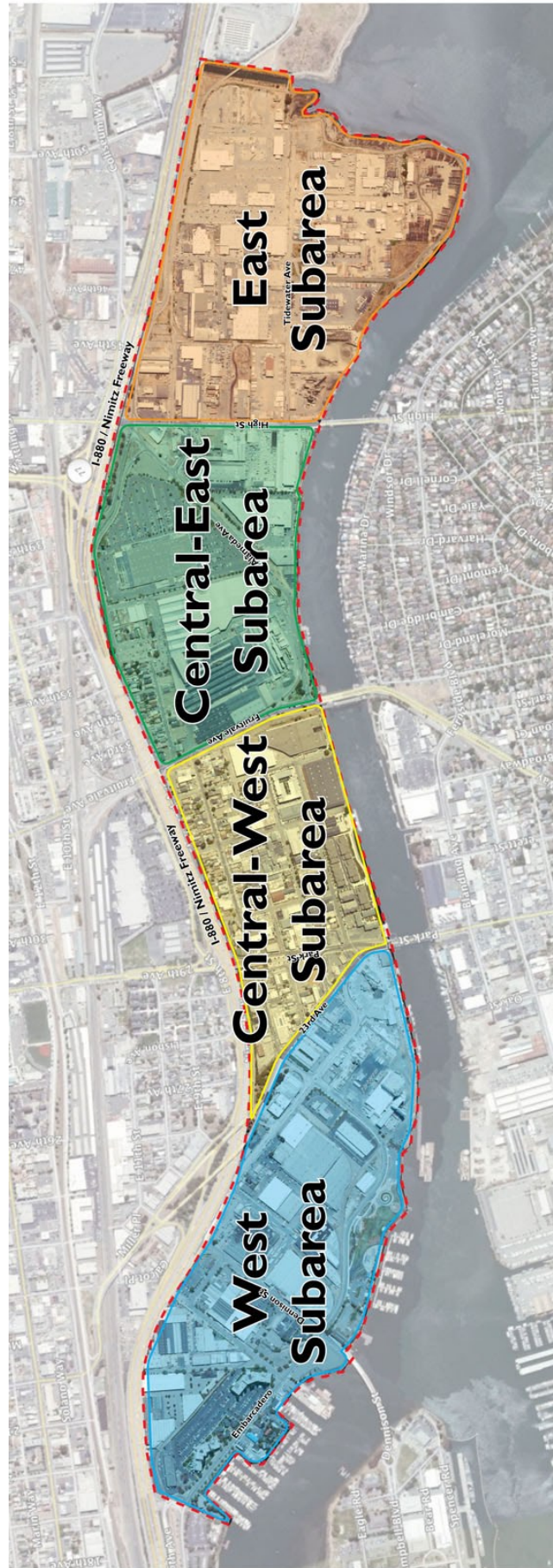
Approved for forwarding to the
City Planning Commission:



ERIC ANGSTADT
Deputy Director,
Community and Economic Development
Agency

ATTACHMENTS:

- A. Plan Area and Subareas Map
- B. Description of Land Use Alternatives
- C. Community-Preferred Alternative Map
- D. Fiscal Impact Analysis of Preferred Alternative (Jan. 6, 2010 draft)
- E. Identifying Potential for Change (Excerpt from Alternatives Report: Chapter 1: Introduction)
- F. Infrastructure Financing (Excerpt from Alternatives Report: Chapter 5: Economics)



Central Estuary Waterfront Specific Plan Area
Subarea Boundaries

May 26, 2009

Land Use Alternatives Description

Based on the priorities expressed by local residents, business owners, and policymakers and the results of the economic and potential for change assessments (**Figure 1**), consultants developed three alternative development concepts for the Plan Area (**Figure 2**). Each alternative represents a market-feasible possible development scenario. The alternatives are illustrative, meaning that each alternative is not intended to represent exactly which land uses or building configurations would be allowed on particular parcels, but rather to illustrate a range of possibilities for development and investment, providing a basis for the analysis of potential benefits and drawbacks of a range of possible futures. Extensive analysis of the effects of the Alternatives included transportation, economic, fiscal impact, demographic, public health and sustainability analyses, the results of which are available in a stand-alone Alternatives Report (which is available on the project website at: www.oaklandnet.com/central_estuary_plan). In general, the results of the analysis were mixed, with each Alternative performing well in some areas but poorly in others, illustrating the complex trade-offs among the many policy factors that determine land use.

1. Description of Alternatives

Elements common to all the Alternatives include maintaining a mix of housing and industry; maintaining food-related industry in the West Subarea; preserving and creating more opportunities or small businesses; maintaining the eclectic character of the Kennedy Tract Neighborhood; encouraging the re-use of existing buildings where possible to create a unique and distinct character for each subarea and to improve sustainability; creating more housing opportunities near parks and the waterfront; continuing to connect the Bay Trail and connect people to the two major waterfront parks; and improving connectivity, particularly for walking, biking and transit access.

- **Alternative 1** strikes a balance between industrial and residential development by securing an industrial future in the west Subarea and at the Owens-Brockway site, while allowing intensive residential development in the eastern end of the Plan Area. This alternative secures the food-related industry in the West Subarea by maintaining the ConAgra facility to discourage residential expansion and restricting new residential development in existing food-related industrial areas. It also provides new smaller-format industrial space at the Owens-Brockway site to accommodate new and growing businesses in the Plan Area. Alternative 1 adds the most retail of any alternative, providing a major new retail center north of Tidewater Avenue in the East Subarea. New waterfront residential development is concentrated in the south of Tidewater area where there is easy access to the Martin Luther King Shoreline Park and in the waterfront area between Alameda Avenue and High Street.
- **Alternative 2** strikes a balance between industrial and residential development by allowing new mixed-use development and planned waterfront development in the western half of the Plan Area and focusing industrial development and job growth in the eastern Subareas. New waterfront residential development at the location of the ConAgra facility and near Union Point Park expands the Kennedy Tract residential neighborhood to the West. The Owens-Brockway site is redeveloped as light-industrial and R&D space around a technology incubator that helps generate new businesses to reinvest in not only that site, but also the industrial areas between Alameda Avenue and High Street and also to the South of High Street. This alternative adds the fewest new residents, loses the least industrial space, and adds the most jobs of any alternative.
- **Alternative 3** maximizes waterfront residential development opportunities while providing targeted industrial space for the two major industrial opportunities – green and biotechnology startups and food production – in the Plan Area. Alternative 3 provides the necessary development opportunities and associated revenues to potentially facilitate the creation of a continuous Embarcadero Boulevard as envisioned by the Estuary Policy Plan, which could dramatically improve walking, biking and transit availability in the Plan Area. Alternative 3 provides the most new residential development of any alternative, focusing new residential on

Land Use Alternatives Description

locations near parks and the waterfront including the ConAgra site and the area South of Tidewater. In the area north of Tidewater, industrial space targeted to green business and R&D startups is provided to capture spinoff businesses from an R&D incubator space that is potentially located on PG&E's facility. This alternative adds the most new residents and loses the most industrial space. However, it still loses less than half of the total existing industrial space and will likely add more jobs than it loses due to the addition of higher intensity industrial and office uses being proposed.

2. Preferred Alternative

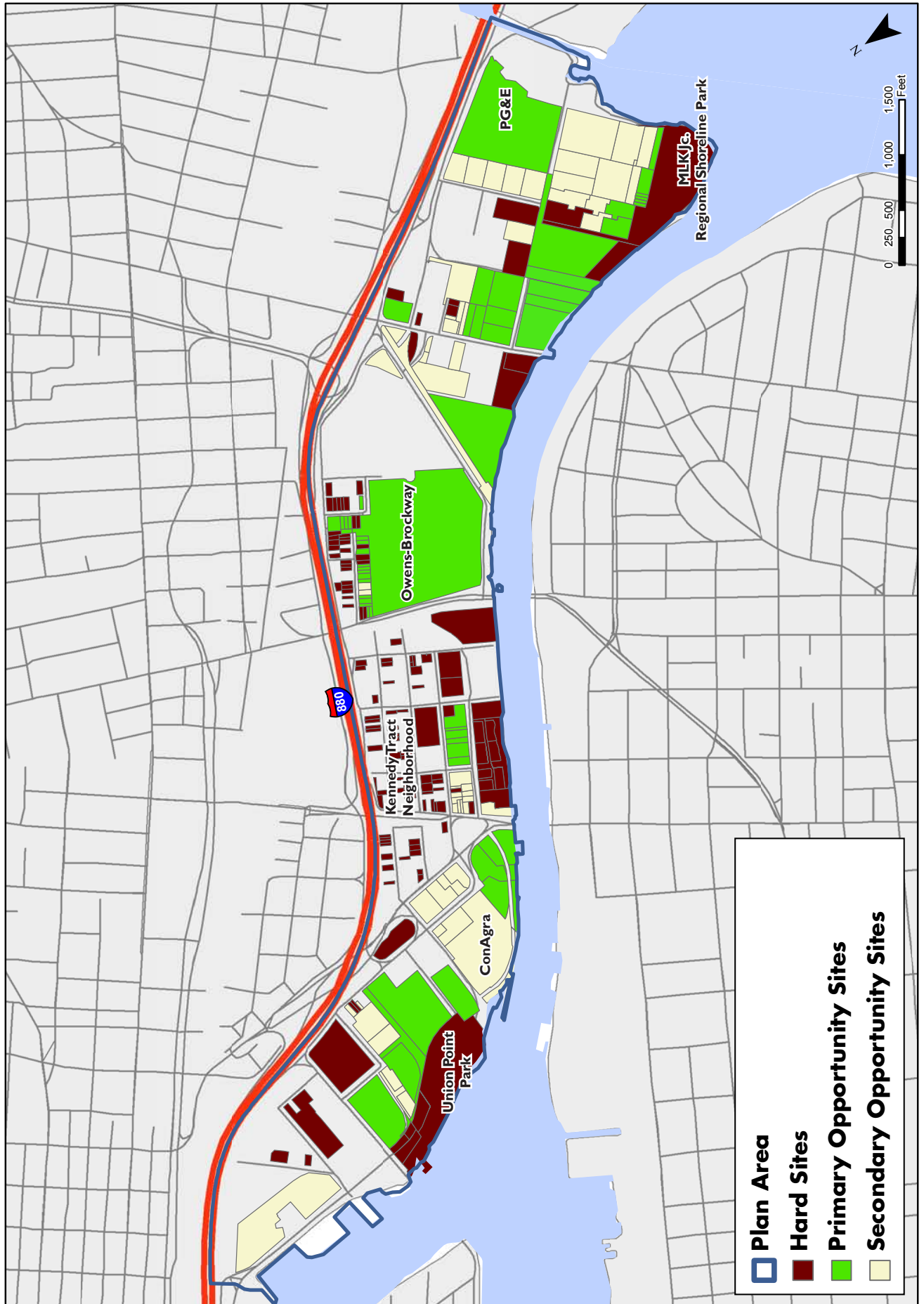
A community workshop on November 14, 2009 was devoted to identifying a preferred alternative. The workshop was attended by approximately 40 members of the community, including property owners, developers, area architects and representatives of advocacy organizations. The majority of participants had participated in one or more of the previous five workshops in which the vision statement and draft alternative development concepts, described above, were developed. Attendees participated in a hands-on map-based activity to develop a preferred alternative in small groups, then came together as a large group to reconcile the four plans and develop a consensus plan representing the preferred alternative; see **Attachment E**, Preferred Alternative Map. The community preferred alternative is a hybrid of the three land use alternatives, incorporating certain components from each alternative. The participants reached general consensus on the future of each subarea, as well as some key ambitions to improve the Plan Area as a whole, as described below.

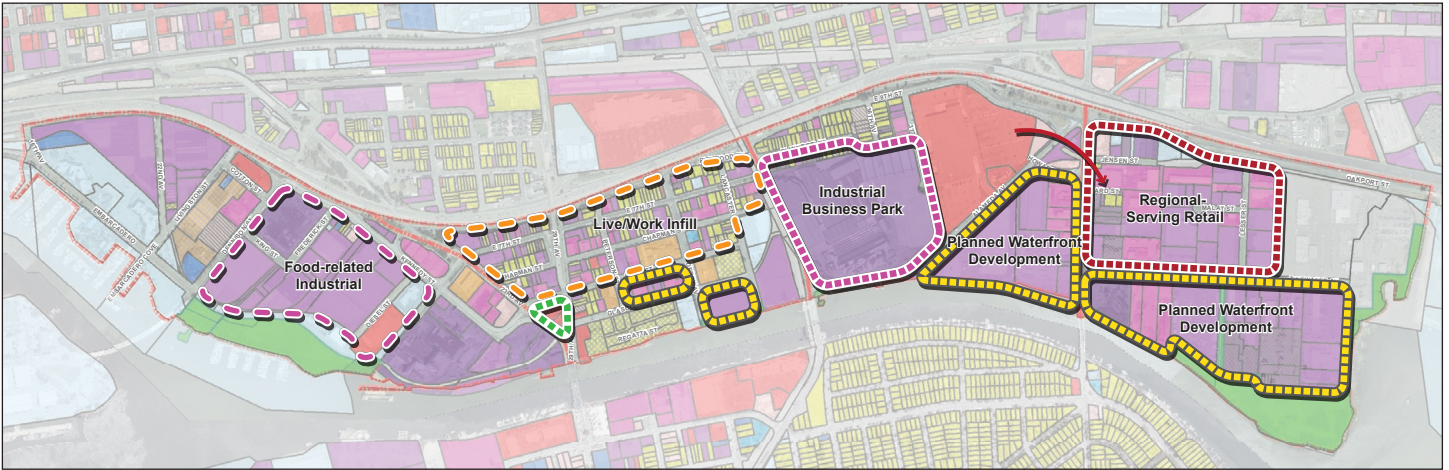
- **Area-Wide Concepts.** The key area-wide concepts espoused by the community and reflected in the draft preferred alternative have to do with increasing connectivity through the area, especially for pedestrians and bicycles, and creating a distinctive place by re-using existing buildings where possible or using components of buildings reflective of the unique area character at the center of the Plan Area. Throughout the process of developing the Plan, the community has supported new development and increased density in certain areas as a means to achieve goals elaborated in the vision statement, including increased access to the waterfront, better connectivity through the Plan Area for all modes, increased transit service and more neighborhood-serving retail. The provision of a continuous west-east roadway was a recommendation of the Estuary Policy Plan that has continued to have strong community support throughout the community process. The preferred alternative provides such a roadway and will set standards for landscaping and pedestrian and bicycle infrastructure to ensure that it is an attractive and safe facility. Additionally, the desire to convert Fruitvale Avenue into a more local-serving pedestrian and bicycle-friendly corridor is supported by providing opportunities for the desired neighborhood-serving retail on that corridor. Anticipated redevelopment of a number of the parcels along this corridor, and the potential opportunity to convert the unused rail spur to Alameda into community-serving open space create a unique opportunity to redefine this area and better connect the immediate neighborhood and the Fruitvale neighborhood to the north of the waterfront.
- **West Subarea.** In the West Subarea, mixed-use infill would be allowed to continue around the Embarcadero Cove area, but the growing specialty food producing industrial area east of Dennison Street, and the ConAgra flour processing facility would be maintained and protected. Because over 90% of the flour produced at the ConAgra facility is used within 25 miles of the site, the community agreed that the economic and environmental benefits of this use should be maintained. However, the community stressed the importance of beautifying the streetside appearance of the facility and of providing a Bay Trail connection along the waterfront edge of this facility within their parcel if possible, or, if food security issues will not permit that alignment, on an isolated pier-supported structure, as is currently being implemented further east at the site of the Oakland Museum of California's Women's Board Warehouse.

Land Use Alternatives Description

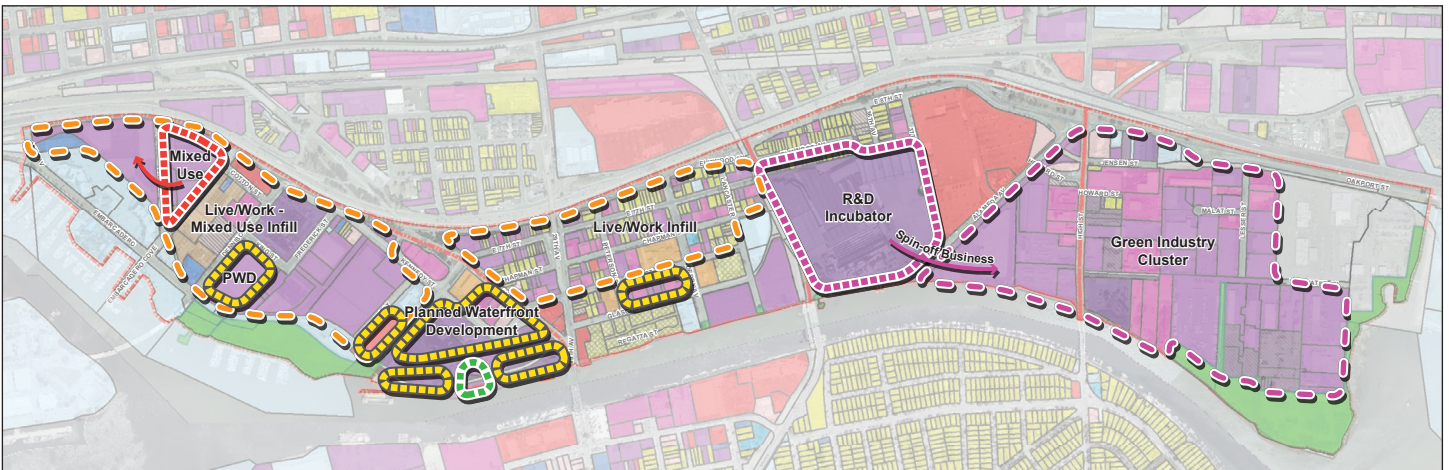
- **Central West Subarea.** In the Central West Subarea, preservation of the existing neighborhood and its eclectic character including live/work uses, was a priority. Additionally, the residents indicated acceptance of some additional residential and neighborhood retail development in order to increase vibrancy in the neighborhood and improve neighborhood convenience, area security and transit availability. To this end, existing waterfront warehouse uses that do not take best advantage of their location or allow waterfront access were determined to be good candidates for redevelopment, as medium-density residential development with landscaped and publicly accessible waterfront setbacks. However, re-use of some waterfront warehouses, or components thereof, could be encouraged in the Plan, to improve the sustainability of development and to provide a unique character for new development. New retail and north-south pedestrian and bicycle connections could be provided along Fruitvale Avenue, as described above.
- **Central East Subarea.** In the Central East Subarea, the Owens Brockway glass manufacturing plant is a key opportunity site that is over 25 acres and has sought to relocate numerous times in recent years. The community felt this site presented the best opportunity for new residential development, as it would expand the existing Kennedy Tract neighborhood and provide the density needed to achieve various community goals. The preferred alternative for this site includes a large publicly accessible waterfront park at the existing location of Alameda Avenue. In addition, the illustrative development concept also includes an approximately 1-acre urban park within the redeveloped Owens Brockway site. If their relocation proved feasible, components of the Owens Brockway site, such as the large concrete smoke stacks, could potentially be re-used as sculptures in the park. The community expressed a preference for mixed-use development with ground floor retail uses, which may be achievable in limited amounts due to economic constraints on retail uses. Retail located in this area could front onto an improved Fruitvale Avenue, creating a vibrant main street through the area that better connects the Kennedy Tract to the new residential development and creates a pedestrian corridor linking the Plan Area to Fruitvale BART and to Alameda. Regional-serving retail to provide jobs and convenient services could be located along High Street near the existing Home Depot center, expanding that retail center near the reconfigured I-880 interchange and capturing Alameda traffic. Redevelopment throughout this area not only provides the opportunity for a substantial waterfront park and continuous Bay Trail connection, but also creates a significantly more interconnected street grid that allows for more convenient pedestrian and bicycle access across the Plan Area.
- **East Subarea.** The East Subarea currently supports a number of light industrial employers as well as some regionally-significant heavier industries, all of which the community hoped to preserve, while revitalizing industry, providing improved Bay Trail connections, and creating an opportunity for limited residential development adjacent to the Martin Luther King Regional Shoreline Park to take better advantage of the scenic location and existing park. The preferred alternative reflects this mix of desires in a carefully constructed balance that hinges on redevelopment of the nearly 20-acre PG&E facility as a green jobs incubator surrounded by light industrial space to provide new jobs. The new residential development fronts onto the expanded East Bay Regional Parks District (EBRPD) park and is buffered from industrial uses by R&D employment uses.

Appendix B: Potential for Change Assessment Map

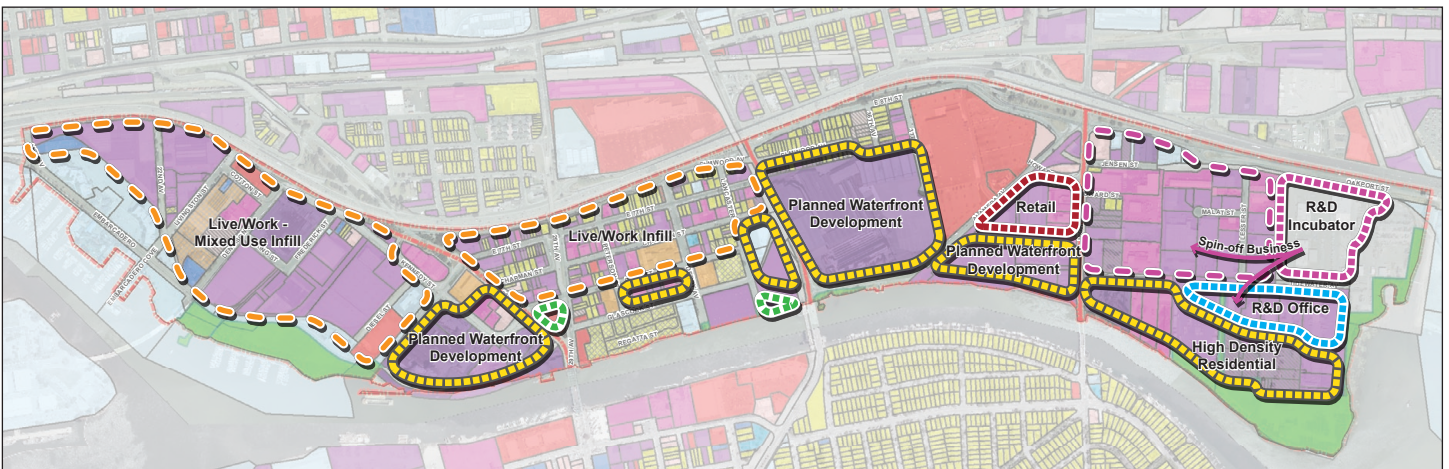




Alternative 1



Alternative 2



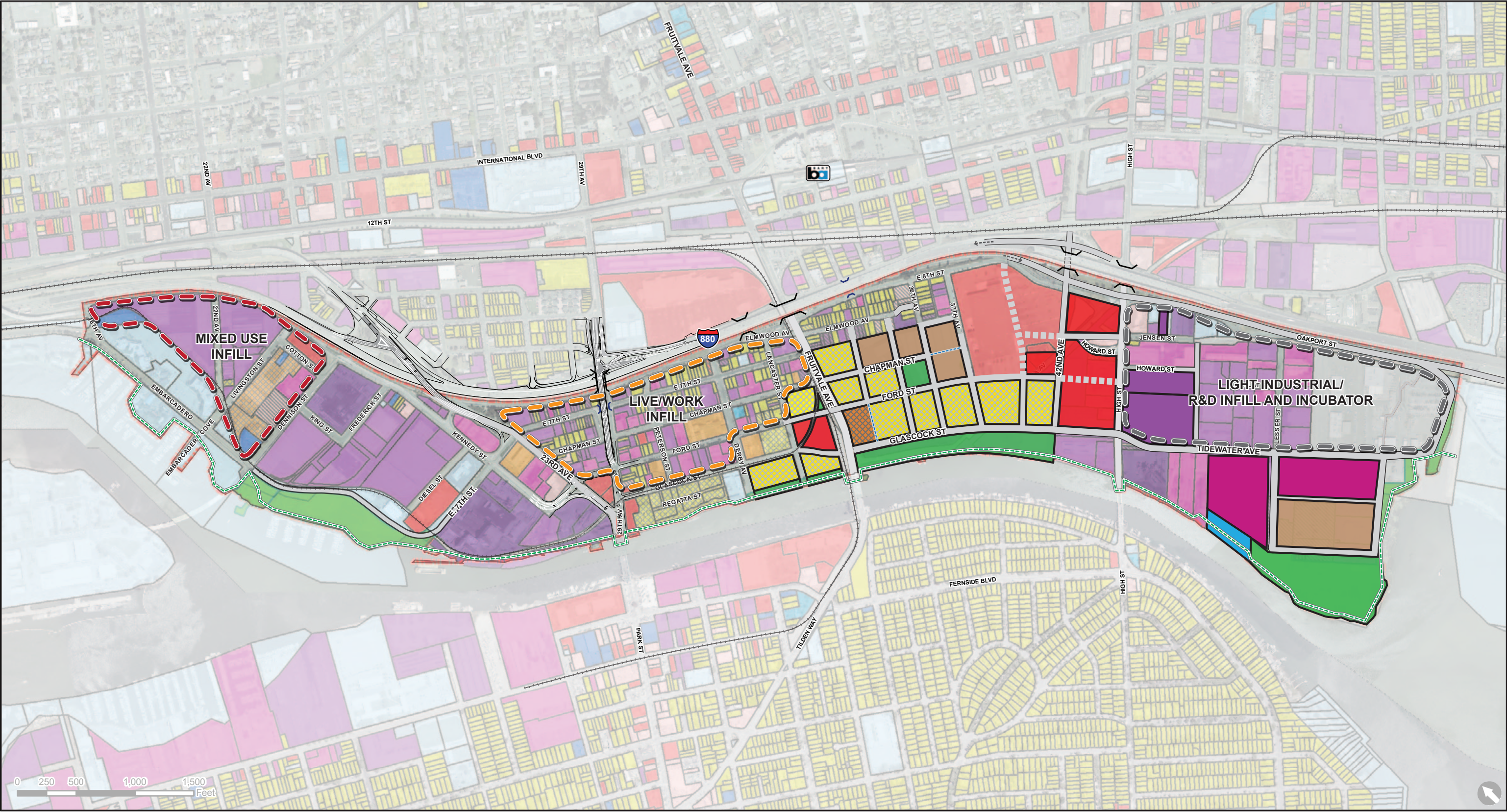
Alternative 3

Legend

Subarea Boundaries	Utilities	Mixed Use	Industrial Lot	Parks - Exist & Under Const
Land Use	Automotive	Retail/Commercial	Commercial Lot	
Industrial (Heavy)	Residential	Office	Vacant Lot	
Industrial (Light)	Condominium	Institutional	Parking Lot	
Industrial (Warehouse)	Live/Work	Publicly Owned		

Residential	Retail	Live/Work Infill
Park	Industrial	Industrial Infill
	Office	

Source: Community Design + Architecture, 2009



DRAFT Preferred Alternative

Subarea Boundaries	Utilities	Live/Work	Industrial Lot	Parks	Rail (non-BART)	Live/Work Infill	Light Industrial/R&D Infill and Incubator
Land Use	Automotive	Mixed Use	Commercial Lot	Bay Trail	Underpass		
Industrial (Heavy)	Single-Family Res	Retail/Commercial	Vacant Lot	Drive Aisle	Ped/Bike Underpass	Mixed Use Infill	
Industrial (Light) / R&D	Medium-Density Res	Office	Parking Lot	Public Street			
Industrial (Warehouse)	High-Density Res	Institutional	Publicly Owned				

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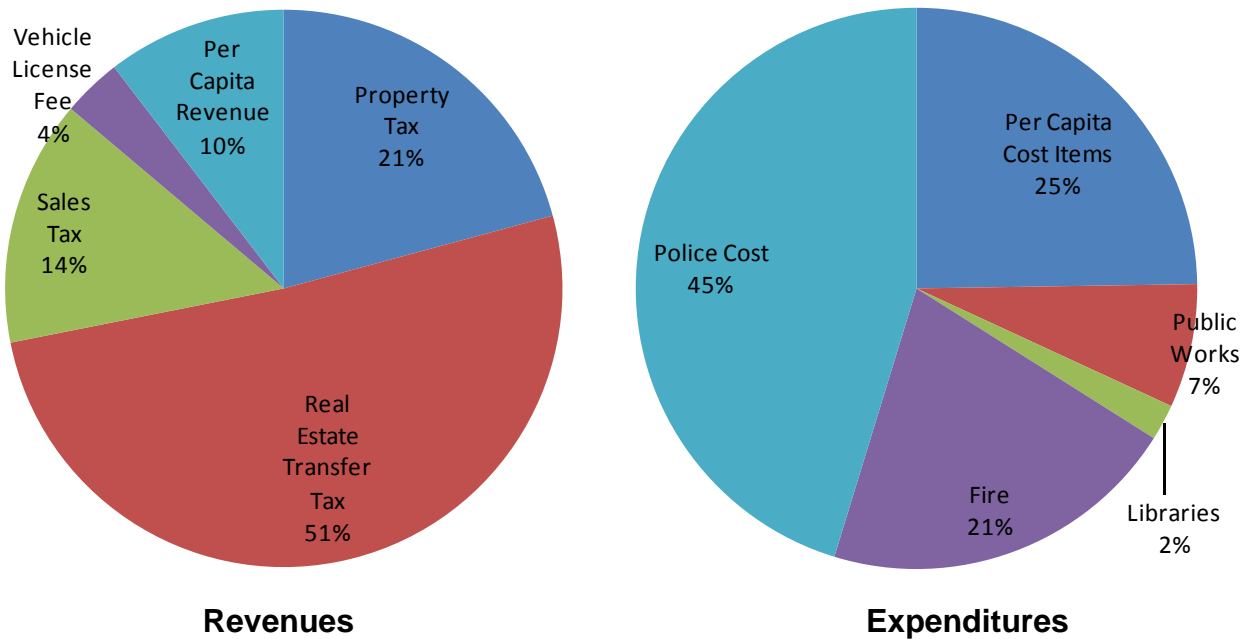
January 5, 2010

FISCAL IMPACT OF THE PREFERRED ALTERNATIVE AT BUILD-OUT

Over the course of the 25 year period of this plan, the fiscal impact of the preferred alternative will be variable and highly dependent upon the phasing of new development and redevelopment. At build-out (2035), however, it is projected that the plan will be strongly fiscally positive, with marginal revenues to the general fund exceeding marginal expenditures by \$1.3 million (2009 dollars). More than 50 percent of this marginal revenue will be derived from the real estate transfer tax, much of which will be driven by the redevelopment of the Owens Brockway site. Nearly 45 percent of the increase in costs will be in the form of increased demands on the police department, which will need to provide significantly enhanced services to an area that currently has a small residential population.

Fiscal Impact of Preferred Alternative at Build-Out (2035)

	<i>Preferred Alternative</i>
<u>Revenues</u>	
Property Tax	\$1,439,000
Real Estate Transfer Tax	\$3,534,000
Sales Tax	\$988,000
Vehicle License Fee	\$238,000
Per Capita Revenue	\$720,000
Subtotal	\$6,919,000
<u>Expenditures</u>	
Per Capita Cost Items	\$1,380,000
Public Works	\$397,000
Libraries	\$116,000
Fire	\$1,157,000
Police Cost	\$2,523,000
Total	\$5,573,000
Net Impact on General Fund	\$1,346,000



The fiscal impact only addresses changes to costs and revenues related to on-going operations and maintenance, not the up-front costs associated with new infrastructure. However, a significant investment in new road construction, demolition, and land remediation will be necessary to support the new development outlined in the plan. While some of this will be funded by developers, much of this investment would need to precede new development, suggesting a source of public infrastructure funding, such as from Oakland Redevelopment Agency (ORA), may be required. Nonetheless, over the course of the 25-year period of the plan, the preferred alternative will yield a significant return to the ORA. From 2010 to 2035, the ORA will collect approximately \$82 million in tax increment, including \$42 million that is not part of the required set-aside for schools or housing.

Total Tax Increment Captured by ORA by year 2035

General Activities	\$42,000,000
Housing Set-Aside	\$37,000,000
School Set-Aside	\$3,000,000
Total	\$82,000,000

Compared to the three alternatives initially proposed, the preferred alternative has a more positive fiscal impact at build out than both Alternative 2 and Alternative 3, though less positive than Alternative 1. Similarly, the preferred alternative generates more non-set-aside tax increment for the ORA than Alternative 1 and Alternative 2, but less than Alternative 3 (\$66,000,000).

Fiscal Impact at Build-Out: Comparison of Alternatives

Alternative 1	\$2,700,000
Alternative 2	-\$300,000
Alternative 3	\$1,000,000
Preferred Alternative	\$1,400,000

Non-Set-Aside Tax Increment Captured by ORA: Comparison of Alternatives

Alternative 1	\$25,000,000
Alternative 2	\$29,000,000
Alternative 3	\$66,000,000
Preferred Alternative	\$42,000,000

Alternatives Development

Identifying Potential for Change

The analysis below draws on a range of qualitative and quantitative data to isolate the parcels in the Plan Area that represent the greatest opportunities for change over the short- and long-term horizons. This assessment is based on the physical and economic characteristics of individual properties, with a focus on identifying the sites with the fewest barriers to redevelopment and those that are most likely to support higher intensity uses.

Key findings from this analysis include:

- The majority of parcels in the Central-West Subarea are small and owner-occupied; these are unlikely to be redeveloped in the near future.
- Residential and commercial development opportunities may conflict with employment opportunities. Without protections for their current use, many of the most important employment centers in the Plan Area will also represent major opportunities for redevelopment.
- The largest primary opportunity site is the 27-acre Owen-Brockway site in the Central-East Subarea.
- While Con-Agra is not a primary opportunity site, it has an important influence on the viability of redevelopment on adjacent sites. Con-Agra's rail service and industrial character both act as a buffer against conversion of industrial land and a deterrent to new residential development.
- The highest concentration of opportunity sites is in the East Subarea.
- Opportunity sites will change depending on infrastructure improvements and on the location and type of new development.

Methodology

The Opportunity Sites Assessment began by determining which parcels are NOT likely to be redeveloped, (known as “Hard Sites,” for the purposes of this analysis). These include parcels on which new buildings have been constructed recently, parcels with highly valuable buildings, parks, schools, and some single family homes.

After the Hard Sites were removed from consideration, the Primary Opportunity Sites were identified. These are sites that, given their physical and economic attributes, are likely to be most attractive to investors interested in converting parcels into more intensive uses. Redevelopment is unlikely to proceed until the regional housing and commercial real estate and national credit markets recover. Furthermore, the amount and type of development interest will depend greatly on the policies enacted in the Plan Area. However, these sites possess characteristics such that they are likely to be seen as strong development opportunities in the near-to-mid term time horizons, even in the absence of redevelopment on adjacent parcels. These were determined by looking at factors such as proximity to the water, parcel size, the character of the buildings, and ownership characteristics.

Finally, a set of Secondary Opportunity Sites were selected. These are properties whose current physical and economic characteristics do not suggest that they represent prime development opportunities. However, these sites generally have at least one of the characteristics that make them attractive for development, as used to identify the Primary Opportunity Sites. In addition, these properties are adjacent either to major arterials or to a cluster of Primary Opportunity Sites. Consequently, these properties may

be considered the long-term development opportunities in the Plan Area. Under current conditions, it is unlikely that they will be redeveloped; depending on the character and extent of redevelopment on Primary Opportunity Sites, however, these parcels may represent the next wave of opportunities.

Sites identified as either opportunity or hard sites by a variety of criteria are indicated on maps included under Appendix A of this report.

Limitations of the Analysis

There are several important caveats to keep in mind when considering the opportunity sites analysis:

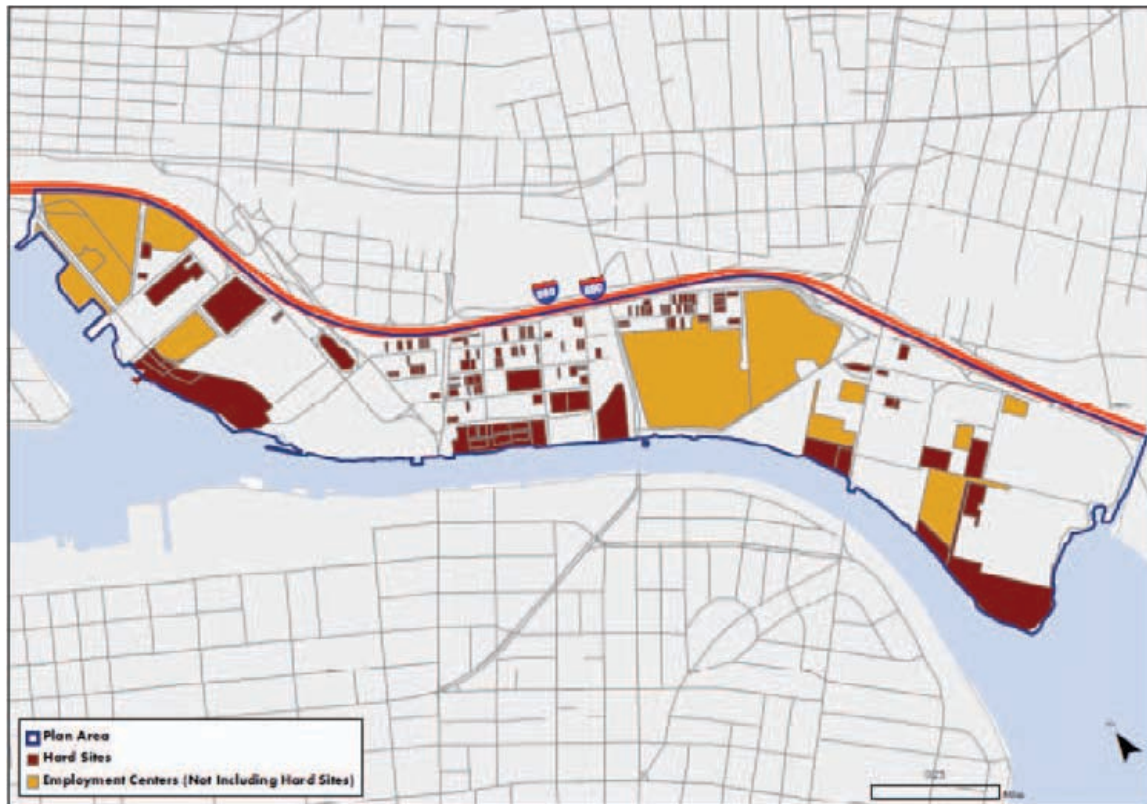
- *The analysis does not consider the strength of existing businesses.* Generally, the key opportunity sites are either vacant or feature low-value industrial buildings. Nevertheless, these properties may be associated with businesses that are profitable and that have little desire to relocate. In these cases, the physical and economic characteristics of the parcel may overstate the likelihood of redevelopment.
- *The analysis does not consider cost of environmental remediation.* While thorough environment assessment of parcels has not been completed, it is likely that a significant amount of the soil in the Plan Area has been contaminated by current or past industrial uses. The cost of remediation or mitigation may make development on some parcels infeasible; in other cases, the costs would only be warranted in the context of a relatively large, high density project. These costs and constraints are not factored into this assessment.
- *The potential for particular land uses is highly variable among opportunity sites.* Some sites, such as those adjacent to the waterfront, may be attractive to residential or office developers, but would be dismissed by retail developers as too far from the highway. Conversely, parcels adjacent to the highway might be unappealing to residential developers, due to concerns about exhaust and noise.
- *Opportunity sites will change depending on the final content of the Central Estuary Plan, as well as on the activity of adjacent parcels.* The analysis below assumes no policy constraints in redevelopment to the “highest and best use.” The policies outlined in the final plan, however, will steer development toward different uses and locations; this will change which sites represent the greatest opportunities for change. Furthermore, as redevelopment occurs on some sites, the likelihood and character of potential redevelopment will change on nearby parcels.

This analysis offers an assessment of what is most likely to be redeveloped, and should not be considered an indication of what should be redeveloped. Many of the opportunity sites identified are currently in use as industrial lands. There may be important reasons for preserving these industrial lands, including the desire to preserve a particular business that is a critical employment engine or goods/services provider for the city and region. The existing user may also be important in supporting a particular industrial cluster in the area or as a contributor to the local tax base. Finally, it may be desirable to preserve these industrial properties in order to foster future businesses. Consequently, while the analysis may indicate that higher intensity uses are possible on these sites, in some cases the existing use may conform better to the goals of the plan. In this sense, the same parcels that would be considered “Opportunity Sites” from the perspective of potential redevelopment could be considered “Vulnerable Sites” from the perspective of preservation. Ultimately, the overall vision for the Plan Area will be the major determinant of which of these *should* host change, and what change they should facilitate.

Hard Sites

Figure 1.2, below, shows the Hard Sites identified in the Plan Area. These parcels include those currently in use as parks, schools, or single family homes;¹ those with an Improvements to Land Value Ratio of 4 or more; and those on which a new building has been constructed since 1999.² Also considered in this analysis are parcels that currently host a large amount of employment. While these parcels are not less likely to be viewed as opportunity sites from the perspective of potential developers, they may receive special consideration for protection, given the value of their current use.

Figure 1.2: Hard Sites and Employment Centers



Source: Urban Explorer 2009, Strategic Economics 2009

As Figure 1.2 shows, much of the Central-West Subarea is composed of small, disjointed hard sites (primarily in the form of single family homes), and larger clusters along the waterfront. These properties consist mainly of parks, schools, and recently constructed or high-value industrial facilities.

Especially noteworthy is that many of the largest parcels in the Plan Area are not Hard Sites, and pose no major barriers to redevelopment, aside from possible environmental remediation or whatever changes in infrastructure or adjacent uses that might be necessary to support specific uses. However, many of these properties do have a large number of on-site jobs, which might be displaced if redevelopment were to take place.

¹ Excluded from the list of hard sites are residential properties where the owners control multiple parcels or are Limited Liability Corporations (LLCs) or Trusts- these are indications these owners are more profit-oriented than other homeowners.

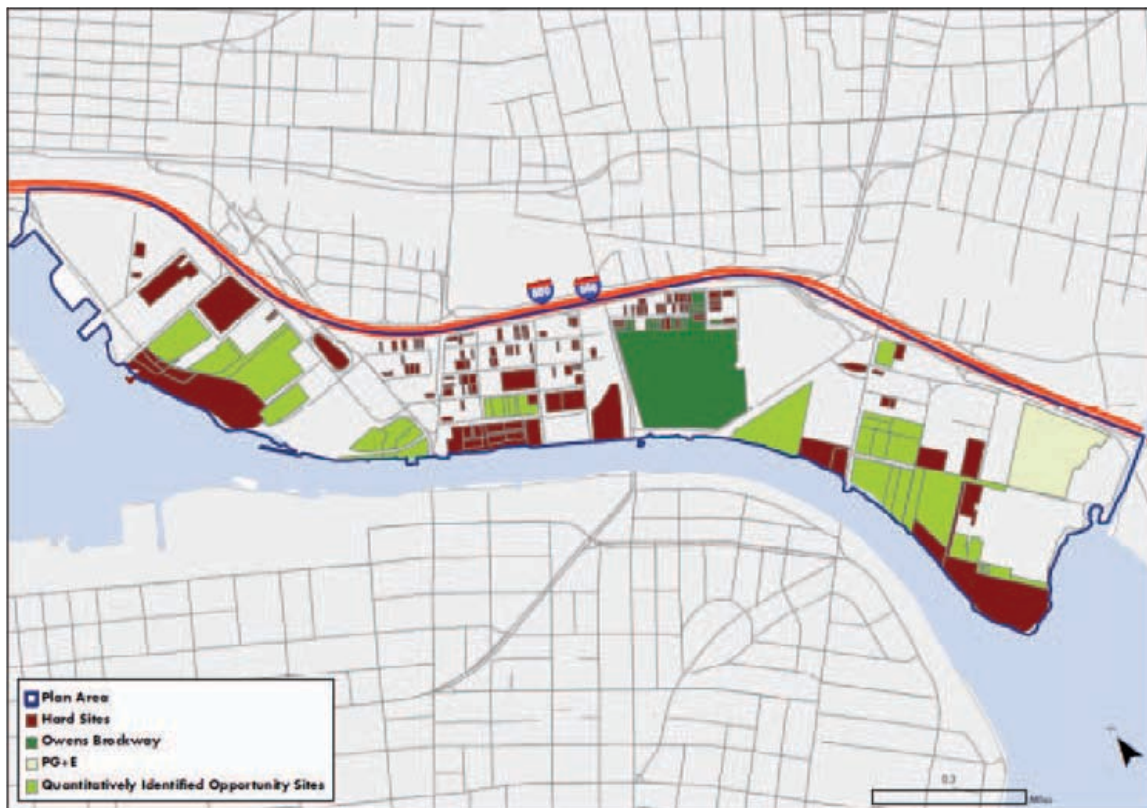
² Maps of these individual characteristics within the Plan Area can be found in Appendix C.

Primary Opportunity Sites

Figure 1.3, below, shows the Primary Opportunity Sites that emerged from a quantitative assessment of parcels within the Plan Area. Factors considered in determining that a parcel would be more easily developed included:

- ☐ Parcel size (parcels larger than an acre represent a greater opportunity);
- ☐ Ownership (Limited Liability Corporations, Trusts, and owners with more than one property in the area are more likely to entertain offers by developers);
- ☐ Recent transactions (owners that purchased properties since 1999 may be more interested in redevelopment);
- ☐ Improvements to Land Value Ratio (properties with ratios of 0.5 or below are either vacant or have relatively low-value buildings, and thus may be more easily redeveloped); and
- ☐ Water- or park-adjacency (properties facing these amenities may command a premium if placed in residential or commercial use).³

Figure 1.3: Primary Opportunity Sites



Source: Urban Explorer 2009, Strategic Economics 2009

³ Maps of these individual characteristics within the Plan Area can be found in Appendix C.

In addition to properties that met several of these criteria, two additional parcels have been added for consideration as Primary Opportunity Sites. The **Owens-Brockway facility** represents a large, water-adjacent property that has the potential to anchor a major redevelopment project in the Central-East Subarea. Furthermore, while it currently supports a large number of jobs, on-site employment has been reduced substantially in recent years, suggesting that the site may be available in the future. Secondly, the **Pacific Gas & Electric-owned lot** in the East Subarea serves functions that are duplicated by other nearby facilities. Consequently, there is potential that this large site will be available for partial redevelopment.

Due partly to the prevalence of small parcels and hard sites, there are very few Primary Opportunity Sites within the Central-West Subarea. The exception to this is the majority of the block bounded by Ford, Glasscock, Derby, and Peterson Streets. There is evidence that these parcels are being aggregated for development and they are directly adjacent to several recently constructed condominium projects; these will likely be among the first properties redeveloped once the housing market recovers.

Much larger Primary Opportunity Sites exist in the West and East Subareas. These, along with the Owens-Brockway site in the Central-East Subarea, occupy a major portion of the Plan Area. Currently, the redevelopment potential of many of these parcels is limited by the existing infrastructure, with the quality and quantity of streets inadequate for non-industrial uses, especially in the East Subarea. This is especially true in the area south of Tidewater, which has many larger Primary Opportunity Sites, but which is also distant from many community amenities (such as retail, restaurants, and public transportation) and lacks a complete road/sidewalk infrastructure. Depending on the cost and real estate market conditions, it might be possible for a developer to address this issue, along with as any potential environmental remediation, as part of a larger redevelopment project. Otherwise, redevelopment of this area will be contingent upon publicly-financed improvements.

The manner in which these properties are (or are not) redeveloped will have a major impact on surrounding parcels. Many of the properties are currently in productive industrial use, and their conversion to residential or commercial uses will make additional residential uses more attractive for adjacent sites, while making industrial uses less viable. Conversely, the decision to preserve industrial land will limit the provision of the infrastructure necessary to support additional residential or commercial uses. Thus, the question of whether Opportunity Sites should be redeveloped or preserved should be evaluated with an understanding of the potential consequences on surrounding uses.

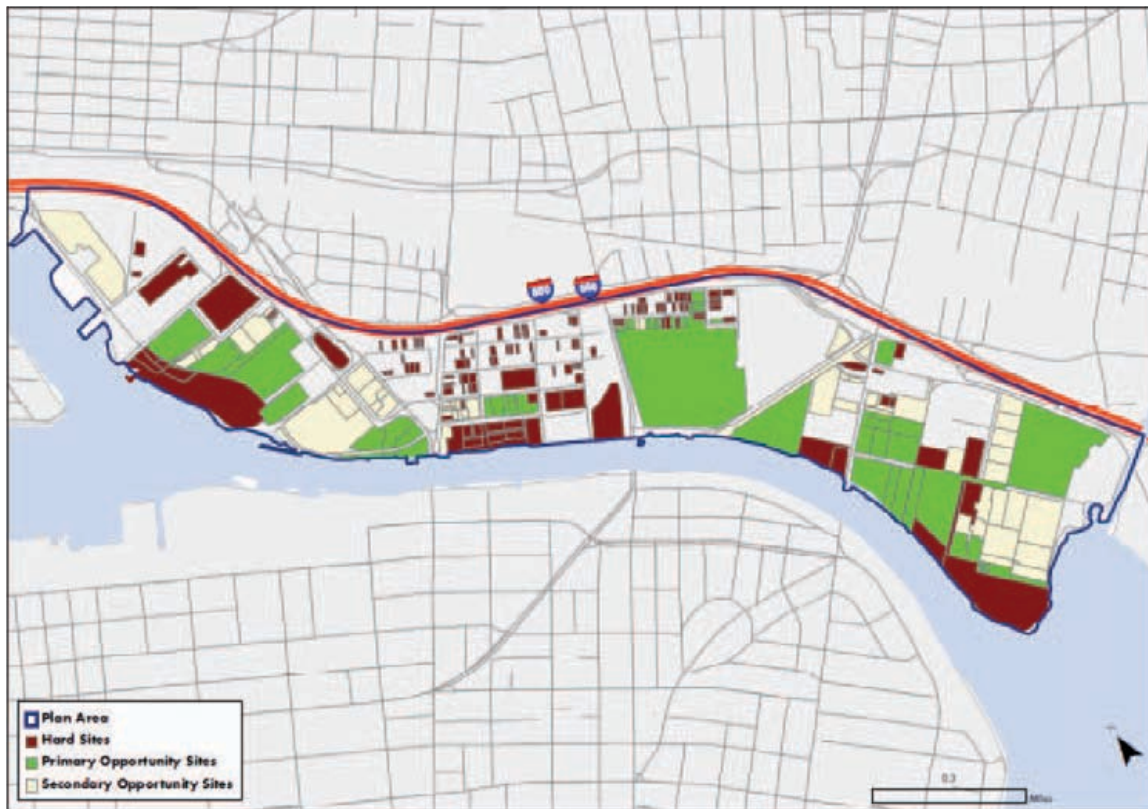
Secondary Opportunity Sites

The Secondary Opportunity Sites, shown in Figure 1.4, below, were identified in a more qualitative manner than the Primary Opportunity Sites. Secondary sites are ones that are more likely to redevelop only if neighboring uses change. While key barriers to development were considered (whether the parcel is vacant or occupied, whether the property is owner-occupied, etc.), these were largely selected as a function of their adjacency to Primary Opportunity Sites. If the Primary Opportunity Sites are to be successfully redeveloped into higher intensity uses, the industrial uses on the Secondary Opportunity Sites would become less viable. Thus, these properties would be expected to become good opportunities for redevelopment, albeit over a longer time horizon than the Primary Opportunity Sites.

A particularly important parcel, among these secondary opportunity sites, is the one currently occupied by the **ConAgra** mill. As a thriving business with a strong affinity for its current location, this site is unlikely to be redeveloped in the near future without eminent domain or major changes in local economic or

physical conditions. However, much of the potential for change in the surrounding area, paradoxically, depends on this parcel. Currently, it is responsible for the large majority of the demand for the rail spur that runs through the Plan Area- as long as a train is running on those tracks, development potential will be limited. The heavy industrial character of the facility may further limit the potential for new residential development on adjacent parcels. If it were redeveloped, other parcels, including those currently identified as Primary Opportunity Sites, would become more viable; if it were preserved, it would serve as a buffer against the conversion of industrial land in the West Subarea.

Figure 1.4: All Opportunity Sites



Source: Urban Explorer 2009, Strategic Economics 2009

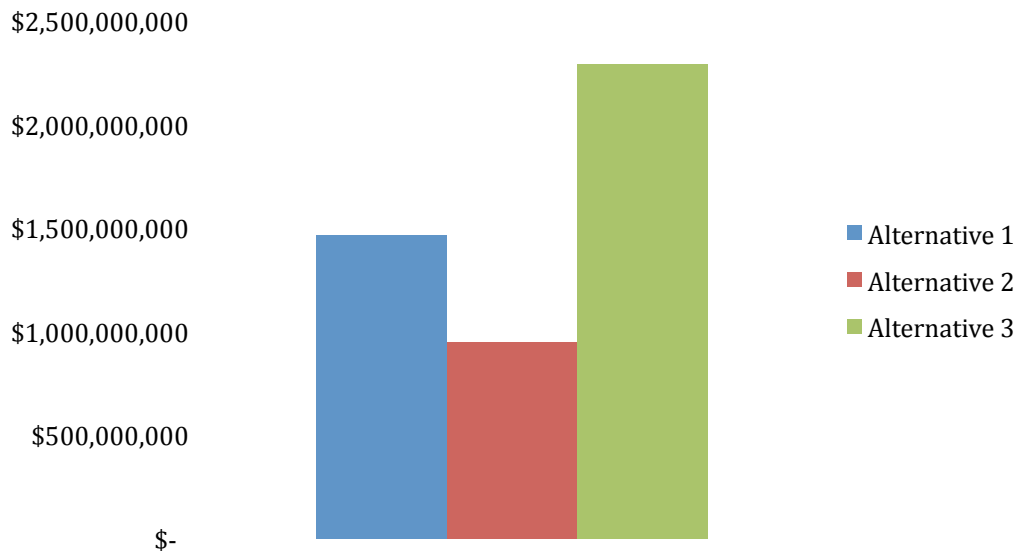
Secondary Opportunity Sites are located primarily in the eastern portion of the Plan Area. In the East Subarea, few parcels north of Tidewater have the infrastructure, services, or amenities to support anything other than industrial uses. However, if residential or high-density commercial development occurred on opportunity sites south of Tidewater, it would likely push these uses out of the Plan Area. This would likely make parcels north of Tidewater attractive to developers, especially for retail or commercial (which could take advantage of highway visibility). Likewise, the warehouse/industrial character of the West Subarea limits the potential for new office or residential development. If some Primary Opportunity Sites were converted to residential use, however, it would likely draw more neighborhood-serving retail, which would make the Secondary Opportunity Sites more attractive to office users. In each case, a combination of restrictive land use policies and appropriate requirements through mechanisms such as design guidelines for residential and industrial development could provide better interface between new uses and industry and reduce conflicts. Such a case is explored in the south and north of Tidewater areas in Alternative 3, described later in this report.

Infrastructure Financing

Much of the success of new development outlined in each of these Plan Alternatives is dependent on the implementation of new infrastructure, including roads, lights, parks, and pedestrian facilities. Because these features are a direct benefit to local land owners, it is common to implement community facilities districts (CFDs), where an annual fee is placed on property and contributes to the on-going development and maintenance of infrastructure. In addition, infrastructure is often financed through exactions from new development in the form of impact fees, developer agreements, and community benefits agreements. In the case of new roads providing access and circulation within large parcels, it is likely that developer agreements would be the primary mechanism for financing new infrastructure. However, other off-site infrastructure improvements, such as expansion or retrofitting of existing fire station facilities outside of the study area, will require alternative indirect financing mechanisms such as CFDs or impact fees.

One way of assessing the relative ability of each alternative to self-finance infrastructure improvements is by comparing the total value of new development in each alternative, relative to the infrastructure improvements that are needed (Figure 10). This method assumes that there is a fixed percentage of the total value that may be captured through exactions or community assessment districts while enabling the development to be financially feasible to build. The higher the value of development, the more money will be available for infrastructure. Under this method, the significantly higher value development planned in Alternative 3 would be able to carry the cost of significantly more infrastructure improvements than the other two; Alternative 2 would be able to carry the least amount of cost. It is important to note, however, that Alternative 3 would also require far more total infrastructure investment than either of the other two, while Alternative 2 would also involve relatively little new infrastructure.

Figure 5.14: Total Value of New Development (2009 Constant Dollars)

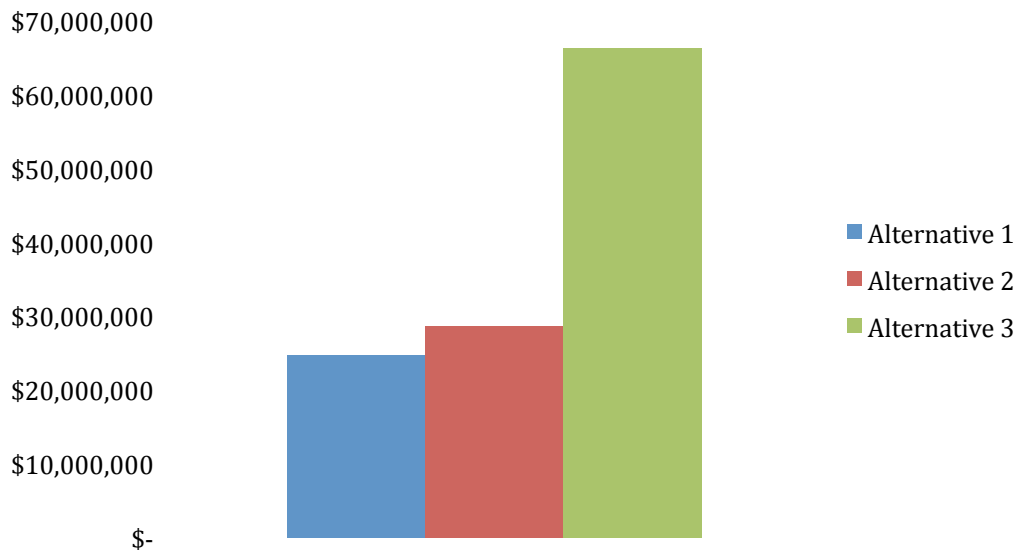


Source: Strategic Economics, 2009.

This method only provides a rough means of comparison and does not account for the effect that these exactions may have on the feasibility of development. Regardless of its total potential value, if a project is only marginally profitable, the size of the impact fee may delay or deter development. Because much of the new development requires infrastructure to be in place before it will be successful, the timing may preclude the use of impact fees to construct these improvements.

Another means of assessing the relative ability of each alternative to pay for infrastructure is measuring the total tax increment that will accrue to the Coliseum Redevelopment Area as a result of new development that is not set aside for non-infrastructure uses such as affordable housing or schools. The total value of non-reserved tax increment provides a sense of how much additional bonding capacity could be generated from new development (assuming this bonding capacity is not limited, nor spoken for by other Redevelopment projects). Figure 11, below, shows how this portion of the TIF revenue compares between the three alternatives. This shows that, again, Alternative 3 provides more than double the revenue to the RDA that could be used to finance infrastructure than either of the other two alternatives. This source has the virtue of not placing an additional burden on development, meaning that developer negotiations could either be lowered to enhance feasibility or directed to other investments. In addition, because the RDA has the ability to bond off of this increment, it is somewhat less dependent on the timing of development (although it will require a steady stream of debt financing revenue be generated from somewhere in the larger Redevelopment Area).

Figure 5.15: Total Value of Non-Reserved Tax Increment from New Dev't (2009 Constant Dollars)



Source: Strategic Economics, 2009.

Regardless of these rough comparisons, the actual ability of development to pay for infrastructure depends on several factors not yet determined: 1) the profitability of new development, 2) the cost of new infrastructure, 3) which components of the infrastructure will be paid for by the RDA, and 4) whether there will merely be a need for one-time exactions to pay for new development, or whether there will also be a community assessment district. By looking at the physical placement of new infrastructure, one can determine if developer agreements make the most sense (as improvements would be on or adjacent to new development sites), or if a CFD, RDA, impact fee, or other collective source of revenue across multiple property owners is necessary to finance infrastructure improvements.

Tables and charts illustrating more detailed assumptions, and providing more information about the dynamic fiscal impact results are available in Appendix H.